

RUSSIA IN ASIA-PACIFIC INTEGRATION AND SOME POTENTIALS FOR UKRAINE

У статті йдеться про інтеграцію Росії до Азіатсько-Тихоокеанського регіону. Розкриваються особливості цього інтеграційного процесу та перспективи розвитку в майбутньому.

Ключові слова: інтеграційні процеси, Азіатсько-Тихоокеанський регіон, Росія, країни АСЕАН.

В статье речь идет об интеграции России в Азиатско-Тихоокеанский регион. Раскрываются особенности данного интеграционного процесса и перспективы развития в будущем.

Ключевые слова: интеграционные процессы, Азиатско-Тихоокеанский регион, Россия, страны АСЕАН.

The article focuses on the integration of Russia in the Asia-Pacific region. The peculiarities of this integration process and the prospects for future development.

Key words: integration processes, the Asia-Pacific region, Russia, the ASEAN countries.

In 2013, there are 15 years since accession of the Russian Federation (RF) to the Asia-Pacific Region (APR) largest regional organization – APEC, which is an international economic forum created to promote integration relations of the APR states. Currently the APEC includes 21 economies: USA, Canada, Japan, Australia, New Zealand, Russia, South Korea, Singapore, Thailand, Malaysia, Philippines, Indonesia, Brunei, China, Hong Kong and Taiwan, Mexico, Papua New Guinea, Chile, Vietnam and Peru. There are 3 billion people living in the APEC (nearly half of the global population) and its combined gross domestic product exceeds 20 trillion US dollars (57 % of the world GDP). The APEC accounts for about 50 % of the world trade in goods and services and about 45 % of foreign direct investments.

Russia's official accession to the APEC took place in November 1998. Main motive for accession was the need to integrate the regions of Siberia and the Far East to the Asia-Pacific economy, expand relations and markets as well as attract foreign investments. The RF leaders expressed this action a «real breakthrough of the foreign policy in the Asian direction», recognizing «the unique role of Russia as a Eurasian state». However, the tough reality is often quite different from the expectations, and instead of the expected inflow of investments Russia faced the state default in 1998.

There exist different views on the real success of Russia's participation in the integration processes of Asia Pacific region. On the one hand, the official position of the Foreign Ministry is that the RF is successfully moving in this direction and in 2011 finally it became a member of all integration associations operating under the APR. However, a more balanced assessment of the RF involvement in the activities of the regional APR structures gives a less optimistic picture: as a full member the Russian Federation is now present in 8 out of 40 most

important regional organizations and relies on a stable partnership with one of the sub-regional organizations (ASEAN). Russian participation in the APR institutionalized integration structures is usually restricted to membership in universal and functional organizations of regional, inter-regional and trans-regional levels (7 of 19), such as APEC, ARF, ASEM, EurAsEC. Russia is mainly involved in the activities of the regional structures of wide range, but remains far beyond trans-regional institutions focused on practical implementation of projects [1].

Government Commission on Economic Integration established in 2005 is involved in particular practical issues of Russia cooperation with APEC. However, according to the Russian experts' opinion, almost 15 years of the RF involvement in APEC has not yet exhibited any tangible activities of the Russian economic diplomacy in this sphere. In 2007 the share of APEC in the total Russian foreign trade was 18 %, whereas in 2010 it increased to over 23 % (the EU – about 50 %, the CIS – about 14 %), and in 2011 – up 28 %³. However, 80 % of this trade falls only on 4 countries in the region: China, USA, Japan and South Korea. A share of Russia in export of the region varies from 0 % to 1.3 %, while imports – from 0 % to 3 %.

Russia's integration processes to the APR is quite formal, while integrational initiatives were launched in the 1990's, and according to some researchers, are attributed to the residual ambitions of the USSR as a great power. Today Russia lacks a systematic approach to the policy in APR. However, last years one observes a more pragmatic approach in the RF foreign policy – formation of doctrines based on the national security gives way to geo-economics, which acts under different laws than the foreign policy doctrine of the bipolar world. The expert opinion is as follows: in order to retain the global player in the international politics Russia needs a long-term strategy and infrastructure presence in APR [2].

As a predominantly a European country it linked with the West by its history, culture, democratic values, political and economic relations. Problems of the Russian economy modernization also can not be solved without the active cooperation with the West. However, given a number of factors, primarily geographical, economic, geopolitical and cultural, Russiacaan not be attributed solely to the West in view of its unique status of the two-continental Eurasian country [3].

Out of 17.1 million km² of its area almost 14 million km² of the Russian territory are in Asia (80 % of the territory and 70 % of borders), where the most of its natural resources are located securing a special place of Russia in the global economy. Meanwhile, in the Far Eastern Federal District of Russia, which occupies 36.4 % of the country, the population is only 7 million people (less than 5 % of the total population size) [4].

Recently the key areas were identified, where the Russian state corporations along with private businesses are planning to intensify their cooperation with the APR. First, this is the energy sector, specifically energy supply, providing of high-tech services for construction and modernization of the energy facilities, the use of Russian experience in managing power networks, cooperation in the nuclear energy sector, as well as in the aerospace, aircraft and ship building, military, educational, scientific, technical, cultural and humanitarian spheres.

Formation of a new Russian foreign policy around APR needs transformation of foreign policy thinking, which traditionally centered on the Euro-Atlantic space. Despite the long term history of cooperation with China, Japan and other Asia Pacific countries, there is still a stereotype of Russia being an external force in the APR. However, experts believe that a total refusal from the European orientation could mean a denial of the genetic and cultural roots of the Russian nation, hopes for the democratic and economic modernization. The RF could take full advantage of its Euro-Asian location acting as a mediator and representative of the interests in the East-West domain [5].

Russia has a unique geographical position, being both in Europe and Asia, as the largest European, Asian, Eurasian and East Asian country. Therefore, an important task of the RF leadership is to pragmatically use these geopolitical advantages for accelerating integration in the APR. Countries of this region account for 85 % of the total foreign trade in the Russian Far East, whose economic relations with neighboring countries are more intense than with the European regions of Russia. Some researchers see this as a potential danger of complete reorientation of the Asian part of the country to the regional economic relations and Chinese expansion into the Russian territory. This risk is not caused by «aggressive aspirations» of neighbors, but by the lack of economic and social development of the Asian part of Russia. According to experts, a share of the APR countries in the foreign trade turnover of Russia can be lifted up to 33-35 % as compared to the same share of the EU member states primarily by expanding cooperation in the energy sector [5].

The Russian Far East, which entirely belongs to the Pacific area, with its rich natural resources and relatively well-developed industrial and transport infrastructure once it is totally modernized can be considered by the

countries of the region as valuable participant of the dynamic processes in the APR to ensure sustainable development through collaboration, integration and modernization.

As for the possibilities and prospects for development of practical cooperation between Ukraine and the APR countries, considering the Russian experience of entering the APR markets, one could recommend to work out a set of activities to support technology-oriented Ukrainian exports of products non-salable in the European and North American markets: articles of civil engineering, energy machine-building, aviation and space industry (aircraft, rocket and communication satellite building), engine and shipbuilding as well as military technology cooperation. Once the success in these areas is achieved, it would be advisable to create respective service centers and joint ventures in the APR.

The APR countries are known as large consumers of grain, the APEC economy accounts for 38 % of its world imports [6]. Ukraine as a major exporter of these products could intensify cooperation with the region, using its sea port transport and logistics infrastructure. Russia, for its part as a powerful grain exporter but lacking its own grain transshipment ports in the Far East, could use the Ukrainian Black Sea ports for shipment of grain exports on a mutually beneficial basis with Ukraine.

Russia-ASEAN cooperation, potentials for Ukraine. According to the RF Foreign Minister S. Lavrov, development of the dialogue partnership with ASEAN countries is a priority of Russia's foreign policy in the APR region, while the ASEAN-Russia partnership passed a long way for 15 years [7, p. 8]. The ASEAN-Russia relations are based on a solid foundation of modern history. At the final stage of World War II, the USSR made a decisive contribution to the victory over Japan. This joint victory of the Soviet peoples with people of Ukraine playing a significant role, brought peace and freedom to the East Asia countries occupied by Japan. During the Cold War the USSR and Ukraine as its part developed active relations with a number of Southeast Asian (SEA) countries, including Indonesia and countries of Indochina (Vietnam, Cambodia, Laos and Myanmar).

Today Russia declares development of ideology-free relations with the SEA. Priority areas include trade, economic and investment cooperation, expansion of mutually beneficial cooperation in various economy sectors (energy, space, transportation and logistics infrastructure, emergency situations, health care, education, culture) [9]. In 1996 Russia was officially registered in the status of an ASEAN dialogue partner.

The first ASEAN-Russia Summit held on December 13, 2005 in Kuala Lumpur was a benchmark in their relations. It adopted a comprehensive action plan for development of cooperation for 2005-2015, covering a wide range of issues on security, economy and development. Despite the high potential of comprehensive cooperation in many practical fields, the parties recognized that the current level of economic cooperation between them far behind from the current level of a political dialogue [10]. This is evidenced by relatively modest amounts of annual ASEAN-Russia turnover of 10-15 billion USD (ASEAN trade with China amounts to 232 billion USD).

In order to accelerate the development of cooperation in the field of high technology, energy, space, agriculture,

transportation, chemical industry and metallurgy in 2011 a Roadmap for Economic Cooperation was prepared during the second meeting of the ASEAN and Russia economy ministers.

The issues of energy security formed a major discussion topic at the APEC Summit held in September 2012 in Vladivostok. Joint activities in this field will enable ASEAN to strengthen its energy security and Russia – its innovation and financial component of the fuel and energy complex, possibly from the investments within the format of ASEAN+8.

Russian companies currently are actively working on the continental shelf in Vietnam, constructing new and modernizing old power plants. Dozens of hydroelectric and thermal power plants that produce about 80 % of all electricity in the country were built together in Vietnam in cooperation with the Soviet, Russian and Ukrainian experts over the past 50 years. Russia is willing to deepen cooperation in the nuclear power engineering and safe management of radioactive wastes. It is planned to construct the first two nuclear power plants in Vietnam of the value of 10-15 billion USD each. Similar agreements are signed with Myanmar. In both cases Ukraine could also become a valuable partner.

The 2-d ASEAN-Russia Summit was held on October 30, 2010 in Hanoi. Its final document, the Joint Statement, reflects general approaches of the parties to further cooperation and current international issues. The Summit was a landmark that gave a serious impulse to cooperation between the parties at the government level, between business and social, scientific and cultural circles. The RF leaders proposed to prepare a detailed roadmap of cooperation in the fields of trade, economy and investment [8].

In 2010, after the enlargement of ASEM with Russia, Australia and New Zealand, the following criteria for membership in this forum formed: geographic location of the country in Europe or Asia, the close political and economic ties with the ASEM countries, ability to contribute to the Forum development, approval of the candidate by the countries of its area. Today the ASEM members include the European Commission, the Secretariat of ASEAN and 46 countries, among which are the EU members, ASEAN, partners in ASEAN+3, India, Mongolia, Pakistan, Australia, New Zealand and Russia. Obviously, the last stage of ASEM enlargement shows some «dilution» of membership requirements, including the geographical criterion. In this context an issue of possible participation of Ukraine in ASEM seems appropriate as Ukraine as a European country has developed relations with European countries and with most of the leading Asian countries.

In some countries the key positions in the economy and government are occupied by a significant number of graduates from the universities of the former Soviet Union, especially Russia and Ukraine. These people have a positive attitude to our country and can play a constructive role of economic and political lobbies that can be effectively used by both Ukraine and Russia. Further attracting students from the SEA countries to study at the universities of our country is a very perspective task.

Russia as well as Ukraine with their experiences in the implementation of major infrastructure projects are able

to offer its participation in the modernization of highways, railways and ports as well as construction of the subway in the SEA countries. Russia's experience in the development of practical cooperation and participation in the SEA integration processes can inspire Ukrainian enterprises and private businesses to intensify cooperation with the ASEAN countries regarding certain historical affinity and mutual complementarity of the economies of Ukraine and Russia. Unfortunately today we have to state a rather inconsiderable volume of trade, economic and other practical cooperation of Ukraine with countries of the sub-region, which does not allow bringing our relations to a new quality level. In the case of activation of the Ukrainian business presence in the region it would be appropriate to create a consortium of Ukrainian exporters and importers to optimize activities in ASEAN and Asia-Pacific markets for increasing the trade turnover and credit support of the Ukrainian enterprises.

It would be very promising for the Ukrainian aircraft manufacturers to enter the SEA markets, particularly in cooperation with the Russian aviation industry. In 2010, at the international air show in Farnborough (UK) representatives of civil aviation signed several large contracts and agreements with the ASEAN partners, in particular with the Indonesian National Air Company to deliver during 2012-2015 years 30 new aircrafts Sukhoi-Superjet-100 for the total amount of \$ 1 billion, with the Thai Air Company to purchase 12 similar aircrafts, another three aircrafts were ordered by the Laos air company.

In connection with the tragic event – the crash of the Sukhoi-Superjet 100 during a demonstration flight in Indonesia in May 2012 and some suspension of the previously concluded contracts with some SEA countries, it becomes possible to continue active promotion of the Ukrainian aircrafts of the same class AN-148 and AN-158 to the markets of the ASEAN countries, as well as active cooperation between the Ukrainian and Russian aircraft building industry.

An important task is to transfer the Free Trade Agreement between Russia and ASEAN into the stage of its practical implementation. For some SEA countries expansion of cooperation with Russia would help to get access to high-tech products of energy sector and chemical industry as well as to a highly capacious internal market in Russia [10].

As for the possible benefits for Ukraine, Russia could be a kind of «springboard» to encourage trade and economic cooperation with the ASEAN countries regarding the above factors and a certain level of economic integration between Ukraine and Russia on the bilateral level and under the CIS.

APEC Summit in Vladivostok: Solutions and Perspectives. 2012 was the year of the Russian chairmanship in the APEC. Its culmination fell on the week of the APEC summit, whose purpose was to determine new ways of broad trade-economic and investment cooperation between Russia and its APR partners. Meeting of the leaders of APEC economies on September 8-9, 2012 was the key event in the week of the Summit [11-13].

The main objective of the Summit was to discuss issues of regional integration and cooperation in the fields of high technology, investments as well as large industrial and infrastructure projects in Siberia and Far East of

RF.Meeting of the leaders of APEC economies in Vladivostok allowed Russia to declare its Pacific and East Asian nature, to increase its participation in the regional integration processes, to use this historical chance encouraging development and modernization of the Asian part of the country. As the presiding state Russia formulated the main theme of the Summit 2012: Integration for Growth, Innovation for Prosperity. Commitments were assumed to facilitate collective efforts of the APEC members to increase the pace and stability of economic growth.

The main result of the summit was the Declaration of the APEC economies leaders which formulated the agenda for the future. According to Russian President V.Putin, «Vladivostok summit confirmed adherence of the APEC economies to the basic principles of free trade and integration. APEC leaders unanimously supported further deepening of the regional economic integration» [14]. The US Secretary of State H. Clinton said that the United States is interested in developing partnerships with

Russia on the Far East and in Asia. According to her, the USA has no problem with the fact that Russia plays an important role in Asia, positively perceives it and would like to strengthen economic cooperation with Russia in the region [15].

As a conclusion, we can say that the RF potential as an Asian country remains largely unrealized. Therefore, Russia is planning to further strengthen APR vector in its foreign policy. The leaders of the country realize the shortsightedness of the attempts to fix economy only to the Western markets, which took place in the recent past.

It is clear that Ukraine can not be an indifferent observer of dynamic events in the APR with their decisive significance for the global development in the 21st century. The Pacific Community may well be created without Ukraine involvement, but is it advantageous to this country? Solutions to this problem should be sought as soon as possible, bearing in mind that globalization becomes increasingly Asian and its content is transnational.

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