

Economic Implications for the Russian Far East Development: International Factors

*International Seminar on Trade Facilitation in North East Asia
Fifth Meeting of the GTI Trade Facilitation Committee
02 September 2015, Changchun, Jilin Province, PRC*

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Since the early 2000's Russia focuses on Asia-Pacific:

- Strategic partnership with China
- Economic dialogue with ROK
- Restoration relationship with DPRK
- Greater attention to Mongolia
- Facilitating multilateral economic formats (BRICS, SCO, Joint Eurasian initiatives)
- Engaging the regional agenda (ASEAN+, EAS)
- Advocating for the comprehensive, transparent and non-block economic and security trans regional institutions



After Crimea reunification with Russia the USA and their allies imposed sanctions aimed to stagger economic stability.

However all the limitations cannot block development of the Russian Far East.

- APEC-2012 in Vladivostok showed Moscow's intentions to concentrate on the Far East social and economic development ;
- The bulk from USD 2 bln annual expenditure is a federal budgeting;
- Large Russian companies affected with the Western sanctions directed to the East;
- Foreign investors are expected to finance 15% of the projects, new possibilities were created even in strategic spheres





China today is a priority economic partner for Russia. Trade turnover streams to USD 200 bln to 2020.

Major spheres of cooperation:

Hydrocarbons extracting and transportation,

Aviation and space,

Transport routes Europe-Asia

Republic of Korea is a *second great partner* on the Russian Far East. Trade turnover in 2014 exceeded USD 30 bln.

Major spheres of cooperation (*FEW-security pattern*):

LNG processing,

Shipbuilding,

Machinery,

Agriculture

Trans-Korean projects (pipeline and railroad)



Major handicaps of trans-regional Russia-China cooperation in the Far East:

Lack of FDI – USD
30-40 bln annually
for Primorsky
territory

Unfavorable trade balance for Russia – import
supersedes export 4 times.
76% of Russian exports – raw materials
(hydrocarbons, timber, fish, ores)

Absence of Chinese
business within the
Russian territory
(bureaucracy,
competition,
exploitive practice)

Russian transport and
border infrastructure
underdevelopment

Lack of own finance
reserves and
investing
experience in
Dongbei provinces

Visa regulations.
Unstable labour
market.

Shadow economy. One-sided offers (e.g. Chang-Ji-
Tu economic district development)

Russian Vision of the further Greater Tumen development

Russia – land, resources, technologies, transport and transit capacities

China – capital, transport, production, vast market

ROK – capital, technologies

DPRK – labour, mineral resources

Mongolia – mineral resources

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Central Asian nations – transit, resources

Key steps:

- Prevent ones dominance and secularism
- Reconcile actual needs of the parties
- Establish equal opportunities basis
- Expand framework
- Avoid sensitive political issues



SCO pattern seems to meet the basic demands and allow to involve new participants

Some other institutions can be engaged in order to diversify agenda



Finally, all the local initiatives should interflow into multilateral **Greater Eurasia** project as Russian leads *Eurasian Economic Union*, China promotes *One Road – One Belt* politics, ROK claimed *Eurasia Initiative* and Mongolia - *Steppe Way*.



Thank you for the attention!

