

## Turn to the East: Intensions and Actions

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“Turn to the East” had been activated as a national economic strategy just after the beginning of "perestroika" in USSR, when Mikhail Gorbachev declared "the new Pacific Era" in the Soviet economy in his epoch-making speech in Vladivostok in 1987. This strategy had its ideological base in the Nemchinov's theory of the "external factor of the Far-eastern economic development". At the national level, this theory implied the limitation of further development of Soviet economy in orientation to European market.

The current renewal of “construction of a path toward the East” is aroused by the same economic troubles of the Russian economy. The "Modernization program" had failed. Eventually, by the end of 2000s, Russia had faced the increasing competition and political constraints in the European markets for its natural resource exports. Seeking new markets and new strategic partners became not only economic but also political necessities for Russia to survive. Afterwards, general economic situation in the country has aggravated due to the financial and technological sanctions introduced and strengthened since 2014. In the view of Russian officials, Asia is easier direction for Russia to develop economic cooperation than Europe. Unlike Europe, Asia does not make Russia confront the value-based leadership that the European partners tend to use in order to ensure their advantages in establishing rules of the game. Asia is more understandable due to its pragmatism. At the same time, however, there is a poor history since the declaration of the "turn to the east" in 1987, which has not been realized so far. The fact that the declaration revived only after the aggravation of political relations to Europe made me hesitate to have confidence in the irreversibility of the new "turn".

Because of high level of non-tariff barriers especially in non-energy goods in the Asian markets, the only way for Russia to generate its substantial trade flows into Asia is to expand energy resource export. In this context, the Russia's official position is relying on the assumption that the eastern markets critically need raw materials from Russia. The second key assumption is that East Asian countries are large potential investors for Russia, and can substitute the US and the EU in technological cooperation as well.

In reality, however, the East Asian countries, especially China, have diversified sources of raw materials. Financial transactions are practically blocked by the sanctions. In addition, the East Asian countries do not have sufficient technological capacity. Joint projects in general trade and military-technical cooperation is the only viable opportunities in the Eastern direction.

By 2016, the Russian trade turnover with the APEC countries increased up to 30% of the total foreign trade, while it was only 20.4% in 2008.

The crucial misleading prejudice is that the development of the Russian Far East is a sufficient condition for the Russia's integration into East Asia and Pacific. As national mass media and central experts in Moscow evaluate, the Far East is the most retarded region in Russia. Accordingly, Moscow changed the general scheme of and responsible officials for management of the regional economy in 2009, and then in 2012. The special ministry, Ministry for the Development of the Far East, established in 2009, introduced new economic policy measures like “Territories of Advanced Development”, “Free Port of Vladivostok” and “A Far-Eastern Hectare”.