



RELEVANCE OF RUSSIA'S FAR EAST IN INDIA'S GEO-ECONOMIC INTERESTS



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Geo-economics and connectivity have given way to a new mode of economic engagement among countries to gain access to trade, economic corridors, pipeline diplomacy, natural resources, etc. As countries strive for larger integrated economic relations, there is also a growing desire to do away with boundaries to bridge the gap in connectivity. Major international players are increasing their regional and global influence through economic aid, investment and infrastructural development to dependent nations, a prime example being China's investment in Central Asia. Geo-economics and connectivity have thus emerged as the new mantra in the foreign policy interests of major players in international politics, including India. Consequently, countries and regions that have drawn the attention of the world for economic corridors, regional connectivity and free trade policies are Central Asia, Pakistan, Iran, Russian Far East and many more.

The Russian Far East is predictably one of the most indisputable regions for connectivity and economic integration due to its geographical location, rich oil and natural gas, iron ore and copper, diamonds and gold, pristine fresh water, timber and fish stocks. Despite such incentives, the region had failed to stimulate the much needed international market interests until now.

Russia on its part is making efforts to attract international players to explore the potentials that the Far East offers. One such effort is the introduction of the 'Russian Homestead Act' in 2016. According to this Act, Russia offers its citizens, and also foreign nationals, a free hectare of land (2.5 acres) in the Far East for lawful purpose. The condition, however, is that the owner of the land cannot rent, sell, or give the land away for five years. Foreigners too can join the program, but cannot own the land until 5 years after they have gained naturalised Russian citizenship.¹

India in recent years has focused on geo-economic foreign policy interests. As a step in this direction, India is enhancing economic cooperation, especially with Russia, as it is the weakest link in the bilateral relations. India's participation as a guest country at St. Petersburg International Economic Forum (SPIEF) 2017 and its participation in the Eastern Economic Forum (EEF) held in September 2017 are some of the positive developments. One of the key areas focused in these high level engagements are oil sector for developing an 'energy bridge' between the two countries. Other significant areas include trade, commerce, investment with the Far East, railway infrastructure, steel plants, defence, space, ports and shipping. 'India has also agreed to provide an annual grant of \$10,000 to fund the study of 'Indology' at the Centre for Regional and International Studies at Vladivostok the Far East Federal University located in Vladivostok.² Through such efforts, it is expected to further harness India-Russia's untapped potential in economic engagement. Moreover, the Far East also acts as a conduit to connect to the Indo-Pacific³ region and coincides with India's economic and geo-strategic interests.

As the Far East is a crucial region of Russia that is yet to be exploited by 'friendly' foreign players, India plans to make significant inroads in the region. India desires to leverage this region through high investments and active participation in development projects. However, India's efforts to benefit from the region's rich potentials will get a major boost when its Far East investments and policies correspond with its domestic 'Blue Economy' initiatives such as SAGARMALA project (2015).

Costal Economic Zones (CEZ) and Costal Economic Units (CEU) are key components of Sagarmala project, sectors targeted for manufacturing units are maritime and inland waterways, water transport, coastal and cruise shipping, and solar and wind energy generation, auto, telecom and IT, etc. for export-oriented manufacturing units in CEZ. As socio-economic development has become the key focus of Russia in the Far Eastern region, the merger of domestic policies of India with Russia's regional connectivity programmes in Far East will boost economic cooperation in the Far East region.

The impact of western sanctions on Russia's economy since 2014 has compelled Russia to search for alternative markets and to promote the energy rich Far East. Western sanctions have hampered some of the Far East projects such as the condensate field within Sakhalin III Gazprom project.⁴ Russia's efforts to attract foreign investors are expected to assist the country's difficulties in satisfying the demand of the Asian energy market. Russia also seeks investments in sectors such as timber, coal and diamond mining, energy and aviation industry and India is a huge investment market in this regard.

Energy cooperation should be the key focus in India-Russia relations in the Far East. The Russian government also wants to attract investments of the company “Rosneftegaz” to build a new shipbuilding and ship-repair enterprise “Star”.⁵ This could be another key focus area for joint-production and a push for India’s own ‘Make in India’ initiative. But all this can be possible only when India-Russia dialogue focuses on removing restrictions placed on the migration issues and strict visa procedures. Such impediments should be addressed by both the countries in order to attract investors and business community alike.

Russia as part of its ‘pivot to Asia’ aims to diversify its Asian partnership further to gain strategic pay offs. Russia is thus in the process of developing stronger ties with countries such as Indonesia, Vietnam, Malaysia, Japan and Pakistan apart from India and China. However, Russia-China partnership is marred by asymmetries and lack of trust. Looming Chinese presence and engagement is a geopolitical and geostrategic time-bomb if Russia loses leverage in the bilateral strategic engagement. More importantly, China’s active presence in Far East through major enterprises from construction projects to shipbuilding to telecoms alongside the rise in the number of Chinese residents⁶ is termed by many as ‘yellow threat’ or the ‘chopstick threat’.

Hence, Russia though momentarily enjoys best strategic partnership phase with China, it has never lost its focus on India either. In fact, India is seen as a potential counter balancer as seen with Russia’s constant support to India’s permanent membership in SCO. Russia’s invitation to India for engagement in Far East is nothing but a bid to counter balance China. However, Chinese farmers are seen as a key asset in developing and contributing immensely in addressing Russia’s demand for agricultural production. If Russia wants to find an alternative to Chinese presence such as Chinese farmers in the region, the key focus of the India-Russia dialogue should be in attracting agricultural workforce in the region given India’s huge potential record in agricultural sector.

India has been host to one of the largest farmers’ emigration to Canada which too has a bleak climate such as the Russian Far East. In fact, Indian farmers have for long chartered a course to Canada in search of “greener pastures”. *Ludhiana-based Punjab Agricultural University (PAU) helps prepare prospective immigrant Indian farmers in Canadian farm practices.* Similarly, such initiatives can be the focus in the India-Russia business dialogues that takes place on a regular basis. These are some of the areas of cooperation that Russia may consider to bring India on board if it is to counter balance China.

The grand strategy involving India's economic engagement with Russia and EEF fits well with India's focus on expansion of its geo-economic interests. India is comfortable in participating in projects that are Russia initiated given the confidence and trust that exists in the partnership. Moreover, India's non participation in forums such as the Belt and Road Initiative by China and its participation in the EEF only signals that India has its own alternative options to widen its national interests and scope for economic engagements that bypasses China led lucrative economic projects.

India is in the process of strengthening its foothold in the Indo-Pacific region through strategic partnership with the United States, but the economic engagement with Russia in the region will further enhance its geo-economic interests in the Indo-Pacific region. The Far East would be the key to promote India's interests as it has every chance to become one of the nodal points of business, trade and innovation in the Indo-Pacific region.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

Keywords: Russia's Far East, Economic integration, Regional connectivity, Energy diplomacy, Eastern economic forum

Notes

¹ "Putin backs extending free land give away all across Russia", Russia Today, 15 June 2017. <https://www.rt.com/business/392450-russia-free-land-putin/>

² "EEF 2017: India Eyes Big Investment Opportunities in Russia's Far East", Sputnik, 06 September 2017. <https://sputniknews.com/business/201709061057140364-eef-india-investment-opportunities-russia/>

³ The phrase 'Indo-Pacific' is being used in place of 'Asia-Pacific that comprises the Indian Ocean and Pacific Ocean regions.

⁴ "Socio-economic development of the Russian Far East: projects and realities", East Russia Magazine, 23 March 2016. <https://www.eastrussia.ru/eng/socioeconomic-development-of-the-russian-far-east-projects-and-realities/>

⁵ Ibid

⁶ CHINESE IN THE RUSSIAN FAR EAST: A GEOPOLITICAL TIME BOMB?", South China Morning Post, 08 July 2017. <http://www.scmp.com/week-asia/geopolitics/article/2100228/chinese-russian-far-east-geopolitical-time-bomb>