Russia-ASEAN Relations
New Directions
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Russia-ASEAN Relations
New Directions

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Foreword

This book based on the IMEMO-ISEAS Moscow Conference of October 2006 is the second in the series. At the Moscow conference, one of the major themes discussed was the rise of China and its impact upon the Asia-Pacific economies, politics and security. The other major theme was the economic rise of Asia, as manifest in the increasing number of Free Trade Agreements, but which has not as yet involved the Russian Federation. These themes are discussed in detail in the conference papers published in this book.

Russia has steadily stabilized under the firm rule of President Putin over the past seven years. Buoyed by rising energy exports and high oil and gas prices, Russia has enjoyed steady and high economic growth for the past three years.

ASEAN on its part, has regained economic growth and stability ever since the Asian financial crisis of 1997–98. This has been due to the financial reforms put into place to prevent a recurrence of the crisis and also partly due to the economic growth and momentum of China’s stellar growth, which has acted as an economic locomotive on the neighbouring economies.

With both sides of the dialogue enjoying steady growth, Russia and ASEAN are now rediscovering each other in various ways. For instance, some ASEAN countries that had postponed arms purchases from Russia were now able to place their orders once again. Visits by ASEAN leaders, like Malaysian Prime Minister A. Badawi and Singapore’s Minister Mentor Lee Kuan Yew to Moscow in mid-2007 have taken place, whilst Russian ministers have also visited ASEAN countries. Indeed, there has been a noticeable increase in the number of Singaporean interactions with Russia in 2006–07, ranging from helping to set up two Special Economic Zones (SEZs) in Russia, increased investments and trade, Singapore Airlines (SIA) flights to Moscow, helping to upgrade airports, etc. Singapore has taken note of the increasing Russian
prosperity, and has seized the opportunity to expand its economic space with Russia, just as it has done in the Middle East. The same trends could be observed in the other ASEAN countries. Myanmar has started a collaboration programme with Russia in nuclear energy. Malaysia will send its astronaut into space on board a Russian space vessel. Another good sign is the long-overdue start of the Russia–ASEAN Cooperation Fund.

The regional strategic situation is fast evolving. Faced with a fast rising China, the United States has prepared to strengthen its security and political ties with Japan, India and Australia. China, on its part has not remained passive, but has also moved to strengthen ties with Russia and India and with other Shanghai Cooperation Organization (SCO) members, as well as with ASEAN. The revival of Japan has been noticed, but equally the rise of Russia should also be heeded. In 2007, Moscow under the strong leadership of President Putin, has flexed its muscle over energy issues and exports to Ukraine, Georgia, Belarus, with consequent knock-on effects upon European Union (EU) energy security. In mid-2007, Moscow has demonstrated its unhappiness over the emplacement of U.S. missile defences in Poland and the Czech Republic. Over in the Asia-Pacific region, Russia’s defence exercises with China in 2005 and with India in 2007 demonstrated that Russia is back as a strategic actor in regional security.

It is thus timely and useful for the IMEMO-ISEAS dialogue to continue, and for the conference papers to be published in order to keep regional policy-makers informed about trends and views. Russia has a deep and legitimate role and interest in regional affairs, whether it is in economics, politics, regional security or regional architecture building. Its role in the Six-Party Talks over the North Korea nuclear issues has been helpful: witness the intermediary role a Russian bank played in transferring the blocked North Korean funds from a Macau bank back to Pyongyang.

The revival of the Russian Pacific fleet activities in the Asia-Pacific Indian Ocean strategic theatre is a sign of the resumed Russian profile in the region. As the ASEAN states sit astride the vital straits and choke-points connecting the Indian and Pacific Oceans, such maritime activities are of immediate and profound interest in ASEAN capitals. One scholar at an ISEAS lecture in June 2007, has spoken of a possible conflict occurring in the Asia-Pacific region after 2010, which is only three years ahead. How valid is this concern? How would such a potential conflict be triggered? Obviously, there is much to be discussed.

We hope that this book and subsequent volumes will add to increase knowledge about a seldom studied area of international relations, namely ASEAN–Russia relations. Whilst much attention has been paid to ASEAN’s
relations with the United States, China, Japan, India, Australia and others, its relations with Russia has not received as much attention. Recent developments in the Asia-Pacific, including Russia and ASEAN merit scholarly research on a sustained basis.

Ambassador K. Kesavapany
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Foreword

RUSSIA–ASEAN SUMMIT: Approaching Its First Anniversary

The first Russia–ASEAN Summit held in Kuala Lumpur in December 2005 adopted, along with a joint Political Declaration, a Comprehensive Programme of Action to Promote Cooperation in political, economic, cultural and other areas of Russia–ASEAN inter-relationship. These two major documents set a framework of Russia–ASEAN relationship for the period 2005–15. It would be, of course, premature to try to make a final judgement on the progress of this programme less than a year after the summit. But on the other hand, it would be only expedient to offer analytical comments regarding the general atmosphere that prevailed in the relations over this period as well as to single out dominating tendencies in these relations.

For a start, I would suggest that relations, especially political ones, between Russia and individual ASEAN countries, as well as ASEAN as a group, developed during this time in the spirit of cooperation and mutual respect and did not suffer any setbacks of any kind. Both parties continued a constructive dialogue on a wide range of issues of mutual interest, both of international and of bilateral significance. Although there has not been any major breakthrough achieved in this relationship so far, both sides undoubtedly continued painstakingly to build up the basis needed for a noticeable progress or even for a breakthrough in these relations in the future.

I would also maintain that this positive though unspectacular development is not a minor matter in our relationship that may be overlooked or disregarded while characterizing their record over the last year. It is particularly important if analysed against the background of a rather unstable global situation full of numerous deep contradictions and conflicts, ranging from the unending confrontation between the Western and Islamic worlds, to the continuing
threats to global and regional peace and stability from the forces of international terrorism, religious extremism and separatism and to the economic upheavals because of instability of international raw materials and energy prices.

Having said this, I would nevertheless side up with those critics of the present state of Russia–ASEAN relations who are dissatisfied with the absence of a notable progress in our business relations in general and in our mutual trade in particular. Yet I would maintain that there have been new and rather encouraging developments on the economic front that may serve as a prologue to the overall improvement in this situation.

My Russian colleagues at this seminar will later address the state of Russia–ASEAN economic relations at length and offer their own opinion on the possibilities of their progress. Meanwhile I would like to raise a few points of my own in this context.

The first among them is related to the changes in the Russian economic strategy made recently and connected with major investment plans in large energy projects in Siberia and the Russian Far East or in the development of transport infrastructure on the Kuril Islands. Also it was reported in the press that a Malaysian investment company, Kedah Wafer Emas, negotiated the construction of a large enterprise for production of microchips in Russia. If these negotiations succeed, investments in the project may reach US$1.2 billion and the production process will begin at the end of 2008.

Even though realization of these development projects are first of all aimed to benefit the Russian domestic economy it creates at the same time necessary economic preconditions for the integration of Russia, especially of its regions lying to the east of the Ural Mountains, into the Asia-Pacific economy. Admittedly one cannot expect early and dramatic achievements in this regard. In fact, the mere magnitude of the announced Russian investment policy requires some time for its implementation.

Secondly, what should be noted however, is that Russia, its federal government and regional authorities, as well as the Russian private business, are moving resolutely from declaration of their intentions to link the Russian economy to the Asia-Pacific one, to their actual implementation. To illustrate these developments I would like to mention that following the First Russia–ASEAN Summit, Mikhail Nikolaev, former President of the Sakha (Yakutia) Republic and now Deputy Chairman of the Federation Council, the upper chamber of the Russian parliament, put forward an initiative which he named “Eastern Dimension”. It is aimed at stimulating economic and trade relations with the ASEAN countries in such areas as machine building, production of ferrous and non-ferrous metals, electronics and power production, as well as tourism. In particular, the “Eastern Dimension” plans to use Siberian and Far Eastern transport facilities,
including railways and seaports, not only for promoting trade between Russia and ASEAN countries but also for servicing commodity flows between European and East Asian countries.

This initiative was supported by a number of Russian regional leaders in Siberia and the Far East. Addressing the ASEAN ministerial conference in Kuala Lumpur in July 2006, Sergei Lavrov, Foreign Minister of Russia, told his colleagues that the Russian government also extended its support to “Eastern Dimension” initiatives since they may actively contribute to promoting not only economic relations and trade, but in fact — manifold relations between Russia and ASEAN member states. Lavrov also stated that starting from January 2007, the financial fund of the Russia–ASEAN dialogue partnership will begin functioning.

These steps and initiatives are aimed not only at promoting and expanding Russia’s relations with ASEAN member states but also serve a wider goal of integrating Russia, especially its eastern regions which constitute the area sometimes called Pacific Russia, into the East Asian economy.

In the English-language edition of IMEMO’s book, *East Asia: Between Regionalism and Globalism*, published this year as a cooperation project between our two institutes, IMEMO and ISEAS, I wrote that:

Russia has serious, in fact vital, economic interests in East Asia. To realize them, it needs to develop bilateral as well as multilevel economic cooperation with its regional neighbours. Such cooperation may include joint development of Russia’s abundant energy and raw materials resources. It may also focus on mutually beneficial cooperation in high-tech industries. As a basis for such regional cooperation, Russia is in the position to offer: a) its rich oil and gas deposits in Siberia and the Russian Far East; b) its resources of fish and sea products in its Far Eastern maritime economic zone; c) its sufficiently well-developed railway transport infrastructure that may facilitate transcontinental commodity flows from East Asia to Europe; d) its substantial industrial and scientific potential in the eastern part of the Russian Federation; e) its large pool of highly-skilled and relatively cheap labour force.

I would maintain that these factors constitute a solid basis for mutually beneficial economic links with Russia’s East Asian partners in general and with ASEAN member states in particular. Also taking into account the earlier-mentioned Russian investment plans, I strongly believe that already in the foreseeable future, we shall see a progressive development of Russia–ASEAN economic ties. Also, next year, as part of cooperation in space programmes developing between Russia and Malaysia, a Malaysian citizen will be sent into outer space onboard a Russian spacecraft. Another welcomed development between Russia and ASEAN countries was a recent visit of the
defence minister of Singapore to Russia. During this visit, the Russian and Singaporean defence ministers discussed concrete issues of cooperation between our countries in fighting against international terrorism, extremism and piracy in East Asia. They also decided to explore prospects of Russian arms sales to Singapore. For this purpose a Russian team of experts is expected to visit Singapore soon.

I believe that it would be wrong to reduce our relationship to economic links alone, even though they are unquestionably very important. Thus one should take into account the existing potential of cooperation developing between Russia and ASEAN member states on human development issues, such as education or tourism.

Finally one should not forget about the importance of promoting cooperation between Russia and ASEAN, as well as between the Shanghai Cooperation Organization (SCO) of which Russia is a prominent member, on issues of regional and international security. Let me remind in this regard that the first contacts between the SCO and ASEAN were already established several years ago at about the same time as when the SCO began taking part in the work of the counter-terrorist committee of the UN Security Council. Favourable prospects of the SCO-ASEAN cooperation invite even more attention now as the SCO has become more mature and is rapidly increasing its capability to make an important contribution to strengthening regional peace and stability.

The previous IMEMO-ISEAS seminar was held last year on the eve of the First Russia–ASEAN Summit and our common intention was not only to engage in an academic exercise and exchange of opinions but also to bring the results of our discussions and recommendations to the notice of our respective governments. The proceedings and the results of that seminar were reflected in the joint publication titled, ASEAN–Russian Relations, and according to the information I possess, the ideas that were contained in this book indeed inspired interest in government circles of our countries.

I am sure that this second IMEMO-ISEAS seminar will further our common effort undertaken a year ago and will make another contribution to building a strong and mutually beneficial relationship between Russia and Singapore as well as between Russia and ASEAN.

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