

**Rising Russia: Consequences for the Asian Pacific region**

**By  
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**Introduction**

In the 1990s, the Russian Federation, due to its own economic woes, and also on account of the predominant orientation of its new political class towards the Euro-Atlantic community, critically degraded the level of its communication with the Asia-Pacific region (APR) countries, and indeed the “Eastern” direction of Russia’s policy was generally put on the back burner. And it was only when the post-Soviet transition period with its developmental diseases and insecurity was over that Russia began to act just like the greater part of other world powers, having virtually become a “normal” player in the arena, the imbalance between the “Western” and the “Eastern” direction started to be rectified and Russia began to make up lost ground. A strong, more self-confident Russia is becoming an important constituent part of positive changes in the world, and it has emerged once more as an actor in international politics.

**Sources of Russia’s Recovered Role As One of the Leading Players in International Affairs**

**Sources of internal character:**

- 1) The strengthening of internal political stability of the Russian state,
- 2) Further development of Russian statehood under new conditions, including the imperative of effective counteraction against the terrorist threat,
- 3) Sustained economic growth,

4) A resolute turn towards the enhancement of social policy and investment into human resources by adopting national programs in the field of health, education and science, agriculture and the solution of housing problems.

Many Russian experts believe that the high rates of economic growth and the pursued macroeconomic policies will enable Russia in the coming decade to join the six and by 2020 five world's largest economies.

Worthy of note in this respect are the goals set by President Vladimir Putin in early 2008: the further deepening of market and democratic transformations, the switch of Russia's economy from the inertia-ridden development path based on energy and raw material exports to the path of innovation. These tasks are spelled out in detail in the presidential Strategy of Russia's Socioeconomic Development presented at a session of the State Council, whose realization is to be based on the Conception of the Country's Socioeconomic Development worked out by the government. In contrast to previous strategies based on naïve ideas about the miraculous nature of the mechanisms of market self-organization, the present Strategy is distinguished by a shrewd understanding of the complex situation in Russian economy.

The Strategy draws up the following principal guidelines of Russia's socioeconomic development up to 2020: Russia's reemergence as one of the world's technological leaders, a fourfold rise in labor productivity in the main sectors of the Russian economy, an increase in the share of the middle class to 60-70 percent of the population, a reduction of the mortality rate one-half and an increase in the population's average life expectancy to 75 years.

The Strategy focuses effort on the solution of three key problems: the creation of equal opportunities for people, the formation of a motivation for innovative behavior and the radical enhancement of economic efficiency based above all on the rise in labor productivity.

State policy priorities are likewise defined: investments into human capital, the growth of education, science, public health, the establishment of a national innovation system, the development of our natural advantages and modernization of the economy, the development of its new competitive sectors in high-technology domains of the economy of knowledge, the reconstruction and expansion of productive, social and financial infrastructure.

Such a development scenario for the Russian economy guarantees the stability of growth and high momentum. On the whole, as of today the prospects for the realization of such a scenario are shaping up favorably enough.

**Sources of external character:**

There is also a whole series of external sources, fostering the recovery of Russia's role as one of the leading players in world politics. These are as follows:

- 1) The intensified role of the energy factor in international relations and Russia's transformation into the only "hydrocarbon power" possessing nuclear weapons de facto restored to Russia the status of a great power and, along with it, the international capacities of a global character.
- 2) A change in the military-political situation in the world in the direction favorable for the restoration of Russia's erstwhile might. The bipolar confrontation is over, which has opened fresh opportunities for Russia's constructive cooperation with other states at the regional and global level. Russia has no explicit enemies and therefore no particular need to waste exorbitant financial and raw material resources on militarization and economically exhaust itself with it.
- 3) The international landscape around Russia has swiftly changed – through a dynamic development of a whole series of states and regions. The economic potential of new centers of world growth, among which India and China stand out with particular prominence, is converted into their political clout in the nascent multipolar world. This affords Russia no small advantages, as the interest of major Asian states in multilateral cooperation – not only with the industrially developed countries of market democracies but also with Russia – is growing.

All this taken together has conditioned Russia's *supertask* – to give rise to a renewed foreign-policy project that would not only be adequate to Russia's new role and opportunities in the changing external environment but also be geared to a search for a reasonable balance between the interests of all subjects of international intercourse. The task is likewise to preserve and consolidate the modernizing thrust of RF foreign policy, raising its competitiveness, which is to be achieved, among other things, by ridding its international status of raw material or nuclear quality alone.

**Which Events or Factors Have Led to the Current State of Relations between Russia and the West? What Are the Consequences of This for the APR?**

Vladimir Putin's speech (on February 10, 2007) at the Conference on Security Policy in Munich (1) has become a certain watershed in Russia's foreign policy. That speech contained, in a concentrated form, Russia's claims against the world order being implanted by the United States and its allies in Europe, to wit:

- a) The introduction into world affairs of the conception of a unipolar world (which ultimately has never come about since the unipolar model, as practice has shown, is not working);
- b) A disregard for fundamental principles of international law and increasingly frequent tentatives to supplant the UN by NATO or the European Union;
- c) The US desire to tackle international issues on the basis of the so-called political expediency, which generates a feeling of insecurity in countries that do not form part of the Western coalition and becomes a catalyst for arms race;
- d) An almost unrestrained in any way, hypertrophied use of force in international affairs, with a consequent sequence of successive conflicts.

The Munich speech and Russia's aim postulated in it – to pursue an independent foreign policy – signaled the Russian governing elite's intention to adjust the nation's foreign-policy strategy to the changed international realities.

Resurgent Russia was no longer content with the growing discrepancy between its increased capacities (particularly in the politico-military and energy domains) and the unilateral course of Western powers and institutions ostentatiously ignoring Russia's position, shrinking from establishing more trusting and partner-like relations with it. To this should be added the discontent of a section of the Russian political elite with both what it sees as excessive domination of the "raw material" component in Russia's relationship with Europe and the policy of the United States and the European Union in itself, aimed largely at perpetuating Russia's international status as a "raw material" exporter alone – being just an appendage of the developed economies.

There are a number of other factors that have led to the current state of relations between Russia and the West.

First, there is such a permanently active factor as the persisting legacy of the past. In the context thereof, in the West there exist lingering phobias in relation to Russia as the legal successor to the Soviet Union - and in Russia anti-Americanism and anti-Westernism, deeply rooted in the subconscious of the people.

In the Russian milieu, these historical emotions, easily ignited under the influence of certain events, at times engender an engrained feeling of being an outcast and in isolation. But, as distinct from the West, whose political elite is more conservative and therefore, by tradition influenced by Soviet times, views Russia with great wariness and apprehension, in Russia a different trend is discernible. Here in the early 21<sup>st</sup> century a new generation of politicians came to power: sons of the post-Soviet class, self-assured, well-to-do people, who dream of a strong Russia, perceive the West, which they do not fear, pragmatically and without obeisance. They are without the slightest nostalgia for their country's communist past.

The second factor is the invasion of Iraq by the United States and its allies in March 2003. After that act, which ran counter not only to international law but also to the logic of rational behavior, it became definitively clear that one could not reckon on the establishment of any sustainable order in the world whatsoever. And now, if any country, Russia included, cares for preserving its sovereignty, it has, and is free to, seek for the sources of consolidating its positions independently.

Third factor: the "color revolutions" in Georgia and especially in Ukraine, which upon closer examination proved nothing but a very specific model of bringing pro-Western elites to power in these post-Soviet republics. As a result, Russia's disillusionment with the West escalated into antagonism due above all to the fact that these "revolutions" were viewed in Russia as a Western special operation subsequently targeting Russia itself. In the context of the partnership, which started to develop after 9/11, the very existence of the Russia-NATO Council as well as many years of cooperation with the European Union, such behavior of the West and its institutions was judged as bad faith.

Fourth factor, by the middle of the current decade, Russia acquired moral and physical resources, which allowed it to approve itself in those areas of activity where it had and still has competitive advantages in:

- a) Power engineering,

- b) The field of control over nuclear weapons and non-proliferation,
- c) Major international security institutions (Russia is a permanent member of the UN Security Council),
- d) The post-Soviet space which continues to be regarded by Russia as a sphere of its primary interests.

Fifth factor: Russia was disillusioned with the impossibility of defending national interests on the basis of universal international rules or those operating in the framework of specific organizations (UN, OSCE).

In Russia's opinion, which was shaped in 2007, it is necessary either to revise the existing rules in view of the new alignment of forces, or not to insist on their obligatory observance. Among the actions reflecting such an approach are the moratorium upon the CFE Treaty enforced by Russia in 2008; Moscow's tough position on Kosovo, as a result of which the process of status definition was finally withdrawn from the UN framework; the nomination of an alternative candidate to the post of managing director of the IMF with a demand for a cardinal reform of that organization; a loss of interest in the fresh agreement with the EU, the slowing of the talks on accession to the WTO; and the virtual denial of the OSCE's credentials.

As an alternative model of international activity, in recent years Russia increasingly begins to resort to ad hoc coalitions – formats expressly formed by certain states to tackle specific problems (the Six for the North Korean settlement, the Five for the Iranian nuclear program, the Four for the Middle East problem, and so forth). They are regarded in Moscow as the most effective.

Summing up the above, one may ascertain that Russia is not quite happy with the international order as it stands now. This refers, in particular, to such of its features as the hypertrophied role of the United States in the key international decision-making processes, devaluation of opinion of other states, and underestimation of their needs. At the same time, Russia does not refuse cooperation with the West on the pivotal questions on the contemporary world agenda.

Thus on a number of issues Russia backs Washington – for instance, in the matter of combating international terrorism. On some other problems (the war in Iraq, the conflict over Iran's nuclear program, Kosovo, etc.) Moscow, although it manifests

an interest in maintaining partnership with the West and the EU, still cautiously keeps a distance from them. Russian diplomacy, while groping for new ways and resources for democratizing the international order and enhancing Russia's role in its formation and regulation, hopes to realize this task also by means of closer cooperation with the Asia Pacific region (APR) countries.

Here a change in Russian relations with the West may result in Russia's transformation in the long term into the biggest player in global power engineering. ASEAN countries gain a possibility of using Russia's energy, and on its basis political, weight as well as a counterbalance to US, China's and Japan's influence in Southeast Asia. If Russia stimulates the development of transport infrastructure (in Eastern Siberia and the Far East above all), it may encourage interest of the APR states in Russia as a transport space between Europe and Asia.

Russia's desire to consolidate its influence in the APR, to give a fresh impetus to the further development of multilateral cooperation with the countries of the region is largely conditioned by the growing interdependence of the world. In Russia it is also taken into consideration that over the last years the Asia-Pacific region has had a commanding lead in world development in the realm of politics and economy.

### **Russia's Key Interests and Priorities in the APR**

Russia's peculiar feature is that it is both a European and an Asian state: most of Russian territory is situated in the Asian continent, only 20 percent is in the European continent. The Asian mainland accounts for the greater part of Russian land borders. But such a geo-economic position of Russia as a connecting space between the zones of European and East Asian integration has so far been used inadequately. Meanwhile, today the Asia-Pacific region, along with Europe and North America, has become one of the centers of world economic integration. And though it is as yet behind the macroregions in question in terms of economic indicators, it surpasses them in development momentum.

The APR zone produces two thirds of the global gross domestic product, concentrating a sizable part of world investment capital. Here powerful integration processes are in progress, which transform the complementarity of national economies into their competitive advantages. In general, the importance of the APR for Russia is great: in the region there is a ramified network of economic ties, tremendous investment and human resources and a receptive market, reliance on which is able to impart a positive dynamics to the economy of Russia itself.

But the APR not only constitutes a major section of the world economy. This is a region with a high conflict potential. Therefore an important condition for achieving a sustainable economic growth is to ensure stability and peace along this enormous space. The Association of Southeast Asian Nations (ASEAN), whose activity in this domain has certain similarities with the work of the Shanghai Cooperation Organization (SCO), has become an effective mechanism for discussion and resolution of issues involved in meeting current challenges and threats in the region.

The significance Russia attaches to the development of ties with the APR was attested to by the first Pacific Economic Congress held in Vladivostok on July 28-29, 2007 under the motto “Russia and the APR Countries – from Cooperation to Integration.” It noted that public concord and the general improvement of the business climate in Russia, macroeconomic stability, and purposeful regional policy are factors of economic prospects of the Russian Far East and the entire Asia-Pacific region.

### **Russian Business interest in the Asia Pacific Region**

There are quite a few factors shaping Russian business interests in the APR. The most significant are as follows:

1. This region is located in the immediate proximity of the Russian frontiers and due to this alone will remain a zone of Russia’s vital interests in the foreseeable future.
2. Russia is interested in gaining new market outlets in the APR, in expanding its raw material base, diversifying the activity of domestic oil and gas corporations, in cutting production costs and acquiring extra competitive advantages for exports.
3. Cooperation with the APR developing countries enables Russia, which is interested in consolidating alternative global forces, to secure a respectable place in the mechanisms collectively safeguarding stability and security in this strategically important and economically promising region of the globe. Russia also gains an opportunity to realize more efficient efforts to create a new, equitable multipolar world, to diversify the routes of its entry into the network of global economic ties and international relations.



4. Apart from the political factors, the economic interests of its financial and industrial sector, and also its military industrial complex play a substantial role in Russia's desire to launch cooperation with the APR.

5. Since in recent years developing Asia accounted for two thirds of growth in global demand for energy resources, Russia is greatly interested in cooperation with the countries of the region in the raw materials and energy domains. If Asia keeps strong positions in the latter, raw material prices will retain the same positions, whereas Russia, which sells its primary products, will replenish its treasury with extra revenues.

6. Another aspect of Russian interests in the APR relates to the domains of high technologies, aeronautical engineering and shipbuilding rather highly developed there.

7. Finally, Russia intends to realize, by means of trans-border cooperation, the potential of the Asian-European transport corridor.

In order to implement the goals to be sought, Russia was, and still is, to bridge over serious difficulties, competition with the West in the first place. Indeed, its political and economic clout in all the geographical zones of the APR has historically been great. Western capital entrenched itself in most of the economic spheres of the countries of the region, in their arms markets, which additionally restricts Russia's possibilities, creating a serious competitive environment for the promotion of its interests. However, assurance to Russia is given by the fact that on the part of the countries of the Asia-Pacific region one can discern an interest in it as a political ally and economic partner.

### **Oil politics**

A key role in Russia's relations with the APR countries belongs to power engineering. In order to keep high export earnings and influence in world politics, Russia does not abandon its intention to reorient a portion of its exports from Europe to Asia. This process will take many years to accomplish but in the end will make it possible to reduce tensions in relations with the European countries and effect a rapprochement with neighbors in the East, China and India above all.

With the launching of the East Siberia–Pacific Ocean (ESPO) pipeline network, Russia will account for 6-6.5 percent of the Asian oil market. According to Deputy