Russia’s economic and strategic interests in North-East Asia

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Abstract

Since the middle of the 1990s and especially after Vladimir Putin assumed the presidency Russia started to pursue an active foreign policy in North East Asia, an area considered vital for Russian national political, economic and strategic interests. While continuing to use every available method to conduct this policy Moscow placed special emphasis on promoting economic cooperation with the neighboring states, not in the least because of the development needs of Siberia and the Russian Far East.

The current trends on the world energy market as well as the growing energy requirements of Russia’s neighbors help to make at this stage exploration of Russian rich energy resources in East Siberia and around the Sakhalin Island to be one of the most attractive areas of regional economic cooperation.

Even though these developments help to meet some of the current Russian requirements in foreign investments and modern technologies Russia is clearly interested in extending the scope of regional cooperation to other areas as well. In particular, Russia is interested in promoting its industrial exports. Another prospective area of its cooperation with regional states may cover joint transport projects – from construction of international gas and oil pipelines to linking Russian and Korean railway systems.

Introduction

In June 2000 President Vladimir Putin signed the “Foreign Policy Concept of the Russian Federation” that contained a comprehensive assessment of the political, economic and security situation in which Russia found itself by the end of the 20th century as well as an outline of national priorities in foreign policy at the beginning of the 21st century.1 Among those priorities the “Concept” emphasized the need for Russia to actively develop economic,

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1 ‘Konseptsiya vneshney politiki Rossiiy Federatsii’ (Foreign Policy Concept of the Russian Federation), Diplomaticheskiy vestnik, No. 8, 2000, pp. 3–11
commercial and financial relations with countries in Asia which it described as one of the most dynamic region in the global economy. This goal was set in particular in order to speed up the economic growth of Siberia and the Russian Far East, an area having a critical importance not only for the future of the Russian economic development but in fact for the future of the Russian Federation in general.

Indeed, it is well known that this part of the Russian Federation possesses enormous wealth in natural resources, such as oil, natural gas, timber, ferrous and non-ferrous metals, sea products. It is also well known that the massive export of these resources, energy products in particular, helped Russia during its most difficult years of the post-Soviet period to withstand a deep economic and social crisis and, in fact, to avoid a complete economic collapse. Moreover, even now, after Russia resumed its economic growth and achieved a respectable annual average growth rate of over 5% in 2000–2002, it is the export of oil, natural gas, ferrous and non-ferrous metals largely produced in Siberia and the Far East that continue to constitute the basis of Russia’s foreign exchange earnings and its state budget revenue.

On the other hand the economy of Siberia and the Far East outside of a few energy and raw material producing and exporting industries stays in a depressed condition with low labor incomes and high unemployment rate. Among many negative consequences of such a situation is the worsening demographic crisis in the Russian Far East and Siberia characterized by the continuing reduction of the already very small Russian population of these areas and by the growing illegal immigration from the neighboring states. If these processes are not stopped and reversed Russia may find itself in a fundamentally different security situation as early as within the next decade or two. Indeed Russia may lose sovereignty over these resource rich areas rather sooner than later not because of any sinister foreign scheming or an international conflict but because of the fact that even the basic needs and requirements of the local population have almost completely been disregarded for years by the federal authorities as well as because of a dramatic shortage of new investments in the regional economy.

Recognizing this threat President Vladimir Putin spoke in July 2000 about an urgent need to offset it by launching a crash economic program for the development of the Russian Far East and Siberia. It is clear however that in the foreseeable future Russia will be unable to carry out such a program relying only on its own technological and financial resources. No substantial progress in the economic development of Siberia and the Far East can realistically be expected without promoting economic cooperation with neighboring countries in the Asia-Pacific region in general and with those of them in North East Asia in particular. It was quite logical therefore that the above mentioned “Foreign Policy Concept” declared the goal of developing economic relations with

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2 According to Victor Ishaev, Governor of the Khabarovsk region, during the last decade the indigenous population of the Russian Far East contracted by 1250 thousand people, or by 12%, as the result of emigration to the European part of Russia (Nezavisimaya gazeta. November 18, 2002)

3 Kozyrev D. “Putin postavil vopros” (Putin raised a problem), Nezavisimaya gazeta, 21 July 2000