



**RUSSIAN INTERNATIONAL
AFFAIRS COUNCIL**

**RUSSIA'S GUIDING
LANDMARKS IN THE
ASIA-PACIFIC AFTER
THE APEC SUMMIT
IN VLADIVOSTOK**

**THE OUTCOMES OF
THE SECOND ASIA-PACIFIC FORUM**



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On October 12–13, 2012, the Second Asia-Pacific Forum was held in Moscow, organized by the Russian International Affairs Council and Russian APEC Study Center in partnership with the *International Affairs* magazine. Representatives from government authorities, expert and business communities of Russia, the United States, China, Japan, Korea, Thailand, and the Philippines attended the event. The forum was held in the format of plenary sessions and a series of panel discussions dealing with specific areas of Russia's cooperation with Asia-Pacific countries ranging from nuclear power to cooperation in information technologies. This report presents the key conclusions and proposals advanced by forum participants for public debate.

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FOREWORD FROM RIAC

On October 12–13, 2012 the Second Asia-Pacific Forum was held in Moscow, organized by the Russian International Affairs Council and the Russian APEC Study Center in partnership with the *International Affairs* magazine. Representatives from government agencies, Russia's expert and business communities, the United States, China, Japan, Korea, Thailand, and the Philippines attended this event. The forum included plenary sessions and a series of panel discussions dealing with specific areas of Russia's cooperation with Asia-Pacific countries, ranging from nuclear power to cooperation on information technologies.

The Russian International Affairs Council (RIAC) hereby extends its gratitude to all participants in the Second Asia-Pacific Forum. This report could hardly have been prepared without a significant input made by each Forum participant in summing up Russia's APEC presidency and identifying ways to deepen Russia's integration into the Asia-Pacific.

This report presents the key conclusions and proposals advanced by forum participants for public debate. RIAC plans to continue studying Asia-Pacific issues from the vantage point of implementing Russia's strategic interests in this region, and is hopeful that the debate will continue.

Igor Ivanov,
President of RIAC,
Corresponding Member
of the Russian Academy of Sciences

PREFACE

In November 2011, Moscow hosted the First Asia-Pacific Forum, organized by the Russian International Affairs Council (RIAC) and the Russian APEC Study Center (RSC APEC). The Forum's primary objective was to provide analytical support for the upcoming APEC meeting in Vladivostok. An extensive expert discussion on different vectors for and approaches to expanding Russia's integration into the Asia-Pacific opened the year of Russia's APEC presidency.

Within one year a second Forum followed the first (it was held on October 12–13, 2012). This time the Forum in Moscow was initiated and organized by RIAC, RSC APEC and the magazine *International Affairs*, bringing participants together to assess the results of the recent meeting in the context of practical development objectives for Siberia and the Far East, while taking into consideration the general reinforcement of Russia's positions in Asia-Pacific.

The two Forums were attended by leading Russian and international experts in Asia-Pacific economy, policy and security, government officials, key businessmen, representatives of higher education and mass media and other areas in which it is both possible and highly desirable to strengthen ties and relations between Russia and its regional partners.

Both Forums explicitly demonstrated that Russia's full-scale re-orientation towards the Asia-Pacific is impossible without the accelerated development of our trans-Urals territories and a significant rise in living standards in Siberia and the Far East. Understanding that Russia's involvement into the Asia-Pacific needs to become increasingly multi-faceted, the Second Forum's organizers sought to facilitate a more focused event than that held the previous year. While the First Forum's program included only two plenary meetings and six sections, the Second Forum expanded to a plenary meeting, eighteen sessions in six thematic sections and four special roundtable discussions.

The Second Forum covered a range of issues related to economic development and cooperation (transport, logistics and infrastructure, energy, space technologies, and telecommunications), security trends (changes in the regional political situation, the regional arms market) and Russia's cooperation with its regional partners in higher education, the media and other forms of cultural contact.

The need for wide-scale and comprehensive strengthening of relations between Russia (the country's eastern territories being the focal point) and Asia-Pacific countries was highlighted at both Forums. In order to ensure the streamlined development of the process, at the First Forum a proposal was put forward to draw up a roadmap with the working title "Eurasia-Pacific Relations Reinforcement Initiative." Certain aspects of this proposal were further developed at the Second Asia-Pacific Forum, with input provided not only by academic scholars but also by government agencies.

Discussions at the Second Forum in many respects echoed the debates concerning development of the Far East and Trans-Baikal held at Russia's State Council Presidium session on November 29, 2012. This may be viewed as a sign that the *overarching objective* of developing Siberia and the Far East with Russia's subsequent integration into the Asia-Pacific is perceived by senior government officials, respected businessmen and experts as an imperative of our time, in the context of the demand for the country's modernization through the combined efforts of an integrated government, political and economic systems with strong international positions.

Materials from the First and the Second Asia-Pacific Forums call for the immediate development of a comprehensive roadmap to achieve this objective, supported by an implementation toolkit.

RUSSIA'S APEC PRESIDENCY FROM THE VANTAGE POINT OF THE SECOND ASIA-PACIFIC FORUM

Multiple activities carried out by the Russian Federation (Russia) during its APEC presidency ahead of the 2012 summit in Vladivostok, and the event itself, not only crowned the Russian year at APEC but also highlighted the six years it took the country, and Vladivostok, to prepare for the role of APEC 2012 host. Never before had the Russian Federation focused so intensely on its Far Eastern territories and its interaction with Asia-Pacific countries as it did over the period under review. The upcoming meeting and new prospects for cooperation with Asia-Pacific partners were instrumental in launching and implementing large infrastructure projects (primarily the Sakhalin–Khabarovsk–Vladivostok gas transportation system and East Siberia–Pacific Ocean crude oil pipeline). Modern facilities were provided for the development of the Far Eastern Federal University into a national and regional research and education center. Vladivostok’s urban infrastructure saw major investment and upgrades, benefitting from the addition of a number of key facilities.

Participants in the Second Asia-Pacific Forum greatly appreciated these changes, and unanimously declared that the most important issue was to ensure that Russia’s “pivot to the East” should be irreversible, that one should accelerate and further expand production and social infrastructure upgrades in those parts of the country that are geographically linked to the Asia-Pacific, ensuring that measures to develop the Far East and Trans-Baikal territories are taken in line with the Russian Federation’s integration in the region at a systemic level. It was recognized that failure to deliver the above would prevent our country from becoming both a regional and a global power.

Reviewing the priorities presented by Russia at the APEC 2012 meeting in Vladivostok, speakers underlined that these measures’ successful implementation could make Russia’s presence in the Asia-Pacific more significant and multi-

faceted. It was also noted that, during its presidency, Russia succeeded in expanding APEC's traditional agenda based on trade and investment liberalization by including certain positions required for the country's further development. Russia displayed an adequate assessment of current developments across the region. The aftermath of the financial and economic crisis and the existence of free trade regimes in the APEC zone forced countries in the region to seek extra reserves to sustain and stimulate economic growth along with traditional liberalization tools. Shifting the focus to large-scale infrastructure projects is viewed as a solution to these issues. This approach is in tune with Russia's plans to develop the potential offered by the Trans-Siberian Railway and the Northern Sea Route, anticipating that in future "route expansion" will be as significant in Russia's economic ties with Asia-Pacific countries as cooperation on defense technology or energy.

Such aspirations nurtured by Russia complement its other APEC priorities approved by foreign partners — particularly reinforcing food security and intensifying cooperation to promote innovative growth. It would hardly be feasible to integrate the suppliers and consumers of agricultural raw materials and food products into uniform manufacturing and supply chains without communications systems and infrastructure. At the same time increased commodity traffic would stimulate the development of telecommunications and satellite systems infrastructure and other tools to control product flow from manufacturer and seller to consumer. The development of "intelligent" supply chains will have a positive impact on APEC zone trading volumes.

Moreover, Russia has fully complied with the resolution issued by APEC at the 2011 Economic Leaders' Meeting in Honolulu approving a list of 54 environmental goods subject to reduced tariff rates (5 percent or less by 2015), whereas negotiations on the subject which have been conducted within the WTO framework for approximately ten years have yet to bear fruit. Russia's presidency also saw the achievement of new agreements on joint actions to counter protectionism in international trade, to develop investment cooperation, and its initiatives on Russian food security, targeting an influx of investments and leading-edge technologies into agriculture, and fighting the illegal harvesting of biological resources received general approval.

Unlike its predecessors in the APEC presidency, Russia interpreted the notion of "innovative cooperation" quite broadly, proposing to discuss not only traditional issues such as science, technology and the environment, but also the development of human capital, education, healthcare, and social protection mechanisms. This approach was implemented within the framework of the *APEC Policy Partnership for Science, Technology and Innovation* established with Russia's active involvement. Another Russian project on responding to emergency situations with IT and communications technologies also received positive feedback from the APEC

partners. Overall in 2012, discussions on issues relating to APEC economies' innovative development were more comprehensive and content-rich than during previous meetings.

The members of the Russian business community who participated in the Second Forum stated that in 2012 the APEC Business Advisory Council was regularly involved in organizing pre-meeting events. According to their assessment, during preparations for the APEC meeting in Vladivostok, Russian businesses achieved greater confidence in the regional economy, while foreign partners developed a more positive view of business conditions in Russia. It is anticipated that this better understanding will lead to the implementation of significant projects involving Russia, such as, for example, the so-called *Technology Partnership*. It aims to set up a system to protect technology transfers from intellectual property violations (similar to the *Incoterms* system designed for trade operations). Such a partnership would meet the needs of businesses and would also be in line with the positions adopted by government bodies in APEC economies.

It is also important that the Vladivostok Summit was so well organized.

Participants in the Second Asia-Pacific Forum were unanimous in their opinion that the end of Russia's APEC presidency should not mean the end of the project. It should be viewed as a milestone to be followed by a new phase of Russian integration into the Asia-Pacific economic and political space, with the simultaneous and comprehensive inclusion of Siberia and the Russian Far East into the social and economic structure of the Russian state.

HIGHLIGHTS OF THE SECOND ASIA-PACIFIC FORUM

Summing up the views and opinions expressed at the Second Asia-Pacific Forum, one can group them into the following areas:

- Russia's national interests in the Asia-Pacific;
- Issues and barriers impeding the promotion of the interests;
- Recommendations on short-term and mid-term issues to be resolved by Russia in the Asia-Pacific as applied to various spheres of activity;
- Implications to be expected if the relevant activities succeed, and what happens if they fail.

RUSSIA'S NATIONAL INTERESTS IN THE ASIA-PACIFIC

Most Russian and some foreign participants in the Forum concede that Russian national interests in the Asia-Pacific for the foreseeable future should be focused on the following areas:

Economy

- Achieve tangible, immediate and qualitative results in the development of Siberia and the Far East.
- Building on these results, provide extra momentum to Russia's integrated development (in close cooperation with the Customs Union/Common Economic Space (CES)) countries acting as Russia's closest economic partners);
- Energize and diversify economic cooperation with Asia-Pacific neighbors adding dimension and depth to Russia's economic presence in the region, and enhancing Russia's total input into establishing the region as a new global economic hub.

Politics and Security

- Maintain regional peace and stability (including the security of Russia's borders in the Far East) as a prerequisite for preserving high economic growth, an essential feature of the Asia-Pacific countries in the late 20th — early 21st centuries.
- Support polycentric trends in regional politics and in establishing new Asia-Pacific security and cooperation architecture.
- Counter trends toward the potential intensification or expansion of conflicts and the polarization of forces in the region (due in part to increasing rivalry between the United States and China), strengthen cooperation with regional states with similar objectives.

Culture, Education and Mass Media

- Create favorable conditions in Siberia and the Far East for labor, business, day-to-day life and recreation that meet current expectations and stimulate the inflow of labor migrants into the region, particularly young people (primarily from the European part of Russia, as well as the Customs Union / CES countries and other states);
- Improve higher education and research institutions in Siberia and the Far East to reinforce the non-primary innovative components of the economies of these areas of Russia, and to bring there students, professors and researchers from Asia-Pacific countries, boosting Russia's ties to the region.
- Ramp up communications support to Russia's economic and political initiatives in the Asia-Pacific media environment, focusing on creating a sustainable positive image of the Russian Federation as an influential, peaceful, independent and constructive participant in regional processes.

BARRIERS TO THE PROMOTION OF RUSSIA'S INTERESTS

Participants in the Forum highlighted the following groups of issues hindering implementation of Russian interests in the Asia-Pacific.

Socio-Economic Factors

The Far Eastern Federal District of Russia stands in stark contrast to the fast-growing Asia-Pacific Region. The Russian Far East is characterized by underdeveloped infrastructure; obsolete manufacturing and product supply technologies; worn-out fixed production assets; low investment in capital stock; and an insufficient innovative basis. The problem of under-population is further aggravated by the outflow of people of reproductive age. Under such circumstances,

potential investors are cautious and even explicitly skeptical towards proposals concerning large transnational infrastructure projects (such as telecoms and seaport development projects). Meanwhile, Russia now faces new issues as a participant in international economic cooperation within the Asia-Pacific, and these issues are arising in areas where the country is considered to have major competitive advantages, namely, energy and arms exports.

Energy

Russia's energy opportunities for cooperation with Asia-Pacific countries, however diverse, are mostly limited to essentially buyer-seller relations dealing in energy carriers, while price negotiations with some customers drag on for such long periods that the construction of facilities required to transport commodities is delayed indefinitely. There are also issues with ongoing projects (particularly regarding electricity). There is a lack of agreement with some partners on the issue of establishing joint management bodies for transnational power markets and unions, unification of technical standards regulating reliable power generation and power grids. These and other differences are hard to settle due to the lack of any multilateral energy dialogue in the region: there have been no energy summits to raise and resolve the relevant issues.

Military and Technology

Russia's long-standing partners, with whom it has strong ties in military-technical cooperation, primarily China, India and Vietnam, are actively developing their own defense programs and raising the technology bar for arms manufacturing. These countries seem intent on abandoning massive purchases of finished products, as they display growing interest in supplies of components and technologies. They are already raising their product quality requirements for Russian manufacturers and suppliers. According to some estimates voiced at the Forum, the Russian military-industrial complex is not consistently capable of responding adequately and in a timely fashion to these rising requirements. In particular, Rosoboronexport has only a few problem-free contracts now. If current trends continue, Russia will lose its favorable position as a close partner to China, India and Vietnam in the military-technical sphere, despite these countries' continuing focus on developing their military capabilities, which is fueled by tensions in the region.

Security

Growing competition between the most powerful political and economic entities of the Asia-Pacific is yet another alarming trend to emerge over recent years. Heightened U.S.-China tensions over a broad range of issues, from "freedom of navigation" in the South China Sea to preferences given to specific models of

economic regionalism are prime examples of this. Some Forum participants expressed the opinion that these factors reduce the options for settling conflicts via multilateral diplomacy structures under the Association of Southeast Asian Nations (ASEAN). Viewed from a broader Asia-Pacific perspective, the further erosion of regional stability does not bode well for innovation activities in and prosperity of national economies. From Russia's viewpoint, within this context, the project of developing Siberia and the Far East in close cooperation with its Asia-Pacific neighbors will be much more complicated than it currently seems.

Information and Expertise

Weak information and expert support for Russia's activities in the Asia-Pacific is an obstacle that Russia will have to overcome. Russia's low profile in the region is largely due to the country's lack of any distinct image. The image that was popular in the Soviet era is now history, and the country has not put sufficient effort into creating a new one taking into account the overall specifics of the region and those of individual countries within it. "Russia" is not perceived as a brand that has positive connotations, capable of stimulating trade growth and attracting tourists and investors. Furthermore, Russia's "pivot to Asia" lacks proper expert support, and can even be reduced in the immediate future, in part due to the lack of oriental studies among the development priorities of Russian academic research and education.

RUSSIA'S SHORT-TERM ASIA-PACIFIC OBJECTIVES

The following objectives were highlighted by the participants in the Forum as feasible and efficient in the short-term (1-1.5 years):

Energy

- Initiate talks on building a regional multilateral cooperation platform focused on Asia-Pacific energy security.
- Increase Russia's oil supplies to Asia-Pacific countries using the new East Siberia–Pacific Ocean (ESPO) pipeline system and making the best use of ESPO's high-quality crude in aiding its rapid adoption by the market, building on its good chance of becoming a benchmark grade for the region.

Infrastructure and Logistics

- Draw up an integrated development concept for the physical and financial infrastructure of Siberia and the Far East (heeding the need to establish regional financial centers in this part of Russia).
- Streamline the integration of government agencies and private structures managing freight traffic from Asia-Pacific and the Far East to European

Russia (customs, border guards, quarantine, seaport and railway services, etc.), in order to accelerate cargo transportation without incurring additional expense on building and upgrading communications, and to minimize transportation costs.

Food Security

- Develop an elaborate food security dimension of Russian foreign policy and present a roadmap on Asia-Pacific food security defining Russia's role in managing the issue.

Innovations

- Deliver (in a special conference format and via media channels) promotion campaigns in APEC and ASEAN partner economies, demonstrating opportunities offered by Russian nanotechnologies, biotechnologies, power, nuclear, environmental, airspace technologies, and high-tech healthcare products (including telemedicine).
- Hold promotional events displaying the advantages of GLONASS over its counterparts (at the Far Eastern Federal University's space services training center and in Asia-Pacific countries).

Military and Technology

- Take practical measures to implement new, flexible forms of cooperation with partners in military-technical cooperation (including making the transition from "buyer-seller" models for interactions to the establishment of joint ventures; improving after-sale equipment services by developing service centers in customer countries; using settlement arrangements enabling preferential loans and grace periods).

Cultural and Information Exchanges

- Organize a series of international presentation events (at Russia's Far Eastern Federal University and in the Asia-Pacific countries), introducing the Russian Far East as an up-and-coming center for international cooperation in culture, education and academia, technology and the media.
- Host a regional conference for Russian and Asia-Pacific entities fostering cultural cooperation (*Confucius Institute, Rossotrudnichestvo (Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad, and International Cultural Cooperation), Russky Mir Foundation, Japan Foundation, Korea Foundation, etc.*) to share experience and best practice.

MEDIUM-TERM OBJECTIVES

The following objectives were viewed by participants of the Forum as feasible and efficient for the medium-term (2-4 years):

Macroeconomic Regulation

- Develop and implement a tax and investment regime for Siberia and the Far East enabling accelerated efforts to bring the Asian part of the country to an equal development level with its European territories.
- Implement a cluster approach to the development of Siberia and the Far Eastern regions, based on a general strategy that branches out into individual programs for each region that reflect specific local conditions and specify measures that will deliver a tangible improvement in living standards. It would be logical to implement such programs via public and private partnership, separating state and business risks with clear legal regulations for project financing and raising investments from Asia-Pacific countries.
- Build a portfolio of attractive investment proposals for major corporations from Asia-Pacific countries giving consideration to potential development plans for Russia's eastern territories, bearing in mind the fact that both the region and individual countries are looking for reserves to confront the global economic crisis and need more growth drivers.
- Use the above measures (in combination with other steps that may be required) to speed up development of the real sector and social infrastructure in Siberia and the Far East, securing a sustainable influx of able-bodied and professionally trained migrants to those territories.

Energy

- Move towards a radical change in the oil and gas industry development model in Siberia and the Far East (involving the transition from an export-oriented system to a resource-processing model with maximum added value). The results required are to be achieved by developing a power engineering industry, petrochemical industry, increasing capacities for helium transportation and storage, oil refining and LNG production targeting Asia-Pacific markets.
- Mobilize Russian oil majors to build oil refineries. These activities should be implemented both in Russia and in individual Asia-Pacific countries (the potential implementation of such a project in Indonesia is already under consideration).
- Upgrade existing power generation equipment; build new generation capacities and grids in Siberia and the Far East to secure domestic demand and power supply to Northeast Asia.

- Implement the *Northeast Asia Regional Electric System Ties (NEAREST)*, a project focused on the construction of new generating capacities in Siberia and the Far East, while adopting new power transmission technologies (including underwater cables).
- Launch the development of innovative civilian nuclear power systems (such as safer technologies involving a closed nuclear fuel cycle). Cooperation with Asia-Pacific countries in this field will require parallel development of online multilateral operator support systems for major nuclear power plant emergencies.
- Start hands-on development of a promising sector for Asia-Pacific cooperation, such as joint biofuel production in Russia's eastern regions (both for export and for local consumers).
- Coordinate these initiatives with Customs Union / CES partners taking into account their current needs and long-term interests.

Infrastructure and Logistics

- Strengthen working relations with APEC partners that view infrastructure cooperation options and Russian transportation projects that involve international participation as priorities for APEC discussions (particularly South Korea and Indonesia, which proposed developing “regional connectivity” as a key objective for the APEC 2013 Forum).
- Implement the idea of “high-tech seaports” as Russia's gateways to the Asia-Pacific via upgrading and developing the Vostochny seaport in connection with construction of a petrochemical facility in Nakhodka (polymer exports from Nakhodka to East Asia could be the basis for a regional logistics and production chain involving Russia).
- Incentivize private businesses and government agencies to develop intermodal transportation centers involving “smart” logistics chains (by extending the successful experience with GLONASS in the Sochi transportation and logistics center to the transportation system of the Far East, a project with financial support made available from APEC in 2012).
- Switch the Far Eastern seaports and railways over to electronic document management with the use of radio-frequency identification (RFID) technologies, which is bound to improve cargo-handling rates.
- Implement a dispatch system capable of resolving the “failure to return” issue for railway cars delivering cargo to Europe from Asia via the Trans-Siberian Railway.
- Develop a logistics infrastructure to reduce barriers between maritime and railway transportation, including “dry ports” (i.e. terminals connecting ports with railways and roads), dead end tracks (for parking railway cars before and after cargo handling), railway yards and container terminals.

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- Set up mobile communications systems along the Trans-Siberian Railway and provide ICT support to the project of connecting the Trans-Siberian Railway with the Trans-Korean Railway.

Food Sector

- Build infrastructure in Siberia and the Far East for grain exports to Asia-Pacific countries (“Eastern Grain Route”), feeding into a large specialized terminal at Vostochny seaport, and start deliveries of Russian grain to Asian customers.
- Conduct a comprehensive review of plans to allocate land in Siberia and the Far East to Asia-Pacific countries facing food shortages for joint agricultural activities with Russian partners. If deemed feasible, move to the practical implementation of the idea.
- Propose the creation of innovation centers, with Russian participation, on interested APEC members’ territory, with a view to implementing safe farming technologies, evaluating the risks of genetically modified crops, etc., and cooperate with those willing to accept the proposal.

Innovations

- Support Russia’s systemic activities at international forums for innovation cooperation (APEC Innovation Technology Dialogue, APEC Telecommunications and Information Working Group) and under regional mechanisms with the objective being to foster economic growth and technology-driven development (Russia-ASEAN Dialogue Partnership).
- Develop mechanisms to aid the entry of Russian businesses and state-owned companies onto Asia-Pacific markets (taking into account Russian competitive advantages) in nanotechnologies, the power industry, healthcare, biotechnologies, nuclear technologies, environmental and aviation technologies.
- Enter Asia-Pacific countries’ markets with the “Russian Space Services Supermarket” project. Russian products could include remote monitoring of critical infrastructure facilities, dedicated databases, GLONASS data positioning and various navigation systems, cosmography, space maps system, hydrometeorological support, 3-D visualization (cities and buildings), renewable resources monitoring (forests, fisheries, biological resources, and farm lands). It should be stressed that these space technologies are equally important as technological support for space-faring nations’ economic activities and similarly for countries that do not have active space programs.
- Run *Air Launch* project tests (bringing payloads to low space orbits from a carrier aircraft); this has strategic importance for Russia’s airspace cooperation with the Asia-Pacific countries.

- Involve as many interested Asia-Pacific counterparts as possible in the construction of the Vostochny space-launch site and an adjacent town in Amur region (using the space-launch site as a cargo hub in between spaceship launches and developing international hydrogen technology cooperation at a hydrogen plant at the space-launch site).
- Put into operation a regional natural disaster early warning system utilizing Russian, Japanese technologies, and technologies from other Asia-Pacific countries.
- Conduct joint research with Asia-Pacific partners on the possible transformation of the social and economic system of Siberia and the Far East resulting from climate change; assess the economic implications for Russia and the region.
- Launch cooperation with Asia-Pacific countries on academic support for climate-dependent economy sectors (agriculture, irrigation systems, power generation, mining operations, transport, etc.) using Russia's competitive advantages in the area.

Security and Military-Technical Cooperation

- Elaborate and consistently implement a series of measures to stabilize the polycentric system of political and economic cooperation in the Asia-Pacific. Key activities include increasing, expanding and diversifying Russia's ties with ASEAN and its individual members, the active involvement in regional multilateral dialog, developing productive dialog between the Shanghai Cooperation Organization (SCO) and ASEAN.
- Harmonize the legal, research and technology frameworks of Russia and its Asia-Pacific neighbors on issues of information security support in the region.
- Increase the value of the domestic military and industrial complex by efficient loading and relevant financing of military industry enterprises, maintaining their close interaction with the Ministry of Defense, bringing forward experts to defense contracting and reinforcing R&D and manufacturing ties. All the above activities will contribute to Russia's defense potential improvement while also providing a positive multiplier effect towards the reinforcement of high-tech sectors in manufacturing consumer products.
- Focus on the production and development of specific armaments that will definitely spark interest among Russia's partners in military-technical cooperation and at the same time will be useful to Russia. These include fifth generation fighter jets, robotic warfare, a new generation of logistic support military helicopters and submarines with air-independent power plants. A vital section on the agenda is dedicated to developing a missile defense system with real potential for cooperation with China.

Cultural and Information Exchanges

- Develop Russia's potential for integration into the Asia-Pacific by expanding student and professor exchange programs, promoting joint research and publications, raising required financing from governments and businesses, and pooling efforts to increase numbers of Asia-Pacific specialists with the Russian language skills and training required to work with Russian technologies.
- Engage major Russian universities in the development of a marketing strategy for Russia to be rolled out across the Asia-Pacific and in individual countries in the region, with expert support and consulting and providing competitive training programs.
- Promote a strong country brand, consistently associated with Russia, focused on overall cooperation with Asia-Pacific countries and on attracting tourists from the region to Russia.
- Strengthen contacts with Asia-Pacific countries via public diplomacy (*RLAC, Gorchakov Public Diplomacy Foundation, Russky Mir Foundation, etc.*).
- Implement an outreach program for both classic and modern Russian literature in Asia-Pacific countries (via the *Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad, and International Cultural Cooperation* and Russian non-government foundations promoting cultural ties with foreign countries).
- Foster an appropriate, positive image of Russia in social networks in Asia-Pacific countries by using "digital diplomacy."
- Set up partnerships between Russian and Asia-Pacific media groups and organizations.
- Introduce "the Russian theme" in the Asia-Pacific information sector, building on the successful experience of *Rossiyskaya Gazeta* ("Russia Beyond the Headlines" project).

RESULTS FROM ACHIEVING THESE OBJECTIVES

According to Forum participants, active, consistent and effective actions aimed at achieving the above objectives should bring the following results:

- A strong impetus for the development of Siberia and the Far East (including population growth in the Russian territories under review), higher investment appeal for Asia-Pacific neighbors.
- Enhance Russia's "force of gravity" as an economic integrator within the Customs Union / CES and the entire post-Soviet domain.
- Increasingly diversify and increase the regional presence of Russia, productively implementing its power, infrastructure, transport, food

production and innovative potential, from the viewpoint of our contribution in the overall dynamics of Asia-Pacific economies.

These changes will contribute to Russia's increasing role as a power capable of bearing its share of responsibility for military and political balance and security in the Asia-Pacific. They will also enhance the country's prestige at forums enhancing cooperation and integration in the region; expand its room for political maneuver; lend greater credibility to joint initiatives proposed by Russia and countries with similar views on maintaining peace, stability and polycentric trends in the region.

The diversification of Russia's economic and political ties with the Asia-Pacific will give it a higher profile in the regional information field. Goal-oriented intensive exchanges and interactions between Russia and Asia-Pacific countries in education, science, culture and mass media will be instrumental in creating a qualitatively new and improved image of Russia, that is essentially more positive than the current one.

Under this scenario, Russia *will secure its national interests in the Asia-Pacific Region, and reinforce its global power status*, since it is impossible to maintain this status without a strong position in the Asia-Pacific.

FAILURE IS NOT AN OPTION

Participants in the Forum said that failure to implement these objectives in a timely fashion, regardless of the reasons for any such failure, would create the following risks for Russia:

- That it would lose the momentum gained during preparation for the APEC meeting and that derived from its successful delivery in the development of Siberia and the Far East, and also in building "bridges" to the Asia-Pacific Region.
- That it would limit its access to information, technology and human resources of Russia's Asia-Pacific neighbors that are key for the development of (and potentially for Russia's continuing control over) Siberian and Far Eastern territories.
- That it would let down friendly foreign partners interested in the expansion and diversification of economic cooperation with us, that trust Russia as a power interested in maintaining peace and security in the Asia-Pacific, and that also want to see economic prosperity across the region.

Russia's failure to demonstrate tangible improvements to economic conditions in Siberia and the Far East (and the lack of any broader recovery of Russian economic growth rates), failure to achieve greater scale and new dimensions in its economic involvement in the Asia-Pacific would play into the hands of those regional powers that are interested in seeing its political marginalization. This would result not only in the reduction of our ability to exert influence on the regional and political

situation, but would also reduce the chances for establishing a polycentric political system as in the absence of constructive input from Russia the chances of any such system being established are slim. From the viewpoint of Asia-Pacific security, the consequences could be quite dramatic (such as a continued trend toward greater US-China military and political polarization).

A very unpleasant, albeit natural, implication of this scenario would be reputational damage, as Russia would risk being labeled as a “loser country” (with unique natural resources yet incapable of putting them to good use; unable to articulate and implement its competitive advantages or support pragmatic and mutually beneficial relations with the world; a country that has unlearned how to fight for strategic goals). This outcome would prove difficult to rectify, even by efforts to find a more rational balance between the Euro-Atlantic and Asia-Pacific vectors of our information policies. In any case, a negative image would hurt Russia not only in the Asia-Pacific but, for example, in the post-Soviet domain as well, by failing to help implement projects such as the Customs Union / CES.

Unless significant positive changes are implemented in the country’s East over the short- and medium-term, the relevant territories will continue their spontaneous integration into the Asia-Pacific on conditions that do not correspond with the objectives of Russia’s development as an efficient and integral state and socio-economic organism.

Failing to demonstrate progress in achieving the larger objective of developing Siberia and the Far East along with growing cooperation with its Asia-Pacific neighbors, *Russia would endanger its deep-rooted national interests and global power status*. This should render such a scenario utterly unacceptable, while the successful achievement of the broader objective should be viewed as the only option.

Focusing on these aspects, Forum participants approached the *issue of a toolkit* to be employed to achieve this goal. During informal conversations at the Forum and immediately after, it was noted that this issue, along with monitoring specific aspects related to the development of Russia’s Eastern territories and its Asia-Pacific policies could become focal points in future agendas for the Asia-Pacific Forums.

APPROPRIATE TOOLKIT ENABLING RUSSIA TO RESOLVE OUTSTANDING ISSUES

Just as with any other social project, attaining an overarching objective requires at least two prerequisites to be met: first, introducing a *program* that will establish key goals, means and directions for the development of Siberia and the Far East and expand cooperation with Asia-Pacific neighbors, second, identify (or build from scratch) an *institution* authorized to manage the program's implementation that is invested with the relevant powers.

A session of the State Council Presidium held on November 29, 2012 in Novo-Ogarevo to discuss the economic development of Siberia and the Far East was an important step toward meeting these prerequisites. The session reviewed the content of the state program for social and economic development of the Far East and Baikal region to 2025 and also discussed a development management system that meets the requirements for the accelerated recovery of Russia's Eastern territories, preventing diffusion of responsibility for the end results. Although the discussions were primarily focused on national development and management issues, the Russian President specifically stressed that "we (Russia) must take full advantage of its proximity to the Asia-Pacific region, a major developing region with large countries. We must take advantage of this proximity to promote the development of the Far East and Russia as a whole. We have to make a significant contribution to the integration processes in the Asia-Pacific region. These future prospects were confirmed and the recent APEC summit in Vladivostok".

According to materials from session that have been published, the state leadership intends to clarify issues relating to program and institutional support for measures aimed at developing the Russian Eastern territories in the first half of 2013. Since these issues were discussed at both Asia-Pacific Forums, it would be apposite to recall an idea outlined at the end of the First Forum. This idea was to mutually approve programs related to Russia's renewed upturn via the accelerated development of Siberia and the Far East, establishment of the Customs Union /

CES and development of full-scale cooperation with Russia's Asia-Pacific neighbors in order to maximize implementation value in all these undertakings. This would offer Russia a *mega project* with distinct national, regional and global dimensions.

A proposal to call it the "Eurasia-Pacific Connectivity Initiative" was based on the intention of presenting it to Asia-Pacific partners in terms that have recently become very popular in the region. The key word "connectivity" comes from English, but has made its way into public and political vocabulary thanks to software programmers (who use it to mean the capability of the components of an information system to interact in the process of operation) the word became especially popular after the adoption of the "Master Plan on ASEAN Connectivity" in 2010.

Borrowing this notion, we are able to provide a new explanation for the mutual dependency of our strategic imperatives, assuming the following processes:

- Consolidation of Russia's national economic and political space via the strenuous reinforcement of ties between its European and Asian territories.
- Reintegration of a significant part of the post-Soviet space in line with common interests of relevant states using the Customs Union / CES format.
- Promotion of Russia's involvement in multilateral cooperation processes already underway in Asia-Pacific, which is now the most dynamic region of our increasingly globalized world.

Communicating our intentions to the region with clarity would mean breaking ground in the correct interpretation and legitimization of these intentions with our foreign partners, contributing to Russia's image as a competent participant in regional processes and thus facilitating the successful implementation of the mega project, although this remains hypothetical for the time being.

Speaking of a system to manage the development of Siberia and the Far East, it seems crucial that the institution, becoming central to the system, should follow the same mode of interaction with domestic (primarily business and expert communities) and international partners. One measure to foster such interaction could be holding a *presentation of such an institution and a program it is bound to implement at one of the annual meetings of Asia-Pacific leaders* — either at an APEC meeting or at an East Asia Summit (EAS). Considering the growing significance of the EAS, and the fact that its agenda includes the full range of regional cooperation issues, economic integration and security among them, it would be feasible to use this platform for Russia's presentation.

CONCLUSION

Along with the November session of the State Council Presidium in 2012, another event to sum up the results of Russia's APEC presidency was the completion of the second phase of the East Siberia–Pacific Ocean crude oil pipeline (ESPO-2) and the start of its operation (December 2012). Both events, following the APEC 2012 meeting in Vladivostok, signify the presence of political will and a growing number of economic factors facilitating recovery of the Eastern territories of the country with a view to strengthening its Asia-Pacific positions.

Expressing its satisfaction with these developments, the Russian International Affairs Council reaffirms its readiness to conduct further annual Asia-Pacific forums. The next forum, expected to take place in the second half of 2013, will see continued discussions on the issues highlighted in this report. The agenda will also see the appearance of new developments, requiring prompt and competent debate, that emanate from the situation in Russia and in the region.

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