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# APEC 2012: Russia's State-Managed Integration into the Asia-Pacific

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APEC was formed in 1989 on the logic of cooperative security, assuming functional cooperation was possible among countries that were not allies nor like-minded, based on a geographical region called the Asia-Pacific. Russia's integration into the Asia-Pacific began in the 1990s when Russia fought very hard to join APEC in 1998. Its membership had been blocked by Japan due to the Northern Territories issue. After Russia joined APEC in 1998, it was assumed that the country would slowly socialize into the norms of the organization, a process that required extensive participation by civil society and intellectuals. However, Russian socialization into these norms has been uneven, apparent in some areas and missing in others.

Controversy focuses on whether Russia must accept economic, intellectual, and cultural globalization as part of the Asia-Pacific integration process with greater porosity of its borders, or whether Russia can take a state-centric approach in the Asia-Pacific that integrates Russia into Asia without Asia influencing Russia, especially the Russian Far East. Many skeptics question whether Moscow's integration strategy is realistic, and whether East Asia can stop thinking of Russia as a "distant neighbor." [1] APEC 2012 was meant to be the turning point when Russia would finally be accepted as a leading power in the Asia-Pacific.

Russia's integration into the Asia-Pacific has been more closely state-managed since the early 2000s when Putin took a personal interest. [2] In 2007 Putin issued the program for economic and social development of the Far East and Trans-Baikal region, alarmed at the economic and demographic decline of the region, and indicated interest in hosting an APEC Summit in 2012.

Russia's entry into APEC was a struggle, and once there, according to a Russian diplomat, the Russian state did not have a clear list of priorities to guide Russia in APEC that could be linked to domestic reforms. Russian bureaucrats had not been trained to work within APEC's working groups and were unfamiliar with APEC issues. They were inexperienced in working with their counterparts in APEC member countries which led to passive Russian participation in APEC working groups. When the Russian government created a concept paper for APEC participation, it was not correlated with key APEC documents. [3]

The Russian choice of a theme for APEC 2012 had not been decided by January 2011. It was such a challenge to devise a theme, commentators thought Russia would need to revamp its foreign policy, primarily Realist, in order to adopt a suitable theme for a multilateral organization. Japan in APEC 2010 and the US in APEC 2011 had themes emphasizing trade liberalization, human security, and environmental sustainability. Russia's emphasis since the Gorbachev Vladivostok speech in 1986 had been Russia as a bridge between Europe and Asia, and APEC as a means to develop the Russian Far East. None of these themes had ever caught on with East Asia. Russia needed to rethink its Asia-Pacific policy before it could devise a theme for APEC 2012. [4]

Russia did not rethink its Asia-Pacific policy prior to APEC 2012 and ended up offering some of the same themes East Asia had politely ignored up to then. Russian President Vladimir Putin wrote in the *Wall Street Journal* that Russia's future depended on Asia, listing Russia's priorities for the APEC Summit: liberalization of trade and investment; economic integration; strengthening food security through promotion of "a more open, stable, predictable

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rule-based and transparent agricultural trading system"; the development of Russian Far East transport infrastructure, and cooperation in the area of innovation.[5] The "Vladivostok Declaration – Integrate to Grow, Innovate to Prosper" issued at APEC 2012 was not a particularly coherent agenda. This may have been due to the state-managed nature of APEC 2012 which did not reflect the Russian intellectual discourse that had preceded the Summit.

The Vladivostok Declaration's priorities appear to conform with previous APEC declarations which always advocate trade liberalization and economic integration. Food security is part of human security which declarations often mention. Transport development is useful for trade and economic integration. The Declaration's appendices included: innovative growth; APEC energy security, reflecting Russia's intent to be the oil and gas supplier to East Asia and encourage East Asian investment in Russian energy infrastructure; an APEC list of environmental goods with reduced import tariffs; promotion of cross-border educational cooperation, and fighting corruption.

Gazprom held a news conference, announcing it intended to expand Russian gas delivery to Asia-Pacific countries. The long-discussed Russian-Japanese joint venture LNG plant in Vladivostok was held up as an example of the beginning of Russia's expansion into the Asia-Pacific, expanding beyond energy relations with China, although it had not yet been finalized. Diversification of Russian energy exports was a main goal of APEC 2012 but had begun earlier in Putin's second presidential term (2004-08) with his New Energy Policy which intended to increase Asia's share of Russian energy exports from 3 to 30%.[6]

On the surface it seemed like a pleasant enough APEC meeting, in conformity with previous APEC summits, but undercurrents of geopolitics played a large role in this summit. One geopolitical struggle has been Putin's strategy to situate Russia as the leader of a prospective Eurasian Economic Union, forming a bridge between the European Union and the Asia-Pacific region. Acting as a bridge was meant to restore Russian power in the Asia-Pacific. Putin hoped to realize this strategy after Russia modernized its transport infrastructure and increased its trade with the region.[7] Currently, Russia's share of Asia-Pacific trade is only 1%.

Another geopolitical struggle is the potential formation of blocs within APEC, or as alternatives to APEC. Claiming they are like-minded on many international issues, Russia and China have for several years discussed making themselves the cornerstone of a new security architecture in the Asia-Pacific as reflected in their joint statement of September 2010.[8] This strategy is linked to economic integration of the Russian Far East and Chinese Northeast. During the Summit, the Chinese Ambassador to Russia claimed Sino-Russian economic cooperation was a pillar of the Asia-Pacific regional economic cooperation, focusing especially on cross-border economic integration between the Russian Far East and China's Northeast.[9] Dmitri Trenin pointed out that the de-industrialization of the Russian Far East impeded integration with the dynamic A-P economies Japan, China and South Korea which had viewed the Russian Far East as a raw materials supplier to the region. This situation had held up the plans for cross-border economic integration between the Russian Far East and China's Northeast.[10]

The potential Russian-Chinese economic bloc is outside of the Trans-Pacific Partnership (TPP). TPP is a grouping of like-minded countries, potentially the United States, Singapore, New Zealand, Australia, Peru, Chile, Brunei, Vietnam, Malaysia, Mexico, Canada, Japan, South Korea, Philippines, and Taiwan. APEC, based on geography, is a grouping of the not like-minded. Russia and China both remain cool to TPP, perceiving themselves unable to meet its conditions. Also Beijing views TPP as a means for the US to block Chinese influence by creating a trade regime that excludes China. At the Summit, US Secretary of State Hillary Clinton stressed the Trans-Pacific Partnership as a means of creating a single Pacific trading community. Russian Economy Minister Andrei Belousov at APEC indicated Russia would not be joining TPP. Some say the US has been promoting TTP due to waning expectations that APEC, through its Free Trade Area of the Asia Pacific (FTAAP) initiative, could be a vehicle for Asia-Pacific trade liberalization.

Putin's emphasis on trade liberalization within APEC, one of his priorities, is to counter the TPP. Andrey Gubin, Associate Professor of International Relations at the Far East Federal University claimed "The position of the Kremlin is we only need APEC. We don't need the development of these blocs within blocs. We learned this lesson during the Cold War." [11]

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Despite differences over free trade agreements, the US is supportive of Russia's role in the Asia-Pacific. US-Russian relations have remarkably improved in the last two years, partially the result of a May 2010 Russian Foreign Ministry document, titled "Program for Effective Use of Foreign Policy in the Long-Term Development of Russia," advocating a new, softer foreign policy in order to (1) attract more investment to Russia from the West and (2) facilitate relations with the US in the Asia-Pacific.[12] As a Russian scholar has pointed out, the US and Russia have a shared interest in maintaining the trans-Pacific nature of institution building in the region and resisting East Asian integration.[13] Additionally, some Americans argue that TPP could be a pathfinder for the FTAAP rather than a replacement for it.

APEC 2012 was interesting for what didn't happen, what was kept off the agenda. The United States, Japan, Philippines, and Vietnam had all hoped for side meetings with China on territorial disputes. Although Vietnam did get a meeting, the Philippines President was literally snubbed by Chinese President Hu Jintao. The inclusion of security issues in APEC summits began when there were side meetings on the East Timor crisis in the 1999 APEC summit. The US asked APEC for support in the war on terrorism right after 9/11. The APEC host for 2011, China, agreed but has been generally reluctant to include security on the agenda.

What also didn't happen at APEC 2012 was civil society's input, a result of state-management from Moscow. There was much Russian writing and analysis by intellectuals on hopes and expectations prior to APEC 2012. This intellectual outpouring did not appear to significantly inform the final agenda. The state-managed nature of APEC 2012 did not reflect input from local Russian Far East scholars although their university, the Far Eastern Federal University, was celebrated at the APEC summit as the vehicle for promoting cross-border educational cooperation in the Asia-Pacific.

An example is Vladivostok scholar Victor Larin, who finds the root of Russia's problems in the Asia-Pacific in Russian consciousness, intellectual capacities, and mentalities. He claims that if Russia should ever integrate with East Asia, it would have major transformative effects on all of Russian society, way of life, behavior, cultural values, Russian identity, and entrenched attitudes.[14]

In 2009, Larin held roundtables in Vladivostok to help formulate an effective Russian policy toward the Asia-Pacific. Larin criticized Moscow's use of APEC to primarily achieve global strategic goals of confirming Russia's great power status. According to Larin, Russian administrative and political elites are not able to translate the ideas and objectives of pro-Pacific statements into policies. Up to the present, Russia has no ideological, nor strategic, nor strong institutional or regulatory frameworks for integration into the Asia-Pacific because the Kremlin still has no clear understanding of multilateral cooperation and Russia's strategy in East Asia is still unformed.[15]

Larin claimed that the main reason for most failures of Russia in East Asia is the lack of a national intellectual critical mass necessary for political, social and economic decisions with respect to the Asia-Pacific region. He implied that despite enormous resources poured into infrastructure, insufficient attention has been paid to the intellectual resources necessary for successful participation in East Asian/Asia-Pacific multilateral regimes.

The fact that Russian statesmen, journalists, and scholars have the capacity for introspection and learning is a hopeful sign, and an indication that Russian civil society should take the lead in Russia's integration into the Asia-Pacific.

*ITAR-TASS* declared the APEC summit a success for Russia. Chinese newspapers proclaimed that Russia had become a leading power in the Asia-Pacific.[16] The *Financial Times* was skeptical that the Russian Far East could be a transport hub.[17] *Vedomosti* noted that APEC 2012 may not be Russia's breakthrough to Asia. The problem was in Russian "methods of persuasion" and "the usual Soviet rhetoric" which did not work with Asia in regard to energy investment.[18]

The real test will be what happens after APEC 2012 is over. Will the Summit help the Russian Far East re-industrialize or is the region fated to be a raw material appendage to China's Northeast? Will Russia overcome its ambivalence over East Asian economic integration, both fearing integration as a raw material appendage and fearing being left out of regional economic integration? Will Russia become a leading power in the Asia-Pacific by positioning

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itself as a bridge between the European Union and the Asia-Pacific? Will Russia accept economic and cultural globalization as part of the Asia-Pacific integration process with greater porosity of its borders, or will it continue to take a state-centric approach in the Asia-Pacific?

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[1] Tsuneo Akaha, "'A Distant Neighbor: Russia's Search to Find Its Place in East Asia,'" *Global Asia*, June 25, 2012.

[2] Artyom Lukin and Tamara Troyakova, "The Russian Far East and the Asia-Pacific: State-managed Integration," in *From APEC 2011 to APEC 2012: American and Russian Perspectives on Security and Cooperation in the Asia-Pacific*, Rouben Azizian and Artyom Lukin, eds. (Vladivostok: Far Eastern Federal University Press, 2012): 189-2003.

[3] Paradong Rangsimaporn, *Russia as an Aspiring Great Power in East Asia*. (Basingstoke, UK: Palgrave Macmillan, 2009).

[4] Dmitry Kosyrev, "Russia must prepare for APEC reins in 2011," *RIA Novosti*, January 4, 2011.

[5] Vladimir Putin, "An Asia-Pacific Growth Agenda," *Wall Street Journal*, September 5, 2012.

[6] Sergey Sevestianov, "Russia and Northeast Asia Energy Security," in *From APEC 2011 to APEC 2012*, p. 46-55.

[7] An Asia-Pacific Growth Agenda By Vladimir Putin Wall Street Journal Sept 5 2012.

[8] *Joint Statement of the Russian Federation and the People's Republic of China on Comprehensive Deepening of Sino-Russian Partnership and Strategic Cooperation*, September 27, 2010, [http://news.kremlin.ru/ref\\_notes/719](http://news.kremlin.ru/ref_notes/719).

[9] Sept. 3 2012 (Xinhua) China-Russia cooperation fosters prosperous Asia Pacific: Chinese ambassador.

[10] Dmitri Trenin, "Russia's stake in Asia-Pacific," *China Daily*, September 6, 2012. The author is director of the Carnegie Moscow Center.

[11] 'Blocs within blocs' undermining APEC MARK Mackinnon VLADIVOSTOK — The Globe and Mail, Sep. 07 2012.

[12] Maria Teploukhova, "Russia And International Organizations In The Asia-Pacific: Agenda For The Russian Far East," *Security Index: A Russian Journal on International Security*, Volume 16, Issue 2 April 2010 , pages 77 – 87.

[13] Artyom Lukin, "The Emerging Institutional Order in the Asia-Pacific: Opportunities for Russia and Russia-US Relations, ," in *From APEC 2011 to APEC 2012*, p.225-236.

[14] Viktor Larin. *Asia-Pacific region at the beginning of the XXI century: challenges, threats, and chances for Pacific Russia*. (Vladivostok: Institute of History, Archaeology and Ethnography of the Peoples of the Far East, 2010), <[ihae.febras.ru/forum/atr\\_correct.pdf](http://ihae.febras.ru/forum/atr_correct.pdf)>.

[15] *Ibid*.

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[16] Zhao Shengnan, "Russia prepared for leading role in APEC," *China Daily*, September 6, 2012.

[17] David Pilling, "Russia begins its slow pivot to Asia," *Financial Times*, September 13, 2012.

[18] "This Method Is Not Ours," *Vedomosti* Editorial, September 14, 2012, in Johnson's Russia List, 2012-#165, September 17, 2012.

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