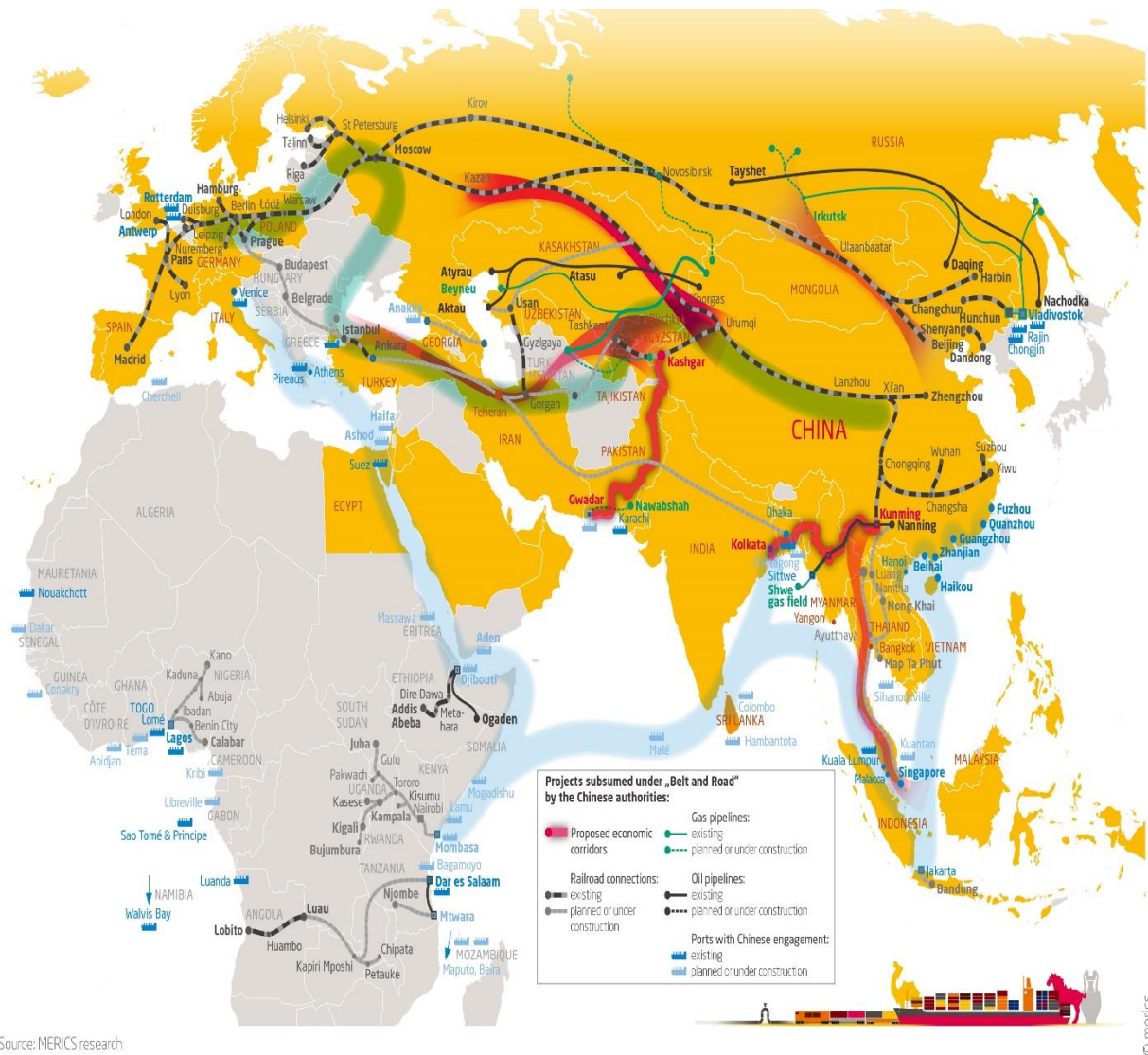


INTERNATIONAL POLICY DIALOGUE REPORT

Regional Cooperation Initiatives in the Asia-Pacific and the  
Emergence of the New Eurasian Geopolitics

28 October 2017



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## Organisers



The Centre on Asia and Globalisation (CAG) was established in 2006 at the Lee Kuan Yew School of Public Policy, National University of Singapore. Since 2011, CAG has developed widespread collaborative networks and relationships with major think tanks, research centers and policy institutions in the China, the European Union, India, Japan, Russia, South Korea and the United States. From 2013 to 2017, CAG co-founded a consortium of leading research institutions from six countries and led them in one of its major projects titled *Fostering International Cooperation in the Development of the Russia's Far East and Siberia*. Through such collaborations, CAG seeks to establish a platform for constructive dialogue among leading scholars and experts on important issues in world affairs.

## Robert Bosch Stiftung

The Robert Bosch Stiftung is one of the major German foundations associated with a private company and has managed the philanthropic bequest of company founder Robert Bosch for over 50 years. Indeed it was his entrepreneurial vision, political farsightedness, moral fortitude and charitable initiatives that set the standards for the work of the Robert Bosch Stiftung.

The Foundation is divided into areas to support and operate its aid program. In order to pursue the Foundation's objectives, it promotes external projects and initiates its own projects for developing and running programs.

Some 200 employees manage an average of close to 800 internal and external projects a year. In total the Robert Bosch Stiftung has provided grants worth more than €1 billion since its founding. The Robert Bosch Stiftung has its headquarters at Robert Bosch Haus, the former home of Robert Bosch in Stuttgart, though it has been based in the newly-erected Bosch Haus Heidehof since 2004. The Foundation has its own office in Berlin.

## List of Abbreviations

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
BRI/OBOR	The <i>One Belt, One Road</i> initiative; in this report it is referred to as the Belt and Road Initiative (BRI); it includes the SREB, MSR, and closely related Bangladesh-China-India-Myanmar (BCIM) and China-Pakistan Economic corridors (CPEC)
BRICS	Brazil, Russia, India, China and (the Republic of) South Africa
CAG	Centre on Asia and Globalisation
EAEU	Eurasian Economic Union
EU	European Union
FTA	Free Trade Agreement
IMF	International Monetary Fund
LKYSPP, NUS	Lee Kuan Yew School of Public Policy, National University of Singapore
MSR	21 <sup>st</sup> Century Maritime Silk Road, part of BRI
NSR	Northern Sea Route
RCEP	Regional Comprehensive Economic Partnership
SCO	Shanghai Cooperation Organization
SREB	Silk Road Economic Belt, part of BRI
UN	United Nations
USA	United States of America
WTO	World Trade Organization

## About the Policy Dialogue

**Organized by  
the Centre on Asia and Globalisation,  
Lee Kuan Yew School of Public Policy,  
National University of Singapore**

**With the support of  
the Robert Bosch Stiftung**

**28 October 2017, Singapore**

The Policy Dialogue was organised to discuss major issues of cross-Eurasian multilateral cooperation and competition in the context of a changing international environment. It involved the consortium network of experts and politicians, established during the “Developing Asia Pacific’s Last Frontier: International Cooperation in the Development of Russia’s Far East and Siberia” multinational project, in addition to attracting new participants from leading policy, research, and academic institutes worldwide. The event was a platform for diverse opinions from high-level experts and policy practitioners from Canada, China, Germany, India, Japan, Russia, Singapore, and the United Kingdom.

The Policy Dialogue took place in the context of new and important changes in international relations that are now shaping Eurasia’s geopolitical space. Russia’s “Turn to the East” strategy, aimed at accelerated development of Russia’s Far East and Siberia, and the Eurasian Economic Union (EAEU) are intersecting with China’s “Belt and Road Initiative” (BRI, previously referenced as the One Belt, One Road), aimed at creating new infrastructural and economic “corridors” linking Asia and Europe. In this context, and contrary to the predictions of growing competition between China and Russia in Greater Eurasia, Vladimir Putin and Xi Jinping seemingly reached an agreement to combine China’s BRI agenda and Russia’s EAEU project, which increases the complexity of China-Europe relations as well as overall continental geopolitics. Simultaneously, the election of the 45th president of the United States, Donald J. Trump, and what is now known as “Brexit” have arguably shaken what seemed to be the pillars of the liberal world order and the system that rules it.

International cooperation in the exploration of resources in the Arctic and the use of alternative shipping routes from Asia to Europe via the Northern Sea Route (NSR), which is a region of traditional interests for Russia, Norway, the United States, and of growing interest for China, Singapore, and other Asian states, also add a dimension to discussions of peace and security across Eurasia. The Policy Dialogue was held as a by-invitation only event and followed the Chatham House Rule.

## List of Participants

**Alka Acharya**, Professor, School of International Studies, Jawaharlal Nehru University, India & former Member of the National Security Advisory Board of the Government of India

**Henry Alt-Haaker**, Head of the International Relations Programs & Liaison Work at the Berlin Representative Office, Robert Bosch Stiftung, Germany

**Kanti Prasad Bajpai**, Director, Centre on Asia and Globalisation & Wilmar Professor of Asian Studies, LKYSPP, NUS

**Sebastian Bersick**, Jean Monnet Chair Professor & Head of Department, International Political Economy of East Asia, Ruhr-Universität Bochum, Germany

**Yang Cheng**, Professor, School of International Relations and Public Affairs, Shanghai International Studies University

**Byron Chong**, Research Assistant, Centre on Asia and Globalisation, LKYSPP, NUS

**Thomas Eder**, Research Associate, Mercator Institute for China Studies, Germany

**Chen Gang**, Assistant Director on Policy Research & Senior Research Fellow, East Asia Institute, Singapore

**Marina Kalinina**, Rector's Advisor on International Cooperation, Northern (Arctic) Federal University named after Lomonosov

**Tomoo Kikuchi**, Senior Research Fellow, Centre on Asia and Globalisation, LKYSPP, NUS

**Alexander Korolev**, Research Fellow, Centre on Asia and Globalisation, LKYSPP, NUS

**Andrey Krivorotov**, Advisor to the Chief Executive Officer, Gazprom & Advisor to the CEO and Secretary of the Board of Directors of Shtokman Development AG, Moscow Office; former Attaché at the Russian Embassy in Norway

**Marc Lanteigne**, Senior Lecturer, Centre for Defence and Strategic Studies, Massey University, New Zealand

**Neil MacFarlane**, Lester B Pearson Professor of International Relations & Fellow, St Anne's College, the University of Oxford

**Kate Mallinson**, Associate Fellow, Chatham House, the Royal Institute of International Affairs

**Alexander Pelyasov**, Director, Center for Northern and Arctic Economics under the Presidential Council for the Study of Productive Forces & Chairperson of the Russian Section of the European Regional Science Association

**Khasan Redjaboev**, Research Assistant, Centre on Asia and Globalisation, LKYSPP, NUS

**Camilla Sørensen**, Assistant Professor, Institute for Strategy, Royal Danish Defence College

**Wei Zheng Toh**, Research Assistant, Centre on Asia and Globalisation, LKYSPP, NUS

**Vygaudas Ušackas**, Director, Institute of Europe, KTU Lithuania & Ambassador of the EU to Russia from 2013 to 30 September 2017

**Andrey Vinogradov**, Head of the Center for Political Studies and Forecasting, Institute of Far Eastern Studies of the Russian Academy of Sciences, Moscow, Russia

**Wu Fengshi**, Associate Professor and Deputy Coordinator of the MSc in IR programme at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore

# Programme

## Policy Dialogue programme on

### *The New Eurasian Geopolitics: Regional Multilateral Initiatives, Cooperation, and Competition*

Hosted by the Lee Kuan Yew School of Public Policy, NUS, Singapore

Organized with the funding of the Robert Bosch Stiftung

Saturday, 28 October 2017

Manasseh Meyer Seminar Room 2-1

9:00-9:10     **Introduction and Welcome Notes** by **Kanti Prasad Bajpai** (Director, Centre on Asia and Globalisation & Wilmar Professor of Asian Studies, LKYSPP, NUS) and **Alexander Korolev** (Research Fellow, Centre on Asia and Globalisation, Singapore)

9:10-11:00     **Session 1. New Regional Initiatives and the Evolving Geopolitics of Asia-Europe Connectivity: the EAEU, EU, China's BRI, and Russia's "Pivot to Asia"**

Commentators:

- **Marc Lanteigne** (Senior Lecturer, Centre for Defence and Strategic Studies, Massey University, New Zealand)
- **Chen Gang** (Assistant Director on Policy Research & Senior Research Fellow, East Asia Institute, Singapore)
- **Sebastian Bersick** (Jean Monnet Chair Professor & Head of Department, International Political Economy of East Asia, Ruhr-Universität Bochum, Germany)
- **Yang Cheng** (Professor, School of International Relations and Public Affairs, Shanghai International Studies University)

Moderator: **Tomoo Kikuchi** (Senior Research Fellow, Centre on Asia and Globalisation, Singapore)

11:00-11:20     Coffee/tea break

11:20-13:00     **Session 2. Has Russia Left the West? Competition and Cooperation in a Complicated Diplomatic Environment**

Commentators:

- **Vygaudas Ušackas** (Director, Institute of Europe, KTU Lithuania & Ambassador of the EU to Russia from 2013 to 30 September 2017)
- **Neil MacFarlane** (Lester B Pearson Professor of International Relations & Fellow, St Anne's College, the University of Oxford)



- **Andrey Vinogradov** (Head of the Center for Political Studies and Forecasting, Institute of Far Eastern Studies of the Russian Academy of Sciences, Moscow, Russia)

Moderator: **Alexander Korolev** (Research Fellow, Centre on Asia and Globalisation, Singapore)

13:00-14:00 Lunch

14:00-15:50     **Session 3. Formats and Rules for Multilateral Collaboration in Eurasia: How to Stimulate Interactions between the EU, EAEU, and BRI?**

Commentators:

- **Alka Acharya** (Professor, School of International Studies, Jawaharlal Nehru University, India & former Member of the National Security Advisory Board of the Government of India)
- **Thomas Eder** (Research Associate, Mercator Institute for China Studies, Germany)
- **Kate Mallinson** (Associate Fellow, Chatham House, the Royal Institute of International Affairs)
- **Tomoo Kikuchi** (Senior Research Fellow, Centre on Asia and Globalisation, Singapore)

Moderator: **Khasan Redjaboev** (Research Assistant, Centre on Asia and Globalisation, Singapore)

15:50-16:10     Coffee/tea break

16:10-18:00     **Session 4. New Shipping Routes, Energy Prices, and Eurasian Connectivity**

Commentators:

- **Alexander Pelyasov** (Director, Center for Northern and Arctic Economics under the Presidential Council for the Study of Productive Forces & Chairperson of the Russian Section of the European Regional Science Association)
- **Camilla Sørensen** (Assistant Professor, Institute for Strategy, Royal Danish Defence College)
- **Andrey Krivorotov** (Advisor to the Chief Executive Officer, Gazprom & Advisor to the CEO and Secretary of the Board of Directors of Shtokman Development AG, Moscow Office; former Attaché at the Russian Embassy in Norway)
- **Marina Kalinina** (Rector's Advisor on International Cooperation, Northern (Arctic) Federal University named after Lomonosov)

Moderator: **Wu Fengshi** (Associate Professor, S. Rajaratnam School of International Studies, Singapore)

18:00-20:00     Dinner

## Panel Session Summaries

### Session 1: New Regional Initiatives and the Evolving Geopolitics of Asia-Europe Connectivity: the EAEU, EU, China's BRI, and Russia's "Pivot to Asia"

The first session of the policy dialogue, *New Regional Initiatives and the Evolving Geopolitics of Asia-Europe Connectivity* provided differing perspectives of the EAEU, the EU, China's BRI, and Russia's "Pivot to Asia". The panel began with the role of the Arctic in Russian and Chinese cooperation. China has been an Observer in the Arctic Council since 2013 and has strong economic interests in the region. Chinese media and academic circles have also referred to China as a "near-Arctic state" demonstrating the importance placed on its Arctic interests. Russia, while concerned about the involvement of non-Arctic states in the region, needs Chinese financial and logistical support for its many development projects in the Russian Far East.

The Arctic region has thus been the site of many important collaborative partnerships between China and Russia. The China National Petroleum Corporation (CNPC) has signed energy deals with Russia's Rosneft and Gazprom. China is also expected to receive the first shipments of liquefied natural gas (LNG) from Russia's Yamal LNG mega-plant by late 2017 (Chinese partners own up to 29.9% of the project). Transport projects like the Belkomur railway and port facilities around Arkhangelsk and Murmansk are also being discussed. There is also great potential for cooperation on communication and data transmission projects for the region.

The importance of the region is further underscored by the Chinese government's identification of the NSR as one of the three blue economic passages of the maritime wing of the BRI. This route passes through Russian waters but would allow Chinese vessels to reach Europe via the Arctic Ocean. China's interest in this route is thus expected to bring about expanded diplomatic cooperation with Russia, greater Chinese presence in regional port development projects, and perhaps a larger role in the Arctic governance.

On the issue of China's rising power, one participant noted that East Asia has come to an important crossroads. At the 19<sup>th</sup> Congress of the Chinese Communist Party, Xi Jinping successfully consolidated his power and enshrined the BRI into the party constitution. This effectively means that the core principles of the BRI will be reflected in China's long-term foreign policy and is likely to remain so even after Xi steps down. However, China's rise and the expansion of the BRI is likely to face resistance from some East Asian powers. In Japan, Prime Minister Shinzo Abe himself succeeded in consolidating his power; his ruling coalition won two-thirds majority in the October 22, 2017 elections for the powerful Lower House, possibly paving the way towards his goal of amending Japan's pacifist constitution.

The Obama administration's "pivot to Asia", interpreted widely as a balancing strategy against China's rise, also contributed to tensions between the two superpowers. Indeed, there have been rising security tensions on China's periphery in the South China Sea disputes, the Diaoyu/Senkaku issue, and the Taiwan Straits, exacerbating tensions in the political environment of East Asia. Although many argue that the Sino-US relations deteriorated during the Obama administration, the new Trump presidency may bring about improvements in this relationship.

In contrast to America and its Asian allies' face-off in many fronts with China, Moscow's eastward orientation has not created any visible tensions with China. Russia is yet another major power wanting to bolster its presence in the region through its own "pivot to Asia". Some argue that this is because unlike the US pivot concerned with containing and working around China (e.g. by excluding China from the Trans Pacific Partnership talks), Russia was focused more on its regional development and economic cooperation. The changing regional dynamics mean that Russia and East Asian states may have to adjust their policies, recalibrating their embrace of one superpower over another.

On EU-China relations, one participant noted how recent developments have impacted the dynamics of their relationship. China's BRI has triggered new European interest in Asia. Both China and Europe have a common interest in using the BRI to develop their domestic economies. This has led to cooperative initiatives, for example between the European Investment Bank (EIB) and the AIIB. To develop greater China-Europe connectivity, Beijing has been engaging both EU and non-EU members through initiatives like the "16+1", and then the Riga Declarations which promoted the Adriatic-Baltic-Black Sea initiative on seaport cooperation. While there are opportunities to exploit synergies between the BRI and the "16+1", only 11 of the 28 EU members are involved in the "16+1" initiative. This, along with Brexit and the Trump administration's ambivalence towards America's commitments in Europe, raised debate over the continued relevance of the EU in Asia.

Brexit has meant the departure of the United Kingdom (UK), an important economic player in Asia and the only European member of the Five Power Defence Arrangement. Similarly, if the US under the Trump administration becomes more isolationist and inward-looking, this would likely bring about greater strategic uncertainty and mount challenges demanding the EU to live up to bigger expectations. Although the US disengagement from Asia may also create economic opportunities for the EU, China's BRI has come to dominate the region. There is a risk that the EU's many domestic challenges may weaken its capacity and relegate it to playing only a reactive role in Asia.

On the EU's role in East Asia, one participant responded that the increasing fragmentation within the EU has made it difficult to pursue a comprehensive approach. It surprised many when Germany and the UK decided to join the China-led AIIB. Greece's decision to block an EU statement condemning China's human rights record further indicated the lack of a consolidated European position on China. This view was challenged by another participant who argued that the EU has always had a comprehensive strategy for Asia, seeing stability in the region as being intimately linked to the EU's prosperity. The EU has also been actively developing Free-Trade Agreements with South Korea, India and Japan.

On the future of the EU, it was noted that there was an emerging contradiction between its normative values on one hand and individual national interests on the other. A similar trend was witnessed between China and the US, whereby proclamation of values eventually fell in favour of business interests. This creates many potential areas of contradiction and calls into question the very identity of the EU as a traditional normative power. As China's presence in Asia and Europe expands with the BRI, its normative power in the region will increase while that of the EU gradually declines.

With respect to China-Russia relations within the context of Eurasia, one participant noted how China has sought to increase its presence in Eurasia while ensuring that Russia's interests were not threatened. China has pursued economic cooperation with the EAEU member states and welcomed their participation in the BRI. China has also been willing to start trade negotiations with Russia even though Russia has insisted that the new agreement will not include trade in goods, the area of China's economic strength. Some of the obvious challenges that China has faced in its relationship with Russia resulted from the concerns of EAEU members over Russian sensitivities.

Moreover, the EAEU is still more of a geopolitical union than an economic platform, making a genuine cooperative relationship difficult. It was also argued that while Russia has been keen to involve China in the development of the Eurasian space, it has sought ways to limit China's role in it. The "Great Eurasian Partnership" announced by President Putin has been viewed variably, with most Russian and Chinese scholars calling it as an evidence of their improved relationship, while other observers interpreted it as Russia weighing into the BRI. Nevertheless, China has continued to pursue economic cooperation with Russia for two reasons. Firstly, the Eurasian space remains a region of significant strategic and security interests for China. Secondly, given the trajectory of the region, there is a great potential for future multilateral cooperative arrangements between states in the EU, Russia, and Asia that China wants to lead.

The importance and relevance of the EAEU was questioned by several participants. Issues were raised with the many unsuccessful attempts at regional cooperation in the past. Due to their geographical proximity, many EAEU members were forced to balance their relations with Russia and the third parties. This greatly complicated any cooperative arrangement within the organisation as whole. Despite these structural ambiguities within the EAEU, the organisation provided a way for China to include Russia in the regional integration process. As a result Russia, a strong military power, was placated and major concerns were averted.

There were some optimistic calls on the potential for future Sino-Japanese cooperation. Mostly, bilateral Sino-Japanese relations of the last several years were undermined by the memory of war, colonialism, and territorial disputes. Their strong trade relationship was also weakened by changes in the East Asian supply chain and increasingly unfriendly business environment in China. However, the recent consolidation of power by Xi and Abe has strengthened the domestic positions of both leaders in their respective countries. If they so choose, both leaders have a small window of opportunity to bring about rapprochement between China and Japan, especially given their strong political mandates and shared concerns over North Korea's nuclear capabilities.

On the North Korean crisis, one participant noted German Chancellor Merkel's suggestion that the EU mediates talks with Pyongyang with scepticism. The EU is currently in a period of transition and faces its own internal problems. This calls into question its capacity and political willingness to deal with the Korean peninsula at this time. Another participant noted the increasingly divergent opinions within China. While North Korea has traditionally been seen as a useful instrument to counterbalance the US in East Asia, Pyongyang's nuclear ambitions are increasingly seen as a threat to China's own national interests.

The Arctic route is one of those rare initiatives whereby several states stand to benefit. Russia would gain greater investment and cooperative opportunities to develop Russia's Far East, particularly port cities like Archangel and Murmansk. Norway could also look forward to increased trade relations with China and investments in its Kirkenes and Tromsø ports, with countries like Iceland and Greenland vying for more foreign investments and cooperation in the region. For China, the Northern Sea Route presents an important maritime passage to Europe. Its economic importance has already attracted many non-Arctic states like South Korea, Singapore and India, while Japan identified the Arctic as one of its national security priorities in 2015.

## **Session 2. Has Russia Left the West? Competition and Cooperation in a Complicated Diplomatic Environment**

Has there been a qualitative change in Russia's approach towards the West and Asia? This was the central question that participants tackled during the second panel. Russia, a participant argued, already had an Asian political heritage since medieval ages due to the legacy of Mongol rule. Yet at the end of the 15<sup>th</sup> century, the story went, Russia started seeing itself as a European power. As Russia began to reap rewards through its territorial expansion eastwards, Russia's culture obtained features of *Eurasianism*. Thereafter, Russia faced an uneasy choice between its European and Asian identities.

The West's attempts at isolating Russia had fostered its eastern integration on two occasions: first during the Industrial Revolution and subsequently in 1991 when the USSR dissolved. Some argued that the West made a strategic error with regards to Russia. Western leaders thought that "the Russian issue" was solved by the sudden end of the Cold War, when in fact even bigger questions loomed. As the Eurasian project collapsed alongside the USSR, Russia in the 1990s decided to return to its European roots and rid itself of its "Asian burden". But it felt rebuffed by the West amidst complications and failure to understand each other on both sides. Consequently, the Western system failed to take root, and with the advent of Mr Vladimir Putin's heavy-handed rule at the turn of the millennium,

Russia revitalized its ambition for Eurasian leadership. Once again Asian roots were seen to be advantageous and integral to Russia's future. Other contributing factors were the post-Ukraine Crisis 2014 sanctions on Russia, falling prices of oil that rallied a call for structural reforms in Russia, and the emergence of the Asia-Pacific as the fastest growing economic region in the world.

Looking at the current situation, Russia's European orientation has been certainly weakened over the past few years. Public polling by Russia's independent pollster, the Levada Center, systematically depicts this trend. As recently as 2010, there was much enthusiasm among the Russian public to eventually accede to the European Union, as they witnessed successful integration of the three Baltic republics. Then, there existed a dream of European ideals spreading throughout the Eurasian continent, "from Lisbon to Vladivostok". As Russia increasingly appeared to pare its ties with the West, many believed that it was still searching for its post-Cold War identity. Yet, profound change had occurred since then; in the aftermath of the Ukraine Crisis 2014, opinion polls revealed that the proportion of Russians who saw themselves as Europeans fell precipitously. In fact, most Russians seemed not to care in distinguishing the EU from the United States and amalgamated both under the pejorative term "the West".

Participants also debated whether Russia has ever been a responsible part of the contemporary Western power structures and institutions in the first place. According to some experts, Russia sees the West as sharing political values on a domestic level and upholding a multilateral rules-based system internationally. But even during the brief thaw in ties immediately after the Cold War, the Russian political elite, and intelligentsia were divided in their approaches towards the West. There were already sharp divergences in their stances on various issues. These included Kosovo's independence and its support by the EU and the USA, both of which Russia vehemently opposed. Furthermore, Russia never fully embraced institutions and institutional values, such as the human rights, that were distinctly "Western". It appears that pragmatic realism was dominant; there was cooperation when interests aligned, for instance in the energy market, but conflicts persisted where perspectives diverged.

This trend of complex EU-Russia relations was reflected in continually strong economic ties between the EU and Russia. Despite turbulence on the political front, Europe, not China, remained Russia's biggest economic partner. After all, Russia was still reliant on European markets and inward investments coming from Europe, where most Russian private investors held their finances. Similarly, the EU was predicted to continue its partnership with Russia on connectivity initiatives. Nevertheless, there were discords even in economic relations: the EU argued that Russia violated free trade rules, failing to transpose WTO rules into domestic legislation. Russia and the West were perceived as being at loggerheads when it came to security, especially following the Ukraine crisis of 2014, which resulted in sanctions. Russia consistently warned against and then expressed unhappiness over the NATO's expansion to Eastern Europe, and accused the EU in competing in its "near abroad".

Given increasing friction with the West, Russia's own "pivot" to its immediate neighbours in its Asian sphere could be understood as part of its "polycentric" foreign policy. It could not escape its interests and risks on its western flank, yet it was in precariously placed to openly embrace the West. There is a view that there were numerous opportunities for Russia in looking eastward and that Russia's real interests were in Asia. Russia could arguably experiment with new institutions and norms in Asia: notably, it developed a strong partnership record with China in security cooperation within the expanding SCO. It appeared that focusing on Asia could provide Russia with more returns, both political and economic.

Yet, Russia's eastwards turn was not without its challenges. Experts opined that Russia's fundamental geopolitical problem was its embeddedness in many different peripheries in all four directions. While Russia might be a strategic actor at the global level, its economic power is much smaller in comparison

and can only wield regional influence. Russia's economy is also not sufficiently diversified. Hence, economic cooperation especially with China would be inherently unequal.

There were also concerns expressed that China could become a threat in the Far East and the Arctic. These worries were earlier compounded by depopulation in the Russian Far East, as well as huge disparities in economic strength. However, Russia and China's closer cooperation and the softening of Russian critics from the far-right led Russian analysts to reconsider their arguments in favour of the growing Chinese presence.

Russian policymakers could also have concerns over China's penetration of Central Asia, long seen as within Russia's sphere of influence. For instance, even before the BRI was officially launched, China had broken the pipeline monopoly previously held by Russia, providing Central Asian states with alternative routes to export their natural resources. However, it could be argued that this was due to Russia's tacit cooperation with China, and likely is part of Russia and China's evolving relationship. One conclusion that most participants accepted was that Russia had reached the nadir of its relationship with the West, in contrast to vastly improved interactions with emerging Eurasia.

### **Session 3: Formats and Rules for Multilateral Collaboration in Eurasia: How to Stimulate Interaction between the EU, EAEU, and BRI?**

There are three multilateral mega-platforms in Eurasia: the EU, the EAEU, and the BRI. They all posit various objectives. Whereas some of these objectives converge, others do not. It was noted that the EU valued security, access to energy resources, and keenly associated itself with the values of the developed, liberal world. The EU defined the liberal order through good governance, democracy, and strong commitment to human rights. Meanwhile, the EAEU focused on modern economic integration through a single market, a unified legal basis, and the free movement of capital, goods, and, somewhat selectively, the labour force. All of that could happen and co-exist in less democratic or authoritarian systems. For the BRI, on the other hand, one may argue that the driving force is China, not just as an initiator, but also as a unilateral core. What matters the most to China is exporting domestic overcapacity and strengthening regional security in its favour through cooperation in large-scale infrastructure projects, with no conditions attached to domestic politics.

There are regions where all three organizations meet. Arguably the most natural zone for such an occurrence is Central Asia, and more broadly, parts of Eastern Europe. Central Asia officially featured in the Concept of the Foreign Policy of the Russian Federation under several premises, one of them being expansion and strengthening of the EAEU. At the same time, both BRI's official plans and numerous maps dedicated to them indicate Central Asia as a crucial landmass for the project's success. Finally, the EU's Neighbourhood Policy considers Central Asia as a region of direct interest. This comes at the time when Japan too has indicated Central Asia as a region requiring more diplomatic presence, one in which South Korea already enjoys an outsized economic presence.

While the initiatives of all these major actors are substantially different, certain commonalities exist. The EAEU showcased signs of consolidation, especially with Uzbekistan in accession talks with its new president, even though many still viewed its relevance only in economic terms. Political mandate of the EAEU, if any, is largely viewed as weak and inchoate.

Moreover, with the Ukraine crisis of 2014 acting as a catalyst, the EU intensified its energy sources' diversification and accomplished some success with its Transport Corridor Europe-Caucasus-Asia (TRACECA) initiative. The latter was an interesting comparison in underscoring the connectivity through hard infrastructure in the same way as the BRI does. Beijing, Brussels, and Moscow have all common interests in tackling the issues of common security, fighting transnational crimes, strengthening and normalising external borders and their demarcation, attaining healthy economic growth, and building strong economic cooperation.



It was argued that the EU may still keep a distance from the Eurasian heartland given that it is preoccupied with its own internal concerns over finances, regulations, and assimilation and acceptance of migrants and refugees. European integration was proposed as a non-coercive project and has been touted as the most successful in terms of its length of existence. One of the supposed benefits of Brexit was that it proved that the EU was an entity governed by the rule of law and that it was possible to leave the EU, a prospect which is unclear for members of the EAEU.

Some argued that participation in any of the three mentioned entities would help countries to join comprehensive free trade agreements and the WTO especially. Furthermore, investments might grow a function of the competition for projects, but also thanks to more cooperative modes of activity and joint projects by development banks within Eurasian structures.

There were some opportunities for joint initiatives between the EU, Russia and China. For example, there is the Juncker plan on bringing China into negotiations and finding diplomatic solutions to Russia-EU differences. Having said this, cooperation has been stalled by obstacles such as China's protectionism, the EU's reluctance to cooperate with the EAEU, different interpretations of the international legal-institutional frameworks, Russia's undiversified economy, and tensions over spheres of influence in Eurasia.

There was also plenty of criticism of the EU, EAEU, and BRI. Some argued that the EU's Neighbourhood Policy was in tumult, given the undesirable outcomes in Moldova and Ukraine. The EAEU raised many concerns over sovereignty, lack of cohesion, paucity of coordination, and weak trade statistics. While China's foreign policy might have changed dramatically since 2013, its underlying direction – to gain great power status – has not. The BRI should not be mistaken for economic cooperation only, as it could be seen as a framing device used by China for its foreign policy narrative, both domestically and internationally. The BRI was wanting in terms of clearer boundaries, and it required a more cohesive delimitation of its ever-evolving and all-encompassing projects.

Many aspiring member-states of these various integration projects could have their own, at times paradoxical, demands. For example, recipient countries want robust financial assistance from the EU but dislike its political stances especially the promotion of European values and human rights which are troubling for non-democratic regimes. While the BRI and EAEU both professed non-interference in internal affairs, Russia's actions in the aftermath of the Ukraine crisis raised many doubts and concerns. China, meanwhile, may have roused local popular resentments, intensified corruption and illicit economic activities, deepened socio-economic class divides, and increased the debt burdens of recipients.

In this light, the experiences and worldviews of India and Japan, two other important players, were discussed, especially their cooperation within the framework of the Asia-Africa Growth Corridor (AAGC), India's *Go East* and *Mausam* (maritime) initiatives, and Japan's southward and westward turn.

Some experts suggested that the BRI might well be the issue on which China and India rivalry would be played out. Others argued that India took the view that the BRI would breach its sovereignty through projects in contested Kashmir and would pose security challenges as a result of China's close cooperation with Pakistan. The India-China border dispute of the summer 2017, referred to as the "Doklam standoff," did not help to improve the pessimistic view of the relationship between the two giants of Asia. India was conspicuously absent from the BRI Forum held in May 2017 in Beijing and is trying to push its own connectivity projects. New Delhi and Beijing starkly differed in interpreting the security risks associated with Pakistan, as well as Pakistan's role in what many in India claim to be the state-sponsored terrorism.

Japan too was making headlines especially in regard to its domestic consolidation under Prime Minister Shinzo Abe and Tokyo's quickening desire to reshape its post-World War 2 constitutional provisions on security and defence. Japan was reinvigorating its relationship with its neighbours in

Southeast Asia, enjoying strong cooperation, and promoting numerous joint-projects aided by its tremendous investment potential as one of the world's largest creditor nations. Moreover, Japan was keen to share its economic development, industrial know-how, and expertise in science, education, and technology. Importantly, Japan is integral to the Asia-Pacific's economic system.

Participants predicted that China was set to slow down further, a phenomenon concomitant with the economic maturation that would result in the domestic market's growing importance, as the supply-driven economy would become demand-led. At the same time, Japan was set to shrink in both economy and demography, but many believed in its essential role in the export of hi-tech, as well as capital-intensive and knowledge based services. Given Japan's demography and its conservative attitude toward immigration, ASEAN could become a source of skilled labour for Japan. While India's economic development was more gradual, it was set to overtake China in terms of population and share more influence in the ASEAN region with China. Finally, it was concluded that Japan and Southeast Asia's synergy would be key if Japan was to play a bigger role in the region geopolitically.

#### **Session 4: New Shipping Routes, Energy Prices, and Eurasian Connectivity**

In the last session, dialogue participants focused on Arctic development, particularly in the region's role as a source of energy as well as the Northern Sea Route (NSR). While the NSR concept has been articulated since the Soviet era as part of an inseparable "industrial-transport" project to develop its northern edges economically, it only gained traction from the 1990 onwards. Since then, Russia has been reportedly caught between the contradictory forces of sovereignty and globalization. Whether NSR's development was driven by external or internal forces depended largely on time-specific circumstances. In the 1990s and early 2000s, the NSR's development was fostered by R&D efforts, followed by initiatives from private corporations. This changed in 2009 when the Russian government embarked on a new Arctic policy; state corporations began to lead investment projects from then on. The Ukraine Crisis 2014 and its aftermath forced Russia to rely more on indigenous efforts compared to prior periods.

There have been divergent sentiments among adjacent Northeast Asian countries regarding the NSR. China has been largely optimistic about NSR's economic prospects even if some scholars question its unproven benefits. Other experts are deeply sceptical. Experts in South Korea seem to have mixed opinions. There was a wide dichotomy between the European and Asian parts of the Arctic North: while the former was well-explored and enjoying an investment boom brought about by energy extraction, the latter was comparatively underdeveloped and experiencing recession and depopulation.

Russia appears to be ambivalent about an increasing Chinese presence in the Arctic, amid China's recent inclusion in the NSR as one of the three "blue" economic passages that the BRI seeks to develop. On one hand, China's infrastructure investments – motivated by strategic considerations to reduce its dependency on vulnerable sea routes – are vital in accelerating Russia's Arctic development, especially since Russia has been cut off from Western sources of finance. Russia also needs China as an economic partner to harness its natural resources in the Far East for export earnings. Therefore, Russia has so far publicly welcomed China's conception of the NSR as an "Ice Silk Road".

On the other hand, Russia is wary of China's more confident and audacious Arctic diplomacy in undermining its own interests, while strategic mistrust between both nations remained high. A number of Chinese scholars are promoting the NSR as an international sea route as usage continues to increase. Russian sovereignty could be eroded if China began to challenge Russian's sole jurisdiction over the NSR. Furthermore, both countries could have differences over regional governance. While Russia had no intention of excluding China, it nonetheless was not keen on non-Arctic states upsetting the regional power balance and the privileged position of Arctic states in the relevant legal and



political institutions. Moreover, Russia is uncertain on how China approaches the UN Convention on the Law of the Sea (UNCLOS), which favours the rights of coastal states. Therefore, even if Russia accepts China's observer status in the Arctic Council, it insists that Non-arctic States must yield to the rules and conditions set by Arctic states.

Ultimately, both China and Russia have complementary interests and need one another. China knows it cannot sidestep Russia in its quest to increase its Arctic activities, and to that end it has sought to stress economic and scientific partnership while downplaying its strategic ambitions. Meanwhile, Russia also understands that China remains an important contributor of capital and know-how in developing the Russian Far East and Arctic-coast, the longest in the world. Thus, there was a push towards greater investment from China.

Apart from the NSR, there are also overland connectivity projects that seek to link Russia's Far East outwards. For instance, the Trans-Siberian Railway has been expanded in anticipation of greater logistical usage. Now, goods can be transported from China's eastern seaboard to Europe via Kazakhstan. Pipelines have been extended towards the Russian Far East coastline, from which liquefied natural gas carriers head southwards.

Looking forward, falling energy prices and new discoveries elsewhere have tempered the prospects of an intense and contentious race to extract fossil fuels in the Arctic, as governments and corporations alike take a more realistic approach. More recently, increased awareness on the environmental impact as well as budgetary constraints posed by sanctions related to the Ukraine crisis have hampered large-scale development within Russia in the near future, even as projects remained on track in other Arctic states.

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*Group photo of the conference participants*

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