

**GEO-STRATEGIC SIGNIFICANCE OF SIBERIA IN
THE RUSSIAN FEDERATION, 2000-2016**

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DOCTOR OF PHILOSOPHY

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DECLARATION

I declare that the thesis entitled “Geo-strategic Significance of Siberia in the Russian Federation, 2000-2016” submitted by me for the award of degree of Doctor of Philosophy of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this university or any other university.

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CERTIFICATE

We recommend that thesis be placed before the examiners for evaluation.

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*Dedicated
to
My Family*

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I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

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ABBREVIATIONS

AAD	Areas of Advanced Development
APEC	Asia-Pacific Economic Cooperation
APR	Asia-Pacific region
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Countries
ASEAN+3	ASEAN+China, Japan, South Korea
ASEM	Asia-Europe Meeting
BAM	Baikal Amur Mainline
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China, South Africa Grouping
CIS	Commonwealth of Independent States
CITIC	China International Trust Investment Corporation
CNPC	China National Petroleum Corporation
CPSU	Communist Party of the Soviet Union
CSCAP	Council for Security Cooperation in Asia Pacific
DPRK	Democratic People's Republic of Korea
EAS	East Asia Summit
EDB	Economic Development Board
EEF	Eastern Economic Forum
EEU	Eurasian Economic Union
EIA	Energy Information Administration
ESPO	Eastern Siberia-Pacific Ocean oil pipeline
EU	European Union
FEFD	Far Eastern Federal District
GDP	Gross Domestic Product
GRF	Global Relations Forum
GRP	Gross Regional Product
GLONASS	Global Navigation Satellite System
KIEP	Korea Institute for International Economic Policy
KOCIS	Korean Culture and Information Service
KOPRI	Korean Polar Research Institute

LNG	Liquefied Natural Gas
MFARF	Ministry of Foreign Affairs of the Russian Federation
MFAPRC	Ministry of Foreign Affairs of the People's Republic of China
MID	The Ministry of Foreign Affairs
MOFA	Ministry of Foreign Affairs
NATO	North Atlantic Treaty Organization
NEA	Northeast Asia
NEP	New Economic Policy
NNMMC	Norilsk Nickel Mining and Metallurgical Combine
NPT	Non-proliferation Treaty
NSR	Northern Sea Route
PPP	Public-private partnerships
PRC	People's Republic of China
RDIF	Russian Direct Investment Fund
RFE	Russian Far East
RIAC	Russian International Affairs Council
RIC	Russia-India-China Grouping
ROK	Republic of Korea (South Korea)
ROSSTAT	Russian Federal State Statistics Service
SCO	Shanghai Cooperation Organisation
TPC	Territorial Production Complexes
UBS	Union Bank of Switzerland
USSR	Union of Soviet Socialist Republics

Chapter 1:

Introduction: Conceptual Framework

The Arctic Ocean encircles with a belt of eternal ice the desert confines of Siberia and North America--the uttermost limits of the Old and New worlds, separated by the narrow, channel, known as Behring's Straits.

Eugene Sue

1.1. Introduction

One of the key elements used to sustain Russia's aspirations to be a great power is its strategic, vast and resource-rich territory in Asia. "What has enabled Russia to rise among the great powers of the world and supplied her with the means to maintain that position once she achieved it has been the conquest of Siberia." (Lincoln 1993)

Siberia has gained importance over the past years in geopolitical and geostrategic terms after the breaking down of Union of Soviet Socialist Republics (USSR). Various researchers have given different definitions of geo-strategy. Geo-strategy is a subfield of geopolitics. In order to have a definite comprehension geo-strategy, the description attempts to begin with a brief description of the concept of geopolitics. According to Parker "Geopolitics traditionally describes the links and causal relationships between political power and geographic space, looks to geographic or Earth-focused physical and spatial qualities for its explanatory power." (Parker 1986) The unit of analysis is the state; its area, size, resources, and population are placed in the context of political ideology, socio-cultural values, and technology to evaluate the dominant patterns of war in a given time. The manipulative application of this information is called geo-strategy, a state prevailing assessment of the geospatial bases of power in plans or strategies for continuing military, economic, politic, and socio-cultural advantage. (Dolman 2012)

The term geopolitics was originally coined in Sweden by Rudolph Kjellen in an article in 1899. However, the concept was popularized by Karl Haushofer, (Tuathail and Toal 1994) with the German term "Wehrgeopolitik". (Gyorgy 1943) General Frederick L. Schuman refers to Wehrgeopolitik as a geostrategy in his article monograph: "We learn our geopolitics." This seems to be the strongest translation of the original German expression coined by General Haushofer. (Mackinder 1962) Halford Mackinder was another well-known and influential geopolitical at the end of the nineteenth century. He applied the concept of geopolitics in international politics

through his Heartland Theory. In a thesis entitled *The geographic pivot of history*, Mackinder theorised that: "in the industrial age, the natural resources of Central Asia are so vast that they will serve as a geostrategic tool for the state that controls it to become the empire world." (Mackinder 1962) Mackinder considered "global politics as a closed system, which means that the actions of different countries were necessarily interconnected and that the main axis of the conflict was between the terrestrial and maritime powers. He defined the geography and history of earthly power by defining, in 1904, the nucleus of Eurasia as the Pivot Area, which in 1919 changed its name to Heartland. He proceeded to expand the possibility of a consolidated land power that could allow a nation to control the mass of Eurasia between Germany and central Siberia. If modern industry and media use it and have good support, a consolidated territorial power that controls the Heartland could exploit the rich natural resources of the region and eventually ascend to global hegemony." Mackinder summarised his ideas with the words: "Whoever rules Eastern Europe dominates the heart: those who govern the Heartland dominate the island of the world" (Mackinder 1962) After tracing the historical evolution of the concept of Geopolitics, "it can be defined as a theory that describes the relationship between politics and territory both on the local and international level. It comprises the art and practice of analysing, prescribing, forecasting, and the usage of political power over a given territory. Specifically, it is a method of foreign policy analysis, which seeks to understand, explain and predict international political behaviour primarily in terms of geographical variables. Those geographical variables generally are: geographic location of the country or countries in question, size of the countries involved, the climate of the region the countries are in, the topography of the region, demography, and natural resources available in the territory and technological development." (Evans & Newnham 1998)

Geo-strategists, in the words of Rogers and Simon "distinct from geo-politicians, advocate proactive strategies and approach geopolitics from a nationalist point-of-view. As with all political theories, geo-strategies are relevant principally to the context in which they were devised: the nationality of the strategist, the strength of his or her country's resources, the scope of his or her country's goals, the political geography of the time period, and the technological factors that affect military, political, economic, and cultural engagement." (Rogers & Simon 2010) The

relationship between geopolitics and geo-strategy is often seen from different perspectives. The geo-strategy is seen as a sub-discipline of geopolitics, (Sykulski 2009) while their relationship is understood in terms of their equal status in the political thinking (Baczwarow & Suliborski 2002) or even in terms of the status of geopolitics as an additional discipline of geo-strategic studies. (Dybczynski 2013) Interconnection with geopolitics is very narrow and geo-strategy without geopolitical substrate loses its beneficial value. (Mamadouh & Dijkink 2006) C. Jean (2003) promotes the idea that geo-strategy is "military geopolitics". According to above discussion, Most of the definitions, "Emphasise the merging of strategic considerations with geopolitical factors. While geopolitics is ostensibly neutral, examining the geographic and political features of different regions, especially the impact of geography on politics, geo-strategy involves comprehensive planning, assigning means for achieving national goals or securing assets of military or political significance. It is the geographic direction to a state's foreign policy. More precisely, geo-strategy describes where a state concentrates its efforts by projecting military power and directing diplomatic activity."

Geo-strategy, according to Colin and Geoffrey, "Can function normatively, advocating foreign policy based on geographic factors, describing how foreign policy is shaped by geography or predicting a country's future foreign policy decisions on the basis of geographic factors." (Colin & Geoffrey 1999) A basic geo-strategic motive of modern policy is the desire for control over geographic areas which are geo-strategically important and are rich in natural, human or economic resources as well as control over such areas that can be used in the blocking of important world communications. As mentioned above the modern geo-strategic policy is to get control over a geographic area of geo-strategic importance. The geographical location of Siberia between China, Japan, Korea, and the US makes it of sheer paramount geo-strategic importance. (Fortescue 2016)

According to Jakub J. Grygiel, "It is the geographic distribution of centres of resources and lines of communication, assigning value to locations according to their strategic importance." (Grygiel 1972) Considering this statement, it can be argued that the Russian Federation has analysed the centres of resources in Siberia and are carrying out extensive infrastructural development projects in Siberia which, in turn,

is providing Russia a progressive control over the region that is rich in natural resources and is, therefore, of immense economic importance to Russia. According to Lee and Lukin "This region also provides a pathway towards the Asian-Pacific countries which ultimately ensures the Asia-Pacific countries hold over the lines of communication of the region. Hydrocarbon resources and issues of energy security is expected to enhance Siberia's importance in the regional strategic environment because of its location in relation to the resource base and countries with high and increasing consumption and demand of the resources." (Lee & Lukin 2015) In the past Siberia had acquired attention from both the tsarist and the Soviet due to its geostrategic importance and its capability as an enormous accumulation of natural resources. Even today, Siberia is a platform for Russia to regain its lost strategic influence in Eurasia and to evolve as a strong pillar in the international system. Russian involvement in Siberia is basically strategic in nature. Undoubtedly Siberia's strategic importance in the Russian Federation is growing since the past years. The geopolitical significance of the Siberian region can be derived from the fact that it is located at the intersection connecting Europe, the Asia-Pacific region. The above analysis clearly and cogently explains the application of Geo-politics and Geo-strategic theories in the region in particular to Russia, and the actions of the involved countries in the region.

After the end of the Cold War, competitions over resources have become seriously among the countries. This competition has reaffirmed itself in the rapid growth of commodity prices and some adjustments in geopolitical considerations. Russia has been profiting from this case because of the considerable amount of resources on its Easter region. As a result, Russia is now steadily improving its role as a predominant country in worldwide politics. (Tsygankov 2006) Following a long time of vulnerability and shortcoming, Russia reestablished its situation as one of a major power worldwide by recapturing its impact on its neighbourhood through Putin's pragmatic politics. From its geo-strategic point of view, with coming to power as a President of Russia, Putin has shown continuous interest in the foreign policy of this Federation.

Map No. 1: Map of Russia



Source: Eurasian Geopolitics (2017)

Available at: <https://eurasiangeopolitics.files.wordpress.com/2014/07/russian-physical-map.gif>

As a result, Siberia has become a priority region due to its closeness to the Asia-Pacific Countries. According to Zav'ialova "Following the end of Cold War, the global geopolitical order is undergoing the most significant change." (Zav'ialova 2012; Fortescue 2016) According to Schweller, "In terms of geopolitics, we have moved from an age of order to an age of entropy. Problems and crises will arise more frequently and, when they do, will be resolved less cooperatively." (Schweller 2014) Siberia shares borders "with Mongolia, China, North Korea, and Japan, as well as the United States in the Bering Strait and Aleutian Island. Due to its proximity to the Asia-Pacific countries, Siberia has become one of the priority regions for the Russian Federation to hold a firm presence in the region." (Fortescue 2016)

According to the geostrategic view, "Siberia as a territory symbolises an advantage for any powerful country who would be capable of controlling its huge natural resources." (Lee & Lukin 2015) According to view of Eugene Lawson, "the Russian Far East is adjacent to two of the world's top three energy markets and is ideally suited to serve as a major energy supply link between Russia's oil and gas fields and China and Japan, as well as Korea, India, the countries of South East Asia, and the US" (Dresen 2004) Another characteristic of development is the increase importance of Asia-Pacific as a major driver of the global economy. (Fortescue 2016) In the meantime, the key point of global economic development, as well as numerous uncertain differences among the countries, are moving towards this territory. During the 1990s Moscow had ignored its eastern region. It started to gain its impact again in this region under the Putin presidency. Vladimir Putin's appointment as president in 1999 has resulted in a clear cut policy on the Siberian region. Putin's approaches in the Siberian territory reflected his goal to guarantee Russia's situation in international politics and his purpose to build a multipolar world. He displayed his faith in the Russian Federation by saying that Russia was, and will always continue an extraordinary power. (Putin 2012) This declaration of Putin's stress on Russia's economic existence. This emphasis on economics is further highlighted by Bobo Lo (2003): "Unlike Yeltsin; Putin has demonstrated the interest and commitment to transform a rhetorical allegiance into a genuine economisation of Russian attitudes towards the world. Four key themes, in particular, have dominated this economic domination: (I) The direct linkage between an active foreign policy and domestic socio-economic transformation and prosperity; (ii) the campaign to integrate Russia

into ongoing international economic process; (iii) the profit motive; and (iv) the link and relationship between geo-economics and geopolitics, between Moscow's pursuance of economic goals and its proceeding intentions to project itself as a national and international power."

After the start of Putin's administration, his announcement "Leave Europe, Enter Asia" became popular among the Russians. Putin's statement "Leave Europe, Enter Asia" has stressed the move from Europe to the Asia-Pacific area. "The Asia-Pacific Economic Cooperation (APEC)¹ summit was held in Vladivostok² in September 2012 by the Russian Federation which emphasised to make more effort for the improvement of its eastern territory. Since then, Russia's economy has proceeded a step ahead and trade with other countries also has improved." (Valdai, 2012) Russia has been trying to develop the economy of its eastern Territories and gradually coordinating well with the Asian-Pacific region in terms of trade and economy. Several strategies and investments have been designed "to promote Siberia and the Russian Far East and to strengthen its engagement into the Asia-Pacific." Putin has been praised as the President of the Russian Federation for his ability for the restoration of political stability and prosperity and enhanced the international role for Russia. (Kremlin.Ru 2012) During his address to the federal assembly in 2013, President Putin "reconfirmed the significance of the Russian Far East and Siberia in the Russian Federation and the importance of developing the region. He announced this as Russia's national need for the whole 21st century." (Putin 2013) He also stressed that "Russia's engagement with the Asia-Pacific and the improvement of its eastern region will not only open up new economic opportunities and new horizons but also provide additional instruments for an active foreign policy" (Putin 2013)

With its huge natural resources and geopolitical location of Russian Far East and Siberia, it is known as the "Asia Pacific's Last Frontier." Their engagement with the Asia-Pacific countries can reshape the economic and political picture for the Asia-Pacific region as well as the entire world. President Putin has frequently visited the Asia Pacific region. (Valdai 2014) Moreover, he has constantly focused "on the

¹Asia-Pacific Economic Cooperation is an inter-governmental forum for 21 Pacific Rim member economies that promotes free trade throughout the Asia-Pacific region

²Vladivostok is a city and seaport located on the Far East of Russia, the capital of Primorye krai, the last station of Trans-Siberian railway.

improvement of Siberia and the Russian Far East region, perceiving that their improvement and Russia's engagement into the Asia Pacific region are interconnected." The growth of the energy capability of Siberia is the core factor behind the above objective. With the requirement for energy supplies increased globally, Russia's the Far East became significant in the region's geopolitics. For a long time, the Siberian territory is known for its natural resources, corrupt administration, and its border issue with the adjoining Asia-Pacific countries.

1.2. Historical Background

Siberia in the past was occupied by the Cossack first and then the Muscovite³ State in the 16th and 17th centuries. The exploration of this territory has been described differently by the Russian Empire and the Soviet Union at a different time. The term Siberia has come from the Tatar word "Sibir" which signifies sleeping land. It was the Mongols once inhabited this region and named it as Siberia. From the geostrategic perspective, this district has a significant position and still, it is a noteworthy region according to the Russians. The Siberian territory has potential due to its vital energy assets, being a source of labour and its expanding economy. Siberia is an advantage for not only the Russian Federation but also the rest of the world since it opens up various opportunities for them as well. Siberia region's closeness to the Asia-Pacific countries has transformed it into a significant geopolitical region of the in the contemporary world scenario. Siberia played a significant place "in both Tsarist Russia and the Soviet Union due to its assets and vast area." Arved Schultz (1923), wrote in "regional survey of Siberia that Siberia – once the country of convicts, exiles and ice-cold weather, now, particularly after Nansen⁴'s encouraging descriptions, is the country of the future, a second America, the natural Northern Asia, which includes all the landscapes between the Ural and the Pacific Ocean, the Urals and the Arctic Ocean and the inner-Asiatic mountains - so different and nevertheless so uniform in their enormous size and rough climate." In the past decade, "Siberia contributed to the economic development of the Russian Federation." As per historical record, Siberian

³The Formation of the Muscovite State' charts the history of Muscovy from the late 15th century to the early 19th century.

⁴The Fridtjof Nansen Institute is an independent research foundation specialising in research on international environmental, energy and resource management issues, including political and legal aspects.

territory stretches from the Urals to the Pacific and holds around 13 million square kilometres, which is 60 per cent of the whole region of the USSR. Siberia and the Far East region are one-third times bigger the size of Canada, one and half times of the United States, and four times the size of India.

Siberia has six languages to be specific: Turkic, Mongolian, Turgus, Samodi, Yugruian and Palaeo Asiatic. Every single group varies in monetary and social terms. Among them, the majority of the population comes from the European side, some of them are from different regions of former Russia and the Soviet Union. The Russian language is the official language, but there are also 35 of other dialects are used in Siberia today. There is a variety of groups with different faiths all over Siberia: Orthodox Christianity, Islam, Buddhism; however Shamanism is famous among all. Russia did not have any links or connections with its Asian neighbours in the past decade. It was only concentrated around Europe and the United States. The Eastern region was viewed by Russia as a hotspot for its resources and military outpost. "The Eastern region underwent the downfall of its economy, after the collapse of the Soviet Union. Despite its economic situation at that time, yet Siberia resources helped Russia to reshape its essence in Asia." (Fortescue 2016)

According to the official record "Siberia is divided into three regions; Western Siberia, Eastern Siberia, and the Far East." The periphery status of the Siberia illustrated in the twentieth-century by Halford Mackinder in his heartland theory. He discovered that: "the significance of Russian heartland in the geopolitics. The exploration of Siberia and the Far East was done by travellers who were in search of wealth and resources." (Mackinder 1942) The primary purpose of their exploration was the capture of Siberia. Fur was one of the key purposes behind Russia's exploration of Siberia. The Trans-Siberian railroad was the first transportation system that connected European Russia to the Asian divisions of Russia. According to Wood "The Trans Siberian railroad which was operated by the Tsars in the mid-twentieth century and the Baikal Amur Railway which was operated by the Soviets through the 1970s were the principal transportation system that connected the Siberian region with main Russia." (Wood 1998) The Baikal Amur Mainline was started to give more reliable access to the Asia-Pacific region. The BAM was built purposely to give a frequently reliable way to the development of troops and material. Both the BAM and

the Trans-Siberian Railway were served as a transport route for the Soviet Far East and both of this transcontinental train was constructed to give a more reliable path to the Asia-Pacific. The building of the railroad introduced a different phase in Russia's Far Eastern policies.

Russian inclusion in Siberia is essentially key in nature. There is no doubt about Siberia's significance in the Russian Federation. Location of Siberia borders "with Mongolia, China, North Korea, Japan, and the United States in the Bering Strait and the Aleutian Island." The constitution of Russia was ratified in 1993; there were 89 oblasts registered. Some of the oblasts were added later. Among 89 oblasts of the Russian Federation, Siberia is one of the oblasts which is further divided into three major economic areas:

- West Siberia
- East Siberia
- The Far East

East Siberia was the largest administrative territorial unit in the USSR but at present, that position is now held by the Far Eastern Federal District. Eastern Siberia lies between Western Siberia and the Far East. It is the largest region of the Russian Federation with regard to its area: it stretches from the watershed of the Ob and the Yenisei in the West to the watershed mountain ranges extending along the Pacific coast in the East, and from south to north from the state frontier with the Mongolian People's Republic and North-Eastern China to the Arctic Ocean. The climate of Eastern Siberia is more severe than that in the western Siberia. As regards to density of population, Eastern Siberia occupies the last place among all the larger parts of the Russian Federation; it is five times less populated than Western Siberia. Eastern Siberia is far less important as an agricultural area. Eastern Siberia is a country of powerful rivers. Its principal rivers are the Yenisei⁵ and the Lena⁶. Beautiful Lake

⁵Yenisei River is one of the longest rivers in Asia flowing through the Siberian land mass into the Arctic Ocean.

⁶Siberia's Lena River is one of the longest rivers in the world. It rises west of Lake Baikal in southern Russia and eventually flows north for 4,400 km (2,800 miles) before emptying into the Laptev Sea, an arm of the Arctic Ocean.

Baikal⁷ is located here. Under Tsarist, it had a backward insufficiently developed agriculture and a very weak industry. It was forced to bring grain and almost all manufactured goods it required from the West. Gold mining and Fur trade were the only economic branches whose output was shipped beyond the territory of Eastern Siberia. But in the Soviet period, great successes have been attained by Eastern Siberia in the development of both its old and new branches of economy. The gold industry has rehabilitated the old gold mines and developed new gold-fields, the biggest of them being located in Yakutia⁸. A number of mining industries have been created, for the extraction of tin, and non-metallic minerals and graphite. Machine-building, predominantly supplying equipment to the mining industry, to agriculture and to railway and water transport, is being developed in Eastern Siberia. (Mote 1998) According to the Russian embassy's report, President Putin at a press conference for the Russian and Foreign Media held in January 2006 went on to describe the importance of the region for Russia. "Siberia is a very important region for us, a region with immense natural resources. Eastern Siberia is an absolute storehouse of natural resources and as yet unopened storehouse of the world's energy resources. Russia's energy potential is underestimated. I'm not even talking about Western Siberia. We are going to draw on the Yuzhno-Russkoye⁹ to feed the North-European gas pipeline. We estimate production thereof 22 billion-25 billion cubic meters a year. We also have the Shtokman¹⁰ deposit right nearby in the Barents Sea and there we can expect production of 90 billion cubic meters a year for the next 50 years, this is all calculated. As for Eastern Siberia and Siberia in general, the world will certainly have need of its immense resources, and of its huge scientific potential." (Putin 2006)

The *Russian Far East* is the third region of Siberia. It lies parallel to the Pacific coast. It is now administratively known as the Far Eastern Federal District (FEFD), which is largest of the federal districts of Russia. The Far Eastern Federal District (FEFD) occupies more than a third of Russia's territory but compared to its territory the population is very less. The Far East is very far away from the Russian Federation but

⁷ Lake Baikal is the world's oldest and deepest freshwater lake. It contains 20% of the world's freshwater reserves.

⁸ The Sakha (Yakutia) Republic is a federal subject of Russia.

⁹ Yuzhno-Russkoye onshore oil and gas condensate field is located about 2,175 miles (3,500km) north-east of Moscow, the capital city of Russia. It is the largest natural gas field developed in the country.

¹⁰ The Shtokman field, one of the world's largest natural gas fields, lies in the northwestern part of the South Barents Basin in the Russian sector of the Barents Sea, 600 kilometres north of Kola Peninsula.

close to the ports of Japan and other sea-treading nations. The entire area of the Far East is occupied by mountain ranges. The cities of Vladivostok and Khabarovsk are the largest cities of the Russian Far East. The Far East is rich in natural resources, including gold, diamonds, oil, and natural gas. The district's leading industries are the mining, forestry, woodworking and fishing industries, as well as non-ferrous metallurgy, maritime and railroad transportation, machine-building, and hydropower engineering. (Kireev 2012) Reindeer herding, hunting, and fur farming are also traditional industries in the Far East. Sakhalin Island¹¹ is situated here. Sakhalin Island is very well known due to its rich deposits of coal, oil, and gold. (Primamedia.ru 2017) The Russian Far East accounts for 4.5 per cent of national GDP¹², but fully 15 per cent of national mining output. Magadan is Russia's second largest gold-producing region, while the huge, sparsely populated region of Yakutia which now calls itself the Republic of Sakha produces 95 per cent of the country's diamonds. (Avdeev 2017)

1.3. Literature Review

The Siberian region has emerged as one of the important regions full of natural resources. Many scholars have written on different dimensions. In order to have a clear understanding of the topic, it is highly essential to make an in-depth analysis of the available literature. Some of the existing literature has been reviewed here for making the concepts clear. The relevant literature is divided into the following four sub-themes which has been elaborated in the later part:

- The Siberian Region in Historical Perspective
- The Geo-strategic Significance of Siberia
- The Siberian Region in the Russian Federation
- Security challenges

¹¹Sakhalin Island is Russia's largest island, and is administered as part of Sakhalin Oblast. Sakhalin is a classic "primary sector of the economy" relying on oil and gas exports, coal mining, forestry, and fishing.

¹²Gross domestic product is a monetary measure of the market value of all the final goods and services produced in a specific time period, often annually.

1. 3.1. The Siberian Region in Historical Perspective

Siberia is situated in the Northern part of Russia. The eastern region is the newly developing region and "seen as the core of the economic growth of Russia in the twenty-first century whose energy and mineral resources isn't only significant just for the Russian Federation but also for the Asia-Pacific region." The eastern region of Siberia has been conceptualised among the Russians in numerous ways. Primarily, the East is important because a huge Russian population resides in this region since the seventeenth century. Fyodor Dostoyevsky in 1881 was asked "What is Asia to us? For what reason should we go there?" In his answer, he said, "One can scarcely keep up that our general public has an unmistakable origination of our central goal in Asia, what explicitly she intends to us later on. As a rule, our entire Russian Asia, including Siberia, still exists to Russia only as some sort of supplement in which European Russia wants to take any intrigue. We are Europe, – it is inferred. – What is our business in Asia!" (Dostoyevsky 1949) To the question "What is Asia to us?" Dostoyevsky, like other Russian authors, responded that: "Russians lacked an idea of what Asia meant to Russia." He also observed that: "in the minds of Russians, Siberia was a sort of Russian appendix that had little interest for them. Similarly, he felt that Asia was a land still to be discovered by Russians." He also claimed that: "Russians did not possess a clear conception of their mission in Asia and he urged his country to find a place for Siberia and Asia and to understand the mission of Russia in Asia."

Siberia extends all the way from the Urals to the Pacific and is surrounded by Mongolia, China, North Korea, and Japan, as well as the US in the Bering Strait and the Aleutians. The region is partly covered by snow throughout the year and almost completely in winters. Schultz (1993) wrote that "Siberia, once the country of convicts, exiles and ice-cold weather, now, particularly after Nansen's encouraging descriptions, is the country of the future, a second America, the natural Northern Asia, which includes all the landscapes between the Urals and the Pacific Ocean, the Urals and the Arctic Ocean and the inner-Asiatic mountains so different and nevertheless so uniform in their enormous size and rough climate." The environment of the Siberia is described by prolonged freezing wintertimes with a harsh snowstorm blowing most of the year. For ages, the area was failed to conceive any headline and remained neglected despite its economic and geopolitical significance. However, the lack of

data and insights into the English language is one of the challenges Siberia is facing. Stuart (1985) said that, "The Russian literature specifically on Siberia would fill a large modern library, the non-Russian at most a few shelves. Siberia's future is, of course, impossible accurately to predict, and I hesitate to do so. However, what can confidently be said is that Russia's frozen frontier will undoubtedly continue to play a vital if the probably under-appreciated, economic and strategic role in that country's and the world's destiny." According to Wood (1987), "Siberia is often conceived of in the Western imagination as a place of Tsarist exiles and then huge Gulags or concentration camps created by the Soviet State from the 1930s through the 1950s. The exile system, however, had been widely used by the Tsarist government to remove criminals, political prisoners and the unemployed from European Russia. While in the past, Siberia had the image of a vast and boundless prison for all types of unwelcome persons, it is now associated with its substantial natural resources."

From the very beginning, it has always been regarded as a treasure chest of minerals and a vast storehouse of natural resources. From the early Muscovite times to till now Russia's State economy is always dependent on the natural resources of Siberia. President Putin, "At the Meeting of the Council of the Inter-Regional Association Siberian Agreement held in February 2001, mentioned the importance of its resources. The land of Siberia holds more than three-quarters of Russia's mineral and fuel and energy resources, more than half of which are hydro-energy resources. It also has the main reserves of ferrous and non-ferrous metal ores, and minerals. Siberia accounts for more than eighty per cent of Russia's reserves of industrial timber." (Putin 2001) From the very beginning, the Russian penetration into Siberian territory had been the object of exploration. The main motive of their exploration was the annexation of Siberia to Russia. Fur was also one of the reasons for exploration. Gibson (2011) shows the view of "Siberia that in the early nineteenth century was probably shared most widely by Russians west of the Urals may be termed the colonial, or even better, imperial image. This was a picture of Siberia as a mercantile colony of the Russian State, for all intents and purposes a foreign territorial possession useful exclusively by virtue of the natural resources available there for exploitation. The colonial image derived naturally from the traditional relationship between Russia and Siberia, which from its inception was that of a metropolis to a colony. Over the centuries, furs from Siberia provided a steady and critically

important source of income for medieval Russia.” Karadzic (2006) said that: “The conquest of Siberia was in many ways similar to the conquest of Mexico and Peru: a handful of people, shooting fire, overwhelmed thousands wielding arrows and spears.”

"A study on Siberia started in the eighteenth century following Peter the Great's reforms. The study on Siberia actively continued between the mid-eighteenth century and the beginning of the twentieth century." (Naumov 2006) Perhaps a large number of minor and major works of literature specifically on Siberia were published at the end of the nineteenth century. Heller (1930) said that, “My itinerary was not one of the hasty passengers of express trains. I went through the polar sea by tundra and taiga. I saw the wilderness and the victorious humans who are defeating it once and forever. I knew the plans and statistics and I could evaluate the reports in reality. I saw the heart of Siberia. I became acquainted with its workers and its farmers. I spoke also with the exiles. Yes, I wrote this book with a certain opinion: the opinion that the future of the planet belongs to the workers and farmers. In Siberia, a proof will be given that they are able to bring an almost unexplored, wild world from its eternal sleep to life.”

1.3.2. The Geo-strategic Significance of Siberia

The term geo-strategy was first used by Frederick L. Schuman in his 1942. It was a translation of the German term “Wehrgeopolitik” as used by German geo-strategist Karl Haushofer. A basic motive of geo-strategic policy is the desire for control over geographic areas which are rich in natural, human or economic resources. The Siberian region has been one of the important regions of the Russian Federation and a major centre of the World affairs, strategically, economically and politically. The location of Siberia has given the region a significant economic and strategic position. Siberia has received attention from the great powers due to its significant source of energy and of its rising importance. As its significance is rising, so too has Russia's growing power in shaping its strategy in Siberia. “Russia's strength will grow with Siberia and the Arctic Ocean,” Mikhail Lomonosov wrote in the 18th century. Lounev (2008) "refers to Siberia as Russia's Amazonian. Just as the Amazon region is the world's lungs, Siberia is a resource-rich region of immense utility to the world. The Siberian region is known to be the storehouse of mineral and energy resources with

scanty manpower." According to Platinum Today in 2004, "Russia accounts for over 40 per cent of global annual mine production of palladium and approximately 15 per cent of platinum production." Siberia is a very crucial region for Russia with regard to the platinum group of metals. Gordon (1997) states that Norilsk-Talnakh region which lies on the isolated Tamer Peninsula, where Siberia meets the Kara Sea contains more than a third of the world's nickel reserves and two-fifths of the platinum-group metals. Siberia plays host to Norilsk Nickel a leading precious metal miner of the world. The company is the world's largest producer of nickels and palladium.

Frederick L. Schuman in 1942 first used the term "geostrategy". "The term geostrategy is the translation of the German term "Wehrgeopolitik" which was first used by German geo-strategist Karl Haushofer. The geostrategy policy is the desire to control over geographic areas that are abundant in natural, human or economic resources." (Schuman 1942) The Siberian region is also one of those areas that are filled with plentiful natural resources. Due to these resources, it has been one of the major regions of the Russian Federation. Siberia also has gained recognition from other countries due to its growing source of energy. As its importance is rising, so too has Russia's increasing influence in developing its approach in Siberia. Mikhail Lomonosov wrote in the eighteenth century that, "Russia's strength will grow with Siberia and the Arctic Ocean." Lounev (2008) refers to Siberia as Russia's Amazonian. He said, "Just as the Amazon region is the world's lungs, Siberia is a resource-rich region of immense utility to the world. The Siberian region is known to be the storehouse of mineral and energy resources with scanty manpower." As per the Platinum Today in 2004, Russia estimates about forty per cent of the production of palladium and around fifteen per cent of platinum production. Siberia is a significant region for Russia due to its platinum group of metals. Gordon (1997) states that: "Norilsk-Talnakh region which lies on the isolated Tamer Peninsula, where Siberia meets the Kara Sea contains more than a third of the world's nickel reserves and two-fifths of the platinum-group metals. Siberia plays host to Norilsk Nickel a leading precious metal miner of the world. The company is the world's largest producer of nickels and palladium."

Siberia holds an innumerable resource and remains strategically relevant due to its proximity to the Asia-Pacific. To develop the resources and the Siberian region,

Russia requires financial assistance and labour resources. Because of this paradox, Russia has been actively engaging with the Asia-Pacific. "In recent years, exploitation of hydrocarbon energy resources, particularly oil and gas on the Sakhalin Island shelf, has increased with the help of modern instruments, imported from China and Japan. Furthermore, various oil and gas pipelines operating from the Far Eastern territories to the Asia-Pacific region are now under construction." (Valdai 2015) Slavinskyn (1977) has described that, "Over half of the world's potential coal reserves, about one-third of natural gas reserves, and one-fifth of timber reserves are concentrated in Siberia and the Soviet Far East. The specific weight of these regions in the world's reserves of certain types of nonferrous metals, oil, some non-metallic minerals, and water engineering is also great. Moreover, the energy factors of many types of resources, especially those used for fuel, are very high, and this creates a premise both for accelerated development of the oil and gas, coal, and power industries and for ore and nonferrous metal mining and lumbering, and for creation on their basis of a powerful complex of processing industries, including the petrochemical, ferrous and nonferrous metal, and cellulose and paper industries." Lounev (2008) refers to Siberia as Russia's Amazonian¹³. Just as the Amazon region is the world's lungs, Siberia is a resource-rich region of immense utility to the world. The Siberian region is known to be the storehouse of mineral and energy resources with scanty manpower.

"During the period of the Soviet Union, Siberia was recognised as the heartland in Mackinder theory. According to him Siberia's exploration and improvement performed a significant function in promoting the economy of Russia." (Mackinder 1942) The Siberian territory was viewed as a resource outskirts for the Russian Federation. He set up the significance of the Russian heartland in geopolitics. "In 1942, Mackinder's theory of heartland claimed that, the one who rules the Siberian and Arctic region will ultimately rule the world. Who rules East Europe commands the Heartland; who rules the Heartland commands the World-Island; who rules the World-Island controls the World." (Mackinder, 1943) The Siberian region has played a significant role globally due to its location and resources potential. Siberia is frequently symbolised as the treasury of natural resources. It is a possible mechanism for Russia to enhance its power in the World. Mote (1998) has described that,

¹³Relating to or denoting the River Amazon or it's surrounding region.

"Greater Siberia is a massive storehouse of land and raw materials. As one of the world's least densely populated places, it is likely to remain peripheral to the global economy for some time to come. Because its raw materials are mostly inaccessible and expensive in the market, the vast majority of Greater Siberia's resources will remain reserved well into the next century. Eastern Siberia alone produces immense natural gas and oil resources. But till today these resources are very marginally." Mack (2010) state that, "Siberia is the area which has the richest natural resources in the world. Eastern Siberia alone contains as much oil as the entire United States as well as tremendous quantities of natural gas. Siberia has vast deposits of coal; seventy per cent of Russia's coal reserves are concentrated in the area. Here was the world's most vast area of virgin forest, forest resources are accounted for twenty-three per cent of the world. Eighty per cent of the water resources of Russia are concentrated in Siberia. Here is also extremely rich in mineral deposit and almost all the world's mineral resources have been found here." Siberia is essential to Russia. Regardless of whether it was previously or the present, Siberia's importance in the Russian Federation has always been vital. It is Siberia and its proximity to the Asian-Pacific nations stresses the significance of this territory for Russia." As per the Russian embassy's statement, during the question and answer session for the Russian and Foreign Media in January 2006, Putin depicted the significance of Siberia for Russia." (Putin 2006)

According to the Russian embassy's report, President Putin at a press conference for the Russian and Foreign Media held in January 2006 described the importance of the region for Russia. "Siberia is a very important region for us, a region with immense natural resources. Eastern Siberia is a veritable storehouse of natural resources and as yet unopened storehouse of the world's energy resources. Russia's energy potential is underestimated. I'm not even talking about Western Siberia. We are going to draw on the Yuzhno-Russkoye¹⁴ to feed the North-European gas pipeline. We estimate production thereof 22 billion-25 billion cubic meters a year. We also have the Shtokman deposit¹⁵ right nearby in the Barents Sea¹⁶ and there we can expect

¹⁴The Yuzhno-Russkoye field is a Russian oil and gas field located in the Krasnoselkupsky District, Yamal-Nenets Autonomous Okrug, and Tyumen Oblast.

¹⁵The Shtokman gas field is estimated to be one of the world's largest natural gas deposits.

¹⁶The Barents Sea is a marginal sea of the Arctic Ocean, located off the northern coasts of Norway and Russia and is divided between Norwegian and Russian territorial waters.

production of 90 billion cubic meters a year for the next 50 years, this is all calculated. As for Eastern Siberia and Siberia in general, the world will certainly have need of its immense resources, and of its huge scientific potential." (Putin 2006) Siberia is moreover a strategic focus for the Russian Federation as regards non-ferrous metallurgy. President Putin, "At the Meeting of the Council of the Inter-Regional Association Siberian Agreement held in February 2001, mentioned the importance of its resources The land of Siberia holds more than three-quarters of Russia's mineral and fuel and energy resources, more than half of which are hydro-energy resources. It also has the main reserves of ferrous and non-ferrous metal ores, and minerals. Siberia accounts for more than 80% of Russia's reserves of industrial timber." (Putin 2001) The most valuable natural resources trapped underneath the tundra and permafrost. These resources can be used for global economic development. Moreover, the rail and road transport project would also build development corridors in the underdevelopment parts of Russian Siberia. The development of resources and rapid transportation to the global market can add to the overall development of Siberia. Malov (2008) demonstrate that: "The potential development of the national economy of Russia depends on the effectiveness and development of the transportation infrastructure in Siberian and Far East region."

Due to its huge oil and gas resources, Siberia plays a significant role in the global economy. According to a report released by Moscow based investment bank Brunswick UBS¹⁷, "The important point for Russia is that the economies to its eastern borders are likely to become bigger than its western neighbours in the next couple of decades. Since each of them is a big importer and expected to become more so of many and semi-processed materials that form the backbone of Russia's exports, Russia is looking at a huge ready market just beyond its border". (Karaganov 2012)

At the end of the nineteenth and the beginning of the twentieth century's, the Russian Far East was largely open to contacts with foreign countries. Siberia turns out to be the development of economic connections with the Asia-pacific region. Siberia provides the direct and fastest way to connect the main economic parts of the World -

¹⁷The company provides equity brokerage, investment banking, and custody operations to foreign and domestic institutional corporate clients in Russia. It offers its services to oil and gas, telecommunications, power generation, consumer goods, cyclical, banking, and technology sectors. Brunswick UBS Warburg was founded in 1997 and is headquartered in Moscow, Russia.

Japan, China, Korea, and the US. Russia has been developing its transport infrastructure to Asia-Pacific countries. Siberia is a trijunction where Russia's economic linkages with Europe, North East Asia, and Greater Altaic region converge. Stuart (1984) said that: "The importance of Siberia's new links with the world economy determined from the fact that Siberian exports now account for about three-quarters of the USSR's hard currency earnings. It is also quoted here that as late as 1930; Gosplan chief Gleb M. Krzhizhanovskii could affirm that, the question of utilising the resources of Siberia is not one for the USSR alone but for the world order as a whole."

If Russia aims to become an energy superpower, then it has to rethink the development of Siberia. Russia has been making a major investment in developing its transport infrastructure to Asia-Pacific countries. In 2009, the Russian publisher, "Social-Economic Development of the Far East and government Baikal Region to the Year 2025" committing the Federation government to provide infrastructure investment from the federal budget and from the planned investment of national energy companies, such as Gazprom, Rosneft¹⁸, and UES Electric Power¹⁹. Completion of the Eastern Siberia-Pacific Ocean pipeline to deliver oil to China is an example of the scale of the proposed commitment. (Gorshkova 2013) According to a report released by Moscow based investment bank Brunswick UBS²⁰, titled Russia: One Foot in Europe, One in Asia, "The important point for Russia is that the economies to its eastern borders are likely to become bigger than its western neighbours in the next couple of decades. Since each of them is a big importer- and expected to become more so of many and semi-processed materials that form the backbone of Russia's exports, Russia is looking at a huge ready market just beyond its border." (Prima Media 2016) During his visit to Siberia in 2006, Putin participated in a meeting on Social and Economic Development in Siberian Federal District on April 26, in his concluding remarks he said: "We must not forget that this region is crossed by international transcontinental corridors. This enables Siberia to act not just as one

¹⁸PJSC Rosneft Oil Company is a Russian integrated energy company headquartered in the Russian capital of Moscow. It is specializing on exploration, extraction, production, refinement, transport, and sale of petroleum, natural gas, and petroleum products.

¹⁹UES Electric Power was an electric power holding company in Russia. It controlled about 70% of Russia's installed electric capacity, 96% of its high-voltage grid and over 70% of its transmission lines.

²⁰UBS is a global company providing financial services to private, corporate and institutional clients.

of the links in the transport chain connecting European Russia to the Far East but also gives it the real possibility of playing a much greater part as a bridge linking Europe via Russia to the Asia Pacific Region. We must not forget that Asia Pacific region is probably the fastest growing region in the world and this will create huge opportunities for Russia to open up new markets and make use of its national advantages." (Putin 2006)

1.3.3. The Siberian Region in the Russian Federation

From early muscovite times, during the 15th and 16th centuries, Russia's economy was depended on the Siberian fur trade. From the 15th and 16th to 21st century Russian Federation's economy depended on the export of fur, oil and natural gas to other parts of the World. Bobrick, Benson (1992) shows that: "Siberia was an important resource very early in the process, with the lucrative fur trade drawing Russian trappers and explores further east as hunting regions became over-exploited. During the 15-16th centuries, furs became one of the main exchange bases of the Russian economy, and thus by the 17th century came to account for more than 10% of resources going into the state treasury." During World War II, the Soviet Union had lost many of its populations, and also grains, coal, aluminium, and sugar. It was Siberia's vast wealth in resources that generated much of the foreign exchange for Soviet imports of food, consumer goods, and Western technologies. Exports of coal, timber, and fish products expanded, but oil and gas dominated the statistics of foreign trade. Connolly (1976) opined that: "Siberia took on a unique role both as a resource centre and strategic asset for the USSR during World War II. These roles were exacerbated during the growing tensions with the West after 1946. Not only was Siberia the largest reserve of strategic resources including oil, gas, coal, gold, uranium, and strategic metals for the Soviets, it was also the main access point to the Pacific Ocean. Since the establishment of Soviet power the natural resources of the vast territory of Siberia and the Far East were utilised to an increasing degree having rapidly turned from potential into dynamically operating ones." Shabad (1963) has mentioned that: "The strategy of Siberian development has passed through several stages during the Soviet Period, depending on the needs of the national economy, labour policies and the changing setting of international relations. During the Stalinist period, beginning with the programme of forced industrialisation under the five-year

plans and continuing until the 1950s, the basic aim was to foster integrated development of the Siberian economy.”

Due to huge oil and gas resources, Siberia plays an important role in the global economy. It is clear that the Siberia is well endowed with fossil fuels, coal, oil, and natural gas. But the geological exploration and new extraction technology have become more complex because of the expected untapped energy resources of the region. The Russian Federation and the other key external powers have realised that if climate issues can be tackled, an economic bonanza could transform the region. Kirby (1994) has mentioned that: “Russia’s own economic future is ever more clearly tied to Siberia. The exploitation of Siberian resources will be the mainspring propelling the development of the country as a whole. At the same time, the speed and effectiveness of this process will depend significantly upon imported technology and equipment, thereby underlining the international dimension of Siberia’s future. He also said that the importance of Siberia’s new links with the world economy may be gauged from the fact that Siberian export now accounts for about three-quarters of the USSR’s hard currency earnings.” Russia has many benefits from the Siberia region. The rich hydrocarbons in Siberia can provide future energy security. The Siberia has the power to enhance Russia’s position as a major energy supplier in the near future. Major resources of the Siberia are still undiscovered and an extensive exploration is required before major production is underway. This becomes more important the resource base can increase in the future. Bobrick (1992) said that: “So sudden was the acquisition that Russian never quite managed to take full account of what it possessed, yet today that vast territory the richest resource area on the face of the earth is the hope of Russia’s desperate future and the world’s last true frontier.”

Today the Russian Federation has been trying developing the Siberia and the Far East since the second half of the 2000s, launching numerous development programmes and recently the Russian Federation established a dedicated ministry for the development of Russian Far East. The Governor of Krasnoyarsk Region Alexander Khloponin, while discussing issues of Comprehensive Regional Social and Economic Development Programmes with Vladimir Putin in 2006 mentioned the practical problems: "The need for clear definitions is particularly important in a federation such as ours where there is a division of powers between the federal and regional

authorities. This is a big country and each part of the country - the European part, Siberia, the Far East should have its own specific development situation, its own guidelines. It is clear, for example, that we cannot develop the car-making industry in Siberia because we are too far away from sales markets, but it is equally clear that Siberia is a valuable source of energy resources, raw materials, and high technology. Siberia also offers opportunities for developing mainline transport routes. And we need to plan our labour resources accordingly." (Putin 2006)

1.3.4. Security challenges

The Siberian regions are vulnerable to instability due to weak social and economic conditions. Thus the Russia Federation is much concern about the security of this region. Over the past years, Siberia is experiencing a huge influx of people migrating off from China, Korea, and Vietnam to Siberia and Russia's the Far East. The numbers are increasing gradually every year especially from bordering China. They are of three main types of migrants who come to Siberia are workers from China to search for work in Siberia, students, and traders. Research conducted in the various regions of the Far East and Eastern Siberia, as well as in Khabarovsk and Primorskii krai and the Amur and Irkutsk oblasts, indicates that most Chinese immigrants are independent businessmen. (Gelbras 2001) In his speech at the Meeting of the Council of the Inter-Regional Association Siberian Agreement, February 2001, President Putin mentioned the other geopolitical problems of a porous border in the region. "It has to do with cattle rustling and other problems which stem from the fact that the border is unregulated and unprotected. Clearly, something has to be done about it because it damages our reputation and relations with a friendly state." Further in his speech, in the context of the Migration Policy, Putin advocated government intervention to establish a labour market: "Migration policy faces different problems in southern Russia because too many people want to call this region home. We must establish a labour market, support small and medium-sized businesses and new forms of housing construction in Siberia and the Far East. We must also provide incentives for experts, businessmen and skilled workers who want to settle down there, and people should rotate in and out of certain Siberia regions."

Over the last 15 years, the Russian Far East has lost more than one million people, and its population now is only 40 million with an area of 13.1 square kilometres. Loss

of population is the most critical threat to the sustainability of the region. In his speech at a Security Council Meeting on National Security in the Siberian Federal District in 2003, President Putin mentioned the depopulation crisis: "In the last 10 years, the population of the district has been shrinking at the rate of 100,000 a year. The trend is a serious threat to the region's future. The death rate is very high, and the Causes are social: drug addiction, tuberculosis, and AIDS. Drug addiction is 73% higher than the Russian average." In spite of an enormous resource base, the level of exploitation of this resource and the density of population density are among the lowest in the world. (Sansone 1980) Due to the low density of population, it's impossible for the Siberia to meet up the labor requirements of the growing economy and the demand will have to be fulfilled only by attracting foreign labor. (Soboleva & Chudayeva 2004) Further in his speech, in the context of the Migration Policy, Putin advocated government intervention to establish a labour market: "Migration policy faces different problems in southern Russia because too many people want to call this region home. We must establish a labour market, support small and medium-sized businesses and new forms of housing construction in Siberia and the Far East. We must also provide incentives for experts, businessmen and skilled workers who want to settle down there, arid people should rotate in and out of certain Siberian regions."

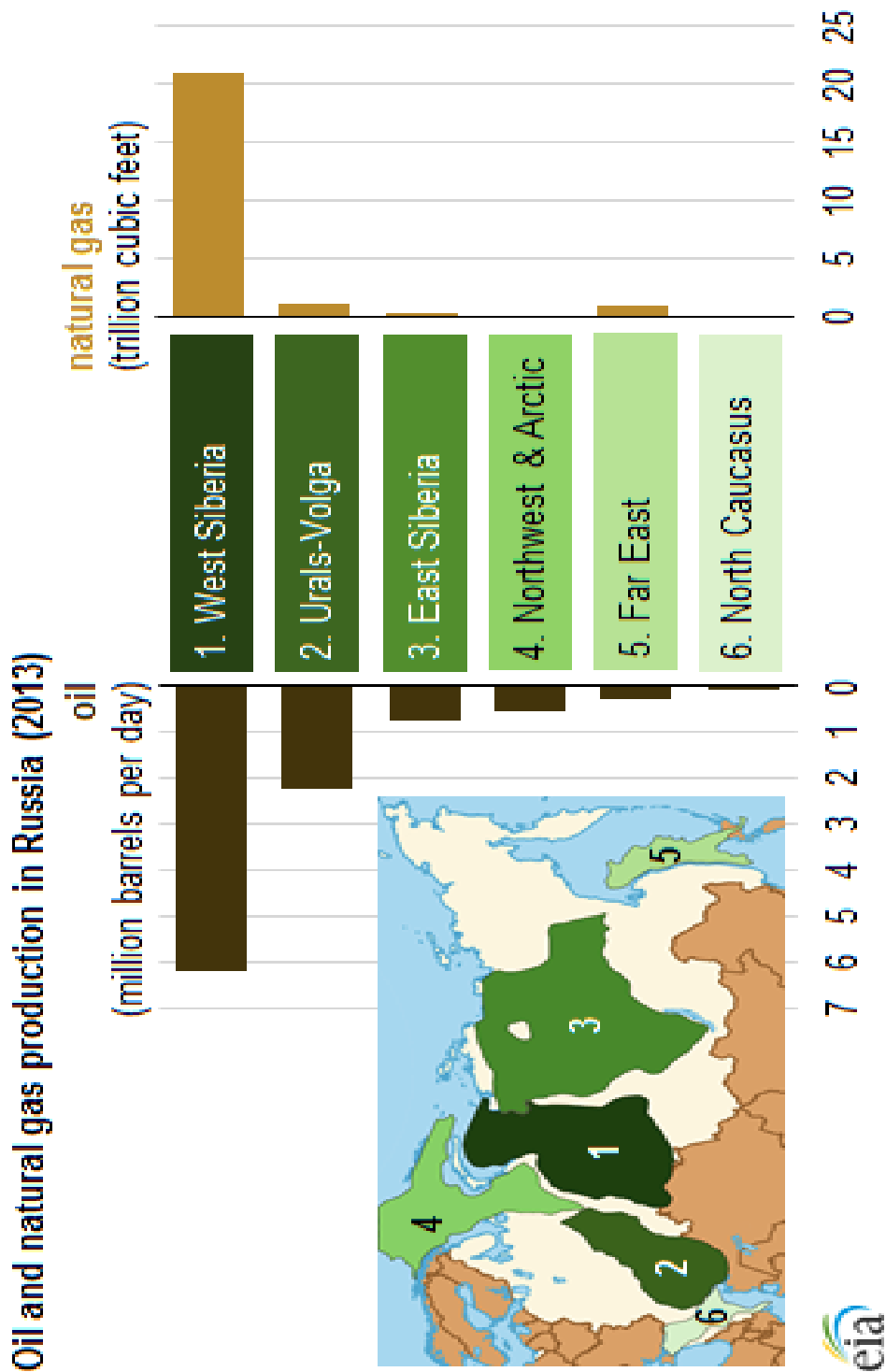
Harsh climatic conditions are the primary cause of the low population density. The Siberian territory is extremely dissimilar as for both physical-climatic features and economic development. (Karaganov 2012) In fact, two-thirds of Siberia is covered with permafrost, an eternally frozen soil making any economic development costly. Permafrost is an engineer's nightmare, for permafrost presents a unique challenge, it is hard as a rock in winter, soft and marshy in summer. Permafrost actually contributes to the greenhouse effect as billions of tons of carbon and methane are at the moment permanently locked in these frozen soils. Siberia is a harsh land, yielding only reluctantly to exploitation.

1.4. Siberia's strategic and economic significance for the Russian Federation

Geo-strategically importance of the Siberia is seen as a factor which has been tremendously influencing global powers and regional players toward Siberia region. According to the writings of Friederitz Ratzel (1844-1904) and Rudolf Kjellan (1864-1922), the importance of the geopolitics has fluctuated in response to changing global

forces and circumstances. As a subfield of political science and geography, geopolitics focuses on the relationship between territory and power, particularly the influence of geography on state behaviour. The fundamental concern of the geopolitics during the time of colonial or imperial period war was the struggle between sea and land power, as exemplified by the great power rivalries by Britain and Germany and Russia and Britain. The American strategist Alfred Thayer Mahan believed the superiority of sea power over land power, while the British geographer Halford Mackinder believed the land power as crucial to determining the outcome of the struggle. (Dekmejian & Hovann 2001) Mackinder's hypothesis of, "Who rules East Europe commands heartland, who rules heartland commands world island (Eurasia), who rules world island commands world" has gained considerable importance during the Second World War and the cold war. While these early proponents of Geopolitics considered important geographic considerations into strategic studies. It was Nicholas Spykman who introduced modifications into the school of thought by de-emphasising the importance of the heartland, and by arguing that, "Who controls the Rimland rules Eurasia, who rules Eurasia controls the destinies of the world." (Spykman 1944) For the foreseeable future, the importance of Siberia's oil and natural gas supplies increases and the Siberian region will continue to be the most significant repository for reasonably priced energy. While most of the oil producing regions in the world is heavily explored, the Siberian region yet remains to be fully explored. According to some surveys, "The Siberian region ranks as one of the most significant regions in terms of energy resources and undiscovered oil. For the Russian Federation, whose economic condition processing gradually, they hope to revive their economy through oil and gas trade. Thus the Siberian region is vital to the Russian Federation." The Russian Federation, due to the economic crisis and volatile political situation throughout the 1990s were unable to pay attention to the growing influence of external power in the region. However, the ascendancy of Vladimir Putin in 2000 has changed the scenario dramatically. Putin's 'restoring the glory of Russia policy' started aggressively engaging in the Siberia region as a result. (Blakkisrud 2015) To understand the geo-strategically importance of Siberia in the Russian Federation, it is necessary to evaluate the region's current importance in the context of the interests of the North East Asian countries and also the regional and international security considerations.

Map No. 2: Oil and Natural Gas production in Russia



Source: US Energy Information Administration, Eastern Bloc Research, IHS EDIN, 2014. Available at: <https://www.eia.gov/todayinenergy/detail.php?id=18051>

From a Russian point of view, the Siberian region is of particular concern due to a host of interests that must be protected. Siberia and Far East region are one of the world's largest sources of crude oil. Due to their huge oil and gas resources, this region plays a significant role in the global economy and this natural wealth has made the region very important from the geostrategic point of view. (Map 2)

Within the context of the global trends, Siberia as a region performs several important national and regional functions. These functions themselves make it necessary to involve the territories of Pacific Russia not only in economic but also in social, political and cultural communications in Northeast Asia and the whole Asia Pacific region for their own good. The first and the most important function that Siberia can perform today are stabilising her and the entire region. (Blakkisrud 2015) The rich natural resources of this area provide the Russian Federation with a certain margin of safety to meet the challenges of economic, political and social reforms in the country. They can be the “most important factor to ensure wealth and growth of Russia’s power in general,” (Kremlin.Ru 2016) the “strategic rear and reserve” for Russia’s prosperity in the 21st century. (Bogaturov 2004) At the same time, as described above, the Northeast Asian countries consider this region as a reliable source of resources and a promising region where certain promising economic projects could be initiated. The Siberian region is the key for the Russian Federation to penetrate into the energy markets in Japan, China, Korea and other countries in Northeast Asia, which means securing a strategic position in the World. (Lee & Lukin 2016) China is an important factor in Siberian geopolitics. China's position vis-a-vis Siberian region is characterised by a long-term consistent and geopolitically motivated foreign and security policy. Due to this consistency, China is likely to become the most important long-term power for the Siberian region and Russia as a whole. Russia views China as an opportunity and the latter as a competitor and a threat. However, with the collapse of the Soviet Union, the Siberian region itself has changed over the years in a way that more opportunities for international cooperation have emerged for Russia. At the same time, the Siberian region is becoming the area of strategic and economic interest to China, Japan, and South Korea. Thus, Russia has got the opportunity to “take advantage of the vast oil and gas resources in Siberia, increasingly become a major economic actor in the region.” (Scalapino 2007) The second function of the region is that it serves as a transit and transportation link between the Russian Federation and

the Asian markets. However, the facilities of the Russian railways and port are not very developed. This is why the stakeholders are taking interest in pouring investment to raise the standard of the system. The Russian government has also understood that efficient infrastructure is necessary for Russia's turn to the East. "Russia Far East and Baikal Region Development Program up for 2014–2018" (Kremlin.Ru 2015), the plan is recently adopted by the Russian Federation for the modernisation and development of the transportation of this region. In Moscow's view, Russia's Pacific frontier is a springboard to enter the Asia-Pacific region. Foreign Policy Concept of the Russian Federation of 2008 points out the Kremlin's intention to use the potential possibilities of the Asia-Pacific region to develop Siberia and the Far East, and thereby strengthen "Russia's belonging to this dynamically developing region of the world." (Kremlin.Ru 2008) The third function of this region is that it is the hub of cultural and civilisation interactions. Russia is the only European country that shares a border with East Asian cultures (China, Japan, Korea, and Mongolia). Russian Far East experience different cultures and people that existed for centuries. This region also acts as a place for closer interaction, compromise and mutual understanding between civilisations. The vast and huge territory of Siberia received an immense degree of attention in the past during the Tsarist and Soviet times and it is still getting considerable importance at present and will be significant for the future. There are a number of advantages and benefits that Siberia plays for Russia. (Akaha 1998) The most obvious advantage of the Siberian region is its rich natural resources, which makes it significant to the resource-hungry economies of East Asia. Second, the region's geographical closeness to East Asia offers Russian exporters an advantage because the Russian Far East needs large investment capital for its industrial modernisation and infrastructure development. By connecting Asian-pacific country the Russia Federation get a chance to fulfil its desire and develop its eastern region. Third, with East Asia's investment capital and its technologies can offer considerable assistance with the industrial modernisation of the Russian Far East. Fourth, the Russian Far East will get benefit from East Asia in terms of cheap Chinese labour, particularly in those sectors where labour shortages are almost chronic including agriculture, construction, and services. The large scale of hydrocarbon resources of Siberia and the Sakhalin will not only fulfil the Moscow's demand for crude oil and natural gas but also supply large amounts of these hydrocarbons to the North East Asian countries. (Fortescue 2016)

Moscow has reevaluated its strategic priorities in its Eastern region and has moved to strengthen its power and presence in the Siberia and the Russian Far East. Crucial decisions have also taken by the Russian government on Siberia's regional development. Russian Federation fears that its Eastern region might detach from the centre and align with its Pacific neighbours has renewed Moscow's interest in its eastern region. In 2006, Vladimir Putin called the RFE's isolation and general backwardness a threat to Russia's national security, and a 2007 State-generated planning document observed that: "the presence of Russia in the Asia-Pacific region does not correspond to the role that our country aspires to play in the global economic and political system." (RIA Novosti 2006) Thus the development of its eastern territories has become Moscow's national priority to strengthen sovereign control over these regions and to show the world that Moscow is a serious player in the Asia-Pacific. (Lukin & Troyakoa 2012) Making the Russian Far East a viable gateway to the East will require sustained and coordinated efforts. As Putin expressed it: 'the tasks to be solved are unprecedented in scale, and therefore also our steps must be non-standard' (Putin 2013). To realise its ambitious plans, Moscow came up with an institutional innovation: a new ministry, operating partly in Moscow as a regular part of the federal government, partly as a decentralised structure based in the Far Eastern Federal Okrug.

The Siberian region has all the potential to play an important role in the supply of resources to North East Asia, but its potential for achieving sustainable economic is limited because of its less developed infrastructure, political and environmental issues. In economic terms, the Siberian region played an essential part in both the Tsarist and Soviet system. It acted as a resource colony, at first for furs and later for precious metals, ores, timber, and fish. Thus, the region is considered as a 'centre-periphery' type of economic relationship with European Russia over a long period of time. Its resources were developed in order to serve domestic needs and to export abroad for hard currency desperately required by the Soviet regime. Siberia's economic and strategic value for the Russian Federation is incalculable. Russia's 25% of total oil reserve is an island of Sakhalin. There are huge minerals, forestry and fishery resources in the region. This territory has the richest natural resources. (Monaghan 2013) Eastern Siberia alone contains as much as oil as the United States and also tremendous amounts of natural gas. Eastern Siberia alone contains as much

oil as the entire United States as well as tremendous quantities of natural gas. The strategic importance of Siberia came into the limelight after Germany's of the Soviet Union in 1941. (Sakai 2015) As the German War machine smashed through much of Belorussia, through Ukraine and into the Caucasus, the Soviets moved much of its industry in the Siberia by creating a huge build-up of the industry in West Siberia.

Many industries and factories were moved to Siberia. Siberia played the role of a huge industrial base for the Soviet Union. (Monaghan 2013) During this time Siberia's economic resources were started gaining importance. Siberia took on a unique role both as a resource centre and strategic asset for the USSR during World War II. Not only was Siberia the largest reserve of strategic resources including oil, gas, coal, gold, uranium, and strategic metals for the Soviets, it was also the main access point to the Pacific Ocean. It was partly for strategic reasons that the Trans-Siberian was built early in the century, while the new BAM line has a major strategic role in that large military stockpiles are located alongside it, as well as missile and military sites. (Sakwa 2002)

Several studies by geographer Michael Bradshaw and economist Peter Westin have confirmed that Siberia and the Far East are the major contributors to the Russian economy in terms of per capita Gross Regional Product (GRP). (Hill & Gaddy 2003) The Chukotka region of West Siberia is one of the leading oil-producing regions and also a major producer of energy. Sakha (Yakutia) region is one of the famous diamond industries of Russia. Magadan is a major mining region. Sakhalin island repository is one of Russia's richest fields of oil and gas and Krasnoyarsk region is also a producer of coal, mineral, and precious metal. (Hill & Lo 2013) There are vast oil fields in the Tyumen Oblast, and Russia's largest oil refinery is in Omsk. There are two hydroelectric stations, namely Novosibirsk and Kamen-na-Obi.

The Kuznetsk is a producer of coal, iron, steel, machinery, and chemicals. USSR was the second largest gold producer. But after the economic crisis in the 1990s, it came down to the fifth position in the world. Three-quarters reserves of gold are still lying within Siberia and the Far East. Siberia's gold production is a significant factor for both the Russian Federation and the World as a whole. Much of this is located in extremely remote and barely accessible parts of the country and its deposits have yet

to be exploited in the near future. Russian Federation gets 78% of the resources from the Ural Federal District, Siberian Federal District, and the Far East. Ural's oil and gas production are very well developed compare to the East of the Urals, in fact, the East of Urals are not even fully exploited. (Belenets 2016)

Siberia is also one of the largest producers of tin within the Russian Federation. It became the second largest producer of tin in the world after Malaysia. Wide ranges of some other materials are also found in the Far East, namely, tungsten, copper, lead, and zinc. Nickel also holds the largest position in the world. Siberia also has a significant amount of non-metallic minerals such as boron, lithium, fluorspar, mica, asbestos, and apatite and of course the most precious diamonds. Russia also has the world's most expensive forestlands and timber which are located in the east of the Urals. The forests and fish resources of Siberia and the Far East are also a unique source of wealth. Siberia and the Russian Far East are rich in natural resources that are in increasingly short supply in neighbouring countries. These are not only hydrocarbons and other minerals but also enormous land, water, forest and fish resources in Siberia and the Far East, the joint development of which may benefit both Russia and the Asia-Pacific countries. (Bradshaw 2012)

Energy resources are clearly the number one object of interest for foreign partners in Siberia and the Far East. The growing demand for Asian countries for fossil fuel forces them to increase its import. At the same time, persisting instability in the energy markets prompts these countries to look for ways to diversify their import operations. (Zubacheva 2016) The Siberian region also acted as a resource colony. This region's vast resources were crucial to the Soviet strategy. Its resources were developed in order to serve domestic needs and to export abroad for hard currency. Three centuries ago, Russian scientist Mikhail Lomonosov foretold that, "Russian power with Siberia will increase." In the Soviet Union control over foreign trade lay in the hands of bureaucrats in Moscow rather than in the regions themselves. Consequently, the local administrations in the Soviet Far East had very little influence over the development and exploitation of their region's natural resources. Workers in the Soviet Far East received bonus payments as an incentive to work in such a remote region.

1.5. Rationale and Scope of the Study

The Siberian region was considered one of the most neglected corners of the world in the past decade. But over the past years, particularly after the disintegration of the Soviet Union, Siberia's significant in the Russian Federation has increased due to its location and its huge findings of oil and natural gas. The recent finding of energy resources has brought this region into mainstream political discourse. It also serves as a corridor to the Asian-Pacific countries. Due to its resources, it is significant to the Russian Federation as well as the global economy. This thesis suggests that Siberia is not only becoming more important for Russia itself and its great power ambitions, but also for the Northeast Asian region, as China, Japan, and South Korea require a stable regional environment and secure supply of natural resources, which are essential for their prosperity and stability. In this regard, Russia and Siberia play a significant role if the provisions for integration and cooperation can be improved. Therefore, it is important and worthwhile to pursue the study of Siberia and its place in Russia's regional affairs, not only to understand Russia's international position but for a better understanding of the future dynamics of the Northeast Asian region.

This study also examines the link between the internal and external geopolitics of Siberia and their connection to Russia's great power dilemmas in Northeast Asia: the way in which Russia's geopolitics and internal ideas, on the one hand, and international political processes, on the other hand, determine the place of Siberia, and the Russian Far East in Russia's contemporary relations with Asia-Pacific nations. This study also has discussed the way in which Siberia's territory, position, resources, and population influence Russia's foreign policy and power and its relationship with Northeast Asia. This thesis discusses the role of Siberia and the Russian Far East in Russia's contemporary relations with Northeast Asia in the context of Russia's great power identity.

1.6. Research Methodology

The broad mandate of this research is to examine and analyse the geo-strategic significance of Siberia in the Russian Federation. The methodology used for this study has been the historical analytical approach, which makes use of observations based on past events. The Research methods mostly deal with analysing the

documents, records as well as observations. This thesis is based on qualitative research and hence it provides deeper insights into the research problem through the help of hypotheses and analyses the thoughts and opinions regarding the concerned matter. The data has therefore been analysed in this manner in all the chapters of the thesis, keeping in mind the research objectives and the hypotheses. The study is descriptive in nature, as it describes the geopolitical and geostrategic significance of Siberia for the Russian Federation, which is the main part of this research. Evidence chapters of this thesis study of the way in which Siberia's territory, position, resources, and population influence Russia's policy and power and its relationship with Northeast Asia. The study is mainly based on primary and secondary sources. The primary source includes personal interviews, official record, government documents, data reports, official policy statements and also speeches and interviews on popular media. The secondary sources of data include books, news reports, journals; articles, newspaper coverage, reportage, unpublished papers, media and any insightful thoughts expressed by any individual working on this related research. The study has also relied on various information and data collected through Internet Sources. The data also includes Governmental documents, publications, and official data from federal sources such as the Federal State Statistics from the Russian Federation; Japan Trade and Investment Statistics; the Korean Culture and Information Service, the Korea Customs Service; the Ministry of Economy, Trade, and Industry of Japan; the Ministry of Foreign Affairs of China; the Ministry of Foreign Affairs of Japan; the Ministry of Foreign Affairs of the Republic of Korea; the Ministry of Foreign Affairs of Russia; the Ministry of Strategy and Finance of Japan; and the President of Russia. Other sources include the Energy Information Administration, Gazprom, and Rosneft.

Interviews with experts and scholars are one of the most important sources for this thesis. Six semi-structured interviews were conducted for the purposes of this research. During the course of a field trip to Moscow, Russia, some relevant data were collected from Lenin State Library as well as through the interviews conducted with various eminent scholars, professors of Institute of Oriental Studies of Russian Academy of Sciences, Higher School of Economic and few correspondents from Rossiya Segodnya (Russia Today). The main objective of the field trip was to undertake academic interviews with specialists in the field and to obtain information

that could not be obtained from any other sources. The School of International Relations and Area Studies, Jawaharlal Nehru University, New Delhi, granted approval to conduct the above-mentioned fieldwork. To bring an analytical order to the research effort and help in organising sources for comparative procedures it was decided only to interview academics and scholars. As a matter of fact, interviews can be subjective, and therefore, possible interviewees were carefully identified and selected based on their seriousness, their publications, their availability, and their real authority in the field. All this information from the selected academics was double-checked to be sure that they could provide valuable and reliable information. Here, the actual words of the interviewed persons have been first carefully and thoroughly read and re-read and important concepts relevant to the study were selected.

1.7. Objectives

The objectives of this research are as follows:

- To estimate the resource potential of the Siberia region.
- To analyse Russia's policy towards Siberia.
- To highlight the limitations of the Russian objectives in Siberia.
- To understand President Vladimir Putin's regional policy and its implications for neighbours and other power
- To understand the dynamics of Siberia's interface with the Asia-Pacific region.

1.8. Research Questions

- What is the strategic significance of Siberia for Russia?
- What are the policies undertaken by Russia towards Siberia in regard to its geo-strategic calculations?
- How does the strategic location of the Siberian region attract the great powers of the World?
- What are the strategic interests and policies of the external players in the Siberian region and their relationship with Russia?

- How has Siberia become a factor in Russia's growing engagement with the Asia-Pacific region?

1.9. Hypotheses

The hypotheses of this research are as follows:

- Russia's strategic influence in the region is strong because of its ability to address Siberia's social, political, economic and security challenges.
- Russia's approach towards Siberia is driven by its geo-strategic calculations in the region and beyond notably in the Asia-Pacific.

1.10. Chapterization

Keeping the above-mentioned hypotheses in mind this work has been divided into six chapters which are as follows:

Chapter 1: Introduction: Conceptual Framework

The chapter first analyses concepts related to geo-strategy and geopolitics and its relation with this research. Later it includes the research design and brief background of the proposed research followed by scope, objectives of the studies, hypothesis, research methodology and review of the literature which has been studied to accomplish this research.

Chapter 2: Russia's Approach towards Siberia: A Historical Analysis

This chapter focuses on the contemporary narratives related to Russia's expansion and colonisation of Siberia. It describes how Siberia was conquered, colonised, and developed by the Russian State. It briefly covers the chronological period from the conquest of the Siberia by the Russian Empire until Putin's period. It looks into the history of the Siberian region; the region during Tsarist Russia, the Soviet Union and then after the disintegration of the USSR. This chapter makes an overview of the economic, political and social history of each period. This chapter also demonstrates

how the internal and external geopolitics of Siberia often pointed in different directions - territorial expansion, isolation, or integration – at different times.

Chapter 3: Siberia in post-Soviet Russia

This chapter understands the Russian state's policy towards Siberia after the disintegration of the Soviet Union, particularly in view of the political, economic and security challenges emanating from the region. It presents an analytical review of major issues in the Siberia and the Russian Far East, which include economic development, natural resources, social issues, international relations, and security concerns. It also explains the way in which Siberia symbolises Russia's opportunities and vulnerabilities: Siberia's vastness, richness, and vulnerabilities epitomise the difficulty of controlling territory and integrating it into a broader region. It has also critically analysed the state's policies that have been put in place to address the multiple challenges that Moscow is confronted with from its far-flung region notably Siberia.

Chapter 4: Siberia in Russia's geo-strategic calculations

This chapter describes geo-strategic and geo-politics significance of Siberia for the Russian Federation, particularly in the aftermath of Vladimir Putin's ascent to power. It has also focused on the objectives and goals of Russia's internal policy in the Siberian region. This chapter has discussed the growing global need for natural resources, with particular emphasis on the resources of Siberia. In a like manner, the chapter examines more deeply the reasons why Asiatic Russia is essential to Russia's great power identity and to what extent the growing importance in politics and economics of Northeast Asia is an opportunity or a threat to Russia's great powers.

Chapter 5: Siberia's interface with the Asia-Pacific Region: Opportunities and Challenges for Russia

This chapter examines the position of Siberia in the era of globalisation and devoted to the relationship between Russia and Northeast Asia: China, Japan, South Korea, and North Korea respectively; and the place of Siberia within the overall bilateral relationships. It further describes the background to present bilateral relations and

reviews the political and economic determinants of the bilateral ties. It focuses on the bilateral relations at the regional level and the place of Siberia and the RFE within the overall relation between Russia and Asia-Pacific. It has also touched upon both economic opportunities and geo-strategic challenges for Russia in the Siberian region. The issue of Chinese migration in the region has also been highlighted. This chapter also argues that in the long term the viability of the strategic partnership will depend to a great extent on whether Russia can successfully develop Siberia and the Russian Far East. Finally, the chapter concludes by reflecting upon the relevance of Siberia and the RFE in the future of Russia and Asia-Pacific relations.

Chapter 6: Conclusion

This chapter has summed up the key arguments and findings of the study. The conclusive remarks are the outcome of the hypotheses tested during the course of the study.

Chapter 2:
Siberia in Soviet Times

Moscow and Peter's town, the city of Constantine, these are the cherished capitals of the Russian monarchy. But where is their limit? And where are their frontiers to the North, the East, the South and the setting sun? The Fates will reveal them to future generations.

F. Tyutchev

2.1. Introduction

In the sixteenth century, Russia acquired the whole northern part of the Asian continent, a territory of about 13 million square kilometres. It was the conquest and the later colonisation of the immense land that was called Siberia that drastically transformed the landlocked Tsardom of Muscovy, from a relatively backward eastern European country into the powerful, vast and multi-ethnic Russian Empire. It "was of momentous historic, economic, political, cultural and geopolitical consequence." (Dmytryshyn 1991)

This chapter focuses on the contemporary narratives related to the Russian colonisation of Siberia and the Far East. The history of Siberia in the Soviet Union has gone through a number of phases, such as the Civil war, followed by the restoration period, then Siberia's significance for Russia under Joseph Stalin and his policies, next the role of Siberia in the World War II followed by the post Stalin period and Brezhnev period. Next was Siberia's role under the leadership of Mikhail Gorbachev followed by the collapse of the Soviet Union and its implications on Siberia and Russia as a whole. During the past year, Siberia's strategy was shaped by many major projects. First the Trans-Siberia Railroad and then the Gulag labour camp through which large scale gold and diamond mining project were build in the Siberian region. During World War II, there was mind-boggling industrial equipment and labour force evacuation from European Russia to Siberia. The 1960s and 1970s in Siberia were highlighted by the discovery of large oil and gas fields, building of humongous river dams, steel plants, and Baikal-Amur Railway²¹. This chapter also has highlighted important distinct leaders.

²¹The Baikal-Amur Main Line (BAM) was begun in the late 1970s to supplement the Trans-Siberian and provide Russia with a second rail connection from Siberia to the Asia-Pacific region.

2.2. Siberia during Tsarist time

In the sixteenth century, the Tsardom of Muscovy was almost a landlocked country, it did not have coastlines in the Baltic or in the Black Sea, with the exception of the village of Kholmogory in the far north which traded with Europe. (Map 3) At that time, Russia was a major supplier of fur pelts to Europe; fur was the major Russian commodity export. An increase in the demand for fur forced Russia to find alternative sources of fur-pelts in the East where fur-bearing animals were abundant.

Map No. 3: Russia's expansion phases in Europe, 1460-1796.

Russian Expansion Phases, c. 1460-1796



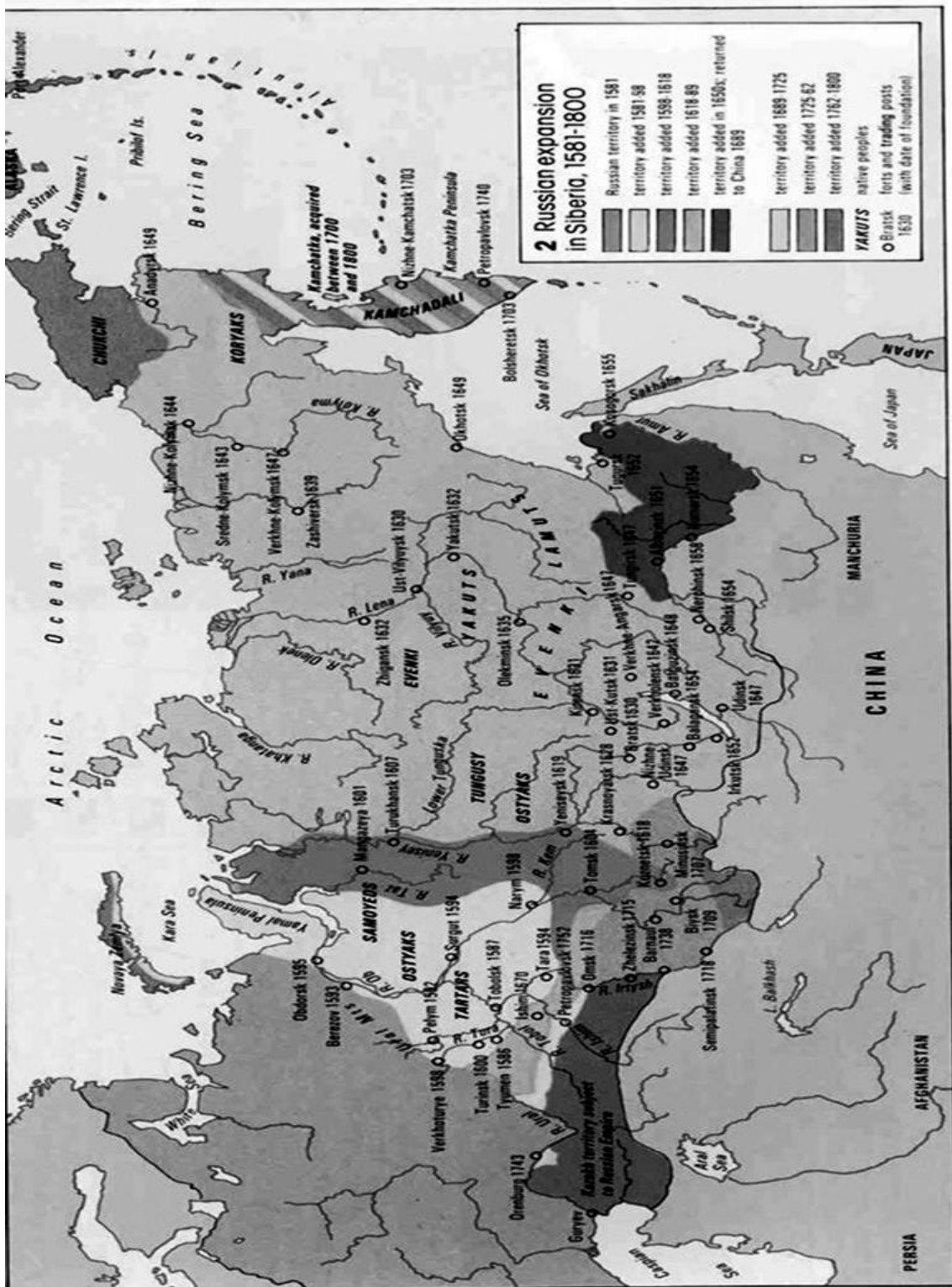
Source: Stratfor (2012), Available at:

<https://worldview.stratfor.com/article/geopolitics-russia-permanent-struggle>

Russia's involvement in the Siberia goes back to the 17th century. The Russian colonisation of Siberia all the way to the Pacific coast continued without hindrance during the next 150 years. Russia's eastward expansion was driven by several factors, including access to new material resources as well as the need to control a dangerous eastern frontier. Gradually Russia became involved in the European affairs, the resources of the region, and then the Siberian region became extremely useful in building up the power of the Russian State. In 1552 the Tsar, Ivan IV the Terrible, captured the town of Kazan during his campaign against the Kazan Khanate and opened a path all the way to the East. Thereafter Russia could access freely by water as far as the Ural Mountains, but the Khanate of Sibir lay east of the Urals. He granted them a license to recruit troops and to send them to Siberia in order to take control of the situation. The Stroganovs thus assembled a group of Cossacks led by Yermak Timofeevich to conduct what was later known as the conquest of Siberia. In 1582 Yermak took Isker and subdued the Khanate of Siberia on behalf of Tsar Ivan IV. "By destroying the Siberian Khanate, Yermak opened up the possibility for the Russians to explore Siberia; herein lies the historical significance of his expedition." (Naumov 2006)

Finally, in 1639 and fifty-three years after building the first Russian settlement in Asia, the Russians reached the Pacific coast and a decade later founded the city of Okhotsk on the coast of what is today the Sea of Okhotsk. Yakutsk became the base for expeditions; from there the Russians moved into the south-eastern regions and explored the surrounding area of Lake Baikal (1644) and the Amur basin (1650). (Bobrick 1992) Thus, by the mid-seventeenth century, Russia had asserted control over almost the entire north of Asia, reached the Pacific and the Arctic coasts and explored the basins of the great Siberian Rivers. (Map 4) The isolated, backward, scarce and scattered native peoples could not offer much resistance to the Russian expansion and were subjugated and compelled to pay yasak. (Collins 1991) The Church played an important role in Russia's eastward expansion and although its main objective was to disseminate Christianity among the different peoples of Siberia, it also attended the Russian population and was involved in many other activities. It should be emphasized that the exploration and colonisation of Siberia were not driven by the government but by explorers, Cossacks and promyshleniki, all of them motivated by Siberia's fur-bearing population. (March 1996)

Map No. 4: Russia's Eastward Expansion, 1581-1800



Source: Stratfor (2012), Available at:

<https://worldview.stratfor.com/article/geopolitics-russia-permanent-struggle>

Indeed, the rapid expansion is only explained by the quest for furs. Cossacks were the groups of people, appointed by the Tsarist were involved in the exploration and conquest of Siberia. During the 15-16th centuries, furs became one of the main exchange bases of the Russian economy and thus by the 17th century came to account for more than 10% of resources going into the state treasury. (Naumov 2006)

Siberia's population growth continued in the eighteenth century and pushed Siberia's economic development. At that time "Siberia gained notoriety as a place of exile and confinement as a result of the increasingly frequent banishment thereof the victims of a sequence of palace conspiracies and coups" (Wood 1991) However, this was not the only reason for population growth, which was the result of multiple factors such as the need for a workforce, new expeditions, and commerce with China, among other things. These factors caused Siberia's population to grow faster.

Many people also settled in Siberia to escape from the repressive system and the lack of freedom in European Russia. Indeed, voluntary resettlement accounted for 85 per cent of the total number of settlers and only 15 per cent was involuntary. (March 1996) During this time the Russian empire started modernising its area by building a new army and navy. The Russian empire strengthens its control on Siberia. Later on, the Russian empire established Siberian Governorate in 1708, and further extended its rule across the Bering Strait into Alaska. Alaska was later sold to the United States in 1867. (Naumov 2009) In 1884, the Transbaikal, Amur, Primorye, and Sakhalin districts were united under a new Primorskiy governor-generalship. This established an institutional framework for the regional identity of the Far East. (Bobrick 1992) Starting in 1894, the Primorye region became a staging ground for Russian penetration into Manchuria. By 1880, Vladivostok had grown into a major port city and there were no direct transportation links between the Russian empire and its eastern region. So the Trans-Siberian Railway was built in 1905 to overcome the problem. The Trans-Siberian Railroad brought European and Asian Russia together. The Trans-Siberian railway was the first initiative took by the Russian empire to bring the Siberian region closer. In the early 17th century, Siberia turned into a penal colony or a place of exile or the political prisoner. It was in Siberia where political opponents served their prison sentences or lived in exile. Siberia was deemed a good place to exile for political reasons, as it was far from any foreign country. Most of

Russia's intellectual elite and military had ended up in exile after the failed Decembrist²² uprising in 1825.

The prisoners and the local Siberian intelligentsia were agitated for an end of Siberia's colonial status. Later the emancipation of serfdom in 1861 allowed the Russian surfs to take free possession of Siberian land. But they couldn't receive much and suffered intolerable hardships. The Siberian population started to increase only after the construction of the Trans-Siberian Railway Road. From 1801 to 1914, an estimated 7 million settlers moved from European Russia to Siberia, 85 percent of them during the quarter-century before World War I. However, by the late 19th century, Siberia as a whole came to be viewed as a resource of furs and a threatened border which needed protection. The region became an important resource extraction. With the building of the Trans-Siberian Railway²³ in 1891, Siberia was conceived as an integral part of Russia's economy and her geopolitical global quest for power. Siberia's wilderness was used by the Tsars to dispatch criminals and political prisoners there, putting them as far away as possible from the centres of power and population. Due to its economy, the Siberian region played an important role in East Asia from the end of the nineteenth century through the years leading up to World War I. This region attracted loans and investment that helped Russia for its industrialisation. Labor resources were also imported from China, Korea, and Japan. In general, the Siberian region was seen as a place for exile, a base for its industrialisation and a road to the Asia-Pacific region. (Bliakher & Vasil'Eva 2010) During the early Soviet period, the Siberian territory was viewed as an autonomous economic area. In the 1930s, the Soviet adopted a centrally planned economy, which imposed a limit on the Siberian region's economic ties with the outside world. During this time Siberia got economic support for it's existing resources. (Thorton 2011)

By the end of the Tsarist period, it was possible to characterise the relationship between the Russian and Siberia as a classic core-periphery relationship. Many of the characteristics of this relationship had changed over the centuries, but the basic dependency between core and periphery remained strongly deep-rooted even during

²²In December 1825 a group of people unsuccessfully rebelled against Tsarist authority. Many of the leaders of these 'Decembrists' were exiled and greatly influenced Siberia's cultural development between 1826 and 1859.

²³Trans-Siberian Railway is a network of railways connecting Moscow with the Russian Far East.

the Soviet period. Primary goods, the most important agricultural products, furs, fish, and minerals provided the economic foundation for the Soviet's interest in the region. At the same time, ancient methods of resource extraction and industrialisation kept the eastern regions heavily dependent upon European Russia and foreign countries for manufactured goods. (Lyashchenko 1949) Beginning in the 20th century Siberia served as an agricultural colony, which supplied grain and dairy products to Europe and East Siberia. Furs for European Russia and Europe still gained importance as a source of national wealth like certain metals, especially gold, silver, copper, coal, and others. But lack of technology in extraction and production limited the growth to the national wealth. (Ablazhei 2010) In addition to its value potential source of unlimited natural resources, Siberia played an important strategic role in Russia's growth. In this regard, access to China had always been a key factor in Tsarist designs. The construction of the Trans-Siberian Railroad in the late-nineteenth century re-enforced Russia's control of Siberia and strengthened its link to the Far East and the Pacific. The Revolution and establishment of the Soviet Union brought little to change the basic nature of this relationship. (Hausladen 1989)

2.3. The Siberian Region during Soviet times

The conquest of Siberia in the seventeenth century did not immediately give Russia access to the vast resources of the region, many of which were only discovered by the mid-nineteenth century, and the large reserves of coal, gas, and oil in Western Siberia and diamonds in East Siberia remained unknown until the mid-twentieth century. These resources allowed the USSR to secure its position as a global superpower. Siberia supplied most of the natural resources of the country.

From the very beginning of the Soviet period, the Russian State had not only political but economic plans for the Siberian peoples. During this period, Siberia's role was portrayed as more than simply a storehouse of resources. Siberia under the Soviets was an example of the growth of national wealth and was focused on regional equalisation. Soviet planners concentrated on the exploitation of natural resources with the development of Siberia. Even before the Civil War²⁴, the Soviet government

²⁴The Russian Civil War was fought between the Bolshevik Red Army and the White Army.

always had a great interest in Siberia's resources in order to pay for industrial equipment. By the eve of the 1917 revolutions²⁵, Siberia enjoyed a measure of relative prosperity rooted in its villages. In the post-civil war period, the most exported item was along with grain, oil, and timber. The creation of a network of trading posts was another main concern of the Soviet Russian government in Siberia during the 1920s to ensure regular deliveries by hunters. Russia encouraged the peoples of the Siberia to kill fur-bearing animals and the state offered credits to native cooperatives for the purchase of weapons, ammunition, and other equipment. Siberia was less known for its productivity and more for its remoteness and subordination to Moscow. Siberia for a long time served as the basis of the Soviet's self-understanding of their great eastern territories and as an important source of legitimacy for the Soviet regime.

2.3.1. Siberia's role in the Revolution and Civil War

The year 1917 marked the monarchy's downfall and the Bolshevik²⁶ seizure of power. These events proved to be a turning point for this huge country and its inhabitants including Siberia and the Siberians. The February Revolution²⁷, which resulted in the demise of the monarchy, was caused by the First World War (1914–18). The war had a dual effect on the development of Siberia. On the one hand, there is no doubt that the hostilities accelerated the region's economic development. On the other hand, it led to price rises and inflation. Many thousands of Siberians were drafted into the army, and a large proportion of them perished or ended up in captivity. Many refugees from the occupied territories of western Russia arrived in Siberia. All this gave rise to a certain tension and a mood of protest among the population. (Naumov 2009)

The first news of the revolutionary events in Petrograd²⁸ reached Siberia on 28 February 1917. At the time when the Russian revolution began, Siberia was an agricultural region with its weak entrepreneur and industrial class. The lack of social differences among the population and intellectuals led to the formation of different

²⁵The Russian Revolution is the collective term for a series of revolutions in Russia in 1917, which destroyed the Tsarist autocracy and led to the creation of the Soviet Union.

²⁶ The Bolsheviks are members of the majority faction of the Russian Social Democratic Party, which seized power in the October Revolution of 1917.

²⁷The February Revolution, known in Soviet historiography as the February Bourgeois Democratic Revolution, was the first of two revolutions which took place in Russia in 1917

²⁸Petrograd Soviet was a council of workers and soldiers that played a key role in the success of the Russian Revolution of 1917.

parties with their own party ideology under the ideas of regionalism. (Shilovsky 2000) By the 1920s, agriculture in Siberia had declined due to the intensive use of the land which led to the collapse of the land and bad harvest. (Mikhailin 2002) The year 1917 in Russian history is known as the monarchy's downfall and the Bolshevik's seize of power. These events proved to be a turning point for the huge country and its inhabitants including Siberia and the Siberians. The February Revolution, which resulted in the downfall of the monarchy, was caused by the First World War (1914–18). The growing social dissatisfaction was the main reason for the violent disturbance in Russia in 1917 that overthrew the czarist government. By 1917 Siberians were suffering from war-weariness, but, on the whole, the region remained loyal to the monarchy. (Naumov 2009) Later at the end of 1917 and early 1918, the Bolshevik government was faced with a civil war²⁹. The civil war took place between the Bolsheviks (Red Army) and the anti-Bolsheviks (White Army) until 1920 (Pereira, 1996). The war had a dual effect on the development of Siberia. On the one hand, there is no doubt that the hostilities accelerated the region's economic development. On the other hand, it led to price rise and inflation (Carley, 1998). Many thousands of Siberians were drafted into the army, and large proportions of them perished or were imprisoned. The years 1921 and 1922 were almost as crucial a turning point in the history of Russia as 1917. During this time, the civil war occurred after November 1917 to oppose the newly formed Bolshevik government led by Lenin. The Civil War was all but over, the Red Army and the Communist governments were still in control of most of the territory of the old empire and the Union of Soviet Socialist Republics (USSR) established in December 1922. The civil war didn't destroy the agriculture but it destroyed the food industry and reduced incomes of peasants. Transportation was in a terrible state. A considerable part of railways was destroyed. Two-thirds of locomotives had also been destroyed. The country's economic potential on the basis of which the Soviet economy began to develop was less than half of what it used to be in tsarist Russia. (Karaganov 2012)

The Revolution and the Civil War resulted in the de-urbanisation of Siberia and a population decline. Despite this, in the 1920s Siberia's population again increased and

²⁹The Russian Civil War (1918-21) was fought to decide who should control Russia in the wake of the October 1917 revolution.

de-urbanisation was reversed. The government focused on the development of cities, and urbanisation became imperative for the Bolsheviks. Migration from rural areas to cities was either promoted or forced, thus leading to a growth in the number and size of the cities. From 1920 to the outset of the Great Patriotic War (1941), the urban population increased 6.2 per cent annually, resulting in one of the fastest urbanisations in world history. (Gaddy 2003) In 1939, the urban population exceeded 30 per cent. Indeed, in 1939, seven cities exceeded 250,000 inhabitants: Yekaterinburg, Novosibirsk, Perm, Omsk, Chelyabinsk, Ufa and Irkutsk.

To combat the difficulties faced in the war, to keep the collapsing economy moving, and to raise the standard of economy, a new economic policy was introduced in June 1918; which was known as War Communism. War Communism existed in Russia from 1918 to 1921. War Communism was introduced by Lenin to combat the economic problems brought on by the civil war in Russia. One of the first measures of War Communism was the nationalisation of land. Banks and shipping were also nationalised and foreign trade was declared a state monopoly. On 28th June 1918, a decree was passed that ended all forms of private capitalism. Many large factories were taken over by the state and on 29, November 1920, any factory/industry that employed over 10 workers was nationalised. (Ablazhei 2010) War Communism also took control of the distribution of food. War communism didn't bring the expected outcome. The results were disastrous. Four and a half years of "war communism" had brought only starvation, death, and destruction. Overall it was a disaster. The economic strength of Russia fell below the level as it was used to be in 1914. Peasant and farmers only grew for themselves, as they knew that any extra would be taken by the state. The number of workers in the factories and mines were dropped by 50%. After seeing the effect, in February 1921, Lenin replaced War Communism with a completely different system, the New Economic Policy. (Naumov 2009)

Nationalisation was the next socio-economic innovation. In late 1917 and early 1918, the Bolsheviks nationalised Siberia's banks, beginning with the largest ones, the Russo-Asiatic Bank, the Bank of Siberia and the Society of Mutual Credit, and then proceeded to take over all the others. Industry and transport were next in turn. All the more or less significant industries and commercial concerns (coal mines, factories,

department stores and so on) were nationalised. In some Siberian towns, the local Bolsheviks nationalised everything, down to small craft workshops and corner shops. An All-Siberian Soviet of the National Economy (Sovnarkhoz) was formed in February 1918 to run this nationalised economy. Separate west Siberian and East Siberian sovnarkhozes were formed in March, followed by provincial and regional equivalents. However, owing to the absence of qualified professional personnel, these institutions were unable to run the Siberian economy at all adequately. (Naumov 2009)

The *New Economic Policy* was launched by Lenin in March 1921. The first and main change NEP did was the removal of grain requisitioning and replacement of proportional tax. Besides these changes, other steps were also determined alike, restoration of freedom to trade, restoration of money circulation and a banking system, re-legalisation of entrepreneurship, reintroduction of market methods in economics, renewed permission for economic concessions and the restoration of foreign trade. In NEP, labourers were allowed to keep a segment of their surplus generation and exchange it in the markets and also they were allowed to cultivate the land as they wanted and were given security of tenure. Obligatory labour was removed and wages were linked to productivity. A standout amongst the most noteworthy improvements was the presence of a class called *Nepmen* to regulate the purchasing and selling of peasant surpluses.

The NEP made it conceivable to overcome the surge of popular outrage and to begin re-establishing the nation's economy, damaged as it had been by war and revolution. In Siberia, as well as throughout the whole of Russia, the transition to the NEP began with the replacement of *prodrazverstka*³⁰ by a tax in kind, which was determined as a percentage of crops fixed in advance. The tax in kind averaged 50 per cent of the previous surplus expropriation. However, in Siberia, the proportion was bigger than in European Russia. It amounted to 20 per cent of the grain crops, while it averaged only 12 per cent throughout the rest of the country. Nonetheless, the tax in kind stimulated the growth of agricultural production in the region, in particular, cattle breeding. (Ablazhei 2010) The NEP made it possible to overcome the disaster of the Civil War.

³⁰Grain requisitions from peasant households by the Soviet State during the period of war communism (1918–1921).

Generally, however, the NEP turned out to be less efficient. In the second half of the 1920s, most Siberians became dissatisfied with the NEP. The farmers were not happy about the existing restrictions on the development of their farms and the nepman were unhappy with the tax burden and the absence of legal guarantees for their economic activities and the workers were displeased with their low standard of living and unemployment. During the NEP Siberian agriculture fully and sufficiently provided for the region's food needs. However, it never completely recovered from the consequences of the Bolshevik Revolution and the Civil War, nor did it attain its pre-revolutionary level of production. From 1922, private entrepreneurial activity in trade and minor industries was allowed in Siberia, which encouraged their development. As early as 1925 there were over 80,000 small private businesses in Siberia. Some businesses were denationalised: out of more than 1,500 once nationalised firms about 50 per cent were returned to their former owners. Entrepreneurship in the retail trade was particularly well-developed. In the 1920s over 90 per cent of retail commodity circulation in Siberia was in private hands. The Russia-wide market was rebuilt. *The Irbit Fair*³¹ once again became one of the largest in the world. All these made it possible to overcome the acute dearth of goods in Siberia in many sectors. The utilisation of market strategies of economic management helped to reconstruct Siberia's weak industry. By 1927 industrial production had again achieved the 1913 level. Foreign concessions played an essential part in this process. The biggest concessions were in fishing, oil and the gold industry. Generally, however, the NEP economic system rounded out to be less effective than that prevailing in pre-revolutionary times. In the second half of the 1920s, once people had recovered from the disasters of the Civil War and War Communism, most Siberians were disappointed with the NEP to one degree or another. The farmers were unhappy about the existing limitations on the development of their farms, the Nepman was annoyed with the tax burden and the lack of legal guarantees for their economic activities, the intellectuals were disappointed with the absence of political freedom and the workers were annoyed with their low standard of living and unemployment. On the other hand, several Communist Party members were convinced that the NEP was a capitulation to the bourgeoisie. In the late 1920s, the NEP was abolished and the

³¹The Irbit fair was the second largest fair in Imperial Russia after the Makariev Fair. It was held annually in winter, trading with tea and fur brought along the Siberian trakt from Asia.

USSR Party leadership made a new attempt at an accelerated transition to a socialist society. Siberia and Siberians had to take a most active part in this. (Wood & French 1989) As it is well known, the accelerated construction of socialism in the USSR proceeded with three main lines: the industrialisation of the economy, the collectivisation of agriculture, and a Cultural Revolution. All these elements were put into practice in extreme form in Siberia under Joseph Stalin.

2.3.2. Siberia under Joseph Stalin

Joseph Stalin was the General Secretary of the CPSU who led the Soviet Union from 1922 until 1952. Under the leadership of Stalin, the history of the Soviet Union pursued the policy of "catch the West". Stalin wanted to pursue the policy of accelerated industrialisation to modernise the economy of USSR. Under Stalin's rule, a large part of the Far East was covered with prison camps, which used a cheap labour force of prisoners, became a powerful organisation which influenced the economic development of the region, politically, socially, and economically. However, Stalin's economic policies did not bring prosperity to the Far East, nor did it promote autonomy. According to Stephen, "Only after the disintegration of the Soviet Union, Siberia started becoming significant for the Russian Federation, and hopes for more Joseph Stalin became the leader of the Soviet Union from 1922-1952. However, Stalin's economic policies did not bring prosperity to the Far East, nor did it promote autonomy. Only after the disintegration of the Soviet Union, Siberia started becoming significant for the Russian Federation and hopes for more independent economic and political development appeared." (Stephan, 1994)

The first strategy of socialism in the Soviet Union was Industrialisation which was adopted to reform the USSR from an agrarian market to an industrialised one. He launched a list of five-year programs, in which the underdeveloped Siberia played a pivotal part. According to Lewin, "In the 14th CPSU Congress in 1925 the necessity of the building industry was emphasised. They also decided upon three essential conditions for industrialisation: A home market, a well-developed raw material production in agriculture and to provide minimal foodstuffs to the industrial workers." (Lewin, 2005) "The large scale 1930s industrialisation required a huge amount of natural resources, and most of these were located in Asiatic Russia. Accordingly, one

of the principles of Soviet industrialisation was the development of industry in Siberia and the RFE. Many new enterprises were built in various regions of Siberia and new industries were developed, such as oil refining and the aviation industry. Dozens of new coal mines were constructed, and electric power stations, heavy industry, and railway transport were particularly developed. At the same time, Siberia increased its productive capabilities and volumes of production." (Alekseev, 2010)

The Five Year Plans were also a series of nationalised plans introduced by Stalin for the economic development of the Soviet Union. First-five year plan (1928-1933)³² and the second-five year plan (1933-1937)³³ as well as three and half years of the third five-year plan (1938-June 1941)³⁴ were spent in solving common problems of industrialisation. One of the main ideas of the first five-year plan was to set up centres with the distribution and development of power resources. The second five-year plan (1933-1937) was further focused on ever larger construction and was to ensure the functioning of new production equipment built during the first five-year plan. The USSR held second place in the world in engineering by the end of the second five-year plan. Within these five-ten years, industrial plants a fixed asset in agriculture and transport had almost completely renewed. During the industrialisation, many industrial enterprises were built in various regions of Siberia. Among them, there were Mining and metallurgical complexes, to serve the needs of the defence industry. More than a hundred new coal mines were constructed. Electric power stations, machine building plants, and railway transport were also developed. Power stations were put up in many Siberian towns, especially those near large industrial plants (Naumov, 2009). New railway lines were built. Totally new branches of the industry also made their appearance. In the late 1930s, the USSR's second military-industrial complex was created in the Urals and western Siberia. Industrialisation generated tremendous interest for work in Siberia. At the end of the first five-year plan (1932) about 70 per cent of the workers were involved in 'Socialist competition' to increase

³² The Soviet regime introduced the First Five Year Plan in 1928, which was maintained by the Gosplan. This plan focused on rapid industrialisation and initiated the collectivisation of agriculture.

³³ The second Five-Year plan placed an emphasis on heavy industry. This plan aimed to advance the Soviet Union's communication systems, especially railways, which improved in both speed and reliability.

³⁴ This Five-year plan was focused on the production of weapons and other wartime materials.

production and productivity. '*Stakhanovite Movement*'³⁵ was famous in this respect. It had a tremendous influence in Siberia. (Lewin, 2005) As a result of this movement, Siberia made significant growth towards industrial development. Overall, this period laid a firm basis for the further steady development of the Siberian industry. The large-scale industrialisation of the 1930s provided a powerful desire for the transformation of an agrarian Russia into an industrial nation. The discovery and development of rich oil and gas fields in Western Siberia and diamond deposits in Yakutia after World War II allowed the Soviet Union to stand up for its values during the Cold War and increased the country's living standards too. The construction of the world's biggest hydroelectric power plants in Eastern Siberia led to the emergence of new powerful national territorial and production complexes in the region. By 1940, Greater Siberia was contributing the lion's share of the USSR's gold, 95 per cent of its tin, 80 per cent of its tungsten, 70 per cent of its molybdenum, and almost all of its fluorspar and Mica. (Ablazhei, 2009) At the end of the second Five-year Plan, as a share of the region's gross industrial product, machine building and metalwork amounted to only 17 percent, compared to a 30 percent average for the whole USSR.

Collectivisation was the next economic aim of the Russian Communist Party's social policies in the 1930s, which was initiated by Stalin and it, was imposed on the native peoples of Siberia. The collectivisation of Russian peasant agriculture was one of the most unnecessarily tragic parts in the history of the USSR and remained a curse on the Soviet economy for several decades. The Practical Dictionary of Siberia describes collectivisation as follows:

"one of the major political actions of the Communist Party in the 1920s – early 1930s, that radically changed the economic basis of agricultural production ... the class structure of rural population and way of life of the countryside ... With industrialisation just starting, the problems of food supplies to the growing urban population was solved by maximum cooperation of small manufacturing and expropriation of the property of the most well-off rural population ... [The] grain shortage

³⁵

A mass movement in the USSR leading production workers, kolkhoz members, and engineers and technicians to raise labor productivity by mastering new equipment and techniques.

in 1928 had developed into a radical policy of liquidating the so-called kulaks; this caused fierce resistance – to the point of armed revolt – by a significant part of the peasantry."

Stalin introduced the Collectivisation policy to overcome the food crisis of the nation and to improve peasant labour potency. The collectivisation of the industry was successful. The First two "Five Year Plan" which began in 1929, expanded the products faster than any Western country. The outcome of agriculture was not so successful and didn't meet with the expectations of the peasantry class. The peasants and farmers choose to kill their cattle preferably than to give them. Over 3 million kulaks were killed. Collectivisation ended up in ruining of the agriculture. According to Naumov, "The most immediate consequence of collectivisation in Siberia was a serious food problem lasting during the pre-war period and continuing into the post-war years. The collectivisation of agriculture affected the lives of Siberians, especially the farmers, particularly badly." (Naumov 2006) In reply to the brutality and violence, the farmers started massive riots everywhere in Siberia. Following the Second World War, Siberia became one of the famine³⁶ zones.

The collectivisation of cultivation affected the lives of Siberians, especially the farmers. Supporters of the collectivisation movement were considerably less in Siberia than in European Russia. In this manner, the local authorities had to act harshly when carrying it out. The well-to-do Siberian farmers had encountered an initial attack well before the commencement of collectivisation, during the noted Communist leader Stalin's trip to Siberia for grain requisitioning in early 1928. Stalin blamed the Siberian farmers of 'kulak sabotage,' and the local authorities of 'assisting them.' During these requisitioning forays, remarkable measures like *prodrazverstka*³⁷ were often tried. Their victims were thousands of farmers accused of the 'kulak sabotage' and sentenced to various terms of imprisonment. The Communists had to actually ruin agriculture in Siberia to carry out collectivisation here. At this time, in

³⁶A famine is a widespread scarcity of food, caused by several factors including war, inflation, crop failure, population imbalance, or government policies.

³⁷ *Prodrazvyorstka* was a Bolshevik policy and campaign of confiscation of grain and other agricultural produce from peasantry for a nominal fixed price according to specified quotas. The term is commonly associated with war communism during the Russian Civil War when it was introduced by the Bolshevik government.

Siberia alone, about 150,000 farming families were ‘*dekulakised*.’³⁸ Collectivisation resulted in the ruin of agriculture; it had not fully recovered by the end of the twentieth century. The quickest consequence of collectivisation in Siberia was a severe food problem lasting during the prewar time, and extending into the post-war times. (Blakkisrud & Rowell, 2018) The Cultural Revolution paid more attention to the development of education. Schools, institutes of higher education and scientific institutions were opened throughout Siberia. As a result of these activities, by the late 1930s, the level of literacy among the Siberian population, according to official statistics, exceeded 85 per cent. Many Siberian towns and villages had changed their names to impress the Bolshevik system of belief on the minds of the people. (Alekseev 2006) The Cultural Revolution in Siberia had both positive and negative effects. Under the cause of struggling against bourgeois culture and religious superstitions, the cultural heritage of the past was ruined and great cultural monuments were destroyed. Purges³⁹ began as soon as the Civil War had ended. In 1929, Gulag camps were set up by Stalin. Gulags are the forced labour camp was set up to turn the Soviet Union into a modern industrial power and to collectivise agriculture. Siberia and the Far East were turned into Gulag camp filled up with hundreds of thousands of people where they were subjected to hard labour and died, making it a symbol of the nation’s tragedy. The camps were not restricted to Siberia only but existed in every republic and region of the USSR. The Gulag and its forced labour was an essential tool for Soviet industrialisation during Stalin’s government, and it had a substantial impact on the economic development of Asiatic Russia. Vanino Port⁴⁰, Baikal-Amur Mainline, the transit prison in Vladivostok, as well as Magadan and Kolyma were the known gulag campus during the Soviet time. (Gaddy 2003) In Lincoln’s words "Like a cancer of the most deadly sort, the network of Gulag forced-labour camps metastasised across the Soviet Union." Forced labour opened up the Siberian coal fields, oil reservoirs, and gas deposits that provided the

³⁸Dekulakisation was the Soviet campaign of political repressions, including arrests, deportations, and executions of millions of wealthy peasants and their families in the 1929–1932 period of the First five-year plan..

³⁹ The Purges was a campaign of political repression in the Soviet Union orchestrated by Joseph Stalin from 1934 to 1940. A purge is the removal of people who are considered undesirable by those in power from a government, from another organisation, from their team owners, or from society as a whole.

⁴⁰Port Vanino is a major port in Pacific Russia; it is included into the ten largest ports of Russia as to its cargo-handling volume.

means to produce heat and electricity on a large scale. They also built towns and cities, where many of them lived for the rest of their lives, prohibited by the state from returning home after completing their sentences. In these camps, thousands of numbers of prisoners from the whole country were held in inhuman conditions. Hundreds of thousands of Siberians from various social classes also became victims of these Camps. After the end of the Gulag system in the late 1950s, Siberia became the Soviet Union's boom region. At the same time, owing to the diversity of its aims the Cultural Revolution in Siberia had both positive and negative effects. Thus, under the pretext of struggling against bourgeois culture and religious superstitions, the cultural heritage of the past was ruined and outstanding cultural monuments were destroyed. The streets of all Siberian towns were renamed to imprint Bolshevik dogma on the minds of the people. Many Siberian towns and villages also had their names changed.

2.3.3. The Administration of Siberia

In Siberia, as well as throughout the rest of the country, a party-state system of government functioned between the 1920s and 1991. All important decisions were made by Communist Party bodies. Government bodies were entrusted with the execution of these decisions under the supervision of party institutions. The system represented an extremely stiff and centralised control structure. "Between 1922 and 1925, Siberia was administered by the 'Siberian Bureau of the Communist Party's Central Committee' (Sibbiuro) and the 'Siberian Revolutionary Committee' (Sibrevkom). Far East Russia was governed by the 'Far Eastern Bureau of the Communist Party's Central Committee' (Dalbiuro) and the 'Far Eastern Revolutionary Committee' (Dalrevkom). After 1925 regional committees of the party and regional Soviets began to govern Siberia. They controlled provincial, Republican, district and county party bodies and Soviets." (Naumov 2009) The composition of administration in Siberia changed slightly after the introduction of a new constitution in 1936. Regional and district party committees and regional, republican and district Soviets were given equal rights. The All-Union and Russian Republic Soviet Central Executive Committees (VTsIK SSSR and VtsIK RSFSR) were replaced by the corresponding Supreme Soviets. After the break-up of the USSR and the collapse of the Communist System in 1991, Siberian republics, regions, districts and autonomous

counties were given equal rights as subjects of the Russian Federation. They all reported to the administration of the newly formed Russian Federation. (Naumov 2009) According to the words of Naumov, "Throughout this time different region of the Russian Far East tried to acquire exclusive rights, regarding local legislation above to federal laws. The 'parade of sovereignties' became widespread in Siberia too, particularly in the national minority republics. In some of the region, for example, Yakutia, the rights of the ethnic Russian population began to have trespassed, and in Tuva, there were anti-Russian massacres in the early 1990s, which put part of the population to flight. The federal authorities appeared unable to combat the 'parade of sovereignties' directly from the centre." To tackle the problem of massacres, federal districts (okrugs) were established everywhere in Russia during the 2000s, headed by the president's spokesmen. The authorities took control of all region of Russia and did put an end to the 'parade of sovereignties'. Following then, the Siberian territory was split into three federal districts: the Far East, Siberia and the Urals, headed by K.B. Pulikovskiy, L.V. Drachevskiy and P.M. Latyshev respectively. In 2000, again "the whole Siberian territory was split into three federal okrugs: the Urals, Siberian and Far Eastern Federal Okrugs." (Alekseev 2010)

2.4. World War II and Post-War Reconstruction

The modernisation process in Siberia and in the whole country was disrupted by the Great Patriotic War⁴¹. At that time, more than one thousand enterprises and about 300 industries shifted to Siberia, and more than one million people were evacuated from European Russia to Siberia. Similarly, the region provided agricultural and industrial support for the front line. Military industries shifted to Siberia as well. Indeed, during the war, Asiatic Russia and particularly the Ural region became the centre of the Soviet Union's war economy which shared about 40 per cent of the total war production of the Soviet Union. Large cities such as Novosibirsk, Omsk, and Krasnoyarsk became large centres of the defence industry. (Alekseev 2010)

⁴¹The Great Patriotic War is a term used in Russia and other former republics of the Soviet Union to describe the conflict fought during the period from 22 June 1941 to 9 May 1945 along the many fronts of the Eastern Front of World War II between the Soviet Union and Nazi Germany and its allies.

Over the period of the Second World War (1941–50) Siberia became one of the chief centres in the USSR for military production. USSR transferred many industries to the Siberian region due to the fear of Germany. Siberia was, in Lincoln's words, the stage setting for 'a battle of war production that would put the mills and mines of Magnitogorsk, the Kuzbass, and Urals against the might of the Nazi Ruhr.' (Mote 1984) During World War II, the Soviet Union suffered a lot than any other of the countries in the war. USSR had lost its agricultural area. So it was the Siberia grains that enable the Soviet Union to hold on to German wartime onslaught. New military industries were constructed in Siberia during the war. By the middle of 1942, the reconstruction of the Siberian industry had been fully completed. The main objective of these industries was to produce large quantities of military machinery, weapons, ammunition, and equipment. Siberia became significant to Russia due to its increase in electricity production, coal mining, the extraction of ferrous, non-ferrous, rare and precious metals and many other types of production needed for the war. (Alekseev 2010) Siberia played a key role in the victory of the War by making voluntary contributions towards the production of military machinery, equipment, and munitions, as well as clothing for the soldiers. Numbers of hospitals were opened throughout Siberia, where badly wounded soldiers were able to recover. And finally, Siberians took an active part in military performance themselves. It was Siberian divisions that contributed to the defeat of the German Nazi troops in the battle of Moscow.⁴² There is no doubt that Siberia made a significant contribution to the victory of the USSR in the Second World War. After victory in Europe, Siberians took an active part in the preparation for war against Japan in the East. (Naumov 2006) After World War II, the focus of development in Siberia shifted automatically from people to natural resources and to the growth of the Soviet military-industrial complex. Between the end of hostilities in 1945 and Stalin's death in 1953, the whole of the Soviet Union, Siberia included, had to face the immense task of reconstructing the country's flattened economy and decimated society. The Soviet Union had perused two objectives above all else in its post-war development planning, viz., rapid development and qualitative improvement of fuel and energy resources. It has accorded top priority to Siberia especially because the raw materials and energy

⁴²The Battle of Moscow was fought on 2nd October, 1941 to 7th January, 1942, during World War II (1939-1945) to defend Moscow against the fascist German forces and to rout them.

resources of other areas are almost at a low level. (Karaganov 2012) Unfortunately, the factor of harsh climate hampered the industrial growth in Siberia. On account of this harsh climatic factor, many workers left Siberia. This has resulted in a sharp manpower shortage. The added expense of paying a higher salary and increased the cost of transporting goods and materials over long distances has also slowed down the development of industry in Siberia. During this time, it was Siberia's immense resources that generated much of the foreign exchange for Soviet imports of food, consumer goods, and Western technologies. Exports of coal, timber, and fish products expanded, but the largest share of energy and an increase in the world price of oil determined a role in Russia's economic growth. Siberia played an essential role both during the war and in the period of postwar reconstruction and was destined to play an even more crucial part in the development of the USSR, and in the new Cold War with the West until the Soviet political system itself finally collapsed in 1991. (Thorton 2011)

2.5. Siberia under Nikita Khrushchev (1953-64)

After Stalin's death on 5 March 1953, Nikita Sergeevich Khrushchev became the leader of the Soviet Union. At the Twentieth Party Congress, held in February 1956, Khrushchev advanced his position within the party by denouncing Stalin's crimes in a dramatic "secret speech." As a direct result of the "*de-Stalinisation*"⁴³ campaign launched by Khrushchev's speech, the release of political prisoners, which had begun in 1953, was stepped up, and some of Stalin's victims were posthumously rehabilitated. Khrushchev intensified his campaign against Stalin at the Twenty-Second Party Congress in 1961, winning approval to remove Stalin's body from the Lenin Mausoleum. Under his leadership, the whole of the USSR, including the territory of Siberia and the Far East moved into a new phase. The vast forced-labour camp which was established by Joseph Stalin in the deep into the Siberian region was later on stopped and many were also released during the leadership of Nikita Khrushchev (1953-1964). The country began to build the material and technical base of communism. Further, due to insufficient raw materials for the industrialisation, Russia wanted to develop the resource potential of Siberia. So it started seeing the

⁴³De-Stalinisation consisted of a series of political reforms in the Soviet Union after the death of long-time leader Joseph Stalin in 1953, and the ascension of Nikita Khrushchev to power.

Region as its high priority. The Southwest Siberia and the Lake Baikal Region were given special importance in the Post-War Industrialisation period. Siberian agriculture, which suffered the most during Stalin's Collectivisation programme, was again revitalised in the mid-1950s by Khrushchev's "virgin lands program"⁴⁴. In these years over ten million hectares of grassland was put into cultivation, predominantly in Western Siberia. In the beginning, the campaign had some effect and the grain crop in Siberia increased, but by the middle of the 1960s soil erosion had reduced it to nothing. The Virgin Lands program was focused on the cultivation in the South West Siberia and North Kazakhstan. The construction of large thermal and hydroelectric power plants in Siberia was emphasized by the Seventh Year Plan (1958-65). In the year 1960s and 1970s, there was a shift of interest hydroelectric power of East Siberia to the oil and gas program of western Siberia. In the second half, the exploration of mineral and hydro energetic resources continued. During the 1950s, the periphery once again became a resource frontier. The output of Greater Siberia's industries, including non-ferrous metals, agriculture, and forestry, exceeded Soviet averages. From the second half of the 1960s to the late 1980s, West Siberia's oil and gas became the basic source for the USSR and oil and gas also served as the basic sources of valuable foreign currency. (Kotkin & Wolff 1995) During the Soviet Union period, only military, mining, forestry, fisheries, and other departments were relatively developed. But from the 1950s to the 1970s, during the rapid expansion period of Soviet industrialisation, a large number of cities and industrial enterprises were built in Siberia. The second half of the twentieth century became a time of intensified development in Siberia. Absolutely new industries came into existence which now forms the backbone of Russia's economic strength. They include petrochemicals, the aluminium industry, hydropower, military-industrial complexes, diamond productions, and many others. Industrial giants emerged in almost every industry in Siberia. A large number of new cities and towns were built in Siberia. As a result, Siberia emerged to be a largely rural economy with an urbanised and industrial region. Blessed with rich strategically vital mineral resources, including asbestos, platinum, manganese, and titanium sponge, the Soviet percentage of world output is impressive.

⁴⁴The Virgin Lands campaign was a huge operation designed to open up a vast tract of steppe land, mainly in northern Kazakhstan and the Altai region of the RSFSR, for grain cultivation.

Between 1957 and 1961 a massive building development programme took place in the middle of the Siberian taiga. Most of the new research institutes were dedicated to the pure and applied sciences and technological disciplines such as physics, geology, cybernetics, hydrodynamics, mathematics, organic and inorganic chemistry, chemical kinetics and combustion, cytology and genetics, theoretical and applied mechanics, computer studies, biology and botany, soil science and many more. Another agricultural reform was taken in 1965, which was also widely populated as *Kosygin Reform* or *Liberian Reform*⁴⁵. This reform was the formation of developmental funds for collective and state farms, and the regular payments of salaries and pensions to collective farmers. At first, these measures had a positive effect. However, inconsistencies and delays in fulfilling them noticeably reduced their effectiveness. During the 1970s the nature of the reform was gradually changed in many respects, and agriculture in the USSR, Siberia included, began to revert to the stage it had been in before reform. The farming population of Siberia was steadily decreasing in numbers. The amount of cultivated land also decreased. As a result, Siberia was no longer fully supporting itself with food, and in many regions, there were food supply problems. In the second half of the twentieth-century education, science and the arts continued to develop. The number of secondary/high schools and vocational schools increased and new colleges and universities continued to open.

2.6. Soviet's Policy towards Siberia under Leonid Brezhnev (1964-82)

After Khrushchev, Leonid Brezhnev became the new leader of the Soviet Union. Under his leadership in the 1970s and 1980s, the Siberian region got benefit from its trade relationship with the Asian countries, particularly Japan. The growing economy of China also improved the chances for trade and joint projects between the two countries. Indeed, over the past years, Russia and China have signed various agreements for broader and more institutionalised cooperation. Siberia's resources were exchanged in order to purchase machinery and equipment. Several projects were

⁴⁵Kosygin reform or Liberman reform was a reform of economic management and planning, initiated by the Premier of the Soviet Union, Alexei Kosygin in 1965. It was characterised by the introduction of capitalist methods of management, increased economic independence of enterprises, associations and organisations, and the extensive use of methods of material incentives.

also got implemented, including the Vostochnyi port⁴⁶ near Nakhodka, and the South Yakutia coal complex. Initial work to develop the oil and gas deposits offshore of Sakhalin Island also began. The exploration of new resources also began, including reserves of iron, lead, zinc, silver, gold, lumber, farmland, and fish. (Sullivan & Renz 2010) Discovery of rich oil and gas fields in Western Siberia and diamond deposits in Yakutia allowed the Soviet Union to support its living standard and to stand up against the United States and the West during the cold war. The construction of the world's biggest hydroelectric power plants in Eastern Siberia led to the emergence of national territorial and production complexes in the region.

2.6.1. Territorial Production Complexes (TPC's)

The 70s was particularly a pro-Siberian period, when high priority developmental strategies attested by the Soviet planners who desired to take advantage of the resource-potential in Siberia, on the basis of which territorial production complexes (TPC's) were planned in oil and gas extraction in West Siberia. Territorial Production Complexes (TPC's) were implemented in the 1970s. TPC's was a sort of approach to Siberian economic development. According to Kolosovskiy, the father of the TPC concept, "A production complex is an economic combination of enterprises in a given industrial centre or in an entire region that achieves a desired economic effect through proper selection of enterprises in accordance with the natural and economic conditions of the region and its economic-geographic and transport location. It is important to point out that, "The complexes are formed to solve a national economic problem or, ultimately, make possible a future development of the national growth potential" (De Souza 1989) TPC's was intended to achieve greater effectiveness in the development of natural resources for use by the national economy. The biggest territorial production complex in western Siberia combines the Kuznetsk Coal Basin (Kuzbas) with the neighbouring Novosibirsk Region. Wein (1984) describes: "Siberia and the Soviet Far-east are currently the scenes of ambitious resource development programs: territorial complexes are being built-up as the nuclei for the intensive industrial development of what were until recently virtually uninhabited areas and a region rich in raw materials is to be opened up in the East by construction of the

⁴⁶Vostochnyi Port is an intermodal container port at the eastern end of the Trans-Siberian Railway. It is the largest port in the Russian Far East.

Baikal Amur Mainline. The whole period was characterised by the rapid development of power engineering."

2.6.2. Baikal Amur Mainline

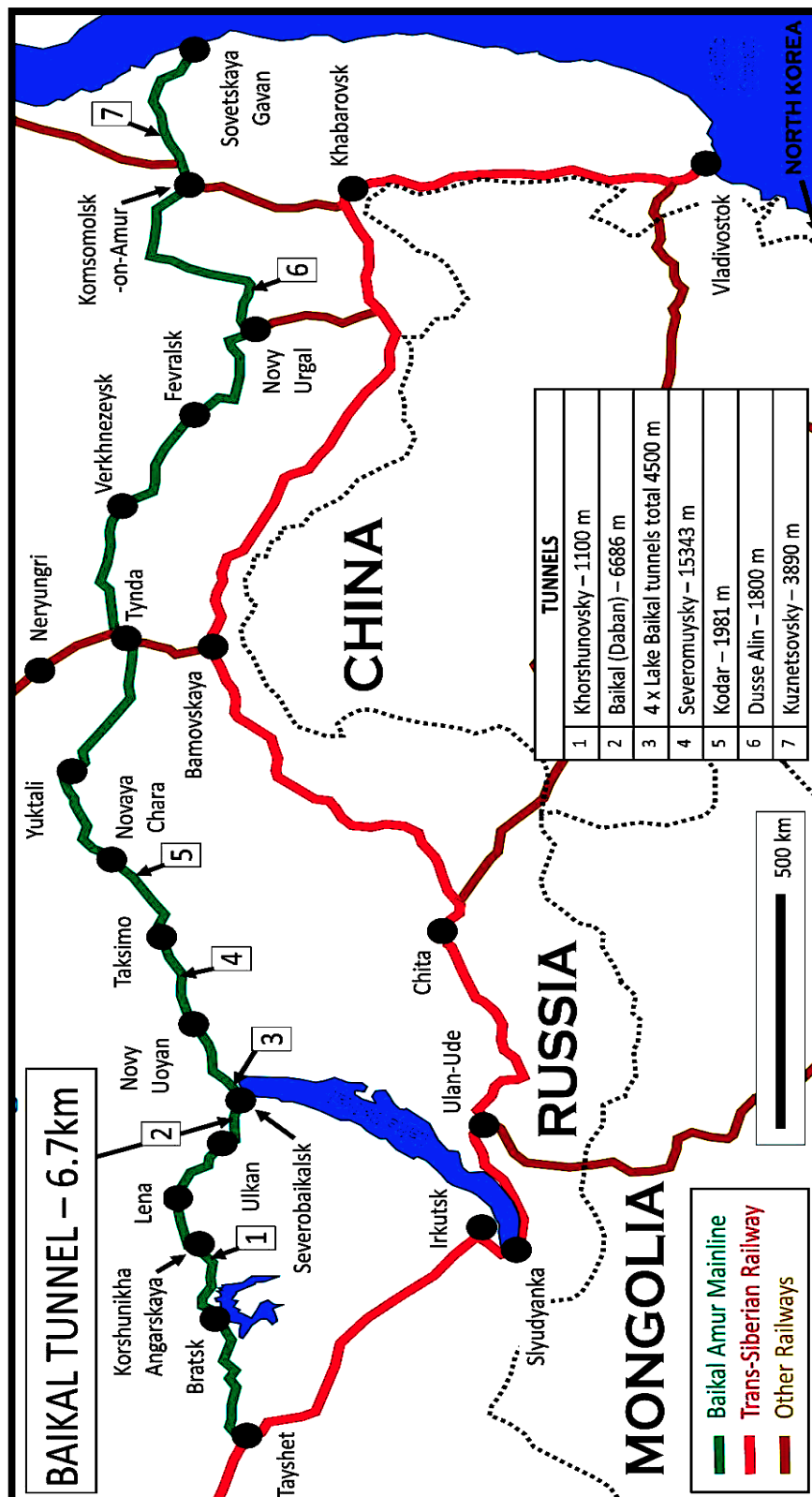
The Soviet Union's last major infrastructure project was the construction of the Baikal-Amur Mainline in the 1970s and 1980s. Baikal-Amur Mainline was one of the famous projects. The Baikal Amur Railway better known by its abbreviated form the BAM was a national project of the USSR in Siberia. Baikal-Amur mainline is often referred to as the second Trans-Siberian Railway⁴⁷. Its construction was begun before World War II, but was put on hold during the war and restarted again. (Map 5) To achieve self-sufficiency and exploit the resources was one of the major goals the Soviets sought in constructing the famous Baikal-Amur Railway⁴⁸ completed in 1991. The Baikal-Amur mainline is one of the most advanced systems, taking on the increased load within Siberian's transport system, enabling the entire economy to be organised systematically and planned spatially. The intention of BAM was to, encourage the growth of the number of industrial enterprises engaged for the most part in processing high-quality timber and mining copper and tin in this section.

In the late 1980s, the production of Siberian coal, oil and natural gas accounted for around 50 per cent of the USSR's total foreign currency earnings and is still a major factor today. However, the earning revenue was not getting used for the benefits of the Siberian; instead, it was directly going to the centre. The same applies to other sectors of Siberia's economic activity and natural wealth. (Bradshaw 1993) The second half of the century became a time of intensified development in Siberia. Many new industries were constructed during those times which are now the backbone of Russia's economic strength. They included petrochemicals (oil and gas), the aluminium industry, hydropower, military-industrial complexes, diamond production, and many others. Industrial giants emerged in almost every industry in Siberia.

⁴⁷The Trans-Siberian Railway is the longest railway in the world. It was built between 1891 and 1916 to connect Moscow with the Far-East City of Vladivostok.

⁴⁸BAM railway line links central Siberian Russia with the Pacific. The BAM parallels the Trans-Siberian Railway but passes north rather than south of Lake Baikal. Its construction started in 1938 but was dismantled for parts after World War II. It was restarted in 1974 and officially completed in 1991.

Map No. 5: Baikal-Amur Mainline



Source: Global Rail News (2018), Available at: <https://www.globalrailnews.com/2018/03/08/russian-railways-completes-the-second-bore-of-bams-baikal-tunnel/>

A large number of new cities and towns were built in Siberia. As a result, Siberia became an urbanised and industrial region. During the second half of the twentieth century, industrial output figures increased dramatically. By the 1980s Siberia's share in the gross national output of the USSR exceeded 10 per cent. The export of Siberia's natural riches provided over 50 per cent of the USSR's foreign currency income. Today, Siberia remains one of the backbones of Russia's economy and finances. The region produces over 40 per cent of all Russia's electrical energy; over 70 per cent of the country's coal; nearly 100 per cent of the gold, over 95 per cent of the diamonds; over 70 per cent of Russian oil; over 90 per cent of the gas, almost 85 per cent of the aluminium production and over 50 per cent of the cellulose. (Ablazhei 2010)

Relatively new means of transport appeared, including air and road transport and pipelines. Thus, it was in Siberia that the world's first passenger jet airline appeared, travelling between Irkutsk and Moscow. Developments in the transport system accelerated Siberia's economic exploitation. The agricultural situation in Siberia in the second half of the twentieth century remained difficult to deal with. Yet, during this period the authorities made a series of attempts to revive this vital sector of the economy. In the late 1980s, the production of Siberian coal, oil and natural gas accounted for around 50 per cent of the USSR's total foreign currency earnings and is still a major factor today. However, most of the revenue was used, not for the direct benefit of the energy-producing regions, but went straight to the central Fund. The same applies to other sectors of Siberia's economic activity and natural wealth. In other words, Siberia was, and still is, being used as a 'resource frontier'. (Naumov 2009) During the 1980s, in East Siberia and the Far East, a number of Free Economic Zones were established to encourage foreign investment in Siberia. Trade relationship was established between the Siberian enterprises and foreign business, and local commercial banks, and joint stock and commodity exchanges. It was during this time, Siberia established its business links with many Asian-pacific countries, namely, China, Japan, South Korea, the United States, and Australia. During 1970s and early 1980s, Soviet Russia focused on the development of Siberia and the Russian Far East by launching numbers of long-term industrial and construction projects for the whole of Siberia including the world's largest aluminium plant, huge dams, and power plants, and the world's longest freight railway line. (Valdai 2012)

2.7. Russia's Approach towards Siberia under Mikhail Gorbachev

In 1985, Mikhail Gorbachev became the leader of the Communist Party of the Soviet Union (CPSU) from 1985 to 1991. His two policies, Glasnost and perestroika which were introduced to democratise the country's political system and to decentralise the economy led the downfall of communism and the disintegration of the Soviet Union in 1991. By 1985, Siberia and the Far East were the most highly urbanised regions of the country, with over 70 per cent of the population living in cities. Not only is Siberia a region that provided exports for trade, but it also provided direct access to Pacific Asia, a region that became a major supplier of imports to assist "scientific and technological progress." (Ablazhei 2010) The economic potential of relations between Siberia and the countries of the Pacific Rim⁴⁹ has been an important consideration in Russian and Soviet foreign policy for centuries.

During a visit to West Siberia in September 1985, Mikhail Gorbachev said, "Over the past four years, the population of the Russian Republic's Eastern regions has grown through an inflow of workers and specialists from other parts of the country. But one also cannot fail to see something else: large numbers of people have left the region. Hence, we shall have to continue to step up housing construction in Siberia and the Far East, improve the supply of food and consumer goods to the population, and develop the service sphere, public health, and education." (Valdai 2014) Gorbachev made it clear that Siberia's role in the Soviet economy would continue to be primarily the role of a resource periphery to the European Russian core. In this respect, its role was three-fold. First, Siberia was to be a supplier of certain resources to domestic markets to help stimulate the economic development of western regions of the country. Second, it was a supplier of resources to foreign markets to earn hard currency, gain technology, and promote the integration of the Soviet Union into the world economy. Third and closely related to the latter, Siberia and the Far East had to provide the Soviet State with access to Pacific Asia. (Hausladen 1989) The economic potential of relations between Siberia and the countries of the Pacific Rim was an important consideration in Russian and Soviet foreign policy for centuries. Gorbachev himself had clearly indicated the importance of the Asia-Pacific region to his

⁴⁹ The Pacific Rim is made up of the countries that ring the Pacific Ocean, from Oceania and Asia to the Americas.

proposals for economic change. In this regard, Siberia stands ready to continue in its role as a provider of resources for international trade, particularly with the countries of the Asia-Pacific region, and as the bridge between the Soviet Union and East Asia. (Akaha 2001) At the beginning of the Mikhail Gorbachev period, Siberia was reasonably well-developed in economic terms with a population of over 32 million. (Alekseev 2010) However, in common with the rest of the Soviet Union by that time Siberia had come face to face with the problems created by the socialist economy. The characteristic of these issues were: a decreased tempo of growth in productivity; a decline in efficiency in the use of productive capacity; destruction in the agrarian sector; and uneven dependence on raw material resources in industrial development, leading to pollution of the environment including the dumping of harmful substances around many industrial plants. Under perestroika, the Siberian economy lost most of Russia's regionally directed investment. (Kotkin & Wolff 1995)

In 1988, Gorbachev argued that: “The economic position of the USSR in the Asia-Pacific region is the subject of our major concerns, reflections, and concrete measures. We would like to make the effective foreign economic links of the USSR’s the Far East serve the goals of the social and industrial development of this Soviet region. It is not an ad hoc but a long-term task. It is not a tactical but a strategic goal.” In his famous speech in Vladivostok in 1986, he tried to prioritise relations with Asia and the development of Russia’s eastern territories. (Valdai 2012)

A direct consequence of this situation was a steady increase in economic difficulties and dissatisfaction among the population. Even in the first half of the 1980s, most regions of Siberia were experiencing interruptions in the supply of certain foodstuffs. Therefore, Gorbachev’s announcement of the policy of perestroika⁵⁰ and the renewal of society, in general, was greeted with hope by the Siberians; hope that their lives and economic situation would improve. At first, Gorbachev’s policies received popular support in Siberia as in the rest of the USSR. These hasty reformations led the country into a severe economic crisis, which slowly turned into a socio-political crisis. (Kholina 2010)

⁵⁰Perestroika was a political movement for reformation within the Communist Party of the Soviet Union during the 1980s and 1990s and is widely associated with Soviet leader Mikhail Gorbachev and his glasnost policy reform.

During the perestroika years, the economic situation in Siberia grew noticeably worse. These measures caused popular dissatisfaction and led to disappointment both with the policy of perestroika and with Gorbachev himself. (Naumov 2009) Siberians first made loud complaints about their problems in the summer of 1989, when the famous miners' strikes⁵¹ spread throughout the USSR. Signs of open disaffection began to appear in the spring of that year. Spontaneous local strikes with demands for higher wages, improvements in working conditions, reductions in the administrative apparatus and soon began to occur in a series of workplaces. In July 1989 a massive upsurge in the workers' movement took place specifically in Siberia. This played a significant role in the weakening and collapse of the Communist system. However, Gorbachev's announcing of the policy of *glasnost*⁵² in 1987 added to the very scale of this strike. It led to the rapid collapse of the Soviet Union and the development of a separate Russian State in next few years. (Naumov 2009)

2.8. Siberia under Boris Yeltsin (1991-1999)

After the disintegration of the Communist system and the end of the USSR, Boris Yeltsin was the first leader of the Russian Federation who served from 1991-1999. Since 1991, Russia's role in Asia-Pacific was a function of the internal Russian debate between Atlanticists and Eurasians. The former advocate and the latter suggested an orientation that focused more on the East. (Kholina 2010) With the strong endorsement of the then President Yeltsin, the newly established Russian Federation first launched as essential pro-West foreign policy. Leaders argued that the new republic should adopt the West as a political, economic, and social model as a means to ensure that it remained a great European power. It was argued that the West was the best positioned economically and technologically to bail Russia out of its economic predicament and working with the United States, the sole superpower, was critical. The West welcomed Russia's "look west" policy. The interest of the vanquished superpower in joining the West's ranks symbolised the West's final victory over communism and in the Cold War. (Desai 2005) In January Yeltsin

⁵¹ A weeklong strike by Soviet coal miners demanding better supplies of food, safer working conditions, more housing and an environmental cleanup around their mines in western Siberia grew to about 100,000 workers on Sunday and threatened to turn into a general strike there.

⁵² Glasnost was Soviet policy of open discussion of political and social issues. It was instituted by Mikhail Gorbachev in the late 1980s and began the democratisation of the Soviet Union.

declared that Russia's "one track" focus on the West "had come and gone." He added that: "The recent series of visits to South Korea, China, and now India is indicative of the fact that we are moving out of a western emphasis in Russian diplomacy." He also added that Russia's initial pro-West orientation was largely tactical in nature: "Russia's independent policy started with the West. We started with the United States and we believe that it was justified. We had to lay the main foundation - that is, to prepare a detailed treaty on the global reduction and elimination of strategic nuclear weapons - on the basis of which it would be easier, afterward, to build relations with any country, be it in the West or the East, Europe or Asia."

Since the break-up of the Soviet Union, the Kremlin has struggled to produce a viable model for organising centre–region relations. In 1990, Boris Yeltsin famously encouraged the regions to ‘Take as much sovereignty as you can swallow.’ This ushered in a decade of ad hoc decentralisation⁵³ and federalisation of the Russian State - partly the desired development, and partly because of Moscow’s greatly reduced capacities and resultant failure to fulfil its obligations vis-à-vis the regional level. From the turn of the millennium, however, political priorities shifted. The transfer of power and responsibilities to the regional level was first halted and then replaced by far-reaching re-centralisation. (Blakkisrud 2015)

One of his primary goals was not just to reform the planned Soviet economy, but to establish it once and for all. By the same token, he believed that the Soviet political system had to be overturned. (Desai 2005) To achieve this end, the government implemented the Gaidar-Chubais “*shock therapy*”⁵⁴ reforms within the Russian Federation. These reforms involved abolishing price controls, the elimination of state subsidies, and the privatisation of state-owned property. The reforms resulted in a dramatic increase in prices and massive hyperinflation⁵⁵, however, socio-economic contrasts among the regions sharpened and millions of Russians were thrown into

⁵³Decentralisation is the process by which the activities of an organisation, particularly those regarding planning and decision making, are distributed or delegated away from a central, authoritative location or group.

⁵⁴The term "shock therapy" refers to a set of radical economic reforms aimed at rapid economic stabilisation, liberalisation, privatisation and the opening of the economy to international trade.

⁵⁵In economics, hyperinflation is very high and typically accelerating inflation. It quickly erodes the real value of the local currency, as the prices of all goods increase. This causes people to minimise their holdings in that currency as they usually switch to more stable foreign currencies, often the US Dollar.

poverty. (Kholina & Mironova 2010) The government did almost nothing to minimise the social impact of the reforms on the most vulnerable groups. Thus, the reforms had a negative effect on the majority of the population; the cost to ordinary people was excessively high and living standards deteriorated. As a result, the popular support for the government in 1991-1993 had eroded almost completely by 1999, when only about 5 per cent of the population backed the reforms. The negative effects of the market reforms in the 1990s were much more pronounced in Siberia and the RFE. (Inozemtsev 2012)

Many industries could not survive in a competitive economy, including the military industry, and those industrial cities in remote and harsh environments. As described above, defence and heavy industries dominated Siberia's economy. Excepting oil and gas, other industries were not competitive either. A 1996 study estimated that the food processing, forestry products, light industry, chemicals, agriculture, ferrous metals, coal, forestry, and fishing industries could not be competitive at world prices, and would be unprofitable. (Thorton 2011) In 1998, industrial production stood at only 50 per cent of 1990 production. Industries could not satisfy market requirements. Siberia was de facto being de-industrialised. The region's infrastructure, including roads, railways, and engineering works, rapidly deteriorated. Passenger air service and railroads declined. The economic situation continued deteriorating until the end of the 1990s. (Desai 2005)

The breakdown of the economic system, as well as the economic crises, had a negative impact on the development of Siberia. For the first time in its history, Siberia's population sharply declined and entered a phase of de-urbanisation, along with an increase in crime rates and the deterioration of the health system, causing life expectancy at birth to shrink. Indeed, out-migration to other regions increased and surpassed in-migration for the first time in centuries. "For the most part, Siberia became an unpleasant place to live. From a region in which the population had steadily grown during the course of 400 years, mainly to in-migration from the European part of the country, it became a region from which people began to migrate to other places." (Naumov 2006) Much of the Yeltsin period was marked by widespread corruption, and as a result oil and commodity prices turned out to be very low during the 1990s, Russia suffered inflation, economic collapse, and enormous

political and social problems. The extremely complex process of reforming the economy, known as the ‘Shock Therapy’⁵⁶, began within the Russian Federation. Siberia experienced full of difficulties involved by this new government policy. The basis for this policy lay in freeing up the pricing mechanism and the privatisation of state-owned property. However, these measures did not provide the expected rapid boost to the economy. Liberalisation of prices led to hyperinflation. The lack of a clear aim in government economic policy, which was subject to strong influence by political opportunism and the lack of an effective state regulatory mechanism, led the Russian economy, including its Siberian element, into a deep crisis. During the crisis, hundreds of enterprises were closed down in Siberia and the volume of industrial production decreased repeatedly. The machine building sector suffered particularly severely. The decline in industrial production continued until the 1998 devaluation⁵⁷. The shock therapy came into existence to restructure the Soviet administrative command system and put the market-based economy into practice. The ‘shock therapy’ reforms and the economic crisis of the 1990s had an extremely deleterious effect on the Siberian population. For the most part, Siberia became an unpleasant place to live. From a region in which the population had steadily grown during the course of 400 years, mainly through in-migration from the European part of the country, it became a region from which people began to migrate to other places. Legal and illegal Chinese immigration began to be a serious problem for Siberia in the 1990s. According to some figures hundreds of thousands of Chinese immigrants are now living in Siberia. They are involved in trade, craft industries, agriculture, and poaching. Many of the media regard this phenomenon as dangerous for the region, fearing gradual Chinese colonisation, leading to Russia’s loss of Siberia, particularly the Far Eastern regions. (Thornton 2011) The crisis of the 1990s was caused not only by a continuation of Russian government policy, but it also resulted from a series of objective and subjective factors. More than anything else, it resulted from the disproportion in industrial development which took place during the ‘socialist era’, the incapacity of existing industries to satisfy market requirements, the low

⁵⁶A sudden and dramatic change in national economic policy that turns a state-controlled economy into a free-market one. Characteristics of shock therapy include the ending of price controls, the privatisation of publicly owned entities and trade liberalisation.

⁵⁷The Russian financial crisis hit Russia on 17 August 1998. It resulted in the Russian government and the Russian Central Bank devaluing the ruble and defaulting on its debt.

technological level of many industrial goods. Under the Soviet Union, Siberia changed its appearance significantly and at the same time made an enormous contribution to the Soviet treasury. It will be adequate to mention that from the mid-1970s onward the western Siberian petroleum complex was the USSR's primary source of hard currency. Siberia made its socio-political presence strongly. Siberia played a prominent role in the fall of the Communist regime. Due to the economic crisis of the 1990s huge industrial and mining complexes turned into deserted, vital infrastructure facilities in the region were broken down of severe cold, a large number of people died or migrated other places. Siberian's economic relations with the foreign country became entangled after the USSR's disintegration. With the collapse of the Soviet Union, Siberians distanced themselves from the Russian government and became more open to foreign travel and trade. Siberia gradually moved from an unknown territory of Russia to a region of strategic importance on the world map. After the disintegration of Russia, Siberia has appeared in the limelight again following the Eurasian regional development. Throughout the Siberian history, since Siberia's original conquest to till now, whether it was the Tsarist's time or the times of the Russian Federation, Siberia has always been known as a resource frontier.

Under Yeltsin, the outlook for Japan-Russia relations was positively bright midway through 1998. The new momentum in relations was largely due to the personal dynamics that developed between the then Japanese Prime Minister Hashimoto Ryutaro and the then Russian President Yeltsin. The two countries held two "no-necktie summits"⁵⁸, in Krasnoyarsk, Russia, in November 1997 and Karwana, Japan, in April 1998, where they were able to push relations forward. In Krasnoyarsk, the two leaders announced they would do their best to agree to a peace treaty by the year 2000 that would accord with the Tokyo Declaration of October 1993⁵⁹, a commitment that was confirmed in Karwana. The hopeful tenor in relations in mid-1998 was profoundly dampened by the financial crisis that affected Russia late in the summer. Coupled with Hashimoto's resignation as the then Prime Minister, as well as ongoing

⁵⁸No-Necktie Summit is a meeting between two world leaders during which formal attire is not worn by either party. The meeting may take place at a venue which is usually not associated with business meetings. Even though the attire is informal, the issues discussed will be of serious nature.

⁵⁹The Tokyo Declaration, signed by Yeltsin and then Prime Minister Morihiro Hosokawa in October 1993, recognised the Soviet-Japanese Joint Declaration of 1956, which noted "prior returning of 2 islands," and agreed that both sides would negotiate the territorial dispute in accordance with the prior agreement.

political uncertainty in Russia at that time, the possibility of agreement on a peace treaty by 2000 also seemed problematical. (Thornton 2011)

Since 1991, Russia's leadership preoccupied with domestic concerns and gave little attention to the outside world. Relentless domestic instability had cast a shadow over Russia's future. The problem of the Yeltsin succession - especially given his age and health concerns was also trouble. (Naumov 2006) As a result, many countries, including Asian-Pacific ones, maintain a "watching brief" over Russia and, although trade with Russia was continued, they chose not to undertake long-term investment projects until there is some modicum of stability.

2.9. Conclusion

Historically, Russia's leadership has approached Siberia from the perspective of its resource potential and as a military outpost. The colonisation and further integration of the region with the rest of the country was undertaken selectively, depending on the security-political and economic essentials of Russia as a whole. In Soviet times, the Siberian region played a more important role than in the previous centuries. The development of Siberia in Imperial and Soviet times followed a rationale: the geostrategic principles had a higher priority than the commercial ones. Russia's centre has approached Siberia from the perspective of its resource potential and as a military outpost. The assimilation, development, and further integration of the region with the rest of the country was done selectively, depending on the military-strategic, political, and economic imperatives of the central regions and the country as a whole.

What is lag behind the development of Siberia and the Russian Far East is not a shortage of human or financial capital but the lack of a proper strategy either from the Russian side or integration into Asia. The development of the Far East and Siberia is the requirement for Russia to realize its nation building. Though Russian eastern region has unique resources and geographical advantages, the restrictive factors of development are also very obvious: under-exploited resources, under-developed economy, harsh climatic condition and it's sparsely populated area. The standard of living for the majority of Siberians also remains fairly low which leads to migration. At the present moment, the Siberia region requires, basic public goods, including national security, public safety, legal, transportation, and communication

infrastructure, social welfare, environmental protection, and resource conservation, from either the central government or the international community. Since the Siberia's raw material resources are significant for Russia, the Russian government must dedicate greater attention to its development. Without Siberia and its resource potential, Russia's position will move towards the back in the present-day. Without the improvement of trade, economic, political and social relations with the Asia-Pacific countries, its impossible for the Russian Federation to accelerate the development of Siberia and the Russian Far East. By improving its relations with the Asia-Pacific countries, Russia will not only gain access to new opportunities, but will also have to look for answers to new challenges created by the geo-economic and geopolitical consequences of Asia's growing role in the world.

Chapter 3:

Siberia in the Post-Soviet Times

To leave this region [Siberia] unattended would be a manifestation of prodigious state wastefulness. This region cannot be closed off with a stone wall. The East has awakened gentlemen, and if we do not use these riches, then it will be taken by others, even if only by means of peaceful penetration.

P. Stolypin

3.1. Introduction

Throughout history, Russia has attempted various ‘pivots’ towards its eastern region. The most recent one entered the public debate as ‘the turn to the East’. This ‘pivot’ has three main parts: a programme for the socioeconomic development of Siberia and the Russian Far East, efforts towards economic integration into the Asia-Pacific region and strategic bilateral and multilateral political engagement with the Asian-Pacific countries. (Fortescue 2016) The development of Russia's Eastern Siberia and the Far East relies on two vehicles for possible cash inflows. First, by exporting natural resources to the Asian-Pacific countries and, second, capital inflows inside/outside Russia into the manufacturing sectors of the region. Capital inflows mainly depend on how the economic policies of the Russian government can attract investors. The natural resources exports to Asian-Pacific Countries are to a large extent depends on the subject to their own economy. (Sakai 2017) The ongoing shift of economic and political activities to the East has put Asiatic Russia in the spotlight. Siberia is no longer on the world’s periphery but close to one of the centres of the new global order. Thus, for the first time in history, Asiatic Russia may serve not as a buffer against invaders but a source of competitiveness. (Karaganov 2011) Similarly, Siberia’s abundant natural resources, its proximity to Asian markets and capital, and its strategic location between east and west serve as a boost for huge economic growth.

The development of Siberia and the Russian Far East has long been recognised as an important issue for Russian authorities. (Lee & Lukin 2016) This recognition has been linked to the economic potential and untapped resources of the region, as well as to concerns that an underdeveloped and sparsely populated region could, in the long term, fall victim of Chinese expansionism. (Lukin 2007) Over the last few years, developing Siberia and the Russian Far East has become a growing political priority, with the clear objective of enabling Russia to benefit from closer cooperation with the

fast-expanding East Asian economies. (Karaganov 2014; Lo 2014) To this end, Russia has adopted a range of political strategies and investment plans aimed at developing infrastructure and generating growth in the Siberian and Far Eastern federal okrugs. Through developing the eastern regions, Russian authorities seek to tie the western part of the country closer to the Asia-Pacific, thereby facilitating a ‘turn to the East’. (Jeh 2015)

This chapter understands the Russian state’s policy towards Siberia after the disintegration of the Soviet Union, particularly in view of the political, economic and security challenges emanating from the region. This study shows how the Russian authorities have struggled to come up with a viable model for organising centre–region relations in general and interaction with Siberia and the Far East in particular. To achieve the ambitious goals the Kremlin has set for itself as regards turning the Far East into Russia’s gateway to the Asia-Pacific, a new ministry was introduced in 2012. This study analyses the preliminary experiences with the work of the new Ministry for the Development of the Far East and its interactions with the rest of the institutional set-up. It presents an analytical review of major issues in the Siberia and the Russian Far East, which include economic development, natural resources, social issues, international relations, and security concerns. This chapter explains the way in which Siberia symbolises Russia’s opportunities and vulnerabilities: Siberia’s vastness, richness, and vulnerabilities epitomise the difficulty of controlling territory and integrating it into a broader region. It has also critically analysed the state’s policies that have been put in place to address the multiple challenges that Moscow is confronted with from its far-flung region notably Siberia.

After centuries of the relationship between the Siberia and Russia, Siberia still retains its mystery and charm as a land of great challenges with even more greater potential. The history of Russian Siberia has witnessed many changes, while the fundamental nature of its relationship with European Russia, a classic core-periphery relationship, has remained unchanged. The key component of this relationship has been the settlement-system, which has provided the means for control and exploitation. A large number of factories and plants, electric power stations and industrial centres are built in the country in all its regions including Siberia. At present, the Russian Federation is the world’s second largest industrial power exceeded in overall production only by the

United States. (Hausladen 2012) Russia owes its status as a global power to Siberia, which makes Russia more than a 'vast European country.' Siberia is Russia's backbone and the leaders know this very well. (Karaganov 2014) Thus, Siberia plays an important role for the Russian Federation; without Siberia, Russia would not be a great power, and what is more, would no longer be Russia. Without Siberia and its resource potential, Russia and its economy would be condemned to a permanently backward place in the dynamically modernising contemporary world.

Siberia and Russian Far East (RFE) at the same time is considered as a trouble region because of its economic conditions, corrupt governance, and cross border problems with China, Japan, South Korea, and North Korea. (Bordachev & Yevgeniy 2014) Due to Russia's fears that the Siberian region might disengage itself from the centre and other global powers may capture a hold in the region, Moscow started to show some genuine interest in this area. USSR did neglect this region until its disintegration in 1991. Even after the disintegration, this region was still abandoned by the centre. Centre's negligence left the Siberian region economically underdeveloped and demographically challenged. Recently, Moscow has started focusing on the Siberia and Russian Far East due to its rich supplies of natural resources and strategic location in the North Pacific. (Korolev 2016) The Russian Far East in its vulnerability and vastness symbolises the inherent difficulty of controlling territory, as Fyodor Lukyanov put it: "without consolidating the vast Russian territory Russia will not be able to continue as a great power." (Jeh 2015) And Siberia now poses a different challenge to Russia in the twenty-first century from what it did at the beginning of the twentieth century. This time Siberia faces challenges and risks because of its less and decreasing population, lack of infrastructure, low living standards, poor climate condition and extremely cold weather, and its huge distance from Russia which limits the economic, political and social growth of this region. Due to its huge distance from Russia could lead the region to become a supplier of raw material for Asia, particularly of China. According to Trenin (2012b), Russia must need to change this situation if it wants to stay as a global power. This may be a greater challenge even than the one Russia faced a hundred years ago.

3.2. Federal Policies towards the Development of Siberia

In 1987 Gorbachev announced a long-term plan for the development of the Soviet Far East to the year 2000, but this never evolved. Since then, succeeding administrations announced ambitious federal programmes for the development of the region which have come to nothing. As a recent Russian analysis points out, ‘central authorities have destroyed all the Russian Far East development programmes since 1985.’ (Amirov & Mikheev 2009) During the presidential election campaign in 1996 Yeltsin announced a new 10-year programme for the economic and social development of the Russian Far East. However, under Yeltsin, like Gorbachev, little was achieved. Putin showed relatively interest in such programmes, even attempting to reduce funding for existing programmes. (Wishnick 2002) The failure of military conversion programmes and the recommencement of weapons deliveries were among the reasons why such development programmes struggled (Busygina 1995), but the lack of funds was, as always, the main reason and the more recent global financial crisis has intensified existing problems, which does not predict well for the future of the Strategy for the Development of the Far East and Siberia.

Since the disintegration of the Soviet Union in the 1990s, Siberia and the Far East were left to survive mainly on its own, developing cross-border relations and integrating into global trade, while Moscow retained the functions of protecting the borders and preventing secessionism. During this period, business activity in the Russian Far East was closely linked to international trade, primarily within the Asia-Pacific region. (Lukin 2016) However, few concrete steps were adopted. It was only in the aftermath of the 2008 global financial crisis, the Russian authorities began to give political priority to the Siberian region, with a clear objective of enabling Russia to benefit from closer cooperation with the fast expanding East Asian economies. (Bordachev & Kanaev 2014) Since then, Moscow has adopted a range of political strategies and investment plans aimed at developing infrastructure and generating growth in the Far Eastern Federal District.

Vladimir Putin and Dmitri Medvedev have remarked several times on the necessity of intensive economic and social development in Siberia and the Russian Far East. President Putin has declared that the development of Siberia and the RFE is Russia’s

priority. There is evidence of frequent visits of the President and the Prime Minister to Siberia. There are also several projects has undertaken by the government such as the APEC⁶⁰ summit in Vladivostok in 2012, the creation of the Ministry for the Development of the Far East, the inauguration of the *Vostochny Cosmodrome*⁶¹, as well as new pipelines, railways, highways and industries. In 2000, Vladimir Putin warned that if the Russian Far East failed to develop, then, its residents would be speaking Chinese, Japanese or Korean. (Molchanov 2012) At the end of 2006, Putin told in his speech that the socio-economic conditions of Siberia and the Russian Far East represented a threat to national security or the Russian Federation. Specifically, he complained that foreigners keep coming while Russia's population declines, therefore the region is becoming separated from Russia and "emerges as the biggest threat to Russia." (Putin 2006) In 2008, during a speech in Kamchatka, the then-president Dmitry Medvedev also said that, if Russia was unable to develop the Russian Far East, then it could become a raw material base for the Asian countries; and "unless we speed up our efforts, we can lose everything," he declared. (Medvedev 2008) Medvedev also admitted in his speech that Siberia's development not only depends on Russia but also the development of its ties with Russia's main Asia-Pacific partners. Therefore the Siberia's regional development strategy must be coordinated with China's regional strategy of rejuvenating its old industrial base in Heilongjiang province. (People's Daily Online 2009) From 2009, Russia started taking Russian Far East's problem seriously by increasing its interest. In addition to joining the East Asia Summit, Russia hosted the 2012 APEC Leaders' Meeting as an opportunity to demonstrate its regional links, by highlighting its desire to promote the region to foreign investors and APEC partners.

At the end of 2012, Putin warned that the socio-economic isolation of the Russian Far East and its failure to exploit its resources represented a threat to national security. The Russian Federation established a commission that was supposed to have "the status of a governing body and could be a ministry for the Far East." (RIA Novosti 201 6) After becoming the President for the third time in 2012, President Putin

⁶⁰ Asia-Pacific Economic Cooperation (APEC) is an Inter-governmental forum for 21 Pacific Rim member economies that promotes free trade throughout the Asia-Pacific region

⁶¹ The Vostochny Cosmodrome is a Russian spaceport under construction on the 51st parallel north in the Amur Oblast, in the Russian Far East. It is intended to reduce Russia's dependency on the Baikonur Cosmodrome in Kazakhstan.

took an important step in May regarding expanding the federal government to include a Ministry for the Development of the RFE, to be based in Khabarovsk. A Decision was taken to improve the railways, roads, electricity, pipeline networks to deliver materials to Asian-Pacific countries. There are not only frequent visits of President and Prime Minister to Siberia, but also numbers of several projects are being undertaken by the government. The creation of the Ministry for the Development and the ongoing construction of the Vostochny Cosmodrome are some of them. The Strategy of Social-Economic Development of the Far East and Baikal Region to the Year 2025 promises that the first stage of development was to be based on public investment in infrastructure, including the Trans Siberian railways⁶² and BAM⁶³ mainlines, road networks, pipelines, power systems, and ports to move Siberia's resources to Pacific markets and improve the social infrastructure for population. (Turovskii 2016) Completion of the Eastern Siberia-Pacific Ocean pipeline⁶⁴ to deliver oil to China is an example of Russia's commitment towards Siberia. Nevertheless, Russia has been putting emphasis on the integration with the Asia-Pacific region for the development of its eastern region. On 2013 "Federal Targeted Program for the Socioeconomic Development of the Far East and Transbaikal Region through 2018" was adopted with a total budget of about 700 billion rubles from 2014 through 2018. (Kremlin.Ru 2013) Separate from these industrial promotion efforts, in December 2009 the government drafted the "Strategy for the Socioeconomic Development of the Far East and Baikal Region through 2025" with the goal of stabilising the population in the Far East based on which it drafted the "State Program for the Socio-economic Development of the Far East and Baikal Region through 2025" in March 2013. (Karaganov 2014) The Siberian region holds enormous wealth and natural resources but at the same time Siberia's isolation, general backwardness, and the decreased population are also quite visible. It poses a threat to the security of the Russian State. The fears that come into after seeing these conditions that if the Siberia and Far Eastern provinces separate themselves from the centre then Russia as

⁶²The Trans-Siberian Railway is a network of railways connecting Moscow with the Russian Far East. With a length of 9,289 kilometres, from Moscow to Vladivostok, it is the longest railway line in the world.

⁶³The Baikal–Amur Mainline is a 1,520 mm broad gauge railway line in Russia. The BAM was built as a strategic alternative route to the Trans-Siberian Railway, especially along the vulnerable sections close to the border with China.

⁶⁴The Eastern Siberia–Pacific Ocean oil pipeline is a pipeline system for exporting Russian crude oil to the Asia-Pacific markets. The pipeline is built and operated by Russian pipeline company Transneft.

a whole could break-up, and that way an outside power could gain power in the region. The development task is to prioritise the projects taken by the Russian Federation. The list of projects in the Far East Development Program includes the electric power sector, the transportation sector, such as railways, ports, airports, and roads, the resources sector, the production sector, including manufacturing and agriculture, and even a space station. The next challenge is to attract investors and business operators from home and abroad. Furthermore, the next biggest task is to improve the investment climate, efforts to discover and organise projects in order to attract the interest of private-sector investors and business operators.

With all these concerns in mind, Moscow has decided to make both Siberia and the Far Eastern region a top priority and commenced the policies for the growth of the economy and increases the standards of living. The policies and initiatives which the Russian government has launched to develop the eastern region include the policies given below:

3.2.1. Establishment of the Far East Development Department

Soon after the start of the third term of the Russian president Vladimir Putin in May 2012, the Ministry for the Development of the Russian Far East was established as the first ever federal ministry dedicated to the development of a specific region. The first policy was taken by the Russian government to strengthen Russia's administrative and economic presence in Siberia. The Russian government introduced a series of related policies and formulated the "eastward shift" program. One of the highlights of the new government was the establishment of the "Far East Regional Development Ministry." (Government.Ru 2012)

The Ministry has special privileges regarding drawing investment to Siberia and the Far East, implementing infrastructure projects, elaborating on documents with a focus on developing industries in the Far East, using legal regulations for small and medium-sized businesses, attracting labor resources and so on. (Government.Ru 2014) The creation of the Ministry with such wide credentials has not been the whole story. Currently, new institutions with a focus on the territories of advanced socio-economic development are being put in place. Those include Far East Development Fund, Far East Development Company, Agency for Attracting Investment and

Supporting Export of the Far East, Agency for Developing Human Capital. (Fondvostok.Ru 2014) Apart from this, Russia has also increased financial support for attracting person-power to Siberia and the Far East. The so-called “supportive money” has been increased to 240 thousand rubles for the applicant and to 120 thousand rubles for each member of his/her family. For Russia, it helps in accomplishing the task of bridging and integrating its Eastern and Western parts and narrowing the existing gap in socio-economic development between them. This is a strong purpose to the whole policy of socio-economic modernisation Russia is currently implementing. Furthermore, under this scenario, Russia more actively participates in the processes of regional economic cooperation. Developed Siberia and the Far East are the key factors to “embed” Russia in the economic development of Asia-Pacific; to foster the exchange of capital, technologies and manpower; and to expand and solidify ties between big companies. (Doff 2012)

This ministry also manages the development of the region and implementation of the state programme ‘On the Socio-economic Development of the Far East and the Baikal Region until 2025’, adopted in March 2013 and revised in April 2014 and August 2016. Moreover a separate commission, the Government Commission on the Socioeconomic Development of the Far East, over which Prime Minister Dmitry Medvedev personally presides, was added in 2013. (Jeh 2014) At the heart of these efforts aimed at improving the situation of the Siberian region stands the plan to create ‘territories of advanced socio-economic development’, commonly referred to as ‘advanced special economic zones’ (ASEZs). (Fortescue 2016)

3.2.2. Socio-Economic Development of the Far East and Baikal Region

The Russian government adopted a Federal Target Programme of Economic and Social Development of the Far East and Transbaikalia 2008-2013, which entails allocating large sums of money on the development of the Russian Far East, especially on developing Vladivostok’s infrastructure in the run-up to the 2012 Asia-Pacific Economic Cooperation (APEC) Summit there. The plan drew substantial criticism because it implied pouring extensive funds into several grand projects, such

as building a bridge to Russky Island⁶⁵. It was believed to do little to promote good governance and tackle corruption and bureaucratic impediments to developing business in the region. (Karaganov 2014) However, APEC Summit proved to be quite a success for Russia's bid to present Vladivostok as Russian gates to the Asia-Pacific and Russia's seriousness in becoming an integral part of the region,

Table No. 1: Overview of the Far East Development Program

Competent authority	Ministry for Development of Russian Far East
Aggregate investment	Approximately 10.7 trillion rubles
Federal government	Approximately 3.8 trillion rubles
Regional governments	Approximately 350 billion rubles
Private sector	Approximately 6.5 trillion rubles
Period	2014-2025
Coverage	Federal districts, Irkutsk Oblast, Buryatia Republic, Zabaikal Region
Composition	12 subprograms and 2 federal objective programs
Major projects	Development of the Trans-Siberian Railway and the Baikal-Amur Mainline (BAM) Railway, development of regional airports, construction of LNG plants, etc.

Sources: Mitsui Global Strategic Studies Institute (2018), Available at: https://www.mitsui.com/jp/en/sustainability/activity_report/governance/rearing/index.html

⁶⁵Russky Island is an island in Peter the Great Gulf in the Sea of Japan, in Primorsky Krai, Russia.

The next step took by the ministry in April 2013 was an ambitious federal-state program, “Socio-Economic Development of the Far East and Baikal Region,” designed to boost Gross Rating Point (GRP) of the Far East and Baikal region 2.2 times, increased industrial production by 53 per cent and expanded exports three times, respectively, from 2011 to 2025. The program is outlined in Table no. 1. Russia’s development policy for the Far East and the Baikal region can be divided into two aspects: the ‘plan’ and ‘institutional mechanisms.’ First, the plan is essentially based on the ‘Strategy for the Socio-Economic Development of the Far East and Baikal Region until 2025,’ which was approved in 2009, and is developing along the lines of the program, “Socio-Economic Development of the Far East and Baikal Region,” that was approved in March 2013 and revised in April 2014. (Kremlin.Ru 2013) The below program was put together in a short period of three months by the Ministry for Development of Russian Far East under President Putin’s instructions. It has been developed as an extensive development plan for the Far East and Baikal region.

The Far Eastern development programme includes two federal targeted programmes and 12 sub-programmes:

Federal targeted programmes:

1. Socioeconomic development of the Russian Far East and the Baikal Region to 2018;
2. Socioeconomic development of the Kuril Islands (Sakhalin Region), 2007-2015;

Sub-programmes:

1. Increasing the efficiency of the economy of the Russian Far East and the Baikal Region;
2. Developing the mineral and raw material industry of the Russian Far East and the Baikal Region;
3. Developing the forest industry of the Russian Far East and the Baikal Region;
4. Developing the fishing industry of the Russian Far East and the Baikal Region;
5. Developing the agriculture industry of the Russian Far East and the Baikal Region;

6. Developing the transport infrastructure of the Russian Far East and the Baikal Region;
7. Developing the power infrastructure of the Russian Far East and the Baikal Region;
8. Creating comfortable living conditions in the Russian Far East and the Baikal Region;
9. Ensuring environmental safety and protection in the Russian Far East and the Baikal Region;
10. Scientific and personnel support for the implementation of the state programme, Socioeconomic development of the Russian Far East and the Baikal Region;
11. Promoting tourism in the Russian Far East and the Baikal Region;
12. Ensuring socio-economic development of the Russian Far East and the Baikal Region.

3.2.3. Russia's Turn towards the Asia-Pacific Countries

The next major federal policy is to make strong economic links between the Russian Federation and the Asia-Pacific neighbours via Siberia. After being practically ignored in the 1990s, it seems that an understanding of the importance of the region has arrived, and efforts have been made to develop Siberia and to strengthen ties with Northeast Asian countries. (Karaganov 2012) Russia's comprehensive turn to Asia through the accelerated development of its the Far East and Siberia, officially announced soon after Vladimir Putin returned to power in 2012 and is still ongoing. The prolonged crisis in Russia's relations with the West in the wake of the Ukraine Crisis a powerful push and determination to Putin's "go east" strategy. Despite the lack of an absolute consensus about the preferred model of socio-economic development of Pacific Russia's territories and the ongoing debate over the overall attractiveness of the comprehensive reorientation to Asia, there is a growing recognition in Russia that the country's integration into the Asia-Pacific economic system through developing its the Far East and Siberia is essential for restructuring its economy and improving its geopolitical standing. In other words, Russia's integration into Asia-Pacific has become more a question of "how" rather than "if" or "why." It is more about how Russia will create and implement its development plans for Siberia

and the Far East, and how these plans can be optimised with the overall reorientation to Asia so as to avoid the resource trap and to diversify its export markets, rather than about fundamentally questioning whether Russia should carry out such policies. (Korolev 2016)

Nevertheless, Russia has placed increasing emphasis on the benefits of integration with the Asia-Pacific region, suggesting that integration will help to solve problems of development in Russia's Far Eastern regions and the border regions in particular. Thus, under Vladimir Putin and then Dmitry Medvedev, domestic and external linkages have been made far more explicit: this is clear from the Foreign Policy Concept of 2008, the National Security Strategy of 2009, and the Long-Term Socio-Economic Development Concept to 2020, as well as the Energy Strategy to 2030 - all are interlinked as part of the modernisation agenda which prioritises economic development and technological innovation. (Gazeta.ru 2016)

Siberia and the Far East's future depends to a great extent on its interaction with Northeast Asian countries. Moscow's strategic decision to link Siberia and Far East's future development close to the economic requirements of the Asian-Pacific countries. Russia considers China as one of the dominant trading partners for its eastern territory's products such as metals, coal, and timber. As a matter of fact, the development of Siberia is an internal issue for Russia; however, considering the region's geographical position, the integration of Asiatic Russia into NEA is important for the integration of Russia into the wider Asia-Pacific region. (Kimura 2013) Economic development cannot be achieved without strong economic ties with these countries. The study argues that attention should be paid to the economic demands evolving in Russia's Asian neighbours. It identifies and exposes four ongoing shifts: in the type of economic growth, in the sectorial structure of the economy, in the geography of exports, and in the geography of economic growth. These shifts generate demand for resources, such as energy, land, and water, and for intensive consumer goods, as well as for infrastructure connecting the newly emerging areas of growth in Asia-Pacific with the territories where such goods are produced. To make progress, Russia needs to consider these demands and construct policies accordingly.

Given the fact, the political and economic processes of Asia-Pacific are increasingly shaping the global development for Russia to maintain the status of an established global power is closely connected with raising its profile in Asia-Pacific. For the region itself, a developed eastern part of Russia will have no less significant positive result. It reduced an “asymmetry” between Russia and its Pacific neighbours, broaden and diversify spheres of mutual cooperation and therefore, owing to Russia’s abundant natural resources, contribute to a more dynamic and prosperous region as a driver of the global economy. This scenario facilitates efforts undertaken by Asia-Pacific countries to strengthen regional connectivity. Siberia and the Far East provides ample opportunities for joint infrastructure projects in transport, energy, telecommunication, food production and other spheres. Even if the key beneficiaries are China, Japan and South Korea, the positive cumulative effect will be felt throughout the whole region.

3.2.4. Eastern Economic Forum

The Eastern Economic Forum was established by Decree of the President of the Russian Federation Vladimir Putin in 2015. In accordance with the Decree, the Eastern Economic Forum takes place each year in Vladivostok. Every year, the Eastern Economic Forum serves as a platform for the discussion of key issues in the world economy, regional integration, and the development of new industrial and technological sectors, as well as of the global challenges facing Russia and other nations. First held on September 3–5, 2015, the second forum in September 2016 showed that APR countries were eager to work in Russia’s the Far East. (Government.Ru 2015) 34 investment projects were presented on the sidelines of the forum, and 216 agreements worth 1.85 trillion rubles were signed. Followings are the key objectives of Eastern economic forum:

- Strengthening ties between the international investment community, Russian business, and federal, regional, and local government bodies
- Conducting a comprehensive expert assessment of the economic potential of the Russian Far East and improving the region’s competitiveness and attractiveness to investors both nationally and internationally

- Showcasing new investment and business opportunities such as advanced special economic zones, Vladivostok Free Port, and state support for high-potential investment projects

The initiative to grant free land in the Far East, informally called the Far Eastern Hectare was launched in the summer of 2016. According to this initiative, any Russian national can apply for a land plot that is granted for a five-year term, after which it can be either leased or become private property. As of June 21, 2017, more than 94,200 applications were received, and over 21,200 land plots granted. The law on the Far Eastern Hectare was amended before the end of 2017 in order to reduce the number of applications that are turned down. (Kremlin.Ru 2016)

Apart from the main instruments designed to add momentum to the development of Russia's the Far East, there are also supplementary initiatives for promoting the region's industrial and infrastructure development. The region needs developing financial and investment infrastructure in order to integrate into the Asian Pacific Region and is already moving in this direction. In 2016, the Voskhod investment system⁶⁶ was launched at the Eastern Economic Forum for raising equity and debt for vibrant companies. Investment raised through this system is expected to total at least 3 billion rubles by the end of 2017. The program called Accessible Loans for SMEs was launched in November 2016 for supporting small and medium-sized enterprises. (Korolev 2016) It completed its pilot stage in March 2017, having financed 226 projects for a total of 2.7 billion rubles in Russia's the Far East in cooperation with Sberbank⁶⁷. The agreement to launch the second stage of the program was adopted in June 2017. The Government of the Russian Federation is currently examining the Demographic Policy Concept for Russia's the Far East until 2025. Under the concept, population outflow is expected to stop by 2020, and by 2025 the population in the Far East is projected to increase from the current 6.2 million people to 6.5 million people. The program features special initiatives to increase the birth rate and reduce mortality

⁶⁶The purpose of the Voskhod investment system is to create conditions and mechanisms for raising investment in economic development of Russia's Far East via the Russian financial market – from both Russian and international investors from the APR nations.

⁶⁷PJSC Sberbank is a state-owned Russian banking and financial services company headquartered in Moscow. The company was known as "Sberbank of Russia" until 2015. Sberbank has operations in several European and post-Soviet countries.

in Russia's the Far East. (Larin 2015) New mechanism for developing the fishing industry and aquaculture was introduced in 2016, including quotas for water bio-resources extraction for investment purposes. In addition, the Ministry has devised a mechanism for selecting investment projects in forest management and granting forest plots to investors without auction.

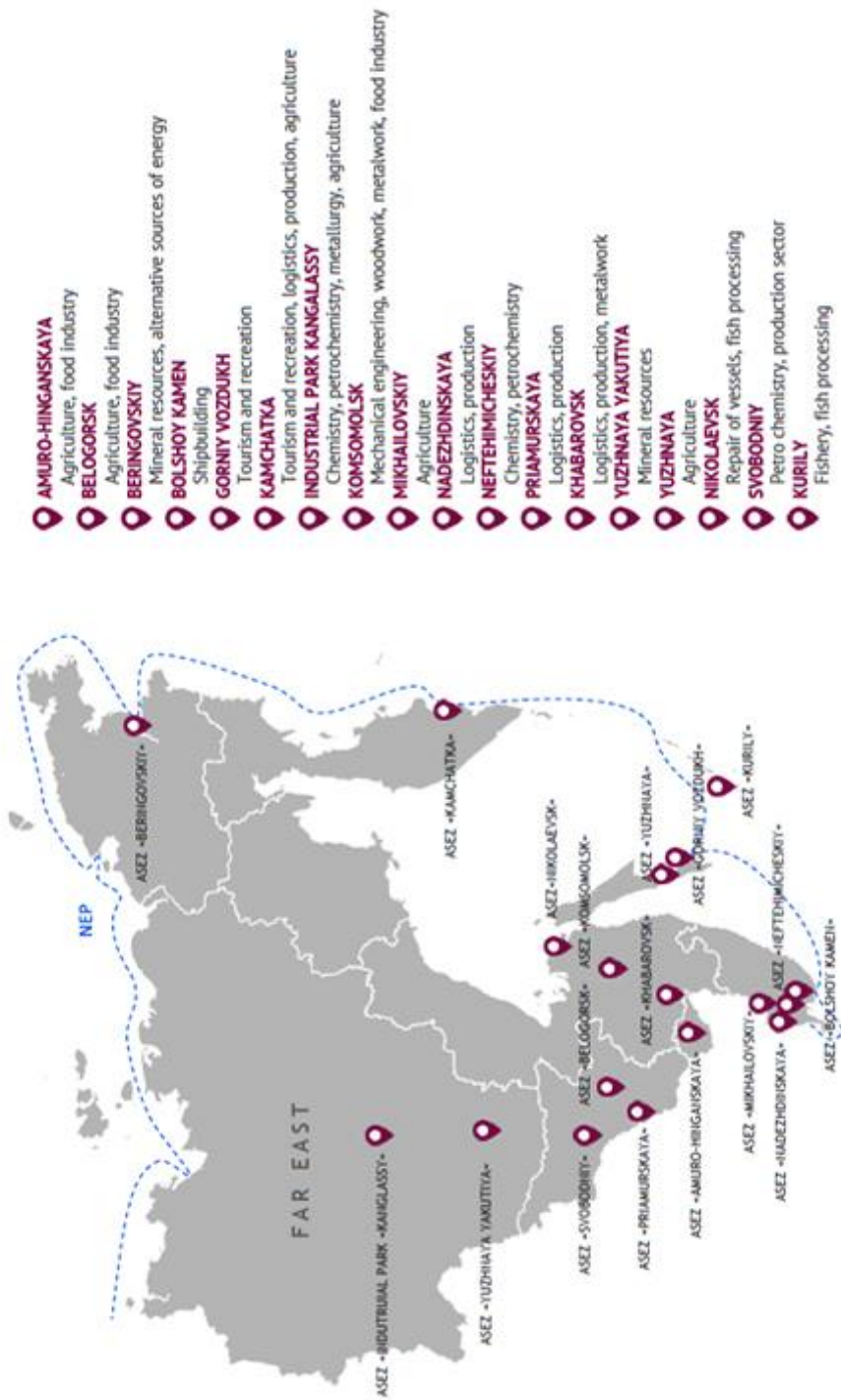
On the eve of the Eastern Economic Forum in 2016, a public signing was held of agreements with 21 residents of special economic regime areas in the Far East, according to an announcement by the Ministry for Development of the Far East. 18 projects have been implemented at Free Port Vladivostok and 3 in priority development areas, creating over 2.2 thousand jobs. (EEF 2016)

3.2.5. Creation of Advanced special economic zones (ASEZs)

A special economic zone (SEZ) is an area with a special legal status and economic benefits designed to bring Russian and foreign companies into priority sectors of the Russian economy. SEZs are formed under a federal program overseen by the Russian Ministry for Economic Development which became effective on 30 March 2015. The State management company Special Economic Zones OJSC (SEZ OJSC) manages the majority of SEZs and is responsible for recruiting and assisting resident companies. The ASEZ regime is based on deregulation and large-scale tax incentives. The idea behind the ASEZs is to foster a business and investment-friendly environment and to cultivate export-oriented industries targeting the Asia-Pacific region. This was to be achieved through the introduction of an institutional mechanism backed by unprecedented tax benefits, infrastructure development, and administrative support. President Putin picked up the idea in his annual address to the Federal Assembly in December 2013, emphasising the development of the Russian Far East as the top national priority of the twenty-first century. (Putin 2013) He proposed the establishment of a network of economic development zones to nurture the export-oriented manufacturing industry in the greater Siberian region, thus giving further shape and momentum to the plans for introducing ASEZs. The basic principles for the creation and operation of the ASEZs were approved by the federal government in February 2014 (Government.Ru 2014).

Map No. 6: Advanced special economic zones (ASEZs)

18 ASEZ Areas with Different Industrial Specialisation



Source: Far East Development Corporation (FEDC)

Sources: Far East Development Corporation (2016), Available at: <https://erdc.ru/en/about-tor/>

The ASEZs is a key component of the 2013 state programme ‘On the Socioeconomic Development of the Far East and the Baikal Region’. The August 2016 revisions focus on new mechanisms designed to achieve this accelerated development, including the ASEZs, the Free Port of Vladivostok and infrastructure support to major investment projects. (Government.Ru 2016) Together with the Free Port of Vladivostok regime, the establishment of the ASEZs is meant to stimulate regional growth by introducing new framework conditions for local and regional development, such as a favourable investment and tax regime and special financing available for infrastructure development. The objective has been set to present a couple of ASEZs in every one of the nine government subjects in the Russian Far East to ensure a balanced distribution of economic activities. To date, 18 ASEZs have been created in the Far East.

3.2.6. The Free Port of Vladivostok

There are ports to integrate the Far East with the fast-growing Asia Pacific economies have the resources to invest in the region. In September 2012, President Vladimir Putin article for the Wall Street Journal wrote that, “Russia has long been an intrinsic part of Asian-Pacific region. We view this dynamic region as the most important factor for the successful future of the whole country, as well as the development of Siberia and the Far East.” (Putin 2012) The Free Port of Vladivostok, one of the most promising investment projects in the Russian Far East. The Far East Development Corporation is also responsible for developing the Free Port of Vladivostok, one of the most promising investment projects in Primorye. The law introducing the Free Port of Vladivostok was signed by President Putin in July 2015 and came into effect in October 2015. The free port regime includes a preferential tax system, the status of a free trade zone and a visa-free travel regime. The free port includes altogether 15 municipalities in the south of Primorskii Krai—from the port of Vostochnyi to the port of Zarubino close to the border with China and North Korea.

The law introducing the Free Port of Vladivostok was signed by President Putin in July 2015 and came into effect in October 2015. The free port regime includes a preferential tax system, the status of a free trade zone and a visa-free travel regime. Trutnev President of the Russian Federation in the Far Eastern Federal District said

that, "The Free Port of Vladivostok is a territory with a regime of certain tax preferences, and our task is to make it as attractive as possible for domestic and foreign investors."

Map No. 7: Descriptive diagram of the free port of Vladivostok.



Sources: Eastern Economic Forum (2017), Available at: <http://www.forumvostok.ru/en/mesto-provedeniya/about-free-port.html>

The free port includes altogether 15 municipalities in the south of Primorskiy Krai - from the port of Vostochny to the port of Zarubino close to the border with China and North Korea. Several foreign companies have expressed interest. In December 2016, the Japanese engineering company JGC Corporation announced its plans to invest in the development of medical services in Russia, opening an outpatient care centre in the Free Port of Vladivostok. (Shatina, 2016) The establishment of the free port has also been a major driver for South Korean interest in developing contacts and establishing or expanding the activities of Korean-owned companies in Primorye. Most active of all are the Chinese investors. (Bassin & Suslov, 2016)

3.2.7. Energy Strategy of Russia for the period up to 2020 and its prolongation up to 2030

The strategic goals of energy development in Siberia for the long term is the effective use of existing fuel and energy potential for sustainable economic growth and improve the quality of life of the population. Siberia due to the availability of energy resources is one of the major regions of the generation of electricity, providing about 14 percent of total electricity generation in the country. A high level of power generation is largely due to the presence of significant hydropower potential in the well-developed areas, which contributed to the construction of large hydropower cascade. With the implementation of the strategy, it increases the production of oil and natural gas. Through the development of energy, transport infrastructure and the use of renewable energy sources not only ensures energy security for all areas of Siberia but also organised a stable supply of energy resources to power deficit areas of the country and for export.

In 2000, the Government of the Russian Federation approved “Major provisions of Energy Strategy of Russia for the period up to 2020” by the interdepartmental working group under Institute of Energy strategy and by the Council of Experts under the Ministry of Fuel and Energy and in 2003 the Energy Strategy of Russia for the period up to 2020 was approved. The strategic objective of energy policy is to set up a stable and self-regulating system ensuring regional energy security based on the optimised territorial structure of energy production and consumption. The objective of the energy strategy of Russia is to maximise the effective use of natural energy

resources and the potential of the energy sector in order to sustain economic growth, improve quality of life, and strengthen Russia's foreign economic positions. The Strategy also determines the objectives and goals of the Russian energy sector's long-term development, its priorities and guidelines, as well as mechanisms of the state energy policy to ensure the realisation of stated objectives. It includes State Energy Policy requirements and guidelines, pushing support for R&D⁶⁸ as well as providing strategic development assistance. (Government.Ru, 2009) The Strategy sets a target of 56 percent energy intensity reduction for 2030. It is supposed to be accomplished in three stages: the first is a major overhaul of the energy sector; the second emphasises efficiency gains through new technology within the fuel and energy sectors, and the third stresses economy-wide energy efficiency. The following main vectors of long-term development of the fuel and energy complex were specified in the Energy Strategy of Russia for the period up to 2020:

- Transition to the path of innovative and energy-efficient development.
- Change in the structure and scale of energy production.
- Development of competitive market environment.
- Integration into the world energy system.

This priority direction of the national energy development is unofficially called “the Eastern vector of Russia’s energy policy.” Its main idea is as follows:

- Fast and large-scale energy development in the Eastern regions of Russia and penetration into the energy markets in Japan, China, Korea and other countries in Northeast Asia should be considered as an important means of timely ensuring the appropriate positions of Russia in this strategically important region of the world;
- Creation of developed energy infrastructure in the form of interstate gas, oil pipelines and transmission lines in Russia’s east and in Northeast Asia will decrease the cost of

⁶⁸Research and development, known in Europe as research and technological development, refers to innovative activities undertaken by corporations or governments in developing new services or products, or improving existing services or products.

energy carriers, improve the reliability of energy and fuel supply to consumers in different countries and facilitate solving the environmental problems.

Most of the guidelines stated in the Energy Strategy of Russia for the period up to 2020 have been implemented in practice. In particular, the electric energy industry has been reformed. The electricity market is being liberalised and the nuclear energy industry is being reformed. A more favourable tax treatment has been set up for the oil and gas industries. The development of oil refineries and petrochemical plants is being promoted, while an energy exchange trade is being developed and excessive administrative barriers hindering energy companies are being removed. Infrastructure projects crucial to the development of the domestic energy sector are being implemented actively.

The Energy Strategy always get updated at least once in five years. In this regard, the government of the Russian Federation made a decision on the correction of the Energy Strategy of Russia for the period up to 2020, with its prolongation until 2030. Followings are the important strategic tasks of the country's development under the energy strategy for the period of 2030:

- The construction of a new energy infrastructure, which ensures accelerated socio-economic development of Eastern Siberia and the Far East, as well as overcome the infrastructure dissociation of a number of regions of the Russian Federation.
- The development of technologies for the extraction and production and transport of energy resources, and in the formation of a “new energy industry” based on renewable energy sources, distributed generation, intellectualisation, etc., as well as in the development of energy-saving and energy-efficient technologies in transport and industry
- Reducing the dependence of the economy on the energy sector accompanied by a qualitative change in the role of the fuel and energy complex in the life of the country.
- Influence of the Russian energy sector on the social situation in the country, since the level of energy comfort and the degree of availability of energy resources largely determines the quality of life of Russian citizens.

Table No. 2: Key Instruments of Russia’s Asian Policy

Principal Focus	Strategic Programming	Investment and Production Promotion
Regional Socio-Economic Development	* system of federal and regional institutions (Ministry for Development of the Far East, etc.) * federal target programme and regional programme for socio-economic development of Far East and Trans-Baikal regions	* Fund for Development of the Far East (2011) * 9 territories for advanced development: Kamchatka, Mikhailovsky (Primorsky krai); Industrial Park Kangalassy (Yakutia), Beringovsky (Chukotsky Autonomous District); etc.; 7 more to be created in 2016-2017 * special economic zones: Free Port Vladivostok
Energy Sector Development	* national energy strategy - Energy Strategy 2035 * long-term (to 2035) programmes for gas and gas processing industry, oil and oil processing, coal and power sectors * companies’ programmes, e.g., Gazprom’s EGP	* tax manoeuvre - in order to stimulate oil and gas output, gradual increase of severance tax with simultaneous decrease of export duties * export duties exemptions; * profit tax exemptions; * property tax exemption; * severance tax exemption for oil and gas greenfields in the ESFE to feed the ESPO oil and Power of Siberia gas pipelines * preferential access to infrastructure (power grid and transport) for companies implementing the Power of Siberia

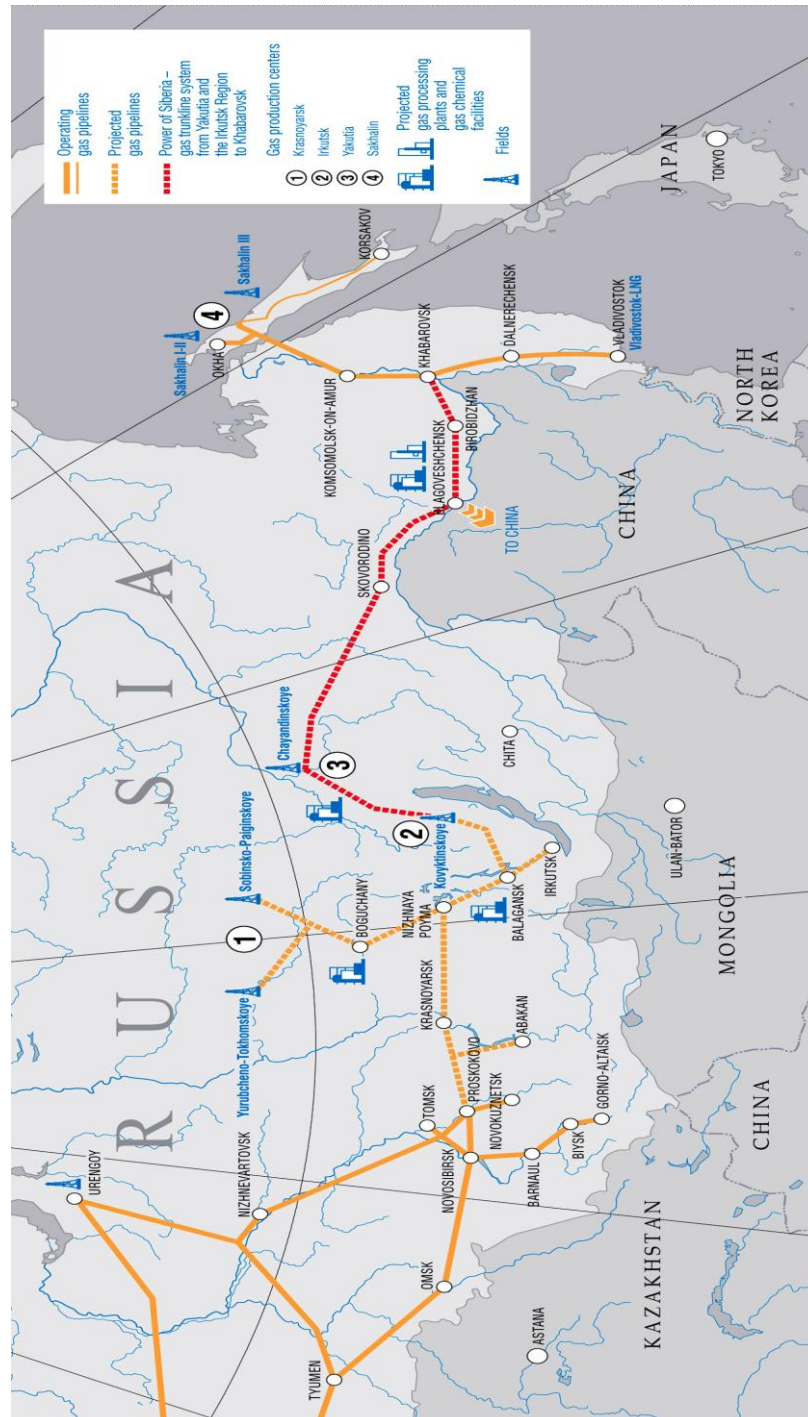
Source: Institute for Energy Markets and Policies (2016), Available at: <http://www.eppen.org/>

As oil production in the Eastern Siberia and the Far East has started earlier and advanced further compared to the development of gas, it seems necessary to examine more closely the progression in the gas sector. Originally, the plan to develop the ESFE’s gas resources was prepared by Gazprom in its ambitious EGP in 2007. (Map 8) The most important of the infrastructure projects that are really changing lives for the better in this area is the Eastern Gas Program, which has been coordinated by Gazprom since 2007.

Gazprom is a global energy company focused on geological exploration, production, transportation, storage, processing and sales of gas, oil, sales of gas as a vehicle fuel,

as well as generation and marketing of heat and electronic power. Gazprom holds the world's largest natural gas reserves. The Company's share in the global and Russian gas reserves amounts to 17 and 72 per cent respectively. (Gazprom.com 2018)

Map. No. 8: Gazprom's Eastern Gas Programme



Source: Gazprom (2016), Available at:

<http://www.gazprom.com/f/posts/85/069957/2014-06-26-map-sila-sib-en.jpg>

At present, the Company is actively implementing large-scale gas development projects in the Yamal Peninsula, the Arctic shelf, Eastern Siberia and the Russian Far East, as well as a number of hydrocarbon exploration and production projects abroad. (Huang & Korolev 2015) Gazprom is a reliable supplier of gas to Russian and foreign consumers. The Company owns the world's largest gas transmission system with a total length of 172.1 thousand kilometres. Gazprom sells more than half of its gas to Russian consumers and exports gas to more than 30 countries within and beyond the former Soviet Union. (Gazprom.com 2018) Gazprom is also Russia's largest producer and exporter of liquefied natural gas (LNG). The Company is successfully expanding its LNG sales within the existing Sakhalin-II project and implementing new initiatives in order to substantially strengthen its position in the fast-growing global LNG market.

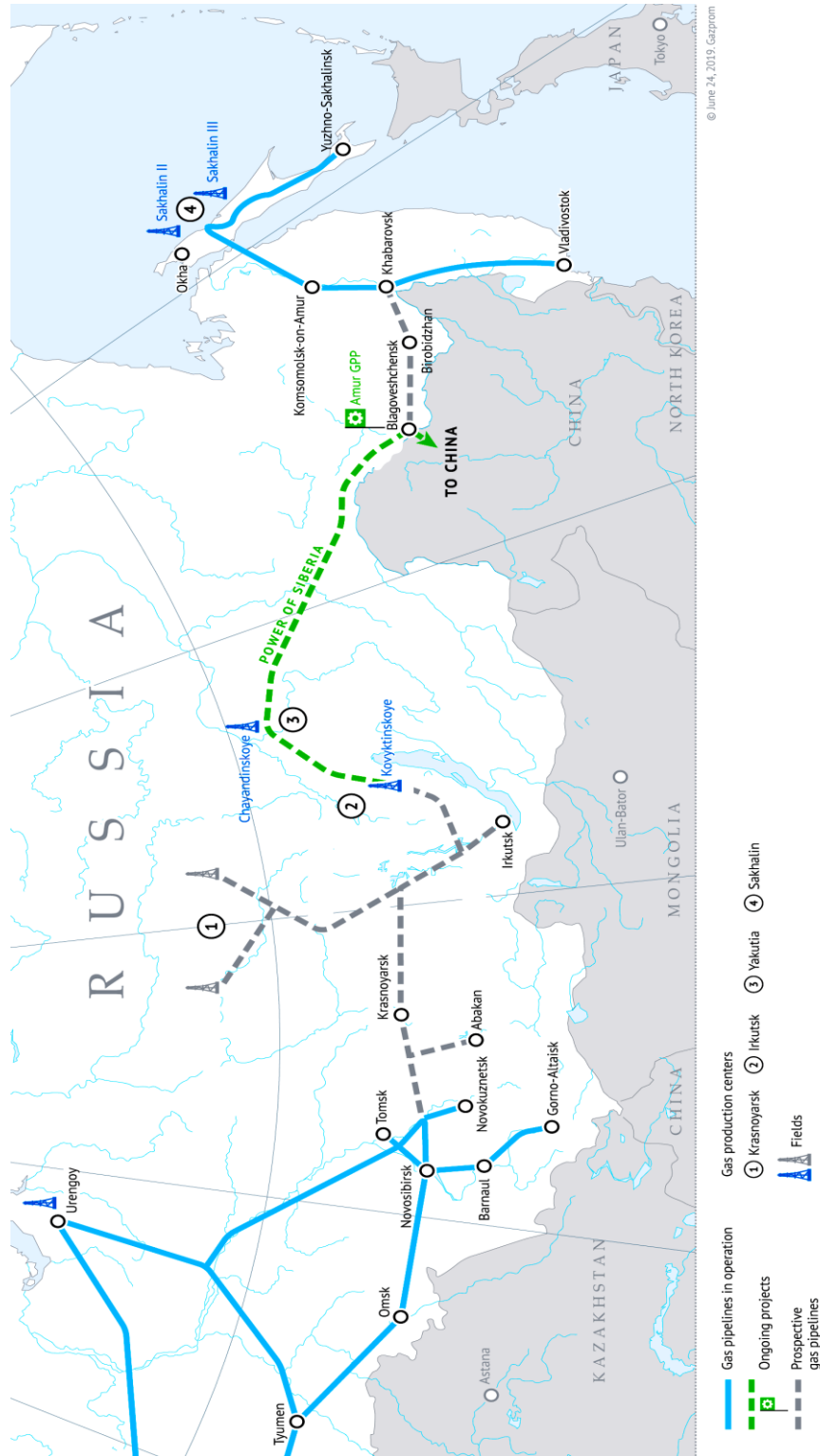
Gazprom is among Russia's top four oil producers. In addition, Gazprom ranks number one in the world in terms of thermal energy generation. The Russian gas company Gazprom has developed some projects, which allows it to use the energy potential of the Far East and Eastern Siberia. It involves the formation of new centres around the Krasnoyarsk Krai, the Irkutsk Region, in Yakutia, on Sakhalin and Kamchatka for extracting gas. It has also created a single system for transporting gas and developing gas refining and also the production of gas and chemical along with the capacity to produce helium and natural gas. (Gazprom.com, 2018)

Power of Siberia contributes to the social and economic development of Russia's the Far East. The gas pipeline will facilitate gas supplies to and gasification of the Russian regions, as well as the advancement of state-of-the-art gas processing and petroleum facilities. In 2009, Gazprom and China National Petroleum Corporation (CNPC) ⁶⁹ signed the Framework agreement on the main terms of deliveries of Russian natural gas to China, foreseeing annual exports to Chinese market totalling to up to 68 bcm gas per annum. On October 13, 2014, in Moscow the parties signed a Technical Agreement - a supplement to the Purchase and Sale Agreement for gas supplies through the Eastern Route. This document defines basic parameters

⁶⁹The China National Petroleum Corporation is a major national oil and gas corporation of China PR and one of the largest integrated energy groups in the world.

of design, construction and operation of the Power of Siberia gas trunkline's cross-border section. (Gazprom 2015)

Map No. 9: Power of Siberia



Source: Gazprom (2019), Available at:

https://www.gazprom.com/f/posts/84/180703/map_sila_sib_e2019-06-24.png

On December 17, 2015, Gazprom and CNPC signed the Agreement to design and construct the cross-border section of the Power of Siberia gas pipeline, including the submerged crossing under the Amur River. (Gazprom 2015) In 2008, the Russian Federation approved “*The Bases of the State Policy of the Russian Federation in the Arctic Region for the period until 2020 and for a future perspective*”, in 2009, they approved “*The Strategy of Social-Economical Development of the Far East and the Baikal Region for the period until 2025*”, committing the Federation government to provide infrastructure investment from the federal budget and from the planned investment of national energy companies, such as Gazprom⁷⁰, Rosneft⁷¹, and UES Electric Power⁷² and in the summer of 2010, the Russian government confirmed its wide-ranging strategy for the socio-economic development of Siberia up to 2020. (Kremlin.Ru 2010) Completion of the Eastern Siberia-Pacific Ocean pipeline⁷³ to deliver oil to China is an example of the scale of the proposed commitment. (Keck 2014) In the fall of 2011 the construction of the Sakhalin–Komsomolsk–Khabarovsk–Vladivostok gas pipeline⁷⁴ was completed. The Sakhalin–3⁷⁵ project aimed at development of the Kirin gas field, which is considered to be the biggest one in the island’s offshore area, is expected to be completed soon by Gazprom. Unlike Sakhalin–2⁷⁶, with its focus on gas exports, this project aims to create an energy base for the industrial development of maritime regions.

3.2.8. The Development of Transport Infrastructure

The improvement of transport infrastructure is one of the key priorities in the accelerated development of Siberia and the far east. But transport infrastructure is a broad notion covering a wide range of projects which cannot be implemented

⁷⁰Open Joint Stock Company Gazprom is the largest extractor of natural gas and one of the largest companies in the world.

⁷¹Rosneft is the leader of Russia’s petroleum industry and the world’s largest publicly traded petroleum company.

⁷²UES Electric Power is an electric power holding company in Russia.

⁷³The Eastern Siberia–Pacific Ocean oil pipeline is a pipeline system for exporting Russian crude oil to the Asia-Pacific markets. The pipeline is built and operated by Russian pipeline company Transneft.

⁷⁴The Sakhalin–Khabarovsk–Vladivostok pipeline is a pipeline for natural gas in Russia, transporting Sakhalin’s gas to the most populated and industrialised regions of the Russian Far East.

⁷⁵The Sakhalin-III project is of key importance to the development of the Sakhalin gas production centre under the Eastern Gas Program.

⁷⁶The Sakhalin-2 project is an oil and gas development in Sakhalin Island, Russia. It includes development of the Piltun-Astokhskoye oil field and the Lunskeye natural gas field offshore Sakhalin Island in the Okhotsk Sea, and associated infrastructure onshore.

simultaneously due to a lack of funding. The development of transport infrastructure includes increasing the mobility of people and making foreign markets more accessible. The main objective of the air and road transport infrastructure to ensure the transport links to be more sustainable and affordable for the western and central regions of Russia especially for the remote areas of Siberia. The prospects for the development of water transport in Siberia associated with further development of the Northern Sea Route. The main objectives of the development of road infrastructure in Siberia to include: construction of new and modernisation of existing roads to increase the capacity of the road network support, taking into account the projected traffic flows, especially in areas of international transport corridors; development of road approaches to the international road checkpoints across the state border of the Russian Federation; increasing the capacity of the supporting road network through the construction of bypasses around major population centres and reconstruction of artificial structures, reconstruction and construction of roads to ensure the development and maintenance of transport zones of advanced economic growth, including integrated development of new territories and the development of mineral deposits. The priorities of the development of the rail network supports the reconstruction and construction of railway lines, providing the growing transportation needs of the economy of Siberia and other regions of the Russian Federation. (Likhacheva, 2018)

The Russian government has taken a number of concrete actions to promote the implementation of the strategic eastward shift. Far East Chita - Khabarovsk highway has been completed in 2010, which realised the connection of the Far East and the national road network for the first time in Russian history. In addition, high-speed rail projects have been started. More than 50 complicated technical tunnels and railway bridge projects are being implemented. According to the Minister of the Far East Development Department Viktor Ishayev, “There are 92 priority projects of the Far East development plan, including 35 transport infrastructure projects. Other projects involve oil and gas resources, iron ore and gold mine exploitation, forestry, aerospace bases construction and machine manufacturing.” (Chen & Huang 2014)

Victor Bsargin, the then Minister for Regional Development, at a meeting on the development of Siberia and the Russian Far East expressed the fear that the Russian

Far Eastern economy has become increasingly 'cut off' from the 'European' part of Russia. Later in the meeting, he emphasized the need for a continuation of transport subsidies to enable Far Eastern businesses to transport products to European Russia. (Kremlin.Ru, 2010) The task then was twofold: it was simultaneously to integrate Siberia and the Russian Far East into the Asia-Pacific region while keeping the region more closely tied to European Russia; as Medvedev has warned, 'the more often we refer to eastern region as a separate entity, the more likely we are to have problems.' (Medvedev 2010) Discussion on the development of Primorye-1⁷⁷ and Primorye-2⁷⁸ international transport corridors was headed by Yury Trutnev, Deputy Prime Minister of Russia and Presidential Envoy to the Far Eastern Federal District. The discussion was joined by Alexander Galushka, Head of the Ministry for Development of Russian Far East, and Vladimir Miklushevsky, Governor of Primorsky Krai. International transport corridors will create unique opportunities in East Russia. At the end of December 2016, President of the Far Eastern Federal Okrug, Deputy Prime Minister Trutnev, and Deputy Prime Minister Arkadii Dvorkovich approved the development concept for the international transport corridors Primorye-1 and Primorye-2, linking China's northeast with the ports of the Russian Far East. (Government.Ru 2016) According to international expert assessments, 45 million tons of grain and containerised cargo will be shipped through Primorye-1 and Primorye-2 by 2030, generating an additional 91 billion rubles in annual revenues for the local ports and transport companies. (Minvostokrazvitiia 2016) This is of benefit to both the north-eastern provinces of China and the whole of Russia, including East Russia and the Primorsky Krai," said Minister Alexander Galushka. In addition, at the request of the Ministry for the Development of the Russian Far East, the Analytical Centre for the Government of the Russian Federation developed a financial and economic model for the development of the Northern Sea Route as a foundation for expanding its potential in terms of domestic and transit shipments.

⁷⁷Primorye-1 will handle cargo via Vladivostok bound for the West coast of the United States and Europe

⁷⁸Primorye-2 will handle regional traffic between China and Russia and through to Korea and Japan.

3.2.9. Moving of Capital to Vladivostok

International experience shows that one of the essential ways to accelerate the development of region in a country is to move the country's capital there or at least transfer part of the capital's functions. (Keck 2014) A typical example here is Brazil's experience in the 1950s when part of Rio de Janeiro's functions was transferred to a newly built capital located deeper inland. The transfer of the German capital from Bonn to Berlin was a powerful factor in the development of the former GDR and its effective integration with western German regions. The most recent example is Kazakhstan, which relocated its capital from Alma-Ata to Tselinograd a move that proved highly effective. (Karaganov & Makarov 2014)

Sergei Karaganov, Chairman of the Presidium of the Council for Foreign and Defence Policy, had proposed transferring the capital to Siberia or the Far East. Russia already has two – Moscow and St. Petersburg (a judicial and cultural capital). A third capital gives a new lease of life to the regional economy, accelerate decision-making and bring federal officials closer to the people. The new capital could accept some economic departments and agencies responsible for the energy industry and transport. The transfer of the capital does not only strengthen the internal economic life of the region but however would also promote the foreign economies of Siberia and the Far East. It also integrates Russia more into the international economy of the Asia-Pacific region. From a geographical perspective, Vladivostok is an ideal location for new Russian capital, which allows Russia to take full advantage of its capital being its “ocean showcase.” (Rozman 2014) Three capital is an ideal method to guarantee Russia's balanced development; a political and military-diplomatic centre in Moscow, a cultural and judicial centre in St. Petersburg and an economic Pacific capital in the Far East.

On December 13, 2018, Russian President Vladimir Putin approved a declaration moving the capital of the Far Eastern Federal District (FEFD) from Khabarovsk to Vladivostok. The document amends the declaration as of May 13, 2000, which contains a list of the Russian Federal Districts and their capitals. According to the declaration, Vladivostok replaced Khabarovsk as the centre of the Far Eastern Federal District. "The head of the presidential administration of Russia was instructed to carry

out necessary organisational and staff measures related to the transfer of the centre of the Far Eastern Federal District to Vladivostok," (Kremlin.Ru 2018) By shifting the capital from Khabarovsk to Vladivostok, Putin is sending clear signal across the country that he intends to use them well into the future and they are far more than the federal subjects. Second, because Vladivostok is a port city and Khabarovsk is not, the former is better positioned to play an expanded role in Russia's efforts to recover and expand its role as a Pacific power. It is far easier for Pacific rim countries to reach Vladivostok and for people in Vladivostok to reach them. And that is increasingly important for Moscow as well.

3.2.10. The Development Strategy for Siberia through 2020

A landmark event in the field of regional governance is the development of the Strategy for Socioeconomic Development of Siberia up to 2020 was adopted in July 2010 aiming to promote industries and raise living standards in order to realise the area's competitive advantage in the Asia-Pacific region within the ten years.

The institutional conditions and mechanisms for implementing the Strategy for the Socioeconomic Development of Siberia Through 2020 include:

- Measures for implementing the project-based approach and for improving investment policies in the regions of Siberia.
- Cooperation between the government and private sector in implementing the strategy.
- Creation of a new institutional system for Siberia's oil and gas sector.
- Creation of a strategic planning system in the regions of Siberia as a necessary condition for implementing the Strategy.
- The organisation of management for implementing the Strategy

The development strategy for Siberia through 2020 focuses on four key areas: Public-Private; Construction of new highways; Housing and social infrastructure; and Creation of tourism zones Public-private partnerships (PPPs) are a project through which a majority of Siberia's priority projects are being put into practice. The

successful development of Siberia is also dependent on the construction of new road infrastructure. Vladimir Putin famously celebrated the opening of the new Chita-Khabarovsk but clearly stated that it was not the only project of importance. Putin emphasized the continued construction of more bypass roads around Irkutsk and Novosibirsk as well as plans to modernise major highways such as the Baikal, Yenisei, and Chuysky Trakt. (Rebbot 2016) In order to make Siberia an attractive place to live, the construction of housing and social infrastructure is necessary. The development strategy plans to actively promote affordable housing projects to resettle people and construction of base camps for miners close to oil and gas deposits. The final focus of the development strategy rests on the creation of tourism zones. The Russian government will concentrate its efforts on four areas in Siberia: the Altai Republic, the Altai Territory, Buryatia, and the Irkutsk Region. (Chen & Huang 2014)

Table No. 3. Key goal indicators of innovative development of Siberia

Indicator	2008 fact	2011 goal	2011 fact	Achievement percentage	2015	2020
Number of personnel engaged in research and development, people	53956	57300	52794	92	59000	61000
Number of patents for inventions, units	2163	2700	1861	69	3600	4200
Number of established advanced technologies, units	93	138	126	91	200	340
Foreign trade turnover (exports and imports) in high tech technologies and services, share in	5.7	8.3	5.4	65	9.0	12.0

Russia						
Share of organisations implementing technological innovations, share of the total number of organisations	7.7	11.0	8.8	80	from 12.0 to 15.0	from 20.0 to 25.0
Number of students per 10000 population, people	488	494	462	94	496	520
Share of innovative products in the total sales of goods and services	2.1	5.0	2.2	44	8.0	from 10.0 to 15.0

Sources: Kremlin.Ru (2015), Available at:

<http://en.kremlin.ru/events/president/news/47524>

President Putin mentioned the importance of education in the Russian context at the Expanded Meeting of the State Council on Russia's Development Strategy through to 2020 held on February 8, 2008. "Developing the national education system is a key part of global competition and one of the most important values in life. Russia has everything: a wealth of traditions and the immense potential needed to make our education system, from schools to universities, one of the best in the world." (Putin, 2008)

At the same time, with all positive qualitative changes in the areas of legislation, institutional environment, the infrastructure of innovative activity, the situation in Siberia is far from favourable in terms of achieving target indicators of the innovation system. Actually, measurable statistic indicators do not fully comply with the strategic targets of innovative development. As can be seen from Table 3, there are differences between the expected and actually achieved results. It should be emphasized that the development was seriously delayed by the global crisis, which deferred the

achievement of strategic objectives for two or three years. Statistical data show that the innovation activity of Siberian enterprises and organisations rose slightly, but has not yet reached the goals of the strategy. Moreover, the present level is still below the Russian average. (Kravchenkoa & Kuznetsova 2014)

3.2.11. Establishment of the special investment funds

In order to promote the development of the eastern region, the federal government established the Russian Far East and Baikal Regional Development Fund in 2011 in the form of a corporation in order to attract investment to the Far East and the Baikal region and to conduct large-scale projects. In November 2012, the Ministry for the Development of the Russian Far East submitted a list of over 90 priority investment projects. Reconstruction of the Baikal-Amur Mainline (BAM) railway, the construction of a bridge to Sakhalin Island and the renovation of some of the notable projects among them. The Sakhalin Tunnel is an incomplete and currently postponed construction project, which after completion would connect the island of Sakhalin with mainland Russia. (Government.Ru 2012)

On January 16, 2009, it was suggested by the Russian government the link could be completed with a bridge, rather than a tunnel. Putin said that, in total, more than the US \$5 billion would be needed as apart from the cost of constructing the bridge, it was also necessary to construct related infrastructure, in particular, approaching roads. President Putin stressed that a bridge to Sakhalin would be very useful in terms of reviving the territorial integrity of the country, establishing goods' movement from Asia to Europe through Russia and, therefore, increasing the importance of the Trans-Siberian Railway. The Sakhalin bridge or tunnel after construction is aim connect the island of Sakhalin with mainland Russia across the narrowest part of the Strait of Tartary and will be some 7-10 kilometres long. The fund belongs to the Foreign Trade Bank of Russia, whose aim is to help the realisation of investment projects in remote areas, including infrastructure projects of economic and social fields, innovative initiatives, the creation of special economic zones. (Karaganov & Makarov 2014)

3.2.12. Asia Pacific Economic Cooperation Summit

In order to expand its political influence in East Asia, Russia is also motivated to participate in all significant multilateral institutions and to contribute to shaping the regional cooperation architecture. The first objective has already been achieved. Back in 1994 Russia was accepted in the newly founded *ASEAN Regional Forum (ARF)*⁷⁹, which discussed security issues at the foreign minister level. In 1998, three years after applying for membership, it joined the Asia-Pacific Economic Cooperation (APEC), which dedicated itself above all to trade liberalisation and economic cooperation. Russia participated from the outset in the six-party talks initiated in 2003 and in 2010 was permitted to join the *Asia-Europe Meeting (ASEM)*⁸⁰, where European and Asian states discussed political, economic and social questions since 1996. Since 2011 Russia has also been represented at the East Asia Summit, a strategic discussion forum on political and economic questions at the level of heads of state and government founded in 2005. (Keck 2014) Today Russia thus belongs to the most important regional economic, political and security institutions. Russian engagement is extremely selective in timing and substance. Russia demonstrated its strongest presence in 2012, chairing the APEC summit in Vladivostok. While that meeting gave Moscow an opportunity for public presentation, it was not an expression of a long-term strategy for deepening multilateral engagement; after the summit, Russia scaled back its APEC activities and showed inadequate interest in following up its initiatives. (Valdai Club 2015)

The 20th session of the APEC summit was held on September 2012 in Russian Far East city Vladivostok. Russia attached great importance to this summit and regarded the summit as an opportunity for the Far East integrating into the Asia-Pacific economies. For this only a week's meeting, the Russian government prepared four years and invested up to 21 billion dollars, which is higher than the cost of the London Olympics. During the four years, the Russian federal government invested huge amounts of money in infrastructure construction, a new airport and railway

⁷⁹ASEAN Regional Forum (ARF) is a forum established by ASEAN in 1994 for open dialogue and consultation on regional political and security issues, to discuss and reconcile the differing views between ARF participants in order to reduce risk to security.

⁸⁰The Asia–Europe Meeting is an Asian–European political dialogue forum to enhance relations and various forms of cooperation between its partners.

construction appeared in this land. On the eve of the summit, President Putin pointed out: “no matter from history or geopolitical perspective Russia is an integral part of the Asia-Pacific region, entirely integrating into the Asia-Pacific is the most important guarantee to develop the Far East and Siberia in the future.” Prime Minister Medvedev said, “This summit is crucial for other countries to understand our country’s status in Asia-Pacific economic cooperation.” (Rozman 2016)

3.3. Challenges of the Siberian Developmental Programmes:

As Russia’s shifts towards Asia-Pacific moves from rhetoric to practical realisation, a range of new challenges and problems are arising. The essential problem is that Russia’s turn to Asia remains inconsistent in terms of both policy-making and implementation, with little understanding that it requires genuine international and multinational cooperation in order to achieve a desirable and effective development of Siberia and the Far East, given the necessity for diversifying the sources of investments, labour, market, and technology in order to truly integrate Russia into the global economy. Owing to Siberia and the Russian Far East geopolitical and geo-economic conditions, neither Moscow nor the local authorities have been successful in developing an effective model of comprehensive modernisation for this region. Being Russia’s natural geopolitical gate to East Asia, the Far East and Siberia are characterised by a relatively primitive economic and export structure, which makes the development of these territories extremely costly. (Hill 2015)

3.3.1. Lack of infrastructure Facility

Underdeveloped transport infrastructure is the reason for the failure of the national development plan. The resources are under-utilised. Lack of infrastructure or the inefficiency of the existing infrastructure is one of the most obvious impediments to development in the Far East and Siberia. Compared to other parts of Russia, Siberia has always lagged behind in terms of infrastructure. The country has historically paid more attention to exploiting resources than to building infrastructure. Roads are an essential means of communication and Asiatic Russia lacks them. Similarly, air passenger traffic remains at a low level due to the high costs. It is often argued that transportation is the root problem of the Russian economy. The Trans-Siberian Railway and the Trans-Siberian highway are the only surface connections between

Siberia and European Russia and is highly inefficient. Because the Trans-Siberian was built too long ago, the cost for major improvements to the railway would now be substantial. (Kichanov 2014) While pipelines were built to transport oil and gas for export, there is no major highway linking the region. There are no roads near north of the Trans-Siberian Railway or the Baikal-Amur Mainline. Indeed, there are no concrete roads to 54 percent of the populated areas. In fact, there are only three railroad connections with Asia and there are no federal railways connecting to the China. (Valdai 2012) Apart from Siberia's inhospitable climate, the region also faces problems like high labor turnover and low capital efficiency. Most of the Siberian districts are dependent on federal subsidies and deficient of investments. The situation is also complicated by the high costs of energy and transport. The main source of income for the country such as oil, gas energy, hydrocarbon, gold, diamonds and mineral resources are located in hard-to-reach territories with poorly developed transportation routes. (Lukin 2016) Construction and maintenance of highways in Siberia are hampered by climatic conditions.

3.3.2. Drawbacks of government-led model

In May 2012, Putin announced the establishment of the Far East Development Department. He also planned to set up a special National Corporation, responsible for the implementation of Siberia and the Far East development projects. In order to facilitate coordination of state policies on the Far East, in June 2012 a separate state commission for the socioeconomic development of Siberia and the Far East, Buryatia, Zabaikal Krai and Irkutsk Oblast was introduced under the chairmanship of First Deputy Prime Minister Shuvalov. (Government.Ru 2012) Obviously, the development of Russia's eastern region is the government-led model, which means that the development operates by way of an executive order. Currently, many development programs of Russian eastern region still rest on planning level and few large-scale enterprises have entered into this region, which shows the drawbacks of the government-led model. The excessive dependence on the federal government is also a real obstacle to the development of the Far East. No matter how much capital and manpower the government provide to the region, it is impossible for the government to pay close attention to the area thousands of kilometres away from the capital. The State Commission on the Socioeconomic Development of the Far East

meets at least once every six months to discuss draft strategies, programmes and policies for the socioeconomic development of the Russian Far East, as well as to determine priorities for investment projects. (Rossiiskaia Gazeta 2013) As such, it serves to secure the priorities in a wider group of key actors beyond the government but this arrangement also slows down the decision-making process. (Fortescue 2016)

3.3.3. Failure of Local Government

It's not the federal government to be blamed all the time, regional governments also lack some responsibility. Primarily, regional governments have failed to resolve conflicts amongst themselves. Stability within the region would have encouraged investment, regardless of the failings of Moscow, but during most of the 1990s, the provinces were often unable to show the stability essential for attracting investment. Moreover, seeing the unsuitability, many investors were discouraged by the high crime experienced in many of the ports of the Russian Far East. Regional and the local governments are also largely to blame for the lack of law enforcement. Various challenges are facing the region in connection with attracting foreign direct investment. (Lukin 2016) Most immediately, the Ministry for the Development of the Far East faces intra-ministerial competition within the federal government. Until the Ministry of Regional Development was abolished in 2014, there was a potential tension between priorities in regional development as such and specific prioritisation of the Russian Far East. In November 2012, President Putin, at a meeting of the Presidium of the State Council devoted to the development of the Far East, castigated the two ministries for their failure to implement the transfer of relevant federal programmes, which, he went on to say, had resulted in 'blurred responsibilities', lack of progress in the work, and the Ministry for the Development of the Far East 'still not justifying its existence.' (Kremlin.Ru 2012) Not surprisingly, there was repeated clashes with the Ministry of Finance over funding. (Fortescue 2016) Over time, the Ministry of Finance has tightened the financial control considerably, most recently with an almost 50 per cent cut in spending on the state targeted programme in 2017 as compared to the previous year. (Prima Media 2018) Another is the overlapping and sometimes competitive or confusing jurisdictions of federal and regional authorities. Russian regional policy, with its heavy focus on bureaucratic regulation, has resulted in the establishment of many administrative entities which often duplicate each other.

However, the regional authorities in Primorski Krai and the city of Vladivostok have sought to attract investors and create a positive image of the region's investment potential. Vladivostok, with its 7 consulates-general and 16 honorary consulates as well as numerous representative offices of international companies, constitutes the diplomatic capital and international gateway of the Russian Far East. The city regularly hosts large international events attracting, among others, heads of Asian states. Recently, a special focus on economic diplomacy has become evident. In the autumn of 2015, an annual Eastern Economic Forum was launched in Vladivostok to attract investors in the context of the 'turn to the East' policy. The first forum, held in September 2015, resulted in the signing of more than 80 large investment contracts. (Prima media.Ru 2016) Vladivostok hosted the Fifth International Economic Business-Congress. This event, initiated by the Dialogues business club, targets owners and executives of companies in the Far Eastern Federal Okrug and the Asia-Pacific region. (Minvostokrazvitiia Rossii 2016)

3.3.4. Severe climate Issue

With its harsh climate and shortage of human capital, the Russian Far East has lagged behind European Russia, not to say its Northeast Asian neighbours, in socioeconomic development. The Siberian territory is extremely dissimilar as for both physical-climatic features and economic development. Two-thirds of Siberia is covered with permafrost⁸¹. Permafrost plays a unique challenge to development. It is an eternally frozen soil making any economic development costly. Local industries in East Asian countries are unable to meet the growing domestic demand for food and consumer goods for many reasons, including the improvement of living standards allowing the vegetarian civilisations of the East to switch over to protein-rich food, along with ecological and natural resources-related problems, such as deforestation, soil erosion, the exhaustion of surface and underground waters and extremely adverse climate changes in the majority of these countries.

Due to the tough physical and climatic conditions and inadequate development of social infrastructure, it has been historically difficult to exploit the zone optimally and

⁸¹Permafrost is permanently frozen soil, and occurs mostly in high latitudes.

the harsh terrain have posed – and still pose – tremendous problems in the acquisition, extraction and exploitation of these fabulous riches, as will be seen. Permafrost presents a unique challenge. Permafrost actually contributes to the greenhouse effect as billions of tons of carbon and methane are at the moment permanently locked in these frozen soils. Among the obstacles described by Professor Mote are the literally steel-shattering effects on machinery, engines and vehicles; frozen fuel; the greatly reduced efficiency and productivity of the human body and its capacity – or incapacity – to work under such atrocious conditions; the enormous costs of maintaining and repairing equipment; the difficulties in obtaining spares; the necessity of using special building materials; loss of working time due to illness, inebriation and the need to take regular breaks in order to warm up; and the greatly enhanced prices of even subsistence living. The ministry has thus come up with a set of mechanisms aimed at improving the local investment climate, hoping to give the regional economy the boost it so desperately needs if the Far East is to function as a gateway to the Asia-Pacific. In dealing with climate change, Russia's import of Chinese "green energy" technology and the attraction of Chinese investment to upgrade Russia's energy industry and reduce its carbon intensity could play an important role. (Valdai 2015)

3.3.5. Loss of population

Russia is the largest state in the world, it occupies more than ten percent of the earth's surface, but it is sparsely populated, especially if we compare it to other global powers such as China, India, the US and European countries. Russia has a population density of nine persons per square kilometre. Asiatic Russia is much less densely populated; its population density is three persons per square kilometre, in contrast to NEA countries that are much more densely populated: South Korea has a population density of 518 persons per square kilometre; Japan 349 persons per square kilometre; China 145 inhabitants per square kilometre. The census of 2010 recorded a population of 142,849,472, a four percent decrease in that period. In 2012, for the first time since the collapse of the USSR, Russia's population started to grow. In 2015 the estimated population in Russia was 146,300,000. (ROSSTAT 2015) It is argued that this growth is only as a temporary pause resulting from births in the perestroika years. (Clover 2012)

Table No. 4. Population of Siberia and the Far East

	2010	2011	2012	2013	2014	2015
Russian Federation	142,865 (0.02)	143,056 (0.1)	143,347 (0.2)	143,667 (0.2)	146,267 (1.8)	146,545 (0.2)
Central Federal Okrug	38,445 (0.3)	38,538 (0.2)	38,679 (0.4)	38,820 (0.4)	38,951 (0.3)	39,104 (0.4)
Northwestern Federal Okrug	13,626 (0.2)	13,660 (0.3)	13,717 (0.4)	13,801 (0.6)	13,844 (0.3)	13,854 (0.1)
Southern Federal Okrug	13,851 (-0.02)	13,884 (0.2)	13,910 (0.2)	13,964 (0.4)	14,004 (0.3)	14,045 (0.3)
North Caucasus Federal Okrug	9,439 (0.9)	9,493 (0.6)	9,541 (0.5)	9,590 (0.5)	9,659 (0.7)	9,718 (0.6)
Volga Federal Okrug	29,880 (-0.4)	29,811 (-0.2)	29,772 (-0.1)	29,739 (-0.1)	29,715 (-0.1)	29,674 (-0.1)
Ural Federal Okrug	12,087 (-0.01)	12,143 (0.5)	12,198 (0.4)	12,234 (0.3)	12,276 (0.3)	12,308 (0.3)
Siberian Federal Okrug	19,252 (-0.2)	19,261 (0.05)	19,278 (0.1)	19,292 (0.1)	19,312 (0.1)	19,324 (0.1)
Far Eastern Federal Okrug	6,285 (-0.6)	6,266 (-0.3)	6,252 (-0.2)	6,227 (-0.4)	6,211 (-0.3)	6,195 (-0.3)

Source: Federal'naiia sluzhba gosudarstvennoi statistiki (2016), Available at:http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/demography/#

The vast territory of 6.2 million km² has a population of only some 6.2 million. While since 2010 the total population of the Russian Federation has begun to increase slightly, that trend is not evident in the Russian Far East (Table no. 4), where the population has decreased every year since 1991. Likewise, the economically active share of the population in the Russian Far East is also decreasing year by year. This, however, is a trend that characterises the whole of Russia. In general, population is an important factor when gauging the workforce and market size. In such a perspective,

the Russian Far East is losing market size and potential for economic growth. The population decrease is disadvantageous for domestic and international reasons. The huge and growing imbalance between a vast resource-rich territory and the size of the population worries the Russian leadership. For economic and geopolitical reasons, the population decline contradicts Russian interests. (Leshchenko 2010)

Local residents have failed to benefit from the regional policy and numerous federal targeted programs in the twenty years of post-Soviet development, and they are leaving the region as a result. Since it is in large part the most professionally motivated and skilled specialists who are leaving, this depopulation is leading to social degradation in the area and, should the current policy remain unchanged, it will have a devastating effect on the area, rendering any development programs here impracticable.

The Plan for Demographic Development Through 2015 policy has been approved by the government of the Russian Federation to stabilise the size of the population and to establish the requirement for subsequent demographic growth. It emphasises that to achieve that goal, it will be necessary to mobilise and make use of all the components that determine population dynamics—birth rates, death rates, and migration. To address the demographic challenges of the Russian Far East, the Russian government in 2016 launched the ‘Far Eastern Hectare’ programme, allocating land for free to people interested in settling in the Far East. (Kremlin.Ru 2015) The programme is administered by the Far East Human Capital Development Agency. The website also offers users business project ideas to pursue—ranging from growing strawberries to sheep farming. In January 2017, the Ministry for the Development of the Far East submitted a concept for the demographic development of the Far East to Prime Minister Dmitry Medvedev. (Minvostokrazvitiia 2016) According to this document, the plan is to increase the population of the Far Eastern Federal Okrug from the current 6.2 million to 7 million by 2030 by attracting people from other regions. (Avdeev 2017) Reaching this target requires ensuring good living conditions for the current inhabitants of the Far East so as to stop outmigration. To attract new residents to the region, Moscow has come up with various incentives, including a land distribution scheme, The Far Eastern Hectare. Since 2016, prospective residents can apply online to get 1 hectare of land for free. Through this scheme, the authorities

hope to increase regional self-sufficiency in food production as well as boost the population.

3.3.6. Environmental degradation

Environmental degradation is one of the challenge Siberia face today. Siberia is one of the world's greatest wildernesses. It contains 20 percent of the earth's forest. Siberia has a highly delicate and sensitive ecosystem. Oil and gas development severely deteriorated the areas of the Siberian wilderness. The destruction of this forest area is not only a tragedy for the Russian Federation but also for the whole world. The goal of climate control is to reduce carbon dioxide emissions. In Russia, because of the poorly managed development and production of oil and gas, the Siberian forest disappeared each year. Oil also invades the lakes and ocean into the groundwater.

Lake Baikal is the unique ecosystem and the largest freshwater reserves in the world which need appropriately planned and regulated development. The paper mill was responsible for discharging pollutants wastewater from the industrial process. Moreover, human activities, such as the construction of the industrial and civil projects, the growth in human population and increasing rate of chemicals in agricultural production have also an impact on the Baikal's environment. An effort has been taken by the scientists and international scientific community to change government and industry policies in the Lake Baikal region. This change in policy would help in preserving the integral ecosystems and biodiversity of the entire Baikal region. Other human activities have also had an impact on Baikal's environment, including intensive logging along the rivers and the floating of huge rafts of logs across the lake to feed the plant. Industrial and civil construction projects have spread, the human population has expanded, and there has been an increased use of chemicals in agricultural production in the surrounding area, residues of which ultimately seep into the lake. The rapid growth of tourism and the building of ski resorts have also impacted on the lakeside environment. For these reasons, strict environmental regulations have been initiated for the exploration and development of the unique base-metal deposits located in the conservation zone of the Lake Baikal region. Further, the policy is also led to the establishment of several international scientific investigations in the Baikal region, whose results have helped to shape regional and global environmental policies. (Korolev 2016) In 2007, the New York-based

Blacksmith Institute calculated that the mineral processing industries in the Norilsk region belch out 4 million tons of cadmium, copper, lead, nickel, arsenic, selenium and zinc particles into the atmosphere every year, and an article in the British newspaper, the Guardian earlier reported that "This is the most polluted place in Russia where the snow is black, the air tastes of sulphur and the life expectancy for factory workers is 10 years below the Russian Average." (Valdai 2015) Other research estimates that toxic emissions from the largest industrial plant in the Taimyr region, the Norilsk Nickel Mining and Metallurgical Combine (NNMMC), were responsible for such widespread devastation of the surrounding tundra and taiga that, 'there was not a single living tree within 48 km of the nickel smelter.'

3.3.7. Illegal immigration

Over the past years, Siberia is experiencing a huge influx of people migrating off from China, Korea and Vietnam to Siberia and Russia's the Far East. The numbers are increasing gradually every year especially from bordering China. They are of three main types of migrants who come to Siberia are workers from China to search for work in Siberia, students, and traders. Research conducted in the various regions of the Far East and Eastern Siberia, as well as in Khabarovsk and Primorskii krai and the Amur and Irkutsk oblasts, indicates that most Chinese immigrants are independent businessmen. (Karaganov 2016) The idea of many potential Chinese migrants coming to settle in Russia and the eventual takeover of a rising China over the underpopulated rich-resource region began to spread in the West and in Russia as well. Russians began to believe thousands of Chinese migrants were entering Russia every day.

The idea of many potential Chinese migrants coming to settle in Russia and the eventual takeover of a rising China over the underpopulated rich-resource region began to spread in the West and in Russia as well. Russians began to believe thousands of Chinese migrants were entering Russia every day. (Korolev 2016) This population imbalance along the Russian-Chinese border has existed since Russia expanded into the Pacific in the seventeenth century. Moreover, in most of the last four centuries, the population imbalance was much greater than it is now. As mentioned above, the number of Chinese citizens living in the RFE and Chinese migrants entering Russia every year through the RFE has been a source of concern.

Speculation regarding a massive inflow of Chinese migrants moving to Asiatic Russia has led Russia to view the relationship with China more as a challenge than as an opportunity. The precautions taken seem to be associated with potential threats coming from China. “Clearly, all precautions taken by Russia are associated not with a direct but potential threat to its interests, sovereignty and territorial integrity that may come from China. And yet, even a potential Chinese threat is a significant factor in Russia’s foreign and defence policy.” (Valdai 2015)

As mentioned above, the number of Chinese citizens living in the RFE and Chinese migrants entering Russia every year through the RFE has been a source of concern. There is no consensus about the size of the Chinese migrant presence in Russia. According to the Russian Federal Statistics Service, (ROSSTAT 2010) there were 28 thousand Chinese living in Russia, half of them in the RFE. According to some estimations, there are between 200,000 and 400,000 Chinese migrants entering to Russia annually, however, most are temporary workers that return to China after their stay in Russia. (Larin 2011) As Andrey Ostrovskiy notes: “There is a wide consensus among Russian experts that the number of Chinese citizens living and entering Russia has been overestimated and there is no Chinese expansion into the RFE”. Indeed, more Chinese citizens lived in Russia before the Revolution than now. (Valdai 2012) Officially, among NEA countries, Koreans and not Chinese are the major ethnic group in the RFE. In 2010 there were more Koreans than Chinese citizens living in Khabarovsk Krai, Primorsky Oblast, Sakha Republic, Magadan Oblast, Sakhalin Oblast, Amur Oblast, and Chukotka Autonomous Okrug. (ROSSTAT 2010)

Over the period 2000-2005 the three provinces, Heilongjiang, Jilin and Inner Mongolia, had a net out-migration of 825,000, 315,000, and 23,000 respectively. As a matter of fact, in the period 1990-2005, the three provinces had a net out-migration of 2,590,000. (Chan 2013) In the opinion of a Russian expert, “The Chinese government is having problems keeping its population from moving south. They are having the same problems of people leaving their northern territories as we are having with the Far East.” (Korolev 2015)

Speculation regarding a massive inflow of Chinese migrants moving to Asiatic Russia has led many in Russia to view the relationship with China more as a challenge than

as an opportunity. This disappears when it comes to international affairs. President Putin stated that China's aspirations were not aimed at the natural resources of adjacent territories but at global leadership, and in this sense, Russia is not a competitor. Putin believes that the West uses this threat to try to scare Russia, but Russia looks for its own guarantees concerning China. For Russia, China is a reliable partner. In fact, China does "almost everything to placate Russian concerns." (Karaganov 2013) According to Viktor Larin, "Informed to a great extent by perceptions of illegality and fears of Chinese expansion." (Larin 2012) This was despite the fact that net Chinese immigration with the goal of permanent residence declined from 2001 to 2008. (Larin 2008) According to the Federal State Statistic Service, between 2008 and 2012, fewer than 2000 Chinese immigrated to Russia yearly for permanent residence. Likewise, trade asymmetries have been a concern—some regions that adjoin China, for example Amur Oblast, are reported to rely on China for nearly 90 per cent of their trade. (RIA Novosti 2015)

In his speech at the Meeting of the Council of the Inter-Regional Association Siberian Agreement, February 2001, President Putin mentioned the other geopolitical problems of a porous border in the region. "It has to do with cattle rustling and other problems which stem from the fact that the border is unregulated and unprotected (in this context the border with Mongolia). Clearly, something has to be done about it because it damages our reputation and relations with a friendly state." (Putin 2001) Further in his speech, in the context of the Migration Policy, Putin advocated government intervention to establish a labor market: "Migration policy faces different problems in southern Russia because too many people want to call this region home. We must establish a labor market, support small and medium-sized businesses and new forms of housing construction in Siberia and the Far East. We must also provide incentives for experts, businessmen and skilled workers who want to settle down there, and people should rotate in and out of certain Siberian regions." (Kremlin.Ru 2015)

3.4. Conclusion

The economic and strategic development of Siberia and the Russian Far East marks the transformation of the Russian Federation from a European to world power. Like the region itself, the process is fraught with contrasts: substantial progress in

transportation, communications, energy and the military, accompanied by the labor shortage, substandard educational facilities. Siberia's vastness, richness, and socio-economic problems epitomise the difficulty of controlling territory and integrating it into a broader region. By the same token, it embodies Russia's great power dilemmas between strategic security concerns and economic opportunities, between international cooperation and national control, and promoting private investments while maintaining control over natural strategic assets. Russia strives to modernise its economic structure, to develop the resources of Siberia, and to keep intact the country's integrity.

Siberia now poses a different challenge to Russia at the beginning of the twenty-first century from what it did at the beginning of the twentieth century. This time the challenge is not how to open up Siberia and conquer it, but how to develop it on a new, sustainable basis for the future and wrest Russia free of Siberia's past misdevelopment. This may be a greater challenge even than the one Russia faced a hundred years ago. Then Siberia was relatively undeveloped—a diamond in the rough. Now Siberia has been hewn by so many different forces along so many different facets for so long that it is not clear whether the government can reasonably or expeditiously reshape its economy, population, and industrial profile. But unless this issue is addressed Siberia will remain a long-term burden on the Russian State and its economy. It may even, in spite of its rich resource base, ultimately become a break on Russia's future development, especially if oil prices and Russian oil production fall together. The internal development and foreign affairs of Asiatic Russia are conducted by the Russian State under great power logic. Russia's main security concern is to maintain *de facto* sovereignty over the region while developing it. Under the administration of President Putin, several programmes for the development of Siberia and in particular of the Russian Far East have been announced. These programmes are aimed to integrate the region into the Russian economy and into the Asia-Pacific economies.

Chapter 4:

Siberia in Russia's geo-strategic calculations

Even in Siberia there is happiness.

Anton Chekhov

4.1. Introduction

The current global geopolitical order is undergoing the most significant transformation since the end of the Cold War. As it has been acutely observed, “In terms of geopolitics, we have moved from an age of order to an age of entropy. Problems and crises will arise more frequently and, when they do, will be resolved less cooperatively” (Schweller 2014). This observation is fully reflected in the present trend toward confrontation in relations between key global actors. Another noticeable feature of global development is the steady increase of importance of Asia-Pacific, mainly as a key driver of the global economy. At the same time, not only the centre of global economic growth but also many unresolved contradictions between the global powers are shifting towards this region. (Korolev 2016)

For a variety of economic and geo-strategic reasons, Russia has been trying to increase its efforts to develop the economy of its Eastern territories and integrate more deeply into the rapidly developing Asian regional economies. Russia’s “Asia Pivot” was marked by its hosting of the APEC⁸² Summit in Vladivostok in September 2012. Vladimir Putin is very aware of the shifting global economic balance of power to Asia, and he understands that Russia’s integration there is essential for its successful long-term development. It is true that during the Soviet period Moscow was more focused on Asia because of the emergence of China as a perceived strategic threat, but this engagement with the region was almost entirely on military-strategic terms. Now, the power has shifted to a certain degree from military to economic potential. (Kuchins 2013) The APEC summit in September in Vladivostok was the global stage for Russia’s assertive turn to the Far East, and its ambitious development in Russia itself. The APEC summit itself carried a strong symbolic and strategic significance. Being hosted in Russia’s the Far Eastern City of Vladivostok, instead of more convenient Moscow or St. Petersburg, and accompanied by large-scale government investments into the city’s infrastructure and education facilities. (Kanaev 2016) In

⁸²Asia-Pacific Economic Cooperation (APEC) is an Inter-governmental forum for 21 Pacific Rim member economies that promotes free trade throughout the Asia-Pacific region.

2013, in his Presidential Address to the Federal Assembly⁸³, President Putin reconfirmed the strategic importance of developing RFE and Siberia by calling this task Russia's "national priority for the entire 21st century." (Putin 2013) It was emphasized that Russia's reorientation toward the Asia-Pacific and the development of its eastern territories "will not only open up new economic opportunities and new horizons, but also provide additional instruments for an active foreign policy." (Kremlin.Ru 2013) Given the rich natural resources and geopolitical characteristics of RFE and Siberia, the development of these regions and their integration with neighbouring Asian economies have a potential to reshape the economic and political landscape in not only Asia-Pacific but also the whole world. In an interview, Vladimir Putin stated that: "two-thirds of Russian territory is located in Asia, and yet the bulk of our foreign trade—more than 50 percent—comes from Europe, whereas Asia only accounts for 24 percent." (Valdai 2013)

This chapter looks into the internal geopolitics of greater Siberia to understand the place of the region in Russia's national identity and policymaking. In a like manner, the chapter examines more deeply the reasons why Siberia and the Russian Far East is essential to Russia's great power identity and to what extent the growing importance in politics and economics of Northeast Asia is an opportunity or a threat to Russia's great power. Firstly it describes Siberia's main features and the geo-strategical location of the region within the new international order. It examines the changing conceptualisations of the role played by greater Siberia in post-Soviet Russia and in particular its role in foreign policy in the Asia-Pacific region (APR). Since the Gorbachev period the RFE was a means for Russia to transform resources into capabilities. Moreover, due to its geographical proximity with the Asia-Pacific, Siberia and the RFE has been viewed as an opportunity for Russia to gain entry to integrative processes in the APR. Its geographical location, next to China, tends to be viewed as a further factor in its uniqueness. This chapter focuses on the objectives and goals of Russian policy in the Siberian region. It has also analysed the geopolitical and geo-strategic significance of Siberia in the Russian Federation. Secondly, it has analysed how Russian policy acquired a new orientation with the coming of Vladimir

⁸³The Federal Assembly is the national legislature of the Russian Federation, according to the Constitution of Russian Federation.

Putin. This chapter suggests that Siberia is not only becoming more important for Russia itself and its great power ambitions, but also for the Northeast Asian region, as China, Japan, and South Korea require a stable regional environment and secure supply of natural resources, which are essential for their prosperity and stability. In this regard, Russia and Siberia play an important role if the conditions for integration and interaction can be developed. Therefore, it is important and worthwhile to pursue the study of Asiatic Russia and its place in Northeast Asia's regional affairs, not only to understand Russia's international position but for a better understanding of the future dynamics of the Northeast Asian region.

4.2. Russia's Pivot to Asia

The world political system is experiencing a fundamental transformation, an unprecedented shift in the geographical centre of gravity in international politics and economics from Europe to Asia-Pacific.

The shift of the world development to the Asia-Pacific region has been the mega trend of the past few decades. Asia-Pacific is becoming the engine of the world civilisation — the role that Europe has been playing for the past five centuries. This is happening due to the region's economic upturn and the obvious crisis of the Euro-Atlantic idea of globalisation. (CSCAP, 2010)

Western sanctions after the Russian annexation of Crimea have further distanced Russia from the West, accelerating a reorientation of its foreign policy, economic relations and diplomatic activity to the East. Indeed, a steady 'pivot to the East' (povorot na vostok) or 'pivot to Asia' (povorot k Azii) was becoming obvious since Putin took the charge in 2001. The Ukrainian crisis turned out to be a catalyst, exposing all problems in the relations between Russia and the West. Russia's turn to the East has primarily been seen as a turn to China, which is also the most active foreign actor in Russia's the Far East. The turn to the East is a critical element in Russia's ambition of projecting its great power status, consolidating its close economic and strategic partnership with China, while simultaneously deterring its Far East from becoming China's raw materials appendage and aiding Russian economic integration with the broader Asia-Pacific region. (Dave 2016)

Asia-Pacific is home to the majority of great powers and it is where most of their interests meet. This region has such a combination of wealth, resources, territory and strategic geography. (Walton 2007) The region accounts for the bulk of the global GDP and hosts most of the largest economies in the world. At the same time, markets are growing rapidly, particularly in the East and Southeast Asia. The demographic growth, the increasingly better qualifications of the workforce, urbanisation, and an increase in living standards, has boosted demand for different kinds of products. The East and Southeast Asia are turning into the biggest and most promising market in the world. (Likhacheva 2010) The Asia-Pacific region is now often identified as the world's new centre of gravity. (Walton 2007; Kizekova 2011) Writing in The Financial Times in 2012, Dmitri Medvedev, in his role as Prime Minister, stressed Russia's status as a Euro-Pacific country and its critical role in promoting "deeper regional integration" by building a common economic space from the Atlantic Ocean to the Pacific. At the same gathering three years later in 2015, Foreign Minister Sergei Lavrov reiterated the 'turn towards the Pacific' as a 'national priority for the twenty-first century' for the development of Russia's eastern regions. (Dave 2016)

Russia believes itself a global power and therefore an Asian power. Correspondingly, it has been trying to enhance its presence in the region. "Since 1996 (when Primakov became a foreign minister) and especially under Putin, Russian diplomacy has become increasingly active, confident, and aimed at reasserting Russian influence in this region, not only politically but economically through such tools as arms and energy exports." (Lukin 2016) Indeed, a shift towards Asia started under the Putin and Medvedev administrations. Russia's 'pivot' to Asia initiated as a long-term rebalancing project under President Putin's administration, aimed to maintain its global power identity by preserving Russia's its independence in world affairs. President Putin, in November 2016, signed an Executive Order approving the Foreign Policy Concept of the Russian Federation. The first part of the document emphasises the notion that the international order is going through a period of rapid changes, aimed at multipolar international system formation. Within the document, the post-Soviet region (CIS)⁸⁴ is qualified as the priority area. Special attention has been given

⁸⁴ The Commonwealth of Independent States (CIS) is a regional intergovernmental organization of 10 post-Soviet republics in Eurasia formed following the dissolution of the Soviet Union.

to the Russian-led Eurasian Economic Union. At the same time, not much attention has been paid to Russia's eastern partners. (Likhacheva, Makarov & Pestich 2018) The paragraphs on the Asia-Pacific region were not indicative of considerable changes, in comparison to the previous foreign policy concept signed in 2013.

As per this document:

"Strengthening Russia's presence in the Asia-Pacific region (APR) is becoming increasingly important since Russia is an integral part of this fastest-developing geopolitical zone, toward which the centre of world economy and politics is gradually shifting. Russia is interested in participating actively in APR integration processes, using the possibilities offered by the APR to implement programs meant to boost Siberian and Far Eastern economy, creating a transparent and equitable security architecture in the APR and cooperation on a collective basis."
(MID Russia, 2013)

The government has repeatedly talked about the necessity of rebalancing with the East. According to a report drawn by the Russian Council for Security Cooperation in the Asia Pacific in 2010 (CSCAP) for the Russian government, Russian geopolitical strategy in the twentieth-first century should be: "Lean on the West, stabilise the South and go East." The report suggests that the twentieth-first century imperatives offer a new view of Russia as a Euro-Pacific country, not just European or Eurasian. (CSCAP 2010) By the same way, in another report presented by the Valdai Discussion Club⁸⁵ in 2012, it is suggested that Russia can become a Euro-Pacific power. "Its natural competitive advantages in this sphere are its physical presence in the Pacific and Atlantic Oceans, its experience in Asian affairs, its strong military-strategic positions, and, lastly, the huge potential for Siberia and the Russian Far East." (Valdai 2012) Russia's turn to the East is a response to both domestic needs and regional developments. It indicates hunt of a multivectoral approach emphasising on its Eurasian and Euro-Pacific profile as well as alignment with China in regional multilateral structures. Russia's various rebranding of itself as Eurasian, Atlantic-

⁸⁵The Valdai Discussion Club is a Moscow-based think tank, established in 2004. The intellectual potential of the Valdai Discussion Club is highly regarded both in Russia and abroad.

Pacific and Euro-Pacific power are neither new nor particularly unexpected. What is new is the shift in Russia's image of Asia, resulting from the ascent of China, and Moscow's simultaneous alienation from Europe. It is an orientation to the shifting of global power to Asia, with China on track to overtake the US and become the number-one economy, and India closes behind. With the most dynamic economic growth within Asia concentrating in China and India – two close allies of Russia – and several middle-level economies of Southeast Asia, Russia's shift to the East has a pragmatic rationale.

As global demand for energy supplies grew, Russia's the Far East and eastern Siberia in 2016 acquired ever more important in the region's geopolitics. The Siberian region has three important characteristics that make it worthy of attention. Together with eastern and western Siberia, the region is a vast treasure house of natural resources, especially energy that can supply the enormous populations and booming economies of East Asia. (Karaganov 2016) The Russian Far East can help keep industries running and meet essential living needs. At the same time, as seen from the European part of the country, the regional bloc qualifies Russia as a rightful member of the Asia-Pacific and Northeast Asia regions, extending its geopolitical influence.

In and outside Russia there are a variety of approaches, views, and opinions regarding the role and status of the region, which is traditionally called the "Far East." Within the context of the global trends, and also the processes taking place in Asia-Pacific, East Asia, and Russia at the beginning of the 21st century, this region performs several important national (in the context of Russia) and regional (in East Asia and the Pacific) functions. These functions themselves make it necessary to involve the territories of Pacific Russia not only in economic but also in social, political and cultural communications in Northeast Asia and the whole Asia Pacific region for their own good. (Huang & Korolev 2015) The first and the most important function that Pacific Russia can perform today for the benefit of herself and of the entire region is a stabilising one. The rich natural and spatial resources of this area provide Moscow with a certain margin of safety to meet the challenges of economic, political and social reforms in the country. They can be the most important factor to ensure wealth and growth of Russia's power in general, the "strategic rear and reserve" for Russia's prosperity in the 21st century. (Kremlin.Ru 2013) At the same time, as described

above, many Pacific countries perceive this region as a reliable source of resources and a promising region where certain promising economic projects could be initiated.

The second function of the region is that it serves as a strong transit and transportation link between European Russia and European markets with the economies of the Asia-Pacific. However, the technical equipment, management and logistical capacity of Russian railways and port facilities are far from desirable. This is why stakeholders have to consider pouring in a massive investment to raise the standard of the system. An encouraging fact in this regard is that the Russian government has already recognised that efficient infrastructure is important for making Russia's "turn to the East" real. (Karaganov & Makarov 2014) The recently accepted Russia the Far East and Baikal Region Development Program up for 2014–2018 are actually a plan of modernisation and development of the transportation network of this region. In Moscow's view, Russia's Pacific frontier is a springboard to enter the Asia-Pacific region. (Larin 2015) Policy Concept of the Russian Federation of 2008 points out the Kremlin's intention to use the potential possibilities of the Asia-Pacific region to develop Siberia and the Far East, and thereby strengthen "Russia's belonging to this dynamically developing region of the world." (Kremlin.Ru 2016) The third function concerns cultural and civilisation interactions. Russia is the only European country sharing a border with East Asian cultures (China, Japan, Korea, and Mongolia). While the region is experiencing another surge of ethnic nationalism, the territory of Pacific Russia, where different cultures and people coexisted for centuries, can become a testing ground for closer interaction, compromise and mutual understanding between civilisations. Altogether, the above-listed circumstances require the creation of a unified model of the development of Siberia and the Far East, the realisation of which requires common efforts of the international community.

Russia's first effort at projecting itself as a global power stretching from the Atlantic⁸⁶ into the Pacific was the holding of Asia Pacific Economic Cooperation (APEC) summit in 2012 in the Far Eastern City of Vladivostok. Russia spent about US \$21 billion in building the infrastructure, which included the world's longest 1.1 km

⁸⁶The Atlantic Ocean is the second largest of the world's oceans.

stayed-cable bridge between the mainland city and Russky Island⁸⁷, a closed military area during Soviet period, where the brand new campus of the Federal University of the Far East was built to also host the summit. Since then, Russia has been focusing greater attention on the East Asia summits of ASEAN+8⁸⁸ with emphasis on promoting economic cooperation. Russia also held the first annual Eastern Economic Forum⁸⁹ (EEF, also described as “East Russia summit”) in Vladivostok in May 2015 with the goal of facilitating economic development of its Far East and establishing mutually rewarding cooperation in Asia Pacific. (Sputnik News 2015) The EEF is envisaged as an annual forum for establishing bilateral and multilateral business and commercial cooperation within the region, and attracting the BRICS⁹⁰ nations, India in particular, and the emerging markets of Southeast Asia to invest in Russian economic regeneration.

While the strategic goal for Russia is to integrate the Far East with the economy of the Asia-Pacific region and support Putin’s pivot to Asia, Moscow has limited financial resources and will power to push through the necessary reform and policy measures to do so. On the other hand, China is keen to invest in the Russian territory. For example, a railway bridge across the Amur River⁹¹ and the development of the port of Zarubino⁹² in Southern Primorye bind the region to Heilongjiang in Northeast China which has a population of 40 million. A number of other highway and bridge construction projects are also being finalised. (Fedorinova, Mazneva & Baraulina 2015) On the one hand, China has emerged as the most important partner of Russia in its quest for a multipolar world order. Trade with China and investment from China to Russian the Far East and Siberia are key factors in the development of the Russian East. But on the other hand, China’s increasing successful engagement in the Asia-

⁸⁷Russky Island is an island in Peter the Great Gulf in the Sea of Japan, in Primorsky Krai, Russia.

⁸⁸This consists of the 10 ASEAN Member States, Australia, China, India, Japan, South Korea, New Zealand, Russia and the US.

⁸⁹Eastern Economic Forum is an international forum held each year in Vladivostok, Russia, for the purpose of encouraging foreign investment in the Russian Far East.

⁹⁰BRICS is the acronym coined for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa. Originally the first four were grouped as "BRIC", before the induction of South Africa in 2010.

⁹¹The Amur River or Heilong Jiang is the world's tenth longest river, forming the border between the Russian the Far East and Northeastern China.

⁹²Port of Zarubino is a sea port situated in Zarubino on the south of Primorsky Krai in the Trinity Bay, northwestern part of the Sea of Japan. The port is 18 kilometres from the border with China and close to the border with North Korea.

Pacific Region and its growing economic ties with the Russian Far East and Siberia have also become worrying factors for Russia. (Lukin 2015) Recognising the fact, that Russia's 'pivot to the East' in reality indicates a 'pivot to China', Alexander Lomanov of the Institute of Far-Eastern Economic Studies at the Russian Academy of Sciences notes that "China has become an indispensable partner for Russia in terms of obtaining sophisticated technologies banned by western sanctions and its products are thus 'second best' offering decent quality at a reasonable price." (Troika Report 2015)

The Russia-China alliance significantly develops the future direction of Russia's Far Eastern territories. Indeed, Russia has indicated its aim to connect the development of eastern Russia directly to China's own modernising agenda. The central planning and governing principles of the new economic partnership were enshrined in a September 2009 agreement approved by presidents Medvedev and Hu Jintao "*Program of Cooperation between the Regions of the Far East and Eastern Siberia and the northeast of the People's Republic of China, 2009–2018.*" (Kremlin.Ru, 2009) The program specified 284 areas of cooperation, most significantly 201 "key cooperative projects," 90 in Russia and 111 in China, plus 65 target areas for upgrading border crossings and transportation infrastructure on both sides. (Medvedev 2010) The program list was designed to revitalise and expand China's northeast industrial base, while accelerating exploitation of Russia's natural resources and facilitating flows of the extracted materials to China. (Karaganov 2016) More than 70 per cent of the projects envisioned on the Russian side, covering minerals extraction, agriculture, and forestry, on the other hand, roughly 90 percent of the Chinese projects outlined in the program comprises a wide range of industrial processing and manufacturing sectors. The scope of the program promises was extended widely across the Far East, including projects in eight of nine RFE provinces as well as in Zabaikal Krai. (Kuhrt 2012)

There is much interest in Japan for a closer business partnership with the Russian Far East. In 2013 Japan accounted for 34 per cent of total foreign investments in the Far East and trans-Baikal region. Japan has invested in oil and gas projects in Sakhalin. (Lukyanov 2015) Russia has also been looking for a more active partnership with ASEAN and utilising its strong links with Vietnam and Laos, two member states of ASEAN, to do so. It has been leaning on Laos' chairmanship of ASEAN to enhance

trade and economic ties with ASEAN. Russia also aims to solidify the closer business and commercial relations of recent years with Singapore, Malaysia and Indonesia. (Klein 2014) However, beyond its ability to use energy and arms exports, Russia lacks economic and diplomatic levers. Its policy appears in many respects to be “more a sum of bilateral relations than a coherent regional strategy.” Russia needs to pursue an active Asia-Pacific policy and set a regional agenda to persuade ASEAN Member States to invest substantively in broadening the partnership between Russia and ASEAN. (Rickleton 2015)

Putin’s policy is as much about projecting Russia’s status in the East, compensating for its weakness with regard to the West, as about seeking business partners and a strategic role in the Asia-Pacific region. However, Russia’s uncertain economic prospects, difficult investment climate, lack of strategic role and of soft power do not provide a steady basis for a long-term partnership. For ASEAN, Russia remains a power, which is focused primarily on its relationship with the West, drawing strength from its close ties with China, and quite detached from Southeast Asia. (Dave 2016) Hence, Russia’s policy in the Asia Pacific, in contrast to that in Europe, is far more pragmatic, strategic and friendly, motivated by the objective of uplifting its Far Eastern region out of stagnation and promoting it as a foundation to attract investment, trade and commercial exchanges with Asia. In this effort, China is regarded as a critical factor because of the latter’s economic rise and geography vis-à-vis Russia’s the Far East. Russia’s growing partnership with China, founded on the logic of convergence of interests, has been invaluable in giving momentum to the development of this impoverished part of the country. (Lukin 2016)

4.3. Geopolitical and geo-strategic significance of Siberia

When dealing with geopolitical and geostrategic significance of Siberia the terms ‘geo-strategy’ and ‘geopolitics’ are frequently used. These two terms are interlinked and often applied in a mixed up manner, which leads to confusion. Therefore to avoid this confusion this chapter has first formulated definitions of these terms, prior to applying them to Siberia.

Geopolitics concerns the political and strategic significance of geography. More specifically, geopolitics is composed of the distribution of political and military

power. (Gadzhie 2002) It analyses the links and causal relationships between political power and geographic location. In addition, it explains how factors such as the size of territory and population, geographic position, the availability of resources and a state's dependency on foreign trade determine the status of a state or region and its behaviour in the international arena. (Nartov 2003)

Geo-strategy refers to various theories regarding foreign policy actions, as motivated by the desire for the control of foreign resources - i.e., to "match" material resources with large scale economic demands. National strength and dominance (economic and military) are intrinsic to any operable concepts of "strategy," and "geo-strategy" represents a bridge between the political and military goals of a particular nation. (Sorokin 1996) Geo-strategies are relevant principally to the context in which they were devised: the nationality of the strategist, the strength of his or her country's resources, the scope of the country's goals, the political geography of the time period, and the technological factors that affect military, political, economic, and cultural engagement. Geo-strategy merges strategic considerations with geopolitical ones. (Gadzhie 2002) Geo-strategy involves comprehensive planning, assigning means for achieving national goals or securing assets of military or political significance.

The Siberian region is a vital region because of its geopolitical position, especially its closeness with major countries: Mongolia, China, North Korea, and South Korea, Japan and the United States in the Bering Strait and the Aleutian Island. The proximity of the great powers has turned this region into an important geopolitical region of the present century. The geopolitical importance of Siberia and the Russian Far East is also based on the presence of its valuable natural wealth, especially oil, gas, hydrocarbon, gold, coal, diamond, fresh water, dense forest, and mineral resources. These resources have become more significant as a geo-strategic objective at a time of growing demand.

The strategic importance of Siberia became evident once Germany invaded the Soviet Union in 1941. As the German War machine smashed through much of Belorussia, through Ukraine and into the Caucasus, the Soviets moved much of industry eastwards beyond the Urals, creating a huge build-up of the industry in West Siberia. More than 300 entire enterprises and factories were moved eastward, creating a huge

industrial base, e.g., 59,000 fighter planes were built in Siberia during the war. (Deita 2014) Likewise, most Lend-Lease aid provided by the US would arrive in the Soviet Union via sea and air across the Pacific and through the Far East. Unfortunately, this trend of regional industry and manufacturing did not continue after the end of World War II, with the exception of specialised military manufactures. At the same time, it was during this period that the true economic resources of Siberia became apparent. (Government.Ru 2014)

The current stage of Siberia and the Far East's significance was perceived in the latter half of the 2000s. It was slightly a late response to Asia's economic rise, which opened many new development opportunities for Russia, primarily its eastern regions. This signifies a shift from the past when these territories were considered a burden or served as just a base in Russia's deadlock with the West and occasionally as a frontline in its rivalry with Japan or China. (Valdai 2017) Although declared on multiple occasions, Russia's political and economic turn to the East really started in 2011–2012. The trade among these countries established after the collapse of the Soviet economy and over the years of chaotic recovery, whereby the country exchanged its energy resources for relatively expensive and less cost efficient Western products. By broadening its foreign trade, Russia has been moving into a more favourable position in terms of its economic and political bargaining power. Apart from its energy resources, Russia has also been increasing exports of agricultural and other water-intensive products, as well as arms. Investment is growing rapidly, mostly from China so far. According to various estimates, the accumulated investment is already between \$16 billion and \$30 billion, and maybe even \$40 billion. The further expansion of trade and investment is expected to result from a series of macro projects in the energy sector, as well as the Free Port of Vladivostok project, which includes most Russian ports along the Pacific coast. (Vakulchuk 2018) The relations between Russia and China can be described as a de facto alliance. However, this relationship is increasingly improved and balanced by stronger ties with Japan, Vietnam and other ASEAN countries, as well as India, South

Korea and Iran. The EAEU⁹³ and China's Belt and Road initiative are slowly but steadily moving up their coordination efforts in Central Asia, despite the once predicted rivalry between Moscow and Beijing. In fact, a strategic partnership to ensure stability in the region is taking shape, in which Russia would be primarily in charge of security matters, and China of driving prosperity. (Thornton 2013)

There is also a number of advantages and benefits that Siberia plays for Moscow. The most obvious advantage of the Siberian region is its rich natural resources, which makes it significant to the East Asian country. Second, the region's geographical closeness to East Asia offers Russian exporters an advantage, because the Russian Far East needs huge investment funds for its industrial modernisation and infrastructure development. By connecting Asian-pacific country the Russia Federation get a chance to fulfil its desire and develop its eastern region. Third, with East Asia's investment capital and its technologies can offer considerable assistance with the industrial modernisation of the Russian Far East. Fourth, the Russian Far East gets to benefit from East Asia in terms of cheap Chinese labour, particularly in those sectors where labour shortages are almost chronic including agriculture, construction and services. (Vakulchuk 2018) Currently, the Siberian region constitutes the historical, cultural, and geographical basis for Russia's status as a great power and its distinctiveness from the West. One of the key elements used to sustain Russia's aspirations to be a great power is its Asiatic Russia. It is often argued that Russia by virtue of its history and geography is, and will be a great power. As a result, Siberia is naturally seen as an asset. (Likhacheva 2018) From the Russian perspective, Siberia was crucial in the rise of the Soviet Union as a superpower. Thus, it is Siberia whose resources and the landmass supports Russia's claim to be a great power. Russia owes its status as a global power to Siberia, which makes Russia more than a big eastern European country. At the social level, a vast part of Russian society got what they thought Siberia was all about: stores bursting with goods, a more people-friendly and humane living environment, Christian revival, some elements of democracy, and most of the technologies people may need. This new geopolitical and geo-economic status means

⁹³The Eurasian Economic Union is an economic union of states located in central and northern Asia and Eastern Europe. The Treaty on the Eurasian Economic Union was signed on 29 May 2014 by the leaders of Belarus, Kazakhstan and Russia, and came into force on 1 January 2015.

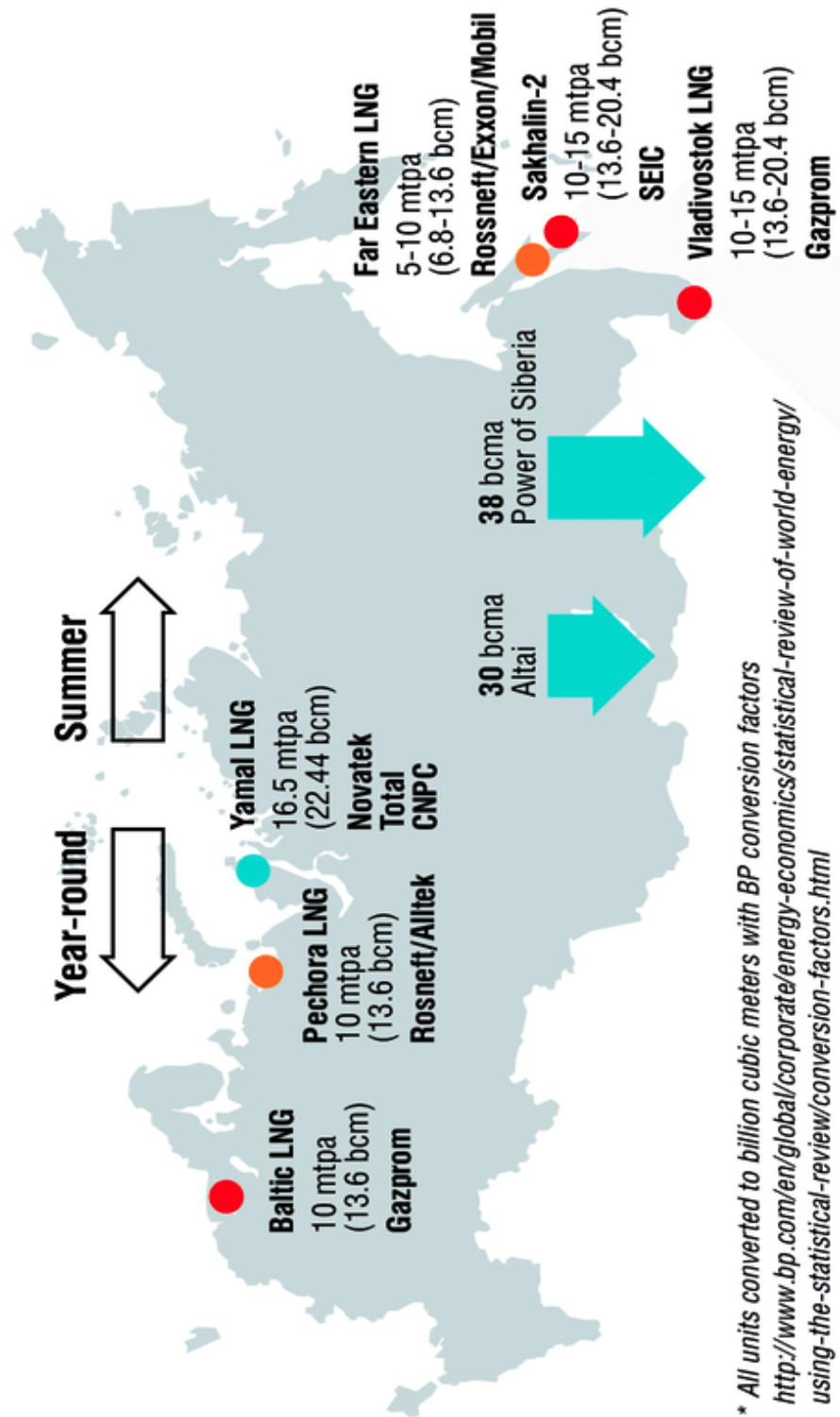
moral and political detachment from the West and the strengthening of positions in relations with the Asia-Pacific countries at the same time. (Makarov 2018)

Its significance is likely to grow with the shift of gravity of the global economy to the Asia-Pacific and Far East, Russia's gateway to the Asia-Pacific region, the economic and strategic value for Russia is invaluable. Only the island of Sakhalin's oil reserves accounts for 25 per cent of Russian total oil reserves. There are abundant minerals, forestry and fishery resources in the region. Siberia is the area which has the richest natural resources in the world. Eastern Siberia alone contains as much oil as the entire United States as well as tremendous quantities of natural gas. Siberia has vast deposits of coal; 70 per cent of Russia's coal reserves are concentrated in the area. Here is the world's most vast area of virgin forest, forest reserves are accounted for 23 per cent of the world. 80 per cent of the water resources of Russia are concentrated in Siberia. (Kuhrt 2012) It is also extremely rich in mineral deposit and almost all the world's mineral resources have been found here. In addition, with the advancement of technology, there is a rising demand for higher quality raw materials or new kinds of natural resources, for example, rare earth metals and impact diamonds. Not only did these technological advances transform the mining sector, but also agriculture. New technology, including genetic engineering, drip irrigation, automated agricultural machinery, geo-information technology and other innovations are making this industry increasingly precision-guided, in need of qualified staff and substantial investment. Three centuries ago, Russian scientist Mikhail Lomonosov foretold that, "Russian power with Siberia will increase." The flora and fauna of Siberia can be divided between five landscape zones: the tundra, the forest-tundra, the taiga, the mountain taiga and the wooded-steppe. Historically these landscape zones have determined the main activities of Siberia's inhabitants. Now that geopolitics is rapidly returning to international relations and natural factors have an increasing influence on the world economy, the area and geographical position of Siberia is becoming a powerful resource for development. The growing interest toward Siberia and the Far East, and not only in Russia but elsewhere, is one of the reflections of this trend. The Eastern region is always a crucial connection to expand Russia's economic ties with East Asian countries. In this context, the Russian Far East represents both an opportunity and a burden for Moscow. It presents an opportunity because it is geographically close to the East Asian economies and in this way it is an entry point

for capital, technology, services and labour from the neighbouring countries. The disadvantage is that the Russian Far East has very less population, which weakens the strength of the region's economy in terms of economic output and the consumer market. Second, the transportation, communication and other basic infrastructure of the Siberian region needs improvement if it wants to support economic activity and to raise the population. The third major disadvantage is that in order to develop the Russian Far East, it has to depend on foreign capital and investment. Fourth, the long geographical distance of Siberia from Russia's centre has been a disadvantage due to the high transportation cost. Foreign investment and capital in the region would reduce the heavy financial burden on Moscow but the large-scale investment is unlikely until and unless Moscow's promise to the economic development and modernisation of the region. Mongolia to Central China, Yakutia in North-East Siberia along the Eastern coastal rail line of China to Shanghai and From Sakhalin Island to Japan. China and North Korea are building their own pipeline projects. (Turovskii 2016)

Another emerging alternative to China and Japan is beyond a friend, India. Russia and India have also established a dependable relationship. The relational was developed during Russian President Vladimir Putin's visits to India in 2000, and then again in 2002 and 2004 and India's Prime Minister Atal Bihari Vajpayee's trips to Russia in 2000 and 2003. The energy partnership between Russia and India benefits both countries. President Vladimir Putin and the Indian counterpart signed the Joint declaration on December 2004 during a visit to New Delhi. Russia is a major exporter of oil and gas and India is emerging as a large consumer. Both the country confirmed their interest to work together in the growth of new oil and gas fields. Putin affirmed that as India's tried and tested partner of long standing, Russia is ready to contribute to the energy stability of the growing Indian economy and its fuel and energy sector. Russia perceives India as a friendly power in comparison to its other neighbours, the Japan and the China.

Map No. 10: Russia's LNG projects



Source: Asia Pacific Foundation of Canada, (2015). Available at: <https://www.asiapacific.ca/blog/russia-natural-gas-supplier-asia-pacific-region-conversation>

Natural gas production is another strategic asset for the Russian Federation. Russia's total natural gas reserves are estimated at 165 trillion cubic meters, for Russia natural gas 'is practically an inexhaustible source of energy.' (Sevastyanov & Stapan 2013) The majority of the gas reserves and fields are located in Asiatic Russia, most of them in West Siberia in the Yamalo-Nenets Autonomous Okrug and Tyumen Oblast. In natural gas, Urengoy, Yamburg and Medvejye, known as "the big three" located at northwest and Arctic, are the largest fields with declining production rates though. The oil and natural gas deposits in Yamal Peninsula have also considerable potential.

Yamal liquefied natural gas (LNG) project aims to access Asian markets after 2017 (Novatek.ru). The country's current LNG exports are made from Gazprom led Sakhalin 2 LNG project. (Grama 2012) In along with ongoing "upstream" investments in Sakhalin, those deposits in Arctic /East Siberia have been appealing increasing attention from the world energy-sector. Even though production costs are much higher in comparison to the rates in Western Siberia, they appear as the sole factor to compensate declining production figures. Particularly in the Arctic area, there has been going on a fierce competition, partly due to emerging "Northern Sea Route"-as glaciers melts-with potential to change the world's trade routes as transporting goods to Asian economies will be much shorter and less costly. As a major producer/exporter of oil and natural gas, Russia's economy heavily relies on its energy exports (Map no. 11). In 2012, its energy revenues accounted for 52 per cent of federal budget and over 70 per cent of total exports (EIA). In 2013, Russia's oil production was 10.788 million barrel per day (bbl/d); it's the annual natural gas production of 604.8 billion cubic meters (bcm). Significant portion of those resources have been exported, rendering Russia the world's largest oil and gas exporter in total. (BP 2015)

Connected with a variety of oil and natural gas pipeline, historically, Europe has been the main energy partner for Russia. Although Russian energy companies in the 1990s endeavoured to diversify away from European market, they did not get the required support from of the Russian State. Today, however, Russia prioritised market diversification (i.e., the Asia-Pacific) and stress on developing resources of "the East's step-son" (i.e., Eastern Siberia and the Russia Far East). (Balzer, 2005; Pussenkova 2009) As it loses its market share in the European market, Russia expects

to increase its share in the Asia-Pacific energy market by 2030: from 8 per cent to 25 per cent in oil, from 0 per cent to 20 per cent in natural gas. (Energystrategy.ru)

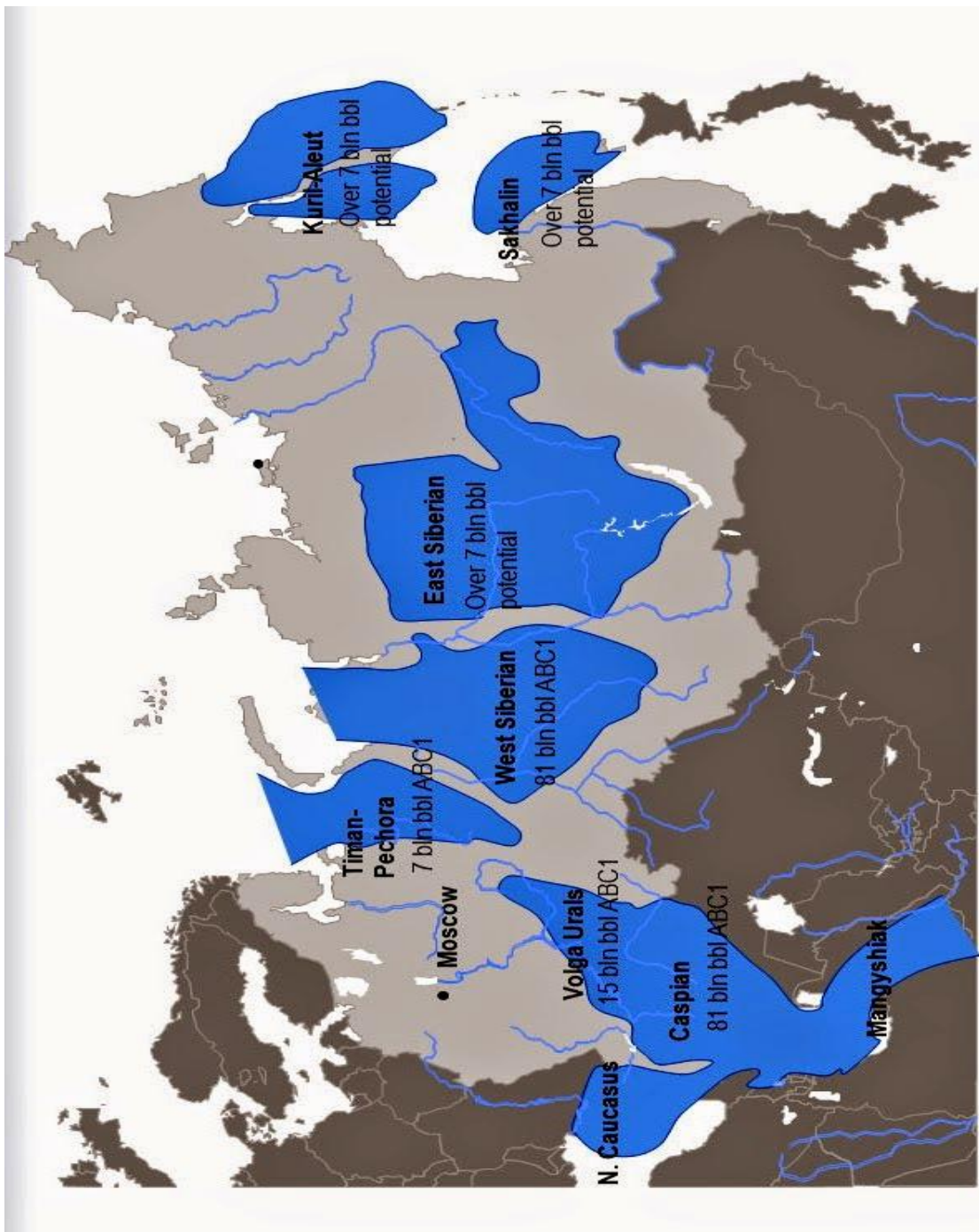
In 2007 the Gazprom Eastern Gas Programme was approved, which comprises the basis for developing the gas industry in Eastern Russia. (Gazprom 2014) This programme aims to discover new fields and exploit existing fields for home supply, taking into account potential gas exports to China and other Asia-Pacific countries. There are also important gas fields in the Arctic, East Siberia and the RFR, most of them still to be exploited. The construction of the pipeline "Power of Siberia"; the end of construction of the Vostochny cosmodrome; modernisation of the BAM, development of the Sakhalin, Magadan, Kamchatka shelf; implementation of the project of the Eastern petrochemical complex; the creation of a modern shipbuilding cluster and production of marine equipment for the development of the shelf; development of enterprises for the extraction of iron ore, gold and other mineral raw materials are some of the example. (Kremlin.ru 2016)

In May 2014, Gazprom and China National Petroleum Corporation (CNPC) signed the Sales and Purchase Agreement for gas to be supplied via the eastern route (Power of Siberia gas pipeline) (Map no. 12) The 30-year Agreement provides for Russian gas deliveries to China in the amount of 38 billion cubic meters per year. Gas supplies will start on December 1, 2019. In September 2014, Gazprom commenced the construction of Power of Siberia's first section running some 2,200 kilometres from the Chayandinskoye field (Yakutia) to Blagoveshchensk (Chinese border). The second phase of the project will include the construction of a section stretching for about 800 kilometres from the Kovyktinskoye field (Irkutsk Region) to the Chayandinskoye field. The third stage provides for expanding gas transmission capacities between the Chayandinskoye field and Blagoveshchensk. (Gazprom 2015)

Russia's dependency on the exploitation and export of gas and oil has gradually increased in the last twenty years. The role of energy resources, especially in the East, should not be downplayed. "It is something of a commonplace to say that Russia's attention to its oil and gas sector is blown out of production, however, the oil and gas projects that are carried out in areas west of Lake Baikal and in the Far East,

particularly in areas that were not developed in Soviet times, act as the main growth engine there.” (Valdai 2015)

Map No. 11: Major Russian Oil Basins

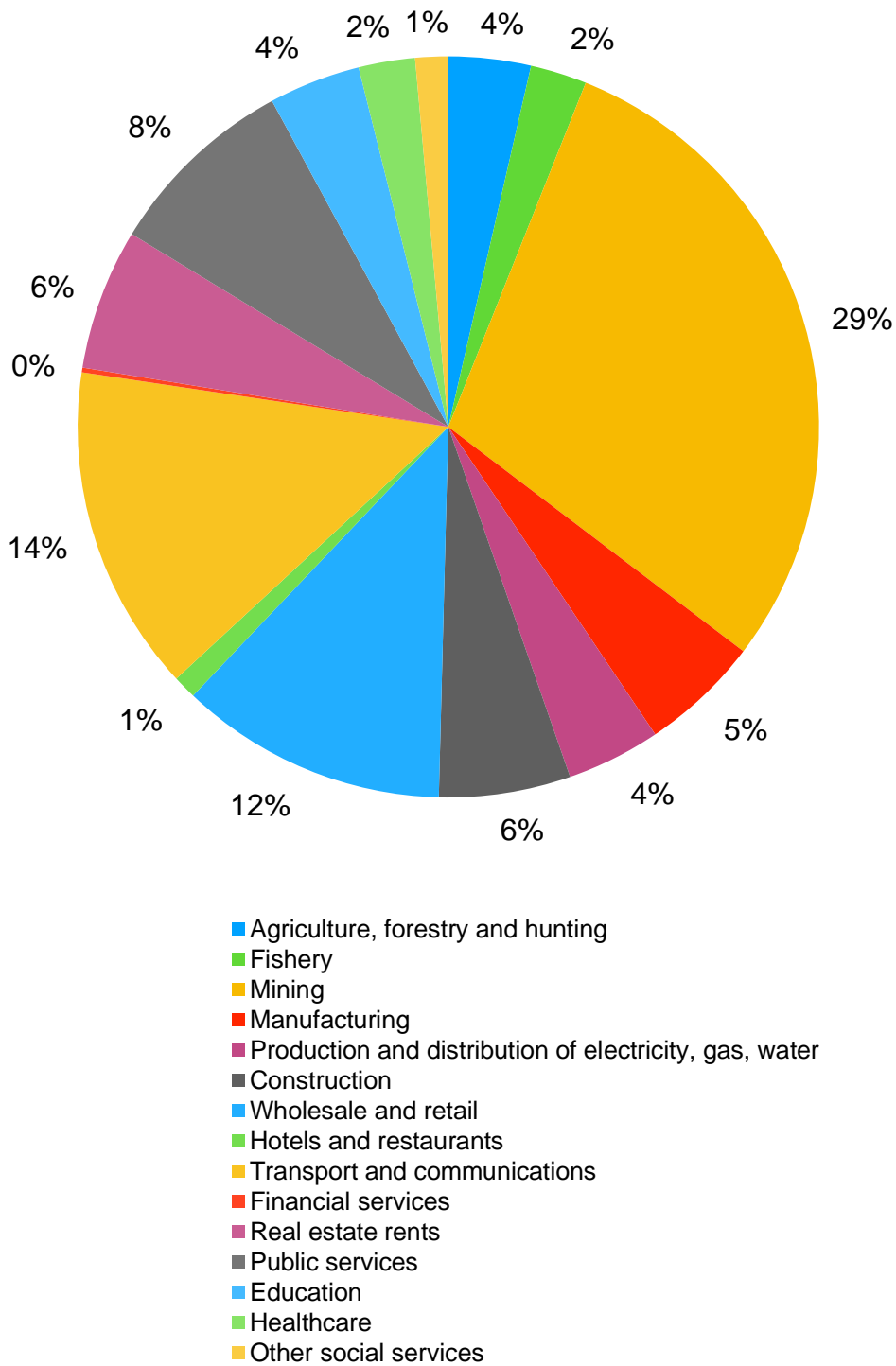


Source: Troika Dialog (2014), Available at:
<https://trueeconomics.blogspot.com/2014/05/2352014-another-big-deal-of-russian-week.html>

It is not a panacea for developing Siberia, and should be taken as a key strategic asset that can finance projects of development; however, it depends to a large extent on the ability of the country as a whole to diversify its economy in order to reduce its dependency on the energy sector. According to the Valdai Analytical Report (2012), the Eastern Gas Programme and the ESPO may help to create a third cluster of territorial and production complexes, in addition to the Trans-Siberian and BAM clusters. It may also lead to the development of a greater area in the North and south and lead to industry and infrastructure projects, such as the railroad to Yakutsk, to be completed by 2017. Similarly, the Sakhalin gas supplies going west will intersect with the supplies going east from the Sakha Republic in Komsomolsk-on-Amur. This may lead to the development of those cities and could serve as a growth engine in the area. All this could change the economic situation in East Siberia and the RFE to an important extent. (Valdai 2012) The eastern territories of Russia is also a bridge connecting Europe and Asia not only ideologically but also spatially. The development of the Northern Sea Route is one of the keys to that bridge. Siberia and the Far East are regions extremely rich in natural resources. (Figure No. 1)

They account for 10 per cent of the world's explored oil, about 25 per cent natural gas and 12 per cent of coal, 9 per cent of gold, 7 per cent of platinum, 9 per cent lead, 5 per cent iron ore, up to 14 per cent molybdenum, and up to 21 per cent of nickel. Apparently, the regions have large reserves of shale energy. There are about 16% of the world's fresh water and about 21 per cent of the world's forests. (Fortescue 2016) In Siberia and the Far East, there lies 22 per cent of Russia's arable land. Finally, the marine bio-resources of the Far East are one of the richest in the world. Siberia's opportunities are contained in its resource potential. The energy riches of Siberia and the Far East are not confined to fossil fuels. Russia produces 4.5 per cent of the world's hydropower, and in terms of hydropower reserves (9 per cent of the global index), it is second only to China. As much as 80 per cent of electricity generation is concentrated in Siberia and the Far East. The potential of hydropower in Siberia is used only to 20 per cent, and that of the Far East (with only three hydroelectric power plants operating at the moment) just 4 per cent. (Blakkisrud 2018)

Fig. No. 1: Industrial composition of the economy of the Russian Far East, 2014



Source: Federal'naya sluzhba gosudarstvennoi statistiki (2016) Available at: <https://www.eia.gov/beta/international/analysis.php?iso=RUS>

The hydropower plants concentrated in the south of Siberia and the Far East may serve as the nucleus for the development of an energy-intensive industries cluster, from aluminium smelters to centres of storing and processing information. (Korolev 2016)

The situation in the diamond industry is very similar to that in the energy sector: Russia is a major supplier of uncut diamonds but hardly uses it for domestic needs. These diamonds are ideal for use in high-tech industries from drilling equipment to computers located in the south of Western and Eastern Siberia. Russia has splendid capabilities for extracting and processing rare-earth metals. Their reserves in Russia are unique in terms of both quantity and quality. Almost all of them are located in Siberia and the Far East. Russia's energy resources are not the only reason for fostering international cooperation in the Pacific part of the country. Russia's regions east of the Urals and in the Far East enjoy a competitive advantage. One such advantage is the availability of extensive water resources. (Larin 2018) Such resources open up possibilities for the rapid development of water-intensive industries in the region such as agriculture (including grain, fodder and meat production), timber processing, pulp and paper, etc., to export their products to the APR markets.

Water resources can also be used as a generator of hydropower. It would be no exaggeration to say that Russia's regions east of the Urals and in the Far East are the last "virgin lands,"⁹⁴ one of the few regions left in the world fit for arable farming that are still a long way off being fully exploited agriculturally. The Altai Territory currently plays a major role in Russia's crop growing sector. The Minusinsk Basin in the south of the Krasnoyarsk Territory and Khakassia is another potentially significant region which is already being used for grain production. The Amur Region is sometimes called the breadbasket of the Far East. Its favourable soil conditions (make a further significant expansion of the arable land possible. The opening up of these new virgin lands; the Prikhankayskaya Low land in the southwest of the Primorye Territory, which specialises in soya production will make Russia's the Far East a commercially viable producer of wheat and fodder for the APR. (Lee & Lukin, 2016) Its main external consumers could be China and other East and Southeast Asian

⁹⁴Uncultivated land suitable for agriculture. The Virgin Lands Campaign was Nikita Khrushchev's 1953 plan to dramatically boost the Soviet Union's agricultural production in order to alleviate the food shortages plaguing the Soviet populace.

countries, where grain production has peaked and is now declining, along with Japan and South Korea.

Due to the growing water shortages, worldwide and especially in Asian countries, there are all prospects for water-intensive industries in Siberia and the Far East, in particular, the production of chemical fibre and pulp-and-paper industry. There exist special prospects for agriculture, which, apart from fresh water, needs croplands and pastures. The sole significant unused reserve of these in the entire Eurasian continent still remains only in eastern Russia. Production and processing of fossil fuel, agriculture, fish farming and transit by the Northern Sea Route are apparently key areas of Russia's cooperation with Asian countries in Siberia and the Far East. But, as was mentioned, they are not the only ones. (Larin 2013) There are good prospects for the development of wood processing, cellulose and paper, chemical, renewable energy and other industries. And there are also narrow sectors where single projects can be implemented jointly with Asian partners. Optimal use of the resources in Russia's east (not only mineral but also human, intellectual, land, water and biological resources) will make it possible to turn Siberia and the Far East into a developed region closely integrated into economic ties within the Asia-Pacific Region, on the one hand, and to boost the slackening economic, political and spiritual development of Russia, on the other hand. (Makarov 2015)

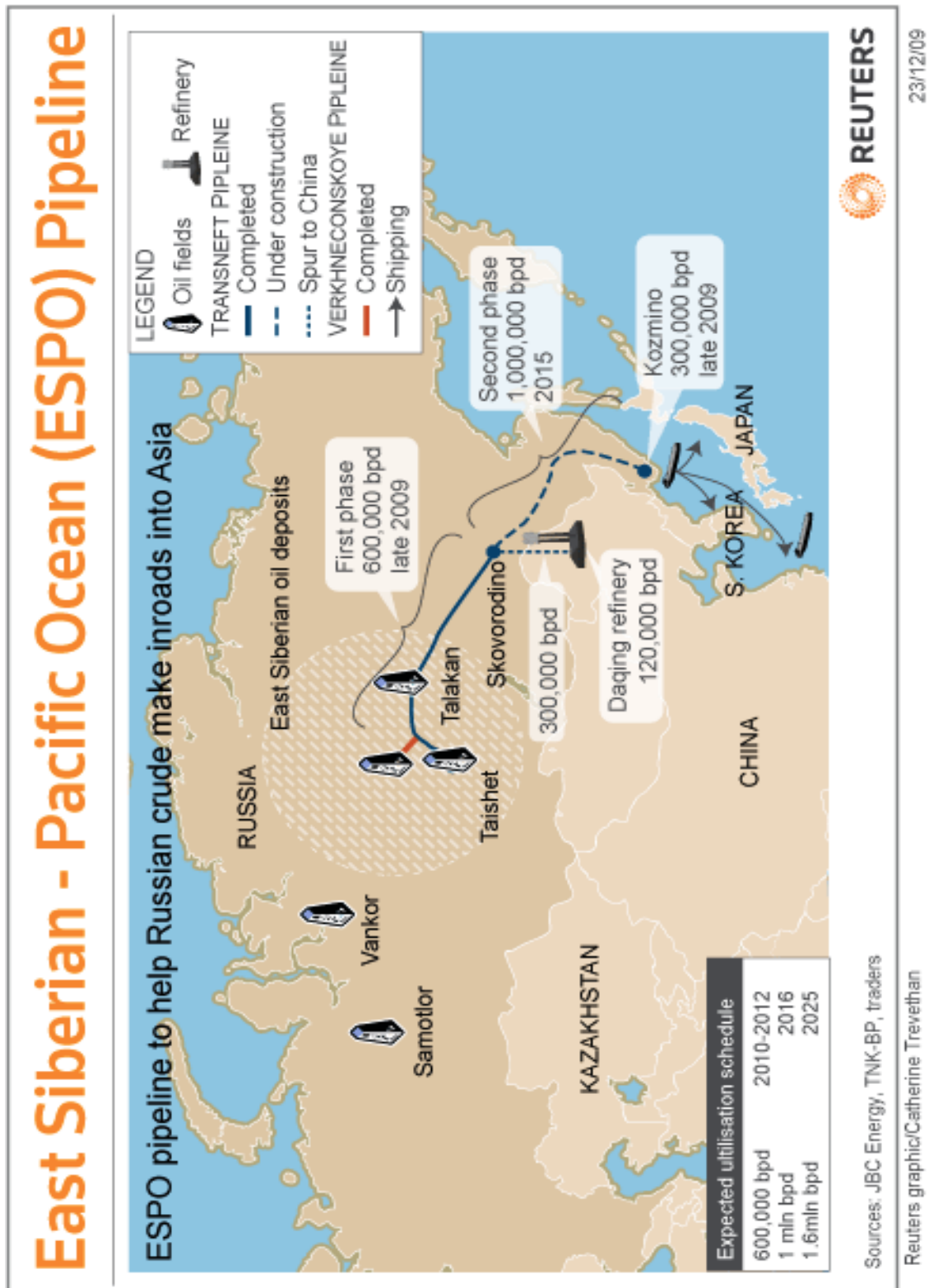
The Russian Far East has long counted on geo-economic competition, the warning states that unless they acted quickly they would be left on the sidelines. When Dmitry Medvedev was president, his main motive was modernisation, as plans grew more serious to develop the Russian Far East and use the 2012 Asia-Pacific Economic Cooperation (APEC) summit in Vladivostok to jumpstart the area's transformation. Yet, State centred projects were not consistent with stimulation of the private sector, and the large investments by the state in the city of Vladivostok fell far short of making it into a locomotive of its region or a centre driving change in Northeast Asia. Later, Vladivostok was given priority as Russia's first "free port" with visa-free commerce anticipated. The earlier plans have not materialised; so a new stage of supporting the city has been needed. (Makarov 2017)

Russia has also abundant petroleum resources onshore with technology for safe and efficient development available now. There are two regions, namely, Nadym-Tazov and Krasnoyarsk regions that could easily maintain production at the required level on

a mid-term and even on a long-term basis and thus, postpone the development of the Arctic resources of the Yamal peninsula and the northern seas. The Nadym-Tazov region is a new hub of hydrocarbon accumulations in West Siberia. Recent estimates showed that this region has potential gas resources up to 20 trillion cubic meters (tcm). The second potentially large centre of petroleum production is associated with the Baikal region of hydrocarbons accumulation, which is accessible for industrial development. According to resource evaluation reported in 2003, recoverable reserves of oil and gas in this region amount to 35-45 btoe (approximately 30 per cent of which are liquid hydrocarbons). The largest field of this region – the Kovyktinskoye gas condensate field with estimated in-place volume of two tcm (with an upside potential of up to 10 tcm) could serve as a starting point for such a development. Energy resources are clearly the number one object of interest for foreign partners in Siberia and the Far East. The growing demand of Asian countries for fossil fuel forces them to increase its import. At the same time, persisting instability in the energy markets prompts these countries to look for ways to diversify their import operations. These two trends have spurred interest in Russian hydrocarbons among Asian countries. One can conclude that these large scale projects in new oil and gas regions, like west and East Siberia, the Far East and the Arctic offshore will provide the reserves to sustain Russian output. According to future planning by 2020 Russia should annually produce 1,300-1,350 mtoe, and by 2030 1,415-1,475 mtoe. The offshore share of Russian production will grow from around 17 per cent in 2020 to more than 20 per cent by 2030. It is anticipated that nearly half of that amount will come from the Sakhalin and Caspian offshore regions, while the other 50 per cent will be delivered by the Russian northern seas.

Siberia and the Russian Far East is believed to be the area with the highest unexplored potential for oil and gas as well as for unconventional resources such as natural gas hydrates. Despite a common view that the Arctic has plentiful hydrocarbon resources, there are ongoing debates regarding the potential of this region as a future energy supply base, raising issues of geopolitics and environmental concern as well as assessment and delineation of Arctic resources and the technology and market demand for developing them. However, scarce information and geological data create uncertainty about the Arctic as the main base of Russia's energy supply in the second half of this century.

Map No. 12: ESPO



Source: Petroleum Insights (2019), Available at: <http://petroleuminsights.blogspot.com/2010/12/transneft-finishes-crude-trial-runs-on.html#.XR0KhpMzYb0>

Accordingly, one of Russia's priorities is to increase oil production in East Siberia and the RFE. In 2003 Russia and China signed an agreement to construct the Eastern Siberia-Pacific Ocean oil pipeline (ESPO). (Map No. 13) This is one of the biggest infrastructure projects in post-Soviet Russia. The pipeline runs from Taishet, Irkutsk Oblast, to Skovorodino, Amur Oblast, in East Siberia. A branch connecting it to the Chinese City of Daqing was completed in 2010. In 2012, Russia brought into service a second section of the ESPO (ESPO-2), from Skovorodino to the Russian port of Kozmino at the Pacific Ocean, near Vladivostok.

ESPO is mainly oriented to supply oil to China, Japan, South Korea as well as the US and Southeast Asian countries. In 2013 Rosneft announced an investment of \$83 billion to develop this strategic field over the next decade. (Daly 2016) There are a number of other prospective oil fields in the region, including Verkhnechonskoe, and Yurubcheno-Tokhonskoe. Similarly, important offshore oil fields to the north of Sakhalin have been developed under the Sakhalin-I and Sakhalin-II projects, including the trans-Sakhalin pipeline, an oil terminal in the South, and the De Kastril oil terminal in Khabarovsk Krai which serves as a hub for deliveries to Northeast Asia.

Novatek: Yamal LNG is a liquefied natural gas plant on the Yamal Peninsula in northwestern Siberia. (Yamal LNG 2015) The project has a budget of USD 27 billion and will increase Russia's LNG capacity twofold, with initial production starting in 2017 and full capacity reached by 2021. (Belinski 2015) Discussions about Yamal LNG started in the early 2000s; the project was initially owned by some Russian oligarchs and then the company Novatek, a rising star in Russia's natural gas sector. Novatek brought international companies into the project, with the sale of a 20 per cent stake to French Total in 2011 and a 20 per cent stake to CNPC in 2013. (Bros & Mitrova 2016)

Table No. 5: Timeline of Sino-Russian cooperation on ESPO pipeline

<i>Date</i>	<i>Development</i>
July 2001	Russian and Chinese prime ministers sign agreement on feasibility studies for ESPO
May 2003	China and Russia agree on the construction of the pipeline
December. 2004	Russian government approves the construction of ESPO
April. 2006	Construction of pipeline starts
June 2009	China and Russia agree to build a spur to Daqing in China
December. 2009	First stage of the pipeline completed
September. 2010	Daqing spur completed
January. 2011	Shipments via Daqing commence
December. 2012	Second stage of the pipeline completed
June 2016	Work on second pipe of Daqing spur commences, to double spur capacity to 30 mt/year
October. 2017	Daqing spur second pipe scheduled for completion

Source: Chinadaily.com.cn (2017), Available at:

http://www.china.org.cn/world/2019-06/07/content_74864122.htm

Table No 6: Energy Resources Exports from the Far East

	Coal	Oil	Gas	Electricity
Soviet Era	Exports	Products: Exports Crude oil: No exports	No exports	Exports to Mongolia
Present	Exports 2012 48 million tons	Exports 2012 Crude oil: approx. 43 million t Fuel oil: 5.6 million t Gas oil: 2.7 million t	LNG 2012 Approx. 10 million t	Exports To China and Mongolia, but minimal
Russian expectations	Development of eastern Siberia Increased exports	Expansion of value added	Expansion of LNG exports Exports to China	Exports to Japan from coal-fired power
Japanese Demand	Small– medium		Large	Small
Competitors	Australia, Indonesia, etc.	Middle East	Crude oil: Large Products: Small – medium	Australia, US, Canada, East Africa
Problems	Domestic railway transport: capacity, rates Export port capacity Quality: contains N2 Enterprise scale	Domestic transportation costs: ultra-long distance shipping Balance with domestic (Far East) demand	Gas price setting formula Sakhalin-Japan pipeline concept (Northern Sea Route)	Price in Russia Domestic Japanese infrastructure

Source: Federal'naya sluzhba gosudarstvennoi statistiki (2018), Available at: <https://www.eia.gov/beta/international/analysis.php?iso=RUS>

Rosneft: Vankor cluster of oil and gas fields in Siberia, discovered in 1988, is currently the largest source of oil in Russia, with recoverable reserves of 361 million tons of oil and condensate and 138 billion cubic metres of gas. (Panteleev 2006; Gan 2015) Rosneft has invested USD 5 billion in Vankor; production started in 2009. (Gan 2015) Vankor sent 70 per cent of its oil through the ESPO pipeline. There was little discussion of foreign investment in Vankor until September 2014, when Putin suggested during a meeting with Chinese Deputy Prime Minister Zhang Gaoli that the Chinese take part in the project. Two months later, Rosneft and CNPC signed a

memorandum of intention on the sale of a 10 per cent share of Vankor. However, the parties were unable to turn the memorandum into an agreement. (Motoharu 2016) Instead, in March 2016 Rosneft signed a deal with Indian companies on the sale of 23.9 per cent of Vankor. (Rosneft 2016) Through this purchase, the Indian companies gained seats on the Board of Directors, while Rosneft retained a majority stake in the project. During the rest of 2016, Rosneft and the Indian companies negotiated further sale of Vankor shares, potentially bringing the Indian stake up to 49.9 per cent (Sputnik 2016)

Approach towards Siberia under Vladimir Putin

Pragmatic Eurasianism includes the terms: Liberal Eurasianism, Democrats Balanced policy Realism, Pragmatic Eurasianism and Euro-Asian. This trend developed a response to the polarisation of the early 1990s between Westernism and Neo-Eurasianism. (Lukin 2003) "The term pragmatic Eurasianism became influential in foreign policy debates during the 1990s. Eurasianism is the most elaborate of the various ideologies that emerged in Russia in the 1990s." (Laruelle 2015) "Eurasianism can be defined as an ideology which affirms that Russia and its 'margins' occupy a median position between Europe and Asia, that their specific features have to do with their culture being a 'mix' born of the fusion of Slavic and Turko-Muslim peoples, and that Russia should specifically highlight its Asian features. Eurasianism rejects the view that Russia is on the periphery of Europe, and on the contrary interprets the country's geographic location as grounds for a kind of messianic third way. Pragmatic Eurasianists assert that Russian foreign policy should be guided by real national interests." (Laruelle 2008) "The Realists agree that foreign policy strategy must be based upon national interests and on the state's resolution in defending Russia's national interest in relation to the outside world. Thus, Russian foreign policy reflected the way that the country was responding to its internal problems and priorities. Within this trend, the crisis of identity in Russia was seen as the main crisis experienced by the country. They addressed the question of identity by bridging elements from both the East and the West instead of just choosing one and rejecting the other. Pragmatic Eurasianists basically agree that though Russia is geographically in Europe and Asia, it is part of European civilisation. Due to its historic and geographic peculiarities, however, it has strong ties with the non-

European world." (Bogaturov 2004) Thus, Russian foreign policy reflected the way that the country was responding to its internal problems and priorities. Within this trend, the crisis of identity in Russia was seen as the main crisis experienced by the country. They addressed the question of identity by bridging elements from both the East and the West instead of just choosing one and rejecting the other. Pragmatic Eurasianists basically agree that though Russia is geographically in Europe and Asia, it is part of European civilisation. Due to its historic and geographic peculiarities, however, it has strong ties with the non-European world.

The notion of a strong and independent Russian State that maintains order and stability is at the heart of Pragmatic Eurasianism. In the current time, Pragmatic Eurasianists do not directly reject Westernise or Neo-Eurasianism. For instance, they criticise the heavy reliance of the Westernisers on the West but highlight the necessity of maintaining good relations with European countries, and favour the consolidation of democracy by rejecting any attempt to return to Soviet political practices. It is argued that the Pragmatic Eurasianism became the official usage of Eurasianism under the Putin administration. (Laruelle 2015) This official use envisages Russia as a bridge connecting the East and the West via Siberia and the Russian Far East. Russian government under Presidents Vladimir Putin and Dmitri Medvedev has embraced the vision of Russia as part of the European world. President and former Prime Minister Vladimir Putin several times insisted that: "Russia was, is, and will be a major European power." (Isaev 2016) Russia is said to be moving toward democracy and freedom just as any other European country; however, it is stressed that it does this at its own pace, given its peculiarities and ties with the non-Western world. Unlike Westernisers or Neo-Eurasianists, Pragmatic Eurasianists were able to articulate the main priorities and concerns of Russians in their discourse. "Today, most Russian scholars and politicians insist that the new Russia must become part of the emerging world order on the most favourable terms possible. This shift in discourse should be viewed as a victory of realism in Russian debates on international relations." (Su & Yao 2016)

Putin's vision includes features of great-power thinking. Putin has stated that Russia has to be an Eurasian country to be a great power, and Russia as a nation can only exist as a great power. According to Putin, "Such a country as Russia can only survive

and develop within the existing borders if it stays as a great power. During all its times of weakness. Russia was invariably confronted with the threat of disintegration.” (Tsygankov 2005) Thus, it seems that great-power status is not an end for Putin but a necessary condition for Russia’s existence. “Putin believes that the preservation of Russia’s economic and military prowess is a necessary condition for its very survival.” (Blakkisrud 2015) The aim of achieving the status of a great power was more clearly defined under Putin’s government, and he began to pursue this end more pragmatically. Putin’s purpose was not to restore Russia as a superpower, but to make Russia a ‘normal great power’. He has several times highlighted that Russia ‘is and will remain a great power’. (Trenin 2015) For Putin, Russia had developed the capabilities of a great power in order to secure its borders. In fact, being a great power is a prerequisite for the existence of Russia as a nation; Russia cannot but be a great power. In this way, and under Putin’s administration, Russia became gradually more self-assertive and began to strengthen its military, political and economic might. (Lukin 2015) Similarly, the concept of multipolarity was further developed under Putin’s presidency. The government declared that multipolarity was the basis of the Russian approach to international politics. Putin believes that Russia still has an important role to play, not just militarily but politically, scientifically, and culturally. Due to its unique location in Eurasia, Russia could be a bridge, a political pivot. “We view ourselves as – and we really are – one of the centres of the new polycentric world. This status of Russia is due to its military, geographical and economic capabilities, its culture and human potential.” (Jeh 2015)

This geopolitical outlook correlates with Russia’s ambition to regain great power status that is directly linked with its geographical positioning and physical characteristics of the Russia. In this context, following the footsteps of the architect of Russia’s multi-vector foreign policy with frequent emphasis on “multi-polarity”, former Prime Minister Yevgeni Primakov, President Putin had the vision of transforming Russia into an indispensable great power through “economic modernisation” and independent foreign policy. (Bordachev & Kanaev 2014) To put differently, Kremlin’s main objective was to ensure Russia’s territorial integrity by paying close attention to domestic concerns in eastern regions, preventing intra-state conflicts, facilitating economic cooperation with all Eastern states (i.e., China), regardless of their ideological disparity. (Kaczmarek 2015) In foreign policy sphere,

Moscow has embarked on pursuing a more independent approach to dealing with the rest of the world. Along with Putin's leadership type and a broad elite consensus about the role that the state should play, an increase in Russia's relative international power - mainly due to incrementally increasing energy revenues and declining American hegemony-have shaped Russia's new foreign policy approach. (Lo 2014)

Putin's policies in Siberia and the Far East region reflected on his purpose to claim Russia's position in international politics and his aspiration to create a multipolar world. To regain the lost glory of Russia the resurgence of the economy is vital for Russian and the main source to stabilise the economy is oil and gas and control over the energy supplies in the Siberian region. Russia owes its status as a global power to Siberia, which makes Russia more than a 'vast European country'. "Siberia is Russia's backbone and without Siberia, it is spineless. The leaders know this very well, and therefore would like their country to play a befitting role in that region in the years to come." (Lukyanov 2015) Thus, Siberia plays a key role in Russia. Without Siberia, Russia would not be a great power, and what is more, would no longer be Russia. "Since the overwhelming majority of Russia's raw material resources are still to be found in Siberia, the Russian government must inevitably, sooner or later, devote greater attention to its development. Without Siberia and its resource potential Russia and its economy would be condemned to a permanently backward place in the dynamically modernising contemporary world." (Karaganov 2018)

The recent global, regional, and Russian domestic developments demonstrate that unlike previous attempts to prioritise Asia and speed up the economic development of the Far East and Siberia, the efforts undertaken during Putin's second and third terms have gone far beyond political rhetoric and have gained more success. (Blakkisrud 2015) The aim of achieving the status of great power through the accelerated development of Siberia and the Russian Far East was more clearly defined under Putin's government. Putin has several times highlighted that Russia 'is and will remain a great power'. (Lukin 2015) For Putin, Russia had developed the capabilities of great power in order to secure its borders. Similarly, the concept of multipolarity was further developed under Putin's presidency. The government declared that multipolarity was the basis of the Russian approach to international politics. In a visit

to Argentina Putin declared: "We favour the principles of a multi-polar world, which are equality, indivisibility, and security." (The China Post 2014) One of the key elements used to sustain Russia's aspirations to be a great power is its strategic, vast and resource-rich territory in Asia. "What has enabled Russia to rise among the great powers of the world and supplied her with the means to maintain that position once she achieved it has been the conquest of Siberia." (Lincoln 1993) Siberia "amounts essentially to the territory acquired by the expansion of Muscovy in the seventeenth and eighteenth centuries." (March 1996) As it was described in Chapter two, the territory was brought under Russian control mainly in the late seventeenth and eighteenth centuries, although the region remained a land of fur and exiles until the nineteenth century. Most of the resources were not fully exploited until the twentieth century. The vast and resource-rich territory of Siberia was crucial in the rise of the Soviet Union as a superpower. Until today, Siberia is of greatest importance in the Russian Federation's aspirations to be a great power. This has been further discussed in this chapter.

Beginning with Vladimir Putin's tenure in 2000, and the economic recovery boosted by high oil prices, the central government began to restore control over provinces, including the Russian Far East, as part of its overall political centralisation agenda. By the end of Putin's first term in office in 2004, the RFE no longer seemed in imminent danger of drifting apart or being taken away, from Russia. Yet Putin's government set a much more ambitious goal than just securing the RFE within Russia. Since about 2007, Moscow has initiated an array of measures and policies designed to accelerate significantly the RFE development. The region was proclaimed one of Russia's top "national priorities," which was emphasized by large-scale state-funded investments, and preferential tax policies to attract private investment. Heightened attention to the RFE has been linked up with Moscow's other strategic priority—the enhancement and expansion of economic cooperation with East Asia to capitalise on the rise of Asian economies and to diversify away from Europe. Holding the 2012 APEC summit in Vladivostok and the expenditure of enormous funds (about \$23 billion) on an extreme makeover of the city, showcased the Siberia and the Far East to the world and underscored the Kremlin's commitment to engage in the Asia-Pacific. (Lukin 2016)

While in the 1990s Moscow almost completely neglected the Russian Far East, under Vladimir Putin, the central government began to reassert its influence, including in the area of the region's external links. One of the most important developments has become the launch of an array of major state-funded projects designed to boost the economy of the Russian Far East and encourage its integration into the Asia-Pacific. (Blank 2010) The September 2012 APEC summit in Vladivostok was an important step in that direction, aimed at giving an extra impetus to the Far East and showcasing it to the international community. President Putin has left no doubt he intends to promote and control the development of East Siberia and the Far East. In a speech in Yakutia in January 2006, he announced a systematic national program to develop the region and also to encourage large-scale energy exports to Asia. The start of construction on the Taishet-Nakhodka main pipeline is an indication of the president's commitment to this process. (Feng 2013)

The arrival in power of Putin did not translate into a complete replacement of the political elite. From the collapse of the USSR onwards, Russia's leadership discourse reflects aspirations to become a member of the democratic European liberal core. That is, "Russia should be joining the world market economy, adopting neoliberal economic market principles at home, developing an economy that can export competitive industrial and high-technology products, attracting foreign investment and expertise, and adopting modern European standards of domestic economic regulation." (Hopf 2013) After a decade of weakness and upheaval, Russia returned to the world stage during Vladimir Putin's eight-year presidency, regaining influence in its neighbourhood and beyond, and venturing into parts of the globe from which it retreated after the disintegration of Soviet Union. Russia's effort to restore its position as a superpower on the global stage became true through Putin's pragmatic diplomacy. As a result, Russia is now gradually recovering its position as a major power in international politics. (Rowe, Elana & Blakkisrud 2014) Vladimir Putin inherited the country from Boris Yeltsin with a ruined economy and a poor populace. According to official statistics, under Yeltsin Russia's GDP declined by roughly 60 per cent – which is unprecedented in peacetime with all the ensuing consequences. Russia became weak and concentrated upon domestic problems, and by 1998 it had lost its erstwhile role and almost all influence in East Asia. Under Vladimir Putin, Russia managed to match its own GDP of 1990 only in 2006. Putin proved effective at

stopping political and economic chaos, soothing armed conflicts inside Russia, and restoring a level of social and economic development. As a result, Russia has returned to the world stage as a strong state. Russian President Vladimir Putin took part in various summits: Asia-Pacific Economic Cooperation, Organisation of the Islamic Conference, and the East Asia Summit. All these activities enhanced Russia's cooperation with East Asian countries and reinforced its role in regional affairs. (Turovskii 2016)

Vladimir Putin's long presidency is essentially about two things: keeping Russia in one piece and restoring its status as a global, not just regional, power. The Kremlin's foreign policy moves east of the Urals are geared to attaining both these main objectives: making sure that the Far East and Siberia remain Russian, and that Russia itself plays a major role in the Asia-Pacific. (Trenin 2016) Unlike other major powers (the US, the EU, China), Russia's great power status has been largely diminished from its superpower status in the second half of the twentieth century. (Kuchins & Zevelev 2012) In this light, it was not a surprise to note that at one of his speeches responding to western criticisms on Russia's democratic credentials, President Vladimir Putin stated that: "the collapse of the Soviet Union was the greatest geopolitical catastrophe of the century." (RIA Novosti 2016) This statement of Putin was a clear reflection of Russian elite's traditional mindset utilising geopolitics as the primary tool of reorienting Russia to changing international system.

Putin's administration did not discard Russia's USSR legacy. Putin understood that the Soviet past is one of the main elements that unite Russia and that unite different peoples across the Russian Federation. Russia under Putin has therefore pursued a balanced position toward Russia's communist past. The majority of Russians regret the collapse of the Soviet Union; nevertheless, the majority of Russians express almost no desire to return to Soviet economic or political models. President Putin appeared to speak for many in Russia when he said: "Whoever does not miss the Soviet Union has no heart, whoever wants it back has no brain." (Lukin 2016) The aim of achieving the status of great power was more clearly defined under Putin's government, and he began to pursue this end more pragmatically. Putin's purpose was not to restore the Soviet as a superpower, but to make Russia a 'normal great power.' He has several times highlighted that Russia 'is and will remain a great power.'

(Monaghan 2013) For Putin, Russia had developed the capabilities of great power in order to secure its borders. In fact, being a great power is a prerequisite for the existence of Russia as a nation; Russia cannot but be a great power. It is often stressed that the new Asian policy is not a change or an alternative to the socio-cultural focus on Europe but “a pragmatic necessity”, “an adjustment to current and future world developments.” (Valdai 2012)

Under Putin's presidency the necessity of maintaining Russia's great power status and the necessity of maintaining good relations with the West also were established and some progress was made. In the last three years, however, following the crisis in Ukraine, Russia began to reassess its relations with the West. According to Saint Petersburg scholar Alexander Sergunin: “We discovered that we are going in different ways (from the West), we want to have a different type of societies, different political systems, different value systems. But it does not mean that Russia should back the West.” (Sergunin 2016)

Russia's President Vladimir Putin said in his speech at Conference on Socio-Economic Development in Siberia in 2000, "We can specify more than one reason that people in the Asia-Pacific area should choose transportation routes over Russia. These routes are shorter, and not a little safer than the roundabout way by sea as, for example, from Yokohama to Rotterdam. You can transport containers with Trans-Siberian Road to Europe, and they arrive in less than half the time. Perhaps a journey across Siberia would remind many people of the mind-boggling natural wealth of Russia. Siberia has unimaginable natural resources and Russia has only just begun to really make use of them. We invite our friends from the Asia-Pacific region, to actively participate with us in this undertaking. Russian firms are thinking about new markets for their products, while mining companies are seeking new methods for exploiting the mineral resources more effectively. One proof of this is the elaboration of, extensive projects, such as for example, the creation of an energy bridge between Russia and Japan via Sakhalin. And the construction of natural gas pipelines from the Tomsk region to West China, and from Irkutsk to East China and beyond to the North and South Korea.” (Lee & Lukin 2016) Again in 2000, President Putin chose East Asia as the destination for his first diplomatic tour and visited China, North Korea, and Japan. The Shanghai Cooperation Organisation (SCO), which later developed into

a security mechanism for the Central Asian region, was also created in 2000. In 2003, Russia also joined the Six-Party Talks on the Korean Peninsula to discuss North Korea's nuclear development, and at the Economic Leaders' Meeting of the Asia-Pacific Economic Cooperation (APEC) held in Sydney in 2007, Russia expressed its intention to host the APEC summit in Vladivostok. With its accession to the Asia-Europe Meeting in 2010 and participation in the East Asia Summit in 2011, Russia has now been numbered among the members of all of Asia's key forums, leading to its hosting of the APEC summit in Vladivostok in 2012. (Mikhailov 2014) Under the leadership of President Putin, Russia is finally shifting into high gear with its development strategy for the long-term development of the Far East while strengthening economic relations with fast-growing Asia-Pacific countries. Putin's aim was to make Russia great power, turning Russia into a strong and respectable member of the international community. He emphasized economic modernisation and development as the foundation for restoring Russia's greatness. (China Daily 2014) In December 1999 in his political treatise before becoming President, he asserted that: "Russia was and will remain a great power, conditioned by the inherent qualities of its geopolitical, economic, and cultural essence." (Gabuev & Mel'nikov 2014) Nevertheless, Russia has placed increasing emphasis on the benefits of integration with the Asia-Pacific region, suggesting that integration will help to solve problems of development in Russia's Far Eastern regions, and the border regions in particular. Thus, under Vladimir Putin and then Dmitry Medvedev, domestic and external linkages have been made far more explicit: this is clear from the Foreign Policy Concept of 2008; the National Security Strategy of 2009, the Long-Term Socio-Economic Development Concept to 2020, as well as the Energy Strategy to 2030 – all, are interlinked as part of the modernisation agenda which prioritises economic development and technological innovation. Putin and foreign decision makers never call Russia "Eurasian" but a "Euro-Asian country." Putin recognises that Russia is a Euro-Asian country, as the greatest part of its territory is in Asia, but he has never claimed that Russia belongs to an Eurasian civilisation, "Stressing that Siberia and the Far East are geographically Asia, and pursuing an active diplomacy in favour of regional integration in the most dynamic part of the world is no more than political common sense." (Laruelle 2014)

According to Putin's vision, "Great-power status is...a necessary condition for Russia's more advanced engagement with the world" (Cooper 2012). With "the greatest fear" that the emerging new geopolitical setting in which the world's major economic powers would be capable to topple down Russia, as an aspiring great power, it has been in a state of transition for geopolitical position and role in the international system. (Grvosdev & Marsch 2013). Since the inauguration of the government of President Vladimir Putin, the phrase "Leave Europe, Enter Asia" has been heard among Russian intellectuals. "Leave Europe, Enter Asia" is the phrasing emblematic of the Putin administration's shift in the emphasis of policy emphasis from Europe to the Asia-Pacific region. The Russian government took the opportunity of hosting the Asia-Pacific Economic Cooperation (APEC) summit in Vladivostok in September 2012 to put more effort than before into the development of the Far East. Behind this is nothing less than Russia's political and economic intention to benefit from taking in the "dynamism" of the Asia-Pacific region, with remarkable development for Russia's economic growth with the Far East serving as a gateway.

Putin used the 2012 APEC summit in Vladivostok as a means to turn assertively to East Asia and to push for development projects in the region. The government spent more than \$5 billion dollars in upgrading the city's infrastructure in order to transform it into a 'gateway to Asia'. In Soviet times, Vladivostok was not a gateway but a fortress; it hosted the Soviet Pacific Fleet and remained a closed city until 1992. "A politically, economically and culturally European country, Russia's ambition to shift its foreign policy and trade to Asia and the Pacific is evident through its hosting of the APEC summit in Vladivostok, a city that has only 600,000 residents and is located 9000 km from Moscow." (Jia 2014). With the economies of Europe, hitherto the cornerstone of its external economic relations, remaining sluggish in the wake of the Eurozone crisis, Russia wants to find a way out by searching for new opportunities in the Asia-Pacific region. In the Presidential Address to the Federal Assembly of the Russian Federation in December 2013, President Putin referred to the importance of developing relations with the Asia-Pacific region. At the same time, Putin has insisted that Russia is an inalienable part of Asia and therefore has several interests in it. In a speech in 2000 Putin said that: Russia has always felt itself to be an Eurasian country. We have never forgotten that a greater part of Russian territory lies in Asia. But frankly speaking, we have not always used that advantage. I think the time has come

for us and the countries of the Asia-Pacific to go over from words to deeds, that is, to build up economic, political and other contacts. Russia has all the requisite possibilities for this now. (Putin 2000)

In 2013, in his Presidential Address to the Federal Assembly, President Putin reconfirmed the strategic importance of developing RFE and Siberia by calling this task Russia's "national priority for the entire 21st century." (Putin 2013) It was emphasized that Russia's reorientation toward the Pacific Ocean and the development of its eastern territories "will not only open up new economic opportunities and new horizons but also provide additional instruments for an active foreign policy." Given the rich natural resources and geopolitical characteristics of RFE and Siberia, the development of these regions, which are now "Asia Pacific's Last Frontier," and their integration with neighbouring Asian economies have a potential to reshape the economic and political landscape in not only Asia-Pacific but also the whole world. (Fortescue 2016)

Russia believes itself a global power and therefore an Asian power. Correspondingly, it has been trying to upgrade its profile in the region. "Since 1996 and especially under Putin, Russian diplomacy has become increasingly active, confident, and aimed at reasserting Russian influence in this region, not only politically but economically through such tools as arms and energy exports." (Monaghan 2013) Indeed, a shift towards Asia started under the Putin and Medvedev administrations. During the last decade, Russia has consistently strived to upgrade its capabilities in Asia. The government has repeatedly talked about the necessity of rebalancing with the East. Thus, it seems that for the Russian government and the leading Russian scholars on international relations, Russia's economic and political shift to Asia is not an option but an imperative if it wants to remain a global power. Vladimir Putin and Dmitri Medvedev have remarked several times on the necessity of intensive economic and social development in Siberia and the Russian Far East. (Kireev 2012) President Putin has declared that the development of Siberia and the RFE is Russia's priority. Not only there were frequent visits of the President and the Prime Minister to Siberia, the discourses and the number of articles concerning this subject illustrate this growing turn to the east, there are several projects being undertaken by the government such as the APEC summit in Vladivostok in 2012, the creation of the Ministry for the

Development of the Far East, the ongoing construction of the Vostochny Cosmodrome, as well as new pipelines, railways, roadways, and industries.

Under Putin's administration, Russia includes traditional forms of hard power to claim great power status: military strength, resources, territory. But it also includes soft power elements such as culture, science, education, and diplomacy. As noted by Hanna Smith: "The longer Putin's third presidential term has proceeded the clearer it has become that Russia is trying to present itself as a great power with traditional means but also by using more 'soft power'⁹⁵ elements." (Smith 2016) Making the Russian Far East a viable gateway to the East requires sustained and coordinated efforts. As Putin expressed it: 'the tasks to be solved are unprecedented in scale, and therefore also our steps must be non-standard.' (Kremlin.Ru 2012) To realise its ambitious plans, Moscow came up with an institutional innovation: a new ministry, operating partly in Moscow as a regular part of the federal government, partly as a decentralised structure based in the Far Eastern Federal Okrug. The hybrid solution presented by the introduction of the Ministry for the Development of the Far East reflects an attempt to combine Moscow's traditionally centralised approach to policy formulation with bold acknowledgement of the difficulties of micro-managing policy implementation in a region extraordinarily distant both in time and space.

In May 2012, President Putin signed an executive order establishing the Ministry for the Development of the Far East. The 'turn to the East' has been supported by a suite of new legislation, programmes and strategy documents. In 2008, in relation to the decision to organise the 2012 Asia-Pacific Economic Cooperation (APEC) Summit in Vladivostok, the '*Development of Vladivostok as a centre for international cooperation in the Asia-Pacific region 2008-2012*' was adopted as a sub-programme within the federal targeted programme for the development of the Far East (FTsP 2013). Moreover, in December 2009, a '*Strategy for the Socioeconomic Development of the Far East and the Baikal Region until 2025*' was adopted. The extensive list of regional policy objectives listed in the preamble to the strategy can be reduced to three political objectives. First, the Far Eastern Federal Okrug must have sufficient permanent population to stave off any claims of foreign powers to the area. Second,

⁹⁵ Soft power is a persuasive approach to international relations, typically involving the use of economic or cultural influence.

the standard of living in the Far East must be improved. Third, infrastructure and industrial capabilities must be created to exploit the natural resources of the Russian Far East for the benefit of the entire nation. This strategy was operationalised through several rounds of revisions of the associated federal targeted programme; the most important which took place in March 2013 and April 2014.

The economic development of Russia's Far East has been announced as a policy priority, to be facilitated by an ambitious pivot to Asia. In 2015, speaking at the first Eastern Economic Forum in Vladivostok, President Vladimir Putin pointed out that the Russian Far East is a key region for Russia's development and 'a region that should be effectively integrated into the developing Asia-Pacific region as a whole.' (Kremlin.Ru 2015) At the second Forum, in September 2016, ideas about developing an 'Energy Super Ring' (to involve China, Japan, Mongolia, Russia and South Korea) and turning Vladivostok into Russia's 'San Francisco' were discussed. (Zubacheva 2016) Russian officials have also repeatedly declared that the government hopes to strengthen economic ties with China, Japan and South Korea.

Under President Putin, the great continent of Eurasia is becoming more integrated, Russia's foreign policy strategy also integrating and more evenly balanced between its European and Asian departments. A new strategy in Asia requires a new strategy toward Europe. Greater Europe from Lisbon to Vladivostok has not worked. A Greater Asia from Shanghai to St Petersburg is not in Russia's interest. Moscow should aim instead for a greater Eurasia, benefiting from its equally close ties with its neighbours east, west and south.

4.4. Conclusion

During the last two decades, Russia and Northeast Asian countries have been slowly coming to the general recognition of the importance of cooperative exploitation of Siberian and the Far Eastern resources. It took a long time for Russia to overcome the belief that the enormous wealth of Russia's Siberia and the Far East would automatically provide Moscow with leverage over the energy-thirsty countries of East Asia and provide Russia a stable position in the region. Today, the situation around Ukraine makes Moscow recognise the irreversibility of the Pacific turn for Russia. The ideas to attract massive foreign investment to develop the Far East, which looked

impossible before, now became the only chance for Moscow to integrate into the Asia-Pacific nations. On the other hand, the global energy crisis of the early 2000s and China's activity on the world energy markets have forced Russia's Asian neighbours to switch from talks about the value of Siberian resources to actions to secure priority access to those resources.

The development of Siberia and its integration into North East Asian is not a new issue. The Russian Empire, the Soviet Union, and now the Russian Federation, have all addressed this issue in different forms. President Putin's approach to the Russian Far East has marked a significant departure from the traditional posture of selective inattention or even out-right neglect by the central government. Under Putin's presidency, Russia has tried to develop a new Asia-Pacific strategy that seeks to rebalance its foreign policy and integrate this with its main task of developing Siberia and the Russian Far East and promoting economic and other linkages with Northeast Asia. For instance, the organisation of the Second Eastern Economic Forum in Vladivostok in September 2016 aimed to emphasise Russia's 'pivot' to the Asia-Pacific region and renewed the idea of Russia as a global power between the West and Asia. In this sense, supporting the development of the greater Siberia is said to be one of Russia's top priorities. One of the key elements used to sustain Russia's aspirations to be a great power is its Asiatic Russia. Russia by virtue of its history and geography, the country was, is, and will be a great power. From the Russian perspective, Siberia was crucial in the rise of the Soviet Union as a superpower and thus it is Siberia again whose resources and the location supports Russia's claim to great power status.

Chapter 5:

Siberia's Interface with the Asia - Pacific Region: Opportunities and Challenges for Russia

The might of Russia will increase through Siberia and the Arctic Ocean.

M. Lomonosov

5.1. Introduction

Over the years, the Asia-Pacific region has been the main centre of gravity of the global economy. The world's leading countries, the United States and Russia, announced their turn to the Asia Pacific and proclaimed this region as a main foreign policy priority. Russia is shifting its foreign policy focus to the Asia-Pacific region because of internal (the necessity to develop Siberia and the Far East) and external (a deepening crisis in relations with the West) factors. For this policy to be a success, Russia needs a stable and anticipated regional milieu with the Asia-Pacific. Although the term Asia-Pacific region (APR) has been used broadly in the past decades, the region does not have a clear description. This region varies in size depending on the context, but it normally includes Northeast Asia, Southeast Asia, and many of Oceania. The term also includes Russia (on the North Pacific) and countries in North and South America which are on the coast of the Eastern Pacific Ocean; the Asia-Pacific Economic Cooperation. In the context of this research the definition of Asia-Pacific Region is based on a narrower description which includes Northeast Asia (China, Japan, North and South Korea), Southeast Asia (Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, Laos, Cambodia, Myanmar, and Brunei), the US, Australia and New Zealand. The definition of the region in the research largely coincides with 21 APEC⁹⁶ members with the exception of Chile, Canada, Mexico and Peru. India is also included in the context of the research since the country has substantial relations with the Asia-Pacific region. Russia's growing interest in the Asia-Pacific Region has been in resemblance to the region's growing importance in global economics and politics. The Asia-Pacific region comprises 65 percent of the world population, accounts for about 50 percent of the world trade and

⁹⁶The Asia-Pacific Economic Cooperation (APEC) is a regional economic forum established in 1989 to leverage the growing interdependence of the Asia-Pacific. APEC's 21 members aim to create greater prosperity for the people of the region by promoting balanced, inclusive, sustainable, innovative and secure growth and by accelerating regional economic integration.

60 percent of global GDP. (UNESCAP 2018) The Asia-Pacific region comprises major geopolitical and economic centres such as the US, China, Japan. Almost half of the G-20⁹⁷ countries are Asia-Pacific countries. (Meltzer 2018) The Asia-Pacific Region is now more uncertain and unpredictable than at any time since the Cold War. The rise of China and India as major powers, the possible resurgence of Japan, the relative decline of the US and the absence of Russia as a significant player make Asia a very complex region. This region is now the focus of world economic power, which is moving dramatically away from the old Transatlantic power base to a new Indo-Pacific region which contains the world's biggest economies and largest military potential.

The crisis in Russia's relations with the West makes its pivot to Asia-Pacific a steady and irreversible trend. Asia-Pacific countries welcome Russia's turn to the East, which is represented by the participation of Asian countries in the Eastern Economic Forum and other Russian initiatives aimed to foster the development of Siberia and the Far East. Russia is interested in comprehensive and multi-dimensional participation in Asia-Pacific economic, political and socio-cultural developments which could raise its regional profile. (Kuhrt 2012) North East Asian countries provide markets for Siberia's natural resources and also help Siberia's development. Russia benefits from the economic growth of this region. Amidst the fundamental shift in the global economic and political gravity towards East Asia in the past two decades, Russia has been reevaluating the importance of the vast area of the Russian Far East (RFE). Its go-east strategy is being put into practice to revitalise the underdeveloped region adjacent to booming Asia, and China in particular. In sync with Russia's strategic refocus on its Asian territory, another slow but also fundamental change in the global meteorology has stimulated intense attention, not only within Russia but also from its East Asian neighbours and major powers. The increasing geopolitical and economic importance of the Siberia and the Far East, under the new context of a booming Asia, has not only made the development of Siberia and the Far East more feasible and inevitable but also encouraged other powers to rethink their stakes in the prospect of an emerging Siberia and the Far East.

⁹⁷The Group of Twenty (G20) is the premier forum for its members' international economic cooperation and decision-making. Its membership comprises 19 countries plus the European Union.

The growing energy demand in East Asia and the dramatic structural change in the regional energy has pushed Russia to rebalance its energy strategy eastwards. As the largest neighbouring energy producer that is resourceful in oil and gas, Russia is now focusing on the Far East and increasing oil and gas supply significantly to its East Asian neighbours. (Weidong & Dunford 2016) Having understood the unprecedented shift of the global economic and political centre to the “new Asia,” Russia’s leaders Vladimir Putin and Dmitry Medvedev have repeatedly talked about the need to turn towards Asia. "The turn of Russia to the East means the creation of a new type of globalisation. Russia geographically, politically, intellectually plays an extremely important, unique role in this process and in a transforming world." (Bystritskiy 2017)

The Asian-Pacific region itself has changed over the last two decades in a way that more opportunities for international cooperation have emerged for Russia. China has become the second largest economy in the world, and Russia-China relations are at an unprecedented high level. The two countries share common ground on major issues of world politics. At the same time, China’s interest in the development of the RFE and Siberia continues to grow. As demonstrated by the many joint ventures in various sectors, China and Russia have strong intentions to enhance bilateral cooperation in a way that goes beyond energy trade and includes projects in infrastructure, manufacturing, commercial agriculture, and the financial sector. (Gusovsky 2014) China’s economy, its large foreign reserve, proficiency in infrastructure, especially railroad building, and the accumulated experience of successful zonal development has the full potential to become the key factors in the development of Russia’s eastern territory. Recent developments in other Asian and Southeast Asian countries offer new roads for international cooperation. Thus, as documented by Chen and Huang, North Korean leaders started to emphasise the importance of economic development for the country’s life, and, should this trend continue, there is a possibility of North Korea providing the labor resources needed for Siberia and the Far East, given that the country has 7.7 million well-trained and disciplined military reserve members. (Chen & Huang 2016) In October 2014, the Minister of the Development of the Russian Far East, Alexander Galushka, met with North Korean ministers after which several agreements in the infrastructure and banking sector between the two countries have been made. (Government.Ru 2014)

Singapore is also interested in the development of Russia's the Far East and Siberia, especially the development of the above-mentioned Northern Sea Route that may potentially challenge the current standing of Singapore as a major transportation hub between east and west. Singapore's substantial financial resources, rich experiences of being an economic and socio-political hub, highly developed shipbuilding industry, and one of the most effective and sophisticated systems of foreign labor management can be a valuable resource in developing cooperation with Russia in both High North and the Far East. The participation of Norway adds an important "European dimension" to international cooperation in the development of the Russian Far East and shows that Russia does not close its door to Europe by extending cooperation with Asia. (Sergunin 2016) Most importantly, this time Russia herself shows commitment to the development of its eastern regions. The Russian government have ultimately realised that the development of Siberia and the Far East is essential not only for Russia's economic restructuring towards a 'new economy,' but also its integration into the Asia-Pacific economic bloc. The Russian government laid out important foundations for its pivot to Asia. Among them are the Ministry for the Development of the Russian Far East, established in March 2012, and other related institutions, such as Far Eastern Development Fund, Far East Development Company, Agency for Attracting Investment and Supporting Export of the Far East, and Agency for Developing Human Capital – all united by the common task of advancing economic cooperation with Asia-Pacific. (Tkachenko 2016)

In total, there are global, regional, and domestic factors that promote Russia's substantive socio-economic and political turn to Asia-Pacific. Development of Siberia and the Far East are also the key factors to "embed" Russia in the Asia-Pacific; to foster the exchange of capital, technologies and manpower; and to develop and thicken bilateral relations with the Asia-Pacific. Russia will strengthen its global positions. Given the fact, the political and economic processes of Asia-Pacific are shaping global development. To maintain the status of an established global power of Russia is closely connected with setting its profile in Asia-Pacific. This situation facilitates efforts initiated by Asia-Pacific countries to strengthen regional connectivity. Siberia and the Far East provides opportunities for joint infrastructure projects in transport, energy, telecommunication, food production and other fields. (Korolev 2015) Even if the key beneficiaries are Asia-Pacific countries - China, Japan

and South Korea, positive effect is still felt throughout the entire region. While some time ago economic development was seen as a factor contributing to resolving political differences, at present economic interests is being sacrificed for the sake of short-term political priorities. The development of Russia's the Far East and Siberia offers key global actors a good chance to reset relations.

This chapter examines the position of Siberia in the era of globalisation and devoted to the relationship between Russia and Northeast Asia: China, Japan, South Korea, and North Korea respectively; and the place of Siberia within the overall bilateral relationships. It further describes the background to present bilateral relations and reviews the political and economic determinants of the bilateral ties. It focuses on the bilateral relations at the regional level and the place of Siberia and the RFE within the overall relation between Russia and Asia-Pacific. It has also touched upon both economic opportunities and geo-strategic challenges for Russia in the Siberian region. The issue of Chinese migration in the region has also been highlighted. This chapter also argues that in the long term the viability of the strategic partnership will depend to a great extent on whether Russia can successfully develop Siberia and the Russian Far East. Finally, the chapter concludes by reflecting upon the relevance of Siberia and the RFE in the future of Russia and Asia-Pacific relations.

5.2. Historical Backdrop to Russia's policy in the Asia-Pacific

For the first time in history, the world is taking on a global dimension, both politically and economically. Playing a central role in this new globalisation is the increased contribution of the Asia-Pacific region in the global economy, world politics and, in the near future, world culture, to a level that is on a par with that of the Euro-Atlantic. Russia's economic and political advance into the Asia-Pacific region is essential for its internal stability and international competitiveness. Only by balancing its Western and Eastern development vectors and system of foreign relations can Russia become a truly modern global power. The opportunities offered by Asia give Russia the chance to become a peaceful global power, a Euro-Atlantic - Pacific power, which stands to gain far more from the impact of the new globalisation. The unprecedented shift of economic power to the Asia-Pacific region and the aggravation of global demographic, resource and environmental problems open unprecedented opportunities

for this country. Russia has received a chance to integrate into the global economy as a key player, transform the image of Siberia and the Far East, a region that has been underestimated for centuries and now is the last frontier of Asia, and thus give a new incentive to the country's economic, spiritual and political development. Joining the Asian and Asia-Pacific integration and cooperation processes is a powerful stimulus for Russia's economic development and modernisation. To a large extent, Russia owes its status as a global power to Siberia. Siberia, the Trans-Baikal area and the Far East have always played an important role in the country's development. Yet this role has never been fully appreciated. To a large extent, Russia owes its status as a global power to Siberia: the country has objective geopolitical interests and the right to pursue its policy in the world stage – it is more than just a vast European country struggling to expand its “window to Europe.” One of the priorities of Russia's new Asian – and, global – strategy is to expand relations and cooperation with China in the regions. (Valdai 2012)

Northeast Asia - China, Japan, the Koreas, and Russia occupies a unique place in the Asia-Pacific geopolitical and economic space, as it is an area where the interests of the largest and most influential countries in the Asia-Pacific region are closely twine together. (CSCAP 2010) In economic terms, it is one of the most dynamic regions in the world and it is home to four of the world's largest economy. In contrast to the growing economic interdependence in the region, the political and security situation in this area of the world is complicated and sensitive and tensions remain high. Russia's recent domestic and foreign policy steps demonstrate that the Russian government is setting a long-term geopolitical task of integrating the country into the Asia-Pacific through the accelerated development of its Siberian and Far Eastern regions. During the Asia-Pacific Economic Cooperation (APEC) summit in Vladivostok, President Vladimir Putin communicated Russia's new strategic orientation to Asia-Pacific and highlighted the global significance of Russia's the Far East (RFE) and Siberia. He outlined a series of programme aimed at freeing up trade and investments in the region, promoting closer integration of economic models and regulations, building a more efficient and diversified transportation system to increase traffic flows between Russia and the Asia-Pacific via the territory of RFE and Siberia, as well as in the sphere of education with a goal of creating a common educational space in the region. (Gazeta.ru 2012)

The vision that the development of the Far East and Siberia is essential for Russia's integration into Asia-Pacific can be traced back to the period of Mikhail Gorbachev⁹⁸. In 1988, Gorbachev argued that, "The economic position of the USSR⁹⁹ in the Asia-Pacific region is the subject of our major concerns, reflections, and concrete measures. We would like to make the effective foreign economic links of the USSR's the Far East serve the goals of social and industrial development of this Soviet region. It is not an ad hoc but a long-term task. It is not a tactical but strategic goal." (Gorbachev 1986) In his famous speech in Vladivostok in 1986, he tried to prioritise relations with Asia and the development of Russia's eastern territories. All the attempt taken by Gorbachev failed miserably. In contrast, the efforts undertaken during Putin's second term received much higher and more regular state financial support. (Larin 2012) In 1994, Boris Yeltsin stated that: "the main goal of Russia's policies in Asia-Pacific is to connect its the Far East and Siberia with the international cooperation in the region." (Yelstin 1994) In 1995, he also argued that: "the weakness of Russia's positions in the East is in the underdeveloped economic links with the region. To overcome this situation we need a long-term comprehensive program of developing Russia's eastern territories and integrating them into the Asia-Pacific regional economic system." But it is President Vladimir Putin who has developed this vision into a national strategy and reinvented Russia as a global power in the twenty-first century. In 2007 Putin wrote that, "Russia's embedment into the mechanisms of Asia-Pacific integration will naturally complement Russia's domestic plans of socio-economic development, first and foremost the projects of intensive development of Siberia and the Far East." (Putin 2007) With the disintegration of Soviet Union, Russia rekindled relations with key countries of East Asia, especially with its three immediate neighbours in the Russian Far East - China, Japan and the Democratic People's Republic of Korea (DPRK). In December 1991, Russia resumed diplomatic relations with China and was sustained throughout the Yeltsin presidency. (Kuhrt 2012) The focus on China was due to the urgent need for border demarcation, a process that had begun already in 1989. After this process was concluded in 2004, the strategic partnership between China and Russia picked up speed. Evidence shows that

⁹⁸Mikhail Gorbachev is a Russian and formerly Soviet politician. The eighth and last leader of the Soviet Union, he was General Secretary of its governing Communist Party from 1985 until 1991.

⁹⁹The Soviet Union, officially the Union of Soviet Socialist Republics, was a socialist state in Eurasia that existed from 1922 to 1991.

Putin's pivot to Asia means not just an "energy pivot to China" and that Russia surrounds its regional economic and security bets by extending cooperation with South Korea, North Korea, and Japan, which corresponds to Russia's broader view of multipolarity both globally and regionally. As Russian experts note, the most desirable arrangement remains the "concert of interests," where none of the countries participating in the development of Russia's the Far East and Siberia gains overwhelmingly predominant role. (Chechevishnikov 2014) Such an approach implies both a rational diversification of economic partners and an effort to extend bilateral cooperative relations to include transportation, infrastructure, banking, regional security, and other non-energy fields.

By the end, much of what was created in Soviet times was destroyed. (Sakhalin energy 1994) Far Eastern Federal District lost 16 percent of its population, which reduced from 8.1 million in 1991 to 6.74 million in 2001 with migration from the region amounted to about 1.2 million. The economic decline of Russia's the Far East (RFE) took place against the backdrop of China's fast economic growth and increased Chinese migration to Siberia and the RFE. For a considerable part of the Russian population, especially in the Russian Far East, the loss of population caused serious concern. (Vashchuk 2014) At the same time, some started promoting the view that Siberian and Far Eastern wealth was not only Russia's asset but a "common heritage of mankind." (Bogaturov 2004) Some foreign and Russian scholars called the use of these resources "in the interest of the peoples of the World." (Melamed 2008) The then former Foreign Minister of Russia, Andrey Kozyrev, announced the government's desire "to open up our the Far East region to trade and investment with the dynamic economies of the Asia-Pacific area." But Pacific Russia's economy did not inspire foreign businessmen to invest in promising projects.

Since 2000 President Putin took concrete actions to stimulate the process of regional development. In contrast to the previous attempts, which had pronounced military and strategic natures, the Russian government started to actively prioritise the economic component of its Eastern policy and highlighted the critical role of Russia's the Far East and Siberia in it. Even though the geopolitical goal to make Russia a Pacific power while firmly keeping its Far Eastern territories as an inalienable part of Russia has not decreased in importance. It is now presented as a background for more

economically oriented policies. Both goals – geopolitical and economic – are properly illustrated through political statements of Vladimir Putin. In 2012, President Putin set a task to use the enormous potential of Siberia and the Far East in order to “take its rightful place in the Asia-Pacific region.” (Putin 2012) However, though the economic development and welfare of the Russian Far East were officially announced as Russia’s main preoccupation in the Asia-Pacific. This development policy of Kremlin seemed like a geopolitical rather than an economic project. In the context of this policy, two events listed as the most significant: the construction of the “East Siberia–Pacific Ocean¹⁰⁰” pipeline and the APEC forum¹⁰¹ in Vladivostok in 2012. Despite the substantial amount of investment in these two projects, both had more of a political and propagandist effect than an economic one.

Under the leadership of Vladimir Putin in 2006, Russia conducted an active policy to develop Siberia and the Russian Far East and to gain access to the Asia-Pacific region. During Putin’s visit to Siberia in 2006, he participated in a Meeting on Social and Economic Development in Siberian Federal District on 26th April, in his concluding remarks he said: “We must not forget that this region is crossed by international transcontinental corridors. This enables Siberia to act not just as one of the links in the transport chain connecting European Russian to the Far East but also gives it the real possibility of playing a much greater part as a bridge connecting Europe via Russia to the Asia Pacific Region. We must not forget that Asia Pacific region is probably the fastest growing region in the world and this will create huge opportunities for Russia to open up new markets and make use of its national advantages. As far as Russia’s foreign policy is concerned, the main objective of Russia’s Asian policy must be the development of its eastern regions - Siberia and Russia’s the Far East.” (Putin 2006) In 2010 President Dmitry Medvedev also emphasized that: “Opportunities of developing relations in the Asia Pacific must be utilised for the welfare of Russia’s the Far East.” (Medvedev 2010) Later on, Putin envisioned in 2012, that the development of Russia’s the Far East and Siberia would involve international cooperation, as he pointed out specifically that Russia needed to

¹⁰⁰The Eastern Siberia–Pacific Ocean oil pipeline is a pipeline system for exporting Russian crude oil to the Asia-Pacific markets. The pipeline is built and operated by Russian pipeline company Transneft.

¹⁰¹Asia-Pacific Economic Cooperation is an inter-governmental forum for 21 Pacific Rim member economies that promotes free trade throughout the Asia-Pacific region.

utilise “the potential of relations with China for the economic development of the Far East and Siberia.” (Putin 2012) This region is now the focus of world economic power, which is moving dramatically away from the old Transatlantic power base to a new Indo-Pacific region which contains the world’s biggest economies and largest military potential.

Various state programs, including the “*Program of socio-economic development of the Far East, 2008–2013*,” declared Russia’s integration into the Asia-Pacific region through the development of Siberia and the Far East. (Government.Ru 2008) Over the years, some institutional bodies were established to deal with the development and resource management in the Eastern part of Siberia. The most debatable one was “The Corporation for the Development of the Eastern Russia” announced at the beginning of 2012 and conceived as a supervisory body to control all natural resources of Siberia. (Fortescue 2016) At the end of 2013, Russian President Putin officially proposed establishing “the areas of advanced development” (AAD). This was a new institution in the Russian economic system, created to speed up the advancement of Russia’s eastern regions and to draw domestic and foreign capital to open up their huge natural resources. In July of 2013, Putin criticised the government for the failure of the program, given that that 80 percent of goals set up by the President for the Far East development for the first half of 2013 were not met. However, no one was held to account for failing the program. Moreover, in early August of 2013, the President said that the “government as a whole performed its functions properly.” (Kremlin 2013) Geopolitical and strategic ambitions have dramatically increased political competition between China and Japan for influence over the Russian government’s decisions over the allocation of Siberian resources.

5.3. Russia’s Approach to Multilateralism in the era of globalisation

Globalisation dramatically changed Russia and prompted its return to the global market economy on terms largely dictated by the West. The post-communist transition transformed not only the country’s economic and political systems but also the state-society articulation at large. Russia is huge in territory and rich in resources. Russia is a key participant not only in the affairs of Eastern Europe and Central Eurasia, but also in the Middle East, South Asia, and the Asia-Pacific region.

Vladimir Putin's continued presidency is basically about two things: keeping Russia in one piece and reclaiming its status as a global, not just regional, power. The Kremlin's foreign policy moves east of the Urals are prepared to attain both these main objectives: making sure that the Far East and Siberia remain Russian, and that Russia itself plays a dominant role in the Asia-Pacific. The 15th anniversary of Vladimir Putin's rise to the Russian presidency has inspired much reflection on the ways he has changed the country and its position in the world. Most of these changes have been broadly straightforward. Growth and centralisation of state power, influence on civil society and its institutions, lessening in relations with the West – with minor cracks and variations, all these trends have moved in one direction. (Gould-Davies 2016) Under Vladimir Putin's leadership, it became one of the fastest growing economies in transition. As the world's second largest nuclear power and tenth largest economy, it appears well worth its permanent seat on the UN Security Council¹⁰². Economic integration methods in the world today manage to be comprehensive and global in nature, striving to bring about new forms and rules for trade and economic activity on global and regional levels. These trends have taken on a special significance in the Asia Pacific Region. (Vladai 2017) East Asia as a region is above all characterised by its advanced economic networks. Russia's engagement has traditionally relied on bilateral relations—with China in particular. By dealing with countries on a bilateral basis, Russia remains outside regional trade agreements and, to some extent, regional networks. This has hampered the political leverage that greater economic engagement and diplomatic investment could bring. (Kuhrt 2014) And this is why Russia has in recent years increasingly begun to participate in East Asian multilateral forums¹⁰³, signalled above all by Russia's hosting of the 2012 Asia-Pacific Economic Cooperation (APEC) summit in Vladivostok. (Koldunova 2016)

Russia's relationship with the global economy has developed quite differently. In 2000 the Putin presidency began by engaging Russia to deeper engagement with the global economy and its governance, a goal actively supported by the West. By 2007

¹⁰²The United Nations Security Council is one of the six principal organs of the United Nations, charged with ensuring international peace and security, accepting new members to the United Nations and approving any changes to its charter.

¹⁰³East Asian Forum offers daily analysis of economics, politics and public policy in East Asia and the Pacific. Articles focus on a wide range of public policy issues including trade, economic policy, governance, international relations and political developments. Content includes Australian, East Asian and Asia Pacific regional perspectives, with expert contributors from around the region.

every strand of Russia's relationship with the global economic system had thickened and strengthened significantly. Russia had just chaired the G8 for the first time and was soon to call for improving relations with the West. But today Russia's president speaks of minimising dependence on the West while, for the first time since the end of the Cold War, the West now seeks to restrict, rather than promote, Russia's integration into the global economy. Russia became a member of APEC then in 1997 and had joined the Asian Regional Forum (ARF)¹⁰⁴ even earlier, in 1994. In 2010, Russia joined the Asia–Europe Meeting (ASEM)¹⁰⁵ and, in 2011, the East Asia Summit (EAS)¹⁰⁶, and Russia had signed several treaties aimed at facilitating cooperation between ASEAN and Russia. In particular, the EAS is relevant for security issues. In 2013 Russia used this forum to call for new regional security formation in East Asia. (Shestakov 2013) However, by the time of the Ukrainian crisis¹⁰⁷, the success of the various multilateral efforts was still limited; a few significant steps towards economic integration had been taken. Although engagement with the region increased, this was still secondary to bilateral engagement. The main strategic direction of Russia's policy in East Asia remained its partnership with China.

Since 2014, official Russian reports praising the strategic partnership with China have increased. In an interview with a Chinese news agency, Putin even stated that bilateral relations had advanced so far that Russian experts 'have had trouble defining today's general state of our common affairs.' (Kremlin.Ru 2016) The 2013 version of the Russian Foreign Policy Concept was the first to define Russia's perspective on East Asia in direct relation to the diminishing role of the West in world affairs. The ability of the West to dominate the world economy and politics continues to diminish. The global power and development potential is now more dispersed and is turning towards the East, primarily to the Asia–Pacific region.' (MID 2013) Similar statements are

¹⁰⁴The ASEAN Regional Forum (ARF) is an important forum for security dialogue in Asia. It draws together 27 members which have a bearing on the security of the Asia Pacific region.

¹⁰⁵The Asia-Europe Meeting (ASEM) is an intergovernmental process established in 1996 to foster dialogue and cooperation between Asia and Europe. Presently it comprises 53 Partners: 30 European and 21 Asian countries, the European Union and the ASEAN Secretariat.

¹⁰⁶The East Asia Summit is a regional forum held annually by leaders of, initially, 16 countries in the East Asian, Southeast Asian, and South Asian regions, based on the ASEAN Plus Six mechanism. Membership expanded to 18 countries including Russia and the United States at the Sixth EAS in 2011.

¹⁰⁷The Ukrainian crisis began as an internal crisis in November 2013, when President Viktor Yanukovich rejected a deal for greater integration with the European Union, sparking mass protests, which Yanukovich attempted to put down violently. Russia backed Yanukovich in the crisis, while the US and Europe supported the protesters.

found in the 2016 version, where the Asia-Pacific enjoys a far more prominent role than in previous versions. (MID 2016)

The international-level concerns are among the main political drivers behind the Sino-Russian partnership is already well established. In early 2014, Russian Foreign Minister Sergei Lavrov stated that international cooperation was the most essential part of the bilateral relationship. (MID 2014) The two countries have had an unusually high number of top-level meetings since 2014; according to the Chairman of the Standing Committee of the Chinese National People's Congress Zhang Dejiang, Putin is the state leader with whom the Chinese president has met the most often. (Kremlin.Ru 2016)

Russia is at the same time, involved in a number of multilateral dialogues on regional economic integration and free trade areas in the Asian-Pacific Region. Russia and China have formed a joint initiative on creating a new regional security system. However, Russia has been definitely increasing its contribution to multilateral regional security and cooperation mechanisms. This would help Russia protect and promote its interests in the Asia Pacific Region and hold a place that would be adequate to its capabilities and competitive advantages. Russia has also supported China's initiative on the BRICS Development Bank¹⁰⁸, the Asian Infrastructure Investment Bank¹⁰⁹ and the Silk Road Foundation¹¹⁰. These international financial mechanisms help to boost infrastructure projects and the implementation of vital bilateral investment projects.

Russia also has much to offer to its regional partners. Tiny Singapore could offer the world its unique geographic location and economic openness. Great China had huge and still has almost unlimited reserves of the workforce. Russia has a small population. But it has unique insight and resources such as land riches, water, energy

¹⁰⁸The New Development Bank, formerly referred to as the BRICS Development Bank, is a multilateral development bank established by the BRICS states

¹⁰⁹The Asian Infrastructure Investment Bank is a multilateral development bank that aims to support the building of infrastructure in the Asia-Pacific region. The bank currently has 70 members as well as 27 prospective members from around the world.

¹¹⁰The Silk Road Foundation NGO was established in 2013, to promote free market economy in Mongolia. Under the foundation, the Ulaanbaatar Economic Club operates to determine the underlying issues of the Mongolian economy and to discuss and derive solutions to overcome the nation's economic challenges and difficulties.

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. Russia's "pivot to the East" is about diversifying foreign economies and moving into the regional and global markets. The great Eurasian project is primarily advancing Russia's vision in the world. Russia came up with its Greater Eurasian Partnership initiative in the summer of 2016. Russia positions itself both within and without as a leader and integrator. The Eurasian Economic Union project, too, persists as a crucial resource for foreign and foreign economic policies.

5.4. Russia's Engagement with the Asia-Pacific

Russia's Policy towards Asia-Pacific has proceeded in two closely related directions: 1) development of Siberia and the Russian Far East and 2) strengthening cooperation with Asia-Pacific countries. With the launch of Putin's third-term government, Russia's Asia-Pacific policy has been accelerated once again. On November 2011, even before Putin's presidential inauguration, The Far East and Baikal Region Development Fund had already been established to support the Russian Far East development plan. On May 2012, the Ministry for Development of the Russian Far East was established as a federal department which is exclusively responsible for development in the Far East region. Another national program, Socio-Economic Development of the Far East and the Baikal region (until 2025), was also adopted in March 2013 for the development of the Siberia and the Far East. Its revised version, adopted in April 2014, focused on building transportation and logistics infrastructure. Also during this time, APEC Summit was held in Vladivostok in September 2012. During his annual address to the Federal Assembly in December 2012, President Putin defined the historical meaning of the Look East Policy: "In the 21st century, the vector of Russia's development will be the development of the East," he said. "We have the opportunity to assume a worthy place in the Asia-Pacific region, the most dynamic region in the world." (Putin 2012)

Development of Siberia and the Far East and partnership strengthening with Asia-Pacific countries are not separate policies within the context of the Look East Policy. The 'Concept of the Foreign Policy of the Russian Federation,' published on February 2013, mentioned that, "Strengthening Russia's presence in the Asia-Pacific region

(APR) is becoming increasingly important since Russia is an integral part of this fastest-developing geopolitical zone, toward which the centre of the world economy and politics is gradually shifting.” (MFARF 2013) In other words, the development of Siberia and the Far East is impossible without cooperation with the Asia-Pacific region and, the material foundation for cooperating with the Asia-Pacific region is ultimately the development of Siberia and the Far East.

Nevertheless, the Russian political and academic elite has sought to integrate Russia into the Asia-Pacific region in response to the centre of political and economic activities shifting to Pacific Asia and in an effort not to fall behind other global players. They hoped that the word “integration” would help to develop the Russian Far East, lure investments and technologies from rich and advanced countries, and open Asian markets to natural resources. For now, however, bilateral relations between Russia and Asia-Pacific are a more understandable and convenient arrangement for Russia in East Asia. Russia’s main bilateral cooperation partners in eastern Eurasia have been clearly identified: China, India, and Japan which has been discussed in the later part. Cooperation with the United States has been primarily about the global and European agendas, whose Pacific component is very weak. Russian priorities in the East are transparent and clearly connected on the need to secure national interests, including continued mutually beneficial relations with neighbours, primarily with China; new projects capable of attracting foreign and Russian investment into the opening up of Siberia and Pacific Russia and to prevent threats to Russia’s security.

5.4.1. China-Russia

Russia’s economic and security interests in Northeast Asia have considerably changed in the last few decades. The rapid development of the region has brought Russia to intensify economic exchanges with China, Japan, and South Korea. Nevertheless, the dynamism of the region and particularly the rise of China in power constitutes potential security threats to Russia’s great power. Historically, the Russian national identity has been shaped by two main components: its relationship with Europe and internal factors. (Iwashita 2007) The context has changed in recent years, however, due to the rise in power of Asia in general, and of China in particular. Therefore, the

Russia-China strategic partnership plays an important role in Russia's emphasis on its great power status as it legitimates both its identity as an Asian power and helps to maintain its global power status in international affairs. Russia's plans to develop Asiatic Russia, particularly Siberia and the Far East, are based on China being a priority partner, at least for the foreseeable future. (Xingming 2016) Indeed, China is currently the main investor in the Russian Far East. For Russia, the importance of the partnership with China is essential to the security of the RFE and central to the country's self-conceptualisation as a great power. China-Russia cooperation in the development of the Far East and Siberia, as well as Russia's new Asia-Pacific Strategy, received considerable attention from both academics and policymakers in both China and Russia. This research argues that in the long term the viability of the Russia-China strategic partnership depends to a great extent on whether Russia can successfully develop Siberia, and especially the RFE. Firm in joint efforts, China-Russia relations have been upgraded to a new stage of comprehensive strategic partnership. (Feng 2013) The two sides maintain high-level strategic mutual trust and deepen dialogue, improve the efficiency of existing bilateral mechanisms for cooperation between governments, parliaments, local authorities and establish new mechanisms for cooperation when necessary, to ensure comprehensive and rapid development of pragmatic cooperation, cultural exchanges and civil exchanges to achieve greater results, closer coordination of diplomatic action. This helps their domestic large-scale Sino-Russian economic reforms successfully promote and enhance the welfare of the two peoples to improve both the international status and influence to facilitate the establishment of a more just and equitable international order. (Kremlin.Ru 2014)

According to Feng (2013), "The relationship between China and Russia, two great powers in Asia-Pacific, is entering a new stage. As for economic cooperation, China's urbanisation and development in the Russian Far East and Siberia have left enormous space for Sino-Russian cooperation in the Asia-Pacific". He pointed out that the development of Russia's the Far East and Siberia will help meet the developmental challenges of China and other East Asian countries related to the need for resources, environment and land. (Feng 2012) Li Xin argues that the central purpose of Russia's Asia-Pacific strategy is the development of Russia's the Far East and Siberia, "Russia plans to participate in the building of the political and security architecture in the

Asia-Pacific. Hence, it would then play a third party balancing role between China and the Asia-Pacific and China and the West. Russia intends to join the economic integration in the Asia-Pacific region, and develop its Siberia and the Far East for the Asia-Pacific market.” (Li 2016)

Presidents Putin and Xi Jinping had their first official summit meeting in Russia in March 2013. The meeting was considered productive, as many important cooperation agreements and high-level trade deals were signed. In May 2014, Xi Jinping said the Silk Road Economic Belt and the construction of Russian railways across Europe and Asia should be tied to each other to boost bilateral economic exchange. This would boost the development and opening-up of neighbouring regions for a share of the great Eurasian channel and the big Eurasian market (MFAPRC 2014). Here, China emphasized the common goals of the two grand strategies and common interests in developing the neighbouring regions between the two countries. More and more European countries, such as Greece, Italy and others, have decided to take part in the Chinese initiative, and they are internally driven by a desire for mutual benefit and mutual gain. Russia is an important supporter and participant in the process of promoting the BRI. (Koch 2014)

President Vladimir Putin in his “Russia and the Changing World” suggested Russia “to catch the Chinese wind in the sails of our economy”; in particular, he mentioned, “we should seek to more actively forming new cooperative ties, combining the technological and productive capabilities of our two countries and tapping China’s potential judiciously, of course in order to develop the economy of Siberia and the Russian Far East.” (Putin 2012) In May 2014, Putin reiterated that: “Chinese companies should take advantage of these opportunities and become a leader in the Far East,” Putin said, “the development of the Far East is beneficial both for Russia and China.” (Jia 2014) He indicated that Russia supports the construction of the “Silk Road Economic Belt” to promote the connectivity of transportation infrastructure and welcomes China to participate in the development of the Russian Far East region. (MFAPRC 2014) Hence, Russia welcomes China to participate in the development of it's the Far East and Siberia and supports China’s efforts in constructing the Silk Road Economic Belt in order to deepen win-win cooperation between the two countries. Therefore, it can be argued that Chinese and Russian leaders have reached the

consensus of close cooperation in economic development, including cooperation in the development of Russia's Far East and Siberia. (Ziegler 2012)

The two governments signed a China–Russia Investment Cooperation Planning Outline in 2009, identifying priority investment areas for both sides. The Chinese side identified 15 priority areas of investment in Russia, including mining, energy, transport and logistics, agriculture, forestry, construction, and innovation and technology. In the field of regional cooperation, China's priority investment areas focus on the following:

- Priority development areas of the Russian Federation;
- Production of furniture, paper and wood;
- Transport infrastructure and logistics centres in the existing port and border areas;
- Cross-border high-speed communication lines;
- Mineral resources and deep-processing enterprises;
- Agricultural production, processing and trade;
- SEZs (Special Economic Zones) and high-tech cooperation;

The two governments decided to initiate the “Sino-Russian Investment Cooperation Planning Outline” implementation mechanism in 2013, reiterating that, “the two sides will make a direct investment to the agreed projects in Russia's Siberia and Far East.” (Xinhuanet 2013) In 2015 China and Russia signed the “Joint Statement on Cooperation on the Construction of Joint Eurasian Economic Union and the Silk Road Projects”. China intended to connect an economically active, rapidly developing East Asia with rich, developed Europe with the help of the Silk Road Economic Belt, and Russia and Central Asia stand to serve as the central zone and hub. So China needs strategic cooperation with Russia in order to move ahead, to Europe through Russia and the countries of Central Asia. (Wishnick 2016) At the same time, Europe is the largest trading partner of Russia and for its economic development, Russia needs to implement interconnection and simplify its process of trade and investment with Europe. It is the gradual coupling of interests that simulates Russia's active and constructive participation in the Chinese initiative and contributes to the further

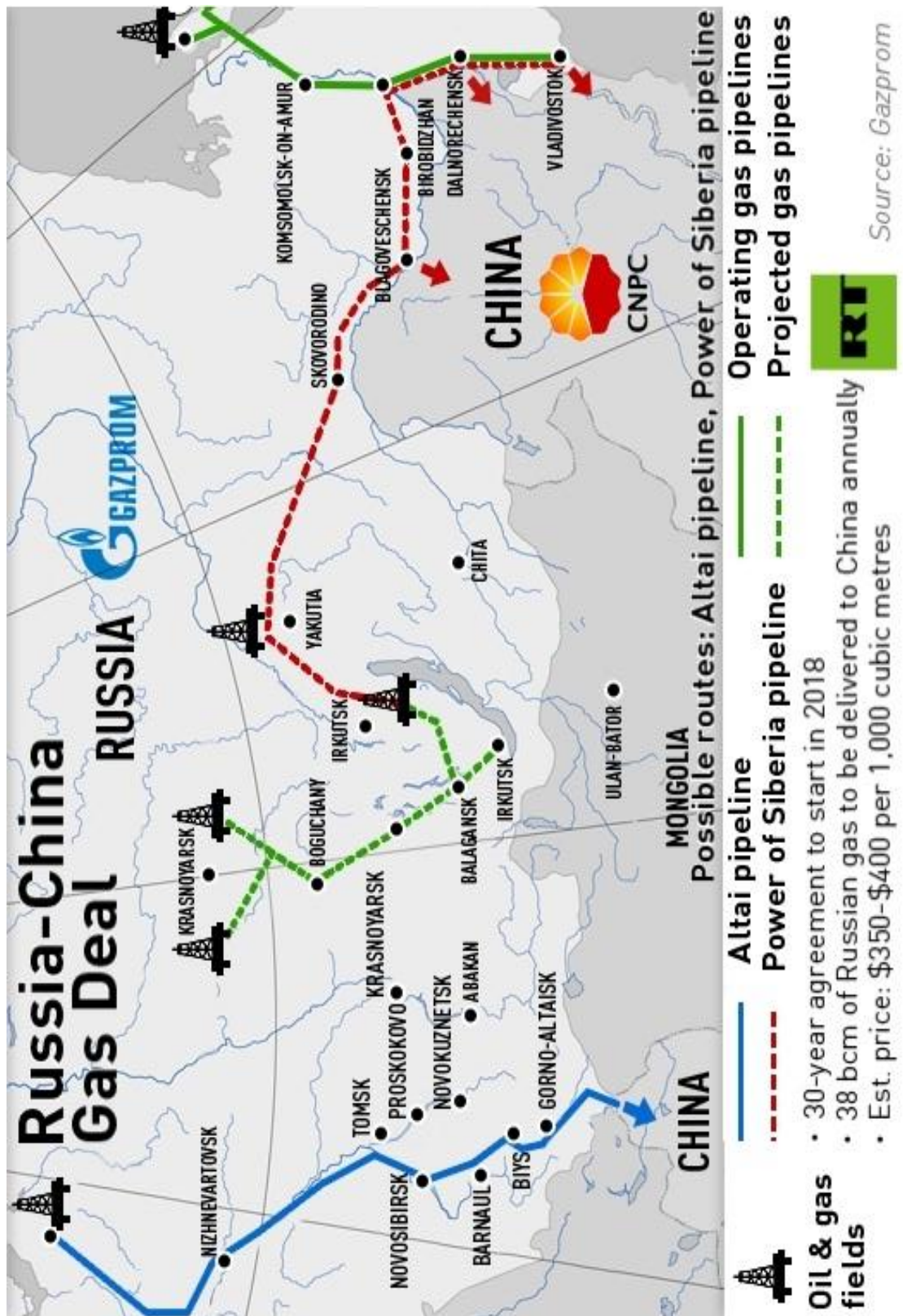
deepening of the confluence between the construction of the Silk Road Economic Belt and the Eurasian Economic Union. In May 2017, during the first Belt and Road Forum on international cooperation, Russian President Vladimir Putin gave an active cooperative signal and expressed hope that the Northern Sea Route would be connected with the BRI. (Guangcheng & Xuemei 2019) The Northern Sea Route is the shortest route connecting Asia and Europe. Chinese-Russian joint construction of an “Ice Silk Road” could provide a new option for the interconnected relationships on the Eurasian continent, while at the same time it will intensify the economic development of the northeast of China, Russia’s the Far East and Siberia.

Russia as one of the world’s leading energy exporters is a logical partner for China, as it is one of the largest energy importer nations in the world. Thus, as in for European countries, energy is the most important field of economic cooperation for Russia and China. China’s natural gas consumption has continuously increased, and from 2007 the country became a net natural gas importer. Their interconnectedness with respect to transport, fuel and energy infrastructure is deepening every day: the Yamal LNG project¹¹¹ and the construction of the eastern route of the Chinese-Russian gas pipeline are at an advanced stage, the Chinese-Russian oil pipeline is stable, and the realisation of the main projects of the trans-border transport network in the eastern Chinese- Russian border region is soon to be completed. (Wishnick 2016) China and Russia signed a Memorandum on Cooperation of Eastern Gas, in which Russia begins supplying gas to China through Eastern-Route gas pipeline in 2018. It is targeted to eventually reach 38 billion cubic meters per year, and the cumulative duration will be 30 years. (Xinhuanet 2014)

It will greatly promote Sino-Russian cooperation in the development of Russia’s the Far East and Siberia since the major gas resources such as the Kovyktinskoye gas field in Irkutsk area and the Chayandinskoye gas field in Yakutia are situated in the region. Moreover, gas-processing plants will be constructed in the Eastern-Route gas pipeline, in the region. “The Sino-Russian gas cooperation will bring strong impetus for the socioeconomic development and oil and gas development in Russia’s the Far East.” (CNPC 2014)

¹¹¹Yamal LNG is a joint venture based around a liquefied natural gas plant located in Sabetta at the north-east of the Yamal Peninsula, Russia.

Map No. 13: Russia-China Gas Deal



Sources: Russia Today (2018) Available at: <https://www.rt.com/business/159880-gazprom-china-russia-cnpc/>

Under the agreement, the Eastern-Route gas pipeline will be connected with that from Russia to China at the developing-zone of Heihe, Heilongjiang Province. (IRN 2014) The prosperity and stability of the north of the border are in accordance with the requirement of the peaceful development and the national interests of China.

In the context of the new surrounding international environment, China values closer relations and a strategic partnership with Russia, believing that the development of the regions will lead to prosperity and stability in Russia and Northeast Asia as a whole. China sees Russia as a strategic partner of cooperation. The good-neighbourly friendship and deepening cooperation in various fields is a common strategic choice of both sides. (Smirnova 2015) There is no doubt that the Comprehensive Strategic Partnership of Coordination between China and Russia is an important guarantee for safeguarding regional security and prosperity around China. The Shanghai Cooperation Organisation (SCO)¹¹² provides an important mechanism for security cooperation between China and its northern and western neighbouring countries. This is the main content of China's national security and development strategy. (Karaganov 2013) With China–Russia cooperation, an important pillar for prosperity and stability of the Asia-Pacific can be established through the development of Russia's the Far East and Siberia.

One of the most important fields for bilateral cooperation in space. Indeed, one of the main elements of Russia's new space strategy is the construction of the Vostochny Cosmodrome¹¹³. This could open the way for strategic cooperation in this sphere. The location is symbolic, as 'the placement of a major strategic infrastructure asset like Vostochny so close to the Chinese border illustrates the high level of comfort and security that Russia feels toward China.' (Korybko 2015) In the words of Zhao Huasheng: "China is not the main partner of Russia in space cooperation, but it is one of the most prominent fields for bilateral collaboration." (Huasheng 2017) Besides

¹¹²The Shanghai Cooperation Organisation (SCO), or Shanghai Pact, is a Eurasian political, economic, and security alliance, the creation of which was announced on 15 June 2001 in Shanghai, China by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan; the Shanghai Cooperation Organisation Charter, formally establishing the organisation, was signed in June 2002 and entered into force on 19 September 2003.

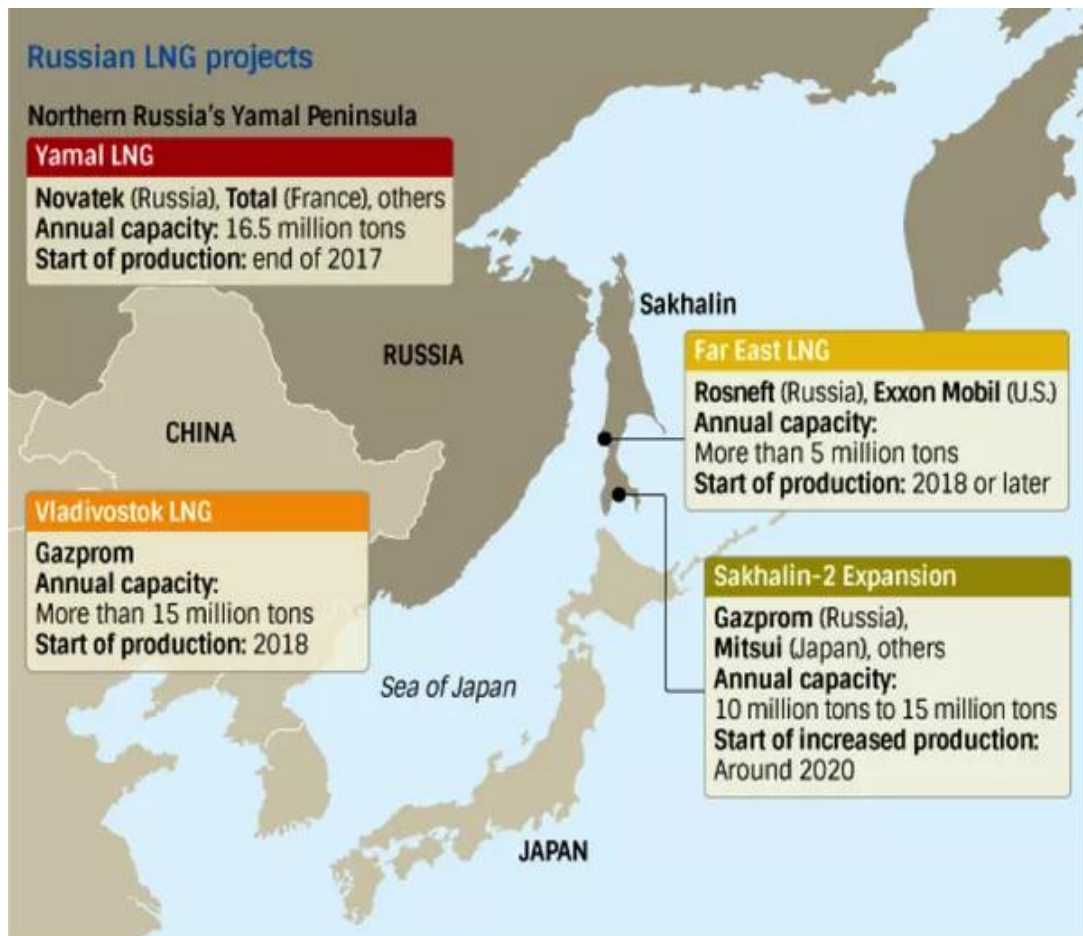
¹¹³The Vostochny Cosmodrome is a Russian spaceport under construction on the 51st parallel north in the Amur Oblast, in the Russian Far East. It is intended to reduce Russia's dependency on the Baikonur Cosmodrome in Kazakhstan.

these general bilateral economic ties, some more precise economic cooperative mechanisms have also been created between the two countries, and foundations have been laid for China's participation in international cooperation for the development of the region, such as a bilateral working framework for discussions and exchange of views and positions. Among them is the "*Program of Cooperation between Far Eastern and Siberian regions and Northeast China in 2009–2018.*" In this respect, China and Russia share common interests. (Lotto 2015) In the "*Joint Declaration on a New Stage of Comprehensive Strategic Partnership*" of China and Russia, the two countries agreed to promote regional cooperation in agriculture, timber processing, water resources, infrastructure, investment and cross-border affairs. With regard to the development of cross-border transport infrastructure, the Joint Declaration specifically lists the building of two cross-border bridges: Tongjiang-Nizhneleninskoye Bridge and Heihe-Blagoveshchensk Bridge, to improve transport conditions for Chinese goods using Russian railway networks, the Far East ports and the Northern Sea Route. (Xinhuanet 2014) These bridges are cross-border bridges between the Far East and China's northeast regions. This regional cooperation between China and Russia is closely related to the development of Russia's Far East and Siberia.

In May 2014, Russia and China finally reached agreement on a deal for Gazprom¹¹⁴ to supply CNPC with 38 billion cubic meters (bcm) of natural gas per year from East Siberia via the Power of Siberia pipeline. The Power of Siberia pipeline will be the largest gas transmission system in eastern Russia, transporting natural gas from Irkutsk and Sakha to the Russian Far East, partly for production of liquefied natural gas (LNG) on the Pacific coast, partly for pipeline export to China. The fields are scheduled to come on stream in 2021 and 2019, respectively (Gazprom, 2014) Yamal LNG is a liquefied natural gas plant on the Yamal Peninsula in northwestern Siberia. (Gazprom, 2015) The project has a budget of USD 27 billion and increases Russia's LNG capacity twofold, with initial production starting in 2017 and full capacity reached by 2021. (Belinski, 2015)

¹¹⁴Public Joint Stock Company Gazprom is a large Russian company founded in 1989, which carries on the business of extraction, production, transport, and sale of natural gas. The company is majority owned by the Government of Russia, via the Federal Agency for State Property Management and Rosneftgaz.

Map No. 14: Russian LNG projects



Source: Nikkei Asian Review (2016). Available at:

<https://asia.nikkei.com/Business/Gazprom-looks-to-expand-LNG-output-in-Russian-Far-East>

Discussions about Yamal LNG started in the early 2000s; the project was initially owned by some Russian oligarchs and then the company Novatek, a rising star in Russia's natural gas sector. Russia's gas giant signed agreements with Avtodor, the Russian highways state company, and Gazprom Gazomotornoye Toplivo, a Gazprom subsidiary, to grow a network of LNG and compressed natural gas filling stations for locomotives and trucks. Expanding its reach, Gazprom also launched small-scale LNG projects abroad in places like Vietnam, Belarus, Ghana and Bolivia. In the "Joint Declaration on a New Stage of Comprehensive Strategic Partnership" of China and Russia, the two countries agreed to promote regional cooperation in agriculture, timber processing, water resources, infrastructure, investment and cross-border affairs. With regard to the development of cross-border transport infrastructure, the

Joint Declaration specifically lists the building of two cross-border bridges: Tongjiang-Nizhneleninskoye Bridge and Heihe-Blagoveshchensk Bridge, to improve transport conditions for Chinese goods using Russian railway networks, the Far East ports and the Northern Sea Route. (Xinhuanet 2014) These bridges are cross-border bridges between Russia's the Far East and China's northeast regions. Table no. 7 provides an overview of Sino-Russian energy deals and developments over time and shows that the cooperation had gained momentum well before the 2014 Ukraine crisis. Thus it has long been clear that Russian energy resources are of great interest to the Chinese and the Chinese market is of great interest to the Russians. (Rossiaud 2017)

Table No. 7: Sino-Russian energy deals and developments

Deal	
2001	Russian company Yukos proposes Eastern Siberia–Pacific Ocean (ESPO) oil pipeline
2003	CNPC signs a framework agreement with Sakhalin Energy on exploration and development
2004	Gazprom and CNPC sign cooperation agreement
2005	China lends Russia USD 6 billion to help finance Yukos deal
2005	CNPC signs agreement on long-term cooperation with Rosneft
2006	CNPC signs MOU with Gazprom, Rosneft and Transneft on supplying naturalgas
2006	CNPC buys a USD 500 million stake in Rosneft
2006	CNPC signs strategic cooperation agreement with Lukoil
2006	CNPC and Rosneft establish the joint venture Vostok Energy
2007	Vostok Energy wins a bid for oil and gas exploration licences in Irkutsk

2008	CNPC and Transneft sign agreement to build oil pipeline to China
2009	China, Rosneft and Transneft agree to supply 15 million tons annually for 20years from East Siberia for USD 25 billion
2009	China signs framework agreement with Gazprom on natural gas supply and MoU with Rosneft.
2010	Oil pipeline to China officially starts to operate
2011	China agrees to contribute USD 1 billion to China–Russia Investment Fund
2012	27 business deals, worth USD 15 billion, signed at Sino-Russian investment-forum.
2012	China Development Bank and Sberbank agree to cooperate
2013	Chinese investment in Russian coal worth USD 2 billion
2013	Rosneft deal to supply oil to China, with USD 70 billion prepaid (total valueUSD 270 billion)
2013	CNPC buys 20 per cent of Novatek’s Yamal LNG project
2013	China lends USD 1.9 billion to Russian banks
	30-year Power of Siberia natural gas deal signed, worth USD 400 billion
2014	CNOOC gets contract for engineering at Novatek-led Yamal LNG project worthUSD 1.6 billion
2016	Yamal LNG signs agreements with the Export-Import Bank of China and theChina Development Bank on two 15-year loans for a total amount exceeding USD 12 billion

Sources: Ministry of Foreign Affairs of the People’s Republic of China (2001)

Available at:

http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t15772.shtml.

The two countries had already been moving two steps forward, one step back on energy cooperation for two decades before the Ukraine crisis. The Chinese deals with Gazprom on Power of Siberia and with Novatek on Yamal LNG were logical continuations of this dance and helped resolve long-standing Chinese energy-security concerns. (Overland 2015) Russian oil exports to China doubled between 2010 and 2014—before the Ukraine crisis. (Klein & Kirsten 2016) In this perspective, the energy cooperation from 2014 onwards fits into a longer-term trend towards greater energy trade between the two countries. (Roseth 2017)

In 2014, both countries agreed for the first time to develop joint projects of highly finished products and to improve cooperation in high-tech fields, nuclear energy, aviation, and space industry. A joint project for a long-range passenger aircraft designed to compete with Boeing and Airbus is being developed and there are plans for the plane's joint production. In May 2015, Russia and China signed a deal for the creation of a platform to promote the Russian Sukhoi Superjet 100 passenger jet to Asian markets and it is expected that 100 aircraft will be delivered to China and other countries within three years. (Sputnik, 2015) Both countries have also attempted to develop cooperation in innovation, such as further integration between the GLONASS¹¹⁵ and BeiDou¹¹⁶ navigation systems. Russia and China believe that: "increasing the share of high-tech products in their exports can resolve the dilemmas of their development models. For Russia, this implies overcoming its current dependency on the extensive exports of natural resources. (Wishnick 2016)

Russia and China also have agreed to develop joint projects in the fields of pharmaceuticals, medical equipment, chemicals, timber processing, shipbuilding, transportation, machinery manufacturing and agriculture. Similarly, both sides call for more balanced economic cooperation, and a more diversified structure, and to improve cooperation in forestry, agriculture, aviation manufacturing, advanced technologies, environmental protection, and cross-border transport, and for the development of joint projects. (Kremlin.Ru 2015) It is argued that one of the major drivers for deepening economic ties is the banking, finance and investment sphere,

¹¹⁵ Glonass, or "Global Navigation Satellite System", is a space-based satellite navigation system operating as part of a radio navigation-satellite service.

¹¹⁶ The BeiDou Navigation Satellite System is a Chinese satellite navigation system.

and therefore both countries have given high-priority to this field, following a goal to increase the bilateral trade volume to \$200 billion by 2020. In this regard, Russia and China agreed in May 2015 through the Russian Direct Investment Fund (RDIF)¹¹⁷ and CITIC Merchant¹¹⁸, to set up the Bilateral Investment Bank. Both sides are also planning to develop a joint investment fund that would operate alongside the aforementioned bank and the Asian Infrastructure Investment Bank. (Koch 2014)

Russia and China believe their bilateral relationship has been a “landmark” in the world politics and a guarantee to peace and stability in the region and in the world, as well as being one of the most important elements of the new world order. Similarly, both sides believe that this relationship is not only the key to safeguarding their security, political, and economic interests, but for promoting a more balanced, peaceful, and just world order. Elizabeth Wishnick considers that, “The growing normative affinities underpinning their interdependence have implications that reach far beyond the boundaries of their partnership. Increasingly, the Sino-Russian partnership has consequence not just for their bilateral interactions but for global governance as a whole.” (Wishnick 2016) Russia and China share many interests in the post-Cold War order, and see each other as strategic. Furthermore, there is a common understanding of almost all major international issues and therefore both countries have similar approaches to most relevant global matters. One of the most powerful drivers bringing Russia and China together is their shared strategic interest in counterbalancing the perceived hegemony of the United States and the West in international affairs. In sum, Sino-Russian cooperation in the development of Russia’s the Far East and Siberia has already produced new concrete achievements, which can serve as a basis for further cooperation between the two countries in the region. (Korolev 2015)

¹¹⁷The Russian Direct Investment Fund is Russia's sovereign wealth fund established in June 2011 by the Russian government to make equity investments in high-growth sectors of the Russian economy.

¹¹⁸CITIC Group Corporation Ltd., formerly the China International Trust Investment Corporation, is a state-owned investment company of the People's Republic of China, established by Rong Yiren in 1979 with the approval of Deng Xiaoping.

5.4.1.1. The Russo-Chinese Border as a Source of Insecurity

Russia has a 4300 km long border with China. Understanding the implications of this from a symbolic and practical perspective is essential for uncovering the local- and regional-level insecurities that drive Russian security policy in the Far East. The border and its adjacent regions constitute an important source of Russian vulnerability, primarily vis-à-vis China. Cross-border trade and engagement have highlighted the asymmetry between Russia's underdeveloped and underpopulated eastern regions, and the economically thriving and densely populated Chinese territory on the other side. The insecurity associated with the border region can easily be identified in official discourse, such as in the 2009 National Security Strategy. (Rossiyskaya Gazeta 2012) Informally, there has at times been 'widespread suspicion of Chinese activity in the Russian Far East and resentment of China's economic power' in the Russian Ministry of Foreign Affairs. (Kuhrt 2012) In public discourse, old fears of uncontrolled Chinese immigration frequently resurface. (Lenta.ru 2015) Such anxieties are, according to Viktor Larin, "Informed to a great extent by perceptions of illegality and fears of Chinese expansion." This was despite the fact that net Chinese immigration with the goal of permanent residence declined from 2001 to 2008. According to the Federal State Statistic Service, between 2008 and 2012, fewer than 2000 Chinese immigrated to Russia yearly for permanent residence. (Government.Ru 2010) As mentioned above, the number of Chinese citizens living in the RFE and Chinese migrants entering Russia every year through the RFE has been a source of concern. There is no consensus about the size of the Chinese migrant presence in Russia. According to the Russian Federal Statistics Service, (ROSSTAT 2016), there were 28 thousand Chinese living in Russia, half of them in the RFE. Likewise, trade asymmetries have been a concern—some regions that adjoin China, for example, Amur Oblast, are reported to rely on China for nearly 90 per cent of their trade. (RIA Novosti 2015) The main constraint in developing cross-border cooperation is the lack of transport infrastructure between border regions, and lack of coordination between development plans in the RFE and Northeast China. (RIAC 2015) One of the main issues is Russia's backward transport and logistics infrastructure in the RFE and East Siberia. For these reasons, the high-priority issue of developing the Russian Far East has become securitised and fraught with ambivalence. However, it is also recognised that achieving this long-sought social and

economic development necessitates Chinese and other East Asian economic involvement, not least in investments and financing. To mitigate the insecurity that accompanies initiatives aimed at greater investment, Russian policymakers have sought to integrate the Russian Far East into East Asian networks, while simultaneously deepening the region's integration with European Russia.

5.4.2. Japan's engagement with the Siberian Region

To Russia, Japan is above all a source of advanced technology and investment capital. It is also a gateway to the East and South-East Asia and the Pacific. It is a Group of Seven (G7)¹¹⁹ member with vast financial power. Russia's objectives in relation to Japan included (a) attracting Japan's economic resources to develop Russia's the Far East and Siberia, and (b) agreeing on a mutually recognised maritime border between the two countries by means of a peace treaty. Russia has also counted on Japan as a market for its energy exports. Under President Putin and Prime Minister Shinzo Abe, the two-way trade and other ties have been growing thicker. More directly, Abe seeks to prevent Russia from associating itself too closely with Beijing on China's anti-Japan platform. There are also economic interests involved. Japan does not want to allow China to exploit Russian resources alone and to dominate the Russian market.

Russia began its government of the Far East in the second half of the 19th century, but the goals when placing this region within Russian control were military advantage and expansion of territory. Historically, Russia and Japan have not enjoyed prolonged periods of stable friendly relations. In fact, the countries have entered into hostilities four times: 1905, 1918-1922, 1939, and 1945. The absence of a peace treaty, an unsolved territorial dispute, and the US-Japan military alliance has prevented both countries from upgrading the bilateral relationship to a strategic partnership. Still, economic ties have developed since the 1960s, particularly in Siberia and the RFE, and have shown a sharp increase in the last decade. (Streltsov 2015) During the Soviet era, the Far East had military significance as a security bulwark against Japan. The accompanying machine industry developed to an extent, but that was only possible

¹¹⁹The Group of Seven is a group consisting of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. These countries, with the seven largest IMF-described advanced economies in the world, represent 58% of the global net wealth.

because of support from the central government under the Soviet economic system (allocation of budget, unnaturally low domestic railway rates and so on). The local goods that could be sold domestically and abroad were limited to certain military-related machinery, crude oil and gas from Sakhalin, and a handful of items such as timber, coal and marine products. (Roseth 2017) With the collapse of the Soviet Union, the unique Soviet subsidy system and price structure which had supported the Far East ceased to exist, and the backwardness of this region came to be viewed as a problem in Russia's domestic economic development.

In 2012 a new phase of Japan-Russia relations commenced. Prime Minister Abe has attempted to build close personal relations with President Putin. Abe and Putin's come to power succeeded in giving momentum to the countries' political and economic relations. Since coming to power, Abe was determined to drastically improve ties with Russia as part of a long term strategy to acquire a reliable partner in Northeast Asia. Peace and stability in the region are in the national interests of both Japan and Russia, as it is essential for the prosperity and successful development of both countries. (RBTH 2015) According to the joint statement released after the summit between Abe and Putin in 2013, The two leaders noted that "the modern world is in the process of dynamic change and that because of the rapid acceleration of global processes in the first decade of the twenty-first century, the Russian Federation and Japan share a great responsibility for the formation of the international agenda, as well as stability and prosperity, particularly in the Asia-Pacific region." (Yaponiya nashikh dnei 2013) Towards this aim, it is crucial for both countries to develop friendly and stable relations with each other at the highest possible level. Prime Minister Abe has confirmed that :“The development of good-neighbourly relations with Russia is of great importance for the stability and prosperity for East Asia in the 21st century.” (RBTH 2015) Both leaders, therefore, called for the further development and deepening of ties, in order to upgrade the bilateral relationship to a strategic partnership. As stated in the same joint declaration: The two leaders agreed that the strengthening of friendly relations on the basis of the positive environment established between the two countries in recent years, it is in the national interests of the Russian Federation and Japan and creates good conditions for building a strategic partnership, which will seek both sides. (Yaponiya nashikh dnei 2013)

Nevertheless, it is said that Russo-Japanese relations are currently at an average level. There is a framework of contacts and exchanges in economic, political, cultural, and security spheres, but cooperation at the highest level is still to be seen, particularly in the field of security and diplomacy. Indeed, nowadays Russia and Japan are far from being security partners. (Hill 2013) In this sense, one of the results of the Abe-Putin meeting in 2013 was the establishment of the 'two-plus-two' framework for dialogue between the foreign and defence ministers of Russia and Japan. The initiative for holding such meetings came from Japan and it was well received in Russia. It should be noted that Japan holds such conferences only with the US and Australia and that Japan is the first Asian country to establish this sort of meeting with Russia. Following the first conference in November 2013, Japan and Russia's Foreign Ministers, Kishida and Lavrov, declared that: "the meeting opened a 'new page for Japan-Russia cooperation in security and defence' and 'marks a new stage in Russian-Japanese relations.'" (Radyuhin 2013)

Nevertheless, a major obstacle that hinders deepening ties between Russia and Japan is the absence of a peace treaty and the unsolved territorial dispute. The issue was discussed at the 2013 summit and both leaders urged the resumption of negotiations. Following the meeting, Abe and Putin declared that they would instruct foreign ministers to accelerate negotiations on this issue to find a mutually acceptable solution; and this was the first statement of this sort in a decade. Similarly, at their meeting in 2013, Putin and Abe coincided about the need to improve people-to-people relations and to promote each other's culture in order to develop a more trustful relationship between people. (Kremlin.Ru 2013) As has been said, Prime Minister Abe has been trying to strengthen ties with Russia and has met with Putin seven times in two years (2013-2014), and they have developed a 'good' personal relation. President Putin responded positively to this, both have tried to revitalise Russia-Japan relations, and this generated many expectations. (Radyuhin 2013) Abe attended the opening ceremony of the Sochi Olympics in 2014 when western leaders boycotted it. Putin supported Japan's bid to organise the Olympics in 2020. (The Japan Times 2015) In a similar manner, Russian President Vladimir Putin and Japanese Prime Minister Shinzo Abe met in September 2016 at the Eastern Economic Forum in Vladivostok. At the meeting, Abe detailed the eight-point plan for economic cooperation with Russia which he had proposed in Sochi earlier in the year to further

develop bilateral economic ties. According to Valery Kistanov, Abe has tried hard to develop good relations with Putin in 2016. (Kistanov 2016) For instance, Abe created a new cabinet position: the Minister for Economic Cooperation with Russia.

Japan occupies a unique place in the global economy and technology. Russia initially viewed it as one of its key partners, primarily because it is Asia's most advanced nation in technology and management that could help Russian companies master both better than any other country. However, the Ukrainian crisis and the escalation of Russia's confrontation with the West adjusted these plans. Japan joined the anti-Russian sanctions under US pressure and talks on the majority of new projects were suspended. (RIAC 2014) For the time being the outstanding territorial issue as regards four southern Kuril Islands is the main obstacle to the development of Russian-Japanese relations. Moreover, there are grounds to expect Tokyo to step up its economic cooperation with Russia owing to the three major factors. (Valdai 2017) First, Japanese companies are interested in expanding their presence in Russia's energy sector. For instance, Japan has 30 percent of shares in Sakhalin-1 and 22.5 percent in Sakhalin-2. In 2014 the share of Russian gas in the Japanese market reached 9.5 percent (11.5 billion cubic meters). Second, due to economic stagnation, Japanese companies are looking to expand their presence in foreign markets and Russia is a natural choice in this respect. This primarily applies to resource-intensive industries (agriculture is a good example apart from the energy sector) and, to a certain extent, to industrial branches. Russia may be able to compete with its Asian neighbours in some industries like car assembly in the near future, considering the rapid growth of profits in East Asia, the ruble devaluation¹²⁰, and Russia's geographical proximity. Finally, Japanese political circles view the development of economic cooperation as an instrument for normalising diplomatic dialogue with Russia with a view to the subsequent resolution of the territorial issue. Efforts in this area were stepped up in 2016. On May 6, 2016, Japanese Prime Minister Shinzo Abe made an unofficial visit to Sochi to discuss prospects of economic cooperation with President Vladimir Putin. (MOFA JAPAN 2014) This was the first meeting of the two leaders since Crimea's accession to the Russian Federation in 2014. The meeting

¹²⁰The financial crisis in Russia in 2014–2015 was the result of the sharp devaluation of the Russian ruble beginning in the second half of 2014.

produced a number of key results: the Japanese Prime Minister announced a ‘new approach’ to Russia; the leaders agreed to resume bilateral talks in the 2+2 format (defence and foreign ministers) and reviewed an eight-point plan for deepening bilateral economic cooperation. (Murashkin 2016)

Japanese experts argue that Tokyo’s confidence in the efficacy of its economic leverage was heightened by the struggling Russian economy and a downturn in the price of oil, depreciation of the ruble and a high inflation rate. Tokyo also believes that Pun’s eastern pivot policy benefits Japan by prioritising the development of Russia’s the Far East and Siberia with its abundant natural resources. Right after the Sochi talks, Deputy Chief Cabinet Secretary Hiroshige Seko said: “We, of course, believe that peace treaty negotiations and joint economic projects with Russia should be conducted in parallel.” (Rosbalt.ru. 2016) It should be noted, however, that it is not the territorial dispute that stands in the way of sizeable economic progress in Russian-Japanese economic relations, but the need to substantially improve Russia’s investment climate, including by removing all kinds of administrative barriers, streamlining customs laws, making it easier to obtain visas and work permits, etc. During the meeting with Abe, Pun took note that Japanese companies are eager to gain a foothold in the Russian market, and promised to do all it takes to facilitate their efforts. After the meeting with the Russian president, the Japanese prime minister said, without giving details: “We agreed to resolve the peace treaty issue by ourselves as we seek to build a future-oriented relationship. We will proceed with the negotiations with a new approach, free of any past ideas.” (Valdai 2017)

Shinzo Abe’s first visit to the Eastern Economic Forum in September 2016 became another landmark in bilateral cooperation. At the forum Japanese companies made dozens of proposals for various projects. The Russian-Japanese rapprochement reached its peak in December 2016, when President Putin arrived in Japan for the first time in 11 years. (The Japan Times 2015) During his visit the sides announced an interim decision to start consultations on joint economic development of southern Kuril Islands, primarily fishing, fish and seafood farming and tourism. During the

visit, Japanese banks agreed to issue loans to Novatek¹²¹ and Gazprom. The sides also approved the agreement between Rosneft¹²² and Marubeni Corporation¹²³ on joint exploration and production of energy resources and the construction of a gas chemical facility. (Astakhova and Oksana 2017)

Although the current agreements create a foundation for bilateral cooperation, for the time being, they merely determine potential areas of its development without guaranteeing its success. Moreover, Japan is also limited in its proposals regarding enhancing economic cooperation with Russia due to its close ties with the US and other Western countries who criticise Russia for its actions in Ukraine. US President Barack Obama has more than once personally called on Abe to refrain from meeting with Putin. (Pollman 2015) After the Sochi talks with Putin, the US Department of State reminded Tokyo that: “continued unity among partners remains vital.” Against this background, Japan has to find ways to balance between closer ties with Russia and its commitment to the West, which sanctions Russia for its actions toward Crimea. (Valdai 2017) Russia has many more problems in its cooperation with Japan than with China and it will take several years of serious efforts to overcome these problems. Yet, Japan’s readiness to enhance cooperation in energy and a number of other areas is definitely a positive sign and may have a favourable impact on the political aspect of bilateral ties. (Roseth 2017)

5.4.3. US and the Russia

Following the collapse of the Soviet Union, relations between Russia and the West have been swinging between warm and varying degrees of cool. The relations tend to deteriorate every time Russia voices an opinion that differs from that of the West. In 2011 Washington took a more proactive stance in the Asia-Pacific region. The major objective of the US approach was ‘to dissuade China from making a bid for hegemony’ and to sustain its own strategic predominance in the Asia-Pacific region.

¹²¹Novatek is Russia's second largest natural gas producer, and the seventh largest publicly traded company globally by natural gas production volume.

¹²²PJSC Rosneft Oil Company is a Russian integrated energy company headquartered in the Russian capital of Moscow. It is specialising on exploration, extraction, production, refinement, transport, and sale of petroleum, natural gas, and petroleum products.

¹²³Marubeni Corporation is a *sōgō shōsha* headquartered in Nihonbashi, Chuo, Tokyo, Japan. It is the fifth-largest *sogo shosha* and has leading market shares in cereal and paper pulp trading as well as a strong electrical and industrial plant business.

(Silove 2016) Two important aspects of this new approach were the further development of bilateral security alliances with Japan and South Korea and the engagement with Southeast Asian states. (Friedberg 2015) This, together with the more assertive US military presence in Northeast Asia, including its missile defence system and strategic nuclear forces, sparked Chinese fears of encirclement. (Xiang 2012) Beginning in the 1990s, US West Coast businesses became interested in developing Russian resources, and their counterparts in the Russian Far East sought to import American consumer products and machinery. The state of Alaska, in particular, took the lead in developing partnerships with businesses, NGOs, and indigenous groups in the Russian Far East, and now has particularly close ties with Sakhalin and Chukotka. In 1994, the interaction between the US West Coast and the Russian Far East acquired an institutional basis under the framework of the *Gore-Chernomyrdin Commission*¹²⁴ on US-Russian cooperation. The Ad Hoc Working Group was established as a part of the Commission's Business Development Committee to coordinate the cooperation between states in the US West Coast and the Association for the Russian Far East and the Trans-Baikal. Although in July 2001 the Bush Administration chose to replace the intergovernmental framework with a new bilateral business initiative, the Russian-American Dialogue, the Russian Far East and US West Coast partner organisations have continued to hold regular meetings in an effort to promote U.S.-Russian regional economic ties in a wide range of spheres, including forestry, fishing, energy, and transportation. To expand membership to regions and states inland from the two coasts, the group was renamed the Russian-American Pacific Partnership. Apart from the Sakhalin oil and gas projects, other major US investments in 2001 include gold mining in Magadan, oil and gas in Sakha, timber in Khabarovskii Krai, and defence conversion, communications, fishing, and transportation in Primorskii Krai. The largest US investment in Primorskii Krai is the Coca-Cola bottling factory in Vladivostok. A total of \$100 million has been invested in the plant. Successful US-Russian projects include Clear-Pac, which has developed

¹²⁴ The Gore-Chernomyrdin Commission, or U.S.-Russian Joint Commission on Economic and Technological Cooperation, was a United States and Russian Joint Commission developed to increase cooperation between the two countries in several different areas. The Commission was developed by the United States' President Bill Clinton and Russian President Boris Yeltsin at a summit in Vancouver in April 1993.

automated customs clearance mechanisms in Vladivostok and Sakhalin, and a pilot project to develop the coastal fishing fleet. (Silove 2016)

Security concerns are a central aspect of the Russian ‘pivot to the East’: Russia’s security policy towards the wider Asia-Pacific region is closely linked with the status of the Russian Far East as both a frontier and a gateway region. Since the breakdown in Russian relations with the West in the aftermath of the 2014 annexation of Crimea, steps have been taken towards integrating the Russian Far East into Asia-Pacific economic networks. The current crisis has undoubtedly added a sense of urgency to Russia’s policies of reorienting towards the Asia-Pacific region. In this chapter, we survey recent developments in the Kremlin’s security policy in the Russian Far East and towards the Asia-Pacific region. The focus is on state-level security policy, but ‘security’ is understood here across a broad spectrum of national, international, central and local factors. Beyond hard security, we pay particular attention to economics, a field that has become increasingly securitised in Russia in recent years. (Connolly 2016) This research also examines various security-policy influences, ranging from the deployment of Russian armed forces in the Far East to bilateral and multilateral engagements in the Asia-Pacific region, and Russian–Chinese attempts at coordination in global politics. But first, a few words on the historical background.

The dynamic precipitated by the increased US involvement in the Asia-Pacific reactivated conflicts, like the one in the South China Sea. (Kireeva 2013) Russia viewed the intensified US engagement in the region with caution and uncertainty, partly because Russia itself enjoyed limited hold in East Asia and remained dependent upon China in regional political affairs. Russia was, however, not as critical of the US presence in East Asia as China. Some Russian scholars even called for the possibility of East Asia becoming an arena for a Russian–US detente. (Lukin 2016) Officially, however, the Kremlin in its 2013 Foreign Policy Concept in the section on the Asia-Pacific warned that the "US attempts at preserving their traditional positions’ was causing ‘instability in international relations.'" (MFARF 2013)

5.4.4. South Korea's engagement with the Siberian Region

South Korea is strategically important for Russia, particularly in the development of Asiatic Russia, and to balance its foreign policy in Northeast Asia, thus avoiding

over-reliance on China and bringing capital and technology that would greatly contribute to the development of the region. Russia's goals in the Korean peninsula include: establish a peaceful international environment for national development; a peaceful solution of the North Korean issue; increase the country's influence in the region; and improve economic ties to develop the RFE. Arguably, the Republic of Korea is not only important in Russia's long-term plan to develop and improve living conditions in Asiatic Russia and advance its integration into Northeast Asia: it can reinforce Russia's Asian identity and therefore partly legitimate its great power ambitions in Northeast Asia. (Vorontsov 2015) The Russian government has pushed for development plans for this area several times, but so far has met with little success. However, after taking office in May 2012, the Putin administration started pursuing a 'Far East Policy' with unprecedented effort. As part of its effort to link Far East development and cooperation with other Asia Pacific nations, the Russian government established the Ministry for Development of the Russian Far East under the federal government in 2012, and in 2014 revised it to the National Program Socio-Economic Development of the Far East and the Baikal Region. (GRF 2014)

The summit meeting between Presidents Putin and Park in 2013 set the grounds for the development of bilateral ties in the mid-term. Under Putin's presidency, Russia has developed a new Asia-Pacific strategy in order to rebalance its foreign policy with its main task of developing Siberia and the Russian Far East and integrating it into Northeast Asia. In the same way, South Korea's President Park proposed her Eurasia Initiative in 2013 at the Global Cooperation in the Era of Eurasia conference in Seoul, which consists of linking energy and logistics infrastructure across Eurasia to connect it as a single continent through rail networks, oil and gas pipelines, and electricity grids. (Ministry of Strategy and Finance 2013) According to the joint statement released after the summit: President Park explained to the Russian leader how important Korea-Russia cooperation is as Seoul follows through on its policies to strengthen Eurasian cooperation. The Russian president emphasized that Russia regards its cooperation with Seoul as very important, mentioning his government's development projects in the Russian Far East and in Siberia and his economic reform plans. (KOCIS 2013)

Russia's strategic priorities in relations with South Korea are largely the same as with Japan. First, it is trying to reduce the destructive US influence in the Asia-Pacific Region by at least partially consolidating economic and political ties with Seoul. South Korea has apprehensions about China, which is increasingly becoming Russia's main partner in the region and Asia's potential leader. South Korea is bound to react to the increasingly vigorous cooperation between Russia and China, which is a consequence of their reciprocal policy in Eurasia. Second, like Japan, South Korea is one of the biggest natural gas importers. Despite a relatively diversified system of gas supplies, Qatar (35.5%), Oman (12.1%) and Indonesia (13%) amount to two-thirds of its gas imports. South Korea views Russian hydrocarbons as a component of its energy portfolio in the future, especially considering their advantages). Third, investment in Russia's the Far East is becoming increasingly attractive to South Korea. Opportunities exist for investing in agriculture, the food industry, oil and gas production, petrochemistry, urban planning, hydropower industry, aquaculture, water infrastructure and medical equipment. These are just a few of the areas open for South Korea's investment.

There has also been increasing interest in this region in Korea. To promote one of the administrative priorities of the Park Geun Hye government – namely, the Northeast Asian Peace and Cooperation Initiative and Expansion of Cooperation with Eurasia (Blue House 2013) - the administration has pushed the concept of 'Northern Triangle Cooperation' (between North Korea, South Korea, and Russia), which is premised on the Far East development. (Jeh 2014) On October 18, 2013, at the '*Global Cooperation in the Era of Eurasia*' international conference hosted by the Korea Institute for International Economic Policy (KIEP), President Park proposed the Eurasia Initiative, which includes the idea of making Eurasia 'One Continent,' a 'Creative Continent,' and a 'Peace Continent'. (KIEP 2013) Here, the Russian Far east region became the primary target area for the development of Korean-Eurasian cooperation because the area is geographically close to the Korean Peninsula. Furthermore, Korean–Russian regional researchers have agreed that the Far East development is essential for securing Korean economic growth for coming generations. The leading work on this topic, written by Jae-Young Lee and others, *Strategies for Eastern Russia's Development and the Implications on the Case of Korea's Involvement: Focusing on Energy Sector* (2006), outlines strategies and

measures needed for Korea to penetrate and expand participation in the Russia's energy sector in the Eastern region. In the interest of strengthening national energy security, the authors underline the necessity of involvement from Korean State enterprises in the energy development of Eastern Russia and propose projects relating to connecting the power grid systems of Korea and Russia, as well as participation in oil pipeline construction between the East Siberia and Pacific regions. (Ilyashenko 2013)

Russia is unlikely to become a major political player on the Korean Peninsula without the necessary economic influence. For almost two decades now, three groups of major economic projects on the Korean Peninsula have been discussed, in which Russia is assigned the role of a major percipient. First is a gas pipeline project from Russia to South Korea via the DPRK. Gazprom's main pipeline priority in Asia is not the Trans-Korean project, but the Power of Siberia pipeline to China. In addition, it is not entirely clear how much South Korea needs Russian gas. (Lankov 2014) The gas infrastructure of South Korea (as well as Japan) is geared toward liquefied natural gas. Under these circumstances, preference may be given to Russian LNG supplies from Sakhalin to Korean consumers (which are already underway), as well as from new Arctic projects. Thus, the Korean gas corporation KOGAS¹²⁵ is showing an increased interest in participating in the construction of NOVATEK¹²⁶'s LNG transshipment terminal in Kamchatka. (Ivashentsov 2013)

The second group of projects is related to Russian electricity exports to the Korean Peninsula, partly through the future energy super ring in Northeast Asia. Creating an integrated community in such a sensitive area as the electricity industry requires close and trust-based political relations between potential participants, which is not the case in Northeast Asia. The third group of projects that are related to transport looks most promising and feasible. The main effort is to connect the Trans-Korean Railway¹²⁷ to the Russian Trans-Siberian Railway. (Bennett 2014) For South Korea, who will bear

¹²⁵Korea Gas Corporation is a South Korean public natural gas company that was established by the Korean government in 1983. KOGAS has grown into the largest LNG-importing company in the world and operates four LNG regasification terminals and 4,824 km of natural gas pipelines in South Korea.

¹²⁶Novatek is Russia's second largest natural gas producer, and the seventh largest publicly traded company globally by natural gas production volume.

¹²⁷The Trans-Korean Main Line is a project to build railway infrastructure in North Korea, and allow rail-freight to travel between South Korea and Russia

the brunt of expenses associated with these projects, the reconnecting of railways in South Korea and North Korea has, first, an important symbolic value as the beginning of an actual reunification of the nation, and, second, will open a direct corridor to Eurasia. The project is already underway.

Russia and South Korea firmly advocated a nuclear weapons-free peninsula, and are strongly opposed to North Korea's nuclear programme. According to the joint statement: The two sides reconfirmed their stance against the independent line that North Korea takes. They emphasized that North Korea cannot have a nuclear missile capability, in accordance with the Non-proliferation Treaty (NPT)¹²⁸, and also that their nuclear program is against the international community's demands and the UN Security Council's resolutions. Both countries stressed that North Korea should abide by its international obligations and promises, as evidenced at UN Security Council resolutions as well as at the 2005 joint statement signed by China, North Korea, Japan, South Korea, Russia and the US In accordance with the 2005 joint statement, Korea and Russia agreed to make an effort to resume the six-party talks. (KOCIS 2013)

After the establishment of diplomatic relations between Korea and Russia, the economic cooperation in the Russian Far east achieved remarkable results over 20 years. Currently, Korea is one of the major trade partners of the region, and it is an important market for Korea as well, because the trade volume between Korea and Russian Far east accounted for more than 40 percent. For now, Korea's investment in the Far East is relatively small but has recently been increasing in the fishery and manufacturing sectors. If logistics connectivity between the Korean Peninsula and the Far East could be strengthened and joint manufacturing production base in the region can be created, the effect is expected to be maximised in the future. (Ministry of Strategy and Finance 2013) Now Russia is modernising its transportation and logistics

¹²⁸ The Treaty on the Non-Proliferation of Nuclear Weapons, commonly known as the Non-Proliferation Treaty or NPT, is an international treaty whose objective is to prevent the spread of nuclear weapons and weapons technology, to promote cooperation in the peaceful uses of nuclear energy, and to further the goal of achieving nuclear disarmament and general and complete disarmament. Between 1965 and 1968, the treaty was negotiated by the Eighteen Nation Committee on Disarmament, a United Nations-sponsored organisation based in Geneva, Switzerland.

networks to increase transportation capacity. The Trans-Siberian Railway (TSR)¹²⁹, connecting Vladivostok to Moscow, and the Baikal-Amur Mainline (BAM)¹³⁰, connecting Sovetskaya Gavan port (Pacific Coast) to Tayshet (western Siberia), are the backbones of the transcontinental railroad networks. Also, with the completion of Eastern Siberia-Pacific Ocean Oil Pipeline (ESPO)¹³¹, which connects Tayshet (western Siberia) and Kozmino port (Pacific Coast), transcontinental pipeline networks from the Baltic Sea to the Pacific Ocean have now been established. A gas pipeline connecting Sakhalin, Khabarovsk, and Vladivostok was completed in September 2011 under the auspices of Russia's Eastern Gas Program. Another gas pipeline, nicknamed the 'Power of Siberia,' connecting Yakutia, Khabarovsk, and Vladivostok, as well as an LNG plant in Vladivostok, will be completed in 2017. (RIA Novosti 2016) In order to use the Northern Sea Route, especially the Northeast Passage, which has begun to emerge as international sea route, ships must pass through waters under Russian jurisdiction and employ Russian facilities, such as ports in the Far East and Arctic region and icebreaker services. In addition, the Russian government has tried to establish essential infrastructure for the development of the region, such as the Arctic integrated transport system, whose main axis is the Northern Sea Route¹³², and ICT (Information and Communication Technology) networks to vitalise the Northern Sea Route. (Jeh & Min 2013) Therefore, the 'One Continent' vision will be realised when the Trans-Korean Railway is connected to the Trans-Siberian Railway, when the South Korea–North Korea–Russia gas pipeline is constructed and connected to Russia gas transportation networks, and when Korean ships can freely come and go to the Arctic ports, passing through the Russian Far East ports.

Nevertheless, the meeting of the Russian and South Korean leaders at the Eastern Economic Forum in September 2016 looked promising for stepping up economic

¹²⁹The Trans-Siberian Railway is a network of railways connecting Moscow with the Russian Far East. With a length of 9,289 kilometres, from Moscow to Vladivostok, it is the longest railway line in the world.

¹³⁰The Baikal–Amur Mainline is a 1,520 mm broad gauge railway line in Russia. The BAM was built as a strategic alternative route to the Trans-Siberian Railway

¹³¹The Eastern Siberia–Pacific Ocean oil pipeline is a pipeline system for exporting Russian crude oil to the Asia-Pacific markets. The pipeline is built and operated by Russian pipeline company Transneft.

¹³²The Northern Sea Route is a shipping route officially defined by Russian legislation as lying east of Novaya Zemlya and specifically running along the Russian Arctic coast from the Kara Sea, along Siberia, to the Bering Strait.

cooperation. The sides signed 24 memorandums on potential cooperation in most diverse areas: trade, shipbuilding, agriculture, mariculture, healthcare and space, to name a few. The revival of economic cooperation with South Korea may be particularly beneficial for Russian agrarians. (Kremlin.Ru, 2016) South Korea with a population of over 50 million almost fully depends on the imports of all basic types of agricultural produce with the exception of rice and potatoes. Russia doesn't have a presence in this market despite its geographical proximity. At present, food supplies to South Korea are controlled mostly by Western transnationals. However, first, the South Korean government intends to diversify its food imports. Second, Russia's agricultural produce in the Far East is not genetically modified, which makes it more valuable. Third, the ruble devaluation could make potential exports from Russia attractive. (TASS 2016)

Today, the underdeveloped transport infrastructure of Russia's the Far East is the only obstacle. If (and when) an export-oriented grain terminal is built in Zarubino Port, South Korean agricultural companies will be very interested in investing in Russia's agro-industrial complex while the South Korean market will be ready for large-scale supplies of Russian agricultural produce. As a consequence, this creates an opportunity for cooperation under the following pattern: provide attractive investment terms for South Korean companies in exchange for preferences for Russian agricultural producers in the South Korean market. Overall, Russian-South Korean relations have an enormous development potential both in the bilateral and Eurasian formats. (Valdai 2017)

5.4.5. Singapore's Engagement with Russia

Singapore is keen on engaging the Russian Far East as it has a strong interest in the sea routes across the Arctic region and revival of energy and resource exploration in the Russian Far East. Through such participation, it can have a better understanding of the latest progress of geo-economic and geopolitical shift in the distant region. Besides, there are potential business opportunities in the RFE for Singapore to tap into as it is ready to invest in energy, environment and infrastructure projects as well as to share its know-how and managerial experiences in these realms. Dmitry Medvedev and Chinese President Hu Jintao signed onto a special program on coordinating the

development of RFE and northeastern China's provinces, an important industrial base. (Park 2014) To balance out China's investment in the region, Russia has been forging similar cooperation with South Korean companies and wants to attract investment from the United States. Besides big powers, Singapore could be another potential Asian partner that can contribute to the development of RFE and Siberia, especially in the field of energy and environment. (Likhacheva 2010)

In the area of oil and natural gas that Russia has pledged to develop vigorously in Eastern Siberia and RFE, Singapore has extensive know-how to share and is ready to join with a sizeable investment in the region. Singapore is incentivised to join the energy cooperation in the RFE and Siberia as it is looking to strengthen the competitiveness of the energy industry and develop innovative logistics solutions to enhance the synergies of refining, trading and logistics activities to meet global energy demand. Singapore is Southeast Asia's premier hub for oil and gas refining, a valuable sector that contributed about 5 percent of Singapore's gross domestic product. (RUSNANO 2011) In taking the energy industry to the next level, Singapore seeks to increase its refining capacity, with the expansion of existing refineries and optimisation of refinery operations not only helping to maintain Singapore's share of global refining capacity but by putting the country in good stead to enhance the growth of its oil-trading activities by creating the critical volume of export-oriented refining throughput. Singapore has been a strong base in the region for energy research and development. Within the energy sector, Singapore is rapidly gaining leadership as an R&D base for alternative fuels and the next generation of biofuels, and the country is also channelling its R&D capabilities towards developing high-value products such as lubricants. In its efforts to extract more value from refineries, Singapore has achieved headway in key R&D areas such as process optimisation and catalyst development which maximise the use of existing refinery assets. (EDB 2013) Besides, Singapore shares its experience in managing crude oil, condensates and naphtha storage facilities to facilitate trade and manufacturing activities. In the area of the fast-growing LNG business, Singapore is also embarking on its first LNG receiving terminal. It is strong in providing infrastructure solutions that are crucial for the energy industry to grow and remain competitive. Singapore has a pool of talented people that contribute a great deal to the city-state's success as a leading global energy and chemical hub. In the energy cooperation between Singapore and RFE,

Singapore's highly skilled workforce capable of managing high-end complex manufacturing and research projects can be made use of to achieve constant industrial upgrades and operation of state-of-the-art technologies. (Valdai 2016)

The strategic development of RFE and Siberia, especially its energy sector, may have an impact upon Singapore, a petrochemical hub in the region of Southeast Asia. Singapore, with a big stake in the traditional shipping routes via the Malacca Straits between energy-guzzling East Asia and the oil-rich Middle East, has been watching closely the new risks of being bypassed in the development of the resourceful RFE and a new sea route via the ice-free Arctic. The increasing energy demand in East Asia and the dramatic structural change in the regional energy mix have pushed Russia to increase oil and gas supplies significantly to the Far East and its East Asian neighbours. At the strategic level, Singapore has the plan to stay relevant to RFE's development by identifying niche areas for collaboration with Russia. In doing so, Singapore can leverage on RFE's strong growth. With successful experiences in investing in China, Vietnam, Middle Eastern and other countries, Singapore always has the intention to expand economic activities outside its geographic boundaries and to achieve win-win targets with potential partners. Although Russia has the ambition to develop the Far East and Siberia, it is very unlikely for Russia to continue to develop the region under a closed economic model, as it did in the 1970s and 1980s. (Lukin 2016) Singapore could be another potential Asian partner that can develop significant cooperation with Russia in the development of RFE and Siberia, especially in the field of energy and environment. In the area of oil and natural gas that Russia has pledged to develop vigorously in Eastern Siberia and RFE, Singapore has extensive know-how to share and is ready to join the sizeable investment in the region. It is incentivised to join the energy cooperation in the RFE and Siberia as the government is looking to strengthen the competitiveness of the energy industry and develop innovative logistics solutions to enhance the synergies of refining, trading and logistics activities to meet global energy demand. In the energy cooperation between Singapore and RFE, Singapore's highly skilled workforce capable of managing high-end complex manufacturing and research projects can be made use of to achieve constant industrial upgrades and operation of state-of-the-art technology. In the fast-growing clean energy in the backdrop of climate change, Singapore has developed a strong reputation for its ability and expertise as system integrators,

providing clean energy solutions in domestic and overseas projects. Singapore is in a position to increase investment and share its know-how in the area of energy and environment, which will be valuable for the development of the RFE in the long term. (Trenin 2012)

5.4.6. India's Engagement with Russia

In recent years, annual Russian-Indian summits have become a tradition. In 2018, the two countries' interaction at the highest level is expanding, which is confirmed not only by the regular meeting at the level of ministers and national security advisers but also by an additional meeting of Vladimir Putin and Narendra Modi in Sochi in May. Unlike that informal summit that lacked, according to officials, any clear agenda, at the upcoming New Delhi summit, there are several "final" agreements to be signed, which have been discussed over the last 2-3 years.

Russia's bilateral relations with India, while politically non-conflictual and genuinely friendly, suffer from too narrow an economic foundation. Particularly for the Narendra Modi government, which is focused on spurring the country's economic development, this is a serious drawback. Russia has made steps to involve the Indians in its energy projects in Siberia, but that is not enough. Even in areas where Russia has long dominated, such as arms sales to India, it is now meeting with serious competition: not only European but American as well. Confronted with this new reality, Russia needs to make a major effort to involve the Indians in co-development and co-production of weapons systems, and thus to bring the relationship to a much higher level. (Valdai 2016) India has moved much higher on the list of Russia's foreign policy priorities in the past few years. Russia views India as one of its major international partners and is actively cooperating with it within BRICS¹³³ institutions and the SCO¹³⁴, which India joined on a par with Pakistan in 2015. Russia and India have common views on developing a more harmonious and polycentric world order

¹³³BRICS is the acronym coined for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa. Originally the first four were grouped as "BRIC", before the induction of South Africa in 2010.

¹³⁴The Shanghai Cooperation Organisation (SCO), or Shanghai Pact, is a Eurasian political, economic, and security alliance, the creation of which was announced on 15 June 2001 in Shanghai, China by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan; the Shanghai Cooperation Organisation Charter, formally establishing the organisation, was signed in June 2002 and entered into force on 19 September 2003.

and share similar positions on key international issues. According to the Federal Customs Service, in 2015 India ranked 17th among Russia's trade partners while Russia was merely 33rd in India's foreign trade. In the nuclear power industry, Indian's Kudankulam nuclear power plant is the largest Russian-Indian joint project. Its construction has been carried out since 1998. Talks on building the fifth and sixth energy units for the plant were launched in 2016.

Russia and India have good prospects of cooperation in oil and gas projects. One of the most promising contracts was signed by Rosneft and India's Essar. It provides for 100 million tons of oil supplies for India's oil refinery in Vadinar in the next decade. This contract is of strategic importance because it will substantially increase bilateral trade. Cooperation in the energy sector is the second significant area of bilateral cooperation, which is sure to become an integral part of the upcoming talks. At the moment, Russia is the only country in the world building nuclear power plants in India. Considering Kudankulam NPP in Tamil Nadu, two units are being in use successfully, another two are in construction, and the agreements for the fifth and the sixth ones have been signed. (Inozemtsev 2012) Now the parties negotiate on a site to construct another Russian NPP. Russia becomes an important gas supplier to India. The first supply of LNG occurred in June 2018, while in general, the contract between Gazprom and GAIL¹³⁵ is for 20 years. It cannot be ruled out that the Iran- Pakistan-India offshore gas pipeline project was the subject of the negotiations. In 2009, India withdrew from the project over pricing and security issues. However, in March 2010 India called on Pakistan and Iran for trilateral talks was to be held in May 2010 in Tehran. It is obvious that cooperation in the energy field has been developing in both directions. Indian companies invest actively in energy projects in Siberia and the Far East. They proved themselves interested in increasing investment in the Vankor oil and gas field in Krasnoyarsk Krai. In addition, India is also cooperating with the EAEU. The sides are expected to sign a free trade agreement in 2017. India's involvement in Eurasian initiatives meets Russia's strategic interests because active participation of yet another influential actor may have a positive impact on the region's integration processes. (Bisson 2016)

¹³⁵Gail Limited is the largest state-owned natural gas processing and distribution company in India. It is headquartered in New Delhi.

5.5. Foreign Policy Challenges and the Siberian region

The Asia-Pacific Region is now more uncertain and unpredictable than at any time since the Cold War. The rise of China and India as major regional powers, the possible resurgence of Japan, the relative decline of the US and the absence of Russia as a significant regional player make Asia a very complex region. This region is now the focus of world economic power, which is moving dramatically away from the old Transatlantic power base to a new Indo-Pacific region which contains the world's biggest economies and largest military potential. Now Russia witnesses an emerging arms race in Northeast Asia. Moreover, the Ukrainian crisis is the most significant dilemma of Russian foreign policy. On the one hand, the situation in Ukraine has direct domestic political consequences for Russia; on the other hand, it is the biggest obstacle to improve relations with the West. An active policy in the Ukrainian direction would be too resource-intensive, and the most expedient option for Russia is to wait until the nationalistic experiment in Ukraine discredits itself. (Inozemtsev 2012)

There are several obstacles making it hard to open up Siberia and the Far East to foreign investments and make it prosper from integration into the Asia-Pacific Region. First, the idea of turning the region into an area of international cooperation still remains unclear and unpopular in Russian society and, in part, among elites. In their opinion, the main threat to the Russian east comes from China and can be averted by closing up the region. They believe that the opening of the borders would make Russian eastern regions flooded by the Chinese and eventually lead to Russia's loss of control over these territories. Second, not only the population but also the Russian business community, including Siberia and the Far East, are barely aware of the opportunities that lie in the Asia-Pacific Region. Being unable to tap the advantages of Asian growth on their own, Russian entrepreneurs often react quite indifferent to foreign investors and consider them nothing short of a foreign invasion. Third, the labor shortage is also a hindrance for the development of Siberia and the Russian Far East, primarily for the implementation of infrastructure and agricultural projects. Some 6.3 million people live in the Russian Far East, but since they are spread over such a vast territory, this would not be enough for its intensive development, even taking into account that unemployment rates stay high. An

obvious alternative is bringing in labor from Central Asia, which appears to be a more attractive solution but probably not the best one. First of all, Central Asian workers have lower qualifications than even Chinese ones. Second, this solution would also meet with a negative reaction in society, even though it partly helps redirect migration flows from central parts of Russia to other regions. Third, Central Asian workers will stay in Russia in large numbers rather than go back home, which will create numerous assimilation problems for them. (Fortescue 2016)

Fourth, the lack of transport infrastructure is a significant hindrance to the development of Siberia and the Russian Far East. It can be overcome by investing in budget funds in key transport projects. Local infrastructure can be developed by the regional and federal authorities in cooperation with foreign and Russian private investors for specific projects. The most significant institutional barrier is insufficient protection of investors. The issue of protecting private property goes beyond Siberia and the Far East and is relevant for the whole country. This will require firstly the overall improvement of investment climate and institutional environment, and secondly a mechanism of special economic zones. (Lukin 2016)

From a geostrategic perspective, Russia has a lot of ground to make up. China's rise is a huge challenge to Russia which is ill-equipped to cope with geopolitical uncertainties. For all the talk of its resurgence, Russia's standing remains modest, and its influence in our region remains limited. If Russia is to reengage with Asia it needs to do more than just be a supplier of oil and natural gas to Japan and China, though it is an important contribution to geopolitical stability. Russia's aim of re-engaging with Asia has a long way to go: it can hardly expect to be recognised as an equal major regional power with the US and China, or even Japan. The bottom line is, Asia, remains a sideshow for Russian foreign policy, and the notion of Russia as a Eurasian power is merely a vague aspiration, despite Russia's hosting of the 2012 APEC Summit in Vladivostok, which had a little enduring impact. (Kremlin.ru 2016)

Another challenge for Russia is to increase the level of its economic engagement with the region. Clearly, the upgrading of the economy of the Russian Far East will help to add weight to the country's voice in the region. Russia needs to balance its ties with Europe and the United States with more emphasis on relations with the CIS and Asia–

Pacific countries. (Timofeev & Alekseenkova 2015) It is a matter of concern that the president, the government and the State Duma continue to waste not only rhetoric but also time and other important resources on issues that are irrelevant to Russia's national interests at the expense of serious activity in building new types of relations with the Asia-Pacific countries and of attention to some other important directions of the country's foreign relations. If Russia has to take advantage of its available potential in its the Far East region and Siberia by linking it to the Asia-pacific markets, it has to develop the raw mineral extraction in the eastern regions that can "attract investments in infrastructure, production facilities to manufacture high value-added products, and enterprises with advanced technologies to produce engineering and construction equipment required for mining and processing enterprises." (Polyakov, 2015)

The Russian gas and oil are coming under increasing competition from other suppliers, constraining its leverage in oil and diplomacy. For example, Mozambique, Turkmenistan, Kazakhstan, Canada, and the US through its exploitation of shale gas are emerging as new sources of gas and offering it at lower prices than the Russians. Countries which have a craving for energy are investing overseas to secure steady and sure supply of gas for their needs. China and Japan, for example, have invested enormous amounts, in the billions of dollars, to acquire and explore gas deposits in Africa and Latin America. So has India. (Lo 2016) In contrast, the development of Russian deposits in Siberia and Sakhalin has not progressed much for the lack of comprehensive strategy, market incentives and development of infrastructure. Russians are also facing competition in prices of gas, as a number of foreign producers are already selling natural gas on the global market at prices below Russian rates. The Russian Far East is not only the producer of gas but also can become an important supplier of agricultural products, both for technical needs and for the wider food industry, for which not only foreign equipment, technologies and workforce are required but also a foreign investment. Again, the Russian unpredictable business environment stands in the way of such investments to flow into the country. (Shumilin 2016) The most important factor that gives Russia further leverage in the region, is the prospect of opening up of the northern shipping route, becoming more practical with climate change. Nonetheless, seasonal variability in ice melting and a lack of

ports on the Arctic routes limits their utility in the short term, especially for container traffic¹³⁶.

All the above will undoubtedly allow Russia to increase its leverage and influence in the Asia-Pacific region. In the ultimate analysis, however, the effectiveness of Russian policy to its east mainly depends on how determined its efforts will be towards the economic, social, cultural and scientific development of Siberia and the Far East. Only the recovery of the Far Eastern regions of the Russian Federation combined with consistent and targeted diplomatic activity in the Asia-Pacific Region will allow Russia a springboard for its integration with Asia-Pacific and create opportunities to solidify its position as a widely recognised great Pacific power. (Bisson 2016)

5.6. Conclusion

Russia's policy in the Asia-Pacific, in contrast to that in Europe, is far more pragmatic, strategic and conciliatory, motivated by the objective of lifting its Far Eastern region out of stagnation and developing it as a foundation to attract investment, trade and commercial exchanges with Asia. In this endeavour, China is regarded as a critical factor because of the latter's economic rise and geography vis-a-vis Russia's Far East. During the last two decades, Russia and Northeast Asian countries have been gradually coming to the recognition of the importance of "collective exploitation" of Siberian and the Far Eastern resources. It took more than two decades for Russia to overcome the notion that the immense wealth of Russia's Siberia and the Far East would automatically provide Russia with an advantage over the energy-thirsty countries of East Asia and provide Russia with a stable position in the region. The ideas to attract massive foreign investment to develop the Far East, which looked infeasible a decade ago, now became the only chance for Russia to jump in the Asia-Pacific region. But still, Russia has to develop a new model for the development of its eastern territories that can serve Russia's geopolitical interests in the Asia-Pacific and satisfy its need for capital, technology and human resources.

¹³⁶Port container traffic measures the flow of containers from land to sea transport modes., and vice versa, in twenty-foot equivalent units (TEUs), a standard-size container. Data refer to coastal shipping as well as international journeys.

As has been discussed in the thesis, the development of Siberia is Russia's internal affair, but due to the region's geopolitical situation, the Northeast Asian countries play a leading role in the region's development. Nevertheless, due to Siberia's internal geopolitics, the Russian leadership is very careful about the way that external relations of Asiatic Russia are conducted: a rapid liberalisation may result in the loss of sovereignty. However, Russia cannot perpetuate Siberia's status quo as it would accentuate the socio-economic and demographic problems. The new external conditions force the Russian government to pursue a double integration project, as isolation may perpetuate the backwardness of the region. The internal development and foreign affairs of Asiatic Russia are conducted by the Russian State under great power logic. This thesis argued that the internal and external geopolitics of Siberia are closely interconnected. Siberia's external affairs are closely interconnected to Russia's own internal affairs, and its place within the country. Russia attempts to not only advance Siberia's integration into Northeast Asia but to advance the integration of the region into the rest of the country. It also argues that Russia's attempt to develop and improve living conditions in the Siberian region and advance its integration into the Asia-Pacific constitutes not only a development project but a meta-project intended to reassert Russia's greatpowerness. This meta-project is not only an integration or a developmental one; it is an identity project, as well as it is destined to reinforce Russia's great power identity. The double-task project to develop and integrate the Siberian region into Asia-Pacific and into Russia is a central element defining and promoting Russia as an Asian power. In this context, Russia has to cultivate a new model of the development of its eastern territories that can serve Russia's geopolitical interests in the Asia-Pacific and satisfy its need for capital, technology and human resources. At the same time, the model should meet the needs of Asia-Pacific countries. It is not difficult in theory, but only time can tell how it will happen in practice.

Chapter 6:

Conclusion

We must bring together all our efforts, all our obligations and rights to support Russia's historically supreme right to be strong.

Petr Stolypin

As global demand for energy supplies grew, Russia's the Far East and Siberia acquired more important in the region's geopolitics. The Siberian region has three important characteristics that make it worthy of attention. Together with eastern and western Siberia, the region is a vast treasure house of natural resources, especially energy that can supply the enormous populations and booming economies of East Asia. The Russian Far East can help keep industries running and meet essential living needs. At the same time, as seen from the European part of the country, the regional bloc qualifies Russia as a rightful member of the Asia-Pacific and Northeast Asia regions, extending its geopolitical influence.

The Siberian region was considered one of the most neglected areas of the world in the past decade. But over the past years, particularly after the disintegration of the Soviet Union, Siberia's significant in the Russian Federation has increased due to its location and its huge findings of oil and natural gas. Since the end of the Cold War and the beginning of the 21st century, rivalries over natural resources have become intense among the great powers. This competition has reaffirmed itself in the rapid growth of commodity prices and some adjustments in geopolitical considerations. The recent finding of energy resources has brought this region into mainstream political discourse. It also serves as a corridor to the Asian-Pacific countries. Due to its resources, it is significant to the Russian Federation as well as the global economy. The Siberian region is a vital region because of its geopolitical position, especially its closeness with major countries: Mongolia, China, North Korea, and South Korea, Japan and the United States in the Bering Strait and the Aleutian Island. The proximity of the great powers has turned this region into an important geopolitical region of the present century. This research suggests that Siberia is not only becoming more important for Russia itself and its great power ambitions, but also for the Northeast Asian region who are in a need of a stable regional environment and secure supply of natural resources, which are essential for their prosperity and stability. In

this regard, Russia and Siberia play a significant role. The geopolitical importance of Siberia and the Russian Far East is also based on the presence of its valuable natural wealth, especially oil, gas, hydrocarbon, gold, coal, diamond, fresh water, dense forest, and mineral resources. These resources have become more significant as a geo-strategic objective at a time of growing demand.

The above analysis explains the importance of Geo-politics and Geo-strategic theories in the region in particular to Russia, and the actions of the involved countries in the region. As a result, Russia is now gradually recovering its position as a major power in international politics. After a decade of weakness and instability, Russia restored its position as a superpower on the global stage, regained its influence in its neighbourhood and beyond through Putin's pragmatic diplomacy. From its geo-strategic point of view, Russia's foreign policy agenda has shown continuity from the Putin administration to the present. Under President Putin, the present stage of state policy concerning Siberia begins which appears again in the list of priority region.

In the contemporary world order, some region trying to hegemonies the rest of the world, while other region holds the key to the future of global geopolitics due to their strategic importance. Siberia is one of them. Its natural resources and strategic location makes it one of the most promising regions in the near future. It is Siberia that brought the Russian Federation on to a new sphere of economic and perhaps political domination of the world's largest continent-Asia. During Soviet times also it was Siberia that made the industrialisation possible. It is also because of Siberia, Russia established its position among European power. In the 18th and early 19th century, Siberia provided Russia not only with the wealth needed to maintain imperial status but also with the territory and consequential geopolitical position that was one of the characteristics of an empire. Moreover even today, more than 25 years of the disintegration of the Soviet Union, it is still Siberia that offers Russia its strength in energy resources and, consequently, in economic power. Without Siberia, it would have been difficult for Russia to regain its position as a worldwide economic and political partner. In the twenty-first century, the control over energy resources defines power, and power nourishes identity. Here again, Siberia is in a crucial position in relation to Russian identity.

The ongoing relocation of the world's affairs towards the Asia-Pacific region brings Siberia and the Russian Far East, closer to this new centre of gravity in international politics, security, and economics. In this sense, several Russian think-tanks have urged the government to implement a comprehensive strategy for the development and integration for Siberia. They assume that Russia's great power status depends, to a certain extent, on Russia's international position in the Asia-Pacific region: Russia is a Euro-Pacific country and it should act accordingly. As per the CSCAP "the fate of the Russian State as a global player would be increasingly determined by the place of its Asian part in the new economic order."

The present study has attempted to connect three aspects—national identity, geographical settings, and external strategy. This research tried to locate Siberia and the Far East historically and geopolitically in Northeast Asia by looking at the way these three aspects have interacted across the changes in Russian statehood. This study has also argued that one of the most important long-term factors influencing identity was its expansion into Northern Asia with the conquest of Siberia. The expansion of Russia to the Pacific coast transformed the country, from a landlocked eastern European State into an immense, multi-ethnic, and bi-continental empire. This great expansion fed into the Russian national idea and reinforced the necessity to be a great power from the time of Peter the Great onwards.

This study has also examined the link between the internal and external geopolitics of Siberia and their connection to Russia's great power dilemmas in Northeast Asia: the way in which Russia's geopolitics and internal ideas, on the one hand, and international political processes, on the other hand, determine the place of Siberia, and the Russian Far East in Russia's contemporary relations with Asia-Pacific nations. This study also has discussed the way in which Siberia's territory, position, resources, and population influence Russia's foreign policy and power and its relationship with Northeast Asia. In this context the research has explored the following questions;

Research Questions

- What is the strategic significance of Siberia for Russia?
- What are the policies undertaken by Russia towards Siberia in regard to its geo-strategic calculations?
- How does the strategic location of the Siberian region attract the great powers of the World?
- What are the strategic interests and policies of the external players in the Siberian region and their relationship with Russia?
- How has Siberia become a factor in Russia's growing engagement with the Asia-Pacific region?

Based on the above research questions, the thesis is based on two hypotheses that cover the period from 2000 to 2016. These hypotheses have been reflected and tested throughout the chapters and have helped in forming the basic tenets of conclusion for the thesis.

Hypotheses 1: Russia's strategic influence in the region is strong because of its ability to address Siberia's social, political, economic and security challenges.

Historically, Russia's leadership has approached Siberia from the perspective of its resource potential and as a military outpost. The colonisation and further integration of the region with the rest of the country was undertaken selectively and depending on the security-political and economic imperatives of Russia as a whole. European Russia has developed a semi-colonial relationship with Siberia which gradually became its raw material appendage. In Soviet times, Asiatic Russia played a more important role than in the previous centuries, however, Siberia continued to be instrumental. The development of Siberia in Imperial and Soviet times followed a rationale: the geostrategic principles had a higher priority than the commercial ones. Currently, the region of Siberia and far east Russia constitutes the historical, cultural, and geographical basis for Russia's status as a great power and its distinctiveness from the West. Under President Putin's administration, Russia has sought to define its national identity as Eurasian by connecting the ideas of great powers, multicultural and bi-continental country, and economic integration. One of the key elements used to

sustain Russia's aspirations to be a great power is its Asiatic Russia. It is often argued by the Russian elites that Russia by virtue of its history and geography, the country was, is, and will be a great power. As a result, Siberia is naturally seen as an asset. From the Russian perspective, Siberia was crucial in the rise of the Soviet Union as a superpower. Thus, it is in Siberia that the resources and the vast land that supports Russia's claim to great power status, are located. Russia owes its status as a global power to Siberia, which makes Russia more than a big eastern European country.

The ongoing shift of economic and political activities to the Asia-Pacific has put Asiatic Russia in the spotlight; Siberia is no longer on the world's periphery but close to one of the centres of the new global order. Thus, for the first time in history, Asiatic Russia may serve not as a buffer against invaders but a source of competitiveness. Siberia symbolises Russia's opportunities and vulnerabilities. Siberia's vastness, richness, and vulnerabilities epitomise the difficulty of controlling territory and integrating it into a broader region. By the same token, it embodies Russia's great power dilemmas between strategic security concerns and economic opportunities, between international cooperation and national control, and promoting private investments while maintaining control over natural resources. Russia attempts to modernise its economic structure, to develop the resources of Siberia, and to keep intact the country's integrity.

Russia has been gradually turning to Siberia and the Russian Far East through its policies and strategies. The government refers to Siberia and the Russian Far East region as an area of strategic national interest and constantly emphasises the importance of the region. Russia's interests in this region are: economic, legal, environmental, and military-strategic. The development of the Far East and Siberia is the requirement for Russia to realise its nation-building. Though the Russian eastern region has unique resources and geographical advantages, the restrictive factors of development are also very obvious: under-exploited resources, an under-developed economy, severe climatic condition and it has a sparsely populated area. The standard of living for the majority of Siberians also remains fairly low which leads to migration. At the present time, the Siberia region requires, basic public goods, including national security, public safety, legal, transportation, and communication infrastructure, social welfare, environmental protection, and resource conservation,

from either the central government or the international community. Since the Siberia's raw material resources are significant for Russia, the Russian government has been trying to dedicate greater attention to its development. Without Siberia and its resource potential, Russia's position will move towards the back in the present-day and without the improvement of trade, economic, political and social relations with the Asia-Pacific countries, it's impossible for the Russian Federation to accelerate the development of Siberia and the Russian Far East. By improving its relations with the Asia-Pacific countries, Russia will not only gain access to new opportunities but will also have to look for answers to new challenges created by the geo-economic and geopolitical consequences of Asia's growing role in the World.

The development of Siberia and the Russian Far East has long been recognised as an important issue for Russian authorities. This recognition has been linked to the economic potential and untapped resources of the region, as well as to concerns that an underdeveloped and sparsely populated region could, in the long term, fall victim of Chinese expansionism. Siberia and Russian Far East (RFE) at the same time is considered as a trouble region because of its economic conditions, corrupt governance, and cross border problems with China, Japan, South Korea, and North Korea. Due to Russia's fears that the Siberian region might disengage itself from the centre and other global powers may capture a hold in the region, Russia started to show some genuine interest in this area.

Over the last few years, developing Siberia and the Russian Far East has become a growing political priority, with the clear objective of enabling Russia to benefit from closer cooperation with the fast-expanding East Asian economies. To this end, Russia has adopted a range of political strategies and investment plans aimed at developing infrastructure and generating growth in the Siberian and Far Eastern federal okrugs. Through developing the eastern regions, Russian authorities seek to tie the western part of the country closer to the Asia-Pacific, thereby facilitating a 'turn to the East'. After becoming President for the third time in 2012, President Putin took an important step in May regarding expanding the federal government to include a Ministry for the Development of the RFE, to be based in Khabarovsk. In 2013, in his Presidential Address to the Federal Assembly, President Putin reconfirmed the strategic importance of developing RFE and Siberia by calling this task Russia's "national

priority for the entire 21st century.” A decision was taken to improve the railways, roads, electricity, pipeline networks to deliver materials to Asian-Pacific countries. There are not only frequent visits of President and Prime Minister to Siberia, but also numbers of several projects are being undertaken by the government. The creation of the Ministry for the Development and the ongoing construction of the Vostochny Cosmodrome are some of them. The Strategy of Social-Economic Development of the Far East and Baikal Region to the Year 2025 promises that the first stage of development was to be based on public investment in infrastructure, including the Trans Siberian railways and BAM mainlines, road networks, pipelines, power systems, and ports to move Siberia's resources to Pacific markets and improve the social infrastructure for population. Completion of the Eastern Siberia-Pacific Ocean pipeline to deliver oil to China is an example of Russia's commitment towards Siberia. Nevertheless, Russia has been putting emphasis on the integration with the Asia-Pacific region for the development of its eastern region. The list of projects in the Far East Development Program includes the electric power sector, the transportation sector, such as railways, ports, airports, and roads, the resources sector, the production sector, including manufacturing and agriculture, and even a space station. The next challenge is to attract investors and business operators from home and abroad. Furthermore, the next biggest task is to improve the investment climate, efforts to discover and organise projects in order to attract the interest of private-sector investors and business operators. Hence this hypotheses proved that Russia's strategic influence in the region is strong because of its ability to address Siberia's social, political, economic and security challenges.

Hypotheses 2: Russia's approach towards Siberia is driven by its geo-strategic calculations in the region and beyond notably in the Asia-Pacific.

The current global geopolitical order is undergoing the most significant transformation since the end of the Cold War. This observation is fully reflected in the present trend toward confrontation in relations between key global actors. Another noticeable feature of global development is the steady increase of importance of Asia-Pacific, mainly as a key driver of the global economy. For a variety of economic and geo-strategic reasons, Russia has been trying to increase its efforts to develop the economy of its Eastern territories and integrate more deeply into the rapidly

developing Asian regional economies. Russia's "Asia Pivot" was marked by its hosting of the APEC Summit in Vladivostok in September 2012. Russia's 'pivot' to Asia initiated as a long-term rebalancing project under President Putin's administration, aimed to maintain its global power identity by preserving Russia's independence in world affairs.

During the last two decades, Russia and Northeast Asian countries have been slowly coming to the general recognition of the importance of "cooperative exploitation" of Siberian and the Far Eastern energy resources. It took two decades for Russia to overcome the naive belief that the enormous wealth of Russia's Siberia and the Far East would automatically provide Russia with leverage over the energy-thirsty countries of East Asia and provide Russia with a stable position in the region. Under Putin's presidency, Russia has tried to develop a new Asia-Pacific strategy that seeks to rebalance its foreign policy and integrate this with its main task of developing Siberia and the Russian Far East and promoting economic and other linkages with Northeast Asia. For instance, the organisation of the Second Eastern Economic Forum in Vladivostok in September 2016 aimed to emphasise Russia's 'pivot' to the Asia-Pacific region and reinvigorate the idea of Russia as a global power between the West and Asia. President Putin, in November 2016, signed an Executive Order approving the Foreign Policy Concept of the Russian Federation. The first part of the document emphasises the notion that the international order is going through a period of rapid changes, aimed at multipolar international system formation. At the same time, not much attention has been paid to Russia's eastern partners. As indicated in the Foreign Policy Concept (2013):

"Strengthening Russia's presence in Asia-Pacific region (APR) is becoming increasingly important since Russia is an integral part of this fastest-developing geopolitical zone, toward which the centre of world economy and politics is gradually shifting. Russia is interested in participating actively in APR integration processes, using the possibilities offered by the APR to implement programs meant to boost Siberian and Far Eastern economy"

Chapter five of the thesis has described how the Russians first met with the Chinese, Japanese, and Koreans. Russia first officially met with China in 1689, it is underlined

the fact that Russia was the first country with which China established diplomatic relations. In the case of Japan and Korea, Russians had only sporadic contacts; Russia could only establish communication with Japan and Korea in the second half of the nineteenth century. Russia established official relations with Japan in 1855 and with Korea in 1884. Chapter five explains how Russia's expansion to the East met with resistance from regional neighbours. Historically, Russia's main security concern for its eastern provinces was China, only from 1860 to 1945 did Japan become its main concern. Nevertheless, following the dissolution of the USSR, Russia opened its borders to its neighbours and attempted to formulate beneficial relations with China, Japan, and South Korea.

The return to power for the third time in 2012, President Putin coincided with the accession to power of President Xi in China, Prime Minister Abe in Japan, and President Park in the Republic of Korea. As it is observed in chapters Four and Five, President Putin held meetings in 2013 with his counterparts from China, Japan, and South Korea. The summit meetings, the first between the leaders, held great importance and set the grounds for the development and improvement of the bilateral ties. Similarly, Putin has developed good personal relations with all of them of the leaders, particularly with Xi and Abe.

In total, there are global, regional, and domestic factors that promote Russia's substantive socio-economic and political turn to Asia-Pacific. Development of Siberia and the Far East are also the key factors to "embed" Russia in the Asia-Pacific; to foster the exchange of capital, technologies and manpower; and to develop and thicken bilateral relations with the Asia-Pacific. Russia will strengthen its global positions. Given the fact, the political and economic processes of Asia-Pacific are shaping global development. To maintain the status of an established global power of Russia is closely connected with setting its profile in Asia-Pacific. This situation facilitates efforts initiated by Asia-Pacific countries to strengthen regional connectivity. Siberia and the Far East provides opportunities for joint infrastructure projects in transport, energy, telecommunication, food production and other fields.

Today, the situation around Ukraine makes Russia recognise the irreversibility of the Pacific turn for Russia and has a sobering effect on its view of the world. The ideas to attract massive foreign investment to develop the Far East, which looked infeasible a

decade ago, now became the only chance for Russia to jump on the Pacific Express. On the other hand, the global energy crisis of the early 2000s and China's activity on the world energy markets have forced Russia's Asian neighbours to switch from talks about the value of Siberian resources to actions to secure priority access to those resources. In this context, they began to consider China's increased economic activity in Siberia as a threat to their national interests. The main field for Russia-NEA cooperation in Siberia and the Russian Far East is energy. The share of NEA countries has increased in Russia's exports of oil, not only to China but to Japan and South Korea. One of the most prominent fields is the supply of gas and LNG from Russia to APR. Today, the volume is minimal, but it is expected that the share of NEA countries will drastically increase. Nevertheless, it seems that for the Russian leadership, energy cooperation is seen more as a geopolitical tool aimed to increase its leverage in Northeast Asia than as the means to boost economic cooperation in the region. For APR it is imperative to improve energy security, and for Russia to exploit new markets in East Asia. Limited energy resources in the region threaten sustained economic development. For Russia, the importance of the partnership with China is essential to the security of the RFE and central to the country's self-conceptualisation as a great power as it legitimates to a certain extent Russia's claims to the Asian power. Nevertheless, Russia's identity as an Asian power necessitates different partners in the Asia-Pacific region and not only China. Despite Russia's diversification attempts, however, the relationship with China remains central to Russia's Asia-Pacific policy and the Russian elites understand the fact that China will remain the key partner, at least in the foreseeable future. Therefore, to assert its identity as Asia power Russia requires developing relations with other states, Japan and South Korea in particular.

Relations between Japan and Russia have fluctuated between increasing closeness and stagnation. The absence of a peace treaty, an unsolved territorial dispute, and the US-Japan military alliance has prevented both countries from upgrading the bilateral relationship to a strategic partnership. Still, economic ties have developed since the 1960s, particularly in Siberia and the RFE, and have shown a sharp increase in the last decade. Japan's technologies and investment remain important for implementing development programmes in Siberia and the RFE. Economic cooperation remains the main sphere for partnership between Russia and Japan, although improvements in

political relations occur at a slower pace. In 2012 a new phase of Japan-Russia relations commenced and the leaders of both countries expressed their intention to deepen Russo-Japanese strategic ties, and their determination to resolve the decades-long issues once and for all.

The Republic of Korea is crucial in Russia's plan: it can provide markets for Siberia's natural resources and it can greatly contribute to the development of Siberia and the Russian Far East. For South Korea, Russia is becoming strategically important for security reasons, and it is interested in participating in the development of Russia's the Far East. Russia has proposed large-scale trilateral projects with North Korea and South Korea. These projects could eventually link the peninsula with Russia and Eurasia. South Korea has been effectively cut off from the mainland for the last seventy years and has practically become an island. Cooperation with Russia could bridge the island to the mainland and bring both societies closer. There are external and internal factors that hinder further cooperation, however: the North Korean problem, South Korean alliance with the US, and the still low level of people-to-people relations. As part of this trust-building process, since the 2000s Russia has proposed a new paradigm: large-scale Russia-North Korea-South Korea projects such as building a gas pipeline from Russia to South Korea via North Korea, and reconstructing and linking the Trans-Korean railway to the Trans-Siberian railway, thus facilitating the transit of cargo between South Korea and Russia via the DPRK. Russia's goals in the peninsula are to: establish peaceful international environment for national development, a peaceful solution of the North Korean issue, increase the country's influence in the region, and improve economic ties to develop the RFE. South Korea is also strategically important for Russia, particularly in the development of Siberia and the RFE, and to balance its foreign policy in NEA, thus avoiding over reliance on China and bringing capital and technology that would greatly contribute to the development of the region.

Russia's policy in the Asia Pacific, in contrast to that in Europe, is far more pragmatic, strategic and conciliatory, motivated by the objective of lifting its Far Eastern region out of stagnation and developing it as a foundation to attract investment, trade and commercial exchanges with Asia. In the ultimate analysis, however, the effectiveness of Russian policy to the Asia-Pacific mainly depends on

how determined its efforts will be towards the economic, social, cultural and scientific development of Siberia and the Far East. Only the recovery of the Far Eastern regions of the Russian Federation combined with consistent and targeted diplomatic activity in the Asia-Pacific Region will undoubtedly allow Russia to increase its leverage and influence in the Asia-Pacific region and create opportunities to solidify its position as a widely recognised great Pacific power. Hence, the second hypotheses tested that Russia's approach towards Siberia is driven by its geo-strategic calculations in the region and beyond notably in the Asia-Pacific.

The in-depth study has reflected on the broad chapters. This thesis has been divided into six chapters on the basis of the two hypotheses. The first chapter "**Introduction: Conceptual Framework**" has analysed concepts related to geo-strategy and geopolitics and its relation with this research. Later it includes the research design and background of the proposed research followed by scope, objectives of the studies, hypothesis, research methodology and review of the literature which has been studied to accomplish this research. The second chapter "**Russia's Approach towards Siberia: a historical analysis**" has focused on the contemporary narratives related to Russia's expansion and colonisation of Siberia. It has described how Siberia was conquered, colonised, and developed by the Russian State. It briefly covers the chronological period from the conquest of the Siberia by the Russian Empire until Putin's period. It looks into the history of the Siberian region; the region during Tsarist Russia, the Soviet Union and then after the disintegration of the USSR, with an overview of the economic, political and social history of each period. This chapter also demonstrates how the internal and external geopolitics of Siberia often pointed in different directions - territorial expansion, isolation, or integration – at different times. The third chapter "**Siberia in the post-Soviet times**" has dealt with the Russian State's policy towards Siberia after the disintegration of the Soviet Union, particularly in view of the political, economic and security challenges emanating from the region. It presents an analytical review of major issues in the Siberia and the Russian Far East, which include economic development, natural resources, social issues, international relations, and security concerns. It also explains the way in which Siberia symbolises Russia's opportunities and vulnerabilities: Siberia's vastness, richness, and vulnerabilities epitomise the difficulty of controlling territory and integrating it into a broader region. It has also critically analysed the state's policies

that have been put in place to address the multiple challenges that Russia is confronted with from its far-flung region notably Siberia. The fourth chapter "**Siberia in Russia's geo-strategic calculations**" has described geo-strategic and geo-politics significance of Siberia for the Russian Federation, particularly in the aftermath of Vladimir Putin's ascent to power. It has also focused on the objectives and goals of Russia's internal policy in the Siberian region. This chapter has discussed the growing global need for natural resources, with particular emphasis on the resources of Siberia. In a like manner, the chapter examines more deeply the reasons why Siberia and the Russian Far East are essential to Russia's great power identity and to what extent the increasing importance in politics and economics of Asia-Pacific is an opportunity or a threat to Russia's great powers. The fifth chapter "**Siberia's interface with the Asia-Pacific Region: Opportunities and Challenges for Russia**" has examined the position of Siberia in the era of globalisation and devoted to the relationship between Russia and Asia-Pacific region: China, Japan, South Korea, and North Korea respectively; and the place of Siberia within the overall bilateral relationships. It further analyses the bilateral relations and reviews the political and economic determinants of the bilateral ties. It focuses on the bilateral relations at the regional level and the place of Siberia and the RFE within the overall relation between Russia and Asia-Pacific. It has also touched upon both economic opportunities and geo-strategic challenges for Russia in the Siberian region. The issue of Chinese migration in the region has also been highlighted. This chapter also argues that in the long term the viability of the strategic partnership will depend to a great extent on whether Russia can successfully develop Siberia and the Russian Far East. The sixth chapter "**Conclusion**" has summed up the key arguments and findings of the study. The conclusive remarks are the outcome of the hypotheses tested during the course of the study.

As argued throughout this thesis, Russia's plans for Siberia are closely connected to Russia's plans as a whole; this is in line with Russia's great power ambitions. Indeed, Russia could let Siberia and the RFE "find its own way regionally" and advance its integration into Asia-Pacific's economic space. Following this path could bring potential benefits for the population and could bring to a halt the economic and demographic crisis in the region. Closer economic cooperation between the RFE and Asia-Pacific could even attract people from within Russia to the region, as Stolypin's

reforms did more a century ago. The Stolypin agrarian reforms (1906–17) were a series of changes to Imperial Russia's agricultural sector instituted during the tenure of Pyotr Stolypin, Chairman of the Council of Ministers. The Stolypin land reform measures allowed peasants to own land individually. Its aim was to encourage industrious peasants to acquire their own land, and ultimately to create a class of prosperous, conservative, small farmers that would be a stabilising influence in the countryside and would support the autocracy. It is beyond the scope of this thesis to evaluate whether following this path would actually help to improve the living conditions in the region and to stop the population's exodus. Similarly, this research does not analyse diverse centre-region priorities. From the Russian perspective following this way is unacceptable, as this would threaten Russia's full sovereignty over the region and would bring into question the country's great power status.

Nevertheless, there are also big challenges. The small and declining population, decaying infrastructure, low living standards in some regions, and poor climate investment, in addition to the huge distances and extreme weather, are factors that could seriously limit the economic growth of the region. Therefore, it remains unclear if Russia and its the Far East are able to become the economic hub that will link two dynamic parts of the world - Asia and Europe, taking into account the numerous challenges that hamper the investment climate of the Far Eastern region. For Russia, the importance of the partnership with China is essential to the security of the RFE, and central to the country's self-conceptualisation as a great power, as it legitimises to a certain extent Russia's claims to the Asian power. Nevertheless, Russia's identity as an Asian power necessitates different partners in the Asia-Pacific region and not only China; it is in Russia's interests to have good relations with all players in the region to maintain a balance. Accordingly, the new model for the development of the RFE, based on the development of exports, oriented to the Asia-Pacific region, was launched by the government in 2013, in order to promote Japanese and South Korean participation in the region, particularly the development of Territories of Rapid Development. Nonetheless, this model has not yet succeeded.

As has been discussed in the thesis, the development of Siberia is Russia's internal affair, but due to the region's geopolitical situation, the Northeast Asian countries play a leading role in the region's development. Nevertheless, due to Siberia's internal

geopolitics, the Russian leadership is very careful about the way that external relations of Asiatic Russia are conducted: a rapid liberalisation may result in the loss of sovereignty. However, Russia cannot perpetuate Siberia's status quo as it would accentuate the socio-economic and demographic problems. The new external conditions force the Russian government to pursue a double integration project, as isolation may perpetuate the backwardness of the region. The internal development and foreign affairs of Asiatic Russia are conducted by the Russian State under great power logic. This thesis argued that the internal and external geopolitics of Siberia are closely interconnected. Siberia's external affairs are closely interconnected to Russia's own internal affairs, and its place within the country. Russia attempts to not only advance Siberia's integration into Northeast Asia but to advance the integration of the region into the rest of the country. It also argues that Russia's attempt to develop and improve living conditions in Siberian region, and advance its integration into the Asia-Pacific constitutes not only a development project but a meta-project intended to reassert Russia's greatpowerness. This meta-project is not only an integration or a developmental one; it is an identity project, as well as it is destined to reinforce Russia's great power identity. The double-task project to develop and integrate Siberian region into Asia-Pacific and into Russia is a central element defining and promoting Russia as an Asian power. In this context, Russia has to cultivate a new model of the development of its eastern territories that can serve Russia's geopolitical interests in the Asia-Pacific and satisfy its need for capital, technology and human resources. At the same time, the model should meet the needs of Asia-Pacific countries. It is not difficult in theory, but only time can tell how it will take place in practice.

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