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First key-note speech:

„Russia as a Strategic Partner for Europe and Asia“

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I am grateful for the opportunity to once again compare notes – here in Japan – on our respective relationship with Russia, and I am particularly pleased I can do it today in the presence and with the participation of our Russian colleagues. With the title you suggested to me - „Russia as a Strategic Partner for Europe and Asia“ - it looks like you are expecting an advertising speech, and I will certainly do my best.

Talking about advertising: Russian television is occasionally showing a short advertising film entitled „utro Rossi“ - the morning of Russia. It starts in Vladivostok on the Pacific coast, goes on westward showing cities and beautiful landscapes, and ends in Moscow and St. Petersburg. The film looks like part of the mental preparations for the September 2012 APEC Summit, to be hosted by Asia's largest nation - which for the first time will assume the Presidency of APEC. On the ground – at „Russkij Island“ in particular – work is going ahead at full speed. Vladivostok has become a frequent destination for visits by the Russian President and the Prime Minister – in a very Russian way to keep up pressure at the numerous construction sites, but also to demonstrate that Russia is present in this part of the world: present in the Pacific region as a modern, dynamic, future-oriented country.

A recent event conveyed a slightly different picture. A few weeks ago one of the many economic fora Russia is hosting these days – the Baikal Economic Forum in Irkutsk – ended up in a frank and comradely exchange between Russian officials (most prominent: the Minister of Regional Development) and visitors from China. The Chinese were unusually blunt. Their message was: if the investment climate in Russia does not improve (President Medveyev recently qualified it as „bad, very bad,“ Russia is No. 154 of 178 on the Transparency International list on corruption, No. 63 of

139 at the Global Competitiveness Report, and the „Doing Business Report“ puts it No. 123 of 183) - if this does not improve, forget about investment from China, and in a few years you will be overtaken by Mongolia in both investment and bilateral trade with us. The Russian minister, for his part, complained that the Chinese were not interested in investing in high-tech sectors in his country, but only in sucking up Russia's raw materials and energy resources „like a vacuum cleaner“. At most, they would invest in infrastructure required to do precisely that.

Two sets of questions: Can we expect Russia to develop into an active and dynamic player in the Asia-Pacific region or is it itself going to become a kind of colony supplying raw materials and consuming the returns? And what are the differences between Russia's role in Europe and in Asia? I cannot in any way pretend to be an Asia specialist. This is why I should start with a description of the country's relations with Western Europe – and more specifically with Germany.

I am saying „Western“ because Russia itself is not only geographically and historically part of Europe, but also a member of European institutions such as the OSCE („Vancouver to Vladivostok“) and the Council of Europe – and bound by the political and legal commitments these organisations are stipulating. For much of its history Russia has looked West to acquire new skills and technologies, sometimes also to adapt and modernize its political and social structures. You have heard about Peter the Great's interest in the Netherlands – at the time one of the most advanced countries of the world.

Long before Peter's reforms German traders and craftsmen moved to Russia with their families. Many of the old Russian cities have „German quarters“. After Peter the Great it was Catherine 2nd (herself of German origin) who invited German settlers to populate and develop the Volga region: a massive immigration which has been reversed over the last 25 years with almost 3 million „Soviet Germans“ moved back to the country of their fathers. This very fact has become important today, because it again extended the network of people-to-people contacts between both countries and added to our own knowledge about Russia.

1000 years of common history have seen many ups and downs, with the lowest point reached 70 years ago when Nazi Germany invaded the Soviet Union. Most recently, the collapse of the Soviet Union and Germany's unification created a moment of uncertainty in our relations. Today – 21

years later – they are as good and solid as they can be: with about 100 city and regional partnerships, 15.000 Russian students in German universities, 610 partnerships at the academic level, and (still) about 2.5 million Russians learning German. Bilateral trade has reached its pre-crisis level again in 2010 with a volume of 58.1 bn Euro, German exports to Russia have further grown by 50% in the first six months of 2011 compared to last year.

Today 6.100 German companies are present in Russia – many of them have been there for decades. Direct investment from Germany stands at 9.3 bn Euro in 2010 - not bad in comparison with others, but about as much as Germany invests in the Czech Republic (this – by the way - illustrates how poorly Russia with its large internal market of 142 mn inhabitants still is integrated). Whoever you talk to on the business side, the mood is cautiously optimistic at least for the short and medium perspective. Bottom line: from Germany's point of view there is no alternative for us to working with this important partner, be it on European security or on global issues, be it on further economic integration.

Other EU partners – even many of those who do not have the same historical ties to Russia – would mostly describe their interests in a similar way. Collectively, the European Union stands for more than 50% of Russia's foreign trade and more than two thirds of foreign direct investment in that country. Historically, but also in terms of its economic orientation, Russia is part of the old continent. Against this background it is unfortunate that Russia-EU-relations are not developing at the same pace. My impression is that the EU is seen from Moscow as something amorphous, with no clear political orientation, always bound to the lowest common denominator, and on top of that trying to teach lessons about human rights, democracy and the rule of law. The power vertical of Russia's „managed democracy“ and the EU's consensus-building machine indeed stand for very different political cultures.

So what about Russia's Asian orientation? Historically, Russia's eastward expansion from Europe across the Urals to Siberia and the Far East parallels the growth of other colonial empires: it is a colonial acquisition. It started in the 16th century, initially as a private venture by the Stroganov family. The Siberian city of Tyumen was founded in 1586, Tomsk in 1604, Irkutsk in 1661. Vitus Bering's first expedition to Kamchatka took place from 1725 to 1730. By the same time, the first Russian explorers got in contact with the Japanese at Sakhalin and the Kuril islands. Vladivostok was

founded in 1860, and the Transsiberian Railway – the first major infrastructure project linking the European part of Russia to the Far East – was completed only in the early 20th century. Colonisation of Siberia and the Far East was not always voluntary. Although it went on broadly in parallel with the westward expansion on the North American continent, the differences are striking. Many people were banished to Siberia (where, after all, they could live in relative freedom), or deported as forced labourers, some of the worst GULAG camps were in the Far East.

On the other hand, over the last decades of the Soviet period special allowances and extra leave were granted to people who agreed to live and work under harsh conditions in the far North and East. This policy could not be sustained after the collapse of the Soviet Union, and today the population east of the Urals is down to 25 mn (out of 141 mn) inhabitants of the Russian Federation, most of them living in a narrow stretch along the southern border.

I have gone into some detail because history and geography explain the way many Russians are looking at „their“ Asia. Moscow's view of the former Soviet republics in Central Asia – the „stars“ as many call them today – is still similar in spite of their independence, and indeed the history of their colonisation is comparable. Colonisation, of course, brought Russia in contact with neighbouring countries and other colonial powers: remember the „Great Game“. But all this is hard to compare with the century-long mutual penetration of Russia and Western Europe. There is not a lot so far that Russia has adopted from its Asian neighbours – although there are some promising signs like the abundance of Sushi restaurants today everywhere in the country.

My impression is that the „Asian option“ (as an alternative to the West) you sometimes hear about from Russians is misleading. The origins of this school of thought have less to do with modernisation and integration into an increasingly dynamic region, but more with authoritarian regimes and their appeal to parts of the political establishment in Moscow. It stands for an authoritarian modernization (this – of course – is not about Japan). Its typical motivation is turning away from Europe and the United States rather than turning somewhere else. We have seen this debate gaining momentum most recently in 2007/2008 before and around the „Georgia crisis“ when tensions with the West were increasing. Today most Russian analysts again see Russia and Europe in the same boat, and the prospect of becoming a junior rather than a senior or equal partner of China has

made that option less attractive. Sergei Karaganov recently wrote very clearly that there is no Asian alternative to Russia's cultural and political orientation: „Either we move closer to Europe, or go barbaric“. Karaganov is an analyst who sometimes likes strong language.

To avoid any misunderstanding: I do not suggest that Russia should turn away from its Asian neighbours or is indeed doing so. In July 2010 President Medvedev approved a document entitled: „Pacific Strategy of Russia“, the main author of which is Vyacheslav Nikonov. Parts of this strategy read like wishful thinking, such as the suggestion that, rather than raw materials, Russia should be exporting manufactured goods to China. Excellent idea – why is this not already happening? But the analysis to me looks sober and correct: the economic imbalances so far hindering a stronger role of Russia in the Asia-Pacific region, the potential for conflict and the increase of military expenditure in the region, and the lack of a regional security architecture comparable to what Russia has with Europe and North America.

Not surprisingly, (in view of the APEC Summit) the authors call for a more active role of Russia in promoting regional integration. With regard to Japan, I do not see the strategy opening any new avenues. The authors recall the 1956 Joint Declaration, they warn against over-estimating the importance of Japanese technology and investments, and suggest that the Kuril islands should be developed into „showcases“ of Russia in the Asia-Pacific region.

In an article published a year later (17 June 2011) Karaganov was again more outspoken: he compared China's raw material strategy vis-à-vis Russia to what the Chinese are doing in Africa and suggested that – rather than relying on „starry-eyed dreams“ like hi-tech industries in Siberia - Russia should develop its competitive edges. Parts of Siberia and the Far East could – for example – benefit from climate change. The potential for grain output is considerable. In addition to agricultural production Russia could also concentrate on other water-intensive businesses like pulp and paper production. In Karaganov's view as well Russia should move faster towards the creation of a framework of security and development for the entire Pacific region.

What can we make of these suggestions, and how serious are Russia's efforts to promote integration with Asia and the Pacific? To start with the security aspect: Russia has indeed built up a lot of experience with its western partners: decades of arms control and confidence-building

measures, the OSCE, a whole network of agreements with the EU and NATO. Germany is sharing this experience – because we are part of the same structures -, much to our benefit. And maybe the situation in Asia is ripe to move a step further: „Vancouver to Vladivostok“ to be completed by a new „Kaliningrad to Vancouver“ with Russia right in the middle. I would just hope that Russia will not approach the issue the same way as it did in 2008 with its proposal of a European Security Treaty, which immediately fell flat. It would only cause additional frustration.

Russia's contribution to the ever-more dynamic economic development in the Asia-Pacific region, however, will depend on the same crucial factors that determine its relationship with us in Europe and the rest of the world. WTO accession is one of the factors. Another is serious progress in building a modern country – roads, railways, factories, education and science, professional training, the medical system, state institutions, legal protection: a country that stimulates economic activity rather than suppressing it. It would bring Russia closer to Europe and the US, but also closer to this part of the world, which people in Moscow are re-discovering these days in preparation for the APEC Summit. It would be not only in Russia's long-term interest, but also in ours: Germany's and Japan's. I therefore hope for a Russia as dynamic and modern as the TV ads are showing it.