

**DEVELOPMENT OF RUSSIA'S FAR EAST AND RUSSIA-
INDIA STRATEGIC COOPERATION, 1991-2018**

*Thesis submitted to Jawaharlal Nehru University
for award of the degree of*

DOCTOR OF PHILOSOPHY

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DECLARATION

I declare that the thesis entitled “**Development of Russia’s Far East And Russia-India Strategic Cooperation, 1991-2018**” submitted by me in fulfilment of the requirements for the award of the 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 this thesis be placed before the examiners for evaluation.

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Dedicated

to

My Parents

Smt. Manorama Nayak

&

Shri. Chittaranjan Das

Acknowledgements

I thank God Almighty for giving me the strength, courage and good health to finish my research study during this challenging time of the Covid-19 pandemic.

My academic endeavour would not have been so fulfilling without the help of my respected Supervisor, Dr Usha K. B., Associate Professor, Centre for Russian and Central Asian Studies, School of International Studies, Jawaharlal Nehru University, New Delhi. First of all, I express my deep gratitude to my supervisor, who has been a constant source of guidance and encouragement. I am extremely grateful to her for her exceptional guidance, kind cooperation, active supervision and critical insight, which helped me complete this academic exercise. I thank her for her patience from my research initiation until the task's accomplishment.

I take this opportunity to acknowledge everyone who has helped me to complete this work. To begin with, I express heartfelt thanks to my previous supervisor, Late Prof. Arun Mohanty, for showing confidence in me working on this topic. He always inspired me with his kind words and gave me the proper guidance and direction from his storehouse of knowledge and experience. I am also thankful to Namita Mohanty Ma'am for being incredibly kind to me and always making me feel at home.

I owe my gratitude to Jawaharlal Nehru University (JNU) for inspiring me to do thought-provoking research and instilling a broader worldview and benevolent understanding. I thank Prof. Anuradha Chenoy, Prof. Ajay Patnaik, Late Prof. Tulsiram, Prof. Tahir Asghar, Prof. Sanjay K Pandey, Prof. Phool Badan, Prof. Archana Upadhyay, Dr Preeti Das, Dr Rajan Kumar, Dr Nalin Mohapatra and Dr Amitabh Singh, Dr Raj Yadav the faculty members of Centre for Russian and Central Asian Studies, for inspiring me in my programme of study and making it a formative experience for me. I thank the JNU Library, and IDSA library, for granting me access to the valuable resources integral to my research work. I also thank my centre CRCAS staff for their help and support during this academic journey.

I do not find appropriate words to express my regards to my beloved parents (Shri Chittaranjan Das & Smt. Manorama Nayak) for being there in every step of my

life. Without their blessings, prayers and inspiration, this work would not have been completed. I thank my sisters, Amrita & Namrita and my younger brother Chiranjib for their unconditional love and support.

My heartfelt gratitude goes to my husband, Dr Sarada Prasanna Das, for being a source of constant support. This work would not have been possible without his help and cooperation. I am also grateful to my in-laws(Shri Samiranjana Das & Smt. Sanjukta Das) for their blessings and affection.

I bestow my regards to my family, friends, classmates, and many others for their love. You all have been phenomenal in my academic journey.

None of the above is responsible for inadvertent errors that might have crept into the thesis; they are mine only.

JNU, New Delhi

30 June 2022

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List of Abbreviations

APEC	Asia Pacific Economic Cooperation
BAM	Baikal Amur Region
BRICS	Brazil, Russia, India, China, South Africa
EEF	Eastern Economic Forum
EU	European Union
FEBR	The Far East and Baikal Region
FDI	Foreign Direct Investment
FEDP	Far Eastern Development Program
FEFD	Far East Federal District
FICCI	Federation of Indian Chambers of Commerce and Industry
GDP	Gross Domestic Product
GNP	Gross National Product
GOI	Government of India
GRP	Gross Regional Product
G6	Group Six
G8	Group Eight
G20	Group Twenty
IDSIA	Institute for Defence Studies and Analysis
IOC	Indian Oil Corporation
JSRES	Japan Sea Rim Economic Sub-region
LNG	Liquefied Natural Gas
LPG	Liberalisation, Privatisation, Globalisation
ONGC	Oil and Natural Gas Corporation
ORF	Observer Research Foundation
RIC	Russia-India-China
RFE	Russia's Far East
SAARC	South Asian Association for Regional Cooperation
SCO	Shanghai Cooperation Organisation
TSR	Trans-Siberian Railway
UK	United Kingdom
UNDP	United Nations Development Programme
USA	United States of America
USSR	United Soviet Socialist Republic
US	United States
US\$	United States Dollar
Et.al.	And Others

Map 1.1: Russia's Far East - Administrative Regions



Source: <https://www.quotemaster.org/images/a1/a1e7dfc71bdf13b6523c77939f2c1ad7.png>

Map 1.2: Russia's Far East and India in the World Map



Source: <https://images.app.goo.gl/uSQRJVw8xTQuJue7A>

Chapter 1

Introduction: Theoretical Framework and Research Design

1.1 Introduction

This study examines Russia's Far East (RFE) development strategy and the possibilities of enhancing Russia-India cooperation further in the changing global context. Russia is determined to develop its Far Eastern region and is taking several initiatives for regional development in the changing context of global politics. The unipolar world order created by the US-led west is facing decline, and global power relations are shifting to Asia-Pacific. Given the current 'special and privileged' strategic corporation between Russia and India, the development of the Far East has the potential to boost the already established strong and friendly bilateral relations between both nations that are deep-rooted in history, mutual trust and mutually beneficial cooperation with long term interaction based on political, economic, social and historical factors.

Further, Russia-India cooperation in the Far East may contribute to peace and stability in this geopolitically significant region. The two countries have a long history of defence, space, and civil nuclear energy cooperation. It is one of the modern age's first and longest-lasting strategic alliances. President Putin's first visit to India in October 2000 is considered a historic event after the disintegration of the USSR. Both countries signed the historic "Delhi Declaration"¹, and this collaboration has since evolved into a "Special and privileged strategic relationship". The greater cooperation between Russia and India is another emerging area of bilateral relations in RFE.

With its strategic position and plentiful resources, the Russian Far East (RFE) is a region where bilateral cooperation between Russia and India is projected to grow in the future years. However, the region is economically undeveloped and lacks good

¹The historic Delhi Declaration was signed by President Putin and Prime Minister Atal Bihari Vajpayee during the three-day State visit of Russian President Vladimir Putin in 2002. The Declaration outlined several areas of cooperation like combating terrorism besides defence and political spheres. The declaration provided a new direction to the time-tested and warmly Indo-Russian ties.

infrastructure and communications. It requires appropriate economic policies and programmes to develop this resource-rich region. In this regard, the Russian government approved a 15-year development plan for the Far East, allocating federal funding for infrastructure spending. Different successive Russian administrations have been pushing for the development of this resource-rich region, but so far, little has come of it.

However, after taking office in May 2012, the Putin government began formulating the Far East Policy with remarkable dynamism. As a result, the federal government of Russia created a new ministry called ‘The Ministry for Development of the Russian Far East to boost Russia’s strategy for RFE’s development and cooperation with the governments of other countries, specifically, Asia-Pacific countries. In 2014, alterations were made to the National Programme to speed up the socio-economic development of the Far Eastern and the Baikal regions.

Since the separate ministry called The Ministry for Development of the Russian Far East was established, India has attributed great importance to the RFE’s development with the cooperation of Russia. They are considering that Putin’s Far East development policy included establishing a state company to hasten the area’s development, establishing tax havens and free ports, and pressuring state-controlled firms to show more interest in the region. In addition, Putin has been hosting the Eastern Economic Forum (EEF) in Vladivostok to attract international investment since industrial production, and private sector investments have significantly increased.

Numerous investment prospects exist in Russia, particularly in the Far East area, including economic, employment, small-scale industry and industrial potential. If India capitalizes on Russia’s Far East, it might become a booming sector for India. Consequently, the affluent area of Russia takes strategic and geopolitical importance. India’s links with Russia’s Far East might help solidify Russia-India relations and strengthen its relationships with Central and East Asia. In this setting, the purpose of the study is to analyze and address the issues outlined in the research problem.

1.2 Statement of Research Problem

The Russian Far East, wedged between China, Japan, Korea, and the United States, has become a volatile region where the same forces that tore apart the old USSR interact with those driving Pacific Asia. A willingness to accept uncertainty is necessary to visualize the Russian Far East (RFE). The Far East was seen from metropolitan Russia as a remote fringe, a colony or a strategic base.

However, the Far East has unique socio-political and socio-economic dynamics for individuals who live there. Local leaders adopted policies and occasionally took action against Asia-Pacific neighbours. Ironically, the cosmopolitan history of the Far East left behind localized historiography. Russian, Soviet, Chinese, and Western literature on the area has been denigrated by language obstacles, intellectual norms, and political goals (Stephan, 1994). The tendency to retroactively Russifying the history of the discovery, colonization and development of the Far East is still practised by post-Soviet writers. Additionally, nationalistic and irredentist undertones may be found in several Chinese and Japanese writings. On the other hand, western slavists educated in a Eurocentric tradition tend to ignore the Far East or lose sight of it in Siberia (Kotkin and Wolff, 1995).

For millennia, the RFE has served as a meeting place for distinct peoples and the interchange of their cultures. Long before recorded history began, migrations between Inner Asia and North America passed via Northeast Asia. Neolithic settlements in the *Priamur* and *Primorye* had similarities with those in China, North Korea, Japan, Siberia and North America. A thousand years of Chinese hegemony and around three hundred years of Russian administration brought fresh colours to a colourful demographic. Over a Paleosiberian and Tungusic initial foundation, Mongol, Chinese, Korean and Japanese influences developed layers. The region is socially and culturally diverse as people who moved from different parts of Europe and Asia to the RFE. The region harbours ethnic groups such as Russian, Ukrainian, Cossack, Polish, Chinese, Korean, Japanese, German, Finnish and Estonian (Stephan, 1994).

After establishing a unified government in 1884, cultural diversity did not prevent the Far East from forming a distinct regional identity. Russian expansion into

Northeastern China after 1896 made merchants, professionals, journalists and even military officials in the Far East aware of divergent imperial and regional interests (Stephan, 1994). Outlying regions kept their autonomy for two or more years when metropolitan authority fell after two revolutions, civil war and foreign interference, culminating in the foundation of the Far Eastern Republic (FER), which was merged into Soviet Russia in 1922. A group of former partisans, people who worked in the party's underground unit, and officials of FER set up regional networks simultaneously. Because the central organisation of the party could not control these networks and Japan kept growing after 1931, traitors became linked to the idea of Far Eastern independence (Trotskyists, Rightists, and Red Army commanders). Stalin and his entourage exorcised the ghost by Balkanizing the regional government, crippling the local economy, and exterminating regional leaders (Davis, 2003).

This situation raises pertinent questions about what exactly has gone wrong in RFE. Why didn't the area grow like British Columbia, Hokkaido or other similar places? How could a place with such a rich land and coast, full of intelligent, hardworking people, and surrounded by such thriving economies look like a Third World basket case? Geography, population, and economics are all parts of the answer. Unrealized potential is a tragedy that cannot be applied to any philosophy, party, or dictatorship. The tragedy is comparable to the child of a Russian-Soviet mother and an Asian-American father. Both the parents created instability in the area with good intentions, such as coercion in the name of development, militarism in the name of security, murder in the name of race or class, and ecocide in the name of economic expansion. These negative forces rose as much from below as they did from above. Thousands of ordinary citizens betrayed the country and one another out of idealism, jealousy, anger, or terror. The Far East's socio-cultural chemistry and geostrategic context gave it a unique position in Russia's tragedy (Davis, 2003).

In addition, the significance of Russia's Far East region to the Russian economy has grown substantially. Therefore, the Far East development programme of the Russian government has paved the way for infrastructural development in the region. Given the regional features of the Far East, it is essential to implement a

flexible approach while selecting priority projects of critical significance and high utility value and using government-led investments to establish a transportation and shipping foundation (Baru, 2019).

In the meantime, the region was proactively welcoming private financial investors when bankable infrastructure arose. From such a point of view, Moscow's pivot to Asia plans to contribute to a 'win-win' situation for the Far East development strategy through the Russia-India project platform with the Far East Development Fund (FEDF) under the business participation. Moreover, several times the different Russian government has tried to develop this resource-rich region of Russia, but so far, the region's full potential has not been realized.

In 2012, the Putin government crafted a 'Far East Policy' with startling rapidity to boost RFE's development strategy and partnership with other nations in the region. The Russian government established a unique ministry within the federal government called The Ministry for Development of the Russian Far East. In 2014, the Russian administration also renamed the earlier 'National Program' as the "Socio-Economic Development of the Far East and the Baikal region."

As stated above, the enormous expanse of Russia's Far East offers remarkable opportunities for India in these sectors such as economy, energy, business, tourism etc. Furthermore, India was the first to establish an occupant consulate in Vladivostok in 1992. Opportunities for working with Indian companies include horticulture, mining, port development and infrastructure, precious stones, and food processing. Andhra Pradesh and Punjab have demonstrated enthusiasm for some of the activities in these parts of the Russian Far East. Moscow's invitation to New Delhi to upgrade its financial requirements in Far Eastern Russia - a region where Chinese business and population have made significant inroads has all the earmarks of Russia's endeavour to balance Beijing in the resource-rich domain twice India's size (*Economic Times*).

Even India wants to use the mineral and other riches in the RFE to bolster its economic and geostrategic position. At the Eastern Commercial Forum in Vladivostok, Russia, External Affairs Minister of India Smt. Sushma Swaraj expressed India's desire to deepen its commercial ties with Russia's resource-rich Far Eastern

region and asked for Russian assistance in facilitating Indian commerce there. It demonstrates India's significance in new potential in the RFE and its strategic engagement with Russia.

In this context, this study examines the development of Russia's Far Eastern region in the Post-Soviet period and the opportunities, achievements and challenges for enhancing strategic cooperation between Russia and India in the RFE in the changing global context. In addition, the research also intends to explore the strategic importance and development of RFE and how it will enlarge and expand India's strategic ties with Russia's resource-rich region, the Far East. Moreover, it tries to present a critical analysis of the development strategy in Far East Russia. Our analysis casts uncertainties on the predictable wisdom that Russia's Far East may develop through a substantial resource base. If it will, it is questionable and requires consideration because the Far Eastern region deals with various issues that moderate the pace of advancement. The Far East has long been a neglected and mistreated resource-rich region because of a harsh climate. The Far East enhancement is of great degree low speculation effectiveness in light of the mysteriousness of the Far East and extremely common conditions. To visualize the Far East, one must be tolerant of ambiguity. It uncomfortably spans portions of the Russian Republic since it is situated at the intersections of traditionally recognized territories. In addition, it lacks a clearly defined perimeter. In addition to concentrating on the growth of Russia's Far East, this study investigates some understudied issues.

1.3 Theoretical Framework

In several aspects, the Russian Federation is one of the world's most influential actors. Its decisions and policies influence other nations. Since the 1990s, the concept of power balance and multi-polarity has guided Russian foreign policy, which might provide a threat to the expanding American unipolarity (Ambrosio 2005; Turner 2009; Lukyanov 2010; Chebankova 2017). The Russian Federation has attempted to counter unipolarity in the last decade via economic and political strategies (Usha, 2020). Andrey Makarychev (2011) views the possibility of more than one pattern of

multipolarity, and Russian foreign policy adhered to a strong realist perspective and has a social content. According to Andrei P.Tsygankov (2019), three schools of thought- Westernisers, Statists, and Civilisationists- guide Russia's foreign policy and external engagement in world politics by following their respective visions of the country's national identity.

However, Andrey Kortunov (2019: 46), in the context of changing world order, states:

Today multipolarity is popular not because it has been intensively studied methodologically well enough or because it possesses a major prognostic potential. It is popular, above all, because there is a great political demand for this concept that might serve as an antagonist of the unipolar world concept (still relevant for many). But as the unipolar world concept is approaching its imminent decline, its antipode- the multipolar world concept—will inevitably face a downfall too.

In 2014 the wake of the Ukraine crisis, Russia gathered momentum against the U.S.-EU campaign. This situation led Russia to pivot more toward Asia. Due to this, Russia's attention to the Far East has become more prominent (Usha 2019;). Regarding economic development, Russia has firmly pushed its untapped natural resources of RFE to supply energy and other raw materials to other countries. Through this resource trade framework, Russian Federation has been trying to renew its foreign policy with countries like India (Varol and Kropatcheva, 2013).

This thesis seeks to form a theoretical framework using neoclassical realist theory and social constructivism to analyze the resource development in RFE and its energy trade relation with other countries like India. In the Russian case, classical realism can be used to analyze domestic policies and neo-realism, which stresses the organization of the international system, could be used to analyze the international relations of the Russian Federation (Rose, 1998; Varol, 2013). The same framework could also be used to analyze India-Russia energy and other trade relations, specifically in recent decades. In the international arena, India's participation in the RFE's development positively impacts both domestically and internationally. For example, the region is labour-scarce, resource-rich, and needs investment, expertise, technology, finance, and markets (Kropatcheva, 2013).

Meanwhile, India is a nation with an excess of labour and a deficiency of resources, requiring energy, mineral resources and agricultural land. Therefore, Russia can accommodate Indian needs and vice versa. In addition to solving local challenges like energy security, India's presence in the RFE is a domestic and international counterweight to Chinese influence. It seems that geopolitical and strategic considerations are also powerful and plausible motivators of India-Russia collaborative ventures in developing the REF and other efforts (Kropatcheva, 2013). Various scholars, authors, academicians and strategic analysts have critically explained the development of RFE in the Post-Soviet period and the opportunities, achievements and challenges for enhancing strategic cooperation between Russia and India in the region in the changing global context. This section has discussed this literature under different theoretical dimensions pertinent to the study. The section has identified four different frameworks, which are discussed under four subcategories below.

Geopolitical Significance of RFE and Its Implications for Asia

East of Lake Baikal, in the vast area of RFE, there is a place that could be very important if there is an international conflict in Northeast Asia. RFE is important in geopolitics and geo-economics because it has a lot of natural resources, such as oil, natural gas, coal, gold, diamonds, and rare earth metals (Baievsky, 1927; Khanna, 2012). In the North Pacific, the interests of great powers connect with their crucial conditions. Its relevance will likely increase as the global power shifts to the Asia-Pacific region. US-China rivalry increasingly determines the contours of global legislative concerns in the Far East and beyond. Notably, the Far East area of Russia contains enormous scientific and technical capabilities inherited mainly from the Russian military-industrial complex (Kapoor, 2020).

According to Shlapentokh (1995), the future of Russian-Chinese ties remains one of the world's most vexing questions towards the end of the twentieth century. Thus far, these relations have been relatively cordial, and Moscow appears indifferent about the growing economic disparity between the two nations, favouring China.

However, outside Kremlin, many politicians and experts fear Chinese assertion. Both countries were on the verge of a nuclear conflict a few years ago. Whether the old geopolitical problems have already been abandoned to the annals of history and whether the two former communist giants with 3,000-mile-long shared borders would cooperate in the twenty-first century. He referred to the Russian Far East and Central Asia, where a clash between both nations is most likely, and the regionalization projects of Russia and China can drastically change the geopolitical situation in Asia and the world (Ivanov, 1994; Shlapentokh, 1995).

The region is the probable backbone of the northern transit corridor connecting East Asia to Europe. Significant successes were made concerning the strategic goals of RFE and the Soviet Union's development policy for the same area. In addition, the area captured the international community's interest, offering a new growth engine for sustainable socioeconomic development. In addition, the area of Russia's Far East remains one of the remaining untapped natural resource treasure troves. The energy reserve in the region is estimated to be more than one-third of the world's total. Among them, oil is estimated to account for one-fifth to one-fourth, natural gas for more than one-third, and coal for approximately one-half. Russia has long had limited economic interactions and cooperation with Asia-pacific economies, and its influence in the region has declined since the Soviet collapse. Compared with the fast-growing adjacent, Russia's Far East has become hollow in terms of development (Vladimir, 2017).

On the other hand, the region is near geographical proximity to the resource-poor, but population-dense nations of East Asia and South East Asia enable it to serve as the resource basis for the economic growth of the neighbouring nations. The prosperous area may also serve as the transport corridor's northern spine from East Asia to Europe. In addition, he said that the vigour of energy development plays a crucial role in the economy of this Far Eastern area, with coal, oil, and gas accounting for 24.9 per cent of industrial output. On this basis, the Russian government and the Sakhalin Oblast (region) organization are pursuing the development of Sakhalin's oil and gas deposits. A U.S. specialist on the Far Eastern economic landscape notes that

although Western business and investment are fleeing Russia, the Sakhalin energy industry has attracted significant global investment (Khanna, 2012).

Russia plans a deliberate shift eastward to address the economic future of the Far East with the dynamic and developing economies of the Asia-Pacific rather than the sluggish, stagnant, and crisis-plagued economies of the European Union (EU). The Far Eastern development plan is anticipated to confirm and strengthen Russian authority over its remote eastern provinces. In addition, it will send a clear message to the international community that Russia is a major player in the Asia-Pacific region. Moscow has taken a crucial and truly essential decision to bind the Far East's future growth closely to China's economic needs (Lee, 2013). In the same line, it has been stated that the vast 200-mile-long economic zone along RFE's coastline is crucial to the region's unique strategic position (Lee, 2013; Flanagan, 2022).

Russia holds sovereignty over the RFE's natural resources. Therefore, the Far East may grow effectively and sustainably. In addition, it serves as a gateway to the Pacific Ocean, the North Pacific Ocean, and other seas across the globe. Due to the Far East's proximity to the Pacific, it is clear that the region's political-geographic situation is distinctive. In addition, Russia's Far East has a unique geographical location with diverse, distinct natural resources (including renewable, land and sea). The affluent area contributes significantly to Russia's geo-strategy. Aside from this, the Far East is a territory that combines the geopolitical interests of the world's leading nations and an area rich in sea natural resources, the majority of which are in the open sea and the 200-mile economic sector. It significantly enhances its geopolitical potential (Linh, 2016).

In the policy circle, it is a strong belief that Putin's Government will almost certainly use the Far East development strategy to review the policy gaps with the other parts of Russia, raise the living standard of inhabitants and advance the settlement of Russians without surrendering to the demographic pressure from China, keeping in mind the migration of people from the Far East. The government has a feeling of emergency that unless the populace surge is stemmed, the Far East's

financial development will back off, and the monetary difference with the focal parts of Russia will widen (*The Economic Times*, 2017).

Russia's Far East holds enormous resource potential. An eminent scholar from Russia, Lounev (2008), has referred 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 insufficient human resources. The region stocks 98 per cent of diamonds, 50 per cent of gold, 80 per cent of tin, 30 cent wood concentrated, and 58.3 per cent of all fishery production is extracted. Economically, the district has depended vigorously on its rich natural reserves such as oil and natural gas, wood, fish, coal, gold, silver, lead, and zinc. These natural resources have a significant share in Russia's GDP. Thus, from the geopolitical perspective, this federal district has excellent value and is a large unit of the country's territory, with an exit in the Asian-Pacific region. It defines the Far East's perspective as a resource base for Russia's safety and development. Thus, from the geopolitics point of view, the Far Eastern federal districts have great value as the country's large unit of territory has an exit in the Asian-Pacific region (Baievsky, 1927).

The development of the manufacturing industries will likely be carried out by providing extractive industries and primary industries (including transport and logistics) with the required equipment. The strategy of rapid economic and social development requires a comprehensive and complete use of raw materials to produce various finished products. For example, in the timber industry, the development of mechanical and chemical-mechanical wood processing is necessary for the non-ferrous metallurgy and in situ production of various semi-finished products and finished metals. It is vital to maintain the position of Russian entities in the world markets of raw materials (Melamed, 2008).

The region's development can be described by its economic potential. It would meet the socio-economic needs of the population by ensuring the development of production and consumption. The financial capability of the area is fundamentally dictated by production capacity, which in turn, is controlled by the industrial capacity.

The idea of the modern facility of the surroundings is translated as a joined capacity of undertakings in the area to make and create aggressive items, advance them available, benefit and give the required administration level. Coming back to the idea of the mechanical capability of this area, it ought to be noted that the most vital improvement route is the procedure of its updated, innovative modernization and quickened advancement of the most innovatively propelled ventures. Additionally, the provincial economy is vital to make local industry which assumes an essential part in making employment, taking care of the household demand and advancing the incorporated improvement of the region (Proskurina and Bakanach, 2015).

The region's economic potential is enormous. The planned distribution of production ensures the most effective utilization of natural resource production funds and labour resources of the country and its various economic areas. It is one of the essential prerequisites for achieving the maximum expenditure of material and labour resources. Raw material exports provide the main international link of the Russian economy to the world economy and have played an essential part in Russia's post-1998 recovery. Despite Russia's economic development in recent years, it is ironic that Russia's Far East is the only place for extractive industries and other strategic raw material resources. Future development of RFE and its integration into the Russian and world economy would strengthen the Russian domestic economy and its foreign relation with other major economies and India and China simultaneously (Shlapentokh, 1995).

Russia's Asia-Pacific Strategy, Far East Development and India's Interest

During the 1990s, Moscow completely neglected RFE, leaving the region to its own devices. Under Vladimir Putin, the government began to reestablish its influence, absorbing the wealthy and expansive region's external links within its borders. A standout amongst the most important developments has been the launch of many substantial initiatives aimed at bolstering the economy of RFE and facilitating its integration into the Asia-Pacific in a more skilled, competent and sustainable manner (Lukin and Troyakova, 2012).

As stated above, in 2012, a different ministry dedicated and committed to developing RFE was established. The Ministry is called the ‘Ministry for the Development of the Russian Far East’. The Ministry subsequently met with the various government groups working on the developmental aspects of the region and began solidifying its authority in the area. In this light, it is clear that Russia has taken steps during the last decade to expand its influence in the Far East and Trans-Baikal region. However, there are several challenges for the new ministry, apart from the challenge of freedom to plan developmental projects and utilize funds. It includes the task of prioritizing developmental projects and attracting foreign as well as domestic investment in regional development. In the wake of a fund crunch, the ministry must decide the main concern area on which the focus must be given. Then there is the challenge of attracting foreign and domestic investors to invest in developmental projects of RFE. The problem lies with the political establishments and institutions of the Far East region, which could not induce foreign capital to invest in the region because of a stricter licensing system (Maeda, 2014).

Russia’s Far Eastern development is both an inheritance from its history and consistent with the needs of regional development. China’s active participation in the process will release the potential of bilateral economic and geopolitical complementarities. The development of the Siberia and Far East region and the revitalisation of Russia has been common aspirations for generations of Russians (Ze, 2017). Mikhail Lomonosov, the Great Russian scholar of the 18th century, once predicted that Russia’s power would grow with Siberia. Also, Russia’s renewed interest in the eastern regions has been fueled by geopolitical concerns. RFE’s isolation from the Federation, economic backwardness, and the diminishing population were considered a threat to the safety of the Russian state by many Russian nationalists. There was a fear among many that the RFE might pull away from the centre and might cut off from Russia as a whole. It was a national debate in Russia that outside forces might gain a significant and reliable balance in the region if the situation continued (Lee, 2013).

Therefore, Vladimir Putin, the Russian President who has embraced the dream of an assertive Russia, adopted the strategic choice of the Look East policy shortly after retaking power in the face of complex geopolitical and economic pressures. Russia again trumpeted developing the region at the 2012 APEC summit at Vladivostok. Being an important strategic partner of Russia, China's active participation in the region's development will release the potential of bilateral economic and geopolitical complementarities and usher in a new chapter of deepening practical cooperation and joint development between the two countries (Lee, 2013).

Russia-India Cooperation in the Far East Region

Russia-India relations have been described as a 'Special and Privileged Strategic Partnership', deeply rooted in history and have lasted very long. The meeting in 2019 between the Russian President and the Indian Prime Minister resulted in the signing of 25 different agreements in areas such as transport, energy, and deep-sea exploration. Russia is supporting India in preparing its astronauts for the Gaganyaan mission by providing training assistance. Both nations are strong proponents of changing how the United Nations Security Council operates. Russia has repeated that it would continue to back India's campaign for a permanent seat on the United Nations Security Council. Russia has shown support for India's position that it is a 'victim of terror' as a result of Pakistan's Policy of State-Sponsored Terrorism. Russia has denounced all forms of terrorism and urged the international community to form a unified front to combat evil. It demonstrates Russia's sympathy for India and its position. It is also noteworthy that Russia has helped India to secure its membership in the Nuclear Suppliers Group (NSG) (Huasheng, 2012).

The Far East could become a focal point of strategic cooperation between India-Russia, which could take the relationship to the next level. To a great extent, the eventual fate of this region relies upon exchange and starting new ventures. Russia and India emphasized their willingness to develop mutually-beneficial strategic cooperation in the Far Eastern region. Russia's Far East might be a lucrative market for Indian businesses if the Indian government uses Russia's goodwill correctly.

Several Indian corporations are in the advanced stages of deciding whether or not to engage in machine manufacturing and oil and gas extraction. According to industry executives from both nations, bilateral investment collaboration in Russia's Far East has yet to reach its full potential. India and Russia are willing to work together to develop their trade and economic cooperation in the Russian Far East, taking the necessary measures and making specific circumstances and incentives available to achieve this. Indian nationals may now access the Vladivostok free port on an electronic visa that started on August 1, 2017. It would directly impact Russia-India collaboration in the RFE and the flow of Indian labour and investment into the area (Baru, 2019).

In this resource-rich region, India has excellent opportunities. The region's abundant hydrocarbon deposits provide huge prospects for Indian businesses. Already engaged in the Sakhalin-1 project, ONGC Videsh's terminal is recognised as the finest in Russia. India is scheduled to receive natural gas from Gazprom, which will likely be liquefied at a facility near Vladivostok. Large diamond deposits in the area should attract the Indian diamond cutting and polishing business, which is already competing with the Chinese in Africa. Infrastructure, medicines and agricultural development are all sectors where Indian enterprise and labour might find opportunities. Telemedicine and long-distance education are two further fields where Indian businesses may make their impact. Studying Russian and appreciating Russian culture might provide a little obstacle to India's ability to negotiate and collaborate with Japan (Unnikrishnan, 2014).

A major strategic decision by Russia is to open its Far East to Indian commerce and investment to counteract China's enormous influence in this region. Since the Chinese have been pouring into the Russian Far East for many years, Sharma (2017) claims that the region's demographics have already been transformed to the point that it appears more like a Chinese land than a Russian one. Russian President Vladimir Putin is now trying to fix this by relying on partners like India to counteract China's influence in the resource-rich region. Russian President Vladimir Putin believes that the Indians will be more accepted by the local community and seen

as more beneficial than the Chinese. India should look at the possibility of doing business in Russia's Far East to fulfil its domestic development objectives (Unnikrishnan, 2014; Sergey, 2017).

The bilateral relations between India and Russia hold great promise. There are several possible outcomes. The full potential has not been reached as of yet. The rate and velocity of development have been slow. India has proved and reiterated its willingness to engage in a multi-polar world with numerous alliances, while both countries have reaffirmed their longtime friendship. Due to the movement of economic wealth from the Atlantic to Asia, the Indian Ocean Region (IOR) has attracted the interest of numerous nations. It has also produced a potential war theatre. India is a formidable force in the Indian Ocean and has significant interests in the Pacific.

Additionally, Russia is a Pacific power with significant Indian Ocean interests. Therefore, India and Russia must advance their respective agendas in areas where collaborative implementation of ideas is possible. The optimal path to achievement is utilising accessible and available opportunities (Srivastava, 2017). Despite this, India has shown a desire to make substantial investments and deepen bilateral relations in this resource-rich area of Russia. Now the question raise; What are the many initiatives that Indian enterprises are already undertaking in the RFE? and what is the secret to their success? Which areas offer the most potential for investment collaboration between Russia and India?

Furthermore, what modifications to the legislation of these industries are necessary to make them appealing to Indian investors? Russia and India are highly developed in digital technology, recognizing new prospects. They want a more predictable and stable policy and mutual product approvals. It might be vast opportunities for collaboration between Russia and India, an increase in joint Russia-India ventures, the demand for more significant mutual investments, or the need for Far Eastern Port's effective capabilities (Srivastava, 2017).

The literature on Far East development and India-Russia cooperation in the region is an understudied area. The existing literature studied the development of the

Far East and the region's extremely low investment efficiency due to its vastness and harsh natural climate. While focusing on Russia's Far East development strategy, this study also enquires about some of the understudied problems, intending to expand India's strategic ties with Russia's resource-rich Far East. Although many studies have been done on Russia's Far East, these are on either the development of RFE or the specific projects initiated by India in the region. Studies are inadequate, specifically on the Russia-India cooperation in the region. This study aims to fill the gap in the existing research on the imperative of Russia's Far East development in the Asia-Pacific region and the prospects of further strengthening Russia-India relations. The study argues that in the changing global context of shifting power to Asia, Russia's new strategies for developing the Far Eastern region have a vast potential for further expanding and strengthening the Russia-India cooperation in multiple areas.

1.4 Research Objectives and Focus

- To understand Russia's Far East's strategic significance, resource endowment and industrial potential.
- To analyze Russia's Far East development strategy.
- To study the Russia- India strategic cooperation in the Russian Far East from a historical perspective.
- To explore the challenges, directions, and prospects of Russian-India cooperation in the Far East in the changing global context.

1.5 Rationale and Scope of the Study

Russia's Far East region has a strategic value, global significance and rich endowment of natural resources, which Russia can use as a foreign policy tool in expanding international cooperation. It is, therefore, essential to analyze that the vast expanse of Russia and its Far Eastern region offers tremendous opportunity for India in the energy, business and tourism sectors. Further, the differences in approaches to development programmes and the issues of a multilateral mechanism between Russia

and India have not been examined. Therefore, this study attempts to fill in the existing gap and analyze new trends in development cooperation.

Geographically, this study is confined to Russia and India. The study also explained various aspects of development programmes in the RFE and the prospects for Russia-India cooperation, critically analyzed development programmes, development policy of both countries; problems and prospects of RFE and India's cooperation and the impact of world politics. However, Russia proves to be a significant energy source for India regarding the adequate availability, historical and political goodwill, cost-effective operations, meeting of strategic and geopolitical needs, and prospects, whichever is convenient for India.

In the context of Russia and India's investment and partnership in the RFE, there is tremendously low investment efficiency due to its vastness and harsh natural climate. Russian Far East faces several challenges and resulting in slows the speed of growth and development. This study helps understand the strategic significance of RFE's development and how to expand India's strategic ties with Russia's resource-rich Far East and address the challenges.

The scope of the proposed study is limited to the period from 1991 to 2018. Its specific focus is on the Far East region of Russia, as President is keen to develop this region considering the global challenges to Russia in the Asia-Pacific region. As the period would cover twenty-seven years, it would look at the continuing trends of a development strategy that has been undertaken in this resource-rich region of Russia. After the disintegration of the USSR, Russia's Far East remained utterly isolated. In the 1990s, Moscow ignored the Far Eastern region.

Since 2000 under the administration of Vladimir Putin, the federal government started to reassert its impact, incorporating into the territory of the area's external connections. The Far East has long been a neglected resource-rich region because of its harsh climate. The study confirmed the connections between variables like historical factors, energy sector, foreign policy, geopolitics etc., in understanding Russia's strategic relations with India. This study adds to an essential contribution to

the existing body of literature on the subject, including pointers toward future research in this direction.

1.6 Research Questions

The following research question helped in attaining the objectives mentioned above in this research.

1. Why is Russia prioritising its economic, geopolitical and security interests in the Asia-Pacific region and “Look East” policy to develop its Far Eastern regions, particularly under Putin’s presidency?
2. How does the involvement of global powers influence Russia’s strategy to develop its geopolitically significant Far East region?
3. How far can India benefit from cooperation in potential sectors identified in the Russian Far East?
4. What is the relevance of the Eastern Economic Forum concerning the Russia-India partnership in the Far East?
5. What are the challenges and opportunities for Russia-India cooperation in the Far Eastern region?

1.7 Hypothesis

- The development of the Russian Far East is determined by its economic, geopolitical and security interests in the Asia-Pacific region and the “Look East” policy.
- The development of the Russian Far East has created opportune space for further enhancement of bilateral relations between Russia and India in the region, despite specific challenges.

1.8 Research Methodology

The main thrust of this research has examined the RFE region’s development and the resource potential of the region towards India as collected from various available policies and programmes data and its growing prominence in the new emerging global context on account of firstly, the thriving economies of India and secondly, Russia’s

policy of diversifying of various resource routes. In this sense, the study becomes empirical. This study also analyzed the development of the Far East in the context of existing theories on development, geopolitics and geo-strategy with interests in the region.

Primary sources like official websites of Russia and India have been used in this research. Original documents like the President of Russia website, Reports from the Ministry of External Affairs website, Reports and publications of the Ministry for the Development of the Russian Far East and the Arctic, Reports available on the FICCI Website etc., have been consulted. Other sources such as newspaper reports and published and non-published interviews on Far East development issues by Indo-Russian experts were used to make an argument and answer the research questions. Secondary sources like books, articles, research papers, and international, peer-reviewed research journals were also considered for this study.

As far as variables are concerned, in the first hypothesis, the development of Russia's Far East is the independent variable. The region is determined by its economic, geopolitical and security interests in Asia-Pacific, and the Look East policy is the dependent variable. At the same time, the cooperation of Russia with India in the Asian market acts as the intervening variable. In the second hypothesis, the development of RFE has created an opportune space for further enhancement of bilateral relations between Russia and India in the region. India's willingness and ability to invest in the RFE are the two independent variables in the Russia-India equation. Hence, the Russia-India strategic cooperation is the dependent variable here.

1.9 Structure of the Study

The study is structured into six chapters. The introductory chapter titled *Theoretical Framework and Research Design* presents the research problem, theoretical framework and research design. This chapter introduces the hypotheses, critical variables, research questions, and objectives and explains the study's rationale.

The second chapter, entitled *Russian Far East: Socio-Economic Profile, Natural Resources Endowment and Global Significance*, focuses on the social and

economic background of the Far East as a significant Russian region and geophysical personality with strategic importance of the Far East. It critically evaluates the development of the Far Eastern region with a historical overview. The process lays the background for discussing the region's development challenges. As the Far East shares proximities to China, North Korea, Japan and even the United States, the interests of foreign powers also compete in the region. This chapter also explores Russia's economy, emphasising the regional economy in the RFE and how the RFE came to their pragmatic conclusion. It looks into whether the RFE is headed towards economic catastrophe or whether it can turn the situation around and achieve economic success.

The third chapter entitled *Russia's Asia-Pacific Strategy, Far East Development and India's Interest in the Region*, examines the strategic importance of the Far East from an international perspective. To offset the influence of other countries in this resource-rich area, Russia has opened its resource-rich Far East to Asia-Pacific countries for trade and investment. The chapter also explains Russia's Asia-Pacific strategy, India's interest in the particular region, and the new policies and projects working after establishing a separate Ministry in 2012, which focuses on developing its Far Eastern region. The Far East was always a resource-rich and great potential region that evolved as an economic hub historically over periods.

The fourth chapter, *Russia-India Strategic Partnership and Cooperation in the Far East: Historical Setting, Achievements and Opportunities, 1991-2014*, explains the strategic partnership and cooperation between Russia and India has shown its interest and priorities in making a considerable investment and expanding its ties to get achievement in this resource-rich region of Russia. It also explains creating new opportunities, new policies and programmes with Russia and India in the changing global context and what are the joint development interests, agenda and dynamics of excellent power interaction focus in this chapter. In addition, how the strengthening of Indo-Russian connections has led to the expansion of Indo-Russian ties and why India has demonstrated an interest in making significant investments and increasing its links in Russia's resource-rich area. When it comes to the Russian Far East, it explains the

Indian enterprises are already there and their success factors. This chapter also discusses the regulatory reforms needed to make specific Russian industries more appealing to Indian investors.

The fifth chapter, *Russia-India Cooperation in the Far East in the Changing Global Context: The Significance of Eastern Economic Forum, Future Directions and Challenges, 2014-2018*, analyses the recent trends of emerging cooperation between Russia and India in the RFE and the significance of the Eastern Economic Forum (EEF) established in 2015 for Far East development. This chapter also deals with challenges to the Far Eastern development, economy, polity, health, demography and national security due to changing geopolitical equations and multiple challenges.

The concluding sixth chapter constitutes the study's summary, significant findings and conclusions. It also states the possible measures to address the loopholes in developing Russia's Far East and the Russia-India cooperation strategy. It validates the hypotheses. It suggests areas identified for further research.

Chapter 2

Russian Far East: Socio-Economic Profile, Natural Resource Endowment and Global Significance

2.1 Introduction

As the previous chapter is based on the theoretical framework and research design, this chapter discusses the Russian Far East (RFE) background as a strategically significant Russian region. It discusses the important demographic, historical and socio-economic conditions. The chapter explains the brief history of the region, regional characteristics, natural resources, infrastructure, and global significance of the Far East. The RFE is a frontier region, far from the centre of the empire (be it Tsarist or Soviet or Russian). It is a harsh and diverse environment where people must cooperate, encouraging individualism and self-reliance.

Russia's Far East region (RFE) is a large, isolated, inaccessible region with a harsh climate and a small and diminishing population. The future of this huge and vast region will be affected by the willingness of the Kremlin to negotiate deals with each of the components of the RFE (the ongoing federal bargaining), the economic situation of Russia as a whole, the situation with the military forces based in the Far Eastern region of Russia as well as the state of the entire Russian defence budget, the attitude of the inhabitants and the skill of Far Eastern politicians.

In addition, the neighbourhood will substantially affect how the future unfolds for the RFE. The long border with China, the short border with North Korea, the proximity of Japan as well as other Pacific Rim countries and the level of interest or investment in the region by other powers such as the United States and South Korea will have an impact on the choices and opportunities facing Far Eastern leaders. The history of the RFE is the story of a frontier similar to the United States' westward expansion. Russians (and other Slavic and European groups) went east to capture wealth in furs and natural resources, escape governmental control, find additional freedom, often as either outcasts or exiles, and find markets for their goods. Others

went to the frontier for reasons of state. They were sent to protect investments, property, borders, and state claim to resources, either settlers or troops (Minakir and Prokapalo, 2018).

This dichotomy of rationales for populating the frontier gives the region a dual personality in which cooperation and conflict permeate most activities. Those who live in the Far East have an odd mix of independence and pioneering and anti-authority attitudes coupled with a desire for help from the central government on issues of importance like energy policy and export rules. This dichotomy is reinforced by geography. The RFE is much closer in geographic terms to Northeast Asia than it is to Moscow. Many in the RFE felt their future was tied to Asia, yet their presence was tied to Moscow. Moreover, in economic terms, it is easier, cheaper, and more logical for the RFE to trade with Asia than with Moscow. However, the region relies upon Moscow for food subsidies, wage payments, monetary policy and much more (Aganbegyan, 2019).

Much of the region looks to Moscow in terms of culture. In the Far East, xenophobia and racial tensions abound as around seven million Russian citizens confront 123 million Chinese in four surrounding Chinese provinces. Again, the RFE has pulled in both directions. It presents current leaders with several contradictory options and paradoxes: They may be Asian or Russian. Should they concentrate on one path for some demands and the additional direction for others?

Each of the ten regions encompassed in the RFE has a slightly different story and relationship with Moscow, the federal centre of Russia. Russia has asymmetric federalism with varying powers for the ethnic republics than the region primarily ethnically Russian. Several subsidiary units also still exist, such as autonomous *okrugs* that again have a different grant of power. Constitutionally, the ethnic republics have more power than the regions (Sinenko and Mitrofanov, 2021).

However, in the unpredictable floating crap game of Russian politics today, the reality is often quite different. Some governors have attained equal status with the ethnic republics and aspire to even better federal terms. This ongoing bargaining is based primarily on *blat* and *size* (loosely translated as power, influence, and

relationships). In the process of analyzing the relationship between RFE has with Moscow. So, this chapter provides the reader with basic demographic, economic and political information about each of the ten components of the RFE and clarifies the nature of federal relations today. It will also look at how history and geography affect the choices and possibilities the leaders of Russia and the RFE face as they move away from the Soviet past and into the uncertain future.

2.2 Historical background of the Russian Far East

Russian Far Eastern history (RFE) is intimately bound up with geography. The natural environment and the challenges it posed for settlers and administrators shaped the directions of economic, social, and political development in the region. In the northern regions of subarctic tundra and permafrost, builders and settlers were confronted with almost insurmountable construction problems, which have been overcome only at great expense and with the aid of modern technology. On the other hand, the great taiga forests and thick evergreens represent a tremendous potential resource.

However, these same forests have made clearing land for agriculture and settlement costly and time-consuming. The sheer size of the RFE has also confronted Russian authorities with enormous transportation problems. In addition, inhospitable terrain confounds transportation and limits possible sites for settlement, towns, and military outposts, especially in the mountains that run along the Primorye coast and dominate Kamchatka and Sakhalin Island, limiting population centres on the periphery of Russia's Far East (Knystautas, 1987)

The great rivers of the region have controlled the tides of settlement. The Lena, the Kolyma and the Amur are the great highways of the Far East, moving goods and people from one part of the region to another. The river valleys provide easily accessible agricultural and grazing land, sites for towns and forts and effectively tie the region together. The rivers also enable trade and commerce between settlements, the Far East, European Russia (via the rail system), and Asia. The native cultures tended to cluster along the rivers: the Yakuts settled along with the river Lena, Chukchis settled along with the river Kolyma and other tribes, both local and Mongol

and Manchu/Jurchen emigrants, settled in the Amur. All these natives adapted to the natural environment of the Far East, subsisting on reindeer herding in the permafrost zone and on hunting, fishing, gathering and small-scale agriculture in the more temperate parts of the region. They adopted tribal cultures, emphasizing kinship and clan networks, and conducted limited trade in the byproduct of forest and reindeer, remaining small and scattered in a population (Mote, 1998).

Over the years, the tribes around the Amur River became increasingly exposed to Chinese and Korean culture and civilization. The Manchu gained control of the plains of Manchuria from the Amur River and imposed their rule on China.² Influence flowed in both directions. Timber, reindeer hides and fish in the Far East acted as a magnet for Chinese and Korean settlers and merchants, who established trading posts in the Amur valley and the mountains and hills of the Primorye. Trade and settlement brought conflict, and conflict brought the imperial Chinese government, which began to establish outposts and forts to protect trade and settlers and control the unruly tribes of the Far East. The forts, trading posts and small villages became centres radiating Chinese culture throughout the area. Temples were built, and Chinese artefacts are found in archaeological sites and tombs dating to AD 600. It was not a one-way street. Exposure to the riches and luxuries of Chinese civilization also attracted the attention of the tribes of the Mongolian steppe and Siberian taiga, who periodically spilt over the frontier into China proper. The Far East fell into the Chinese cultural sphere due to the region's exposure to Chinese civilisation (Stephen, 1994).

These were the geographical, tribal, and cultural conditions that the first Russian explorers confronted as they entered the Far East. They came in quest of soft gold and otter, beaver, and sable furs, which were in great demand in China and Europe. The wide-open spaces and economic opportunities attracted two types of settlers to the region. Like Cossacks, merchants and peasants, free settlers sought new opportunities and escaped from serfdom by travelling to the Far East. They moved through the region looking for new commodities to trade, land to farm, and buildings upon which to build (Rethmann, 2004).

²The Manchu called themselves the Ching Dynasty when they ruled China.

However, the traditional system of serfdom also moved into the Far East. State serfs and bound labourers accompanied the rulers from Moscow and St Petersburg. To exercise control over the area, *voevoda* was established by the Tsar's government and given the power to establish political order and ensure the flow of furs to enrich the Imperial government. The flow of furs originated with the *yasak* system of the tribute levied on native groups, requiring them to supply furs under penalty of punishment and destruction of their communities. The *yasak* remained a source of bitterness, poisoning relations between Russians and local tribes well into the nineteenth century, acting as both a threat, allowing the Russian authorities absolute right to punish natives and as inspiration for revolts, such as the Yakut rebellion of 1642, which led to a 70 per cent decline in the native population between 1642 and 1682 (Forsyth, 1994).

Explorers and settlers entered the Lena River valley with the founding of Yakutsk in 1632. From there, Russian settlement progressed steadily east and south. By the seventeenth century, it was clear that the Amur River was vitally important to Russian ambitions in the Far East. The river provided a tempting highway to the Pacific and was a temperate zone capable of sustainable farms and towns. Thus, it quickly became the focus of Russian interest in the region. A collision with China was inevitable once Russian interest turned to the Amur valley. With its roots in Manchuria, the new Ching dynasty considered the Amur part of its homeland and was determined to defend it. Russian expansion first collided with China at a point when the Chinese were able to defend their frontier effectively, and the Russians were weak. The Treaty of Nerchinsk (1689) acknowledged Chinese suzerainty over the region, leaving the Chinese in control of the Amur valley and the Primorye, preventing Russian expansion to the Pacific (Patsiorkovsky et al., 1995)

It did not stop Russian dreams of expansion. Crossing overland or surreptitiously following the Amur, Russians continued to explore the Far East and eventually established a base on the Sea of Okhotsk at Nikolaev. It served as the jumping-off point for exploring Kamchatka and establishing trading and military posts on the peninsula and Sakhalin Island. Fur traders, merchants and settlers moved across the Bering Strait into Alaska, and Russian naval expeditions sailed along the coast of

Primorye, the Japanese islands, the North Pacific, and the western coast of North America. Along with the Lena and in the trans-Baikal, free and bound settlers continued to arrive and establish towns and farms, collecting furs and cutting trees. Slowly the Russians were acquiring the positions and forts from which to challenge Chinese dominance in the region and establish Imperial Russia, a process that lasted through the eighteenth century (Anderson, 2002).

The vast territories of the RFE constituted a challenge to the governance and social institutions of the Tsarist regime. From the start, Moscow and St Petersburg were determined to maintain central control and authority over the scattered and extended settlements of the Far East. Initially, the Far Eastern settlements were subject to the Governor-General at Irkutsk and ruled as an extension of Siberia. Gradually, new bases and outposts were established. Finally, the Tsar appointed a separate Governor-General in the Far East, with general powers over the entire region, from the Lena River to Alaska. The Governor-General enjoyed vice-regal powers as the Tsar's representative in the region. He enjoyed command of the local military and control of the state peasants. Their efforts established an enduring pattern in Far Eastern political affairs. Intermittent efforts by the centre to exercise authority were interspersed by episodes of local autonomy, as the centre relaxed its grip or lost sight of the region through preoccupation with other affairs (Bassin, 1988).

Over time, the military nature of the frontier in the Russian Far East, which faced China on the other side of the Amur and the Pacific Ocean, emerged as the most prominent feature. Due in large part to the complex environment of the territory, the region's economy was poor, and the region could not feed itself without importing food supplies. This was a direct result of the region's harsh climate. The central authorities had significant leverage appreciation to the military foundation of the colony and the fact that the Far Eastern region was dependent on supplies from outside the region. It meant that the region would stay dependent on the centre, notwithstanding any desire for local autonomy or even independence, and this was the case regardless of whether or not there was a desire for independence (Bassin, 1999).

By the early 1800s, Russia was ready to take advantage of the declining power and weakness of Manchu China and overturn the Treaty of Nerchinsk. The arrival of a new Governor-General sparked the new aggressiveness of Russian policy in the Far East, Nikolai Nikolaevich Muraviev (1809-81), who believed in the future prosperity and density of RFE and the necessity for Russia to control the Amur River basin. Hence Amur as a breadbasket for the region with prosperous land awaiting peasant farmers, who would afford an agricultural foundation for the Russian settlements, is making the region self-sufficient. Moreover, the *amurtsy* saw Russian Far East as a region of particular significance for Russia, with its immense forest and untapped natural resources, distrusting the distant central government. However, there was always the danger that these resources would not benefit the Far Easterners if the imperial government and central Russian interests could establish their dominance in the region. However, the courtesy was dependent on the centre for food and protection that was needed because the Far East was a military frontier where enemies were ever-present (Ossipova, 2005).

New challenges to Russian control of the region appeared in the nineteenth century: resentful Chinese, a newly unified and aggressive Japan, and the more distant threat of the United States and Great Britain as rivals for Pacific dominance loomed on the Horizon. Many Korean, Chinese and Japanese workers and farmers lived in the Far East and moved quickly across the borders. The principal cities of the Far East, Khabarovsk (the political capital), Vladivostok (the commercial centre) and Blagoveschensk, were on the border and exposed to attack from China (Davis, 2003).

The military unpredictability of life in the Far East allowed the government of St. Petersburg to recognise the region's political structures. Thus, the government separated the administration of Siberia from the RFE in 1884. Local officials were regularly rotated to ensure loyalty remained with the Tsar and minimise local attachments.³ The Tsarist government's objective was to economically develop the Far East and increase the Russian population there. Among many projects with these goals

³This process was also used under the Soviets for the same purpose and called the circulation of elites.

in mind was the construction of the Trans-Siberian Railroad. In addition, the centre recognized and moved to exploit the economic potential of the Far East, to see the region as one of great promise with unlimited resources. New resources were discovered: fish from the Pacific, wood, paper and timber from the vast forests, various ores, and minerals. As the turn of the twentieth century approached, the RFE loomed large as a potential centre of power and wealth for the expanding and dynamic Russian Empire (Stephen, 2008).

Russian territorial expansion and growing influence in China led to a clash with Japan. The Japanese also had ambitions in China. In addition, the two rising powers had conflicting interests in Manchuria and Korea. Within two years, both sides reached the limits of their resources and concluded a peace treaty in 1906. Still, losing territory and “prestige to an opponent, many Russians deemed substantially inferior to themselves added to the Tsar’s already numerous political problems” (Meyer, 1999).

The military defeat led to a revolution in Russia. The loss to Japan was considered clear evidence of the incompetence of the Tsarist regime. Revolutionary ferment spread from St Petersburg and Moscow to Vladivostok, leading to the Tsar’s recognition of the authority of an elected Duma in the October Manifesto. As a direct consequence of this, a rebellion and a revolution broke out in the middle of Russia as well as in the RFE. By 1907, the revolts were finished, and tsarist authority was reestablished throughout the region. However, the revolutions failed only because the different radical groups could not cooperate (Menon, 2003).

The new crisis was not long in coming. In August 1914, Russia joined World War I. The strain of war undermined the tsarist regime’s political, military and economic foundations. Then the new provisional government proclaimed in February of 1917 almost immediately gained the support of conservative and moderate elements in the RFE. The Socialist-Revolutionaries and Mensheviks who had formed the backbone of the Chita republic in 1906 returned as the new rulers of the Far East. They helped establish the authority of the new revolutionary regime, aided by exiles and political prisoners sent to Siberia and the East by the tsarist regime. No area of Russia would be more fought over for a more extended period by a more bewildering

array of forces than the Far East. The Civil war began in the Far East with the attempt by the Bolsheviks to disarm the Czech Legion on its way to Vladivostok for repatriation to Europe.⁴

By 1920, Moscow adopted a subtler approach to the Far Eastern problem, establishing the Far Eastern Republic (FER) as an independent buffer state. Gradually, the FER began to impose order, negotiate local political arrangements with contending groups and parties and meet with Japanese leaders to work out their withdrawal from the Primorye. As the foreign armies left, the White forces gradually collapsed. Much of the credit for the victory went to the new commander of the armies of the FER, Marshal Vasily Konstantinovich Blucher (1890-1938), who would dominate the Far East for the next 18 years. As the East was pacified, White forces driven across the border into China and increasing impotence and political order restored, it became possible for the Soviet government to drop the buffer strategy. The FER was absorbed into the Russian Federation (RSFSR) on 15 November 1922, and the Far East became a part of the Soviet Union (Stephen, 2008).

The Far East remained a distant stepchild of the Soviet regime in the interwar period. Communications were poor, the rail lines and economic installations were devastated, and during the 1920s, Soviet attention was focused on the reconstruction and restoration of the economy in Central Russia and Ukraine. Moreover, localist and nationalist sentiment, some nourished by the FER's brief period of independence, persisted in the East, constituting an ever-present challenge to Soviet authority in the region. Still, the Far East was not ignored. After the inclusion of the Far East into the Soviet state, Moscow began the process of political reorganization and economic reconstruction in the East. The day's first order was the search for foreign concessionaires willing to foot the bill for economic restoration and expansion in return for a share of the produce. Reluctantly, the Soviet regime recognized the significance of exploiting the natural resources of Russia's Far Eastern region and the

⁴The Czechs were prisoners of war, captured during WWI, who were emancipated following the February Revolution.

role they could play in restoring prosperity and building socialism for the USSR (Shiskin, 1995).

The ambivalence of Soviet authorities toward the Far East changed with Stalin's rise to power after 1928. In two significant ways, Stalin's philosophy emphasised the Far East significantly. This area served as a significant outpost of Soviet authority, allowing them to keep an eye on China, Japan, the United States, and the Pacific region. However, the Far East was also seen as an increasingly important source of raw materials and resources for building socialism and fueling the Soviet military machine for the entire Soviet Union. Both aspects demanded that Moscow focus on building the region's demographic, economic, and material resources (Stephen, 2008).

However, building up the Far East run a risk for Soviet policymakers. Increased population and economic development could also contribute to an increase in local identity and independence, a tendency accentuated by the sparse communications in the region and between Moscow and the Far East, where there was no direct telephone connection between Moscow, Khabarovsk, and Vladivostok until 1938 (Stephen, 2008). Moscow sent Yan Borisovich Gamarnik, an apparatchik who had risen with Stalin, to the Far East to oversee the development of the region's resources, including efforts to increase the Russian population there. Moreover, he began to build his network of supporters and clients throughout the Far East, all dedicated to the extension of Soviet power and socialism in the region. Central to the development effort was building up the population of the Far East. Incentives for settlers and workers- including cash payments, free transportation, land, and wage differentials- were set up to emigrate to the East. Gamarnik sponsored the establishment of the Autonomous Region of Birobidzhan as a Jewish homeland as one measure designed to expand and add to the population of the Far East (Davis, 2003).

When considered in light of the Soviet regime's obsession with matters of national security, the growth of the population base and the development of the market and economic system in the Far Eastern region became issues of even greater significance. Promoting economic growth in the RFE was closely intertwined with

measures to address concerns regarding the region's safety. As the work of building socialism gathered speed in the heart of the Soviet Union, the basic framework of the Stalinist state was extended to the East. The collectivisation of agriculture, decreed after 1929, took effect in the East after 1930, despite the peasant's and native herdmen's resistance. The Five-Year Plans placed severe demands on the Far East, requiring shipments of raw materials and the expansion of mining and timber exploitation throughout the region to feed forced industrialization in the rest of the country. The only check to economic development came from the limited population base of the Far East. All efforts at encouraging emigration to the region had failed to increase population enough to maintain the staggering pace of the Five-Year Plans (Davis, 2003).

During the late 1920s and early 1930s, Stalin's purges and the Great Terror spread throughout the Soviet Union, including the RFE. The NKVD⁵ was on the lookout for treason throughout the country, and the heightened concern for the Far East's security quickly drew the Checklists' attention. Anyhow, Gamarnik and Blucher had established independent power bases in the East and had, at least in the eyes of Stalin, become a danger to Soviet power. Finally, to consolidate Moscow's control over the region, extensive resettlement of populations and the expulsion of Koreans, Japanese and other East Asian peoples from the region were decreed. Vast people in the Far East were on the move (Chang, 2014).

Among the people moving through the Far East were the prisoners of the GULAG system.⁶ As enemies of the regime were arrested and tried for anti-Soviet activity and other political crimes, they began to find themselves sentenced to prison at camps throughout the Far East. These convicted prisoners played a significant role

⁵The Soviet secret police went by a number of names over the years. First the secret police were called the *Cheka* (the Russian acronym for All-Russian Extra-ordinary commission for the Suppression of Counterrevolution and Sabotage- To this day, many Russians refer to the security organs as *chekists*. During the 1920s, the secret police were called the OGPU (*Ob'edinnoe gosudarstvennee politicheskoe upravlenie* or Unified State Political Directorate) In 1934, the name was changed again to NKVD (*NarodniiKommisariat vnutrinikh del* or People's Commissariat for Internal Affairs). And eventually it was renamed the KGB (*Komitet gosudarstvennii bezopasnosti* or Committee on State Security).

⁶GULAG is an acronym for the labor camp system in the Soviet Union. GULAG (*Glavnoe upravlenie ispravitelno-trudovyykh lagernii*) or Main Directorate for Corrective Labor Camps.

in the region's economic development. The GULAG used convict labour to exploit the region's natural resources, and the GULAG quickly became part of the economic life in the Far East. People voluntarily moved to the Far East and established Dalstroï, the Eastern Construction Trust, in 1931 under the direction of Eduard Berzin, who was given political and economic authority over much of the Far East. Over 90 per cent of Dalstroï's workforce were prisoners and worked in gold, platinum, coal mining, fisheries, logging, and construction. Prisoners felled trees in the thousands, sending timber down the rivers to feed the construction demands of the Soviet regime. Roads were constructed through the permafrost. Cities sprang up overnight in the region, and the collection of miserable huts in 1932 grew to cities by 1936 and had 50,000 inhabitants by 1940, becoming the transshipment point (Davis, 2003).

The Far East saw relatively little action during World War II. Most of the fighting took place on the Western Front, where the Soviet regime fought desperately against the onslaught of German forces. In addition, the economy of the RFE benefited when much of the industry of European Russia was moved beyond the Urals to Siberia, and the RFE and then the Soviets turned their attention to the East. At the end of World War II, Stalin again turned to slave labour to continue the region's economic exploitation, an effort buoyed by a slight increase in voluntary emigration to the East. Tension in the Far East increased, and the situation in the Far East changed once again after Stalin's death and the assumption of power by Nikita Khrushchev. As the new regime began dismantling parts of the Stalinist system, the GULAG system automatically fell into decay. With it, the economic and demographic growth of the Far East slowed. Then new management structures were introduced as part of Khrushchev's hare-brained schemes. So, factories, enterprise managers, local governments and party officials were given new authority and flexibility to act within the constraints of the Soviet planning system and increase production (Kontorovich, 2000).

In 1964, when Leonid Brezhnev came to power during the era of stagnation, the USSR tried to restore economic growth in the region. While continuing the economic incentives introduced by Khrushchev, he added the weapons of exhortation

and ideological incentives to the mix. New large-scale projects were developed; Dams were planned and built to provide hydroelectric power for massive new factory complexes and cheaper electricity for Far Eastern cities, given the maximum amount of publicity by the regime. The Brezhnev administration's plan to spur economic growth in the east relied heavily on constructing the Baikal-Amur Mainline (BAM), essentially an extension of the Trans-Siberian Railroad. BAM was in part a national security imperative designed to protect the vital transportation artery of the East from Chinese aggression. It was to be built along the north shore of Lake Baikal across the rugged taiga to reconnect with the mainline of the Trans-Siberian. However, it was also a showpiece of the regime, designed to attract workers from the centre to the East. In 1971, the reality fell far short of the ideal, and enthusiasm could not be overcome because BAM was built slowly and painfully. It became a symbol of the stagnation of the regime (Rozman, 1997).

By the early 1980s, economic production was falling, essential goods were absent from store shelves, life expectancy was declining, and a major demographic problem confronted the Far East. Since the death of Stalin, the Far East had fallen back into its traditional place in Russia's economy and society. During Mikhail Gorbachev's period, the periphery became more dependent on the centre for food, capital, and machinery supplies. The Far East still looked like a region of great promise but could not exploit its significant reserves of resources. Throughout the history of the Far East, the tension between the centre and periphery has existed. In 1991, Gorbachev lost the power struggle, and Yeltsin had the popularity and power to rule. Yeltsin and the leaders of Ukraine and Belarus signed an agreement to destroy the USSR and create a new Commonwealth of Independent States (CIS) out of the independent states of Russia, Ukraine, and Belarus (Tochkov, 2018).

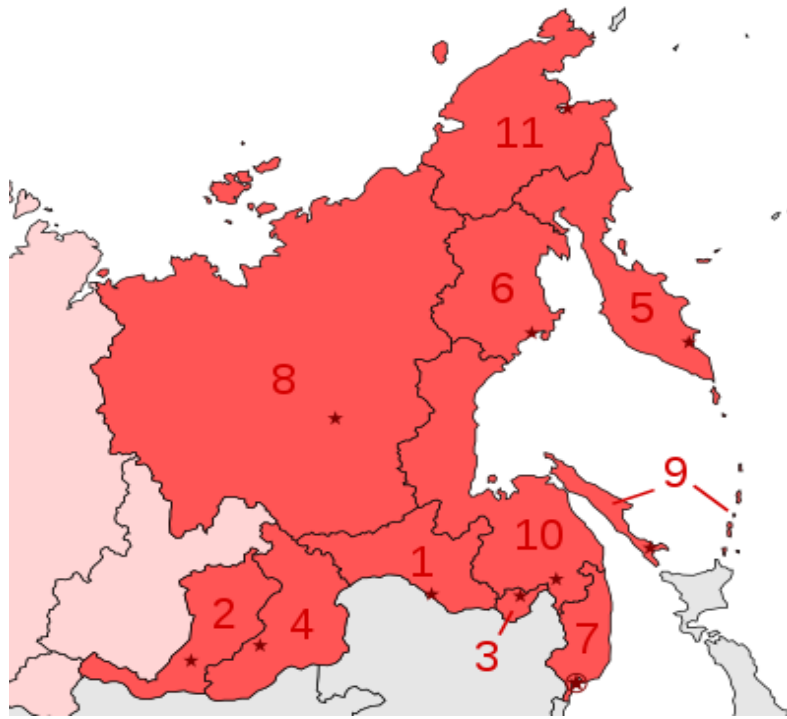
In the RFE, local leaders followed the national trend. During the early to mid-1990s, almost all the territories of the Russian Far East either declared sovereignty and negotiated a special bilateral arrangement with Moscow or both. Yeltsin made some half-hearted attempts at reigning in the regions but was unsuccessful except in Chechnya and Russia. Since Vladimir Putin became the President of Russia, he has

made even more attempts to bring the Far Eastern region of Russia back under central control (Davis, 2003).

2.2.1 Demographics in the Russian Far East

On May 18, 2000, President Vladimir Putin established the Far Eastern Federal District, and Presidential Envoy Yury Trutnev is currently in charge of the district's administration. The federal district was expanded in November 2018 to include Buryatia and Zabaykalsky Krai. In addition, Khabarovsk was replaced by Vladivostok as the capital of Russia's far eastern federal region in December 2018.⁷

Map 2.1 Federal Subjects of Russia's Far East



Source: www.mappr.co

([https://en.wikipedia.org/wiki/File:Far_Eastern_Federal_District_\(numbered,_2018_composition\).svg](https://en.wikipedia.org/wiki/File:Far_Eastern_Federal_District_(numbered,_2018_composition).svg))

According to the United Nations Development Programme (UNDP) *Human Development Report for Russian Federation*, although the Far East Federal District

⁷Federal districts were not part by the Constitution of Russia Before the year 2018. However, the units were existed purely for the purpose of governance by federal agencies. Each district includes several federal subjects. Each federal district has a presidential envoy titled a “Plenipotentiary Representative” of the President of the Russian Federation.

(FEFD) comprises more than one-third of Russian Federation territory, the former has a very sparse population density compared to other regions of the Russian Federation (Kotkin and Wolff, 2015).

As per estimates, it is said that the population of FEFD and that of Moscow are almost equal. FEFD contributes less than 5 per cent to the economy and the Russian Federation's population. Within FEFD, the southern districts are densely populated as against the northern districts of FEFD, which are very thinly populated. Out of this, only two regions have almost half of the population. They are Primorskii and Khabarovsk territories. 'Human Development Report: HDR 2006/2007 for the Russian Federation, UNDP: 1-12' (Kotkin and Wolff, 2015).

Table 2.1: Demographic Profile of the Russian Far East

#	Flag	Federal Subject	Area in km ²	Capital
1		Amur Oblast	361,900	Blagoveshchensk
2		Republic of Buryatia	351,300	Ulan-Ude
3		Jewish Autonomous Oblast	36,300	<u>Birobidzhan</u>
4		<u>Zabaykalsky Krai</u>	431,900	Chita
5		Kamchatka Krai	464,300	Petropavlovsk- Kamchatsky
6		Magadan Oblast	462,500	Magadan
7		<u>Primorsky Krai</u>	164,700	Vladivostok
8		Sakha Republic	3,083,500	Yakutsk
9		Sakhalin Oblast	87,100	<u>Yuzhno-Sakhalinsk</u>
10		Khabarovsk Krai	787,600	Khabarovsk
11		Chukotka Autonomous Okrug	721,500	Anadyr

Source: Goskomstat RF: 2010 Census

http://gks.ru/free_doc/new_site/perepis2010/croc/perepis_itogi1612.htm

The RFE is also quite diverse ethnically, linguistically, and religiously. Though most residents are Russian, many other ethnic groups live in the region. Indigenous or native peoples like the Chukchi, Nanays, Negidals, Udegei and others are tiny in number. Ukrainians and Belarusians add to the Slavic population of the region. Some Jews, which Russians consider an ethnicity, speak Yiddish or Russian in the Jewish Autonomous Oblast. Koreans are listed as residents, though interestingly, Chinese are not. It is most likely a highly political choice in reporting census statistics. Numerous languages represent various language groups related to Turkish, Chinese, Korean, Slavic, and other modern languages (Motrich, 2017; Strand, 2019).

Table 2.2: Population of the Russian Far East

(Varies between 1991 and 2018)

Region	Population (1991)	Population (2018)	Capital City
Russian Far East (RFE)	7,980,000	6,323,929	
Amur Oblast	1,058,000	830,103	Blagoveshchensk
Chukotka Autonomous Okrug	157,000	50,526	Anadyr
Jewish Autonomous Oblast	216,000	176,558	Birobidzhan
Kamchatka Oblast	466,000	322,079	Petropavlovsk-Kamchatsky
Khabarovsk Krai	1,609,000	1,343,669	Khabarovsk
Koryak Autonomous Okrug	39,000	31,000	Palana
Magadan Oblast	386,000	156,996	Magadan
Primorskii Krai	2,258,000	1,956,497	Vladivostok
Sakha Republic (Yakutia)	1,081,000	958,528	Yakutia
Sakhalin Oblast	710,000	497,973	Yuzhno-Sakhalinsk

Source: (Davis, 2003: 24; Dmochowski, 2019: 234)

(https://www.researchgate.net/publication/341919838_Demographic_changes_in_the_Russian_Siberia_and_the_Far_East_in_1989-2019)

The population of the RFE is approximately 7.5 million, or 5 per cent of Russia's total population. Russians constitute about 81 per cent of the population (although many are descended from Ukrainian emigrants); 6 per cent are descendants of Chinese, Korean, Japanese, Vietnamese, and native peoples. With about 1.2 persons per sq. km., the RFE has the lowest population density in Russia. Due to severe climate and harsh living conditions in the northern areas, decreases in regional wage differential payments, and the reduction in central grants to the region, there has been a substantial annual relocation of the population to other regions of Russia that has been increasing in recent years. The region known as the Russian Far East covers 6.2 million square kilometres, which is equivalent to 36.4 per cent of the total land mass of the Russian Federation. The large size and truncated population density in the RFE mean that conveyance costs are very high, and therefore everything is more costly in the Far East than in European Russia (Moltz, 1996).

In addition, these factors also make it harder for government and non-governmental institutions to build on the close within and between regions. Much of the region lacks a broad and extends to the economy. Some of the regions are almost entirely missing from the production capacity, and thus relying on goods produced elsewhere, particularly the food, so they must pay the rising transport costs to survive. The southern part of the RFE, Amur Oblast, Jewish Autonomous Oblast, Khabarovsk Krai, Primorskii Krai and Sakhalin Oblast accounts for more than 70 per cent of the region's economic potential, including the majority of processed and unprocessed goods, goods of consumer production amounting to 90 per cent. The northern part of the RFE (Chukotka, Kamchatka Oblast, Koryak Autonomous, Okrug, Magadan Oblast and Sakha) lives off extractive industries ranging from fishing to mining. Currently, the RFE produces approximately 5 per cent of Russia's national product but is the number producer of diamonds and gold and a substantial producer of other vital resources such as timber, oil, gas and tin (Davis, 2003).

As given the table below, the RFE area has a low concentration of people (1.2 persons per square kilometre). However, on the other side of the border, several Chinese provinces have at least 15 times more people than the RFE. Because of this,

many local Russian officials in the regions and many in Moscow have brought up the issue of Chinese immigration flooding the RFE region, which will significantly affect the political, economic and demographic life of both the RFE and Russia. In addition, political figures in Russia have used this issue to advance their careers. For instance, in June of 2000, the governor of Primorsky Krai and Yevgenii Nazdratenko federal provinces publicly advocated relocating five million ethnic Russians from European Russia to help out what appeared to be an unfair distribution of people. It was done to help out what appeared to be an unfair distribution of people (Hebblewhite and Pikunov, 2011).

Table 2.3: Comparative figures (in percentage)

Names	Gross regional product	Territory (2018)	Population size (2018)
Russian Federation- total	100	100	100
Central Federal District	34.9	3.8	27
Northwestern Federal District	10.6	9.9	9.6
Southern Federal District	6.3	2.4	9.7
NorthCaucasianFederal District	2.4	1	6.7
Volga Federal District	15.9	6.1	20.7
Urals Federal District	14.2	10.6	8.5
Siberian Federal District	10.3	30.1	13.4
Far Eastern Federal District	5.4	36.1	4.3

Source: (Sabitova et. al., 2016: 5244)

However, Mikhail Alexeev argued that the migration problem is far less threatening in his book. On any given day, the Chinese national's presence in Primorsky Krai is less than one per cent of the region's indigenous population. Furthermore, it has been stated that immigration has benefited the local economy. There has been a regular circulation of workers in and around this area. Many early forecasts predicted or asserted that the net population growth in the RFE as a result of Chinese migration would be significantly higher than it was. Even though people are still quite concerned

about potential demographic issues, the Chinese and Korean communities are necessary for the local economy's expansion (Clerk, 2003).

Table 2.4: Density of population in the Russian Far East (persons per sq. km)

Federal Districts of the Russian Far East	Persons per sq. km)
Amur Oblast	2.9
Chukotka Autonomous <i>Okrug</i>	0.1
Jewish Autonomous Oblast	5.8
Kamchatka Oblast (includes Koryak Autonomous <i>Okrug</i>)	0.9
Khabarovsk Krai	2
Magadan Oblast	0.6
Primorye	13.6
Sakha Republic (Yakutia)	0.3
Sakhalin Oblast	7.4

Source: (Davis, 2003: 27)

The RFE is extremely sparsely populated (Table 2.4). “The most densely populated territory in Primorye with 13.6 people per sq. km. The most sparsely populated area is Chukotka with 0.1 people per sq. km and Sakha with 0.3 people per sq. km. regionally; the average population density is 3.7 people per sq. km. however, the average population density of the Russian Federation is 8.61 people per sq. km (Cockerham, 2007).

The RFE is a large and remote region with a harsh climate and a small and diminishing population. The region has a past, resource base, and a sense of detachment from Moscow that often make its leaders and inhabitants less than submissive to the central authority. In addition, the neighbourhood will strongly affect how the future reveals for the RFE. The long border with China, the short border with North Korea, the nearness of Japan as well as other Pacific Rim countries, and the level of attraction or investment in the region by other powers such as the United States and South Korea will influence the choices and opportunities facing Far Eastern leaders (Young, 2018). The history of the RFE is the story of a border similar to the United States' westward expansion.

Russians (and other Slavic and European groups) went east to capture wealth in furs and natural resources, escape governmental control, find additional freedom,

often outcasts or exiles and find markets for their goods. Others went to the frontier for reasons of state. They were sent to protect investments, property, borders, and state claims to resources, either settlers or troops. This dichotomy of rationales for populating the frontier gives the region a dual personality in which cooperation and conflict permeate most activities. Those who live in the Far East have an odd mix of individuality and inventive and antiauthority attitudes coupled with a desire for help from the central government on issues of importance like energy policy and export rules. This dichotomy is strengthened by geography. The RFE is much closer in geographic terms to Northeast Asia than it is to Moscow. Many in the RFE felt their future was tied to Asia, yet their presence was tied to Moscow. Moreover, in economic terms, it is more accessible, inexpensive, and reasonable for the RFE to trade with Asia than with Moscow. However, the region depends on Moscow for good grants, wage payments, monetary policy, and more (Davis, 2003).

Table 2.5: Russian Far East and its population

Districts	Population (mln)	Share of the Russian population (%)
Central District	37.2	26.2
Northwestern District	13.4	9.4
Southern District	22.9	16.1
Volga District	30.1	21.2
Ural District	12.3	8.7
Siberian District	19.5	13.7
Far Eastern District	6.5	4.7
North Caucasus		
Russia Total	142	100

*Source: Russian Federal Statistics Service, 2009
www.perepis-2010.ru (Official website of the 2010 Census)*

There is a large degree of disparity in the distribution of the Russian population across the RFE's federal districts (Table 2.5). Both the Siberian and Far Eastern federal districts, which together make up approximately 67 per cent of the total land mass of

the Russian Federation, are home to approximately 18 per cent of the total national population. Approximately as many people live in the Central federal district of RFE as in the capital city of Moscow. It represents approximately 26 per cent of the total population of Russia (Sazanova, 2012)

2.3 Regional Characteristics of Russia's Far East

Russia is divided into eight federal regions. Far Eastern Federal District or The Russian Far East (RFE) is a large and remote region with a harsh climate and a small and diminishing population. It is a land of great beauty, mythic proportions, extreme poverty, and great mineral wealth. The people living there are a varied group coping with unusual circumstances as Russia and the Far East emerge from the legacy of the Tsar, the Soviet empire, authoritarianism, and the command economy (Davis, 2003).

Fewer than 8 million people live in Russia's Far East, despite the region covering almost three times the combined land area of the United Kingdom, France, and Germany. The region comprises ten of the 89 subjects that make up the Russian Federation. Many of the issues that the region is currently facing have their roots right here. The affluent area suffers from inadequate transportation infrastructure, overreliance on extractive industries (such as lumber, mining, oil, and gas), extreme physical and economic isolation from Russia proper, and an absence of appropriate labour resources. In this broad sense, Russia's Far East is a 'threatened' territory. Russian central authorities in Moscow completely understand these dangers, which have been the subject of frequent hyperlocal commentary in the Russian media. For example, covering the potential population issue at the China-Far East border may have been the most challenging (Clerk, 2003).

The region has a history, resource base, and a sense of distance from Moscow that often make its leaders and inhabitants less than compliant with the central authority. The people living there are diverse groups coping with extraordinary circumstances as Russia and the Far East emerge from the legacy of Tsarism, Sovietism, empire, authoritarianism and the command economy.

Map 2.2: Map of Far East Federal District of Russian Federation



Source: <https://www.mapsofworld.com/russia/regions/russia-far-eastern-region-map.html>

The future of this vast region will be affected by the enthusiasm of the Kremlin to negotiate deals with each of the components of Russia's Far East, i.e., The Russian Federation's economic situation, the condition of the military forces in Russia's Far East, Russian defence budget, the attitude of the inhabitants, and the will of Far Eastern politicians (Antonova and Lomakina, 2020).

In addition, the region known as the Far East of Russia encompasses the most eastern part of the country. It is located between Lake Baikal in Eastern Siberia and the Pacific Ocean. Russia's Far Eastern Federal District shares land borders with the People's Republic of China and North Korea to the southwest. It also shares marine borders with Japan and the United States (the state of Alaska). The Siberian Federal District is located east of the Far Eastern Federal District. The Russian Far East is classified as a separate region from Siberia under the Russian Regional plan, even though the RFE has been traditionally considered a part of Siberia (previously known as the Soviet Far East). It is a unique location in that it supplies several types of raw materials and their derivatives to the country. Aside from that, the area maintains an

important strategic position and plays a crucial role in Russia's regional (oblast)⁸ foreign policy (Mishchuk, 2020).

Although the principal economic resources of the RFE are its considerable and notable natural resources, the economic structures of the various administrative entities of the area differ. Primorskii Krai, one of the areas, concentrates on fishing and industries. This region's economy is the most varied in the Far East. The Khabarovsk Krai area is home to a substantial portion of the Far East's heavy industry. Consequently, it was home to the main oil refineries in the RFE for a long time. In addition, the area in the Far East is expanding its cross-border commerce with China. There are plans to construct a bridge connecting the regional capital of Blagoveshchensk and the city of Heihe in China. Despite a more favourable geo-economic environment for resource development in Russia's Far East, there are still several questions about the scenario for efficient resource-based development in this resource-rich area of Russia. The most crucial of these concerns is whether the resource-rich Far East has the resource base capability to support economic recovery (Tsvemkov, 1993).

Consequently, the overwhelming majority of studies on the potential for resource-based growth in the Far East region of Russia have rehashed Soviet estimates without considering the shifting political, economic and social factors that influence the region's resource development. In light of these developments, it is necessary to describe the prospective resource base before it is possible to consider, generally, the factors that impact resource development in the region. Mineral extraction makes up a significant portion of Russia's mining industry, and the Far East is home to more than 70 per cent of the country's diversified mineral deposits (*Goskomstat RSFSR*, 1991). Thus, it is possible to find various resource-rich regions in the RFE. For instance, the region's mineral-producing area is divided into four distinct mining zones: the southern zone consisting of Khabarovsk Krai and Amur oblast, producing tin and gold; the Pacific zone consisting of Primorski, Sakhalin and Kamchatka oblasts,

⁸The term oblast meaning province or region in Russian, currently there are 46 oblasts or provinces in the Russian Federation.

producing polymetallic metals and tungsten; and the Central zone consisting of Sakha Yakutia, Magadan producing Oil and Gas, Coal, Diamonds (Belousova and Isaev, 2018).

The population of the RFE is approximately 7.5 million, or 5 per cent of Russia's total population. Russians constitute about 81 per cent of the population (although many are descended from Ukrainian emigrants); 6 per cent are descendants of Chinese, Korean, Japanese, Vietnamese, and native peoples.⁹ With about 1.2 persons per square kilometre, the RFE has the lowest population density in Russia. As a result of the harsh climate and difficult living conditions in the northern areas, decreases in regional wage differential payments and the decrease in federal subsidies to these regions have been increasing in recent years (Motrich and Nayden, 2009).

Far East Russia comprises 36.4 per cent of the Russian Federation's territory, or 6.2 million square kilometres. Due to the vast size and low population density of the Russian Far East, transportation costs are very high. Therefore, everything is more expensive in the Far East than in European Russia. In addition, these factors also make it harder for governmental and non-governmental institutions to build close networks within and among the regions. Much of the region also lacks a broad-based and diversified economy, and some regions are almost totally lacking in manufacturing capabilities. So, they rely on goods produced elsewhere, mainly foodstuffs, and must pay the rising transportation costs to survive (Motrich and Nayden, 2009).

The southern portion of Russia's Far East (Amur Oblast, Jewish Autonomous Oblast, Khabarovsk Krai, Primorskii Krai and Sakhalin Oblast) is responsible for approximately 70 per cent of the region's economic potential, including 90 per cent of agricultural output, heavy industry, consumer goods production, and food processing (Minakiri, 1995). Furthermore, the northern portion (Chukotka, Kamchatka Oblast,

⁹The Russian Federation as a whole is in great flux including the state committee on statistics (*Goskomstat*). Under the Soviet Union, statistics were extremely unreliable for several reasons and unfortunately remain fairly unreliable in the post-Soviet era. Scholars of the region are forced to do the best they can with available statistics on the region, not only Russian statistics, but also those collected by international organizations, etc. Economic data are particularly problematic since so much of the economic activity in the Russian Federation occur *na levo* (on the left) in the shadow or black market economy and are not repeated in official statistics.

Koryak Autonomous Okrug, Magadan Oblast and the Sakha Republic) is supported by extractive industries like fishing and mining. Far East Russia accounts for approximately 5 per cent of Russia's GDP, but it is the leading producer of diamonds and gold and a significant producer of wood, oil, gas and tin (Zyryanova et al., 2005).

2.3.1 The RFE in the Russian Federation

Russia's Far East area comprises one-fourth of the territory of the Russian Federation. Only a few miles of ocean separate Sakhalin from Japan and Chukotka from Alaska, and the area shares borders with China and North Korea. Moreover, this affluent area of Russia is about 5,700 miles and 11 hours by air from Moscow. Six to nine time zones separate the majority of Russia's Far East from European Russia. This distance is often as important psychically as physically. There has always been a duality among those living in the Far East. As they have throughout history, the Far Easterners need Moscow in one breath and loathe it in the next. Though close in geographic terms to Asia, the Far East is culturally, religiously and ethnically close to Russia since all of the territories in the RFE have a majority of Russians living in them.¹⁰ They crave freedom and some autonomy but need the centre's help in many ways (Fediuk, 2016).

Amur Oblast

The Amur Oblast has a population of slightly over 1 million. The Amur Oblast is located on the border with China and also borders Sakha, Khabarovsk Krai, the Jewish Autonomous Oblast and Chita Oblast (in Siberia). Almost 87 per cent of the population is Russian, with another 8 per cent other Slavic groups. Its capital is Blagoveshchensk, one of the oldest cities in the RFE and one of the prettiest, with many ornate nineteenth-century buildings. Across the Amur River from Blagoveshchensk is the Chinese city of Heihe which seems prosperous compared to the Russian side of the river. Amur is on the border with China, so political and economic relations with that country are significant. Generally, Amur Oblast has better relations with China and Chinese living in the oblast than some of the other parts of the RFE.

¹⁰For basic demographics and statistics on the size of the territories in the RFE, see tables in Chapter 2.

Geo-strategically, the long border with China makes Amur highly important to the Russian Federation's security. Many border guards and military are in the region to facilitate security matters at the border. Amur is also important to the central government since it is home to the *Svobodnyi Cosmodrome*, Russia's top space centre (Davis, 2003).

Chukotka Autonomous Okrug

Chukotka Autonomous Okrug is located on a peninsula at the easternmost point in Russia and borders Kamchatka, Magadan Oblast and the Koryak Autonomous Okrug. It is also close to Alaska. Its capital is Anadyr. Chukotka has a population of only 81,000, and it is falling rapidly. The territory is 66 per cent Russian, almost 17 per cent Ukrainian, 7.3 per cent Chukchi and has some Belarusians and Tatars. The Okrug declared itself a republic in 1990 and began calling itself the Chukotka Soviet Autonomous Republic, although this declaration of republic status was short-lived. In 1992, Chukotka became independent of Magadan Oblast. This separation meant that Chukotka lost a significant portion of the infrastructure that allowed it to function and had to create new linkages with Russia and the rest of the world (Minakir and Prokapalo, 2017).

Jewish Autonomous Oblast (JAO)

The Jewish Autonomous Oblast borders China, Amur Oblast and Khabarovsk Krai. It has an outlet to the Pacific Ocean via the Amur River. The region has a population of 205,000, of whom 83.2 per cent are Russian, 7.4 per cent are Ukrainian, 4.2 per cent are Jews, and 1.0 per cent are Belarusian. The Jewish population, always small, is experiencing a steady decline. This *Oblast* was established in 1934 as a homeland for Russian Jews by Stalin, and the JAO was part of Khabarovsk Krai until 1992. Its capital is Birobidzhan, which often refers to the entire oblast (Zhironov, 2011).

Kamchatka Oblast

Kamchatka Oblast is located on a peninsula jutting into the ocean and shelters the Sea of Okhotsk. It borders the Koryak Autonomous Oblast, Magadan Oblast and Chukotka. Twenty-nine volcanoes and hundreds of inactive ones on Kamchatka and large

portions of the peninsula are inaccessible. It is very mountainous, and a large part is covered by permafrost. Three hundred ninety-six thousand(396000) people are living in Kamchatka. The population is 81 per cent Russian, 9 per cent Ukrainian, 2.6 per cent of people of the north and less than two per cent Belarusians and Tatars. The capital is Petropavlovsk-Kamchatskii. Kamchatka is among the poorest of Russia's regions. The region has chronic energy problems and has seen widespread protests against the lack of heat and electricity. It has been quite common for Kamchatkans to have only a couple of hours of heat and electricity per day in the winter. Much fuel, oil, and coal must be shipped into Kamchatka by boat. It is expensive and unreliable. No new housing has been built since 1995, and half the population falls under the poverty line. Kamchatka also has many earthquakes and a very harsh climate that make daily life difficult. The earthquakes and volcanoes give some hope to geothermic power generation, but the investment risk in the region is so high that few companies will be willing to take the chance. So, poverty is likely to continue (Davis, 2003).

Khabarovsk Krai

Khabarovsk Krai has a slightly over 1.5 million population with 86 per cent Russian, 6.2 per cent Ukrainians, some Tatars and 1.3 per cent northern peoples, including Nanays, Evenks, UI'chi, Nivkhi and others. It has a long coastline along the Sea of Okhotsk. To the south is Primorskii Krai. The Krai also borders Magadan Oblast, Sakha, Yakutia, Amur Oblast, The JAO and China. The capital is Khabarovsk, which was recently chosen as the seat for the new Far Eastern Federal District and has been the Far Eastern Military District's headquarters. Khabarovsk is the site of 60 per cent of the defence complex of the RFE. There are many military units and a substantial number of military industries in the Krai. However, the federal defence budget does not provide enough funding to feed, clothe and house the Russian Army (Antonova, 2013).

Koryak Autonomous Okrug

The Koryak Autonomous Okrug lies north of Kamchatka, occupying the northern stretch of the peninsula and borders Magadan Oblast and Chukotka. It is one of the

least developed and least populated regions in Russia. Approximately 31,000 people live in the AO. Russians constitute 62 per cent, Koryaks are 16.5 per cent, Ukrainians are 7.3 per cent, Chukchiise 3.7 per cent, 3 per cent are Itel'men, and 1.8 per cent are Evens. Its capital is Palana. Relations with indigenous peoples, like the Itel'men, are significant in the region's politics. Economic progress and diversifying the economic base are also significant. Fisheries, furs and mineral mining seem to have the most potential for development here (Dedyk, 2006).

Magadan Oblast

Magadan Oblast borders Sakha, Khabarovsk Krai, Kamchatka, and Chukotka. Chukotka oblast had been a constituent of Magadan Oblast until its independence in 1992. The largest of the indigenous peoples live on traditional pursuits such as reindeer hunting and fishing. Two hundred forty-six thousand(246000) people live in the Magadan Oblast, of whom 72 per cent are Russian, 15.5 per cent Ukrainian, with 2 per cent or less of each Belarusians, Tatars and tiny peoples of the north. The capital of the Oblast is the city of Magadan. Magadan has a harsh climate but numerous resources, including silver, gold, and coal. Unfortunately, the processing of minerals, especially gold and silver, cause massive air pollution, and Magadan has some of the most polluted air in Russia (Rybakova, 2009).

This region was central to the Soviet-era GULAG. This region's gold and silver mines exist because they were built by prison labour. The GULAG used to be a source of jobs in the region. At that time, prison guards, cooks and so on were used in the camps and troops brought into the region as administrators, guards, or political overseers temporarily brought money and goods into the economy. Since the end of the GULAG system, these jobs have been gone. Even though this has caused hardship, most locals would not want the prison system back solely for the economic benefit of this region (Milovsky et al., 2019).

In addition, population loss is a considerable concern in the Magadan Oblast. The region lost 81,000 people from 1992 to 1998. A loss of over one-quarter of the population and some population estimates shows a loss of around 140,000 people,

which is over one-third of the population in this region. Health concerns are also significant. Drug addiction and alcoholism are rampant. Mortality is twice the Russian average, and life expectancy is 20 years lower among native populations than Russians. Only 6 per cent of native peoples live long enough to collect a pension. These concerns are also significant in other extreme northern regions such as Chukotka, Kamchatka, and the Koryak Autonomous Oblast (Davis, 2003).

Primorskii Krai or Primorye

Primorskii Krai, or Primorye, lies along the Sea of Japan and borders China, North Korea, and Khabarovsk Krai.¹¹ The region has coal, tin, gold, lead, zinc and iron deposits. They grow potatoes and vegetables, sugar beets and rear livestock in agriculture. Industries include wood processing, food processing, machine-building and construction materials. Primorskii Krai has a population of 2,216,000 and is almost 87 per cent, with another 9 per cent Belarusan. There are also 20,000 Tatars and over 8,000 Koreans, and 766 Udegei. The capital is Vladivostok. Primorskii is known as highly corrupt. The 1990s were filled with gangland-style killings and ostentatious funerals for mob bosses. In addition, illegal trades ranging from smuggling textiles to nuclear materials and weaponry have commonly been alleged to be centred in the territory. Perhaps due to the region's corruption or political concerns, the Kremlin plans to impose much stronger oversight on Primorye's government and budget than in years past (Gluschenko et al., 2014).

The Sakha Republic (Yakutia)

Sakha is the largest republic of the Russian Federation but has a population of only 1.03 million, of whom approximately 33 per cent are ethnically Sakha. Forty per cent of the Republic of Sakha is located north of the Arctic Circle. All of Sakha is covered by permafrost. A vast taiga forest and huge areas are covered with moss and lichen favoured by the local reindeer herds. The region has massive diamond reserves, gold deposits, tin deposits, natural gas, and oil. During the Soviet era, the Republic was known as Yakutia. The indigenous people considered that to be an outsider's name

¹¹The region is commonly called Primorskii Krai, Primorye or the Maritime Province.

and a corruption of a local Evenk name for the Turkish-speaking peoples of the region. In 1990, the then Yakut-Sakha Republic declared sovereignty. In Sakha, 74 per cent of the population is rural, and only 13 per cent of urban dwellers are Sakhalin (Maximov, 1990).

Sakhans work in agriculture (87 per cent) and are paid less than 16 per cent of what a Russian energy sector worker makes (Vinokurova, 1994). So there is significant ethnic tension in the republic. The Sakha people are of Turkic origin with some mixture of the local hunting and fishing peoples. Traditionally, the Sakha have been cattle and horse breeders. Sakha nationalists have been advocating closer ties with Turkey. In addition, Sakha has been looking to Mongolia, China, the Koreas and Japan for trade and economic needs. Though the republic has phenomenal mineral wealth- Sakha produces 98per cent of Russia's diamonds and much of its gold- they are highly dependent on the central government for food and transportation subsidies and winter deliveries of necessities. It has led to success, moderation, and compromise in federal relations. Sakha's demands fall in the middle of the continuum of Russian Federation subjects in the ongoing federal bargaining (Cruikshank and Argounova, 2000).

Sakhalin Oblast

Sakhalin Oblast has a population of 620,000 and is 82 per cent Russian, 6.5 per cent Ukrainian, 5 per cent Korean and 1.6per cent Belarusan. There are about 1.5 Tatars and many small peoples in the north, including the Nivkhi, Evenks and Nanays. Sakhalin is a chain of islands that jut into the Sea of Okhotsk. The southernmost island comes very close to the Japanese island of Hokkaido. The Oblast includes Sakhalin Island and the Kuriles. Japan and Russia dispute the four southernmost Kurile Islands that the Japanese refer to as the Northern Territories. The capital is Yuzhno-Sakhalinsk. Sakhalin has immense offshore oil deposits, and several international joint ventures are working to access them and bring them to market. In addition, the Oblast has coal, metals, timber, and a vast fisheries industry. Sakhalin has the third-largest

community of foreigners living there during the drilling season, right after Moscow and St Petersburg (Stephan, 1970).

2.4 Politics and Society in Russian Far East

In regions of Russia, the single most influential political figure has been the governor. Governors are elected for a four-year term. In addition, each oblast, krai, republic and the autonomous area has a law-making body, a court system, and local administrations. However, the governor typically exercises a significant amount of power paralleled to these other organs of power. In addition to the governor and the assembly, the president of the Russian Federation emerges large in the regions. He controls the finances to a large degree, controls the military based in the region, and has plentiful devices of power he can use, fluctuating from the handling of regional grants and tax credits for foreign investment to constitutional and legal changes that advantage or disadvantage a given region. In addition, since mid-2000, there have been seven chosen presidential diplomats, often called governors-general, who also play a political role in Russia, and one is responsible for the RFE (Davis, 2003).

Eighty-nine constituent entities make up the Russian Federation and are referred to as subjects of the Federation. Twenty-one are morally based republics, six are krai, ten are autonomous okrugs, one is an autonomous oblast, two are cities, and the other forty-nine are oblasts (provinces). Russia is an irregular federation, so subjects of the federation have dissimilar political and economic privileges. There are three stages of privileges in the Russian system or types of federal subjects: national state formation or republics based on origin and administrative-territorial units (oblasts, autonomous oblasts). According to the constitution, ethnically based republics are treated as though they share dominion with the central government. Each republic has the right to have its constitution if it does not disobey the federal constitution and can pass its acts. Most have directly elected presidents, and several regions have negotiated even more special privileges and rights with the central government. Republics, okrugs and the autonomous oblast are designed to grant special recognition and political rights to territories with significant non-Russian populations. The Autonomous Okrugs (AOs) are located within more significant

provincial creations but are treated constitutionally as subjects of the Federation, and this dual status can cause significant strain between the AO and the territory in which it is located. Oblasts and Krai are administrative units with no special constitutional powers; however, many have managed to cut out new and sometimes significant powers vis-à-vis the federal government in various ways (Davis, 2003).

In a metaphorical sense, federalism denotes the existence of two levels of statehood, the central level federal government and the federal provinces or units, which are both states. If the top layer is sovereign, it is called a unitary state. If only the principal component has statehood, it is a confederation. Moreover, this arrangement makes it difficult to determine if both levels have statehood. Again, the concept of the second layer of statehood implies that both levels are autonomous; however, in a federation, when power over the same territory and the same people is shared, the authority borders are inherently fuzzy (Kupper, 2013).

Consequently, determining whether or not a particular system is federal requires an articulate inquiry and a measure of evaluative analysis. Historical causes often influence such views. The issue of powers is a formal aspect that may be considered a common denominator across various systems that define themselves as federal. Typically, the federal constitution divides public functions between the federation and its divisions, and the federal level's powers are enumerated. All powers did not explicitly confer on the federation belong ipso facto to the federal bodies (Kupper, 2013).

In this connection, President Yeltsin introduced the office of the presidential representative in the regions of Russia in 1991. Each subject of the federation had a chosen presidential envoy that was grounded in that area. Yeltsin's goal had been to strengthen central power. In May 2000, Putin issued a verdict altering the nature of the presidential representatives in the region and separating Russia into seven super-districts. Instead of eighty-nine presidential representatives, there would be seven, and they would be given an order straight from the president. With only seven, the President can have individual dealings and knowledge of each. All seven were elected to the Security Council, which enhanced their political standing and control. Being in charge of several regions should help the representatives struggle with the influence of

any one governor. However, Putin has not changed the fact that most of the material support for the presidential representatives comes from the provinces, not the central budget, thus giving provincial governors a helpful lever to use on the representatives (Davis, 2003).

Federation implies a particular arrangement of powers of the state. It presupposes the coexistence, of a general or central government and many provincial governments, with a vertical division of responsibilities: those of a general nature, that is, of common benefit to the people of the state as a whole, are assigned to the central government, while those of local and specific interest to the people of different provinces are delegated to the regional governments. It might appear that the government ruling over the general interests affecting the nation as a whole, like defence, external relations, communications, coinage and currency etc., must unavoidably take preference over the others presiding over interests of local or limited interest, but that is not so. Federalism implies parity of position (may not be of functions) between the general government and the regional governments, complete want of subordination and dependence of one on the other. It ascribes a juridical status and corporate character to both; the one is not simply the creation of the other (Ghosal, 1953).

In addition, Russia's Far East comprises a fourth of the land of the Russian Federation. It has land boundaries with China and North Korea, while just a few miles of ocean separate it from Japan and Alaska. In addition, the RFE is about 5,700 miles and 11 hours by air from Moscow. Six to nine time zones separate the majority of RFE from European Russia. There has always been a duality among those living in the Far East. As they have throughout history, the Far Easterners need Moscow in one breath and loathe it in the next. Though close in geographic terms to Asia, the Far East is culturally, religiously, and ethnically close to Russia since all of the territories in the RFE have a majority of Russians living in them. They crave freedom and some autonomy but need the centre's help in many ways (Khanna, 2012).

According to the new constitution, the Federal Government is responsible for overseeing relations with other states and negotiating and signing international agreements on behalf of the Russian Federation. It indicates that the federal

government have significant power when it concludes treaties. Moreover, the constitution stipulates that the Russian Federation's subjects, which includes the core republics and provinces, are granted the authority to form their own "international and foreign economic ties" with nations that are not part of the Russian Federation. As a result, this research may imply that the Federation subjects are allowed a partial ability to make treaties, at least concerning those issues over which they have exclusive jurisdiction (Danilenko, 1994).

Articles 86 and 106 of the Federal Constitution outline the federal government's treaty-making process. According to Article 86, the President of the Russian Federation negotiates and signs treaties. Additionally, the President signs approval forms. Article 106 specifies that the Federal Council, the upper house of the federal parliament, shall deliberate on federal legislation established by the state Duma about "the ratification and denunciation of international treaties of the Russian Federation" (Danilenko, 1994: 453). While this article suggests that both houses of the federal assembly must carry out the approval of treaties and that treaty approval is delivered in the form of federal legislation, it is unclear whether treaties need approval (Danilenko, 1994).

Sadly, the constitutional assembly did not approve a special provision included in the draft constitution given by the constitutional commission of the legislature. This provision listed the types of treaties requiring legislative approval. As a consequence, the democratic involvement of the legislature in the treaty-making process may be compromised. One can only hope the constitutional gaps will be closed by proposed special legislation on foreign treaties. In the meantime, the constitution provides a comprehensive framework for executing executive agreements. President and other government organs may enter into such agreements without presenting them for the approval of Parliament (Danilenko, 1994).

As previously stated, Russian Federation subjects may have an implied authority to negotiate treaties with foreign states, at least in areas of their exclusive control. The "constitution requires the Federation and constituent republics and provinces" to manage the subjects of the Russian Federation's international and foreign economic relations; one could argue that the subjects of the Federation must

consult with the federal government before entering into agreements. However, it is unclear if they need the official approval of the federal government for such accords. This issue will be clarified by future practice. Regarding the Federation's interactions with its constituents, the new constitution permits them to sign bilateral preparations to reorganise their capacities. The federal executive structures may delegate part of their authority to the executive organs of the republics and other subjects, while the component entities of the Federation may transfer some of their authority to the federal government. The suggested rearrangement of authorities may entail all capacities and, in theory, may involve transfers of international relations responsibilities. "The first constitutional arrangement along these lines" was negotiated with Tatarstan. There may be greater clarification of the treaty-making authority of the Federation's constituents, notwithstanding the improbability of significant transfers of foreign relations controls (Danilenko, 1994: 457).

Politics in the Russian Far East remains about personalities. Each region's most influential politician is the governor, followed by the Russian president and key ministers, oligarchs or key businesspeople, and the envoy or governor-general. The regional legislatures, courts and local governments (mayors, city governments, etc.) exercise power and influence. The absence of discussion of these organs of power does not imply that they are wholly unimportant, simply due to space constraints (Davis, 2003).

However, the state of Russian federalism is the key to understanding the regions. Under Yeltsin, power devolved to the regions first as a strategic choice and later by default. Putin has made significant efforts to recentralize. Some of these efforts have taken power away from the regions. Most analysts see a power shift away from the regions and towards Putin. It is partly due to his popularity and image but also partly due to his policies. The envoys have not been able to wield the kind of power initially foreseen for them. The Federation Council reforms have yet to take hold. Nevertheless, the perception remains that the centre is getting stronger at the expense of the regions (Kagarlitsky, 2002).

Within evolving federal relations, interactions with Moscow differ among the territories in the RFE. For example, Sakha has a bilateral treaty with Moscow that

gives it substantial powers above the Federation Treaty. They even have the right to keep and sell many of their diamonds. Sakha achieved this unique status for several reasons: the political skills of Mikhail Nikolaev; the relationship between Nikolaev and the Yeltsin family; the fact that Sakha's wealth is in an extractive industry that has no real competitors within Russia, which gives it power or leverage; and timing, Sakha was making far more reasonable demands than other republics were making at the same time, so they were rewarded (Sakwa, 2020).

Primorye and Sakhalin have exercised significant independence in many ways from all the regions in the Far East. They have the most contacts and joint ventures with foreign countries. Sakhalin and Primorye have angered Moscow by publicly opposing international treaties or issues under discussion by the centre. In the first case, Sakhalin's governor made some public pronouncements opposing any territorial concessions to the Japanese in the Kuriles and caused enough uproar to cause the cancellation of a state visit between the two countries' leaders. In the second, Primorye Governor Evigenii Nazdratenko was highly vocal about his opposition to the border demarcation with China and the loss of territory for his province. Rumours tend to be pretty accurate in the Far East, as Sakhalin is getting a pretty good economic deal out of the oil and gas ventures, and those elites in Primorye have gotten and are getting rich out of corrupt border trade, skimming tariffs, and various military shenanigans (Chabaneko, 1995).

The poor northern tier of regions (Chukotka, Magadan, Koryak and Kamchatka) fare much less well when dealing with Moscow. They are recipients of federal aid and subsidies, albeit on a smaller scale than in the Soviet era, but they could not survive economically without that aid. It gives them much less power vis-à-vis Moscow. Khabarovsk, Amur, and the Jewish Autonomous Oblast (JAO) are somewhere in the middle between those regions that make demands or avoid punishment for misdeeds and those regions that are often forced to accept the dictates of Moscow meekly. Each of these produces at least some of its food and is not entirely dependent on deliveries from Moscow to feed its population. All have some diversity in their economy. Nevertheless, they do not have the same relationships or leverage as the more demanding regions (Wood, 2011).

It is the politics and federal relations heading in the Russian Far East. When the Soviet Union collapsed, there was much talk about the possible re-establishment of something resembling the Far Eastern Republic(FER) of the 1920s or independence for the entire regions or some more minor part of it, though this seems to have dissipated. Despite the tradition in the Far East of autonomy and rejection of central authority, the authority of Putin seems entirely secure. The republic, oblasts, krais, and AOs of the Far East look to European Russia culturally, religiously and ethnically. The vast majority of the population consider themselves to be Russian citizens. It is also important to remember that most of those living in the RFE is ethnically Russian. Politics remain highly dependent on the skills and resources of whoever holds the position of governor and his/her relations with the elite in Moscow and will continue to do so until more meaningful parties are formed, society becomes more democratically oriented or both. In economic terms, though, the future of the RFE and its prospects for growth will rely heavily on its close Asian neighbours (Sakwa, 2020).

2.5 Socio-Economic Situation of the Russian Far East

Geographically speaking, the RFE is not an isolated area. Some academics contend that the RFE should be observed as two areas due to the dissimilar financial foundations in the north and south.

Table 2.6: Gross Domestic Product of the Russian Far East

Region	Regional GDP (%)
Amur Oblast	11
Chukotka Autonomous Okrug	1
Jewish Autonomous Oblast	1
Kamchatka Oblast	5
Khabarovsk Krai	21
Magadan Oblast	5
Primorye	22
Sakha Republic (Yakutia)	24
Sakhalin Oblast	11

Source: (Davis, 2003: 65)

www.partnerregions.org/english.macroeconom/economic/obsh_har_econ_en.htm

The southern part of the RFE “Amur Oblast, Jewish Autonomous Oblast, Khabarovsk Krai, Primorskii Krai, and Sakhalin Oblast” accounts for more than 70 per cent of the region’s economic potential, plus 90 per cent of the agrarian production, heavyweight industry, consumer goods manufacture and food handling. The northern part of the RFE ‘Chukotka, Kamchatka Oblast, Koryak Autonomous Okrug, Magadan Oblast, and Sakha’ survives off extractive business oscillating from fishing to mining. Other researchers contend, for similar reasons, that it is three: north, central, and south. The Russian Ministry of Economics announced in 2001 that the RFE was valued last amongst the seven super-regions of Russia for economic development in 2000. Roaming through Russia suggests plenty of signals of the honesty of that report. The RFE certainly lags behind the rest of Russia in numerous means.

Table 2.7: Risk of Investments in the Russian Far East

Ranked	Investment risk Region
52	Amur Oblast
58	Sakhalin Oblast
64	Jewish Autonomous Oblast
66	Primorskii Krai
71	Sakha Republic (Yakutia)
73	Khabarovsk Krai
74	Magadan Oblast
78	Koryak Autonomous Okrug
79	Kamchatka Oblast
86	Chukotka Autonomous Okrug
89	Chechnya

Source: Davis, 2003 quoted in RFE/RL Russian Federation Report (3) 32, Nov. 2001

However, within the RFE, there is a considerable difference. Each region’s present condition and predictions are somewhat different in monetary terms. Sakha, Primorye and Khabarovsk together produce over 67 per cent of local GDP (Table 2.6). They also have the maximum industrialization and varied economic outcomes in the region. Amur Oblast and Sakhalin are next with 11 per cent each. And the lowest stage includes Kamchatka, Chukotka, Magadan and the JAO (Kondrashov, 2004).

The RFE also has some disparity in investment risk; however, all the Far Eastern provinces are in the lowest half of the Russian Federation (Table 2.7). The best of the RFE is Amur Oblast, with an investment risk rank of 52 out of 89 subjects of the federation. The investment risk in the RFE is higher than in European Russia due to lack of infrastructure, poor financial facilities, transportation costs, corruption, and other factors, including climate. The far north does notably worse (Chukotka, Kamchatka, Magadan, and the Koryak Autonomous Oblast) than the central and southern portions of the region (Leonov, 2017).

Table 2.8: Russian Far East: Wages and Prices

Region	Average monthly wage*(rubles)	CPI**
Amur Oblast	899.7	124
Chukotka Autonomous Okrug	1753.3	323
Jewish Autonomous Oblast	530.9	129
Kamchatka Oblast	1433.5	208
Khabarovsk Krai	1082	135
Koryak Autonomous Okrug	1298.9	304
Mgadan Oblast	1546.4	191
Primorye	783.1	132
Sakha Republic (Yakutia)	1417.8	214
Sakhalin Oblast	1130.9	183

Source: (Davis, 2003: 67; Orttung, 2000). The republics and Regions of the Russian Federation: A Guide to Politics, Policies, and Leaders, New York and Armonk, NY

Wages and consumer prices throughout the region are higher than in European Russia (See Table 2.8). In general, farther north have greater prices and complex wages. For example, the average remuneration in Kamchatka is around double that in Primorye. The average consumer price index (CPI) in Russia is 100; the lowest CPI in the RFE is Amur with 124.

However, the average wage is almost the same as the average Russian monthly wage (899.7 roubles in Amur, 891.7 in Russia overall), so the living budget is

more costly in Amur than in the average Russian area. The most affluent region is Chukotka, with a CPI of 323, over three times the national average; however, the average wage in Chukotka is only somewhat less than double the national average wage, so living there is much more difficult (Davis, 2003; Maksim, 2013).

Table 2.9: Real Income in Russian Far East in 1999 and 2000

Region	Growth in real income (%)	Consumer price index*(%)
Russian Federation	12.7	20.2
Far East District	4.5	18.7
Amur Oblast	17.7	18
Chukotka Autonomous Okrug	14.4	19.7
Jewish Autonomous Oblast	36.4	16.9
Kamchatka Oblast	-19	24.3
Koryak Autonomous Okrug	38.2	31.3
Khabarovsk Krai	-2.4	19.9
Magadan Oblast	-8.8	18.3
Primorskii Krai	10.6	19
Sakha Republic (Yakutia)	-5	17.4
Sakhalin Oblast	15.3	15.6

Source: (Davis, 2003: 67) quoted in RFE/RL Russian Federation Report. (3, 11), 21 March 2001 & PlanEcon Report, 2001, Washington DC.

The hardship in the RFE becomes even more apparent if we look at regional economic trends (See Table 2.9). In much of the Far East, real income is falling while the CPI is rising. Kamchatka, Khabarovsk, Magadan, and Sakha decreased real income between 1999 and 2000. Some areas are holding their own or gaining ground, for example, the JAO, Koryak AO, Amur and Sakhalin (Novikova et al., 2020).

The population of the RFE has altered radically since 1991 and the downfall of the Soviet Union with substantial financial effects. In addition, rising relocation hastened the speed of fiscal weakening in many of these territories since the young

and able-bodied are the first to leave. The Russian State Statistics Agency reports that the population of the RFE has fallen more than 570,000 between 1992 and 1998. Some regions are more affected by emigration than others (See Table 2.10).

Table 2.10: Change in Population in Russian Far East between 1992 and 1998

Region	1992	1998	% Change	%Change
Amur Oblast	1063000	1023000	-40000	3.7
Chukotka Autonomous Okrug	124000	81000	-43000	-35
Jewish Autonomous Oblast	219000	205000	-14000	-6.3
Kamchatka Oblast	456000	396000	-60000	-14
Khabarovsk Krai	1621000	1546000	-75000	-4.6
Koryak Autonomous Okrug	38000	31000	-7000	-18
Magadan Oblast	327000	246000	-81000	-25
Primorskii Krai	2302000	2216000	-86000	-25
Sakha Republic (Yakutia)	1074000	1003000	-71000	-6.6
Sakhalin Oblast	714000	620000	-94000	-13.2
Total	7938000	7367000	-571000	-7.2

Sources: (Davis, 2003: 68) cited from *Goskomstat RF 1992-99*

Chukotka, Magadan, and the Koryak AO are extremely upset by population losses. These areas are in the far north, exceptionally isolated, and severely funded under the Soviet system. They bank deeply on extractive productions and are inclined to have either fewer assets or the resources they have been difficult and expensive to extract. The areas with the slightest population loss are Khabarovsk Krai and Amur Oblast. Each area is in the more moderate Southern region and has a more varied economy, economic possibilities and fairly good transport access (Mikheeva, 2001; Popov, 2001).

President Putin, in December 2000, proclaimed an outbreak of what he called the expanding demographic deterioration of Russia. He planned to appeal to Russians living away in the former Soviet Union (the Russians term it the near abroad) to return

to Russia, chiefly to live in the thinly inhabited Far East. However, the disadvantages of this plan, the cost of taking Russians back to Russia and the pressure this would likely create with bordering states were reasonably high (Davis, 2003).

Table 2.11: Production in industries in Russian Far East

	1986-90 (average)	1991	1992	1993	1994	1995
Russia	2.6	-8	-18	-14.1	-20.9	-6
Far East	2.3	-2.7	-14.4	-12.3	-20.8	
Sakha Republic	3.8	-2.4	-20.2	-3.9	0.4	2
Jewish A O	4.4	-5	-25.4	-33.3	-29	-32
Primorskii	2.8	-3.7	-6.9	-11.8	-29.3	-1
Khabarovsk	2.8	-1.2	-13.6	-18.2	-41.5	-23
Amur	2.2	-6.4	-17.3	-7.4	-22.9	-18
Kamchatka	2.4	-7.9	-26.9	-6.5	-30.8	9
Magadan	-0.2	-3.1	-8.1	-10.6	-11.6	-21
Sakhalin	0.2	3.1	-21.8	-26.9	-10	9

Source: A basic survey of Russian industry: economic trends, 1995
<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=RU>
<https://www.researchgate.net/signup.SignUp.html>

The demographic emergency for the RFE is due to several factors: lack of career openings, the poor economic performance of the region, plummeting life prospects, especially for men, rising suicide rates, low birth rates, a rising contamination rate for a variety of diseases including HIV and tuberculosis and high rates of infant death. The RFE adds several other factors to the overall calamity in Russia. Since the breakdown of the USSR, Russians have existed in the region in masses. Deprived of significant financial inducements or governmental investment in the necessities of life, the flight will likely continue even if the Putin administration can persuade some of the 23 million Russians in neighbouring states to travel to Russia (Kumo, 2012).

In 1994, only one factor seemed to develop more unchanging in the Russian economy: inflation. The inflation rate during the May-August 1994 period was about 3-5 per cent a month. The government and the Central Bank used two unique tools to

regulate inflation in the country. First, fiscal and economic pressures on the economy were used. As a result, the nation's industrial production dropped by 18 per cent in 1992, 14.1 per cent in 1993, and 20.9 per cent in 1994 (See Table 2.11). An associated consequence of the anti-inflation measures was a radical weakening in general domestic demand. Exports also fell due to high customs duties and relatively low exchange rates. The shrinking aggregate demand became the most severe constraint on economic development. Therefore, regulating the exchange rate on inter-banking currency exchanges was introduced in 1994 (Makarov, 2018).

Table 2.12: External Trade in the Far East

Territory	Exports (Value)	Exports %	Imports %	Imports %	Total (Value)	Total
Far East Total	1610.5	100	649.8	100	2260.3	100
Sakha	171.8	0.7	132.3	20.4	304.1	13.5
Primorskii	435.5	27	156	24	591	26.1
Khabarovsk	403.1	25	130.2	20	533.3	23.6
Amur	69.1	4.3	36.6	5.6	105.7	4.7
Sakhalin	219.4	13.6	43.9	6.8	263.3	11.6
Magadan	13.9	0.9	59.6	9.2	73.5	3.3
JewishAutonomous Oblast	10.2	0.6	6.2	0.9	16.4	0.7
Kamchatka	288	17.9	85	13.1	373	16.5

Source: Russian Far East Trade & Integration, Databook
(<http://go.worldbank.org/XVCFEXJ0H0>)

Consequently, the ruble-US dollar exchange rate was more or less stabilized. Import prices were also more or less stable. It was important because imported products and consumer goods signified more than 30 per cent of the local bazaar in Russia. The general economic condition of the state was precarious; however, keeping exchange rates low for an extended period was difficult. Imports grew uncontrollably as domestic production declined and personal income increased (Table 2.12). It was also

impossible to limit the money supply when non-payment reached almost 100 trillion rubles. As a result, by September 1994, the price rises were increasing by 8 to 10 per cent a month, and the exchange rate (rubles to US dollars) began to alter recklessly against the ruble (Akaha, 1997).

As the above table shows, approximately 6 per cent of the industrial output of the Russian Federation is produced in this area. The growth of reforms in the Russian Federation coincided with a deterioration of the economy. The centrally planned system of the former Soviet Union includes financial aid from the centre and regulations to keep transportation costs low. With these steps, the area established connections with other distant domestic regions and became the easternmost point of the closed domestic distribution system for industry (Davis, 2003; Minakir, 2013).

However, with the expansion of economic reforms, help from the centre diminished, and price liberalisation caused transportation costs to skyrocket. As a consequence, the economic ties of the Soviet era disintegrated, and the RFE was pushed into a more severe economic crisis than most other regions in Russia. The Russian Far East makes up over 36 per cent of Russian territory yet accounts for only around 5 or 6 per cent of GDP. The RFE has a tiny population, around 5 per cent of the population of the Russian Federation and supplies around 6 per cent of the Russian GDP overall (Lukyanets, 2013).

2.5.1 The RFE Economy under the USSR and in the Transition

As a result of the harsh climate and difficult living conditions in much of the RFE, the Russian Empire and then the Soviet government offered perks for moving to and living in the remote regions of the empire. Under the Soviet system, the Far East was heavily dependent on subsidies from the federal budget, a constant stream of supply planes full of food, clothing and fuel in winter and highly cheap transportation for business and pleasure. When the Soviet Union collapsed, subsidies were dramatically reduced or disappeared, supply planes stopped, and transport costs rose exponentially. In 1990, virtually anyone could take the Trans-Siberian Railroad from end to end. By the mid-1990s, the prospect was impossible as the cost was at least 30 to 90 days

salary for the average Russian. In 1991, a flight from Moscow to Yakutsk was quickly within reach of most of the population. In 1996, it cost the equivalent of several hundred dollars (Bicanic, 1994).

As the USSR collapsed, food became much more expensive, and wage payment problems became acute in the RFE. Major exports declined for various reasons ranging from falling production to missing inputs and labour problems, not financial problems. In January 1992, when the Russian government freed prices, the RFE was hit hard. Subsidies were unpaid or revoked, and people's pay fell even farther into arrears. Inflation has been rampant in the Far East, industrial production has collapsed, unemployment is up, and investment is down. On the other hand, this is true throughout Russia to a large degree. On the other hand, the RFE has often had each problem worse than other parts of Russia, mainly due to the region's heavy reliance on military spending and the vast increases in transport costs (Bicanic, 1994).

The Far East was also heavily dependent upon the military and military-industrial complex. The Pacific Fleet is based in Vladivostok, the Far Eastern Military Command in Khabarovsk. Kamchatka has naval and military bases and numerous border guard units patrolling the long border with China. When the Soviet Union collapsed, the military and defence industries were chaotic. Many Russians left their units to join the armed services of their newly independent ethnic homelands. As a result, military procurement was virtually halted, causing massive problems for the military-industrial complex (Juska, 1999).

The Far East and Siberia had the poorest living standards in Russia from 1992. When Boris Yeltsin visited the Far East in 1992, he was appalled and made statements like "You live here?" and "Places like this makes me embarrassed to be Russian". Industrial output had fallen precipitously. In Kamchatka, Primorye and Khabarovsk, production dropped over 30 per cent in 1995. In other regions, the production also dropped sharply. By December 1996, production had declined by two-thirds since 1991 in the RFE, and 40 per cent of the population now lived below the poverty line. Food distribution, in many places, had virtually collapsed (Juska, 1999).

From 1991 to 1997, the RFE lost 9 per cent of its population, with the most significant exodus from Magadan and Chukotka. People were leaving due to financial hardship. The job was tougher to find. The higher wages prevalent in the Soviet period were gone, as were central government subsidies and food and consumer goods deliveries. Prices rise dramatically. Prices in the Far East for many goods became substantially higher than those in the rest of Russia. Apartments and utilities, which had been virtually free, also rose in cost. Given the harsh climate in most of the region, anything approaching a market price for heat and electricity would be a terrible hardship for most people. In 1992, for the RFE, programmes designed to improve the economic situation in the region radically, President Yeltsin launched a regional development program. However, unfortunately, total funding never materialized, and many projects received only a tiny portion of the planned investment (Juska, 1999).

The Far East has substantially more unprofitable enterprises than Russia as a whole. Industrial production has been falling for a decade. The RFE and other post-Soviet areas suffered from severe problems with travel and trade. The soviet mindset of secrecy and control had led to a transportation system whose main goal was central control of the movement of goods and services, not convenience. It meant that railroad tracks and roads often went to places no one wanted to go or led from a factory or mine directly to Moscow without stopping or going through Moscow until 1992-93 (Davis, 2003).

Furthermore, driving from the RFE to other parts of Russia was virtually impossible due to long distances and a lack of adequate roads. With the demise of the USSR, transport costs rose dramatically, and railroad tariffs and airline travel became prohibitively expensive for most people and many businesses. Corruption and, therefore, the costs of bribes added to these problems. The RFE also lost its traditional suppliers for goods and services and its traditional markets. European Russia was too far away to sell goods and services to the people of the Far East at a profit, given the rising transport costs, even though there were more lucrative markets to the West for businesses in European Russia (Davis, 2003).

State investment in the RFE is down substantially, perhaps as low as 20 per cent of 1990 levels. Moreover, the region is not attractive to many foreign businesses for various reasons. Most of the reasons are the same as those limiting foreign investment throughout Russia- the absence of an independent court system to uphold contracts and shifting laws and regulations. However, the RFE is generally considered more corrupt than other parts of Russia, hindering investment. Apart from that, the lack of infrastructure causes many problems, as do the unreliability of electrical power and difficult living conditions. In particular, the poor condition of communications in the region is a severe problem though cell phones, wireless modems and satellite communications have helped here. The workforce, though well educated, is not as cheap or as well trained as those in some other Asian countries, so often, the RFE lacks a competitive advantage for gaining investment. There have been positive signs. As the Soviet Union collapsed, shuttle trading began along the border with China. China produced inexpensive consumer goods in large quantities, and the Russians had lots of pent-up demand. Trade was primarily bartered. Building materials were traded for Chinese textiles, timber and machine tools for electronic appliances, etc. This trade grew and became more monetarily based until the ruble collapsed in 1998. Since 2000, trade has recovered pre-collapse levels and is again increasing. It could become an engine for economic growth (Minakir, 2013).

2.6: The Far East's Resource Endowment and Economic and Industrial Potential

The region's economies are not well-diversified, often relying on a single industry or a small set of commodities such as gold, diamonds, silver, oil, gas, copper, tin, coal, semiprecious stones, and other natural resources. The costs of mining these resources are often prohibitively high. Moreover, although these commodities are valuable, they are far more valuable if they have proceeded into completed products rather than sold as raw materials, which happens in the Russian Far East.

There are abundant forests, but much of the timber is low quality and used only for pulp and industrial uses, although the quality is better in the southern parts of the RFE, where the climate is milder and the growing season longer. Seventy per cent of

the RFE is covered with permafrost. The Arctic coastline in the north of the RFE is frozen ten months a year, and the southern part of the coast, around Vladivostok, is iced over for two months each year. Despite problems with ice, fishing is a big industry in the Far East. Furs and games of various types also provide valuable export revenues. Natural resources are plentiful in some parts of the RFE; however, production costs can be pretty high, and transportation costs continue to rise (Newell, 2004).

The region's prospects for economic development depend heavily upon its ability to develop its infrastructure. Modern infrastructure includes roads, rail lines, air routes, bridges, pipelines, communications systems, laws, etc. Unfortunately, the Far East has few paved roads, two mediocre rail lines (the Trans-Siberian and the BAM), few commercial or private air carriers, minimal pipeline capacity and few telephones. The advent of cellular phone technology has helped increase the prospects of communication, but otherwise, physical infrastructure is pretty bleak. Banks are also a necessary precondition for economic growth. In the RFE, only 3.2 per cent of people have a bank account compared to 20 per cent in Moscow (U.S. Department of Commerce, 2001).

Banks are also not trusted by businesses, and many banks are incapable of processing simple wire transfers for exchanging currencies. It makes international trade cumbersome and adds to its cost in both time and money. In addition, the rule of law is highly problematic, as is contract enforcement. Crime and corruption abound. The police are poorly paid and ineffectual. The courts are poorly developed and dependent upon other institutions or individuals. The lack of physical and legal infrastructure makes the development task more complicated and expensive. Given the state of the economy in Russia, the large-scale investment in infrastructure is not likely to come from Moscow. So, the Far East will have to look elsewhere, most likely to the Pacific Rim. The most likely investors are Japan, Korea, and the United States, with China a distant fourth for various reasons (Davis, 2003).

The Russian Far East had raw materials, oil, gas, diamonds, and a land route to the lucrative markets of Europe. Those things made the Far East look pretty appealing

to many Asian countries. The RFE stood to gain investment, friendly neighbours, jobs, economic growth, and security. Moscow and many academics began to worry that the RFE would want to leave the Russian Federation and become independent or part of one of the neighbouring countries. However, the RFE seems to have come to a pragmatic conclusion. It looks west for politics, security and culture and East for economic needs.

Nonetheless, the economy of RFE possesses the following structural characteristics: a low population density and few varieties of industries, other challenges including the high cost of transportation, “price competitiveness, and a fiscal structure that is highly dependent on the federal government” (Davis, 2003).

2.6.1 An Economic Space with a Low Population Density

The population density in the RFE is much less than the average for the Russian Federation. Primorsky Krai and Sakhalin Oblast have higher rates than other regional places. During the former Soviet Union regime, the RFE was sustained by a policy of encouraging migration for national defence and natural resource development purposes and other distribution strategies that were part of the centrally planned economy. However, with the dissolution of the Soviet Union, social and environmental declines led to a population decline in the RFE. This decrease in population resulted in a contraction of the regional market, which would, in the future, hinder the preservation of the regional economy. In addition, economies of scale do not operate in economic regions with very scattered people and low population densities, resulting in high costs for components such as the infrastructure that maintains social life and economic inefficiency in production and distribution activities (Chaika, 2021).

2.6.2 A Narrow Industrial Base

Compared to the rest of the Russian Federation, the industrial structure of RFE has been dominated by two industries: nonferrous metals and food products. Primorsky Krai is distinguished by its machinery and food products, and Khabarovsk Krai is

distinguished by its oil, gas, iron and steel, machinery, and timber. Sakhalin oblast is distinguished by its fuel energy and food products, and Amur oblast is distinguished by its electricity, non-ferrous metals, and wood. In addition, it is asserted that a substantial portion of the machine industry depends on military demand, and the delay in transitioning to civilian production has become a significant cause for concern. In addition to a lack of financial resources, the absence of sales networks for civilian products and the difficulty of estimating demand have prevented many businesses from transitioning to civilian production. Non-ferrous metals and minerals mined primarily in the Sakha Autonomous Republic are diamonds, gold, and tin (Christoffersen, 2018).

Companies have been unable to profit due to increased manufacturing expenses, mainly attributable to the rising cost of energy, transportation and distribution. In reality, there have been mining closures, and many companies are facing challenging economic conditions. The region is rich in natural gas, petroleum, and coal, but its development has been sluggish. In addition, the continued presence of these natural resources has led to a growth in resource nationalism, which has tended to raise production limitations, which are seen as an impediment to the entrance of foreign capital (Antonova and Lomakin, 2018).

2.6.3 High Transportation Costs and Price Competitiveness

The growing prices of raw resources, notably fuel energy and transportation, are among the key contributors to the decline in industrial competitiveness in the RFE. It is a result of the fact that, under the prior planned economy, industrial placement decisions were made without consideration for the cost-effectiveness of transportation and distribution between enterprises. Moreover, commercial connections were developed to transport energy and agricultural goods throughout the continent. With the price liberalisation, however, the economic inefficiencies became evident. Consequently, even the local price competitiveness of manufactured goods from the Russian Far East is gravely compromised (Tsuji, 2002).

2.6.4 A Fiscal Structure Highly Dependent on the Federal Government

The Russian Far East's governmental finances are structurally highly dependent on the federal government. As a result of the federal government's inconsistent budget policies and cutbacks in central transfers, public expenditures in the region have decreased. In terms of revenue, local governments in regional regions become increasingly reliant on taxes due to the federal government's inconsistent policies and the resulting decrease in payments to outlying areas. The ratio of government expenditures to the region's gross domestic product in the Far East decreased due to the relative fall in money from the federal government and declining tax receipts (Aalto, 2014).

2.7 Global Significance of Russia's Far East

After the disintegration of the Soviet Union, Russia mostly disregarded the Far East region until the late 2000s. Currently, the region is accorded the highest priority owing to its vast economic development potential. The growth of the Russian Far East in Russia's policy efforts and reforms is primarily attributable to its geographical position and vast economic potential as a region rich in natural resources. Russia's connection to the rest of the world is facilitated by the geographic position and easily accessible train connections of the RFE, which are linked to railroads, ports, and a vast supply of natural resources. It is a chance for Russia to balance its political and economic relationships with other nations by focusing on the Russian Far East. Deposits of energy-producing raw minerals constitute the strategic treasure of the Russian Far East. The entire oil resources are believed to be between 10 and 14 billion tonnes, while natural gas reserves are projected to be between 14 and 15 trillion cubic metres (about one-third of the total proven natural gas resources on the territory of Russia). Energy products are the principal export commodity of the Russian Far East (70.3 per cent) (Trenin, 2013).

When considering the significance of the region on a global scale, it is important to note that historically, the Russian Far East has served as a hub for trade with the Far Eastern states of China, the Republic of Korea, and Japan. The European

Union is Russia's greatest commercial partner, although China is Russia's second-largest commercial partner after the EU. Japan is Russia's fifth-largest importer, primarily of autos and electronic items. The Russian government prioritises its trading relations with the countries in the Far East, and as a result, it has been able to secure various advantageous alliances successfully. South Korea and Russia are working to develop gas deposits close to Irkutsk and build an industrial complex in Russia's Nakhodka Free Economic Area. Both projects are part of Russia's Nakhodka Free Economic Area. In addition, there are plans to connect the Trans-Siberian rail to Korea's rail network. It will make it easier for South Korean goods to be transported to European countries. On the other hand, this would call for the inter-Korean transportation system to be fully reconnected after being severed during the Korean War and continuing to be inefficient due to current tensions (Wilson and Bagot, 2021).

Although Russia's Far East exports to North Korea are of negligible importance, the country has been obliged to rethink its favourable position toward North Korea, as stipulated in the 2000 Treaty on "Friendship, Good-Neighborly Relations, and Cooperation". The animosity had strained Russia's relationship with North Korea between Kim Jong Il and Boris Yeltsin before Vladimir Putin took office in 2000. However, the nuclearization of North Korea and its defiance of international law have forced Putin to rethink his position. As a result of North Korea's recent attack on South Korea, the Russian Far East has seen an outflow of North Korean immigrant labourers returning home to join what could soon be a war effort. The Russian Far East relies heavily on inexpensive labour from North Korean immigrants (Hro, 2016).

Relations between Russia and China are currently at an all-time high. The two nations resolved long-standing boundary disputes in 1995, 2004 and 2008. China, the largest beneficiary of the Eastern Siberia – Pacific Ocean (ESPO) oil pipeline, began receiving oil supplies on January 1, 2011. Late in 2010, Beijing and Moscow ceased using the U.S. dollar in their expanding economic dealings to strengthen their respective currencies and shifted to domestic currencies. This demonstrates Russia's

commitment to China as a serious commercial partner and friend that may one day surpass the EU in significance (Wilson and Bagot, 2021).

A conflict over the Kuril Islands, an archipelago separating the Sea of Okhotsk from the North Pacific Ocean, impedes political ties. Profitable trade relations exist between Russia and Japan. Officially, these islands are ruled by Russians, but Japan asserts ownership over four of them. The issue arose after World War II when Japan was forced to depart the islands, but the Soviet Union was not explicitly given control over them. The two countries have never officially signed a treaty to terminate World War II because of this difference. In 2008, the Japanese government mandated that textbooks recognise Japan's sovereignty over the islands, sparking tensions. The visit of Dmitri Medvedev to the islands in 2010 further strained relations. In addition to their abundant fish resources, the islands contain pyrite, sulphur, and a variety of polymetallic ores as mineral deposits. The islands create a barrier between the open ocean and the far more vital Russian island of Sakhalin, which has oil and gas and a new liquefied natural gas production and export hub. They act as a barrier between the open ocean and Sakhalin, which gives them strategic military value. Russia maintains a military presence on the Kurils (Hго, 2016).

2.7.1 Natural Resources

The region has historically and economically depended on its abundant natural resources, including oil, natural gas, diamonds, gold, silver, iron ore, coal, lead, zinc, fish, pulp, and timber. This natural rise contributes to the region's 5 per cent share of Russia's gross domestic product and environmental degradation. Manganese, chromium, nickel, platinum, titanium, copper, tin, tungsten, and phosphates are also abundant in the region. Enormous mineral riches exist in the Russian Far East. Russia's exports are dominated by natural resources, abundant in the Ural Mountains, the Russian Far East's massive fossil fuel and wood reserves, and the Ural Mountains' mineral-rich soil (Ray, 2003).

Consequently, Russia's economic structure is dependent on the export of these natural resources, particularly oil and gas. Unquestionable is the raw material potential

of the Russian Far East. However, its extraction, modernisation, processing and infrastructural development pose a difficulty. Despite the region's affluence and prosperity, more than half of its inhabitants live in poverty. Since the 2007-2012 construction of the Eastern Siberia-Pacific Ocean (ESPO) oil pipeline, the Asian route has played an increasingly important role in Russian oil exports. Then China became the principal individual buyer of the Russian product. Japan and South Korea are also significant customers. The development of the Siberia-1 gas pipeline, which connects the Russian reserves of Eastern Siberia to the northeastern regions of China through the so-called eastern route, is another critical undertaking. In May of 2014, Russian Gazprom and Chinese CNPC struck a thirty-year deal to supply Russian gas to China. However, its execution is dubious since the supply implies yearly gas shipments to China of 38 billion cubic metres (bcm). Since 2009, the gas liquefaction facility in the Sakhalin Oblast has been the sole LNG export terminal operational in Russia. Japan and South Korea are the largest consumers of Russian LNG (almost 80 and 20 per cent of exports). A tiny fraction is also sent to China, Taiwan, and Thailand. In addition, Russian enterprises are also contemplating the building of more LNG facilities (Ray, 2003).

Consequently, the raw material potential of the Russian Far East cannot be disputed. Nonetheless, its exploitation, modernisation, the growth of processing, and infrastructure are obstacles. It requires expensive investments, and the inadequate capacity of the infrastructure is a specific issue.

2.7.2 Infrastructure

In the Russian Far East, the transportation infrastructure is poor. It is essentially Moscow-centered, with all economically significant transit routes flowing from Moscow. Transportation infrastructure is nonexistent or terrible throughout much of its area, and commercial transportation depends mainly on the train. The region's only vital rail services are the Baikal Amur mainline and the Trans-Siberian railroad. Residents of the most northern Chukotka do not have a continuous land connection to Vladivostok, much alone Moscow (Krasnopolski, 2014).

In addition to the Trans-Siberian railway, another infrastructure is the Amur- Baikal long-distance railway, which connects Moscow to the two major hub towns far apart. However, the Southern micro-regions and Sakhalin have a well-developed road network, while rail transport and Far Eastern ports play the most significant role in Russia's Far East. Consequently, air transport and highways are of increasing significance. In addition, both the Trans-Siberian Railway (Transsib) and the Baikal-Amur Mainline (BAM) have increased their capacity for transporting bulk goods (petroleum, petroleum products, construction materials and timber). The underinvested Russian Far East seaports are gradually developing and improving their capacity. Later, the Russian government gave local investors financial and infrastructure assistance for the region's sustainable growth. The Trans- Siberian railway and the Baikal- Amur railway projects are components of a more significant rail initiative to stimulate economic expansion. Approximately twenty advanced special economic zones and five free ports are established in the region (Valery and Varvara, 2014).

As a consequence, several new investment initiatives and businesses have formed. For the development of RFE, the Russian government has established several state agencies, including the Ministry of Development of the Far East, Far East Investment and Export Agency, Far East Development Corporation, and Far East Human Capital Development Agency. Such domestic efforts in the Russian Far East and the annual Eastern Economic Forum (EEF) have attracted the business community and investors from extra-regional players (Krasnopolski, 2014).

2.8 Sum Up

Socially and economically, the Russian Far East (RFE) is not a unified whole. It has several distinct regional divisions. The northern parts of the Far East (Magadan and Sakha) rely heavily on mining raw materials like gold and diamonds. They have a very harsh climate and more essential and politicised indigenous groups who compete with the dominant Russian nationality for political and economic power. The littoral of the Sea Japan and Okhotsk relies heavily on fishing and related industries, but it has severe problems with natural disasters like earthquakes and volcanoes and may have

vast supplies of oil and gas lurking under the sea nearby. This area also tends to have an extremely impoverished population (Chukotka, Koryak, AO, Sakhalin, Kamchatka). The Southern Tier borders China and operates most of the infrastructure in the region. These areas are dominated by the military-industrial complex and have a milder climate with a better outlook for agricultural pursuits, such as; the Amur region, Jewish AO, Khabarovsk and Primorye.

The Far East is not economically doomed. There is tremendous potential for many provinces to expand, with some becoming very prosperous. However, the economic potential of the Far East is hampered by its lack of infrastructure, climate, and a tiny population. It is also constrained by Moscow's budget problems that affect the subsidies traditionally given to the area and military spending, which is a large part of the economy in some parts of the RFE. Corruption also plays a key role here, and many people or firms benefit from selling natural resources. Most of the population saw no benefits because taxes were not paid, investments were not made, and capital left the country.

Since the reorganization of the Federal Council in 2000-1, there have been many heartening signs of economic improvement. The interest of the oligarchs in the Far East bodes well since they would not be interested if they did not feel they could profit from working in the region. The Sakhalin oil and gas fields are slowly coming online, and the governor was using his power to require foreign investors to drill for oil and invest in infrastructure that will bring broader benefits. So far, the people of RFE have not seen much improvement, but there is great hope that the roads, hospitals etc., built by the oil companies will eventually benefit the region.

The RFE, as a whole, is not destined to be rich. Some parts of the Far East have better prospects than others. The southern portion has excellent prospects if they can get a good transit hub for Asian shipments to Europe. Those portions of the north with raw materials will do better than those without. Moreover, some regions will likely remain poor unless something development happens.

Chapter 3

Russia's Asia-Pacific Strategy, Far East Development and India's Interest in the Region

3.1 Introduction

This chapter addresses the Far East development goals and Russia's Asia-Pacific policy. The chapter also describes the significance of RFE for Russia and India as this research emphasises Russia's economic, geopolitical, and security interests in Asia-Pacific. This chapter analyses why the Asia-Pacific region is the most significant for the Russian Federation. The majority of Russia's land is located in the Asian continent. Global powers see Asia as the most dynamic area crucial for international security. Moscow is attempting to consolidate its position on this continent while pursuing its national interests. It should be highlighted that the Northeast Asian areas of cooperation are of great importance to the Asia-Pacific region. The most significant aspect of collaboration centred on economic concerns. There are apparent disparities in the availability of raw resources within it.

In addition, economic background cooperation emphasises bilateral and multilateral efforts. Thus, it is evident that the international situation in North-East Asia is very complicated. Therefore, it is apparent that Russia has identified its interests in this area and is trying to reestablish its position in East Asia. When Vladimir Putin was elected in 2000, Russia's strategy toward Asia and the Pacific underwent significant adjustments. During his presidency, he established Russia's strategic requirements. Putin's foreign policy was not based primarily on his connections with the West but on his aggressive cooperation with Asian nations. From this point on, Russia has defined the objectives and priorities of its Asia-Pacific foreign policy. This portion of the thesis will outline the increasing strategic alliance between Russia, China, and India, which has become Moscow's most significant economic and political partner. Since the crisis in Crimea, Russia's most significant challenge has been the lack of a genuine dialogue with the United States, which might

result in a loss of Russia's position in the Asia-Pacific region. The Russian Federation aspires to strengthen bilateral relations with Asian countries. Russia encourages Asia-Pacific nations to increase their investments in the Far East. In the Eastern Economic Forum at Vladivostok, President Putin stated that Russia would create the greatest ecology for global investors in the Russian Far East.

3.2 Russia's Asia-Pacific Strategy

The economic development of Asia is the most significant obstacle to Russian foreign strategy. Russia's push into the 'Asia-Pacific region' mainly responded to its failure to realise its planned objective of western integration, which was to become more integrated with Western nations. The emphasis has remained on Moscow's poor ties with the West for several years, with themes of betrayal, distrust, and disregard for international standards dominating the debate. This focus has been maintained despite the passage of time. Despite the clamour, a new reality has emerged: Russia's future in the twenty-first century as a regional actor, global participant, and decent world citizen rests on its successful engagement with Asia (Lo, 2019).

In recent years, however, geopolitical realities such as the rise of Asian powers, a shift in global economic activity from the West to the East, and the economic imperatives of developing a backward Siberia and its Far East territories have led Moscow to concentrate on the Asia-Pacific region to secure its tranquilly and position as both a great 'European and great Pacific power'. Due to the expansion of Asia, a shift in global economic activity from the West to the East, and economic imperatives, Moscow has undertaken a more active diplomatic offensive in the Asia-Pacific area to alter the regional power structure. This offensive primarily focuses on expanding Russia's market share in weapons sales, oil and gas production and scientific research (Kuht, 2012).

Map 3.1: Map Showing Asia-Pacific with Russian Federation



Source: <https://www.mapsofworld.com/world-maps/asia-pacific> (access on 10.11.2021)

Asia-Pacific plays a crucial role in Russia’s efforts to maintain a balance between the Occident and the Orient. This paper examines the viability of Russia’s aspirations that Asia-Pacific would serve as a model of Russia-friendly regional socialisation to compensate for its diminishing involvement with the West and the EU. This inquiry examines what forms of international socialisation Russia expects to find and can afford to pursue in the Asia-Pacific region and the potential dangers and problems associated with these models (Makarychev, 2017).

Russia’s rising association with the Asia-Pacific region from multipolarity and socialisation affects Russian foreign policy. The central underlying premise of Russian diplomacy is multipolarity, based on cultural diversity, political pluralism, and the necessity for fair power allocation among several poles worldwide. Initially, multipolarity indicated a balance between Russia’s orientation to the West and the East; however, this equilibrium was no longer possible due to the dramatic

deterioration of Russia's ties with the West. This study uses the idea of socialisation to characterise Russia's interaction with Asia-Pacific. Socialization refers to international institutions and their obligatory responsibilities (Epstein, 2012). Sovereignty and national interests pose significant obstacles to the socialisation of enormous or growing power. It resulted in reciprocal socialisation, which asserts that powers socialised into the international system should concurrently modify it, consistent with Russia's overall strategy in a multipolar world(Terhalle, 2011).

Recent tensions between Russia and the West have brought attention to Russia's developing relations with Asia, notably China and India. Before the conflict in Ukraine, the primary factor driving this tilt toward Asia was Moscow's assumption that the region would be the primary source of future economic development. For Russia to develop new oil and gas reserves, which would enable it to play a more prominent role in the security and diplomacy of the surrounding area, Russia is looking for investment from Asia, particularly from China. The expanding partnership between China and Russia is founded on economic links, but Beijing has also offered significant political backing for Russia in the face of attempts by the West to isolate Russia. As part of its strategy to lessen its dependence on China, Russia has been actively pursuing the establishment of diplomatic connections with a variety of other Asian nations, including India, Vietnam, and Japan (Makarychev, 2017).

This objective of harnessing Asian economic growth offers Moscow and Washington a common interest in regional stability, but it is unlikely to be wholly realised so long as bilateral relations remain centred on Europe and Eurasia. Moscow has placed a significant focus on reorientating its foreign policy, specifically political and economic policy, toward Asia, especially in light of the sanctions imposed on Russia by the United States and Europe as a result of its annexation of Crimea. Some people believe that due to the current situation, Russia is seeking closer ties with China to compensate for the increasing isolation it is experiencing from the West. In contrast, reality is more complicated. Even if Russia's focus may have been pulled more strongly to Asia due to the crisis in Ukraine, Russia's interest in the region has been slowly increasing for years. Russia's shift toward Asia began as a gradual

economic and political integration process. It was motivated less by geopolitical animosity toward the West than by a desire to develop its resources, capitalise on Asia's rising vitality, and limit the potential for regional conflict to threaten these objectives. A steady process of economic and political integration with Asia marked the beginning of Russia's pivot. As the Ukraine dispute between Russia and the West has intensified, Moscow has resorted to its previous practice of depending on Asia, particularly China, as an alternative to the West (Mankoff, 2015; MacFarquhar, 2014).

This effort's primary objective has always been to attract investment for the economic development of RFE and the Siberian region, where Moscow's long-term control is challenged by the region's natural resources and low population. China has been Russia's most significant trade partner in recent years due to a natural synergy between Russia's immense oil and gas deposits and China's enormous market. China, like Russia, has mixed sentiments about the United States-led international security system. As a result, the two countries find themselves on the same side of many international problems. China is an enticing example of prosperity without democracy and a prospective superpower whose ascent would come at the cost of the United States, according to many hardline Russian nationalists (MacFarquhar, 2014).

However, as Moscow is well aware, Russia's ambitions to become a superpower are incompatible with an undue reliance on China. Due to the inequalities between China's fast growth and Russia's stagnation, their relationship is unequal, and Russia's freedom of action is limited by its excessive reliance on China. Moreover, by aligning its global interests with China's, Russia diminishes its prospects of becoming a full-fledged Asian power since most Asian governments see China as a possible danger to their own (Mankoff, 2015).

As part of its move to Asia, Russia has tried to build relationships with countries like Vietnam and India to balance its ties with China. Russia has also been trying to get along with Japan as of late. Even though these two countries are getting along well, the idea that Russia is China's agent hurts Moscow's regional power, especially in the multilateral organisations Russia wants to join (Lavrov, 2013).

Although incomplete, Russia's reorientation toward Asia predates the Ukraine crisis. Even though Russia's Pacific coast stretches over 4,000 miles from the Bering Strait to the Sea of Japan, its centre of gravity is still in Europe and the post-Soviet states of Eurasia, and the West is still the primary way that Russia's elite see the world (Lo, 2015). (Russia's ties with Asia were pragmatic primarily throughout the whole of its post-Soviet existence. During this time, Moscow saw Asia as a more idealistic alternative to the preachy and sometimes hypocritical West. Parts of this instrumental approach have been around for a long time and have become much clearer since the conflict in Ukraine began. However, Russia started looking to Asia for its own goals in the years before the crisis in Crimea. Moscow's belief that Asia is becoming the world's fastest-growing geopolitical zone, where the economic and political centre is moving, boosted when the 2008-2009 Western financial crisis started (MFA- Russia, 2013).

Russian Federation's pivot to the Asia-Pacific region is a strategic response to existential issues, such as the possibility of losing its status as a significant world power and the need to maintain territorial integrity and independence. This strategy aims to enhance the economic and demographic circumstances in the RFE, Eastern Siberia, and other regions. It could be seen as a prospect for Russia to escape economic, security, and geographical constraints. The emerging Asia-Pacific regional order may evolve into a new international order that is more favourable to Russia than the unipolar Atlantic one, allowing Russia to capitalise on her comparative advantages in terms of territory, resources, hard power, political organisation, and the ability to mobilize resources in pursuit of strategic goals (Akaha, 2002).

In addition, Russia's foreign policy does not match the idea of a Soviet-era superpower and the reality of a stagnant petrostate trying to protect itself from forces of change with less military, economic, and diplomatic power. This dilemma and existential crises are also evident in the nation's policies and approaches toward the Asia-Pacific area, despite continuously adapting to new conditions and imperatives. During the terrible 1990s, Moscow laboured under the mistaken notion that the West would accept Russia, help it to repair its economy, and even welcome its membership

into the European Union and NATO. This conviction caused Moscow to suffer. It realised, to its dismay and consternation, that the West neither wanted to fulfil its objectives nor was ready to provide it with the status it felt it deserved. As a result, Russia could not form a cooperative relationship with the United States. In addition, some of Moscow's recent actions, such as its involvement in the Georgian civil war, have soured relations between Russia and NATO and inspired a proposal for an eastward expansion of NATO to Georgia and Ukraine, which Russia considers as a threat to its national security (Gusevskaya, 2019).

Russia's strategic interest in the vast Asian continent bordering the Pacific and stretching to the Indian Ocean is increasing. Many of Russia's territory is in this region, where it is confronted by the United States, China, and Japan. In terms of Russia's security interests, they offer a novel mix. China and the United States possess nuclear arsenals capable of reaching Russian territory. China is the most populated country, whereas Japan and the United States have the greatest economy (Zheng, 2018).

Numerous nations in the region have opened their economies to foreign investment and competition and enjoyed a period of rapid growth and development during the last three decades, causing a significant shift in the international landscape in the region. If these tendencies continue into the next century, they have the potential to stimulate Russia's economic development and increase the significance of its energy resources. Until now, the amazing growth of the area has tended to have a stabilising impact and has prevented violent interstate disputes (Ghoshal, 2013).

However, after the disintegration of the USSR, the Russian petrostate attempted to insulate itself from the forces of change. It was done for the following reason: after the collapse of the Soviet Union, Russian foreign policy was confronted with a mismatch between a self-perceived image and concept of great power during the Soviet era and the reality of a diminished one. Despite the region's steady adaption to new circumstances and imperatives, existential crises are apparent in her policies and approaches to the Asia-Pacific region. In the 1990s, Moscow struggled under the misconception that Western embrace and membership in international organisations

like the European Union and NATO would benefit Russia's economy. However, this is not in Russia's best interest. West was unwilling to match its aspirations or offer it the status it considered it deserved. Much to its dismay and regret, Russia discovered it had failed to establish a long-lasting working partnership with the United States. Moreover, several of Moscow's recent actions threatened Russia's national security (Fruhling, 2019).

Moreover, Russia's response to such Western neglect was to turn to the East, specifically China, in a desperate attempt to find a friend who shares its antipathy toward the West as much or more than it does and can assist it in regaining its lost power and influence in the world, especially its anti-American stance (Ghoshal, 2013). Consequently, Russia's pivot toward the Asia-Pacific region was mainly a response to its failure to achieve its self-proclaimed goal of integration with the West. In addition, the financial requirements of developing Russia's Far East region have led Moscow to focus on the Asia-Pacific region to meet the financial requirements of developing the region. It ensures that Russia maintains its claim and position as great European and Pacific power. Moscow has undertaken a more active diplomatic offensive in the Asia-Pacific region, concentrating heavily on pursuing markets for its armaments, oil, gas and scientific skills to shift the regional balance of power. It is possible to conclude from what has been said above that Russia's national interest in the Asia-Pacific region includes geopolitical and economic aspects; how can Russia lure investors to Far East Russia? (Lee, 2013).

3.2.1 Russia's Geopolitics interests in the Asia-Pacific Region

The requirement to regain Russia's geopolitical strength in the Far Eastern region moderates Russia's desire for integration, investment and acceptability in the Asia-Pacific. It is evident by the expensive upgrade of the Pacific Fleet, which will receive two state-of-the-art Mistral amphibious assault ships in the coming years. Russia has also persistently worked to strengthen its ties with North Korea, earning its condemnation from South Korea and Japan for backing the North Korean leadership. In addition, Russia linked a gas pipeline to South Korea through North Korea. It was

promoted as a novel method of engagement with North Korea, but it has more to do with Russia's goal to maintain its relevance in regional diplomacy and diversify its gas market outlets (Buszynski, 1992).

Russia's current foreign policy focuses on integration with the Asia-Pacific region and works on a regional and global level. Some experts have always said Russia focuses more on the Asia-Pacific area for two main reasons. The first is that Russia's strategy in the East has been motivated equally by its ambition to project influence and its concern about the vulnerability of its thinly populated eastern flank. Second, Russia is working towards consolidating its influence in the Asia-Pacific region while also attempting to narrow the existing policy gap between its stances toward Asia and Europe. Similarly, Russia has to figure out how to work together with China and the other players in the area (Hill and Lo, 2013).

Because of this, Russia's long-term objectives include becoming an important and key member of the Asia-Pacific system and becoming one of the rule-setters, in addition to supporting the globalisation of the regional system that encompasses the Asia-Pacific. In contrast to the Atlantic system, which the United States and its allies have dominated for a long time and is founded on capabilities in which Russia has historically been deficient, the Asia-Pacific region is organised according to principles in which Russia appears to be a position of greater strength. This starkly contrasts with the Atlantic system, which the United States controls. The Russian leadership is under the impression that the administration in charge of this region will prioritise territorial control, physical force and the ability of the state to concentrate resources on strategic objectives (Rothman et al., 2017).

3.2.2 Russia's Economic Interests in Asia-Pacific

Russia wants to strengthen its links with the countries of the Western Pacific by joining the Asia-Pacific Economic Cooperation (APEC). Because Russia must urgently strengthen its economic position in Asia-Pacific to get greater access to regional markets. In establishing foreign policy toward the Asia-Pacific area, Russian officials have recommended promoting 'epochal initiatives' rather than relying on the

residual principle. This implies that Russia will not be defined as a European state, and the region will not be considered a back alley. This strongly signifies that the Asia-Pacific is one of Russia's foreign policy priorities (Gidadhubli,1995).

Russia's greatest opportunity to establish itself as a significant power in the Asia-Pacific may lie in its economic contributions. However, Asia-Pacific nations tend to see Russia as static, antiquated, and excessively dependent on natural resources. The most important industry is energy, which fits well with Russia's position as one of the world's largest oil and gas exporters. The economic and foreign cooperation between Russia and China has been the topic that has received the greatest media attention in 2013. It involves the oil contract between Rosneft and China National Petroleum Corporation (CNPC). Gazprom and CNPC also signed the Power of Siberia gas deal in 2014. At the same time, Chinese companies invested in Novatek's LNG (Liquified Natural Gas) projects on the Yamal and Gydan Peninsulas in the Arctic (Humphrey, 2019). Conversely, Moscow has made it clear that it wants to find new markets in Asia and become less dependent on China. It has encouraged and helped Japan to join some LNG projects, such as the Sakhalin-2 oil and gas production by Mitsui and Mitsubishi (Chung, 2018).

In addition, Indian energy companies have entered the Vankor oil and gas field in eastern Siberia. As a result of the recent improvement in inter-Korean relations, a trans-Korean gas pipeline is once again a topic of debate. Rosneft oversees oil drilling alongside Vietnam in the South China Sea despite Chinese opposition (Chung, 2018).

Nonetheless, Russia seems to possess an advantageous geo-economic location. The China-Mongolia-Russia corridor is one of six designated routes for the Belt and Road Initiative; it represents a potential connection between Asia and Europe. It is the preeminent Arctic power, and its Northern Sea Route might one day serve as a vital transit route linking Asia and Europe.

Moreover, the RFE is situated at the northeast (China, Japan, and the Korean Peninsula) intersection. Putin has promoted Russian assets at every opportunity. In addition, he has created the biennial Eastern Economic Forum (EEF) to combine the highest level of a government participation with investment proposals from Asian

companies. Besides the Northern Sea Route and Arctic energy projects, he sees a “Greater Eurasia” that stretches from the Pacific Ocean to Europe.

Map 3.2: Foreign Trade with The Russian Far East



Source: <https://www.cryopolitics.com/2014/08/07/foreign-trade-with-the-russian-far-east/>

3.2.3 Russia's Bilateral relations with Asia-Pacific

The geostrategic position of Russia as a Eurasian country that can bridge the two powerful regions, Europe and Asia, can boost its global and regional role. By-pass routes that go via the Indian and Pacific Oceans are used to connect Asia, Europe, and the USA. It would be advantageous for both transit and client nations to ship at least some of their goods through trans-Asian trains and highways since doing so would drastically cut the amount of money spent on shipping and the amount of time it takes to ship cargo.

If we are discussing China, Russia believes China to be its most important neighbour. There has been a hurry to expand connections with China and anti-Western sentiments on both sides for various reasons. On the other side, there is a constant feeling of apprehension towards China manifested by many political groups in Russia, most notably the illegal immigration of Chinese nationals into the RFE. This feeling of

uncertainty has persisted in the RFE for decades. Following the Cold War's conclusion and a significant reduction in Russia's military capabilities, China's fast-expanding economy is Russia's primary source of insecurity in the East (Rumer et al., 2020).

Despite the stability and strengthening of the bilateral relationship between Russia and China, fear of China in Russia has intensified in recent years. It has been exacerbated by Russia's limited options in its bilateral ties with China. For instance, Russia's military cooperation and partnerships with China may hurt ties with Japan, the United States, and nations like Indonesia and Vietnam (Amirov, 1999).

To offset the political influence of the only surviving superpower, the United States, there are instances in which Russia and China have mutual interests in forging solid connections, notably to counterbalance the dominance of the United States. In this scenario, both nations will feel safer and more at ease in a multipolar world. Therefore, Russia must create a relationship with Japan that is far more economically significant than its relationship with China. At the same time, it is even more vital for Russia to maintain excellent ties with China so it may go to a higher level in its relations with Japan (Kuhrt, 2018).

Russia may benefit politically and economically from a deeper understanding and the development of expansive ties with Japan, which will also assist in balancing Russia's relations with China. Because Russia's relationship with Japan is meaningful and independent of any power balance, these primary links will strengthen Russia's security posture in the area and assist it in joining the mainstream of regional economic integration (Trenin, 2016). Therefore, the strategy is generally adequate. Russia and China are nearby; they collaborate but avoid conflict. Externally, China treats Russia as a significant power, but in the Chinese hierarchy, Russia deserves a far lower standing than the United States. In the meantime, they are beginning with Japan. Japan is Russia's primary provider of sophisticated technology and financial cash (Sergi et al., 2019).

Additionally, Japan is a gateway to the Pacific, East and South-East Asia. First, drawing economic resources of Japan to develop RFE and Siberia, and second,

mutually recognising their maritime boundary via a peace treaty, were the primary strategic goals of their bilateral ties. Additionally, Russia has relied on Japan as a market for its energy exports. Under the leadership of Russian President Putin and then Japanese Prime Minister Shinzo Abe and Fumio Kishida, bilateral trade and other connections have been expanding (Ziegler, 1994).

Japan is Russia's principal source of advanced technology and financial capital. Japan is also a gateway to the Pacific, East, and South-East Asia. First, using Japan's economic resources to develop RFE and Siberia, and second, mutually recognising their maritime border via a peace treaty were the key strategic objectives of their bilateral relations. Moreover, Russia has depended on Japan as a market for its energy exports. Under the leadership of Vladimir Putin, Shinzo Abe, and Fumio Kishida, bilateral commerce and other linkages have grown (Buszynski, 1992).

Now, Russia is exercising caution on the Korean Peninsula. Russia now views the regimes in Pyongyang and Seoul as a resource for developing the RFE. Russia has elevated the significance of South-East Asia for its foreign policy concerning other Asian partnerships. Now, Russia has no difficulties from the past. The nations of the Association of Southeast Asian Nations (ASEAN) are thus seen as potentially significant commercial partners. Vietnam is historically seen as a gateway to ASEAN and a former Soviet ally in the area, and it is now a significant client of the Russian defence sector. However, Malaysia, Singapore, and Indonesia are believed to have even greater potential. In addition to aiming to sell passenger aircraft, armaments, and nuclear power plants to these nations, Russia is proposing to establish a free-trade zone between the Eurasian Economic Union and Vietnam (McDougall, 2007).

India has been Russia's primary partner in South Asia since the middle of the 20th century. India is the only major power with whom Russia has never had significant disagreements or conflicts. In 1998, Russia proposed deeper ties between Asia's three main powers, Russia, India, and China (RIC) and subsequently took the initiative to transform the abbreviation for developing economies, BRIC, into a club for important non-Western nations. However, Russia's bilateral ties with India are pretty robust and cordial. Both the nation and the government have long prioritised

economic growth. Russia has included Indians in its many energy projects in the region's east. It is insufficient even in sectors Russia has long dominated, such as arms sales to India. In addition, Russia has previously enlisted Indians in the co-development and co-production of military systems, therefore elevating the partnership (Shubin, 2013; Trenin, 2016).

India and Pakistan joined the Shanghai Cooperation Organization (SCO) in 2016. The SCO is a group of Central Asian States, Russia, and China. The yearly summits of the Shanghai Cooperation Organization allowed Russia to meet regularly with the leaders of continental Asian governments, including India, China, Afghanistan, Pakistan, Iran, Mongolia, and Central Asian nations. Therefore, the relationship between Russia and these nations focuses mainly on economic, security, and military cooperation, particularly collaboration against terrorism (Ahmed et al., 2019).

The expansion of Russia's contacts with Southeast Asian governments, notably in the energy and defence sectors and the creation of an alternative northern maritime route to the Malacca Straits are altering people's perspectives of Russia's position in the area. It is happening simultaneously that Southeast Asian states are attempting to counteract the rise of China. On the other hand, due to climate change, the northern maritime route will become more accessible, and Russia will acquire even more significant influence in the region. Southeast Asian states believe that once the northern shipping route is operational, Russia will not only be a new source of oil for them, but it will also lessen their reliance on shipping through the Malacca Straits and alleviate their energy security concerns during a period of heightened tension in the South China Sea region. Southeast Asian governments think Russia will be capable of doing this if the northern sea route gets active. Russia's best Asia-Pacific policy will primarily rely on its commitment to the economic, social, scientific and cultural development of the RFE and Siberia, as discussed in the preceding section. The strategy to encourage economic development in RFE has been a significant focus of the Russian Foreign Ministry and the Federal government (Lo, 2009; Contreras-Luna, 2019).

3.3 Russia's Far East Development Strategy

Since the dissolution of the USSR, the Kremlin has grappled with developing a practical model for regulating Centre-state interactions. In 1990, Boris Yeltsin reportedly wanted the provinces to exercise as much autonomy as possible. This started a decade of ad-hoc decentralisation and federalisation of the Russian state, which was both the plan and the result of Moscow's significantly reduced power and inability to keep its regional promises. It was both the intentional outcome and partly the consequence of Moscow's significantly diminished powers and the inability to fulfil its duties on a regional level (Blakkisrud 2003). In contrast, political objectives evolved from the twentieth century to the twenty-first. First, giving power and responsibility to the regions stopped, and then a lot of power and responsibility moved back to the centre (Ross, 2002; Blakkisrud, 2015).

The administrative technique that the federal government has taken to attempt to handle this dilemma reflects the continually evolving aims of Centre-region relations. Regional policy has had a rough past. At times, it was in charge of a separate agency, and at other times, it was in charge of different ministries. Throughout this period, there have been many ups and downs. At the turn of the century, Putin's plan to centralize power in Russia resulted in the dissolution of the ministry responsible for regional strategy as a separate domain (Remington, 2015).

During Putin's second term in office, the Ministry of Regional Development was reestablished as part of an ongoing initiative to strengthen the state's governmental institutions. It indicated that the institutional structure was relatively stable: this ministry ensured that regional policies were in line with Russia's increasingly weak federalism over the next ten years (Rahr, 2004).

3.3.1: Russian Far East Development Strategy: Post 1991

In the 1990s, problems of regional autonomy, the administration of natural resources, and the federal government's policy over taxes were at the centre of discussions regarding the RFE (Lee and Lukin, 2016). Most of the federal subjects in the RFE get money from sources other than the federal budget. Moscow's backing of the regional

economy plays a significant role in this phenomenon. During the time of economic turmoil of the 1990s, the RFE regional leader's first instinct was to press Moscow for additional help rather than to pursue the development of the province's comparative advantages in the larger Asia-Pacific region. It was in contrast to the strategy of pursuing the development of the region's comparative advantages during times of economic calm (Bradshaw and Lynn, 1998),

However, due to the growing economic crisis and the depletion of state wealth, Moscow had nothing but false promises to make. The federal government prepared a strategy for developing the Russian Far East in 1996; however, most of the activities included in this plan were never implemented. According to Stephen Fortescue, the root of the problem was a combination of insufficient financial resources and a lack of genuine dedication (Fortescue, 2016).

Yeltsin began as a reformer and ended as a regressor, just like many other Russian leaders had done before him. First, he fought against communist putschists, liberalised prices and started much privatisation. However, in the end, he was in charge when the economy crashed in August 1998 and Chechnya was destroyed (Winston, 1999). As the Soviet Union crumbled, Russia's reformist elites, led by Yeltsin, sought political modernisation via the widespread importation of Western-style political machinery. Participatory elections, the establishment of a presidential office and the passage of a constitution modelled after pre-revolutionary Russian political practice were among the democratic trappings imposed in Russia (Lukacs, 2011). During 1990s, Russia was on a downward trend. Yeltsin and his advisers took ideas like price liberalisation, privatization and political architecture from the West to align Russia's political and economic institutions with modern western models. The Russian government persuaded the populace to think that this borrowing would result in an almost instantaneous improvement in the level of life (Kuhrt, 2012).

Table 3.1: A Timeline of “Russian Ministries responsible for regional policy”

Year (In operation)	Name of the Regional Policy
1993–1994	State Committee on Federal Affairs and Nationalities
1994–1996	Ministry on Nationality Affairs and Regional Policy
1996–1998	Ministry on Nationality Affairs and Federal Relations
1998	Ministry on Regional and Nationalities Policy
1998–1999	Ministry on Regional Policy (nationality policy as a separate ministry)
1999–2000	Ministry on Federal Affairs and Nationalities
2000–2001	Ministry on Federal Affairs, Nationalities and Migration Policy (Migration service added)
2001–2004	No separate ministry (portfolio divided between Ministry of Internal Affairs and Ministry of Economic Development)
2004–2014	Ministry of Regional Development
2012	No separate ministry, but ministries for the Far East

Source: (Blakkisrud, 2019: 14)

Concurrently, Russian President Yeltsin accelerated Gorbachev’s reforms, culminating in the USSR’s collapse and providing the coup de grace to the Communist Party’s firm grip on power to usher in a functional democratic political process. In 2000, a new elite arose after a few years, made up of more prosperous communist-era and security apparatus professionals and some members of the emerging entrepreneurial class. This privileged elite privatised the vast majority of Russian industry, including the lucrative oil and gas sector, the world's largest aluminium, nickel, platinum, and palladium plants, and Aeroflot, the Soviet Union’s huge but ageing flagship airline. There was a stock market that grew quickly and became the highest-performing financial market in the world (Rutland, 2003).

According to (Stoner, 2006; Gel’man, 2015), Some unfinished post-Soviet reforms in the Russian Far East will serve as benchmarks against which to measure Russia’s success this time.

- Supporting RFE’s free media and promoting civil society and participatory democracy in Russia.
- Keeping Russia from falling apart and becoming a centralised, unitary state or empire again by keeping its federal form in the RFE.

- Using peaceful ways to solve ethnic and religious problems in the RFE so that xenophobia and bigotry don't get worse. Building the institutions of a market economy that are accountable, work well, and are clear in the RFE.
- Achieving sustained economic development while making RFE favourable to local businesses and appealing to international investors.
- Putting the most important parts of the long-awaited economic package (including land, revamped bankruptcy laws, and tax reform) into place.
- Improving the legal system in RFE, especially by ensuring that court decisions are followed and that there are good ways to settle conflicts.
- Constructing a modest and effective government, as opposed to the existing bloated and ineffectual one.
- There needs to be a complete government reform that cuts the size of the state by at least half, which includes the huge military forces (currently belongs to the 'Ministry of Defense, Ministry of Interior, the Border Guards, the railroad troops, Emergency Ministry troops'). The RFE is getting tough on corruption and organised crime.
- Reforming the military and security system by making it more democratic and giving civilians, lawmakers and the budget effective oversight (Stoner, 2006; Gel'man, 2015).

Table 3.2: Dependence on Different Forms of Investment Capital

Investment	Russia (Total)			Far East (Total)		
	1992	1994	1995	1992	1994	1995
Federal Government Budget	16	13.4	11.9	22	17.2	16.5
Local Government Budget	10	10.6	11.7	18	15.9	18.8
Corporate Capital	69	66	60.5	54	50	48.9

Source: *Goskomstat* "Socio-Economic conditions in Russia" 1994, Jan-Sep, 1995.
Russian Statistical Yearbook, 1994-1995.

Even though Russia had a lot of political and economic success in the 1980s and 1990s, it did not make the free-market and democratic changes that would have helped it fit into the Far East. At the same time, Poland, the Czech Republic, Hungary, and Baltic countries have reached a higher level of economic growth and integration than Russia. Most of Yeltsin's jobs have been given to Vladimir Putin, his hand-picked successor. A year ago, nobody knew anything about Putin. He was once in charge of

the Russian secret police and was a tough intelligence officer. Putin must now address the destiny of Russia and its age-old quest for Western integration. Then, in 2002 (with a focus on the exploitation of natural resources) and 2006 (with a focus on living standards and social welfare), new focused programmes were established to try to revitalise the Far Eastern provinces (Fortescue, 2016).

As state finances steadily recovered at the beginning of the twenty-first century, the issue of inadequate funding became less severe. Especially after the 2006 revision went into effect, the government started spending much money on making the Far East a better place to live and work. There were big plans for economic growth, creating jobs, fixing infrastructure, and expanding. The government announced a new long-term development plan for the RFE in 2009, entitled ‘Strategy for the Socio-Economic Development of the Far East and the Baikal Region through 2025’ (Lee and Lukin, 2016).

The Strategy emphasized the potential for regional economic growth via integration with the Asia-Pacific region by providing energy and natural resources to the big economies of Asia. The notion of creating a special state-owned corporation for the development of Eastern Siberia and the RFE was presented in the run-up to Putin’s third presidential term. On the basis that only the state and state-owned businesses had the economic weight to undertake such a vast undertaking. This organisation would oversee the region’s effective use of natural resources and report to the president (Melnikov, 2012). It would be granted vast powers, and federal law governing sixteen federal territories in the Far East and Eastern Siberia would be replaced partly by a different economic system (comprising around sixty per cent of the Russian Federation's total landmass). However, the concept divided the general public and government authorities. It was criticised for aiming to create a state inside a state and, by emphasizing state-managed resource exploitation, reminding inhabitants of the region’s ‘exploited semi-colonial peripheral’¹² position (Lee and Lukin, 2016).

¹²The semi periphery generally stabilize the world system and it works as a facilitator between core and peripheral economies by adding another step in the world system.

The Ministry for the Far East's Development rescinded a planning law that would have founded this firm (Melnikov, 2012).

RFE's policy experts and politicians have a formidable job separating Yeltsin's historical influence from Putin's perspective. It is also essential to comprehend the significance of RFE for Russia and not to be deceived by conventional western phrases like elections, parliament and president. RFE must be recognized as a vast natural reserve zone mired in catch-up modernization for the previous three centuries. Russia was run by a group of elites in the past who were willing to buy Western goods and adopt Western ideas but did not fully identify themselves with the West and were often jealous of it. Putin is responsible for the world's capacity to coexist with and alongside Russia. Like many Russian leaders, Putin may be willing to engage in dialogue and contact with neighbouring or Asia-Pacific states to obtain the technology and funds necessary to expand the RFE's military. In the decentralised, entrepreneurial, and globalising 21st century, the Russian elite's historical fixation on a firm, authoritarian, and sometimes aggressive state may prove to be too demanding and, in the end, self-defeating (Newell, 2004).

Due to its essential direction, the RFE has again reached a crossroads on the path to modernity. Without Boris Yeltsin for the first time in a decade, it will decide its future. Whether he is remembered for dismantling communism and the Soviet Union and the transition from planned to a market economy or for making corrupt officials and failure to reform the security apparatus and the military will depend on what Russia does in the future. If Russia does well, he will be remembered for bringing down communism and the Soviet Union and leading the move to a market economy. He will also be remembered if Russia does badly. Thus, Yeltsin's historical legacy is primarily in Vladimir Putin's anointed successor's hands. In this great struggle for Russia's identity and place in the world, the Yeltsin era has ended, and the Putin age has begun (Sakwa, 2007).

3.4: Emergence of New Institutions under Putin Era

It is common knowledge that the government of Russia has tried on several occasions to have development plans put in place for the Far East, which is home to a wealth of natural resources, but thus far, it has not had much success. However, not long after assuming office in May 2012, the administration of Vladimir Putin began an exceptionally active process of developing a Far East strategy. After that, in 2012, the Russian federal government created a separate ministry to boost its Far Eastern development strategy and economic cooperation with other Asian and Asia-Pacific nations. It strengthened Russia's position as an important regional player (Rivera, 2006).

3.4.1. The Ministry for the Development of the Russian Far East

A brand-new ministry was established in June 2012. It functioned simultaneously with the 'Ministry of Regional Development' for its first two years. The idea that a different institutional setup would provide the most effective means of tackling the socio-economic challenges of the RFE was the impetus behind the decision to separate the Far Eastern portfolio from the traditional regional development strategy. This decision was driven by the belief that top-down development implementation is the most effective method. This new ministry was assigned the job of managing and supervising the implementation of present development policies and building a new set of tools to promote social and economic development in the Far East. This role was handed to the ministry once it was established. It was decided that the new minister would also serve as 'Presidential Plenipotentiary to the Far Eastern Federal Okrug' to expand his power (Libman and Yakovlev, 2021).

The decentralised departments of the newly established ministry were the most innovative aspect of its design. In addition to the minister, bureaus in Moscow and Khabarovsk shared their working hours. The initial plan called for 200 of the total 240 personnel to be stationed in the Khabarovsk branch, making it the primary location. The logic behind the claim was straightforward: the Far Eastern districts like Yakutsk, Vladivostok, Magadan, and Kamchatka were too far from the Centre for the region to

be effectively controlled. The new ministry will be able to execute and supervise the state policies and programmes on the ground in a better manner as a result of creating a decentralised organisation with a regional presence. Additionally, the new ministry will have a better understanding of the concerns and opportunities that are specific to the region. It made perfect sense to place the ministry in Khabarovsk, given that it was already the location of the offices of the Presidential Plenipotentiary (Netreba, 2012). Concurrently, the ministry underwent structural reorganisation, and a new branch was founded in Vladivostok. At the time, the Ministry of Foreign Affairs speculated that each of the nine federal units that make up the Far Eastern Federal Okrug would one day have its own Ministry of Foreign Affairs unit. The operation of the ministry can be impacted as a result of this. Today, the offices in Khabarovsk and Vladivostok are on the same level as the ones in Moscow. Khabarovsk and Vladivostok do not have their portfolios within the ministry. Instead, regional representation channels “the flow of information and decisions between the capital and the federal units” (Solomon, 2008).

As per the information on its online platform, the Ministry for the Development of the Russian Far East is the responsible state agency for executing state and nationally oriented programmes in the Federal Okrug. The task includes managing the federal properties and supervising the regional executive branch. The organizational structure of the ministry reflects its primary objective. As of March 2017, it includes the five following divisions in addition to administration and control departments:

- Department for Complex Macro-Regional Development, Attracting Budget Financing and Public Investment.
 - Department for Attracting Private Investment.
 - Department for Infrastructure Development.
 - Department for Advanced Special Economic Zones (ASEZs) and the Free Port of Vladivostok.
- Department for Development of Human Capital and Territorial Development (Blakkisrud, 2017).

In addition to the above, the ministry has the following portfolio to be implemented through various agencies (Blakkisrud, 2017). *The Far East Organization for the Development of Human Capital*, an agency founded in late 2015, has offices in Khabarovsk and Vladivostok's capital and the federal districts. These offices are responsible for attracting workers to the RFE and encouraging favourable migration dynamics. *Investment and Export Agency for the Far East*, which was created in late 2015 and had an office in Moscow, is taking care of marketing the region to potential national and international investors and future residents of the ASEZs. *The Far East Development Corporation* was founded in April 2015, with headquarters in the capital city Vladivostok is responsible for the management of the ASEZs and the growth of the Free Port of Vladivostok regime. Compared to the grandiose goals of state business, its portfolio is somewhat less ambitious. Not only has the ministry's jurisdiction shrunk, but its powers and prerogatives have also been reduced to resemble those of a regular ministry: its current portfolio focuses more on monitoring and supporting growth than on administering Far Eastern firms directly (Netreba, 2012).

3.4.2. Advanced Special Economic Zones (ASEZs)

When a revised version of the project was authorised in April of 2014, the total public expenditures for the period up to the year 2020 were reduced to 346 billion rubles to account for the savings. It is less than one-tenth of the amount the government allotted for the project the year before. The emphasis shifted to attracting domestic and international private investment to expedite economic growth in the RFE. A few new procedures were implemented throughout the next year to expedite the admittance of financial and human resources into the Far East. Thus, the most important projects should be highlighted. First, the 'Advanced Special Economic Zones' (ASEZ) was set up in March 2015. ASEZs are designed to attract private investments based on less regulation and tax relief. The goal is for these zones to speed up economic growth in their regions. Governments pick ASEZs, which the Far East Development Corporation administers (Turovskii 2016).

3.4.3. Free Port of Vladivostok

In 2015, legislation that established the Free Port of Vladivostok was enacted, and as a result, fifteen villages in the southern half of Primorskii Krai were designated ASEZ. The Free Port regime has a land area of 28,400 km² and a population of 1.4 million. Like the ASEZs, the Free port regime provides fiscal and customs benefits. In addition, it streamlines regulations, which in this scenario may include a simplified visa process. On the other hand, the Free Port is substantially larger and more complex. According to the proposals, 85,000 new employments will be created by 2021, and Primorskii Krai's GRP will need to be doubled by 2025. Like the ASEZs, the regime's administration is carried out by the Far East Development Corporation (Izotov, 2017).

3.4.4. Far Eastern Hectare Initiative

The fourth initiative, the 'Hectare Initiative', was started in 2016 to address the issue of negative migration. Since the fall of the Soviet Union, the yearly population decline in the RFE has continued. This initiative aims to attract and encourage locals to take free land and relocate to this population's scarce areas (Lee and Lukin, 2016).

With the provision of the initiative, potential farmers would get one hectare of land free of cost. However, the only requirement is that they begin cultivating it within the following five years to aid in rehabilitating this land, developing regional food self-sufficiency and increasing the population. This initiative is run by the 'Far East Human Capital Development Agency'. It used only to be available to people who lived in this area, but as of February 1, 2017, it is now open to all Russian citizens (Belolyubskaya, 2021).

3.5: Development Policies and projects

As stated by President Putin, developing the RFE is the 21st-century national goal. From the very beginning of the third term of President Putin, Russia has sought more muscular means of driving growth in the Far East. Since the period of Gorbachev, the RFE has been used in foreign policy debate as a means to enter Asia-Pacific

integration processes. However, the border with China and the uneven economic cooperation between China and Russia show the political and economic effects of involvement in the Asia-Pacific region (Natasha, 2012).

The success of Russia's involvement in the Asia-Pacific largely depends on whether the country's Far East can be turned from its backyard to its gateway to the Pacific (Lukin and Troyakova, 2012). In 2012, the Kremlin formed a dedicated Ministry to realise Russia's ambitious goals of making the REF the gateway to Asia-Pacific. The ministry has both a central office and regional offices, which show that Moscow's approach to development is centralised and that it is hard to micromanage politics in a province that is far away. In assessing the efficacy of the new ministry, it seems that the Far East will become more interconnected with the rest of the Russian Federation, resulting in a more stable growth throughout the Federation (Blakkisrud, 2017).

To modernise the RFE, the federal government is concentrating on two effective development programmes. First, Moscow plans to increase its 'administrative and economic footprint' in the RFE by expanding regional investment and creating the 'Ministry for the Development of the RFE' in May 2012. The second objective of the central government is to strengthen economic ties with Russia's Asia-Pacific neighbours to connect Russia's economy to the dynamic and expanding economies of the Pacific region. The purpose of these initiatives is to revitalize the faltering economies of the RFE. However, the RFE's current focus on increasing development is not only economic. Moscow's policy for the Asia-Pacific region has four additional objectives: to show other Asia-Pacific countries that Russia is a serious force in the area, to show that Russia has control over the RFE, to turn the RFE into a 'modern and efficient hub' for promoting trade with the area, and to stop people from leaving the RFE. Moscow must outsource substantial influence and responsibility to regional and municipal administrations to accomplish these goals. However, excessive liberalisation might jeopardize Moscow's dominance over the area and expose the RFE to the influence of other regional entities (Helper, 2012).

This 'Ministry for Development of the Russian Far East' established in March 2013 and updated in April 2014 and August 2016, controls the region's development and the execution of the state plan 'On the Socio-Economic Development of the Far East and the Baikal Region until 2025', In addition, a second panel, a Commission by the government on the Socio-economic Development of the Far East, was established in 2013 to assure momentum. A strategy for 'Advanced Special Economic Zones' (ASEZs) has been developed as the centrepiece of these efforts to improve the situation in the RFE and promote new development (Min and Kang, 2017). The purpose of ASEZs is to establish an environment conducive to business and investment and to nurture export-oriented enterprises that target the Asia-Pacific region. It will be accomplished by implementing an institutional process supported by special tax incentives, infrastructural development, and administrative assistance. There are two primary reasons for Russia's decision to take this action (Novikova et al., 2020).

First, following the fall of the USSR, Russia continued its economic development programmes in the Far Eastern region without much success. In several ways, the Far East is still far behind other federal administrative divisions ("quality of life, social conditions for developing the labour force, social infrastructure, etc."). After the APEC meeting in Vladivostok in 2012, investment incentives dropped significantly, and the Kremlin had to come up with a new and different plan to get private and public investments (Min and Kang, 2017).

Second, even though the economy in the Russian Far East has grown at a relatively moderate pace, the area offers substantial economic growth potential compared to the Asia-Pacific region. However, this promise can only be realised if the area can capitalise on its resources, transport, and logistics advantages. According to the Russian government, The Asia-Pacific region is one of the largest global logistical hubs and shares a large portion of global financial resources. Therefore, the region has assumed a leading position in these sectors. In addition, the government intends to reduce labour scarcities in the Far East by leveraging Asia-Pacific's labour and

technological development potential. It is a component of the government's long-term development plan (Min and Kang, 2017).

Dmitri Trenin, a renowned Russian author, has described RFE development as a civilizational mission. At the same time, Moscow has admitted that building the RFE is the cornerstone of any successful Russian claim to the position of great independent power in Asia. Nonetheless, a thorough assessment of Russian ties with the key Northeast Asian nations and big Asian economies like China, Japan, and South Korea clearly shows that Russia has failed at this mission and that its economic-political system is the principal cause of this failure (Martin, 2012).

Given the stakes, this failure has implications, especially Russia's undue dependence on China for assistance with the RFE's growth. China bailed out Russian oil producers in 2009-2010 on the condition that they provide only China with oil in East Asia, resulting in a rise in Chinese influence. Russia was also required to tie its RFE development goals to China's Northeast China regional development plan. As a result of Moscow's inability to make significant progress with both Tokyo and Seoul, it is forced to rely on Beijing to define the nature of its position in northeast Asia. Russia views itself as an Asian power and desires direct involvement of the RFE in Asia and regional organisations such as the Asia-Pacific Economic Cooperation (APEC)¹³ (Martin, 2012).

It offers its rich oil and gas and its competitive scientific, technological, industrial, and intellectual resources to this aim. Russia's scientific and technical competitiveness is questionable, but energy has long been its calling card in Asia. The RFE is essential to the massive job of reconstructing Siberia and securing Russia's status as a significant Asian power. Therefore, the successful development of the RFE is a prerequisite for an effective Asian strategy. The various economic policies pursued by the Russian government in the RFE have four primary objectives: to get enough capital investment for long-term growth in the region; to connect the region's

¹³The Asia-Pacific Economic Cooperation (APEC) forum, established in 1989 is the most important economic forum in the Asia-Pacific region that promotes sustainable development, trade, commerce and investment, and growth in the region.

economy more closely with the rest of the Russian Federation's economy; to change the way the RFE's population is growing; and to use the region as a gateway opportunity for Russia to reach the economically active 'Asia-Pacific Rim' (while simultaneously reducing Russia's economic dependence on the region) (Jensen, 2015).

In 2019, during a plenary session of the Eastern Economic Forum (EEF), President Putin reaffirmed his government's strategy for the RFE's development. This was done in conjunction with the forum's 'Eastern Economic Integration' theme. Later on, in 2015, the EEF was established, shortly after ties with the West deteriorated in the wake of the 2014 Ukrainian conflict, with the purpose of economic development of Russia's Far East and expansion of international cooperation in the Asia-Pacific area. It was done to fulfil the mission statement of the EEF. Since then, they have emphasised luring investment for the RFE from countries like China, Japan, South Korea, ASEAN and India by getting their senior leadership, ministries and corporate leaders involved in the process (Ministry of External Affairs, 2021)¹⁴.

In addition to establishing a distinct Ministry, the Russian government also established the Far East Development Fund. The Fund is a state-funded development entity that requires a flexible approach to the planning and funding of projects. The Fund invests in infrastructure and venture capital, which have a substantial social and financial effect on regional economic growth. To speed up the Russian Far East's development, the Fund partners with the Embassy of the President of the Russian Federation in the Far Eastern Federal District, the Ministry of Far East Development, and Vnesheconombank, which has a stake in the Fund. The objective of the Fund is to identify, structure and implement initiatives capable of delivering significant multiplier impacts and generating new investment possibilities in RFE (Libman and Yakovlev, 2021).

One of the Fund's aims is to recruit foreign partners with specialised expertise in the area. The Fund promotes collaboration with prominent corporations and financial institutions from Asia and the Pacific, particularly China, Japan and the

¹⁴ After President Putin's visit to India, Russia and India issued a joint Statement on December 06, 2021.

Republic of Korea. The fund encourages regional investment to enhance Russia's Far East economy. As part of Russia's Far East development system, the fund works closely with the Sub-Commission on Investment Projects in the Far East and Baikal Region, chaired by 'Deputy Prime Minister and Presidential Plenipotentiary Envoy to the Far Eastern Federal District Yuri Trutnev', the Ministry for the Development of the RFE, and the Ministry for the Environment (Novikova et al., 2020). Likewise;

President Putin outlined several state-level actions and goals that would solve the challenges that have hindered the growth of the Far East for years to accelerate the development of RFE and continue the process of reconstruction. The following actions are being taken:

First, Construction, heating designs, and contractors for housing projects would be upgraded utilising the most recent advancements in energy efficiency and environmentally friendly technology. For the next five years, Russian purchasers in Vladivostok will be able to get mortgages with interest rates as low as two per cent. Medical and healthcare facilities will be available for international investment. Salaries for physicians and other medical workers in Russia's Far East will be increased. Educational facilities will be upgraded, and remote learning will be made available. 5G Internet connections, coverage, and speed are now introduced. Boundaries inside Russia's national parks and preserves would be better defined and managed. Other cultural institutions would be constructed, such as art galleries, museums, and theatres. The maritime and high-tech industries would get additional assistance, funded by increased Russian wood export tariffs. The ecotourism industry would be supported and invested in and open to public-private partnerships and international investment. 'Pacific Russia', a new tourist cruise line, will be launched, providing services from Vladivostok to the "North-East Russian regions of Primorsky Krai, Sakhalin, Kamchatka, and Chukotka in the Arctic". Improvements would be made to the region's regional airports in the Russian Far East. Discussions have taken place on the establishment of a new venture capital fund dedicated to fostering economic growth in Far East Asia; the fund is expected to get off the ground the following year (Kuhrt, 2012).

The Far East is unquestionably considered ‘Russia’s gateway to Asia’. Opportunities for significant financial gain may be found across the Russian Far East, notably in manufacturing, natural resources, fishing and tourism. This region is abundant in natural resources and has a strategic location since it shares land borders with China, Mongolia and North Korea and has a maritime border with Japan. The 21st century has been dubbed the Asian Century by academics because China, India, Japan, Indonesia, and Russia are expected to have the five most significant economies in the world by the year 2030. For the same reason, President Putin has emphasised the rapid growth of the RFE and promoted foreign investment in the region. Russia wants to take advantage of Asia’s robust economic expansion in the twenty-first century, as shown by President Putin’s decision to provide Russian citizens and naturalised nationalities with free property in the Far East in May 2016 (Rozman, 2018).

China is one of the most crucial investment partners in the Far East, as per the official website of the ‘Far East and Arctic Development Department’. The Chinese partners invested in forty-nine projects in advanced development zones and Vladivostok. Forty more investment projects worth about USD 23 billion are in the planning stage. After many years, Japan’s investments in the Far East’s economy have topped \$15 billion and will continue to grow. However, Japan’s investments are still small compared to China’s. Instead, the small amount of foreign investment from countries other than China shows that if Moscow wants to do business with “Asia through the Far East, it may only be able to do so through the Belt and Road Initiative (BRI). The main projects where Chinese money is used are the gold mining project by China Gold Group, the coal project by China Energy, the Nakhodka Mineral Fertilizer Plant, and the Zhongding United Animal Husbandry Co., Ltd.” (Antonopoulos, 2019). For China, the region is just another chance to make money, but for Russia, it is essential for doing business in Asia. Vladivostok is a port city that opened in 2015. Because it is close to China and North Korea, it has also hosted the EEF every year from the beginning (Antonopoulos, 2019). Currently, 14 large investment projects and several small and medium investment projects totalling 215 billion rubbles are being carried out in the Far East. The

investment projects offer enormous potential for job creation and a significant boost in Russia's gross domestic product (GRP) (Gross Regional Products). The following are notable investment projects:

- Construction of the border crossing bridge across the Amur River in the Jewish Autonomous Region: As part of the intergovernmental agreement between Russia and China, the project is being carried out. It is one of the top priorities for integrating Russia into the global idea of "One Belt, One Road". Presidents Vladimir Putin of Russia and Xi Jinping of China has identified this initiative as a component of a new system of collaboration and strategic engagement. It has an annual throughput capacity of 20 million tonnes. This initiative will create 150 new employment and raise GRP by 9.6 billion rubles.
- Construction of housing for shipyard employees in Zvezda. On the premises of the shipyard Zvezda and adjacent sites in Bolshoi Kamen Bay (and in the same-named special economic zone), Primorsky Region, a large-scale construction project for a new shipyard and social infrastructure for its employees is being constructed. This project will increase GRP by nine billion rubles and generate 218 new jobs.
- Co-construction of a swine breeding facility in "Primorsky Region" with Rusagro Group, one of Russia's top pork producers. Rusagro Group anticipates constructing a pig breeding plant with an annual output capacity of 112,000 tonnes of live weight in the Far East. This project will produce 1,322 new employment and increase GRP by 41 billion rubles.
- ASEZ "Belogorsk" is constructing the second phase of a high-tech soybean processing facility. The Amur Region is one of the key agricultural drivers in the Far East. This region has experienced record soya crop yields, contributing to a rise in the agricultural production index (about 50 per cent of the all-Russian soya yield). Amur agribusinesses enhance this crop's exports, especially to China. This would lead to the creation of 504 new jobs and an increase of 15.4 billion rubles in GRP. A coordinated effort to build an aviation transportation network in the Far East: The initiative aims to increase the GPA in the Far East. Passengers are transported to difficult-to-reach places using 19-seat aircraft that can take advantage of shorter runway airfields as well as unprepared dirt airfields. This project will enhance GRP by 76 billion rubles.
- Khabarovsk Airport Development Project: It is also a vital component of the transport infrastructure, connecting the isolated territories of the Far East with Russia's central region and the Asia-Pacific region. This will assist raise GRP by 10.4 billion rubles.
- "Project of the building of passenger-and-freight road-rail ferries for fleet renewal at Vanino-Kholmsk crossing": The project aims to increase and sustain continuous freight turnover between Sakhalin Island and the mainland, as well as improve passenger transit comfort and safety.

- “Capacity Expansion of Inaglinsky Mining and Processing Plant”: The goal of this project is to increase the capacity of the Inaglinsky Mining and Processing Plant situated in South Yakutia near the Chulmakanskoye coal-mining area. Here, a mine, a processing facility, and the required infrastructure will be constructed. “Far East and Baikal Region Development Fund” TSC would lend Inaglinsky Mining and Processing Plant four billion rubles at five per cent annually for a term of ten years (affiliated with Kolmar Group). This initiative has the potential to create 3000 new employment and raise GRP by 252 billion rubles. Construction of Offsite Infrastructure Facilities for Sakhalin GRES-2: In line with Vladimir Putin’s decision, GRES-2 is being developed on the western shore of Sakhalin to replace the retired power capacity and maintain the stability of the island’s energy system during peak load times. This project creates 432 new jobs and has helped 31 bn rubles in GRP increase (Aganbegyan, 2019: 43).

Apart from the above investments, the ‘Far East Development Fund’, the Russia-Japan investment platform, and the Hokkaido Corporation cooperate on the Russian Agricultural Complex Development Strategy 2020. This initiative has created sixty new employees and an increase of 2,9 billion rubles GRP (Antonova and Bardal, 2020).

Gold mining, the fish industry, the forest industry, nonferrous metallurgy and shipbuilding are the pillars of the Far East’s economy. Today, the area actively fosters the circumstances required to establish new industrial facilities and attract investors. In the vital development regions and the Free Port of Vladivostok, additional shipbuilding, logistics, fish processing and port operations, and agricultural, tourist and leisure projects are being undertaken. The growth of business and the creation of new employment contribute to the region’s ability to attract people from other areas of the Russian Federation and other nations. Due to its advantageous economic and geographical position, the Russian Far East is significant in ties between Russia and APR (Asia-Pacific Region) nations. There are 29 seaports in the area, which is a crucial element of the transit corridor between Asia and Europe and the main railways run through its land. The most significant reserves of diamonds, oil and gas, gold, coal, and poly metals are located in the Far East. These materials provide a solid foundation for new large-scale manufacturing initiatives (Bassin, 1999).

The Far East Development Corporation was started in 1971. It manages the priority development areas and the Free Port of Vladivostok (FPV). It uses the region's competitive advantages and makes it easier for businesses to do their work.

Advantages of doing business in the Far East:

- Good logistics
- Tourist potential
- The proximity of the global market of the APR countries
- Tax and administrative preferences of ASEZ and FPV regimes
- Infrastructural support and institutional system for the execution of investment projects (Titova and Baturin, 2017).

The analysis of the recent history of developments in the RFE leads to the following conclusions:

First, the place where the new energy strategy is being tested is the RFE. The change in energy policy has resulted in a complex, heated, and ever-changing conflict, which has led to a leadership shift in the oil and gas industry. Rosneft, Gazprom and Surgutneftegaz have seized the initiative from Yukos and Sibneft, the former pioneers in resource development. The new frontrunners seem to be in the lead, but mostly in terms of public pronouncements about the challenging exploration and development of the Far East oil and gas industry on a regional scale (Bogomazova, 2020).

Second, there is a growing trend toward a new balance of power between the government and private oil companies, with the government controlling and regulating this strategically important sector more to protect the country's economic growth, stability, and security. Separate components and features of the process initially resulted in fragmented policies; nevertheless, a unified picture of the new state policy would emerge over time. At the meeting between President Putin and the Russian Union of Industrialists and Entrepreneurs, Mikhail Khodorkovsky criticised Rosneft's purchase of the Northern Oil Company. Putin then approved the joint strategy letter between Rosneft and Gazprom about the complex development of the oil and gas potential of the RFE. This authorization led to the tripartite alliance's struggle for control of the region's resources, including the acquisition of Vankor by Rosneft,

Talakan by Surgutneftegaz and the export of Kovykta gas by Gazprom (Hanson and Teague, 2005).

Thirdly, leaving YUKOS's destiny aside, the new energy sector plan does not indicate that the Russian government has begun nationalising the energy industry. Such a nationalisation is now virtually unattainable. The current restructuring of the energy business is just a redistribution of assets between the old oligarchs and the new 'Piterskie' tycoons, according to a widely critical public interpretation. However, it would be more accurate to talk of increasing governmental intervention in the oil and gas industry. In modern Russia, particularly since the historically immature oil barons are not sufficiently law-abiding, the state must assure the oil barons comply with administrative measures. It is not particularly democratic, but it has succeeded at least (Rethmann, 2004).

Fourth, the federal government plans to assume complete authority over regional resource development. In reality, when Yuri Trutnev's nomination to the Minister of Natural Resources position was negotiated with the President in the Kremlin, he was charged with removing corruption in the development of natural resources. Currently, the Ministry of Natural Resources is successfully drafting new legislation titled 'On Mineral Resources. Instead of the fraudulent practice of hosting investment competitions, the new legislation would encourage auctions as a method for issuing licences. It will also decide the maximum size of deposits issued to subsurface users. The licences will specify the timeline for operations like exploration, pilot production, and commercial production, among others. All of this will permit the removal of the oil corporations' deceptive habit of building reserves for a rainy day and raising reserves to production ratios and their capitalization, which caused significant harm to the nation's economic interests (Howitt, 2002).

Fifth, the dire predictions of many politicians and experts, which are often shown in Russian and Western media, that changes in the Russian President's policy and, in particular, the complaint against the top executives of energy companies will lead to a drop in investments, will be shown to be false. Perhaps oil and gas company

CEOs were more perceptive and assured. During the height of the energy firms' trial, their investment activity skyrocketed (Gelb, 2006).

It is required to list the most notable occasions in which a memorandum was signed with other foreign nations in the energy sector that envisioned cooperation projects of oil and gas extraction and transportation to other nations for the production and distribution of power. Despite the thorns in Putin's legacy, the integration of Russia's energy industry into the global energy market is proceeding irrevocably.

3.6 India's Interest in the Russian Far East

Russia naturally views itself as a great power, but not as an Asia-focused state. Consequently, there is a growing desire for a geostrategic and economic interaction with an increasingly significant portion of the globe, especially given the deteriorating ties with the West. Russia's involvement with Asia necessitates a strategic partnership with China. It is a very sensitive matter for Russia and the Russian people. While Russia and India are only blips on each other's geostrategic interests, the endeavour of Russia, a resource exporter, to expand its footprint in the Asian markets might have grave consequences for India (Dallin, 2013).

In a recent declaration by Indian Prime Minister Narendra Modi, a fundamental change in New Delhi's foreign policy was evident. Moreover, Russia should be included in the new diplomacy because Russia is an Asia-Pacific power. However, Russia is unfit to be a Pacific power. It is too large not to have areas of underdevelopment, yet it is too impoverished to address. If we see the engagement of other Asian nations as an attempt to counter China's dominance or as a response to the inability to reach an agreement with China, then the presence of these nations may be interpreted in one of two ways. India has concluded more resource transactions with Russia than China since 49 per cent of Rosneft's Vankor has already been sold to several Indian corporations for \$4.4 billion (Ivanov, 2004).

As the above blips, we can say that Russia is a resource exporter in the Asia-Pacific, and India is relevant to Russia economically. From oil to gas and iron ore deposits are enormous in the country. Apart from that, there is much emphasis on coal,

including investment in expanding rail and port capacity. These resource deposits and developments coming online in the “Far East and Siberia” in the long term on Sakhalin will help India soon (Maness and Valeriano, 2015).

In addition, Russia and India share similar stances and coordinate their activities on the world stage. Additionally, the nation works closely with the United Nations, BRICS and G-20, and the ASEAN and East Asia Summit Forum, among other Asia-Pacific organisations. Therefore, Russia aims to extend its imprint in Southeast Asia via its involvement with the Asia-Pacific association, and its partnership with India may be mutually beneficial. Even Russia’s expanding interests in the area speak for themselves. It is seen in its newly acquired agreements with ASEAN, SAARC, African, and Gulf nations in armaments and natural resources. Similarly, Russia has increased its collaboration with Asia-Pacific nations and will benefit from the region’s multipolarity and multilateralism (Nguyen et al., 2021).

India’s engagement in Southeast Asia and the RFEis complemented by Russia’s vision from Lisbon to Jakarta. It will also contribute to India’s Act Far East Policy, which includes New Delhi’s participation and investment in the resource-rich Russian Far East. As detailed by Indian Prime Minister Modi in the ground-breaking ‘Act Far East’ initiative released in Vladivostok in 2019, a framework for Russia-India strategic cooperation in this region already exists. As indicated before, India’s interest in the RFEis primarily driven by its desire to exploit the region’s natural riches. The region is abundant in metallic and non-metallic resources like oil, natural gas, iron ore, copper, diamonds, and gold.

Further, the region is rich in timber, fish, freshwater, and arable land. In the Indian Ocean and Indo-Pacific area, India has emphasised the importance of investing in shipping, ports, and a Blue Economy to enhance its economic ties with Russia for its development (Kesavan, 2020). In the last three years, the RFE has become a location of increasing importance for India. During his 2019 visit to the port city of Vladivostok in the Far East, Indian Prime Minister Narendra Modi announced that India would provide 1 billion US dollars to stimulate economic development in the region. In addition, the Russian Far East is appealing to India because of its abundant

energy resources and arable land. Moreover, India will need enormous quantities of these two commodities over the next decades to support economic development. In this instance, Delhi must prevent Russia from unduly relying on China to assist India in the Far East in finding alternate sources of commerce and investment (Analytica, 2016).

3.7: Sum Up

Given the fundamental orientations outlined in the preceding section, Russia will need policies that promote investment and structural transformation in the industry and address the economic future in the Asia-Pacific region. In addition, it will be important to promote policies that include the whole Russian Far East. In this respect, it is preferable that the “*Far East Long-Term Development Program*”, presently being created by the Russian Federal Government, be designed and executed from this perspective. Concerning the encouragement of investment, the Far East has seen a sharper decline in investment than the rest of Russia since the reforms, and its already substantial reliance on federal and regional government expenditures has increased even more. Consequently, a corporate investment currently accounts for less than half of the overall investment.

On the other hand, the RFE’s savings account for 3 per cent of the nation’s total savings, while business funds and savings account for 5.5 per cent of the nation’s total savings. Russia has a total of 2,571 commercial banks, 134 operating in the Far East and already has a stock market and an exchange market. It is rapidly becoming a financial hub. In addition to continuing with these advancements, frameworks to absorb and use the earnings and foreign currency earned from natural resources to encourage investment in the RFE should be investigated in the future.

However, the Asian perspective on foreign capital is essential for the Far East to establish economic ties with the Asia-Pacific nations. Initially, circumstances must be established to encourage and attract foreign investment. When deciding whether to invest, the corporations of the leading investor nations, such as China, Japan, Korea, and India, compare the RFE to other potential investments in the Asian area and

consider profit, cost, risk, and investment environment. As the magnitude of future investments required for resource development projects rises, investment choices must be medium- to long-term and will only be made after careful deliberation. Consequently, the construction of an investment-friendly climate and risk reduction will be of growing significance. The availability of precise and highly transparent information on local businesses would be of significant use in such circumstances. Similarly, forming a complaints-handling body to deal with trade and investment issues would be crucial for overcoming any lack of openness in processes and procedures(Baru, 2019).

India's heightened interest in the area during the last four years suggests that both administrations are contemplating the restoration of Russia-India relations in light of the growth of the RFE and Russia's 'Look East' policy. To preserve this engagement's pace, both governments must guarantee that their respective industries aggressively pursue the new prospects. Beyond commerce, oil and gas, industry and agriculture are also included. Indian out-migration, particularly of farmers and continued investment in energy and industrial developments, are required to balance the dominance of other nations in the region.

Chapter 4

Russia- India Strategic Partnership and Cooperation in the Far East: Historical Setting, Opportunities and Achievements, 1991-2014

4.1 Introduction

This chapter discusses the current state of Russia-India strategic cooperation and bilateral ties for developing Russia's Far East during this period, as well as how India has demonstrated its interest and priorities to make massive investments and expand its presence in the region. It focuses on the Strategic Partnership between Russia and India as well as mutual collaboration in the Russian Far East, its historical contexts, potential, and successes during the 1991-2014 period. Because at that time, Russian Far East regions remained isolated and neglected because of its harsh climate. In the 1990s, the Far East region of Russia was ignored by Moscow. Since 2000 under the administration of Vladimir Putin, the government started to reassert its impact, incorporating into the territory of the area's external connections. As the period covered almost two and half decades, it looked at the continuing trends of a development strategy undertaken in the RFE. This chapter, while concentrating on bilateral co-operation in the RFE, prospects and successes, 1991-2014, would concentrate on the Far East development via different agreements and programmes performed by the Russian government. Instead, its economy, polity and national security were due to excessive political obstacles and changing geopolitical equations in the post-soviet period.

4.2 The Russian Far East: Early Expansion and Structural Change

After the Soviet Union's disintegration, various controversies existed in Russia's Far East. Because Russia's Far Eastern mono-cities were developed in isolated, unfriendly conditions, many firms could not compete. If the Russian economy opened to the world market, significant portions of its capital stock and industry could not be profitable at global pricing. The export through centralised government channels

decreased, which created opportunities for only selective groups to move trade income offshore. Additionally, capital flight on a short-term basis increases the resource demand, which has a greater chance of being sold on the international market. The Soviet economy was in peril and on the brink of its dissolution. From shops, goods have vanished. The government deficit increased to 16.5 per cent of the Gross Domestic Product (GDP) while the actual GDP fell 15 per cent. In rural Russia, excessive price control, capital flight, and institutional disintegration were frequent. In 1989, none of the government's food reserves had meat, fruit, vegetables, milk, butter, or cheese. Dry bread costing ten kopeks and Bulgarian pickles costing two rubles were all that could be purchased (Zhushchikhovskaya and Aikens, 2005).

The outflow of capital led to the unravelling of production connections, which manifested as a buildup of inputs for domestic production and a decrease in demand in the local market. In January 1991, a shortage of spare parts and replacement equipment for the Khabarovsk power plant left half of the city's 680,000 residents in subzero temperatures without heat, lighting or running water for two months. Even if temperatures were above freezing, this was the situation. This transpired as a consequence of the halt and termination of the delivery of replacement equipment and spare parts for the plant (Thornton, 2001).

4.2.1 Developments Post 1991

The early stages of the shift in the Russian Far East were marked by a period of anarchy. Unemployment and a precipitous salary fall were the direct results of the closure of military sites, severe cutbacks in manufacturing military goods and decreases in government subsidies. The real incomes of workers in Asian Russia were lower than European incomes, despite their nominal pay being higher than those in Europe. This was due to the higher cost of living. Companies accumulated massive payments. The threat of exposing the Russian economy to global competition and altering pricing uncovered considerable economic inefficiencies. In terms of international commerce, the value of the Far East region's raw materials was far

greater than that of manufactured goods produced outside the country (Bradshaw and Lynn, 1998).

Even if labour and capital costs were zero, the value of local production would not be sufficient to pay the cost of imported raw materials based on the global price. At global pricing, these industries had negative value-added. In 1996, value-added sectors were negative in four industries: food processing (fishing), light manufacturing, forest products, and chemical manufacturing. If they were unable to obtain better critical technologies, they would die. Aside from that, three other industries, including agriculture, ferrous metals, and coal, could not compete with present compensation at global pricing. If the region's key export companies, such as forestry and fisheries, paid the total price for power, they would become unprofitable (Thornton, 1996).

Asian Russia's population structure reflected the demographic impacts of the industrial downturn and uncertainties of the post-Soviet era. However, between 1990 and 2009, the population outflows from Russia's Asian area to the west decreased, and the population of the Far East decreased by twenty per cent. Thus, the entire population of the Russian Federation declined by four per cent, with only the oil and gas areas growing in size. As a result, there was a significant movement from the more rural communities and smaller towns in the far north to the bigger cities situated along the regional boundaries. Sakhalin and Kamchatka both had a decrease in population of 29 per cent, while Magadan decreased by 58 per cent and Chukotka decreased by 69 per cent (Forsyth, 1994).

Small-scale privatisation proceeded fast in Russia's Far East, as it did everywhere. However, privatising medium-sized firms was the subject of a fierce struggle between protective and federal agencies. More prominent energy firms, metallurgical, and military industries remained under state control and were often privatised in the middle. By good order of profit accumulation, almost three-quarters of the small service enterprises were privatized (Wood, 2011).

In addition, privatisation generated genuine rivalry in larger cities. The voucher privatisation of big firms went gradually in the Far East than in other regions

of the world due to the vast concentration of businesses that provide infrastructure services, create items for the military, or extract state-owned resources. In contrast, by 1994, two-thirds of businesses and their employees had selected a privatisation option that enabled managers and workers to purchase 51 per cent of their company's voting stock via voucher bidding. This option had been made available (Minakir, 1999).

As of 1995, the most significant companies in Asian Russia were owned by managers, workers, members of the local elite, foreign investors, and the government. Initially, corporate managers and territorial authorities kept ownership, but as time passed, Moscow-based international investors began to acquire control of companies with substantial export products. In the past, the allocation of development licences and rights in the Far East was often marked by fundamental unpredictability at its heart. In the 1990s, Rosneft gas, the successor to the previous Ministry of Petroleum of the USSR, was compelled to give up its many subsidiaries to make way for new oil businesses that were more vertically integrated (Bradshaw, 1998).

On the other hand, the assets were eventually appropriated by the government. In a similar vein, the privatisation of agricultural practices turned out to be a mistake. Instead of laying the groundwork for family farm ownership, local cooperative and collective farms were transformed into enormous joint-stock businesses run by the same people who used to run the collective farms and local government officials. These businesses were controlled by the people who used to run the collective farms (Zhou, 2016).

Members of the cooperative farm have only minimal equity interests and limited ownership rights in the operation of the farm. According to studies carried out during that period, farmers who desired to create family farms in Russia's Far East encountered tax burdens that surpassed farm revenue (Duncan and Ruetschle, 2002). If they stopped producing items to avoid paying taxes, the land would be repossessed since it was not being utilised properly and was thus considered idle. More than half of the cultivated land in the Far East region of Russia was transferred to land redistribution funds administered by regional governments due to the privatisation of land. Eventually, these territorial land redeployment funds are covered by a lease,

often to Chinese peasants. Initially, liberalising markets and privatising businesses drew significant international attention. In export sectors such as oil extraction, foreign oil firms desired relationships with the rising local producers with vertical integration (Aleksandrovich, 2017).

4.2.2 Transition in the Far East Development

Before the change, the Far East’s industrial output was highly reliant on the availability of capital. Therefore, regions in Russia with a large industrial and mining base have a greater per capita gross regional product than the national average. After 1992, as a consequence of the dissolution of the Soviet Union, the Russian demand for military and investment items declined rapidly, and vertical supply linkages between independent republics were severed. Both of these factors caused a significant drop in economic activity. Still, the fall of the Soviet Union was a contributing factor. Gross Regional Product (GRP) in the Far East was 42 per cent lower in 1999 than in 1990(Mikheeva, 2002).

Table 4.1: Ratio of Per Capita GRP to Average GRP (1990-2008)

Far Eastern Federal District	1990	1994	2008
Sakha	123		99
Primorye	148	225	133
Khabarovsk	76	91	66
Amur	112	107	81
Kamchatka	100	114	65
Magadan	264	211	106
Sakhalin	164	131	269
Jewish AO	87	79	60

Source: *Regiony Rossii*, 2003 & Russian Federal State Statistics Service; 2020

RFE/RL Russian Federation Report. (3, 11), 21 March 2001

Between 1994 and 2008, when both of those years were approximately in the centre of the range, the majority of Far Eastern provinces saw higher per capita Gross Regional

Product drops and slower recoveries than the Russian average. It was the case for both of those years. There was a significant variation in regional performance, with Sakhalin having an industrial output per person that was six times higher than other areas. Between 1992 and 1998, there was a significant decrease in industrial output, which led to an increase in the percentage of the population with an income at or below the level necessary for subsistence. This increase caused the percentage of the population with an income at or below the level necessary for subsistence to rise from approximately one-fourth to more than one-third. A fourfold drop in the ruble's currency rate, a return of the ruble's value to its pre-crisis level, and an uptick in worldwide demand for Russia's exports all contributed to a gradual improvement in Far Eastern output in 2000. Aside from that, the significant shift in currency rates facilitated the replacement of imported goods with locally produced alternatives, enhancing Russia's export competitiveness. The Russian Far East's recovery and expansion of two-way commerce evolved due to linkages with the Asia-Pacific area, particularly China (Fedorov & Kuznetsova, 2020).

In addition, the central government authorised oil proceeds to aid prisoners and government employees to earn additional money. It is feasible to estimate changes in per capita income by deflating monetary income by regional indices of the price of a fixed basket of products. This metric evaluates the projected income growth that exceeds official indices. Between 2000 and 2008, the RFE's official and predicted real earnings increased by more than double (Winkler et al., 2020).

Even after increases in the cities of European Russia, the average real wages in significant cities in the Far East remained less than half of the average pay. Even after Russia underwent substantial structural changes, the people leaving the Siberian archipelago were in the same condition. To remain competitive, Russia would have struggled with its outmoded infrastructure and industrial capital assets, much less nurture future productivity. Even while worker productivity in the Russian Far East outside of the energy sector developed slowly, the government's financial and policy plans were focused on the centre to postpone the socio-political ramifications of considerable structural upheaval. Furthermore, a dreary and unpleasant natural

environment and low earnings are reflected in bodily indices of well-being. Age-specific mortality rates in Russia increased considerably throughout the post-Soviet period (Eberstadt and Groth, 2009).

The average life expectancy of a Russian in Western Europe is twelve years lower than the Russian life expectancy. 2005 occurred about two years earlier than the 1950s. In 2005, the life expectancy at birth in the Russian Far East was much lower than in other areas, standing at 56 years for males and 69-70 years for females. This statistic was significantly lower than other locations' life expectancy at birth. This statistic was compared to other regions with substantially higher life expectancies. The more severe crime rates observed in Russia's Far East reflect the widespread perception in Russian media of Russia's Wild East. In 2005, one of the measures of violent crime that was followed with the most attention to detail was the murder rate per capita. According to the data, the murder rate in Asian Russia continued to climb until 2005, far beyond when law enforcement agencies seemed to have concealed many active, organised criminal gangs during the transition (Glazyrina and Faleychik, 2021).

Several experts have concluded that Russia's injury-related death rate is comparable to post-conflict nations in sub-Saharan Africa. The murder rate in the Far East continued to be three times that of Moscow in 2019. Even though the EFE lags behind European Russia in several health measures, infant mortality rates are improving throughout the region. In Russia, the infant mortality rate fell from 17.4 per thousand births in 1990 to 8 per thousand births in 2009. The biggest rises have been in Moscow (6.7 per thousand) and St. Petersburg (4.7 per thousand) in European Russia. Except for Sakhalin, where foreign oil companies put much money into health and social infrastructure, which led to a rise in newborn survival similar to what was seen in the West, the rate of newborn deaths in Asian Russia stayed about twice as high as it is in Moscow (Makar et al., 2019).

4.2.3 Resource-Based Development

The changes that have occurred in REF due to the end of Soviet rule are illuminating for a significant part of the nation that was previously neglected. The impact of the Soviet government on the indigenous population of the area was severe. Then, during the post-Soviet period, the area fell apart. Then, between 1990 and 2009, the region's population declined rapidly. Fishing and animal hunting are the primary agricultural pursuits of the RFE people (Ahrend, 2008).

Until recently, the industry of the Russian Far East was underdeveloped and industrial output was entirely reliant on gold mining. According to available statistics, a few tonnes of gold were extracted in this region in 1998. In contrast, a unique regime was implemented for the growth of this area. In addition, the framework offered protection for the property rights of foreign investors, allowing them to locate, investigate, and develop precious and expensive metal deposits. It has received considerable new investment over the last five years, which resulted in increased gold production for the area in 2010 (Bradshaw, 1998).

The Far East region of Russia has long relied on federal subsidies. After the disintegration of the Soviet Union, the area acquired a budget line item, a substantial in-kind subsidy from the State Fisheries Committee, and export rights for oil in the form of a fishing quota. In 1995, the regional administration of the Far Eastern area established several fishing firms. The Association of Indigenous Peoples of the RFE, the Development Fund of Far Eastern Regions and The Far Eastern Investment Company were all stockholders in the company (Moscow). All fishing profits are sent directly to the Russian Far East Development Fund, a firm that the officials run in the area (Ahrend, 2008).

In addition, Moscow let the Far East export state-owned crude oil to Europe without paying excise duties. These funds were invested by the territory's investment arm, Far Eastern Investment Company. The Far Eastern trading company, which imported food, coal, and mining equipment, served as the government's purchasing arm. It also had the authority to exploit oil reserves in the Chukotka and East Siberian Seas. However, firms in the Russian Far East were managed from Moscow since most

of their revenues came from there. These payments included payments to gold miners, subsidies for provisioning, oil export rights, and other things. On the international market, the territory's acquisitions were managed by a commercial office in the state of Washington. During the first decade of the transition, the World Bank exerted pressure on the 'Russian Finance Ministry' to convert all different types of subsidies into cash aid. The World Bank reasoned that the ambiguous arrangements that the RFE had in place were not particularly beneficial to the people (Paik, 2005).

Upon Putin's ascendance to power in 2000, the status of Russia's Far East altered dramatically. The level of life and infrastructure then increased, as did schools and homes. Numerous communities were renamed 'happy towns', and some Soviet-era apartments were renovated with primary hues (Anderson, 2016).

4.3 India's Cooperation with Russia's Far East Development

As is well-known, the long-standing friendship between Russia and India has withstood difficult times such as the Cold War, the dissolution of the USSR, and the development of a new world in which the nature of the bilateral relationship has changed significantly. In the past, India needs Soviet assistance for a variety of reasons, including its conflicts with China and Pakistan and its need for crude oil. Until the late 1980s, the European Union and the former Soviet Union were two of India's most important trading partners (EU). Due to the collapse of the Soviet Union, Russia's share of India's international trade decreased from 16 per cent in 1988 to 2 per cent in 1992. It severed a vital economic link. India and Russia came up with the idea of finding new ways to maintain their relationship despite obstacles such as the transition from rupee-rouble to dollar-denominated trade and the maintenance of strategic imports such as nuclear and defence-related materials (Baru, 2019).

With the signing of the Declaration on Strategic Partnership in October 2000, ties between Russia and India were solidly established after surviving the tumultuous 1990s. India outperforms Russia in several areas now, most notably economically. India is a nation with global aspirations that strives to maintain its leadership position in Asia and attain its place in the global community. The fact that Moscow has always

backed New Delhi's global ambitions is a significant factor in the relationship between the two countries. Even if Russia's regional strategy has yet to be articulated, the bilateral relationship with India is founded on sustained engagement in global governance, military cooperation, and the energy sector (Zakharov, 2019).

Russia's Far East region comprises nine federal districts, 36 per cent of the country's landmass, and abundant natural resources. However, the economic climate in RFE is unfavourable, and the wealthy region is not seen as an attractive investment location. The population of the Far East was just 6,3 million people, and the size of its consumer market is relatively small. In addition, the unfavourable geographical position of this region, located in the centre of Russia, resulted in harsh weather conditions, a high degree of dependency on raw material production, and an armed forces industry with roots in the Soviet period. Low industrialisation, urbanisation, and infrastructural deterioration are the primary socioeconomic features of Russia's Far East (Chandrasekhar, 2019).

During Boris Yeltsin's presidency, the Russian government tried several times to get plans and programmes for this resource-rich area, but nothing came of it. In addition, the absence of communication with Far East Russia throughout the 1990s was just one aspect of a situation of alienation between India and Russia. It was partly due to the strenuous efforts made by both nations to deepen their ties to the West. While Russia prioritised its European connections, India built new ties with the United States (US). This forceful bilateral engagement reinforced the absence of any significant activity in Russia's Far East. Even in the early 1990s, India's "Look East Policy", which aimed to mend fences with South-East Asian nations, was limited to forging closer business links with South Korea and Japan. Up until recent years, it stopped there (Donaldson, 1999).

India has also shown a growing interest in this region. Since 2000, Russia's interest in India and the Asia-Pacific region has increased under the Putin administration. Moreover, with the start of Putin's third term as President of the Russian Federation in 2012, a policy shift toward the East was initiated. Two elements supported this policy. First, the Russian government assessed that the centre of global

economic growth was shifting toward China and then attempted to promote the development of Russia's undeveloped Far East. Second, the Russian government must foster collaboration with Asia-Pacific nations by growing its political and economic sway in Northeast Asia, notably the Korean Peninsula (Chenoy, 2021).

Since 1991, Russia has cooperated readily in the fight against terrorism with India. Russia is an active member of the G-8, a group of eight Western countries that meet regularly to coordinate economic policies.¹⁵ However, the Russian government also regularly states that it is the century of the Pacific and that the Asia-Pacific region accounts for half of the world GDP and more than half of the world trade. Then Putin signed a friendship agreement with India while he attempted to get the Europeans to side with him in opposition to the Bush administration's plans for an anti-ballistic missile shield (Leksyutina, 2021).

The two-headed eagle is the Russian state symbol and has traditionally symbolized Russia's territorial desires to the east and west; under Putin, the eagle seems to symbolize the strengthening ties in both directions and perhaps a balance between the two traditional ideologies of Europeanism versus Eurasianism. According to Putin, "Russia should depend on two wings: European and Asian. Russia is seen as being both European and Asian. We respect both Western practicality and Eastern wisdom. Russian policy should be balanced as a result" (Putin's Speech, July 27, 2000).

The Russian Far East, however, is looking to the east and the Asia Pacific. It is likely economic rationality and proximity, not any political idea, that causes the RFE to look at Asia for its relationships. Some scholars have argued that the RFE is becoming alienated from Russia in this context. Shlapentokh argues that residents of the Russian Far East are receding psychologically from Moscow, travelling to European parts of Russia, and even speaking with their compatriots on the phone less often (Shlapentokh, 1997).

¹⁵The G-8, formerly the G-7 or Group of 7, includes Canada, France, Germany, Great Britain, Italy, Japan, the United States and Russia. The USSR and later Russia became a quasi-participant in the G-7, as a reward and incentive for the changes under Mr. Gorbachev. Russia became a true member of the club in 1998.

Despite the increased trade ties and the geographic proximity of some Asian countries, the “RFE is unlikely to secede from the Russian Federation and become either independent or part of a different country.” The distance from Moscow and substantial cost increases for travel in the post-soviet era are problematic. It is often cheaper for the RFE to trade with neighbouring Asian countries than with European Russia (Alef, 1996).

Since the Indo-Soviet Treaty of Peace, Friendship, and Cooperation in 1971, the bilateral connections between Moscow and New Delhi have risen to a prominent position. This is because the treaty was signed between the two countries. When Vladimir Putin took office in 2000, it marked the beginning of a period of improved ties, which followed the troubled era of Boris Yeltsin. During the 1990s, India had seen two significant shifts that highlighted its growing position: first, a more open economic strategy, and second, the formalisation of its status. The 2000 bilateral strategic partnership agreement between Russia and India set the foundation for the nations' long-term collaboration in the energy sector. Then, in 2001, Oil Videsh Limited, the international arm of the Indian Oil and Natural Gas Commission (ONGC), invested in the Sakhalin-I oil field with a 20 per cent ownership, making it the largest and most important Indian oil venture abroad, investing in the oil field (Nadkarni, 1995).

In 2004, Russia and India agreed to cooperate in exploring the Caspian Sea for natural gas. Since then, India has shown an increased interest in financial investments in oil and gas properties, particularly offshore projects in the Far East. Until recently, the level of success seen on the agricultural and industrial fronts did not correspond to the level of activity in the energy sector (Bakshi, 2022).

On the other hand, shortly after taking office in May 2012, Vladimir Putin, the current President of the Russian Federation, initiated a ‘Far East Policy’ that had never been done before. The Russian government created an independent Ministry in 2012 called the Ministry for Development of the Russian Far East. It was renamed the “National Program Socio-Economic Development” of the Far East and the Baikal Region in 2014 to link the Far East’s economic development and cooperation with

other nations in the Asia-Pacific region for the first time. This effort was made in 2014 to connect the National Program for Socioeconomic Development of the Far East and the Baikal Region. For the first time, it has established a link between Asia and the Far East (GRF, 2014).

After the first round of sanctions was imposed in 2014, Russia started to look east to reach new markets and form new partnerships. Russia's pivot to Asia has increased engagement with regional powers, including a qualitatively new level of cooperation with China, measures to revitalise bilateral ties with Japan and South Korea, and outreach to ASEAN member states. The relationship between Russia and Pakistan has also changed significantly during the last five years. Meanwhile, it seemed that Russia's foreign policy toward India was taken for granted. Plans to expand bilateral relations outside customary fields of cooperation have yet to materialise. Since 2014, India's foreign policy has spread over many parts of the globe. Much to Moscow's anger, New Delhi's collaboration with the United States has become of paramount importance globally, although its immediate neighbourhood has remained mostly unchanged (Singh, 1995).

However, in the mid-1990s, the late K Subrahmanyam saw the necessity for India to use the resources of Russia's Far Eastern area. K Subrahmanyam, a former director of the Indian Institute of Defence Studies and Analysis (IDSA), compared the Russian Far East to Canada, where Punjabi farmers had lived for decades and have become very productive farmers. The Indian and Russian governments have acknowledged the economic importance of Russia's Far East, but none has used this potential beyond the oil business. Economic ties are still primarily based on India's investments in the oil and gas industry (Baru, 2020).

India's lack of interest in Russia's Far East, a meeting is inevitable given the economies of both countries. Russian resources are plentiful, but India is short in resources. A new joint venture with shared geoeconomic goals was built on this differentiation. Because India has a labour surplus and an energy deficit, it may benefit from Russia's Far East's access to land and energy resources. Due to India's labour needs, Russians may gain from immigration from India, which does not represent the

same long-term geopolitical threat as immigration from neighbouring regions. In addition, Russia's exports to India are growing rapidly (Baru, 2020).

The vast breadth of the Russian Far East gives India significant energy, commerce, and tourism prospects, among others. In 1992, India was the first to establish a permanent consulate in Vladivostok. Include industries such as horticulture, mining, port development and infrastructure, precious stone processing, and agro-processing in a collaborative effort with Indian enterprises. Andhra Pradesh and Punjab have demonstrated enthusiasm for some of the activities in these parts of the Russian Far East. Moscow's invitation to New Delhi to upgrade its financial requirements in Far Eastern Russia – a region where Chinese business and population have made significant inroads has all the earmarks of being a Kremlin endeavour to balance Beijing in the resources-rich domain twice India's size (*Economic Times, 2019*). The kind of goodwill for India that continues to exist in the RFE probably has no parallel. Sushma Swaraj the then Indian External Affairs Minister, on a three-day visit, reflected the importance attached by India to emerging opportunities in the Russian Far East and its strategic partnership with Russia (Mehrotra, 1992).

In addition, the government of India has made it abundantly clear that it intends to pursue commercial interests in a wide variety of industries, including the mining and processing of diamonds, petroleum and natural gas, coal and other minerals, agro-processing, and tourism. These are just some of the industries that fall under this category. In addition, each of them has been singled out as a significant priority for advancing economic growth in the Far East area. Especially in light of Western economic sanctions placed on Russia and as a reaction to China's growth as a geo-economic and geopolitical threat in Russia's far east, Russia-Indian relations are being shaped by a new conventional knowledge that responds to both countries' mutual economic demands. It is especially true because the West has placed economic sanctions on Russia. This is particularly true because Western nations have imposed economic sanctions on Russia. If India's infrastructure is modernised and developed, it will be possible to use Russia's wealth (Izotov, 2017).

During the first official visit of Indian Prime Minister Jawaharlal Nehru to Russia in 1955, almost every facet of Indo-Soviet ties advanced. The partnership was multidimensional and a pillar of India's foreign strategy. India's collaboration in the Russian Far East is explicable in light of its more comprehensive strategic partnership with Russia. India is gaining prominence in the Indo-Pacific region, which borders Russia's Far East (Dash, 2008).

Conversely, Russia's Far Eastern region is significant for India because of its rich natural resources like oil and gas and strategic location. As many analysts and researchers argue, the capital city of the Far Eastern region, Vladivostok, can be a major hub for Indian industries for voyaging into the emerging markets of the Indo-Pacific. As enunciated both at official and unofficial levels, the proposed maritime trade route connecting Chennai and Vladivostok raises much hope that the geographical isolation which India has been suffering over the years in connecting with the Eurasian continent can be overcome as analysts and policymakers perceive (Mohapatra, 2019).

Recently, Russia's intention to give a more prominent role to India to develop in its Far East region was evident during the Deputy Prime Minister of Russia's interaction with Indian industrial conglomerates. Besides that, Russia needs Indian investment in the RFE, mainly to boost the country's economy. Moreover, India has been concerned and involved in energy sectors. For example, ONGC Videsh Limited (OVL) made a significant entry into the energy resources development in the RFE, including such flagship projects as the Sakhalin 1 Project for long and the then Sakhalin 2 Project. Apart from that, New Delhi is also importing the bulk of LNG from Russia. In this regard, the Russian Far East region also produces a large volume of LNG (Fischer, 2016).

The investment from India is now opening to flow into fields other than energy resources as the Putin government reinforces and fosters the manufacturing industries in the Far East region of Russia. As a high-profile challenge, Indians and other automakers set up construction and production bases and started operations in Vladivostok. So, the Russian government is also supporting the invitation of

manufacturers, thereby showing favouritism and offering preferential taxation measures (Lee, 2017).

4.3.1 Trade and Commercial Link with India

After the dissolution of the USSR in December 1991, India-Russia economic cooperation expanded to include important areas of the Russian economy and RFE's economy. Beginning with a few factories, such as Bhilai Steel Plant, the Indian countryside was dotted with Soviet technological assistance and collaboration over many years. BHEL, ONGC, HEC, and Bokaro, to mention a few, are some of the major public sector companies featured (Mohanty, 2008). Then, following the rupee-ruble deal, the two parties grew to become important trading partners. Aside from that, cultural exchanges expanded progressively via yearly cultural exchange programmes. Politicians, public figures, corporate movers and shakers, writers, journalists, academics, artists, film stars, technocrats, youth representatives, leaders, and athletes often exchanged visits. In addition, the Indo-Soviet Cultural Society, with its network of chapters across the USSR and India, ensured that every opportunity was used to highlight the growing relationship between the two countries and their peoples (Budhwar, 2007).

One key aspect of this fast-developing link was added in the 1960s. There is a need to work together actively in the sphere of defence, among the areas highlighted due to the unusual payment method under the rupee-ruble agreement and the exceedingly rare and advantageous defence credits. India's three armed forces were to be supplied with military equipment by the Soviet Union over the next several years (Kotilaine, 2005).

Political connections also expanded and became warmer by the day, giving the crucial foundation for the rapid development and expansion of contacts in other domains between the two nations. At the highest levels of political leadership, high-profile visits have become an almost yearly occurrence. Then, several collaborative commissions and research groups were established. In the sphere of education, the Soviet Union's reputation for competence in technical and advanced studies made it

an appealing choice for Indian students. The number of Indian physicians and engineers educated in the USSR continued to rise (Foshko, 2011).

The traditional definition of foreign policy has always focused on fostering more profound levels of cooperation and mutual comprehension. The non-alignment approach became well recognised in India and even received support from Moscow at one point. It even existed amid the critical times the Soviet Union was going through. The signing of the Treaty of Peace, a Partnership between India and the Soviet Union, in 1971 represented the climax of New Delhi and Moscow's burgeoning relationship. The treaty was titled 'Relationship between India and the Soviet Union'. Changes at the highest levels of political leadership in both countries did not affect the growing strength and singularity of the link that was developing between India and the USSR at the time, from Nehru to Shastri to Indira Gandhi to Morarji Desai to Rajiv Gandhi and beyond, and from Khrushchev to Brezhnev to Gorbachev, the Gandhi family crest has never been questioned as a sign of friendship, cooperation, and working together (Kotilaine, 2005).

As time passed, the connection between the two nations grew steadily, culminating in an equilibrium of mutual interests. Keeping in mind what would best serve their national interests, both nations granted a great deal of freedom. Respect and understanding were shared between the two parties. Moreover, it was the symbol of hypothecation for a unified declaration. Consequently, this became advantageous and communicative for the value of improved exchanges. By the 1990s, Russia had finished its short flirtation with the west. The importance and usefulness of links with a country of India's size and potential reappear in this frame of mind. Once again, preserving India's carefully cultivated and maintained goodwill became clear (Budhwar, 2007).

Specifically, in defence cooperation, the partnership between India and Russia is similarly advantageous. For India, this means access to some of the world's greatest military gear and equipment, which is identifiable and makes up a significant portion of the country's military inventory across all three services. This connection with India is incredibly critical and significant for Russia, accounting for about forty per cent of

Russia's exports of military equipment. India comprehended and accepted the new reality of Russia, and Russia similarly comprehended and accepted changed India. Each party pursued its national goals and interacted with other power centres as it saw appropriate. Their national interests were more likely to coincide than clash. The Declaration of Strategic Partnership was signed During the first official visit to India by Russian President Vladimir Putin in October 2000, ushering in a new spirit and substance for India-Russia relations. It became usual for the two parties' top political leaders to meet yearly for summits. All levels and areas of communication proceeded with vigour (Mrathuzina, 2015).

Putin's official visit to India in January 2007 as the top guest for India's Republic Day celebration during India's diamond jubilee year of independence was evidence of the country's close ties. This trip provided the impression that the political substance of India-Russia ties had returned to pre-Soviet levels. Moreover, Strategic Partnership better suited this relationship's new character. President Putin's trip to India affected several tangible outcomes. Before 2007, eleven agreements between two countries that were very important were signed. Space, the defence industry, science, building machines, making ferrous and non-ferrous metals, building housing, ports, roads and other infrastructure networks, computer technologies and transportation were all covered by joint economic and technical cooperation. Biotechnology, pharmaceuticals, high-tech and information technology have been identified as industries with significant partnership potential. India is the only foreign nation having access to Russia's Global Navigation Satellite System and has the potential to participate in the system's development and launch of satellites (Thomas, 2007).

Even though a solid political foundation was anticipated to enable and advance connections in other sectors, it was vital to establish ties in these areas. For instance, the trade between India and Russia remained frighteningly low. Only \$3 billion annually, compared to \$30 billion on an annual basis for commerce between Russia and China, is predicted to expand over the next decade. Even India's trade with China was far more than India's trade with Russia, coming in at an annual rate of 18 billion

dollars. India and China aim to increase this amount to \$40 billion annually by 2010. The commerce between India and Russia was in no way proportional to the political ties between the two nations. Against this backdrop, the objective proposed by both parties to increase this amount to \$10 billion by 2010 seems very small (Wei, 2005).

Currently, both sides see their respective markets as captive ones. Now, market forces were in effect. People on both sides could now select; they were quality-conscious and prepared to pay a premium. Like India's comfortable foreign currency holdings, Russia was rich with petrodollars. Both nations' economies maintained a continuously high growth rate. Exporters and manufacturers in both nations had to confront and accept these altered circumstances (Wei, 2005).

Certain Indian trade partners in Russia had been established throughout the Soviet era, relevant to the commerce and commercial sectors. Products such as tea, coffee, cigarettes, textiles and pharmaceuticals, amongst others, are included in this category. Later Russian corporate discourse and contacts with the Indian side included more forward-thinking and younger enterprises, such as those working in information technology or telecommunications, in addition to producers of machinery and equipment. Aside from that, India's exports of engineering products (light, medium, and heavy) were making significant inroads into other countries, and trade in mechanical equipment accounted for less than 10 per cent of civil cooperation. The Business Council for Cooperation with India has signed MOUs with the Confederation of Indian Industry (CII), the All India Chamber of Commerce and Industry (AICC), and the Federation of Indian Chambers of Commerce and Industry (FICCI). This may have something to say to Indian banks as well. It has been reported that several commercial banks based in India, including SBI, ICICI and Canara, have just joined the Russian market and are enjoying reasonable success in 2004 (Bain, 2002).

The structural shift in RFE has lagged behind the adjustment in European Russia because the original distortion was bigger and because Moscow's actions of implementing protectionist tariffs and export levies and aiding loss-makers hinder adjustment. Additionally, the initial distortion was more significant in RFE than in

European Russia. It is because the initial distortion was higher. When the requirement hampers the development of new cutting-edge technologies in a new site, Russia's uncertain investment environment remains a substantial barrier. Promised investments in trains, roads, energy, and pipeline networks to carry key resources to expanding Asian markets are a significant driver of economic recovery (Kotilaine, 2005).

According to the Strategy of Socio-Economic Growth of the Far East and Baikal Region to 2025, the first phase of development will focus on public investments in infrastructures such as the Trans-Siberian and BAN mainlines and road networks, pipelines, power systems, and ports. This phase of development aims to transport Siberian resources to Pacific markets and improve infrastructure facilities. Recent indicators suggest that Asia's prosperity might stimulate growth in Russia's Far East. After 1999, the ruble's depreciation benefited import-competing activities and increased the profitability of exporting essential Russian goods to international markets. In response to robust demand, Russia's traditionally Western-oriented trade patterns shifted gradually toward the Pacific (Kardas, 2017).

The natural resource sector of Russia's export business has become an increasingly significant contributor in recent years. In 2010, gasoline and energy accounted for 67.5 per cent of total exports, which was followed by ferrous and non-ferrous metals (10.6 per cent), chemicals (6.2 per cent), machinery and equipment, including military equipment, which accounted for 6.2 per cent of total exports (3.2 per cent), and agricultural products, which accounted for 3.2 per cent of total exports. Agricultural products also accounted for 3.2 per cent of total exports in 2010. (5.4 per cent). The vast bulk of Siberia's total exports to the Far East in 2010 totalled \$30.8 billion, comprised of fuels, metal and metallurgy goods, chemicals, forest products and equipment. The year in question was when Siberian shipments to the Far East made up the vast bulk of Russia's total exports to the Far East (*Russia Exports News*, 2022).

Table 4.2: Commodity Exports from Siberia and the Far East

\$Million	Agri & Fish	Fuels	Chemicals	Forest Products	Metallurgy & Metals	Machinery	Total Export
Russian Federation (2009)	9954	201081	18683	8437	33637	17946	301751
Moscow City (2009)	1585	100504	2162	207	520	5512	113761
Siberian Federal District (2009)	345	7218	2348	2992	10316	1427	25541
Siberian Federal District (2010)	263	10710	3365	3198	9869	2567	30837
Far East Federal District (2009)	1648	7424	59	900	347	257	11970

Source: *Tovarnaya Struktura*, 2011& Trading Economics.com, Central Bank of Russia Report, 2022.

The bulk of the oil and liquefied natural gas exported from the Russian Far East accounted for \$7.4 billion of the region's overall export revenue of more than \$12 billion. The fishing business generated total revenue of \$1.6 billion. Gold and diamonds are two examples of products produced in Asian Russia that are not included in the country's official trade statistics. Sakhalin was responsible for producing 34.9 million carats of diamonds in 2009, of which about 22 million carats were categorised as jewels. It was anticipated that the total value of this output would be in the neighbourhood of \$2.3 billion. China has surpassed Japan to become the world's second-largest consumer of diamonds, moving China ahead of Japan as the world's top buyer (Alrosa, 2011).

China has emerged as the most important business partner for the United States. In 2010, China was the destination of 28.8 per cent of Siberian Federal District's imports and the source of 18.8 per cent of the region's exports. Coal, metals, metallurgical products, lumber, and forest products were all carried to China. China was also the recipient of these goods. As China's domestic manufacturing rises, the

county's portion of the global market for military hardware, which has traditionally been a significant export, is decreasing. China sent the Far East various goods, including food, clothing, footwear, equipment, and electrical goods. The Heilongjiang province, which shares a border with the Far East that is more than 3,000 kilometres long, sent more than \$8 billion worth of goods to Russia across its borders in 2008 (Hiraizum, 2010).

In 2009, the Vladivostok Customs District processed \$3 billion worth of Chinese imports (TovarnayaStruktura, 2010). Siberia is less economically dependent on China than places in the Far East. In 2010, the distribution of Chinese imports was as follows: Khabarovsk received 51 per cent, Primorye received 62 per cent, Amur received 90 per cent, and the Jewish Autonomous Okrug received 96 per cent. In the last ten years, the cities of Vladivostok and Nakhodka have emerged as significant import hubs for automobiles and auto components manufactured in Japan and South Korea (Bain, 2022).

4.3.2 Defense and Military Cooperation with India

Despite the losses of the 1990s, defence and military cooperation had already increased before the bilateral strategic partnership agreement between Russia and India. Around 75 per cent of the military gear used by the Indian armed forces across all three services is of Russian origin. The BRAHMOS supersonic cruise missile system and its variants are the best examples of India and Russia cooperating in this crucial industry. The increasing number of SU-30 multirole aircraft manufactured in Russia and used by the Indian Air Force is another distinguishing feature of the post-Soviet era. India receives between forty and forty-five per cent of Russia's annual military exports, making it the world's second-largest arms exporter at the time. India is Russia's sole partner in a long-term military-technical cooperation pact (Conley, 2000).

In addition, Russia provided India with 350T-90MBT tanks, 100SU-30MKI multirole fighter aircraft, three advanced missile frigates, S-300PMU, Tor-MI SAM systems, and Smerch multiple-launch rocket systems, as well as Msta-S self-propelled

howitzers. The Indian military cruiser INS Vikramaditya is now in a shipyard in Russia, where it is undergoing rehabilitation and maintenance work. The ship was earlier known as the Russian aircraft carrier Admiral Gorshcov. India purchased the ship in the year 2004. The air wing will get twenty-eight MIG-29K single-seat fighters and twenty-four MIG-29K two-seat MIG-29 KUB combat trainers as a result of this deal (Blank, 2013).

In 2006, India made further significant purchases of military equipment from Russia. These acquisitions comprised thirteen SU-30 MKI aircraft ready to be put together in India after receiving the appropriate licences, three TU-22 (Backfire) bombers, and two IL-38 SD planes that battle against submarines, respectively. During Putin's visit to India in 2007, Russia made an offer to Hindustan Aeronautics Ltd. for an extra 40SU-30 MKI fighter aircraft. This offer was made during Putin's visit (Goscilo and Strukov, 2017).

Following the successful completion of the high-tech cooperation projects known as BRAHMOS between India and Russia, some other ideas that are conceptually similar are now being considered. These include the collaborative creation of a multipurpose transport aircraft and, in particular, a fighter aircraft of the fifth generation, which is the subject of an agreement between the two nations. In conclusion, Indian and Russian military cooperation has transitioned from a seller-buyer relationship to one based on cooperative research and co-production of military goods (Mohanty and Purushothaman, 2011).

4.3.3 Energy Cooperation with India

Energy Security is a significant concern for India, which is understandable given the country's history, and this is the area in which Soviet and Russian engagement with India has been the most significant. It goes back to the inception of diplomatic relations between the two countries. Throughout the years, the Indian company ONGC has been an excellent example of teamwork. In nuclear energy, working together has changed significantly over the past few decades (Pant, 2017). During Putin's most recent trip to India, agreements were made about hydro and nuclear technologies,

proving this more (Shikin and Bhandari, 2017). India strongly desires to expand its participation in the Russian oil and gas business. Already a member of the Sakhalin-1 project, ONGC has been invited to join the team. Reports indicate that Russia is looking to get financing from India to go on with the Sakhalin-III project and develop the Vankorskoye oil field in eastern Siberia (Lough, 2011).

After that, Russia built two third-generation reactors in southern India at the Kudankulam nuclear power complex. During Putin's visit, discussions took place on the possibility of constructing more nuclear power plants in India with the assistance of Russian know-how and technology. Given the profound changes that have taken place in Russia during the 1990s, it is of the highest significance that the people of the two countries continue to build and strengthen their connections (Kapoor, 2019).

4.4 India's Look Far East Policy: Strengthening of Indo-Russian Relations

India's interest may extend beyond the realm of economics and into the realm of strategy. The expansion of bilateral ties between India and Russia is a consequence of India's high standing. The impetus for Russia to initiate a strategic and economic conversation with India was India's emergence as a state capable of manipulating money and international laws. India's strength is its ability to cope with international forums such as the WTO, a factor upon which the Indian private sector depends.

After the disintegration of the Soviet Union, it is possible that relations between India and Russia would develop in two distinct stages. The project's first phase began in 1991 and lasted through 2000, while the second phase started in 2000. The terms "Pre-Putin and Putin era" are often used to refer to the two distinct periods. During the early years of the Yeltsinian era in Russian history, the international politics and economy of the Cold War had a significant impact on Russia. In addition, this was the period during which Russia underwent its reforms (Korosteleva, 2020).

As previously stated, the second phase signified the shift from the Yeltsin era to the Putin era. India and Russia established business, defence, and trade ties during this time. Even then, bilateral trade was often restricted from \$5 billion to \$10 billion. Since the middle of 2000, each bilateral encounter between the two countries has had

an unexpected development. The Russian Federation has given India a concession at almost every bilateral meeting (Sibal, 2008).

During the India-Russia summit held on September 4 and 5 in Vladivostok, India made its first-ever promise to invest in Russia's Far East. During the meeting that saw the signing of over forty memorandums of understanding covering commerce, investments, and strategic cooperation, India also granted a one billion dollar loan (Raghavan, 2020). Russia initiated the 'Pivot to Asia' initiative, and the country requested involvement from two and a half North-East Asian players. The top two actors are China and Japan, followed by South Korea. South Korea follows China and Japan. In 2016, Prime Minister Shinzo Abe developed a specialised investment programme for Russia. This pivot was well-balanced and well-coordinated with a massive investment programme that Russia was doing concurrently with China (Baru, 2019).

On the other hand, Russia's anticipated arrangements did not come to fruition, and it is essential to understand how India came to be recognised as a significant asset for investments in the area. Mineral deposits may be abundant in most of the Russian Far East. Despite its vast natural resources, the Far East has the most negligible impact on Russia's overall gross domestic output (Baru, 2019).

In a conference, Prof. Tansen Sen asserts that Russia inaugurated the Siberia gas pipeline in November 2019. The 212 projects were to be managed by the Chinese. However, differences of opinion in China over how they should be handled resulted in a reduction of agreements with China by the end of 2018-2019. Because Western countries keep putting sanctions on Russia, it has no choice but to look into India as a possible source of investment money. He also pointed out that summits have created their ecosystem and suggested that the Vladivostok summit be seen in the context of an expanding diplomatic environment. India, China, and Russia's membership in significant economic blocs such as BRICS, SCO, etc., has offered a boost (Vasudevan, 2020).

Despite this, there has been a lack of understanding and contact between the two countries in the past concerning India's involvement in RFE. The country of India

suffers from a severe lack of both information and experience. It is unclear why India would be interested in the Far East, given several other competing interests and conflicts in the region. The logical motive for such an alliance is India's desire to oppose China's 'String of Pearls' strategy with the support of Russia. This ambition is what has led to discussions between the two countries.

Therefore, it is not out of the question that India's interests would expand beyond economics and into the arena of strategy. It was questioned whether or not India had adequate petroleum to stay in this unexplored area for a longer length of time. Additionally, it was questioned whether or not India's presence in Russia's Far East was sustainable over the long term. As a direct result of this, China is wary of India's presence in its immediate neighbourhood, Chinese enterprises adopt a more collaborative approach to finding solutions to issues, and China is resolute and keeps its attention fixed in the long term (Joshi, 2020).

4.4.1 Significance of Russian Far East to India

In recent months, global economic uncertainty has increased. It displays itself via the weakening of EU cohesiveness due to Brexit and China's economic downturn, the development of America-first policies, protectionism in the US administration and the current trade conflicts between the United States and China. (Young, 2019) The Indian economy faces various issues, including the creation of new future sectors and the resolution of its export slump and sluggish growth owing to the maturation of its main industries. The Indian government views Russia as a significant cooperation partner in its Pivot to Asia Pacific Policy and Russia's Asia Strategy, and it seeks to create a sizeable strategic alliance with Russia. In addition, India was among the first Asian nations to grasp the strategic significance of the Far East. In 1992, India was the first nation to establish a consulate in Vladivostok, according to Indian Prime Minister Narendra Modi, who made it a point to emphasise this fact (Sahai, 2019).

In September 2019, Prime Minister Modi announced an unprecedented \$1 billion credit line for the development of the Russian Far East (Shukla, 2019). India attaches significant significance to the event's emphasis on vital cooperation measures, such as

constructive contact in the Far East. It is generally known that the economic frameworks of India and Russia are complementary. Therefore, we may anticipate a long-lasting and mutually beneficial partnership between the two nations. From the perspective of India's national interest, Russia is not only an important export market in Eurasia but also a supplier of all the raw resources required for energy and industrial growth. In addition, Russia is a nation with cutting-edge science and technology that may aid in developing India's future industries, including new technologies. India is one of the important countries in Russia's vision for the development of the Far East (Unnikrishnan, 2014).

Not only would more bilateral cooperation result from Russia's development in the Far East, but it would also clear the way for India's prosperous future. If India made an effort to participate in the development initiatives that are taking place in the Russian Far East, which is a high priority for the Putin administration, it could be possible for India to make progress in its relations with Russia. In addition, India would have more options to participate in the current integration processes on the Eurasian continent if it had a strategic engagement with Russia in the Far East (Baru, 2019).

New Delhi might gain in the future by securing resources for its growing economy and establishing its footprint in the expanding geostrategic area. Utilizing Russia's geoeconomic and geopolitical standing, the Indian government should expedite collaboration efforts with Russia. Meanwhile, Russia must diversify its collaboration with India to lessen its reliance on China. Recently, Indian Prime Minister Modi promised that a maritime connection would be established between Vladivostok and Chennai, reducing the shipping period from forty to twenty-four days. This maritime route, which passes via the South China Sea, would enable India to increase its presence in the Chinese-dominated South China Sea (*Indian Express*, September 5, 2019).

4.4.2 Investment in Russian Far East and Benefits for India

The region of Russia's Far East is extremely rich in mineral and natural resources. It is situated in the Indo-Pacific area and has significant marine boundaries, giving it geostrategic importance. India will have the opportunity to play a larger role in a strategically important area thanks to its investments in the Far East. In addition to gaining access to Russia's Far East region's resources, the Indian economy would benefit tremendously. For commercial reasons, India's interest in Russia's Far East area will result in chances for Indian investors, and the \$1 billion lines of credit will unquestionably facilitate this development. The difficulty with India and Russia's relationship was that it was oriented only on Indo-Russian history and geopolitical exchanges and lacked an economic component. In this scenario, a line of credit for \$1 billion is a significant development (Karle, 2019).

Consequently, China, Japan, Vietnam, and ASEAN will have a favourable perception of India. In addition, there are specific regions in the Russian Far East where India is eager to participate. India may engage in various sectors in Russia, from the fundamentals like agriculture to the sophisticated like diamonds (Rajagoplan, 2018). In addition, Russia seeks to diversify its partnerships owing to China's dominance in the Far East. Moreover, India has become the most powerful nation for Russia in this sense since India's expanding economy may transfer knowledge to the Russian Far East (Roy, 2010).

4.5 Progress in India-Russia Cooperation in Far East Development

In the early years, the Soviet Union and India's relationship was founded on trust and mutual interest, and India considerably developed its core industries and laid the foundation for the Soviet Union for future growth. During the cold war, India relied on the USSR for courageous assistance in preserving its important interests in various domains, including Jammu and Kashmir. Many of India's scientific and technical achievements, notably in space and nuclear energy, were made possible by the Soviet Union's substantial assistance. Later, in 1971, the 'Indo-Soviet Friendship Treaty' established a foundation for expanding this collaboration. India's armed forces owe

much to the Soviet Union and its successor governments for providing technology, equipment, training, and product support. Even the military-technical cooperation between Russia and India has been the cornerstone of the bilateral relationship and will be significant in the following years (Korosteleva, 2020).

4.5.1: USSR-India Partnership

In the 1950s, Russia and India came together to form a bond that was friendly and respectful toward one another. It started with a journey to the Soviet Union in June 1955 by Jawaharlal Nehru, who was serving as the Prime Minister of India at the time. In the same year, Nikita Khrushchev, serving as the First Secretary of the Communist Party at the time, travelled to India. Khrushchev stated that the Soviet Union acknowledges Indian sovereignty over contested territories such as Kashmir and Portuguese coastal enclaves such as Goa. He said this when he was in India. Russia continues to be India's ally even though Articles 370 and 35A have been repealed (Korovkin, 2017).

Under Khrushchev's leadership, India's strong ties impacted the Soviet Union's relationship with China. It was due to the Soviet Union's determination to maintain neutrality during the 1959 border dispute and the 1962 Sino-Indian conflict. The USSR provided India with major economic and military backing throughout the conflict. In 1962, the Soviet Union and India decided to share the technology necessary for the co-production of the Mikoyan-Gurevich MiG-21 Jet fighter. It was something the Soviet Union had refused to do with China in the past. In addition, in the short time that followed the conclusion of the Indo-Pakistani War in 1965, the Soviet Union played an important role as a successful intermediary between India and Pakistan. India decided in 1971 to enable East Pakistan's independence from West Pakistan by providing this support (Kaushik, 1985).

Further, on August 9, 1971, India and the USSR signed the 'Indo-Soviet Treaty of Friendship and Cooperation. It was done so that India would guarantee against any potential involvement of China in the fight on the side of West Pakistan. In the same year, India went to war with Pakistan, which resulted in the foundation of

the independent state of Bangladesh. Despite India's extensive economic and military links with Western nations in the 1970s, the relationship between the two countries did not deteriorate due to these alliances (Lunov, 2017).

4.5.2: Partnership during the Post-Soviet era

Both Russia and India experienced a period of political upheaval throughout the 1990s. In 1990, India extended credit for technical assistance to the Soviet Union. The following year, in 1991, India gave the Soviet Union 20,000 tonnes of rice and gave them credit for food aid. Following the collapse of the USSR, Russia and India renewed their commitment to one another by signing a new 'Treaty of Friendship and Cooperation' in January 1993 and an agreement to engage in "Bilateral Military-Technical Cooperation" in the following year (Nikitin, 2008).

The developments of the 1990s had enormous geopolitical ramifications and affected ties between Russia and India. As the Soviet military-industrial complex dissolved, Russia remained preoccupied with its domestic turmoil after the disintegration of the USSR. Russia had a challenging transition to a market economy. It was disruptive for India's defence supply since it was implementing economic reforms and diversifying its national relationships at the time. As a result of the availability of new sources of defence supplies, especially in the West and Israel, the Russia-India defence alliance started to evolve. The Russian side then started to gaze westward, and the two nations seemed to drift apart for a while (Rekha and Patney, 2017).

However, India has always acknowledged Russia's significance and consistently underlined that its relationship with one big power does not come at the expense of its ties with its former allies and partners. This strategy underscores India's objective of creating strategic alliances with the world's major powers, including the United States, Russia, China, Japan, and the European Union. Simultaneously, the nation continues its attempts to enhance collaboration with SAARC, ASEAN, and IBSA member states. Even to this day, Russia is the only big state that has consistently supported India on all matters of vital concern. Even today, it is a nation

that never attempts to isolate India's weaknesses, unlike the United States, China, Pakistan, and others (Chopra, 2001).

4.5.3: Cooperation during the Putin Era

Ideology constrains the Soviet Union's political, economic and military activities throughout Soviet rule. As a consequence of the dissolution of the USSR, the nation's economic interests have taken precedence over any other nation. It resulted in a change in the two countries' bilateral relations. As a direct result of India's liberalisation in 1991, the bilateral connections between the two countries must undergo certain necessary modifications to reflect their shared interests better. Then, after the Soviet Union's collapse, under the leadership of Vladimir Putin, Russia had a dramatic revival after a decade of political and economic turmoil, and it endeavoured to restore its status in the affairs of the world (Dash, 2008).

The newly formed Russia was heartened due to the rising oil revenue obtained during this time. Russia's relations with India saw improvement, which had suffered during the immediate aftermath of the Soviet breakup. During President Vladimir Putin's visit to India in 2000, the alliance was elevated to 'Strategic Partnership' and received a new qualitative character. The strategic alliance codified yearly meetings between the President of Russia and the Prime Minister of India, and since then, these meetings have occurred annually (Stobdan, 2010).

During the visit of Russian President Dmitry Medvedev in 2010, which took place in 2010, the relationship was elevated to the rank of 'Special and Privileged Strategic Partnership'. This status was achieved in 2010. Both countries have created mechanisms for formally reporting their diplomatic engagements to the governments of their respective nations. The Inter-Governmental Commission on Trade, Economic, Scientific and Technological, and Cultural Cooperation is co-chaired by the Deputy Prime Minister of Russia and the Minister of External Affairs of India (IRIGC-TEC). The Inter-Governmental Commission on Military and Military-Technical Cooperation is co-chaired by the Defense Ministers of both nations (IRIGC-MTC) (Surendra, 2013).

The Indian delegation was invited to attend the St. Petersburg International Economic Forum (SPIEF) as the Guest Country in 2017, which marked the 70th anniversary of the beginning of diplomatic ties between India and Russia. The presence of Shri Narendra Modi, the Prime Minister of India, as the 'Guest of Honor' underscored the depth and complexity of the link. During this period, the 18th Annual Bilateral Summit was conducted, and 12 agreements in various commercial and political sectors were inked. India has been present in all of the significant business gatherings that have taken place in Russia, such as SPIEF, the Eastern Economic Forum, Innoprom, Technoprom, the IT Forum, the Arctic Forum, and many others (Joshi and Sharma, 2017).

However, there has been no real decline in India's cooperation with Russia, and both sides expressed great interest in its development after the Indo-China border conflict occurred in May 2020. The importance of Russia and India relations for both sides is underlined by regular contact between the two countries at the highest level and other manifestations of mutual understanding and goodwill (Roy, 2016).

On June 24, 2020, a group from the Indian military took part in a parade in Moscow's Red Square to celebrate the 75th anniversary of the end of the Great Patriotic War. Indian Defence Minister Rajnath Singh attended the event on the Indian side. On 2nd July 2020, the leader's Russian President and Indian Prime Minister had a telephonic conversation. They confirmed Russia and India's mutual intention to continue strengthening their privileged strategic partnership and close cooperation, both bilaterally and within the framework of various international organizations (Khan, 2020).

Indian Defense Minister Rajnath Singh re-visited Russia in September 2020 and met with his Russian counterpart Sergey Shoygu. They discussed Russian-Indian military and military-technical cooperation and declared a tremendously privileged strategic partnership between Russia and India, which both countries intend to strengthen. Since 2000, eighteen Annual India-Russia Summits have taken place. These meetings are intended to set priorities and assess the collaboration regularly; they are the major forums for advancing the cooperation between the two nations and

include personal interactions and an intimate understanding between our leaders (Pant and Kapoor, 2020).

The bilateral relationship between India and Russia exemplified the ‘Special, time-tested, and Privileged Strategic Partnership’ amid the ever-changing international order. During a two-day trip to Vladivostok in the Far East to attend the 5th Eastern Economic Forum, Indian Prime Minister Narendra Modi also met with Russian President Vladimir Putin for their annual summit. The visit aimed at elevating the strategic alliance to new heights presented both parties with fresh opportunities. India and Russia have declared an increase in their collaboration in energy, military, space, and marine connectivity. Then, a new path of cooperation with the territory of the Far East was launched (Kapoor, 2019).

During the 20th Annual Summit, new opportunities to expand existing areas of cooperation and revitalise the “Special and Privileged Strategic Partnership” between the two countries were discussed and explored. Russian President Vladimir Putin and Indian Prime Minister Narendra Modi prioritised “strong, multifaceted trade and economic cooperation as the cornerstone for further widening the breadth of India-Russia ties” after recognising the growing momentum of bilateral engagement at all levels (Cheang, 2019).

During the fifth Eastern Economic Forum, India introduced its ‘Act Far East’ strategy. This new approach continues the nation’s economic diplomacy. Prime Minister Modi offered a \$1 billion credit line for Russia’s resource-rich Far East region, where India invests in diamond, coal, and gold mining in addition to electricity. In addition, the two nations agreed to collaborate on the coking coal delivery from the RFE to India. Both parties considered the possibility of temporarily replacing Indian personnel in this area. Given the success rate of Indian expatriates, India's contribution to the human resource industry may be substantial (Soni, 2021).

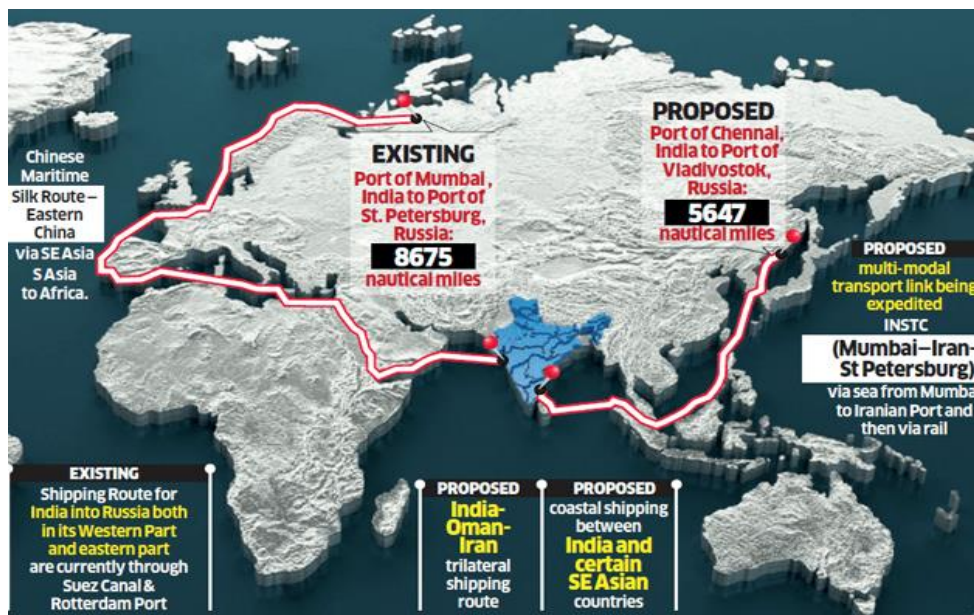
Against the background of the issues the two nations have been experiencing, particularly the chaos produced by New Delhi’s near neighbours over an internal issue, the two leaders demonstrated some of their finest statecrafts. Russia’s backing for India, including in the United Nations Security Council, made it evident that the

repeal of Article 370 was an internal Indian concern. During the 2019 annual summit, the two leaders reaffirmed the purpose and values of the UN Charter on the “inadmissibility of involvement in the domestic affairs of member states”. Since Russia had been working closely with Pakistan and India with the United States, there was a sense of discontent among the special and privileged partners (Sharma, 2020).

To further raise the unique, trustworthy, and mutually beneficial collaboration, the two leaders focused on the commerce, defence, space, energy and marine sectors. India continues to place a high priority on Russia’s Far East. In 2018, New Delhi’s commerce with this area increased by more than three per cent to \$790 million, while India’s overall trade with Russia surpassed \$10 billion. By 2025, the two nations want to attain a bilateral commerce volume of \$30 billion (Chaulia, 2019).

India and Russia have agreed to work in the energy sector to do geological exploration and joint development of oil and gas resources, especially in offshore areas. During the annual meeting, an agreement was reached on the long-term energy supply from Russia to India, including through the Northern Sea Route.

Map 4.1: Chennai to Vladivostok as India-Russia Maritime & Overland Routes

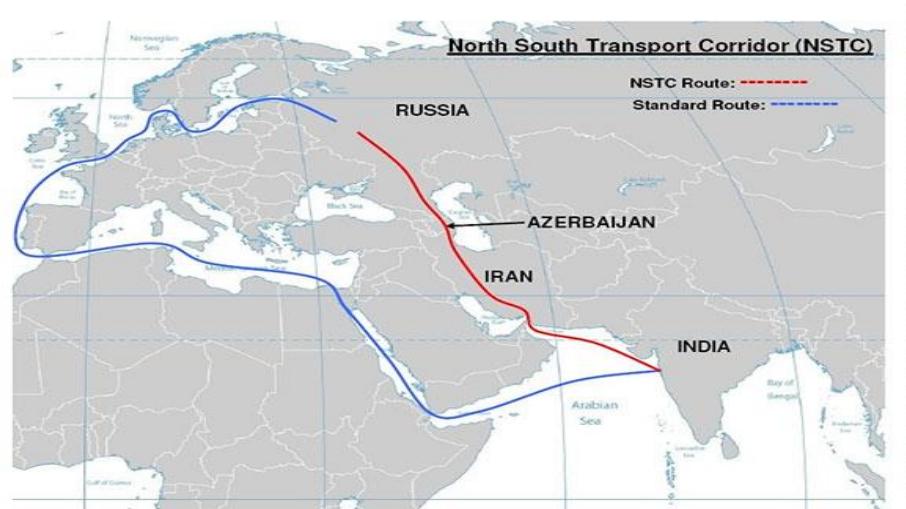


Source: <https://www.silkroadbriefing.com/news/2017/09/14/chennai-vladivostok-india-russia-maritime-overland-routes-develop/> (access on 15.11.2021)

The two parties inked a hydrocarbon cooperation road plan for 2019 to 2024. In the nuclear industry, it is expected that twelve more power units of Russian design will be constructed during the next two decades (*Oxford*, 2019).

The International North-South Transport Corridor (INSTC) was also looked at, focusing on digital technology, satellite navigation, and electronic document processing. Additionally, a new marine connection route between Chennai and Vladivostok was established (*News18*, 2019). Since oil companies in India and Rosneft have reached an agreement allowing Indian companies to participate in the Eastern and Vostok oil cluster projects in the Arctic, this maritime route might also contribute to an increase in the amount of imported crude from Russia (Petersen, 2022). It is because this route is located in the Indian Ocean. Rising tensions in the Middle East have contributed to an increase in oil prices, and this new agreement will assist India in becoming less dependent on countries that are members of OPEC (*TOI*, 2019).

Map 4.2: Russia Connecting with India via INSTC



Source: <https://www.silkroadbriefing.com/news/2017/09/14/chennai-vladivostok-india-russia-maritime-overland-routes-develop/> accessed on July 21, 2022.

The relevance of the Chennai-Vladivostok route lies in the fact that the area of Vladivostok has grown more desirable due to the melting of ice caps, which has made the Arctic Ocean more accessible. When India initially built a consulate in

Vladivostok 15 years ago, the process of evacuating Russian investments was more complicated than it is now (Mukhiaand Zou, 2021).

The International North-South Transportation Corridor (INSTC) is a road, rail, and sea route that connects India, Iran, and Russia. This route aims to help Member States work together on transportation. This corridor goes through Iran through the Indian Ocean and the Persian Gulf to the Caspian Sea. From there, it goes through Russia to St. Petersburg and the rest of North Europe. Formally, ten more countries were added to the group. They are Azerbaijan and Armenia in the Caucasus, Turkey, Belarus, Syria, and Bulgaria to the north and west, Oman in the middle east, Kazakhstan, Kyrgyzstan, and Tajikistan to the north and east. Studies done by the ‘Indian Federation of Freight Forwarders’ have shown that if you use the INSTC route to Russia instead of the standard route, you can save 30 per cent on costs and get your goods there 40 per cent faster(Singh and Sharma, 2017).

Second, through this port, India now has access to an Arctic sea route to Europe previously blocked by ice. India may also transfer commodities to Russia through the International North-South Transport Corridor and with river channels in Russia, the Arctic, and the Russian Far East (Sahakyan, 2020); Bhardwaj, 2022). Defence links remain the cornerstone of bilateral cooperation between both nations.

Table 4.3: Cementing Ties between India and Russia

Major Russian Companies in India	Major Indian Companies In Russia
Foreign Trade Company	TATA Motors
UAC Transport Aircraft	TATA Power
OJSC Power Machines	SBI
Gazprom	Infosys
Technonico’s (Chemicals)	SUN Group

Source: FICCI Report, cementing ties between India-Russia, 2018 (www.ficci.com)

India will begin producing spare parts, and components for Russian military equipment under the ‘Make in India’ project via the transfer of knowledge and the establishment of joint ventures, marking a significant achievement in the defence

industry. Despite the prospect of US sanctions, New Delhi's decision to acquire the \$5 billion S-400 missile defence system demonstrates the significance India continues to place on its defence partnership with Russia. In addition, the two nations have agreed to develop a framework for cooperative logistical assistance (Muraviev et al., 2021). Regarding cooperation in the space industry, it was reported that astronauts from India would be trained in Russia for the Gaganyaan expedition. Russia also released a commemorative stamp in honour of Mahatma Gandhi's 150th birth anniversary (Gen and Mallick, 2018).

Then, in November 2019, two months after the 'Act Far East' plan was unveiled by Indian Prime Minister Narendra Modi, Shri Dharmendra Pradhan met with Russian authorities to explore prospective investments in the Far East area. Representatives of state-owned and privately-owned firms in India met with their overseas counterparts to discuss the many obstacles involved with coal imports (*Business Standard*, 2019).

The meeting between Dharmendra Pradhan and the executives of Russian companies was not only an important step toward understanding and resolving the logistical challenges faced by Indian businesses investing in and importing coal from the Russian Far East, but it was also an important step toward understanding those challenges. The Far East Investment and Export Agency (FEIEA), which has its headquarters in Vladivostok, is to have Indian businesses purchase ownership stakes in Russian coal businesses, especially those in the Russian Far East. It may inspire the governments of Russia and India to work together on upgrading and developing port infrastructure capable of hosting larger boats (FEIEA, *Business Today*, 2019).

4.6 Strategic Challenges for Strategic Partnership

Russia's help and effect in designing India's post-independence domestic and international policies are best characterised as *Sui Generis*, which means they are one of a kind. During that period, the Soviet Union played an essential part in teaching and advising India's newly independent government on a variety of topics, ranging from the country's efforts to industrialise and advance scientific research to its concerns on

national security(Bhattacharya, 2020). This exceptional relationship grew unique in the field of international affairs throughout time. During the tumultuous 1990s, when Russia was focused on domestic affairs, cooperation between the two countries almost ended. According to Unnikrishnan, the relationship persisted during the complicated Cold War era; the USSR's breakup significantly impacted the existing mutual equilibrium (Unnikrishnan, 2017). In the 1990s, practically all areas of bilateral cooperation, including economic, cultural, scientific, and technological-military, declined. Both nations maintained mutual trust and a shared philosophy during this critical era(ibid, 2017).

Ten years later, it developed into a 'Special and Privileged Strategic Partnership' with the signing of the Declaration on Strategic Partnership in the 2000s. Since 2000, the presidents of both nations have met yearly at India-Russia summits to examine the development of bilateral cooperation and highlight the strength of their alliance. Each year, India and Russia declare their commitment to their all-weather strategic cooperation during their annual summits (Nadkarni, 2010). The relationship between India and Russia has a rich history and is embedded in a diverse international context, both of which are relevant in the current shift away from a unipolar order toward a likely multipolar structure (Ollapally, 2002). As a result of the unpredictability of the situation, many significant countries, including India and Russia, are attempting to hedge their bets and be ready for any outcomes(Godbole, 2018).

Given this backdrop, the evolving India-Russia connection affects not just bilateral relations but also India's relationship with RFE.In recent years, New Delhi and Moscow have been crafting a plan to work in the region of Russia's Far East, so the visit of Indian Prime Minister Narendra Modi to Vladivostok would not be an isolated event. Several agreements were reached during the visit in the domains of the military, nuclear energy, nuclear gas, maritime connectivity, and trade (Zakharov, 2017).

In 2017 and 2018, the business programme of the Eastern Economic Forum (EEF) included a bilateral business discussion, and Russia simplified electronic visas

for 18 countries, including India, to boost tourism in the Russian Far East (Pant and Sharma, 2019) In addition, India and Russia signed a five-year plan for cooperation in the hydrocarbon sector and agreed to boost bilateral trade to \$3 billion by 2025. However, the centrepiece of Modi's trip to Russia was India's proposal toward the Russian Far East. Indian Prime Minister Narendra Modi has pledged a \$1 billion credit line for the development of the Russian Far East (Ramachandran, 2019).

India's help in developing the Russian Far East might allow the migration of skilled and unskilled Indian labour into the region and provide India with access to resources. Indian labourers may work in labour-intensive sectors such as mining and shipbuilding in the Russian Far East. The workforce shortage is one of the major issues facing the Russian Far East. Pant (2019) states that Indian professionals like physicians, engineers, and educators may contribute to the region's growth. The presence of Indian personnel would also assist in mitigating Russian fears over Chinese migration into the area. He said that India, one of the major importers of wood, may discover abundant resources in the area. China, Japan, and South Korea have also invested, and India may investigate potential areas of partnership (Pant, 2019).

However, it is unlikely that the developing rivalry for energy and resources of RFE would threaten the partnership between Russia and India. The biggest obstacle that the Russia-India relationship today faces is a widening gulf in their respective perspectives on strategic problems such as the security and political order in Eurasia. Moreover, the 'Look Far East' initiative of Indian Prime Minister Modi may encounter hurdles in its connection with Russia. Today's complex and rapidly shifting geopolitical realities provide some concerns. Following are the obstacles in Indo-Russian relations that must be overcome to further collaboration between India and RFE.

4.6.1 India's growing proximity to the US

In recent years, the relationship between India and Russia has been strained. The Russian leadership increasingly believed India was closer to the United States. This

notion was intended to be addressed during the Sochi informal summit. India's membership in the Quad group with the United States, Japan, and Australia prompted a change in Russia's foreign policy strategy (Kapur and Ganguly, 2007). On the other hand, Russia is not the only country concerned about India and the United States' connection and growing defence and strategic collaboration. India is also worried about Russia's growing links with China and Pakistan and its strained relationship with the United States (Feigenbaum, 2010).

4.6.2 Russia's Growing Proximity to China and Pakistan

After the Ukraine crisis of 2014, ties between Russia and China have strengthened, with significant consequences for India and other emerging nations. In this setting, Russia and China face political, economic, and geopolitical challenges from the United States, according to Godbole (2018). While China has been able to continue its rivalry with the United States, a poor Russian economy is strengthening Russia's economic dependence on China. India is also concerned about Russia's growing closeness to China to enhance strategic and military cooperation between Russia and China, as well as Russia's support for China's Belt and Road Initiative (BRI) (Thoker and Singh, 2017).

In addition to Russia's developing alliance with China, its relationship with Pakistan is also intensifying, prompting anxiety within the Indian strategic community. Besides, Russia relaxed its weapons embargo on Pakistan in 2014 and again in September 2016, after a joint military exercise with Pakistan. In 2017, a military-technological cooperation agreement was struck related to the supply of weaponry and the development new weapons. Consequently, these issues have created worries in India (Biswas, 2021).

According to Godbole (2018), the open antagonism between the United States and Russia on various topics is the primary source of worry for India. Whether it is Ukraine, Georgia, West Asia, Afghanistan, or North Korea, Russia looks to challenge U.S. control in regions of global conflict openly. This friction traps India between its

expanding strategic alliance with the United States and its reliance on Russia for its defence technology requirements.

4.6.3 Defence Partnership

In recent years, India has broadened its defence alliances to include the United States of America, Israel, and other countries. Between 2008 and 2012, Russia accounted for 79 per cent of all Indian defence imports. However, between the years 2013 to 2017, that percentage dropped to 62 per cent (Lalwani and Sagerstrom, 2021). Even though India and Russia's economic relationship has been weak since the end of the cold war, the fact that the United States became India's largest weaponry supplier in 2014 and pushed Russia to second place based on data from the three years before 2014 may be the clearest sign of stagnation (Pandit, 2019).

Wazeman (2019) states that even though Russia remained India's leading supplier of defence products between 2014 and 2018, overall shipments decreased by 42 per cent between those years and between 2009 and 2013. It was the case even though Russia remained India's leading supplier of defence products during those years (Wezeman, 2019). Furthermore, even now, Russia is India's primary source of arms imports, accounting for 58 per cent of the country's total, followed by Israel (15 per cent) and the United States (12 per cent) (ibid, 2019). It decreased from 2010 to 2014, when Russia had a part of the Indian defence market equal to 70 per cent (Mukherjee, 2020).

Other things, like India's desire to diversify its defence imports, which has made Russia face more competition from other suppliers, and India's dissatisfaction with Russia's after-sales services and maintenance, have also been pointed out as reasons why India's orders from Russia have been slowly going down (RIAC, 2019). In addition, India was upset with the high cost and poor quality of replacement parts for weapons and ammunition that it had previously purchased from Russia. Additionally, India was unhappy with the delays in delivering the replacement components. These problems began when India imported these goods into its country (Bakshi, 2006).

4.6.4 Trade Relations

The bilateral trade between India and Russia fluctuated between \$7 billion and \$10 billion for over a decade and decreased in 2014. Both nations have increased their economic cooperation with others, but not with one another (India-Russia Joint Study Group, 2019). Inadequate connectivity, a lack of private sector engagement, a lack of logistics, and most recently, the stalling of the international North-South Economic Corridor, which has resulted in increased prices, are a few of the factors that have led to the deterioration of commercial ties between India and Russia. Other factors contributing to this decline include a lack of logistics and a lack of private sector engagement (Pandit, 2019).

Against this backdrop, Talukdar (2019) said that the economic pillar of India and Russia's bilateral relationship has been poor. In 2011, the yearly trade volume amounted to \$8.5 billion, and two nations agreed that by 2015, it would reach \$20 billion. The trade turnover has increased by \$2.5 billion by the year 2018. Furthermore, both parties have repeated their goal of \$30 billion by 2025, which sounds quite ambitious (Nandy, 2020).

4.6.5 Russia's Asia Pacific Approach

The growth of Russia's Far East region is the principal focus of the country's foreign policy. Consequently, for Russia, it does not make much difference whether India views Russian investment as part of the Indo-Pacific or the Asia-Pacific. However, Russia disagrees with the Indo-Pacific strategy that India has adopted. While India has not yet established its presence in the Pacific Ocean, Russia's presence in the Indian Ocean might be said to be insignificant. A strong partnership with China is essential to its growth, and Russia seeks to counteract the influence of the United States in Eurasia and the Pacific. On the other hand, some postulates for Russia's evolving Asia-Pacific strategy, such as the West is on a path of irreversible decline, and Asia will remain the engine of growth shortly (Buszynski, 1992).

In addition, for Russia to entice investors and prevent China from becoming the dominant power in the area, Russia must expand its relationships with significant

regional actors such as Japan, South Korea, Vietnam, and India. It is essential to the stability of Russia's Far East and Siberia that they become closely integrated with the economy of the Asia-Pacific region. Therefore, in terms of operations, both countries recognise the necessity to go beyond the ideological component of the Indo-Pacific region and seek mutual benefits regardless of the policies (Lo, 2019).

4.6.6 Sanctions on Russia

Many nations placed international economic sanctions on Russia in response to the 2014 Russian military involvement in Ukraine during the Ukrainian conflict. This penalty may affect the \$1 billion credit line extended to Russia. Now India has the urgent problem of reviving its waning relationship with Russia (Dreyer and Popescu, 2014). Under sanctions, when a sizable credit line is extended in dollars, the exposure of India's financial institutions to dollars in dealing with a sanctioned nation would be a formidable obstacle. In the past, many banks have extended credit lines to Russia. However, it is never used since the interest rate was a contentious issue (Rutland, 2014).

However, it remains unclear if the \$1 billion in credit is a government-to-government loan or a commercial loan from PSU or other banks. If it is commercial credit, there will be no government guarantee, negatively influencing the line of credit. Despite these tensions, a robust India-Russia partnership is necessary for the development of the Far East since it provides both nations with more manoeuvrability. To expand this partnership, India and Russia must seek alternative routes of collaboration beyond defence-related technological cooperation (Wang, 2015).

4.7 Sum Up

It is evident from the preceding discussion and analysis that the India-Russia strategic alliance and mutual collaboration in Russia's Far East are complementary. Researchers from India have found that the region has abundant resources but a workforce shortage. In addition, the Russian Far East needs financial assistance, technological advancements, and commercial opportunities. Meanwhile, India is a country with abundantly available labour but a shortage of available resources,

including energy, mineral resources, and agriculture. India requires Russia's support because Russia is in a position to assist India in the development of its Far Eastern region. In addition to giving access to resources in India, India's support in developing the Russian Far East may also make it easier for India to move professional and unskilled labour into the region. In the Russian Far East, employment in labour-intensive industries such as shipbuilding and mining might assist Indian labourers and employees.

As previously mentioned, the vast resource-rich terrain of the Russian Far East is economically underdeveloped, and the region faces several hurdles, including a harsh climate, low population, increased outmigration, poor infrastructure, and lack of connectivity. These have led to the relatively undeveloped state of the Russian Far East. In 2014, when Russia was compelled to go abroad for markets, investments, and technology due to sanctions, Moscow's focus on its Far East grew based on Russia's pivot to Asia policy.

In the fourteen years that have passed since Russia's re-entry into the region, the circumstances in the Far East have undergone a remarkable transformation for the better. In 2018, the rate of increase seen in industrial production in the Russian Far East was 4.4 per cent, twice the growth rate found throughout the rest of the country. In this regard, The potential opening of the Northern Sea Route, Japan's implementation of the eight-point plan in 2016, South Korea's nine-bridge approach to Russia under the New Northern Policy, and other factors were cited by Kapoor (2019) as factors contributing to the increase in interest in the Russian Far East.

However, the socioeconomic condition in the Russian Far East has not altered, and foreign investment in the area is not doing particularly well. Consequently, several Asian investors, especially China, avoid the Russian Far East. Indian investors may also encounter dangers while investing in the Russian Far East. Therefore, the Eastern Economic Forum focuses on expanding commercial and investment prospects in the region of the Russian Far East; it will provide a tremendous opportunity for India and Russia to create a close collaboration in the Russian Far East that will be mutually beneficial to both parties.

Chapter 5

Russia–India Cooperation in the Far East in the Changing Global Context: The Significance of Eastern Economic Forum, Future Directions and Challenges, 2014-2018

5.1 Introduction

In the previous chapter, we have discussed the Russia-India Strategic Partnership and Cooperation in the Far East and how the relationship expands its ties to achieve achievement in this resource-rich region of Russia. Further, the chapter has also analyzed why India has shown its interest and priorities in making a considerable investment in this Russia's rich region. The previous chapter also discussed various challenges to developing the region, economy, polity and national security due to excessive political obstacles and changing geopolitical equations in the post-soviet period. Further, the chapter has explored various achievements and opportunities galore in the RFE between 1991 and 2014.

As the study is about Russia- India cooperation in RFE and the importance of the Eastern Economic Forum (EEF), future direction and challenges, this chapter would like to discuss and analyze the cooperation between Russia and India in the contemporary world, the ongoing changes in international circumstances with a new opportunity, new policy and programmes in the Russian Far East. This chapter focuses on similar development goals, agendas, and the dynamics of interactions between major powers. In addition, this chapter examines the relevance of the Eastern Economic Forum, future orientations, and the fads and tides of India and Russia's ties in RFE from 2014 to 2018. It tries to evaluate the changes occurring in Russia's and India's foreign policy due to the shifting global backdrop.

Since the end of the cold war, when they reached a stalemate, India and Russia's relations have made little progress. Today, their bilateral connections are acknowledged as a unique and privileged strategic partnership, with annual summits and a range of interdepartmental processes for joint government commissions. This

bilateral relationship relies mainly on defence cooperation, while the economic partnership has stagnated despite the rapid expansion of the two countries' links with other nations (Kapoor, 2019). During the Soviet period, it was well-known that Russia and India continued their strong ties. Despite the Russian Federation's efforts to reorganise its foreign policy, the Russia-India relationship remained unstable throughout the early post-Soviet years. Upon the fall of the USSR, Boris Yeltsin's Russia adopted a pro-Western position. Meanwhile, India liberalized its economy and turned to the West for economic development. Consequently, both nations were preoccupied with internal concerns while transitioning to a new international system headed by the United States (Abdullah, 2016).

Following that, efforts were made to rekindle the relationship between Russia and India. Then in 1993, a 'Treaty of Friendship and Cooperation was signed by them, which was used to achieve its military and technical cooperation objectives. India will ultimately become the biggest importer of Russian armaments between 1990 and 1993, when the number of military shipments dropped precipitously (Kortunov, 2019). In the 1990s, disagreements over the rupee-ruble exchange rate and the repayment of debts due by India persisted. By 1996, commerce between the two nations had decreased. Even cultural and interpersonal connections decreased ((Singh, 1995; Tsan, 2012).

The bilateral partnership was created in 2000, at the beginning of Vladimir Putin's presidency. In 2001, some of India's state energy companies, like Oil Videsh Limited and the Indian Oil and Oil and Natural Gas Commission (ONGC), made big investments in the Sakhalin-1 Oil field (Rahm, 2001). It is India's biggest foreign Oil industry investment. Russia and India agreed in 2004 to jointly explore the Caspian Sea for natural gas. Russia and India initiated annual summits, which resulted in a redoubling of efforts.

Furthermore, the two nations entered a strategic alliance, which was upgraded to a 'special and privileged strategic partnership' ten years later. So, the relations between the nations have grown from strength to strength. Since then, India has desired to engage in Russia's oil and gas reserves, especially offshore projects (Jeh,

2015). Russia and India issued a joint statement in 2010 to commemorate the tenth anniversary of their 'Declaration on Strategic Partnership'. In the statement, the two countries acknowledged their relationship had advanced to a 'privileged and exclusive strategic partnership' (Ministry of External Affairs, 2019). Therefore, determining the multidimensional connection has been lengthy and has had to fight geopolitical and geo-economic upheavals worldwide and regionally (Roy, 2016).

In 2017, the nation marked 70 years of diplomatic relations between Russia and India. Through these 70 years, the bilateral relationship between Russia and India acquired certain strength and distinctiveness and stood up to the challenges of time. How the Russia-India relationship will grow in the changing period is predictably something that we will outline in this chapter. What has also been sustained as an integral part of the emerging cooperation between two countries' mutual trust and understanding, leading to pragmatism? (Bhagwat, 2020).

In 2018, on three different occasions, Indian Prime Minister Narendra Modi and Russian President Vladimir Putin met three times; at the informal summit at Sochi in May, at Johannesburg on the sidelines of the BRICS summit in July and during the 19th Annual Summit in October in Delhi. The visit of President Putin to India is a comparative statement in terms of a roadmap between Russia and India. Both leaders share a close relationship of trust and confidence. From the above facts, it is clear that these regular interactions have provided an opportunity for free and frank discussions between them on all issues (Bacon, 2018).

As we all know, the Russia-India relationship has traditionally enjoyed cooperation in defence, space and civil nuclear energy spheres. Russia is one of the largest defence partners of India. Russia is the strength of India's strategic cooperation in the defence sector. In space, respective agencies on both sides also cooperate closely (Azizian, 2004).

Russia and India have acknowledged at the state level that their partnership is mutually beneficial. Moreover, despite changes in the international landscape, both nations have sought to maintain a high degree of mutual understanding. In 2000, the promptness and regularity of Russia-India summits were shown. However, this

exclusive aspect of bilateral connections has not hindered Russia and India's extensive links at many levels, whether in commerce, culture, education, media, or people-to-people interactions in general (Boese, 2000).

Today, India surpasses many ways, most outstandingly economically. Contemporary India is a country with global ambitions determined to retain its leading position in Asia and obtain its equitable place globally. The fact that Moscow and New Delhi always support each other for their global aspirations is an important driver of the Russia-India relationship. Even though Russia's policy towards India has yet to be elaborated, the strategic relationship with India is based on sustainable interaction in such domains as global governance, defence cooperation and energy (Lunev and Shavlay, 2018).

Moreover, connections between Russia and India have not been restricted to the energy and defence industries. While defence has been the greatest pillar of bilateral cooperation, there are other sectors in which the two nations engage, including culture, commerce, transportation, education, science and technology, space, civil nuclear, etc. Aside from that, India continues to place a premium on Russia's Far East. India's commerce with the RFE region grew by more than three per cent in 2018, reaching US\$ 790 million, while its overall trade with Russia surpassed \$10 billion. By 2025, Russia and India want to attain a bilateral trade volume of \$30 billion (Christoffersen, 2021).

5.2 The Changing International Context and Russia-India Relations, 2014- 2018

Russia seems to want to be both Asian and European. Given its geographic location, this seems logical since it straddles both continents. However, an orientation towards the Asian East or the European west is determined by more than simply Russia's position on the map. In the Russian context, looking westward, Europeanism has historically meant reform-mindedness and more economic and political rights for average Russians. While looking eastward, Eurasianism usually implied more authoritarian tendencies and central control with fewer rights for the citizenry. So, Russia's orientation, including where Russia's leader thinks Russia belongs

geopolitically, has severe implications for policy and Russia's relations with its citizenry and the world (Lanteigne, 2018).

However, the RFE is orientated towards the east. It will examine the links between RFE and India and the region's most important strategic and economic partner. Putin's Pivot to the East and Far Eastern region's development had an apparent influence on the growth profile of RFE after 2014 (Blakkisrud and Rowe, 2017). Under this strategy, the RFE was to act as a connecting point between businesses located in high-growth megaregions such as the Urals, Siberia, Central, and North West and organisations based in East, South East, and South Asia. These areas include East, South East, and South Asia (Vasudevan, 2020).

In this regard, he said that the RFE was also intended to produce its growth. Individual parts of the RFE economy had a heightened pace of investment growth in the 2010s, followed by a minor rise in Indian presence due to the initiative after 2010. In 2014, in response to Russia's annexation of Crimea, both the United States (US) and the European Union (EU) agreed to enact sanctions on the Putin government (Bhandari et al., 2018). The combination of dropping oil and natural gas prices, fewer revenues, and a weaker ruble has led to sharp declines in GDP growth rates, a ruble depreciation, and a decline in foreign investment. Various variables have contributed to these unfavourable outcomes (Biersack and Oclear, 2014).

In the meantime, India saw a change of administration in 2014, when Narendra Modi became Prime Minister. As a consequence of the Ukrainian crisis, the annexation of Crimea, and the consequent worsening of relations with the West, Russia's attention in 2014 was firmly on the internal situation. And each of these events had an impact on the foreign policy paths of the two countries (Belinda and Hanousek, 2019). This resulted in a greater economic and geopolitical dependence on China for Russia. Furthermore, India, in response to a growing force in its backyard, had already begun to forge tighter connections with the United States, which had implemented its pivot to Asia (Kapoor, 2019).

In a nutshell, India's foreign policy under Prime Minister Modi has been characterised by stormy tours across the world aiming to revive relations with various

nations. The connection between Russia and India became more prominent in 2014 owing to a mix of internal and international causes. The loss of US hegemony and the growth of other developing countries, notably China, continued until 2018 on a systemic level. Too far, however, both countries have effectively modified their partnerships and preserved their bilateral connections to the varying phases of national growth and the shifting international context (Gupta and Ganguly, 2019).

5.2.1 Political Relations

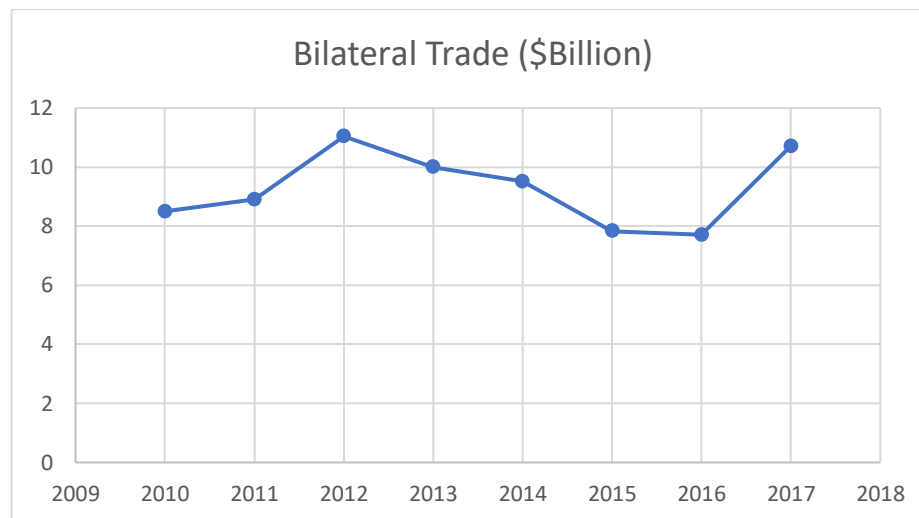
Historically, ties between Russia and India on the political front have been quite cordial. The relationship between the two countries was established based on their continued political cooperation. When Vladimir Putin went to India for the first time in the year 2000, he started a tradition of annual meetings between the two countries that have persisted to this day, with the location of the meetings switching back and forth between Russia and India. Since then, Russia and India have reestablished their political connection by convening an annual summit. In addition, the presidents of both countries often interact with one another at meetings of multilateral organisations such as the group consisting of BRICS (Brazil, Russia, India and China as well as South Africa), the Shanghai Cooperation Organization (SCO), and the Group of Twenty (G20). Nineteen yearly meetings have been conducted alternately in Russia and India. In 2017, Russia played a significant role in India's full membership in the SCO (Unnikrishnan, 2017).

In addition to signing the 'Strategic Vision for Strengthening Cooperation in Peaceful Uses of Atomic Energy in 2014, Russia and India committed in 2016 to the 'Partnership for Global Peace and Stability. The Russian city of Sochi hosted the first meeting between Russian President Vladimir Putin and Indian Prime Minister Narendra Modi in 2018. The meeting took place in the year 2018. In line with the history of high-level political contacts between Russia and India, the summit offers an opportunity for the leaders of both nations to strengthen their relationship and share their perspectives on regional and global concerns (Gupta, 2017).

5.2.2 Trade and Economic Relations

The leaders of both countries have recognised trade and economic cooperation as a top priority. The 2014 joint statement by Russia and India provides a vision for their partnership for the next decade. Some recommendations included energy, technological and economic cooperation and participation in other mining, gas exploration, petrochemical and power projects. In addition, the development of technology in areas such as space, defence, aviation and IT, etc., was deemed to have enormous untapped potential for bilateral trade, investment, and economic cooperation (Akarashov, 2018). The trade deficit has more than quadrupled in the last twenty years, reaching a total of \$3.1 billion in 2014, and the balance of trade continues to swing in Russia’s favour (Exim Bank of India, 2019). From 2005 to 2014, bilateral trade between India and China totalled USD 9.51 billion, which was well below the target of USD 20 billion by 2015 (Ringo, 2021).

Figure: 5.1 Russia-India Bilateral Trade (2012-2017)



Source: MEA, GoI, Indian Embassy in Moscow, 2018 (https://mea.gov.in/Portal/ForeignRelation/India-Russia_Relations)

In 2014, the ‘Druzhba-Dosti¹⁶’ joint declaration established a goal of \$30 billion in bilateral commerce by 2025. India primarily exports electrical equipment, medicines,

¹⁶Druzhba-Dosti is a vision for strengthening future Russia – India partnership as stipulated in the Joint Statement during the visit of Russian President to India.

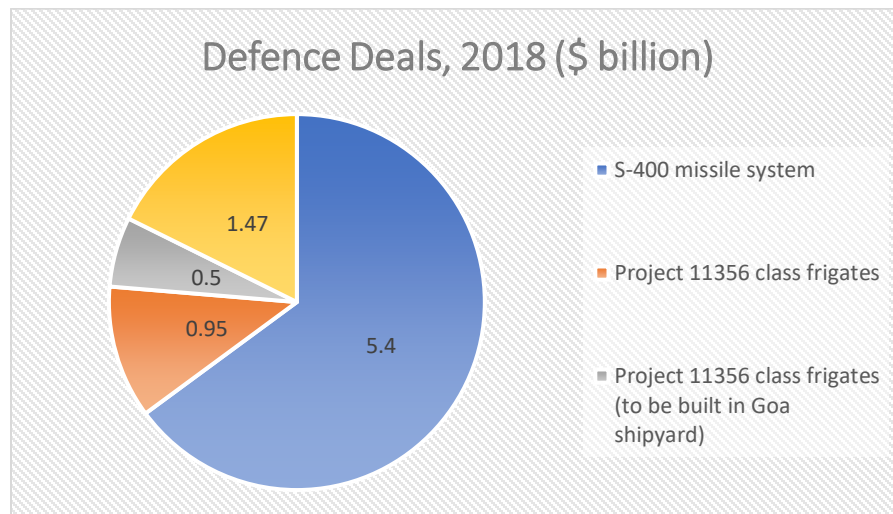
coffee, tea, pearls, and precious stones. Meanwhile, Russia sells machinery, fertilisers, and photo and technological equipment to India. Bilateral commerce declined for the second consecutive year, despite the order of a 2014 declaration to maximise the potential of economic connections (Kumar, 2019).

India’s high-level engagement with the EEF began in 2017 as a result of India’s growing commercial ties with Russia, namely Russia’s Far East. The EEF is an organisation that promotes business and trade in the Eastern Hemisphere. Both countries recognised oil, natural gas, agro-processing, diamond-processing, and tourism as possible areas of cooperation in RFE. Coal mining was also recognised as a potential collaboration area (MEA, 2019). Since 2015, around 85 per cent of realised FDI in the region has been in the primary sector, which includes oil and gas, minerals, and chemicals. In addition to oil and gas, Indian firms are involved in diamond cutting, tea packing, and coal mining in the RFE (Stronski and Nag, 2019).

5.2.3 Defence Relations

While Russia-economic India’s connection has been a weak spot in the post-cold war era, in 2014, India became the largest foreign purchaser of US weaponry, and the United States became India’s largest arms supplier.

Figure 5.2 Russia-India Defence Deals (2018)



Source: Compiled from media reports of Ministry of External Affairs & Ministry of Russian Federation in 2019 (<https://indiandefenceindustries.in/taxonomy/term/59>)

From 2014 to 2018, Russia remained India's topmost supplier of defence items, accounting for 58 per cent of the country's overall imports of weaponry. The overall exports decreased by 42% from 2009-2013 and 2014-2018 (Wezeman, 2019).

Despite this, Russia continued to be a pivotal supplier to India, providing not just new weapons but also spare components owing to its dominant position in the industry. The military-technical cooperation is a one-of-a-kind and critically important alliance for India. It encompasses the sharing of information and the production of goods in collaboration. The agreements were finalized at the annual conference in 2018, which took place in 2018. Among these accomplishments was the delivery of the S-400 Triumph air defence missile system and four frigates of the Admiral Grigorovich-class. In addition, an agreement between the shareholders was made concerning the production of Ka-226T helicopters in India (Rekha, 2016).

Several encouraging developments took place in 2017, including the first Tri-Services exercise ever conducted as part of the annual INDRA framework and India's admittance as a full member of the SCO. Before the Army, Navy, and Air Force engagement in INDRA, the exercises were limited to a single service. However, this has since changed. It resulted in India's withdrawal from the Fifth Generation Fighter Aircraft programme and the cancellation of the Multi-role Transport Aircraft, which commenced in 2007. Further, it was determined to continue collaborative production of replacement parts and other items in 2018. Multiple weapons agreements worth an estimated \$14.5 billion were conducted in 2018, and an agreement was signed between the two countries to manufacture replacement parts for Russian military equipment (Ji, 2015).

5.2.4 Energy Relations

As we are all aware, the bulk of Russia's exports to the rest of the world consists of oil, gas, nuclear, and arms sales. While Russia and India's engagement in the energy sector have improved in recent years due to two-way investment, the constraints connected with direct pipeline delivery continue. The two-way investment goal of \$30 billion set for 2025 was accomplished in 2017, eight years earlier than the original

timeline. A new target of \$50 billion by 2025 has been determined based on the updated aim. In addition, substantial agreements concerning hydrocarbon and nuclear energy were reached over 2014 and 2015. 2016 was a busy year for the hydrocarbon industry, with several agreements being inked and Indian businesses spending USD 5.4 billion to purchase oil and gas assets in Russia (Chakravarthy, 2018).

The most significant investments were Rosneft's 49 per cent share in Essar Oil, Oil India Limited's 23.9% participation in Vankorneft, and OVL's 11% increase in the Vankor oilfield. The purchase of Essar by Rosneft for a total of \$12.9 billion in 2017 marked the beginning of what would become the biggest Foreign Direct Investment (FDI) in the energy industry of India. The company's goals include growing its current scope of business. It was announced that Russia would become a new source for long-term LNG imports, and in 2018, the first LNG cargo from Russia arrived at Dahej, Gujarat. The entire amount that India has invested in oil and gas assets located in Russia is 15 billion dollars (*MPNG report, 2019*).

Investments in both the upstream and downstream sectors and an increase in agreements have resulted in improved collaboration between the two parties in recent years. It has been agreed to expand bilateral cooperation and seek chances in other nations in the energy industry. The plan is to increase the capacity of both parties and extend their footprint across India by acquiring their retail stores (Sharma and Mehta, 2020).

5.2.5 Cultural Relations

The historical relations between Russia and India have led to the development of cultural ties between the two countries. This historical link was formed when Afanasy Nikitin came to India before Vasco-da-discovery Gama's of India. The works of Russian authors and intellectuals, such as Leo Tolstoy and Alexander Pushkin, have made a sizeable contribution to, as well as having a significant impact on, Indian literary and intellectual traditions. The great Indian epic, the Mahabharata, has also been interpreted and written in Russian. Indian film has also been a part of the cultural

upbringing of many generations of Russians. Since 1980, Russia has steadily climbed the number of people practising yoga regularly (Singh, 1995).

According to the most recent figures provided by the institution, there are around 11,000 Indian students currently enrolled in Russia, the majority of them pursuing technical and medical degrees (MEA, 2019). The Mahatma Gandhi Chair of Indian Philosophy is housed in the 'Institute of Philosophy in Moscow, which has the patronage of India. In addition, Russian schools and colleges, even the most renowned ones, often provide their students with instruction in Hindi. In addition to teaching Hindi, educational facilities in Russia also provide instruction in 'Tamil, Marathi, Gujarati, Bengali, Urdu, Sanskrit, and Pali'. In addition, several Russian universities now feature contemporary Indian studies and Ayurveda departments in their faculties (Gupta et al., 2019).

Russia and India have always placed a high priority on fostering cultural interaction. The year of Russia in India (February-December 2008) and the reciprocal year of India in Russia (2009) are notable ventures. Since 2011, festivals of culture have been conducted. In terms of attendance, the 2014 festival was the most significant cultural event in India that year. Namaste Russia was held between May and November of 2015. On June 21, 2015, the first worldwide Yoga Day was celebrated in over 60 Russian regions, attracting over 45,000 individuals. The 2016 Russian Culture Festival was so successful that it was decided to organize the 2017 Indian Culture Festival in Russia. Numerous festivals, concerts, markets, and other activities commemorate the 70th anniversary of diplomatic relations between Russia and India. The Russian Centre of Science and Culture in New Delhi, Mumbai, Kolkata, Chennai, Trivandrum, and the Jawaharlal Nehru Cultural Centre in Moscow arrange most of these events. In 2014 and 2015, Indian cinema festivals in Moscow were wildly successful (Chandra, 2017).

India continues to have high regard for Russian science and technology higher education. However, the absence of pertinent information about higher education in Russia, the lack of acceptance of Russian degrees, and worries around personal safety impair the competitiveness of the Russian education system (Khan, 2021).

The number of visitors travelling from Russia to India and India to Russia has increased significantly during the last two years. The two nations are taking measures to promote easier access for their respective nationals. It was the ninth biggest source of international immigrants to India in 2017. In 2018, Russia and India will commemorate the 'Year of Tourism', and they have agreed to extend their cultural exchange scheme for 2017-19 (Srinivas, 2019).

5.3 Eastern Economic Forum (EEF)

The EEF is an annual international forum started by Russian President Vladimir Putin in 2015, soon after relations with the West deteriorated in 2014 as a result of the Ukrainian conflict. In line with the Decree, the Eastern Economic Forum is held annually in Vladivostok, promoting the economic growth of Russia's Far East and enhancing regional international collaboration. We may claim that the forum was a commercial occasion for Russia. It functioned within the context of the Russian goal of developing its Far East region and incorporating it into the global economy. Annually, the EEF acts as a forum for the debate on global economic problems relating to economic growth, regional integration, and the creation of new industrial and technology sectors, as well as the global difficulties confronting Russia and other countries. The business region of the event involves conversations with Asia-Pacific and ASEAN nations. Over time, EEF has developed into a forum for fostering political, economic, and cultural links between Russia and the Asia-Pacific region. The main goal of the EEF is to strengthen ties between international investors, Russian businesses, and federal, regional, and local governments. The EEF also wants to fully assess the Russian Far East's economic potential and make the area more competitive and attractive to investors worldwide. The EEF also aims to increase the region's attractiveness to national and international investors (AVSK, 2019).

In addition, Eastern Economic Forum serves as a showcase for new investment and commercial prospects, including advanced special economic zones, Vladivostok Free Port, and official assistance for high-potential investment projects. In addition, the Eastern Economic Forum demonstrated how the world's governments were

preoccupied with settling domestic issues and addressing existing political disputes. Untimely, it demonstrates that isolation from the events of the outside world was no longer a choice but a necessity (Ellis, 2021).

5.3.1 Geopolitical Context of Formation: Shifting Power to Asia-Pacific

Throughout the Eastern Economic Forum's existence, the forum has evolved into a key international platform for discussing various approaches to fostering economic, political, and cultural ties between Russia and the nations of the Asia Pacific region. It continues to be an important commercial event for Russia, particularly as the country concentrates on the Far East's growth and its role in the global economy. The conversation occurs between partner countries from the Asia-Pacific region and ASEAN, the most important organisation representing Southeast Asian countries. Since then, the forum has gained importance and continues to exert a considerable amount of influence in formulating policy in the region. The Eastern Economic Forum (EEF) highlights the untapped potential of the eastern region of Russia, which is abundant in various minerals and other resources. The EEF focuses on the growth of commercial and investment prospects in the Russian Far East Region, and it gives India and Russia a tremendous opportunity to create a mutually beneficial working relationship in the region.

The presence of Russia in the Indian Ocean is hardly noticeable, whilst India has not yet established any substantial footprints in the Pacific Ocean. India is a powerful nation in the Indian Ocean and has a significant interest in the Pacific Ocean. On the other hand, Russia is a powerful nation in the Pacific Ocean that also has a significant interest in the Indian Ocean. The EEF presents an opportunity for India to safeguard its maritime interests and promote maritime safety in the Pacific area (Chaudhury, 2022).

The Sea link between Vladivostok and Chennai can be seen as a challenge to "China's Maritime Silk Route (MSR) plans as part of the One Belt, One Road project (OBOR). The proposed sea will likely pass through or close to the South China Sea, which China has turned into an international geostrategic hotspot. It would become an

extension of the existing India-Japan Pacific to Indian Ocean Corridor, which China considers a challenge to its maritime OBOR plan in the region” (Bordachev, 2019). China has turned the South China Sea into an international geostrategic hotspot (Bordachev, 2019).

When viewed through the perspective of geostrategic considerations, this provides India with another vantage point from which it may resist China’s game of encircling India through a tactic known as the String of Pearls (Dabas, 2017). The Russian Far East is a resource-rich region abundant in a wide variety of natural resources, including oil, natural gas, timber, gold, and diamonds. Exploration of hydrocarbon reserves along the coast of Russia’s Far East is one of the areas of particular interest to India in this regard. As India’s domestic demand continues to rise, the Forum will assist the country in gaining more accessible access to essential resources, namely oil and gas, to meet these demands (Cogan and Mishra, 2022). During the sixth edition of the Eastern Economic Forum (EEF), which took place in 2021, the Prime Minister of India gave a speech through video conferencing about the significance of India’s relationship with Russia and discussed areas of cooperation between the two countries.

5.3.2 Significance of Eastern Economic Forum

The Russian acceptance of India into the EEF and the range of agreements between the two countries signalled fresh vitality, direction, and speed. During the 2019 plenary session of the EEF, Russian President Putin stated that the growth and development of the RFE would be a priority for the Russian government in the 21st century. In 2012, the ‘Ministry for the Development of the Russian Far East was established for this purpose and a presidential envoy for the region.

At the fifth EEF plenary meeting, which took place in Vladivostok, Russia, in 2019, Indian Prime Minister Narendra Modi was invited as the keynote speaker. This conference was a worldwide event intended to promote economic growth in the RFE. In a series of Memoranda of Understanding (MoUs), Delhi and Moscow committed to large-scale economic engagement and outlined a plan for India’s

participation in the RFE. This was counter to the pattern of limiting the connection to past acquisitions of military weapons and nuclear facilities or creating their respective positions in global groupings like as the Shanghai Cooperation Organization (SCO) or the BRICS group (Brazil, Russia, India, China, and South Africa) (Kumar, 2019).

Further, the co-opting of India into the EEF by Russian President Vladimir Putin was significant in light of Russia's assessment that the RFE was gaining little benefit from the East Asian economic growth space due to the skewed priorities of the Big Three (the People's Republic of China, the Republic of Korea, and Japan). The significance of the Big Three for the RFE was recognized early on by specialists. Furthermore, this happened due to the sanctions the US and the EU placed on the Russian economy. Then, in 2014, the RFE contributed to Moscow's turn to the east and development (Minakir, 2018). Modi's participation at the EEF and signing of several agreements in 'connectivity, oil and gas, deep-sea exploration, space, and energy' suggested that India's presence in the Russian Far East may be a potential corrective to its normal Moscow-centrism. The belief that the Indian government's authority was acknowledged in global economic agreements (Sinha, 2016).

In 2019, after his electoral victory in May, Indian Prime Minister Modi urged the country to 'Look East. The Russian offer was an opportunity to further the government's plans to acquire overseas assets crucial to India's economic growth. The acquisition was carried out partly via a joint venture established by Public Sector Undertakings (PSCs) in the extractive industries and partly by ONGC Videsh or ONGC Videsh Ltd. (OVL). Since their 2018 meeting, the two sides have engaged in strategic economic dialogue,' which formed the basis of the gamble (Vasudevan, 2020).

Recent events include the Prime Minister of India making a virtual address during the plenary session of the 6thEEF on September 3, 2021, at 'Far Eastern Federal University in Vladivostok, Russia. The Indian Prime Minister welcomed Russia's ambition to develop the RFE region and reaffirmed India's resolve to be a trusted partner in this respect as part of its 'Act East Policy. Under the 'Special and Privileged Strategic Partnership', he further emphasised the significance of increased economic

and commercial cooperation between the two sides. In 2010, the two nations declared exclusive and privileged strategic cooperation (Chaudhury, 2021).

Aside from that, the prime minister emphasised the relevance of the health and pharmaceutical industries as significant areas of collaboration that have evolved in the wake of the Covid-19 outbreak. Refers to further potential sectors of economic collaboration, such as diamond-cooking coal, steel, and lumber. The Indian Prime Minister invited the Governors of the eleven regions of Russia's Far East to visit India, recalling the State Chief Ministers' attendance at the EEF-2019. Recall that the Indian Prime Minister was the Chief Guest at the 5th EEF in 2019, marking the first time an Indian Prime Minister has held this position.

5.3.3 The EEF and India's Presence in the RFE

The Russian economic crisis and the country's issues with its relations with the west occurred concurrently with the growth of the Indian presence in the RFE. Following this, on the eve of the SCO meeting in June 2019, the Russian president publicly extended an invitation to India to participate in the EEF more actively. In 2017, as both countries commemorated 70 years of diplomatic relations, the 'St. Petersburg International Economic Forum (SPIEF) asked the Indian Prime Minister to attend as the Guest of Honor. It was done in preparation for the 2019 Eastern Economic Forum. After then, on May 21, 2018, in Sochi, Russian Federation, Russian President Vladimir Putin and Indian Prime Minister Narendra Modi got together for the first time in a casual setting (Ramachandran, 2019).

Beginning on 12 June 2019, the Indian Prime Minister travelled to Russia for two days to attend the 20th India-Russia annual summit and the 5thEEF in Vladivostok. Russian President Vladimir Putin invited Indian Prime Minister Narendra Modi to speak at the EEF. Since 2015, the EEF has been promoting the business and investment opportunities in the RFE, and the presence of the Indian Prime Minister as the event's chief guest highlights the role this region can play in enhancing India and Russia's cooperation in the region and beyond. Moreover, it was anticipated that India would invest in the RFE in various industries, including oil, gas, space, energy,

connectivity, and deep-sea exploration (Pant, 2019). Finally, Modi and Putin signed the agreements. Both nations saw the signing of 25 agreements spanning from connectivity to energy and the development of the REF. Important takeaways are:

First, Special and Privileged Strategic Partnership. Both leaders pledged to encourage, in every manner possible, the exploration of their strategic relationship's outstanding potential while emphasising the alliance's unique and privileged character. Second, Russia Support India's decision on Jammu & Kashmir. Russia has supported India's decision over Jammu and Kashmir, stating that the status changes are consistent with the Indian constitution. Both nations underscored the supremacy of international law and their adherence to the UN charter's aims and values, particularly the inadmissibility of involvement impairing the domestic affairs of member states. Third, regarding the Development of the Russian Far East, India will provide a line of credit worth \$1 billion for developing the RFE. The discovery of hydrocarbon deposits along the coast of RFE is another subject of particular interest to India in this region. Fourth, Maritime Route, a full-fledged marine link connecting Chennai and Vladivostok, has been proposed. Vladivostok is the largest port of Russia on its Pacific coast and is situated on the Russian Chinese border. With Russian aid, India is developing nuclear power plants in Kudankulam, Tamil Nadu's Tirunelveli district. It is believed that the establishment of a maritime route will aid the project. It would also boost India's footprint in the Indo-Pacific, particularly in the South China Sea, a contentious body of water (Ministry of External Affairs, 2019).

Fifth is Collaboration in space. Russia will aid in the training and capacity building of Indian astronauts for the Gaganyaan mission. Furthermore, both parties voiced worry about the recommended peaceful usage of space. Sixth, Economic Cooperation, in this sector, the two leaders agreed to increase bilateral trade to USD 30 billion by 2025 from the current \$11 billion. Efforts to promote interbank payment settlements in national currencies will continue. Both parties have agreed to develop new technology and investment collaboration, particularly in sophisticated high-tech fields, and to explore new cooperation routes. In addition, both countries agreed to speed up the process of getting ready to sign the "India-Russia Intergovernmental

Agreement on Promotion and Mutual Protection of Investments” and to step up their efforts to remove obstacles to trade. It is anticipated that the free trade agreement (FTA) that is now being negotiated between the Eurasian Economic Union (EAEU) and India would contribute to resolving this problem. Seventh is Military Cooperation; During the conversation, it was brought up that India would not be affected by the sanctions that the United States has put on Russia, which will result in more collaboration between the two countries in vital energy and defence sectors. Both countries are committed to successfully carrying out their bilateral military and technical cooperation programme through the year 2020, and they are working toward extending it for an additional ten years (Ministry of External Affairs, 2019).

Further, regarding the Cooperation in International Issues, Russia reiterated its support for India’s bid for a permanent seat on the United Nations Security Council during the meeting (UNSC). Both denounced acts of terrorism in any of their guises and appealed for the whole community to come together in the fight against this epidemic. Both parties restated their commitment to furthering global efforts to prevent the spread of nuclear weapons. The Russian government favoured India to join the Nuclear Suppliers Group (NSG). As a result, India is in a position to make a substantial contribution to the Arctic Council. Both nations reiterated their commitment to constructing an egalitarian and indivisible security architecture in the Asia-Pacific region and their support for inclusive peace and reconciliation in Afghanistan, which is led and owned by the Afghan people. It is also crucial to remember that after the EEF 2019, the then-Minister of Petroleum and Natural Gas and Minister of Steel, Shri. Dharmendra Pradhan travelled to India in January 2020 with a group of well-known Indian businesspeople to fulfil EEF 2019 commitments (Ministry of External Affairs, 2019).

India’s involvement in the new Vostok Oil, which will obtain Arctic oil through Russia, has been confirmed. In addition, the Russian Far East to the Taymur peninsula by the NSR. Also inked was a term deal for purchases of crude oil from Rosneft. Understanding and resolving the logistical challenges encountered by Indian enterprises investing in and importing coal from there seems to be a necessary step. It

would encourage the Russian and Indian governments to collaborate on expanding port infrastructure to accommodate bigger vessels (Staalesen, 2021).

Again, notwithstanding COVID-19, the Russian Far East government has provided a portal for prospective clients to acquire essential commodities from India. In light of the current Covid-19 epidemic, the Indian Prime Minister Shri Narendra Modi addressed the plenary session of the 6thEEF on September 3, 2021, in Vladivostok, Russia. At the 2021 EEF conference in Russia, an Indian delegation headed by the Minister of Petroleum and Natural Gas, Hardeep Singh Puri, and comprised of top Indian oil and gas corporations is present (Bhattacharjee, 2021).

In 2021, the main theme of the Eastern Economic Forum was ‘Opportunities for the Far East in a transforming world, and the programme was divided into four thematic pillars: First, The New Economy: What Changes and What Remains the Same, Second, The Far East: New Challenges and Opportunities, Third, Our Shared Responsibility in a Changing World, and Fourth, Youth EEF. The sixth edition of the EEF stressed the significance of the state-business relationship. Here, the Indian prime minister emphasised the significance of India-Russia ties and possible areas of collaboration within the Special and Privileged Strategic Partnership framework. He praised the Russian President’s ambition to develop the RFE region and reaffirmed India’s resolve, as part of its ‘Act East Policy, to be a trusted partner in this respect. Therefore, the Indian prime minister highlighted the inherent complementarities between India and Russia in developing the Russian Far East. The Covid incident demonstrated how such interactions would seem in the new normal (Singh, 2021).

In addition, the gathering emphasized how the world’s governments were intent on addressing domestic issues and how to manage current political tensions. It ultimately demonstrates that a degree of isolation from the events of the outside world was no longer a choice but a necessity. During the Covid-19 epidemic, the PM again emphasised and underlined the value of the health and pharmaceutical industries as essential areas of collaboration. He also mentioned other possible sectors of economic collaboration, such as diamond, coking coal, steel, and lumber. PM extended an invitation to the Governors of the eleven regions of Russia’s Far East to visit India,

recalling the visit of Indian state chief ministers to EEF-2019 (*Hindustan Times*, 2021).

Despite the problems posed by the Covid-19 epidemic, the Indian Minister of Petroleum and Natural Gas, Hardeep Singh Puri, led an Indian oil and gas mission to Russia from September 1 to September 5, 2021. During the tour, he attended the sixth EEF in Vladivostok, Russia, and participated in the EEF-sponsored India-Russia business discussion. During his 5-day trip to Russia, he also visited the Sakhalin-1 oilfield. He also met with representatives from the Russian petrochemical giant Sibur and the Novatek Gas industry company (*ANI*, 2021).

In addition, a virtual conference between the Chief Minister of Gujrat, Vijay Rupani, and the Governor of the Russian region of Sakha Yakutia was conducted alongside the EEF. In addition, the Indian prime minister said that energy is a crucial pillar of bilateral relations. The energy alliance between India and Russia might help stabilise the global market. He also revealed that the Chennai-Vladivostok marine corridor, an energy and commerce bridge, is progressing. Together, this connection project and the International North-South Corridor would physically bring India and Russia closer together. ONGC Videsh Ltd (OVL), the overseas arm of ONGC, and the Indian Oil Corporation (IOL) have signed a memorandum of understanding with Gazprom of Russia to cooperate in the hydrocarbon business. An agreement was reached during the sixth European Economic Forum (*The Statesman*, 2021).

In addition, Indian oil and gas businesses see Russia as the most attractive market for foreign direct investment. Today, Indian public sector businesses have invested more than USD 16 billion in various projects throughout Russia. These projects include oil and gas assets such as Sakhalin-1, Vankor, and Taas-Yuryakh and investments in the Far East and East Siberia. To minimise its reliance on the Middle East, India plans to double the amount of liquefied natural gas (LNG) it imports from Russia. In 2020, IOC and Rosneft agreed to purchase crude oil at a rate of up to 40,000 barrels per day (BPD) or 2 million tonnes. Consequently, these immediate implications of India's involvement in the EEF suggest a new dimension like ties between India and Russia, and maybe much more (*Financial Express*, 2021).

5.4 Russia- India: Identifying New Opportunities in the Far East

Russia is seldom categorized as an Asia-Pacific country. However, it is one-sided toward the Far East. The RFE is a vast, intriguing, and seldom-seen area. From Lake Baikal to the Pacific Ocean, the RFE is a vast region of northeastern Eurasia. The RFE provides Russia direct access to the Asia-Pacific region, making it the only genuinely transcontinental nation except for the United States. RFE Federal districts are a strategically significant asset since they comprise more than one-third of the region's landmass, are rich in natural resource reserves, and are critical to maintaining increasingly lucrative Asian trade routes. The RFE is rich in natural gas, crude oil, iron ore, copper, diamonds, gold, and other natural resources like timber, fish stocks, and fresh water.

The RFE has a population of slightly more than six million people, and the area is a consistent source of worry for Moscow due to its distance from the city, inadequate transport connections to the European heart of the nation, underdevelopment, and lack of infrastructure. In addition, Russia is interested in strengthening trade and investment ties between India and its Far East area, particularly since Russian President Vladimir Putin has concentrated on supporting economic development in Russia's Far East region (Shukla, 2019).

Putin has also organized the Eastern Economic Forum in Vladivostok to attract international investment to the region. Putin asserts that industrial production and private sector investments have significantly increased in Russia's Far East. However, development has been insufficient to diminish some of the region's historical grievances with Moscow (Solomentseva, 2014).

In the framework of Asian geopolitics, it is essential to consider the RFE in its historical context. This region is regarded to be one of the two components of Manchuria as a whole. While the RFE is known as Outer Manchuria, the region to the south is known as Inner Manchuria. In striking contrast to the Russian Far East, Inner Manchuria contains three Chinese provinces and boasts a population of over 100 million. The notion of increasing immigration from China's northeastern provinces to the Far East raised tensions between Moscow and Beijing, but the situation has been

resolved. Throughout history, territorial and boundary disputes in Manchuria have often recurred and led to interstate confrontations. Thus, some academics believe that China's desire to control the RFE might become a source of contention between Moscow and Beijing in the long term (Zakharov, 2017).

Beyond the struggle between Russia and China in the RFE, regional powers like Japan, South Korea, and India have shown an interest in contributing to the region's development. Numerous connectivity and infrastructure initiatives are suggested to transform the region into a prosperous economic hub. The RFE is otherwise unnoticed by the majority of foreign investors. Currently, investors and business owners have access to several excellent chances. According to Mr Alexei Chekunkov, the head of the 'Russian Far East Development Fund, the region is enormous, rich in natural resources, and nearly one-third of Russia. It is very thinly inhabited since the average population density is just one person per square kilometre (Shaumyan and Zhuravel, 2016).

In addition, the region has fifty per cent of Russia's gold reserves, ninety per cent of diamonds and one-third of the world's diamonds, seventy per cent of Russia's fish harvest, twenty-five per cent of its hydrocarbon resources, etc., and it acts as Russia's gateway to the Pacific Ocean. There are more than a dozen big ocean ports close to important Far Eastern cities, such as Vladivostok, in this region. Recently, the introduction of electronic visas has occurred. For the first time in Russia's history, international travellers may go to Vladivostok without visiting their consulates and remain there for up to eight days. The construction of the Northern Sea Route is one of the significant worldwide changes, such as the massive Liquefied Natural Gas project, that have altered everything. Massive projects are being constructed on the Yamal Peninsula in collaboration with big European corporations. The energy is transferred through the Northern Sea Path on ice-resistant boats, and the region offers a highly efficient route for delivering this energy to Asian consumers (Krasova and Ma, 2015).

Other than that, tourism is also a rising sector. In reality, the climate in southern Siberia, close to China, is rather lovely. Mainly, the Southern Siberia region is renowned for an average of 280 sunny days per year, as well as pure air and water,

which any tourist would much enjoy. Additionally, the region has a high need for agricultural prospects. This region's land is in excellent shape and has clean water. For the first time in history, the region experienced an agricultural harvest that broke all previous records and was completely self-sufficient in many items, including an abundance of high-tech products. These circumstances are highly valued by Indian corporations who are building or want to build colossal health care resorts and hotels catering to Asians. If India effectively exploits Russia's goodwill, the RFE region might become a development area for Indian industry, and India's links with the Russian Far Eastern region could help solidify relations between Russia and India (Peri, 2019).

5.4.1 Early Indian Presence

India was the first nation to operate a business in Russian Far East and a consulate in Vladivostok in 1992, immediately after the fall of the USSR. The Indian business ONGC's overseas arm purchased a 20 per cent share in the USD 10 billion Sakhalin-1 oil and gas project in 2001, when the previously closed portion of the RFE, Sakhalin Island, was opened to foreign participation. When the agreement was originally revealed, several elements of the Indian media were critical. Since then, however, it has proved to be one of the nation's finest foreign investments. Despite making early breakthroughs in the region, India invested nothing in the RFE for more than a decade after Sakhalin-1 (Kamalakaran, 2019).

5.4.2 Economic Revival

In 2012, the Asia-Pacific Economic Cooperation (APEC) conference was held in Vladivostok. Furthermore, for this summit, Vladivostok underwent a thorough makeover, including renovating historic buildings, the city centre, and the airport. In 2015, Russia announced intentions to make Vladivostok city a free port and provided a variety of incentives for investors in the free port region and the establishment of so-called Territories of Accelerated Development. Incentives included simplified work licences, tax incentives, and land access (Tichotsky, 2014).

After Russian President Putin's speech at the World Diamond Conference in Delhi in December 2014, Indian diamond processors were more interested in the RFE. Then, in 2017, the Russian government launched the diamond cutting and polishing facility of the KGK Group in the region. In addition, significant and medium-sized Indian firms have declared regional investments during the last two years. Tata Power was awarded a USD 4.7 million mining licence for a coal mine on the peninsula of Kamchatka. In December 2017, it was projected that the Krutogorvosky mine has 380 million tonnes of deposits in the wealthy region of Russia. In 2018, an important announcement was made during the annual India-Russia summit in Delhi. The announcement included the invitation of the guest of honour, the EFF in Vladivostok, Russia. In 2015, President Putin established the Forum as a platform for integrating the REF with the economy of the Indo-Pacific region (Izotov, 2018).

5.4.3 Opportunities for Indian investments in Russia's Far East

Russia's Far East (RFE) is seeking Indian investment and participation in its 'Special Economic Zones (SEZs) and the Territories of Accelerated Development (TAD)'. Examples include Special Economic Zones, which Provide international investors with tax rebates and other incentives in a single move. Diverse investment possibilities and incentives to invest in the RFE are provided. Visa-free entry to the region (to several Russian cities, including Vladivostok) facilitates travel (Baru,2019). Modern infrastructural development and the establishment of specialised economic regimes in the Far East, In the field of Education, universities in the region provide English-speaking medical schools. Other possible fields of cooperation between India and RFE include agriculture and Agri-processing, wood, renewable oil and gas, minerals and mining, tourism, pharmaceuticals and Ayurveda. These are the many investment potentials for India in Russia, namely in the Far East region. Both nations' ties are historically anchored and based on mutual trust. This partnership has survived the test of time and enjoys the support of both the Russian and Indian populations. Furthermore, if India capitalizes on Russia's Far East, it might become an area for the growth and expansion of India's enterprises and other sectors (Korosteleva, 2020).

5.5 Prospect for Russia-India Partnership in the Far East

The shifting international landscape typified by China's ascent and its influence on the larger regional and global order puts stress and worry on Russia and India's relationship. In 2012, Russian President Putin referred to India as a vital strategic partner in the 'Asia-Pacific region', increasing its relevance given Asia and China's growing importance. This plan prompts a reevaluation of the two countries' relationship, although India had a prominent role at the APEC meeting when Moscow's pivot to Asia was reaffirmed.

However, successive events have led to a deepening of the strategic alliance between Russia and China. This is because Russia and China share common interests in the political, economic, and strategic sectors. On the other hand, a comparable level of engagement with other Asian states has not been achieved. This more prominent Russian policy shortcoming in Asia also affects India, and India is not immune from it. In contrast to East Asia, Russia's history with India since its independence is extensive (Lukin, 2018).

Bilateral considerations are insufficient to explain why the potential of the strategic alliance has not been fulfilled, and Russia-China relations have been a significant influence in this regard. In this scenario, some Russian academics think that the Russian government has realised that collaboration with the West cannot be completely restored after 2014, resulting in a profound shift toward China. In addition to bilateral trade that topped \$100 billion in 2018, Russia needs investment from China to satisfy its economic needs. Russia and China place equal importance on respecting each other's sovereignty, territorial integrity, internal affairs, equality, and mutual benefit. As a consequence of the Ukraine crisis and the annexation of Crimea, Russia was compelled to seek a powerful foreign ally, which resulted in a more aggressive turn toward China (Amaresh, 2022).

On the economic front in 2015-2016, Russia surpassed Saudi Arabia as China's leading oil exporter at times, loosened restrictions on Chinese investment in energy and infrastructure projects, signed the largest-ever USD 400 billion gas deal, proposed a connection between the EEU and the Belt and Road initiative after initial

Russian reluctance, and increased cooperation in Central Asia. All of these accomplishments occurred during the period. These accomplishments occurred in the same period (*Business Standard*, 2022).

In 2016, based on the concept of shared principles that guide Russia's foreign policy, Russia concluded that developing cooperation with China would be most beneficial to Russia's national interests, given the state of affairs in the world at the time. In contrast, it must also be understood that India's economic constraints and geopolitical objectives would make it difficult to provide comparable help to Russia.¹⁷

Moreover, these interactions and advances between Russia and China happened when India was firmly reaching out to the United States, distancing itself from the "rhetoric of non-alignment," resulting in one of the most intensive bilateral relationships India had with any country. In 2018, India initiated the 2+2 discussion and signed the Communications Compatibility and Security Agreement (COMCASA). In 2016, India became a significant defence partner of the USA and signed the "Logistics Exchange Memorandum of Agreement" (LEMOA). In addition, the concept of "Indo-Pacific" was gaining traction in 2017, as the Indo-US joint declaration formally included the term in the bilateral treaty (Tellis, 2018).

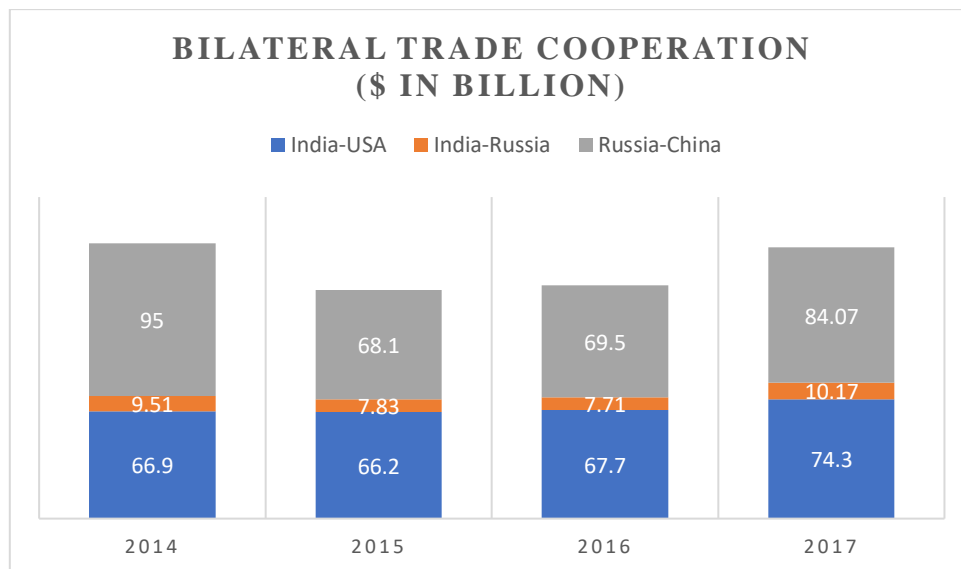
In the meanwhile, allegations of Russian meddling in the 2016 US presidential elections widened the rift that was already there between Russia and the USA. India has shown little interest in helping Russia's goal to undermine U.S. supremacy as it seeks to improve its economic stature and relations with all major countries. India's connections with other major countries, notably Germany, France, Japan, and Israel, have been strengthened. In the case of Japan, which was creating its notion of a 'Free and Open Indo-Pacific' (FOIP), this has included a focus on its relationship with India. The two nations have also made significant measures to establish a "Special Strategic and Global Partnership" fueled by economic complementarities and fears about China's rise (Trenin, 2015).

¹⁷The Embassy of the Russian Federation to the United Kingdom, "The Foreign Policy Concept of the Russian Federation 2016", Accessed July 19, 2019.

In 2014, Japan agreed to spend USD 33.6 billion over five years on infrastructure and energy sectors which are essential to India’s economic goals. Seeing synergies between India’s Act East plan and the FOIP, both parties engage in several Asia-Africa Growth Corridor connecting projects. Since 2015, trilateral discussions between the foreign secretaries of India, Japan, and Australia have facilitated progress. The presidents of Japan, America, and India (JAI) met for the first time in 2018 on the sidelines of the G20 conference after the 2017 formal official-level conversations under the Quad framework (Panda, 2018).

After the JAI conference, the first trilateral summit of Russia, India, and China (RIC) in 12 years took place. Nonetheless, the trilateral (RIC), which meets periodically at the level of foreign ministers, has only had so-called levels of collaboration during its early stages, and the three presidents are likely to meet again in 2019 on the sidelines of the G20 meeting in Osaka (*The Diplomat*, 2018).

Figure: 5.3 Bilateral Trade Comparison (\$ Billion)



Source: UTSR, Rand Corporation, ASAN Forum
 Russia’s trade with China and India surged to more than \$107 billion on June 23, 2019.
https://mea.gov.in/Portal/ForeignRelation/India-Russia_Relations

An increased emphasis on India’s connections with the United States and Russia’s contacts with China has resulted in a continuous expansion of the economic

partnership. In 2018, both countries' trade-in products were \$ 87.5 billion, while trade between Russia and China reached \$ 107.06 billion. Russia and India's respective foreign policy trends during the last decade are shown in the graph above. If it continues, the resulting divergences will only grow (Buddhavarapu, 2022).

India's economic interests in the Far East region of Russia are complementary to Russian needs. Because Russia needs finance, market, technological resources, and labour resources, while India requires energy and minerals, the RFE is of geopolitical, economic, and strategic importance to India. India must have a strong economic and strategic presence in this prosperous region of Russia. The RFE is at the forefront of Indo-Pacific-centered geopolitics and is essential to the pivot to Asia. Additionally, the region's border with China is one of the longest in the world. Therefore, India's presence in these regions will aid China's economic and geopolitical confrontation.

As is well-known, the history, mutual trust, and mutually beneficial cooperation that underlie India and Russia's ties have enabled this strategic alliance to withstand the test of time and garner the support of the citizens of both countries. Russia has several investment opportunities, notably in the Far East. If India capitalises on Russia's Far East, it might become a booming market for Indian companies. In the region, the Russian Far East is economically and strategically significant for India (Minakir, 2017).

5.5.1 Gateway to East Asia

India's relationship with Russia's Far East might strengthen its relationships with Central Asia and East Asia as well as with Russia. It would link India with East Asia, particularly Japan, so Russia and India may collaborate with nations such as Japan and Korea to encourage joint exploration investments in Russia's Far East (Wilson and Bagot, 2011).

5.5.2 Economic Opportunities

The region that comprises 40 per cent of Russia's total land area is rich in diamonds, gold, oil, natural gas, coal, wood, silver, platinum, tin, lead, and zinc. It also offers

excellent fishing areas. The region is economically undeveloped without efficient infrastructure and connectivity. Improved connectivity is the key to India's ability to access these resources. In the Indian Ocean and Indo-Pacific region, India has been emphasising the need for investments in shipping and ports and creating a Blue Economy. India's expanding economic relations with Japan, South Korea, Taiwan, and China has made Northeast Asia an essential geoeconomic region for India's growth. The Russian Far East offers India substantial economic benefits and is only a step away. (*Press Trust of India, 2022*).

5.5.3 Employment Opportunities

It is one of the significant issues that the Russian Far East is now confronting because there is a shortage of skilled labour, and Indian professionals such as surgeons, engineers, and teachers might help the expansion of the area. In addition, the presence of Indian labour in the area will assist in easing Russian fears against immigration from China. There is a possibility that India, one of the major importers of wood in the world, would uncover considerable resources in the area. In addition, investments have been made by Japan and South Korea, and New Delhi may investigate potential opportunities for a joint partnership (*Pravakaran, 2021*).

5.5.4 Strategic Importance

The Russian Far East is at the forefront of Indo-Pacific-centered geopolitics and is crucial to the pivot to Asia. The region that borders the Chinese provinces is among the world's longest. Being present in these places may compete economically and strategically with China (*Ramachandran, 2019*).

5.5.5 Energy Resources

The region's abundant hydrocarbon deposits provide huge prospects for Indian businesses. Already engaged in the Sakhalin-1 project, ONGC Videsh's terminal is recognised as the finest in Russia. India is scheduled to receive natural gas from Gazprom, which will likely be liquefied at a facility near Vladivostok (*Minakir, 2017*).

5.5.6 Small Scale Industries

Small and medium-sized firms in India have enormous growth potential and should be encouraged to overcome linguistic and cultural hurdles so they may effectively embrace local business practices. Large diamond deposits in the region should attract the Indian diamond cutting and polishing business, which is already competing with the Chinese (Baru, 2019).

5.5.7 Manufacturing Industries

Infrastructure, medicines, and agricultural development are all sectors where Indian enterprises and labour might find opportunities. Telemedicine and long-distance education are two further fields where Indian businesses may make an impact. It would also contribute to the expansion of India's exports. Thus, it is crucial and timely for India to engage in the Russian Far East, a region that may determine the future dynamics of contact between significant powers in the Indo-Pacific (Kumar, 2019).

Likewise, the 'Act Far East' strategy will enable India to invest in the region. This scheme would allow India to increase its maritime commerce with other European countries through the Arctic route and maritime trade with Russia. India may diversify its dependence on West Asian countries to satisfy its energy requirements. Minerals and energy are plentiful in the region of the Far East. This strategy will let India access the Arctic region, which is also rich in energy resources, through the route to the Far East. This diversification will provide India with various energy supply alternatives. The approach will also help Russia, in addition to India. China's influence in the region of the Far East has grown. With the execution of this programme, Russia will have the opportunity to diversify its commercial partnerships with Japan and India, among others. It is because Japan, like India, wants to develop its political and economic ties with Russia. This action will surely give Russia the chance to retain a healthy dependence on China (Mohanty and Kumar, 2019).

Given the increasing significance of Indo-Pacific geopolitics, India's determination to preserve a close connection with its old friend will be vital for the two countries as the U.S.-China trade war continues. The 'Act Far East' strategy

would allow the two countries to improve their alliance and expand their diplomatic and economic links. Given the increasing significance of Indo-Pacific geopolitics, India's determination to preserve a close connection with its old friend will be vital for the two countries as the U.S.-China trade war continues (Baruah, 2020).

The 'Act Far East' strategy would allow the two countries to improve their alliance and expand their diplomatic and economic links. In addition to the possibilities mentioned above, external elements are also complex in geopolitical situations and prone to rapid change, which provides obstacles. While there are no active conflicts in the bilateral partnership, external forces can no longer be disregarded or undervalued. Since 2014, China has become Russia's most important foreign ally owing to persistent tensions with the United States-led West. Despite this, India's ties with an increasingly assertive China have deteriorated. The Trump administration did not impose penalties on Indian corporations, and the Biden administration has not yet decided. Thirdly, it is difficult to ensure that India and Russia's cooperation with other nations does not jeopardise their bilateral relationship in a world that is uncertain and in flux (Mohapatra, 2019).

In this sense, a covert diplomatic operation, such as the one Russia launched last year to bring China and India to the negotiation table amid their border conflicts, is crucial for creating trust and is much more successful than exposing disagreements in public. Urgently necessary is a broader economic engagement, while cooperation in the energy and defence sectors will continue to serve as the basis of the ties. A forward-looking economic agenda should include collaboration in the high-tech sector, biotechnology, nanotechnology, space, start-ups and innovation, pharmaceuticals, healthcare, etc., to maximise the capacities of the two nations. Both US-Russian and India-China ties are not expected to improve shortly. To maintain impartiality on fundamentally essential issues to both parties, it may be prudent to enhance "open and candid" conversations on all issues while strengthening the bilateral relationship. India would benefit from bilateral and international efforts to expand collaboration in the Russian Far East and the Arctic. Additionally, it may be

advantageous to discuss reviving India, Iran, and Russia's alliance with Afghanistan (Singh, 2022).

The event, which focuses on growing business and investment opportunities in the RFE, gives Russia and India an excellent chance to collaborate closely in the Far East region. The resumption of great power rivalry has led to a deterioration in international politics. At a time when the USA is engaged in deglobalization, and China is advocating “globalisation 2.0 with Chinese features”, it makes perfect sense for India and Russia to extend their areas of collaboration in trade to defend against disruptive influences and keep their ties durable (Singh, 2022).

In addition, due to China's rise as a powerhouse, the Indo-Pacific area has become a battleground for conflicting interests. The “Quadrilateral Security Dialogue” between the United States, Japan, India, and Australia has failed to secure the Indo-Pacific as claimed. It first generated significant interest, but its members have not pursued it with the necessary vigour. Therefore, India would benefit most from a more significant Russian presence. India's longest-standing friend and major defence partner are Russia.

5.6 Sum Up

Despite high-level visits from Asia-Pacific states, it is evident from the preceding discussion that the Eastern Economic Forum has achieved little progress in developing the RFE. It will take some time for the RFE to be wholly integrated into the more established economies of the Asia-Pacific since the levels of investment and economic development are currently insufficient. There have been some hopeful advances, as shown by the fact that 33 per cent of the FDI Russia has received over the last several years has been invested in the region. Putin asserts that since 2005, outmigration has decreased dramatically, and regional industrial development has been three times the national average. In addition to facilitating continued contact with Asia-Pacific states, the EEF has opened up new prospects for partnership.

The interest in the RFE is growing, as seen by the impending inauguration of the ‘Northern Sea Route, Japan's deployment of the eight-point plan in 2016, and

South Korea's "nine-bridge approach" to Russia following the 'New Northern Policy'. Despite this, regional development and foreign direct investment (FDI) levels have remained low due to the challenges described above, sanctions imposed by the West, and Russia's faltering economy.

In this situation, the Government of India and its enterprises would do well to evaluate their options thoroughly. Indian businesses are currently involved in the coal mining, oil and gas, diamond cutting, and tea packaging sectors. 70% of RFE exports to India are comprised of coal and oil. Future partnership is conceivable in forestry, tourism, healthcare, and pharmaceuticals, and there is an opportunity for non-permanently settled Indian labour to compensate for labour shortages in the RFE. India would also benefit from creating trilateral collaborations with Japanese and South Korean partners in the mining, forestry, and pharmaceutical sectors to enhance its footprint. If this connection develops into a strategic alliance, it will assist protect India's interests and inject the region's geopolitics with the necessary vitality and equilibrium.

Chapter 6

Conclusion

6.1: Summary

This study examines the evolution of RFE and Russia-India strategic cooperation from 1991 to 2018. The report also evaluated the prospects for an India-Russia partnership and Russia's Far Eastern development agenda. In the ever-changing context of international politics, Russia is dedicated to developing its Far East region and is engaged in several regional development initiatives. The development of unipolar world order by the US-led West is in decline, and the Asia-Pacific region is currently the centre of global power relations. The growth of the Far East has the potential to bolster the already robust and cordial bilateral ties between the two nations, which are steeped in history, mutual trust, and mutually beneficial collaboration based on political, economic, and social aspects.

It is particularly relevant in light of Russia and India's present 'special and privileged' strategic cooperation. Cooperation between Russia-India in the Russian Far East might contribute to maintaining peace and stability in this strategically significant region. The two countries' alliance has historically benefited from close cooperation in defence, space, and civil nuclear energy. It is one of modern history's most enduring and trustworthy strategic alliances. By signing the historic Delhi Declaration in October 2000, during President Putin's first-ever official visit to India, both countries boosted their strategic alliance, which has subsequently evolved into a 'Special and Privileged Strategic Cooperation'. Improved cooperation between Russia and India is a new area of focus that is becoming more important in Russia's Far East regarding bilateral ties.

Russia's Far Eastern Federal District (twice the size of India) is the biggest but least populous of the country's eight federal districts, with a population of around 6.3 million. In the Far East area of Russia, there is abundant land, timber, and other valuable minerals such as tin, gold, diamonds, oil, and natural gas. In addition, the

region is rich in natural gas. The Vladivostok Free Port Project, an agricultural Special Economic Zone, and invitations to participate in the exploitation of natural resources (coal and diamonds) and precious metal reserves are only some of the measures the Russian government has taken to attract investment to the region (gold, platinum, tin, and tungsten). Indian businesses may also be able to compete in agriculture, mining, building and maintaining port infrastructure, processing diamonds, and processing food.

With its strategic position and abundant natural resources, the Russian Far East (RFE) is a region where bilateral cooperation between Russia and India is expected to increase in the coming years. However, the region is economically undeveloped and has inadequate infrastructure and communication. To develop this resource-rich region, appropriate economic policies and programmes are required. In this context, the Russian government established a 15-year development plan for the Far East that allocates federal funds for infrastructure expenditures. The Russian government has pushed for development plans for this resource-rich area many times, but so far, nothing has come of it.

However, after assuming office in May 2012, the Putin government created its 'Far East Policy' with remarkable speed. To considerably advance its Far East development strategy and collaboration with other Asia-Pacific nations, the Russian government formed a new federal ministry titled The Ministry for Development of the Russian Far East. The 2014 iteration was titled the National Programme for Socio-Economic Development of the Far East and the Baikal Region.

The Russian Federation is a prominent actor and a combative power around the globe in many respects. Its policies and actions have an impact on other countries. Since the 1990s, Russian foreign policy has been inspired by the notions of multipolarity and balance of power, which may represent a danger to the rising American unipolarity. The Russian Federation has sought to challenge unipolarity in the last decade via economic development and neo-liberal strategies. Russia increased its resistance to the U.S.-EU effort after the Ukraine crisis in 2014.

India's engagement in the RFE's growth has beneficial internal and international repercussions in the international setting. This thesis focused on Russia's Far East development plan and the possibility of a partnership between Russia and India. The overarching objective was to achieve a comprehensive and unified strategy with various facets and implications. For example, RFE's growth is based on its economic, geopolitical, and security interests in Asia-Pacific. The 'Look East' policy and RFE's growth have made it easier for Russia and India to expand their bilateral ties in the region, despite some obstacles.

The thesis's significant arguments are presented in its chapters, which must be summarised beforehand. The first chapter of the thesis, entitled 'Theoretical Framework, and Research Design', is a blueprint of the whole thesis. This chapter is devoted to discussing methodology in length. It is a crucial component of the theory. This chapter offers a framework in which the research questions and hypotheses are stated. Primarily, the first chapter of the thesis established the theoretical framework of the research based on the neoclassical realist theory India-Russia relations in terms of energy and other commerce, particularly in recent decades. In addition, Russia emphasizes the economic development of the RFE, specifically during Putin's administration, and the global power's engagement impacts some policies of the RFE.

The second chapter of the thesis entitled 'Russian Far East: Socio-Economic Profile, Natural Resource Endowment, and Global Significance' is based on socio-economic status and politics. Geographically, the RFE is not an isolated region. Some analysts say that the RFE should be divided into two separate regions due to the financial underpinnings that prevail in the north and south. Under the Soviet system, the Far East relied primarily on subsidies from the government budget, a continual flow of supply aircraft carrying food, clothes, and fuel in the winter, and inexpensive transportation for business and pleasure. There were positive signs present. As the Soviet Union disintegrated, shuttle trade began along the Chinese border. The Russians had several unmet needs, and China offered large amounts of inexpensive consumer goods. Trade relied primarily on bartering—exchanging construction materials for Chinese textiles, machine equipment and wood for electronics, etc.

Before the ruble's depreciation in 1998, this trade grew and became more financially oriented. Since 2000, commerce has grown again and returned to pre-recession levels.

The region's economy is not very diversified; they usually rely on a single sector or a few commodities, such as semiprecious stones, coal, oil, gas, copper, tin, gold, diamonds, and silver. These resources can be extracted, but the costs are typically prohibitive. History, mutual trust, and mutually beneficial collaboration underlie India and Russia's ties. This strategic relationship has stood the test of time and enjoys the support of both countries' populaces. Russia has several investment opportunities, notably in the Far East. India's economy may expand if it utilises Russia's Far East.

Regarding Indo-Pacific geopolitics and the move to Asia, the Russian Far East is at the forefront. The region that borders the Chinese provinces is among the world's longest. Being present in these places may compete economically and strategically with China. Due to the region's immense potential to stimulate Russia's economic expansion is granted the highest importance. Due to its position and economic potential as a region with significant natural resources, the Russian Far East has assumed a more significant role in government activities and developments.

Additionally, the region's natural resources, energy resources, small-scale enterprises, and industrial sectors provide it strategic and economic significance. In addition, economic and job prospects exist in the region. One of the primary difficulties facing the Far East is a shortage of people, and professionals such as physicians, engineers, and teachers may aid in the region's growth.

The main argument of the third chapter is that Russia's failure to accomplish its ultimate aim of integration with the West is reflected in its Asia-Pacific strategy. Because Russia failed to accomplish its ultimate aim of integration with the West; its approach to the Asia-Pacific region was essentially secondary to how Moscow has lately shifted its focus to the Asia-Pacific region to cement its claim and status as a significant Pacific power.

Its distinguishing characteristic is the large, sparsely populated geographical region characterising the Russian Far East. This region is undeveloped in Russia. The

Far Eastern Federal District, which is twice the size of India, is rich in resources. Russia needs the support of Asian states other than China to develop the region. Russia is keen to challenge China's influence in the region with finance and labour from India. In addition, Russia is willing to invest in and accelerate economic development in the Far East, which is closer to the dynamic Asian markets, given the long-term collapse of the European economy.

First, India expects to collaborate with Russia in the Arctic. India is poised to engage in the Arctic Council actively and has been carefully observing happenings in the region. Provide India with access to the Northern Sea Route or Arctic Sea Route to Europe, the quickest maritime route to Northern Europe. In the Russian Far East, there is a labour deficit, and India has the potential to become a regional supplier of trained labour.

Second, agricultural and forest products. Due to its exceptionally low population density and the longer farming time brought about by global warming, Russia's Far East may be one of the most promising places for the agricultural region in the future. In addition, the region's substantial forest resources can offer softwood to fulfil India's expanding resource requirements.

Third, natural resources, such as diamonds, petroleum, and natural gas. India is one of the world's most significant diamond processing, cutting, and polishing centres. The Russian Far East is one of the most important diamond-mining locations in the world. Russia is a steady provider of energy resources for the Indian market. Last year, India received over 550,000 tonnes of petroleum products, 2.3 million tonnes of oil, and 4.5 million tonnes of coal. A significant share of Russia's hydrocarbon exports from the Far East go to India, and Indian partners control 20 per cent of the Sakhalin-1 project. Russia has asked Indian enterprises to engage in other attractive projects, including Far Eastern LNG and LNG-2.

Tourism and mining rank fourth. The region boasts vast landmasses and an abundance of natural resources, notably coking coal, of which India has a relatively limited supply. Several successful Indian enterprises have been established in the Far East, such as M/s KGK in Vladivostok for diamond cutting and M/s Tata Power in

Krutogorovo, Kamchatka, for coal mining. The Russian side applauded India's decision to extend its business and investment zone in the REF, another positive development.

India's interest in the Russian Far East has grown in the last three years. In 2019, while visiting the Far Eastern city of Vladivostok, Indian Prime Minister Narendra Modi said that New Delhi would provide a one-billion-dollar loan to support the area's economic growth. In addition, India is lured to the Russian Far East owing to its abundant oil resources and fertile land. Furthermore, throughout the following decades, India will need a substantial quantity of these two resources to sustain economic development. To assist India in the Far East find other trade and investment sources, Delhi must prevent Russia from becoming too reliant on China.

Based on the long-standing connection and strategic partnership between Russia and India, the fourth chapter of the thesis is entitled 'Russia-India Strategic Partnership and Cooperation in the Far East: Historical Settings and Achievements'. Since the 'Declaration on the India-Russia Strategic Partnership' signing in October 2000, Russia and India's ties have taken on a radically new character. It has led to greater levels of collaboration in almost every element of the bilateral relationship, including politics, security, defence, commerce and economics, science and technology, and culture.

During the Cold War, India and the Soviet Union cooperated extensively on several fronts, including military, economic, and diplomatic matters. Following the fall of the Soviet Union, Russia maintained ties with India, forming a Special Strategic Relationship between the two nations.

In recent years, the ties have deteriorated significantly, especially in the post-liberalisation period. Russia's close links to China and Pakistan have caused India a lot of geopolitical challenges in recent years. The determined bilateral engagement reinforced the lack of active involvement in RFE after the disintegration of the USSR. Initiated in the early 1990s to repair ties with South-East Asian countries, India's "Look East Policy" was at best extended to a better economic engagement with Japan and South Korea, but not beyond. There has also been an increase in interest in this

field in India. Since the inauguration of the Putin government in 2000, Russia's interest in India and the Asia-Pacific region has increased. In 2012, with the beginning of Putin's third term as president of the Russian Federation, a new strategic shift toward the East was implemented.

In addition to advancing bilateral ties, the economic development of Russia's Far East will also lay the basis for India's future. India might advance its ties with Russia by exploring ways to participate in the development projects for the RFE, which are a primary priority for the Putin administration. In addition, strategic collaboration with Russia in the Far East would increase India's participation prospects in the Eurasian continent's ongoing integration processes.

The fifth chapter of the thesis discusses the cooperation between Russia and India in the modern world, the ongoing changes in international circumstances with new opportunities, new policies, and new programmes in the Russian Far East. This chapter focuses on varied development interests, agendas, and interactions amongst big powers. In addition, the relevance of the Eastern Economic Forum, prospects of India and Russia's ties in Russia's Far East from 2014 to 2018.

In 2014, when BJP leader Narendra Modi became prime minister, India's leadership transition was the most significant feature of 2014 to 2018. After the conflict in Ukraine, the annexation of Crimea, and the worsening of ties with the West, Russia focused solely on the domestic situation in 2014. Additionally, each of these events affected the foreign policy courses of the two regimes. Strategically and economically, Russia grew increasingly reliant on China as a consequence. Furthermore, India, which had already been seeking to enhance its ties with the United States, had begun its pivot to Asia in reaction to a growing force in its vicinity. In a word, India's foreign policy has been defined by the stormy travels of Prime Minister Modi throughout the globe in an attempt to renew ties with a range of states. Moreover, in 2014, a combination of domestic and external events heightened the connection between Russia and India.

The international order continued to shift methodically until 2018, with the United States losing its preeminence and other emerging nations, notably China,

gaining ground. Nevertheless, both countries have sustained their bilateral ties while adjusting to successive phases of national development and changing international circumstances. The sixth chapter concludes that the India-Russia bilateral relationship has a long history and a diverse international context. This finding comes when the world is in the midst of a transition from a unipolar order to a prospective multipolar structure. All major countries, including India and Russia, are taking measures and preparing for the worst due to this uncertainty. In light of the current geopolitical situation, the developing India-Russia connection is affecting India's ties with the United Nations, China, Afghanistan, and other states.

This chapter also summarizes how India and the Russian Far East's economic cooperation has evolved over the last two years. Given the expansion of the RFE and Russia's 'Look East' strategy, the subject suggests that both governments are committed to the notion of renewing India-Russia ties. It is uplifting. Both governments must ensure that their respective private sector enterprises take advantage of new economic prospects in manufacturing and agriculture to keep this partnership going. Indian outmigration, notably among farmers, and investments in energy and industrial growth, are required to challenge China's regional dominance.

6.2: Major Findings

This study explored and examined the RFE's development strategy and possibilities of enhancing India-Russia cooperation in the changing global context. The thesis has attempted to describe the prospects, successes, and problems of RFE development and the growth of India's strategic connections with the resource-rich region of Russia. Six research questions were used to clarify the concerns mentioned above. In this part, we addressed each question individually.

Why is Russia placing importance on the growth of RFE? Especially under Putin's leadership, this was the first issue the research sought to address. Research of the literature and narratives demonstrates that following the fall of the Soviet Union, Russia disregarded the RFE for a long time. After the year 2000, the region received Russia's attention under the leadership of President Putin. The RFE's prominence in

Putin's policy narratives is primarily attributable to its strategic geopolitical location and economic potential. The region has vast natural resources and easily accessible rail and port transportation networks. Russia views this as a chance to balance its economic and political links with other nations. The RFE's top aim for development is to provide Russians with a gateway to the rest of the world. The strategic riches of the RFE region have also made it possible for Russia to connect well with Asian countries, which is vital if Russia wants to be a significant player on the world stage in the 21st century.

As a result of Putin's administration, Russia's relations with the Central European region have evolved in numerous ways. During Putin's second term, there was a concerted effort to build state institutions, and he started defining the 'Far East Policy' with extraordinary vigour. For instance, a new ministry was established to promote the Far East's development plan and collaboration with other Asia Pacific states. The ministry was entrusted with organising and monitoring the execution of current policies and developing a new set of socioeconomic development simulation instruments for the RFE. The organisational structure of the ministry reflects its primary objective. It has departments for administration and control, as well as departments for attracting budget funding and public investment, infrastructure development, an advanced special economic zone, and the free port of Vladivostok, among other things.

Putin views the development of RFE as a national priority, and since his third term as president, he has increased his efforts to speed the region's growth. To modernise the RFE, the government of the United States has two main goals. First, it intends to enhance its administrative and economic imprint in the RFE by establishing a new ministry and increasing regional investment. The administration is also attempting to establish economic ties with its Asian-Pacific neighbours. Russia also wants to show the Asia-Pacific countries that it is a strong power in the area by making it clear that it has complete control over the RFE.

The research's second question was what other realities characterise the goals of Russia's 'Look East' strategy in the geopolitically vital Far East region. The

research showed that Russia has an international policy and strategic interests in addition to domestic economic ones in developing RFE. In 2000, when Vladimir Putin was first elected, Russia's foreign policy toward Asia and the Pacific underwent significant transformations. He characterised Russia's strategic requirements differently from his predecessors. Putin's foreign policy was marked by a high degree of adaptability and active cooperation with Asian nations. Relationships with the West have been challenging for Moscow during the last several years. However, a new fact has come to light in Russian foreign policy: if Russia wants to be a global player in the 21st century, it must also work well with Asia.

Russia's advance into the Asia-Pacific region was a well-planned strategy to cement its place and claimed not just as a European power but also as a significant Pacific power. In contrast to its reactive stance, Russia has adopted a more proactive diplomatic stance toward the Asia-Pacific region. The hunt is primarily for a market for weaponry, oil, gas, and scientific information to alter the regional balance of power. Recent tensions between Russia and the West have given Asian nations, notably China and India, a tremendous opportunity to expand their relationship with Russia. As Asia is projected to be the primary source of future global economic development, Moscow has been courting Asian investment in oil and gas in the RFE region of Russia. In the Far East region, the economic links between China and Russia in the energy industry have formed the foundation of their partnership. On the other hand, China has supplied Russia with significant diplomatic assistance, while the West has attempted to isolate Russia from all other nations.

However, Russia has been wary of its undue reliance on China while simultaneously attempting to maintain cordial ties with other Asian nations, including India, Japan, and Vietnam. One of Russia's primary objectives has been to attract investment for the RFE's growth. The geographic closeness between Russia's substantial oil and gas reserves and China's enormous market has generated a natural synergy that has resulted in China's being one of Russia's top trade partners over the last year. China, like Russia, is dissatisfied with the current international order headed by the United States. The two nations often find themselves on the same side of

several international conflicts. The internal political climate in Russia also defines the emphasis of the Look East strategy. The majority of Russian conservatives think the China model delivers progress without democracy and has the potential to become a superpower at the cost of the United States.

The third question of the research seeks to determine the global power's role in the RFE's development strategy. The review of the literature and news reports demonstrates that the current international order controlled by the USA and European allies has provided an opportunity for Russia to consider the growth of the RFE strategically. The friction between the West and Russia compelled Moscow to consider other measures, including Asian states, to combat the West's dominance. As is well-known, Asia is the fastest-growing market, and energy resources are a vital component of every rising economy. Russia established strategic ties with two developing Asian economies, China and India.

In addition, the emerging Asia-Pacific regional order has evolved into a new international order that will be more favourable to Russia than the unipolar Atlantic one, allowing Russia to capitalise on her comparative advantages in terms of territory, resources, hard power, political organisation, and the capacity to mobilise resources in pursuit of strategic objectives. Russia has also acknowledged that the RFE's energy resources may make the European energy market reliant on Russia in other ways. This reliance may be used to one's advantage during international disputes and negotiations. The economic engagement of China, India, and many other major Asian nations contributes to the region's stability, while the West is unlikely to instigate conflict due to its relationships with other Asian powers. So, it is clear that global forces have helped Russia think about the growth of the RFE in terms of modern geopolitics and foreign policy.

The fourth research question of the study sought to clarify how India would profit from RFE collaboration and the industries where India would get the most advantages. The data and literature research shows that as a resource exporter to Asia, Asia-Pacific, and India, Russia would benefit economically from its participation as a resource importer. Coal resources are enormous in the RFE region, oil, gas, and iron

ore deposits and investments in extending rail and port infrastructure. In the Indian Ocean and Indo-Pacific region, India has emphasised the need for investments in shipping, ports, and the development of a Blue Economy to strengthen India's economic ties with Russia. The RFE's resource reserves and advancements will benefit India in the foreseeable future. As energy security is intimately tied to India's national development plan, India hopes to realise a substantial portion of its domestic energy security goals via this partnership.

Russia has a resource surplus, but India has a resource deficit. This distinction has formed a new joint venture founded on common geo-economic objectives. As a labour surplus and energy-deficient country, India may profit from access to land (for region and agricultural production) and energy resources in Russia's Far East. The huge breadth of the Russian Far East presents India with enormous prospects in fields such as energy, business, and tourism, among others. In 1992, India was the first nation to establish a permanent consulate in Vladivostok, opening the way for collaborative ventures with Indian firms in horticulture, mining, port development and infrastructure, precious stone processing, and agriculture.

Andhra Pradesh and Punjab have shown interest in some operations in the Russian Far East regions. Moscow's request to New Delhi to enhance its Far Eastern financial needs in Russia - a region in which Chinese commerce and population have made substantial inroads-has all the hallmarks of a Kremlin effort to balance Beijing in a resource-rich realm twice the size of India. The Indian government has also shown commercial interest in other industries, including diamond processing, petroleum and natural gas, mining coal and other minerals, agribusiness, and tourism. Each has been selected as a development priority in the region of the Far East.

Moreover, Russia and India hold comparable positions on the international stage and collaborate on different goals. In the region of cooperating closely inside the United Nations, BRICS, and G-20, as well as the numerous Asia-Pacific forums like ASEAN and the East Asia Summit Forum, the two nations work closely together. Russia has been attempting to expand its footprint and position in Southeast Asia by engaging in the Asia-Pacific and collaborating with India. This situation could be

advantageous for India on all fronts. India will gain from Russia's vision of a trade corridor from Lisbon to Jakarta, contributing to India's Far East Policy. It may be claimed that the new conventional wisdom governing Russia-India ties is a reaction to their mutual economic needs, particularly in light of Western economic sanctions against Russia and China's rise as a geo-economic and geopolitical threat in the Russian Far East.

The objective of the fifth question is to determine the relevance of the Eastern Economic Forum to the Indo-Russian partnership. The study concluded that EEF, as a global platform, has strengthened ties between the international investment communities, including India. The Indian Prime Minister went to Russia for two days, beginning on June 12th, 2019, to attend the 20th India-Russia annual summit and the 5th Eastern Economic Forum in Vladivostok. President Vladimir Putin of Russia asked the Indian Prime Minister to be the event's primary guest. Since 2015, the EEF has been pushing for the development of business and investment opportunities in the RFE, and the presence of the Indian Prime Minister as the event's chief guest highlights the role this region can play in enhancing India and Russia's cooperation in the region and beyond. In the RFE, India and Russia inked over 25 agreements, from connectivity to energy development.

In addition to commercial pacts and accords, Russia has voiced diplomatic support for several other international problems, such as supporting India's stance on Jammu and Kashmir, permanent membership in the United Nations Security Council, etc. In 2021, the sixth edition of the EEF stressed the significance of the state-business relationship. Here, the Indian prime minister emphasised the significance of India-Russia ties and possible collaboration within the 'Special and Privileged Strategic Partnership framework'. He praised the Russian President's ambition for developing the Russian Far East region and reaffirmed India's resolve, as part of its "Act East Policy," to be a trusted partner in this respect. Therefore, the Indian prime minister highlighted the inherent complementarities between India and Russia in developing the RFE. It can be concluded from the preceding that EEF is an important platform that strengthens the Indo-Russian partnership in multiple ways. The EEF is very

important because India is a part of the RFE and has other diplomatic partnerships with Russia.

The last research question highlighted the obstacles and potential of Russia-India collaboration in the Far Eastern region. Regarding Russia-India collaboration in the RFE, the research study discovered many obstacles and potential. There are additional obstacles in today's geopolitical conditions, which are complex and rapidly changing. India's increasing closeness to the United States is one of the most significant obstacles to India-Russia collaboration. India's desire to diversify its defence imports, which has resulted in increased competition for Russia from other suppliers, and India's dissatisfaction with the after-sales services and maintenance provided by Russia, have also been identified as factors contributing to the gradual decline in orders placed by India with Russia.

In this respect, one of the obstacles has been Russia's increasing closeness to two of India's antagonistic neighbours (China and Pakistan). Russia's concentration on the Asia-Pacific region has also been a source of worry for India. As is well known, Russia's primary focus is the development of its Far East region. Therefore, it makes little difference to Russia whether India considers Russian investment to be part of the Indo-Pacific or Asia-Pacific. However, Russia does not embrace India's Indo-Pacific policy. Sanctions against Russia are one of the biggest things that get in the way of working together.

However, as mentioned previously, these obstacles also present numerous opportunities. One of India's greatest potentials is to elevate the India-Russia relationship and strengthen its relationships with Central Asia and East Asia via economic partnerships in the Russian Far East. It will link India and East Asia, allowing India to pursue cooperative commerce and investment with other Asian nations. As stated before, RFE is a region rich in mineral resources. India may take advantage of this by investing in extractive sectors, which would benefit local economic growth. In addition to these changes, India also offers job opportunities. The RFE region needs trained labour, and Indian experts like physicians, engineers, and teachers may contribute to the area's growth. Indian labour will also help to alleviate

Russian concerns about Chinese immigration to the region. India, one of the world's largest importers of wood, may potentially discover abundant supplies in the region. Aside from that, India has strategic potential when it comes to RFE.

6.3: Validation of Hypothesis

The study evaluated two hypotheses based on the above-reported research results. According to the aforementioned facts, two hypotheses are proven and valid. Russia's economic, geopolitical, and security interests in the Asia-Pacific region and its 'Look East' policy drive the development of the Far East. As a result of the ongoing tensions between Russia and the West, Russia is searching for new allies. The Asia-Pacific region seems to be Russia's best strategic choice for attracting commerce and investment. In this regard, RFE plays a crucial role in Russia. Through RFE, Russia is attempting to build economic and diplomatic hegemony in Asia. The second premise is equally accurate in that the growth of the RFE has offered chances for India to strengthen its commercial and strategic partnerships with Russia. India could get a lot out of the mineral resources of the RFE in terms of its foreign policy, and it would be good for India to work with the RFE on more strategic projects.

6.4: Conclusions

The strategic cooperation between India and Russia is founded on historical ties, mutual respect, and friendship. If India-Russian political, economic, commercial, and cultural connections are directed in the proper direction by eliminating fundamental hurdles, this partnership and collaboration might reach its full potential. The warmth that Indian Prime Minister Modi and Russian Prime Minister Putin, regarded as influential and decisive leaders in their respective countries, displayed in public, along with their expressions of their long-standing friendships and shared worldviews, contributed to the atmosphere of their interactions during the visit. In addition to the niceties, hugs, one-on-one meals, and mutual respect, both sides sent necessary geostrategic signals beyond their relationship.

In the rapidly shifting international order and alliances that have characterised this decade, India's longstanding and profound partnership with the former USSR and

its successor state, Russia, has begun to drift and weaken on the bilateral front. The 'special and privileged strategic partnership' that the two countries declared at the start of this decade in 2010 was on the brink of disintegrating into a mostly buyer-seller relationship in the defence industry by the middle of this decade. India's growing ties to the United States coincided with the deterioration of relations between Russia and the United States and its western allies in the wake of Russia's 2014 annexation of Crimea and 2016 allegations of Russian interference in the US presidential election.

India was offended by Russia's apparent assumption of the junior partner's role in its relations with China and, even worse, its reversal of a long-standing policy of keeping Pakistan at bay and not supplying it with weapons that could be used against its 'special and privileged strategic partner' and largest weapon importer, India. Both India and Russia were attempting to adapt to their respective positions in a new global environment, and they were eventually pushed to face the basic question of how their traditionally robust bilateral relationship survived the turbulence.

In this regard, the informal encounter between Modi and Putin in May 2018, four months before their already-scheduled annual bilateral summit in October 2018, was a significant turning point. This informal discussion refocused attention on the need to reposition, modernise, and revitalise the bilateral relationship in light of recent events, now that the alliance has regained its footing. In particular, India was able to convince Russia that its relationship with the US would not hurt relations between India and Russia by ignoring US threats that India's purchase of the S-400 Triumph Air Defense Missile System from Russia would lead to sanctions under the Countering America's Adversaries Through Sanctions Act (CAATSA).

Even though the US warned against it, India decided to go ahead with the purchase. By taking the lead in supporting India's decision on August 5 to repeal Article 370 of its Constitution, which gave India Administered Jammu & Kashmir special status and autonomy, and to split it into two union territories, Russia eased Indian worries about Russia's new relationship with Pakistan. Moscow pursued a policy of non-interference in the internal affairs of other nations and said that India's

choice (on Jammu and Kashmir) is a sovereign one that is consistent with its Constitution. Nikolai Kudashev, the Russian ambassador to India, emphasised that Moscow and New Delhi maintained essentially similar views about easing Article 370. In line with the Simla Agreement and the Lahore Declaration, he said, we want that the two countries to settle their disputes via negotiation.

Regarding the expansion of RFE and India's interest in the resource-rich region, PM Modi's visit to Vladivostok in RFE occurred against the backdrop of these improvements in bilateral relations. According to Modi, his visit was to provide bilateral ties with a new course, vibrancy, and velocity. Russia's offer for Modi to be the keynote speaker at the EEF highlights Russia's importance to India in this area. From India's perspective, the Far East Region's abundance of natural resources offers the potential to expand India-Russia's economic cooperation in industries such as energy, tourism, agriculture, diamond mining, and alternative energy. India needs an oil, natural gas, timber, gold, and diamonds plentiful in the area, among other things.

One of the most noticeable complementarities between India and Russia is the small population in the Far East Region and the easy availability of skilled labour in India. One of the major issues confronting the Far East is a lack of trained labour, and Indian experts in fields such as medicine, engineering, and education, as well as agriculture and construction, may help in the area's development. Russia hailed India's intention to extend its commercial and investment sector in the Far East.

In a significant role reversal, Prime Minister Modi announced a \$1 billion credit line for the development of the Far East Region on 5 September 2021 and that India would also provide a \$1 billion credit line for the development of the Far East. As part of its 'Act East' strategy, the Indian government's involvement in East Asia has been robust. The proclamation seems to create a new framework for economic diplomacy between the two countries.

In addition to economic diplomacy, Russia's facilitation of Indian investments in the Far East Region has a subtle but substantial geopolitical component. To the dismay of the local community and Moscow's officials, China has so far controlled the region. In addition, China has been boosting its military presence in its bordering

territories in the Far East. Persistent anxiety about China someday conquering the Far East region also exists in Russia.

As a long-time friend of Russia and a country with a fast-growing economy, India fits well with the Russian government's idea of China's rival or counterweight in the Far East. Moreover, India will collaborate unreservedly. Russia and India must focus on global platforms, where Russia will play a more significant role. Under Putin's leadership, India will be able to globalise its critical connection with Russia. Putin's ambition is to develop RFE into a thriving economic region, increasing Russian resources and encouraging investment prospects before the bilateral summits. It bodes well for India-Russia strategic collaboration in the future. When their respective policies are compatible, Russia and India are in a prime position to advance bilateral cooperation in the Far East in the changing global context.

6.5: Further Areas of Research

The study identified several areas beyond its scope for further research. The current research has revealed the development of 'Russia's Far East and Russia-India Strategic Cooperation' to realise India's regional strategic and geopolitical objectives. Cooperation between Russia and India is now much below its potential, mainly owing to poor connectivity, inadequate infrastructure, and severe environmental conditions. Moscow has expressed worry about the region's underdevelopment. In recent years, tensions have escalated between India and Russia, and the Russian leadership has begun to fear that India is growing closer to the United States. Attempts were made to alter this impression during the unofficial summit in Sochi. However, Russia is not the only nation concerned about the relationship between India and the United States. India is also concerned about Russia's tense relationship with the United States and its growing ties with Pakistan and China.

This study examines the evolution of Russia-India relations and the significance of RFE between 1991 and 2018. However, additional research is required in several areas about the viability of the newly announced projects, particularly those announced after 2018. These studies can shed light on the current strategic partnership

between India and Russia and how India benefits nationally and internationally from the projects. For example, the planned Chennai-Vladivostok sea route, which has been suggested to carry the commodities in a shorter time and at a lower cost, might be considered from a trade diplomacy point of view. In addition, more studies might be conducted on the Eastern Siberia Pacific Ocean route, which is essential for Russia to diversify its energy exports to the Asia-Pacific region. As a result of the Russia-Ukraine conflict, the current geopolitical and economic cooperation between Russia and India would be an essential field for more investigation. It is essential to comprehend the current outlook of Indian collaboration with Russia on RFE development and Russia's Asia-Pacific policy. As a result of Russia's isolation by Western powers, the possibilities of the Eastern Economic Forum and other forms of commercial cooperation require an elaborate probe.

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