

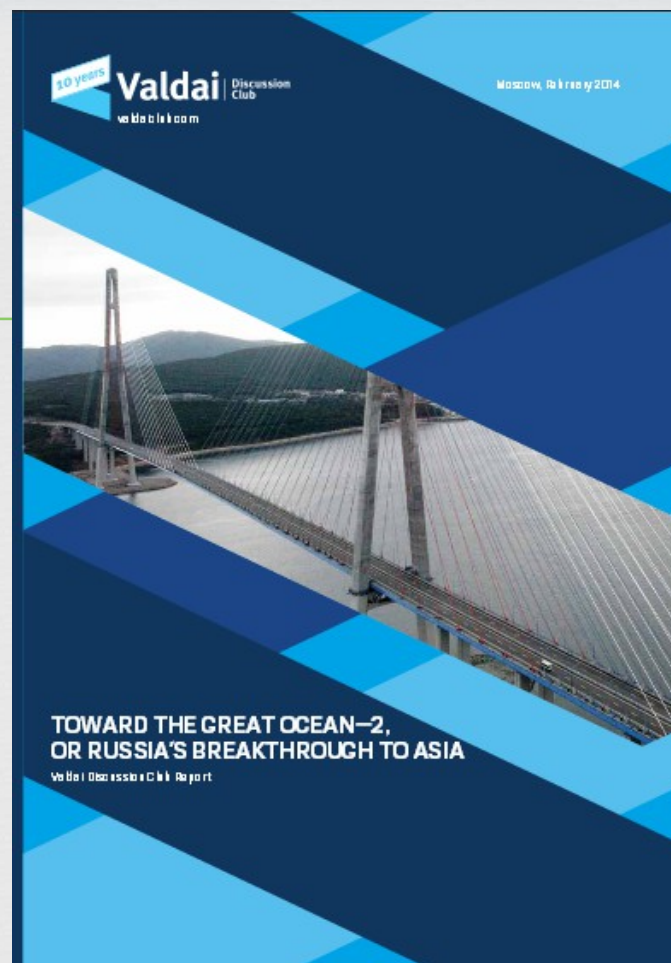
International Cooperation for Development of Russia's Siberia and Far East



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Towards the Great Ocean,
or the New Globalization of
Russia (2012)

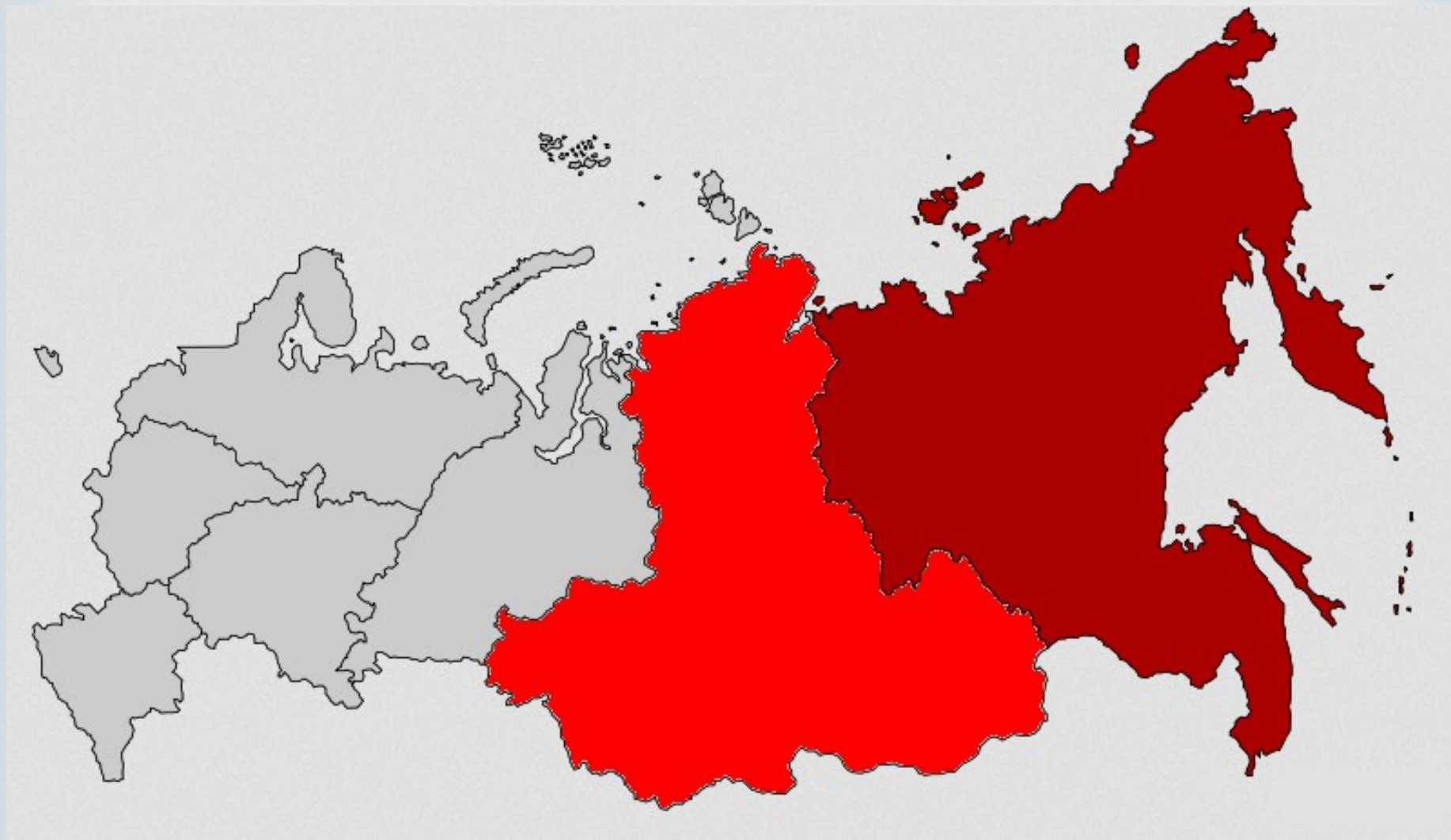


Towards the Great Ocean –
2, or Russia's Breakthrough
to Asia (2014)

The development of Siberia and Russian Far East

- The reasons to develop these territories
- Their competitive advantages
- The main obstacles
- Russian state policy of the development of Siberia and Far East
- The impacts of Ukrainian political crisis
- 10 steps to the success

Siberia and Russian Far East



Some stats

Federal district	Square		Population (1.01.2014)		Population density, (people/sq. km) (1.01,2014)	Regional GDP (2012)		Regional GDP per capita, thousand USD (2012)
	thousand sq. km	%	mln.	%		bln. USD	%	
Central	652,8	3,8%	38,9	27,1%	59,6	564,2	34,9%	14,6
Southern	416,8	2,4%	14	9,7%	33,6	102,4	6,3%	7,4
Northwestern	1677,9	9,8%	13,8	9,6%	8,2	170,2	10,5%	12,4
Ural	1788,9	10,5%	12,2	8,5%	6,8	229,5	14,2%	18,9
Volga	1038	6,1%	29,8	20,7%	28,7	256,0	15,8%	8,6
North Caucasian	172,4	1,0%	9,6	6,7%	55,7	39,3	2,4%	4,1
Siberian	5114,8	30,0%	19,3	13,4%	3,8	166,6	10,3%	8,6
Far Eastern	6215,9	36,4%	6,2	4,3%	1,0	87,4	5,4%	14,0

What for?



- To make it a “Russia’s window to Asia”
- To make this region the driver of Russian economic growth
- To defend Russia from Asian countries (?)

External opportunities



Tectonic shifts in international relations:

- ▣ the Asian growth
- ▣ Asia becomes its major consumer and importer (growing demand for resource-intensive production and limitations to its internal supply: water and land scarcity, threats to energy security, peak coal)
- ▣ the growing importance of natural resources and territory

Internal strengths



- Mineral resources (10% of the world's explored oil, about 25% natural gas and 12% of coal, 9% of gold, 7% of platinum, 9% lead, 5% iron ore, up to 14% molybdenum, and up to 21% of nickel)
- Renewable resources (16% of the world's fresh water, 21% of world's forests, 22% of Russia's arable land)
- Vast territories
- Transit opportunities

Obstacles



- Bad climate (?)
- Sparse population (?)
- Deteriorating human capital (including morale)
- Poor infrastructure
- Quai-colonial policy by the Federal center
- Poor investment climate

What has been done – the beginning

- Early 2012 – in pre-election articles President Putin called upon “to catch the Chinese wind in the Russian sail”
- May 2012 – establishment of the Ministry for Development of Russian Far East
- September 2012 – APEC Summit in Vladivostok, huge state investment into the region
- The beginning of the “pivot to the East in heads
- March 2013 – the State Program “Social and Economic Development of Russian Far East and Baikal region up to 2025”

Failure of the first attempts



- ❑ APEC Summit brought new investment but failed to revive business activity. In 2013 investment in Russian Far East dropped by 19.5% in comparison with 2012
- ❑ The State program occurred to be unrealistic: state expenses are too high. By the autumn it was in fact cut down
- ❑ Summer 2013 – flooding in Amur region
- ❑ The Ministry's activity was sharply criticized. In August 2013 Minister V. Ishaev was discharged

The reboot of the state policy at the Eastern direction

- September 2013 – A. Galushka was appointed as a Minister, and the Authorized representative at the Far Eastern District – Yu. Trutnev
- October 2013 – the new model of the development of the region was launched based on
 1. Development of industries oriented to export to the APR
 2. Organization of the territories of the repaid development (TRD)
- December 2013 – President Putin calls the development of Siberia and Russian Far East “the project for the whole 21 century”

New acceleration in development of Siberia and Far East



- Ministry is distributed to three cities: Vladivostok, Khabarovsk and Moscow
- Prime Minister Medvedev makes a proposal to shift the offices of state enterprises and some federal agencies to the Far East
- The authorities of the Ministry are significantly expanded
- 14 areas were chosen for the establishment of TRDs. The bill on TRDs is nearly finished and should be approved in the near future
- The State program was corrected according to the requirements of the new model. The volume of state investment declined dramatically but it is planned to attract more private investment

New difficulties



- The crisis in the Russia-West relations played its negative role
- Public attention shifted to the west (including Crimea)
- The visit of President Putin to China and the series of pompous contracts with China (including “the deal of the century”) was a little bit retarded. Its positioning was tactical not strategical
- Cooperation with Japan and Korea slowed down
- The number of state initiatives has not been completed

What to do?



1. To be rational and consistent in the “pivot to the East”. Cooperation with Asian countries and integration to the APR is the crucial instrument for the development of the Russian East and the whole Russian economy
2. To be realistic in our desires: we cant compete with Asian countries in capital-intensive industries, our economy and export should be resource-based
3. To cease to be too arrogant: resource-based economy is not so bad
4. To pay special attention to renewable resources like water, arable land, forests, fish. To make it the base for export-oriented industries

What to do?



5. To focus on the real barriers for the development of the region and to make specific efforts to overcome them. To throw away all the myths.
6. Not to try to develop the whole Asian part of Russia simultaneously. We should concentrate on specific areas
7. To understand the close relationship among Siberia and Far East. They can't be developed separately

What to do?



8. To develop cooperation with all major Asian countries using the factor of competition among them
9. To promote Siberia and Far East at all the integration structures in the region
10. To position it as a ground for multilateral cooperation of all leading Asian (and not only Asian) countries, but under Russia's sovereign control