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**RUSSIA, CONNECTIVITY PRINCIPAL
and the TRANSFORMATION of INDO-PACIFIC**

Today in Russia we can see serious discussions about the project of the Indo-Pacific region. The problem is that the main driver for Indo-Pacific integration are the United States. From the burden of problems and serious challenges to their interests in the Asia-Pacific region, the Americans found a surprisingly simple way out: they placed the APR in another, even larger geographical area - the so-called Indo-Pacific region. In this new configuration, the overall situation and the alignment of forces were already completely different - China was on its periphery, and the United States received as an ally India, comparable to China in terms of population and economic growth rates. Thus, the confrontation with China in Asia entered a completely different phase, in which the US position looked significantly more preferable than in the old APR configuration.

Among some Russian experts voices are being heard that the project “open and free” IPR is not suitable for us not only because it is anti-Chinese in nature, but also undermines such a global Russian project as the concept of Greater Eurasia. Greater Eurasia is the idea to form around Russia a kind of global space with more or less general rules of the game in trade and investment from the European Union to ASEAN, that is, from Western Europe to Southeast Asia. The political foundation of the project will be the principles same with connectivity. In Indonesia they understand connectivity as the vital part of the policy in IPR when no one dictate values between connected countries. In Russia we have the same understanding. Today the Indonesians propose to put the principle of the connectivity into the basis of the entire IPR project. It is clear that the major powers and first of all the US are unlikely to support this initiative, because their goal is to promote their interests and their values in the region. But despite this opposition the fight for fulfillment of this principle at least partially is a noble task that will undoubtedly receive support from the ASEAN countries. In principle, Russia will probably also support this proposal, since it has long and closely cooperated with Indonesia and the conception of connectivity is as close to it as to the Indonesians.

As about Eurasia project and its integration with Indo-Pacific we can see a lot of undetermined points. How this great structure will be organized, and when the process of its construction will actually begin, and whether its potential participants will want to join it, - all this is completely unknown. It is worth noting that a much narrower project - the formation of the so-called Great Eurasian Partnership in the form of an ASEAN – Shanghai Organisation (SCO), which was recorded in the Sochi declaration and adopted at the Russia - ASEAN summit, in May 2016, is not currently even the subject of serious discussions at the level of the expert community, and officials of ASEAN member states. Recently nothing concrete has been said about this project at all, but may be in the near future they will turn to it once again.

But even if we accept the reality of Greater Eurasia or other projects related to it, its still clear that Russia, even in this case, has plenty of opportunities to integrate these projects in the Indo-Pacific region. After all, among all the proposed “visions of the future” of this project we are not satisfied with only the American concept, which in the process of expanding the number of participants in IPR will inevitably undergo substantial changes.

If the Americans do not go for it, then this project is hardly feasible, since the Indian and Indonesian versions are very different from the American one, and without these countries the “free and open” IPR will remain only in American fantasies. Both of these concepts for Moscow are not only acceptable – they carry a lot of possibilities. Even a superficial analysis shows that in their interpretation the IPR project does not contradict the idea of Greater Eurasia: it even complements it in some way. After all, Greater Eurasia is focused mainly on land, and Indo-Pacific – on sea, including the waters adjacent to the Asian coast of Greater Eurasia. Those regions that are at the junction of these two geopolitical systems will be in the most advantageous position. Among them is the Far East of Russia, which can become not only a resource storeroom and a transit point for Eurasian transit, but a major industrial center¹.

In this regard, the Valdai club expert, Alexey Kupriyanov, notes - “The IPR project is useful for Russia as it connects Vladivostok, Hanoi and Chennai in a single geographical area, as well as Petropavlovsk, Singapore and Bangalore².”

It should also be said that potential IPR participants, and first of all India, do not see the reasons why Russia cannot participate in this project. Thus, the Indian Prime Minister Narendra Modi, regarding the pro-

spects for the development of IPR, stated that: “India does not consider the Indo-Pacific region as a closed club with a limited number of members ... it includes all countries within this geography, as well as other countries, who are interested in this”³. A vice president of the influential Indian research fund Observer Research Foundation, Unnikrishnan Nandan, said that “in our country, they do not believe that the concept of open and free “IPR is aimed at deterring anyone”. “The Indo-Pacific format, he said, was proposed on a geographical basis, which does not exclude Russia”. Moreover, in his opinion, “IPR cannot exist without Greater Eurasia, therefore, he suggested even finding a new term for this project that would not frighten other countries”. He also pointed out that “problems around IPR arose after Trump actively supported this concept”⁴.

As we see, among the IPR member countries there is an obvious request for Russia's participation in this project. It is clear that they are thus hoping to get an ally in the struggle to reformat the American project from the military bloc directed against China into the broad unification of the countries of the Indo-Pacific region as part of global economic integration. Russia should respond to this request and put her “weight” in favor of exactly the option that suits it to the maximum extent.

Everything that has already been created by Russia in Southeast Asia and in the APR as a whole provides quite a good groundwork for the future. As an example there is the free trade zone with Vietnam, which has already allowed Russian-Vietnamese trade volumes to grow and to overcome the five-billion mark in trade turnover. The free trade zone is prepared with Singapore, and there are plans to built free trade zone with the ASEAN countries. If all these will be realized the scale of mutual cooperation can increase in the most significant way and we will become one of the largest trading partners of the countries of Southeast Asia and the APR. Naturally, this will not be soon and will only be possible on the condition that the transformation in the APR-IPR will be peaceful and rather on the basis of the Indonesian-Indian proposals than the concept that put forward by the United States.

As about Russian economic presence and expansion in APR-IPR it is developing in a very narrow front. The main areas are national security and military technical cooperation, energy, food trade and modern technologies. Russian Far East still does not play a separate independent role in the process of trade with the countries of East and Southeast Asia. Rather, it is the most important transit point where minerals from Siberia: coal, timber, grain, liquefied gas are transferred from the Trans-

Siberian trains to ships. Attempts to turn the Far East into an independent center in trade and in investments in the APR bring only partial results. This is where the problems of demography, logistics and a certain underestimation of its potential coincide.

These spheres that I have already mentioned plus tourism, although they do not create a significant volume of trade compared with other APR countries, provide the Russian presence and, most importantly, create the foundation for the gradual integration of Russian business into the economic space of this region. All Russian trade and cooperation in the APR began with energy and military-technical contracts. Today, the front of cooperation has expanded. Three spheres were added to the traditional directions, in which the Russian presence is growing at a rather rapid pace.

The first is the security industry. It does not entirely relate to the economy, it is such a frontier sphere with connections to politics and the economy and the army and to higher levels of government. This is a very sensitive area for all countries in the region, and in it Russia's presence has recently become increasingly tangible and noticeable. This is due, of course, to a change in our image, when in recent years Russia has significantly increased its military forces, has established itself as the most consistent and tough opponent of international terrorism, capable of inflicting severe blows on it, as happened in Syria.

For the countries of the region, all these qualities of Russian politics are an extremely important and relevant topic. ISIL and other Islamist terrorist organizations cooperating with it are extremely active here and according to the Global Terrorism Index rating, in 2018 South Asia and South-East Asia accounted for the third part of all terrorist attacks in the world. Two ASEAN countries - the Philippines (10) and Thailand (17) - are among the twenty states with the highest level of terrorist activity.

Naturally, their interest in cooperation with Russia, in this area, is understandable, they strive for the most effective solutions and the most experienced partners in the fight against the evil of terrorism. On their initiative in April 2016, the first informal meeting of the defense ministers of the ASEAN member states and Russia was held, where agreements on mutual efforts and joint actions to combat terrorism were reached. A continuation of this trend was a joint statement prepared on the margins of the Russia-ASEAN summit, held in Singapore in November 2018. This document acknowledges that Russia is an important element in the fight against the terrorist threat in Southeast Asia. This

recognition has become an important indication that the ASEAN countries trust Russia, are ready to accept Russian assistance in security issues and together with Russia to fight terrorism. In practical terms, the agreements opened the “green light” for the supply of weapons, special equipment, assistance in providing information on anti-terrorism policy, as well as in the exchange of experience and specialists between the relevant structures of Russia and the ASEAN countries.

We can already say that the presence of Russia in the areas of military-technical cooperation and security in most countries of Southeast Asia reached an unprecedented level, which is quite comparable with American or Chinese participation. Moreover, if previously the Russian sphere of influence traditionally extended only to the three countries of Indochina — Vietnam, Laos, and Cambodia — now, the Russian military business has come to where it simply did not exist before, and everything was in the hands of the Americans. As an example, the Philippines, where in February 2017 the first Russian-Philippine consultations on regional and international security were held, at which they discuss issues of “bilateral military and military-technical cooperation, prospects for cooperation on antiterrorism and antinarcotics, countering transnational crime, common tasks of the coast guard services”⁵. Approximately the same issues are in the field of cooperation between Russia and Thailand. During the official visit of the Prime Minister of this country to Russia in May 2016, a separate agreement on military cooperation was signed⁶. In Myanmar (Burma), according to Russian Defense Minister S. Shoigu, who visited this country in 2017, “the Russian and Burmese military personnel implemented a large number of events, prepared and agreed on great plans for bilateral military cooperation for the future”⁷.

In another area - the food trade, the Russian presence is also growing at a very high rate. This is especially true of grain sales. where there is a tenfold increase over the past 3 years: from 49.7 million dollars in 2015 to 527.1 million dollars in 2017, while maintaining a positive growth trend. According to the Federal Customs Service of Russia, in the first 8 months of 2018 alone, the export of cereals to ASEAN in monetary terms amounted to \$ 850 million. This explosive growth in exports of, not only grain, but also other food, has good prospects, since there are 67 million households in ASEAN countries, which form a class of consumers with incomes that can be spent in amounts that exceed normal needs.. It is estimated that by 2025 the number of such households should increase to 125 million⁸.

Finally, another area is the Russian IT business, which, in search of new markets and development, actively selects the markets of the Asia-Pacific region and especially of Southeast Asia. Among Russian companies, there are, above all, software developers - Kaspersky Lab and Infowatch, technology platforms - Fresh Office, cloud service developers - Base Ride Technologies and Ruvento. All of them and other smaller campaigns are actively developing local markets, with Kaspersky Labs being particularly successful in this activity. Its clients today are “government agencies — the Ministry of Defense and the Ministry of Education of Malaysia. In addition, the Russian IT company has been cooperating with the Malaysian government for several years in the field of protection against information threats, and is also an active member of the international organization for the fight against cyberterrorism IMPACT, founded by the Malaysian government”⁹.

It can be said that, to a certain extent, the promotion of Russian IT campaigns in the markets of ASEAN countries is also associated with the expansion of the Russian security presence, as we discussed above. All these facts show that over the years of cooperation, Russia has gradually managed to achieve a certain confidence in its policies and on this basis form a complex system of relations with the countries of the region.

Today we can quite definitely say that Russia began to receive significant investments in the development of its economy from APR-IPR countries. The largest of Asian investors is China. According to Chinese statistics, direct investment in the Russian economy amounted to about 2.96 billion dollars in 2015. At the same time, their accumulated volume by the end of 2015 amounted to \$ 14.02 billion. This put Russia in the third place in terms of cumulative investment in Europe after the Netherlands and the UK and in the second place (after the Netherlands) in attracting them in a year¹⁰. Among the ASEAN investors in Russia, Singapore is the leader. According to experts from the Asia Vector consulting company, Singapore’s direct investment in Russia at the end of 2015 was about \$ 1 billion. In 2016, based on the declared investment projects, the volume of the proposed investments in the Russian Federation increased by another \$ 130 million. It should be said that these estimates clearly differ from the official data of the Central Bank of the Russian Federation on the inflow of Singaporean investments in Russia. So. for example, at the end of 2015, the accumulated FDI of Singapore in Russia was, according to its data, only \$ 673 million¹¹.

Even more strange is the situation with regard to Vietnam, since the investment statistics of the Russian Federation and Vietnam are hardly correlated with each other, which makes any comparisons meaningless. For example, according to the data of the Central Bank of the Russian Federation, the accumulated FDI of January 1, 2014 amounted to \$ 355 million, and similar figures as of the same date in 2015 and 2016 are rarely confidential. Information on the inflow of FDI from Vietnam broken down by year is not published at all. There is also no data on their total volume for the entire period of investment by Vietnamese companies in the Russian Federation. But this information was published by the Ministry of Planning and Investments of Vietnam, according to which, on January 1, 2016, the total accumulated Vietnamese FDI in Russia amounted to \$ 2.53 billion. It turns out that not Singapore, but Vietnam is the main investor in the Russian economy from Southeast Asia. Moreover, it turns out that Russia is in third place among the recipient countries of investment from Vietnam - 9.7% of the total value of Vietnamese foreign investment. 19 projects are being implemented in Russia - 1.8% of the total number of projects of Vietnamese investors abroad¹². And, as statistics show, the main investments from Vietnam began to come in recent years.

The recent years was marked by a sharp increase in investment activity in Russia by Thailand. Agriculture was the main focus of Thai investment. The agro-industrial company CP Foods, part of the giant conglomerate Charoen Pokphand Group - CPG, controlled by Thailand's richest entrepreneur, billionaire Thonin Turavanon, acquired a controlling stake in two large Russian farms for \$ 680 million¹³.

All this investment from the APR, even with China's contribution, is certainly not at all what Russia was counting on when it joined the APEC. But in any case, this is all an undoubted positive in relations with the countries of Asia. The question is how to make this process faster and more effective even more profitable for Russia. One of the ways is connectivity principle. Based on it Russia will continue to develop cooperation with APR-IPR countries to make this region full of peace, prosperity and cooperation.

¹ <http://expert.ru/2018/11/12/indo-tihookeanskij-region-terminologicheskij-tryuk-ili-novyie-vozmozhnosti-dlya-rossii/>

² Ibid.

³ <https://interaffairs.ru/news/show/20657>

⁴ <http://tass.ru/mezhdunarodnaya-panorama/5820629>

⁵ <https://ria.ru/20170216/1488129384.html>

⁶ <https://ria.ru/20170320/1490368903.html>

⁷ <https://tvzvezda.ru/news/forces/>

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⁸ The growing promise of ASEAN // Bangkok Post. 06.06.2014

⁹ <http://russiancouncil.ru/asean-russia>

¹⁰ <http://www.valdaiclub.com/a/highlights/mnogo-li-kitay-investiruet-v-rossiyu>

¹¹ <http://www.webeconomy.ru/index.php?page=cat&newsid=3787&type=news>

¹² Ibid.

¹³ Ibid.