Valdai Discussion Club Report

Russia and Vietnam in the New Asia

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Main Points

Southeast Asia stands at several forks in the road at once. The US–China rivalry is evolving in a way that makes both powers less and less tolerant of Southeast Asian states' balancing strategies. Domestic political developments in several countries of the region are becoming less predictable, too, with social, political, and cultural rifts coming to the surface. In the absence of prominent leaders, the current multilateral architecture is struggling to perform its mission and avert the region's disintegration.

Russia maintains constructive and friendly – albeit not always deep – relations with all countries in the region and seeks to derive concrete economic benefits from its ties with them, including in pursuit of its domestic development goals. The Russian stance in Southeast Asia is not akin to those of the US or China and is closer to the Indian position. As such, Moscow refrains from assuming extra responsibilities and does not want to become entangled in unsolvable conflicts. Instead, it follows the logic of supply and demand, while relying on multilateral institutions and established rules.

The current model of Russia–Vietnam relations can be described as transitional, moving from the exclusive partnership of the 1980s to the next meaningful phase. Today, bilateral relations are dominated by the traditional spheres and vectors inherited from the Cold War period. But the shoots of a new model and a new agenda are also working their way through. The task at the present stage is to make the best possible use of their historical inheritance, reinforced by Russia and Vietnam's current strategic goals for their own development and for the future structure of Southeast Asia and the entire Asia-Pacific region (APR).

Supporting the region's multilateral architecture and grafting the global multilateral system onto Southeast Asia represent a key item on the regional agenda requiring Russia and Vietnam to join forces. This entails actively working together at venues surrounding Association of Southeast Asian Nations (ASEAN) as the main format for major powers to interact in the region, commitment to the existing international maritime law, non-proliferation and trade regimes, as well as developing joint positions on new dilemmas related to regulation and conduct in the digital sphere.

Russia's long-term goal is to help Southeast Asian countries, primarily Vietnam, maintain maximal strategic autonomy by investing its diplomatic authority and experience in ensuring that regional multilateral diplomacy structures are functioning well and by offering high-quality alternatives in certain strategic areas such as cybersecurity, advanced technologies (artificial intelligence, the Internet of Things, big data), military-technical cooperation, and the nuclear power industry. The biggest obstacle on this path is the potential for the negativity between Russia and the US and between China and countries in the region to spread to the dialogue that Russia wants to maintain with Vietnam and other Southeast Asian countries.

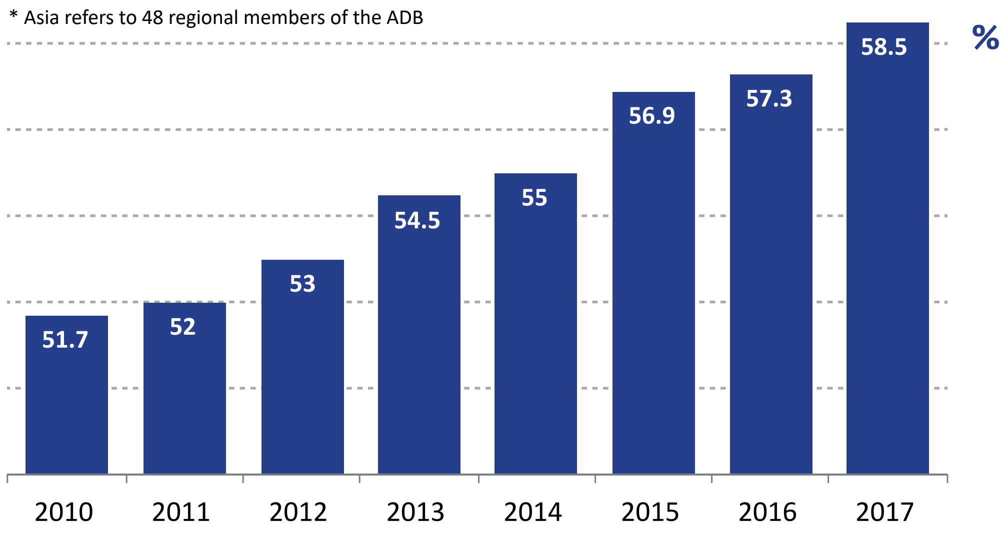
The New Strategic Context: Critical Factors and Their Role in Southeast Asia

New Forms of Economic Globalization

Globalization as we know it is slowing down, but that does not mean that integration processes are about to vanish. Major players are seeking to carve out vast geoeconomic spaces around them, where they can harmonize rules and set their own. 'Globalization for all' is giving way to several projects of 'globalization for the willing'. This includes sectoral initiatives, such as the 2015 Paris Agreement within the United Nations Framework Convention on Climate Change, as well as regional frameworks, including the pared-down version of the Trans-Pacific Partnership (TTP). The competition among these projects primarily benefits Southeast Asian countries, including Vietnam, which are seeking to take advantage of better market access, technology transfers, and investment in strategic sectors of their economies.

The change in the economic development model for APR countries can be characterized as growing domestic demand in developing economies and stronger interdependence on the regional level. This is mostly evidenced by the growth in the intraregional trade. Over the past few years, it has been growing and currently accounts for more than 58% of overall trade. 'Asia for Asia' is about to replace 'Asia for the world', as APR gradually transforms itself from a global factory producing consumer goods for developed economies at relatively low prices into a diversified and self-sufficient market.

ASIA'S INTRAREGIONAL TRADE SHARE



Source: Asian Development Bank (ADB).

The spread of regional trade agreements (RTAs), primarily in the form of bilateral free-trade areas (FTAs), has been the key instrument in promoting economic regionalization within APR over the past 20 years. In fact, in the last decade (since 2009) alone, the total number of RTAs that were ratified across the world increased from 194 to 292, with 85 of them concluded in Northeast and Southeast Asia.

Megaregional Agreements and Initiatives

The emergence of megaregional trade agreements (MRTAs) and major regional initiatives against the backdrop of sluggish progress on traditional multilateral trade, primarily within the World Trade Organization (WTO), has become a new feature of economic regionalization in APR. Projects of this kind include the Regional Comprehensive Economic Partnership (RCEP), which was formally initiated by ASEAN and actively supported by China, as well as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, or TPP-11), which is an updated version of the TTP of 11 countries without the US. So far, more than half of the participating countries have ratified the agreement, including Vietnam, resulting in its official entry into force on December 30, 2018.

The Belt and Road Initiative (BRI) deserve special mention as the central element in China's strategy to boost its leadership within APR, if not across the world. From the outset, the idea of the BRI more or less revolved around projects related to promoting economic connectivity, in particular in the infrastructure sector. Today, however, the BRI is taking aim at all areas of human activity. So far, the success of this undertaking has been measured in mostly symbolic events, such as the Belt and Road Forum for International Cooperation (BRFIC) with all its declarations, impressive list of top officials in attendance, and group photos. At the same time, real projects are being carried out by China, including in Southeast Asia – railroad construction as part of the BRI in Laos and Thailand, construction of another railroad linking Jakarta to Bandung in Indonesia, cooperation within the Sihanoukville Special Economic Zone in Cambodia, etc. For the West, the BRI over the past year has come to symbolise a new era of Chinese hegemony, raising fears (not always unfounded) among recipient countries of a debt trap. For example, Myanmar reduced the cost of a deep-water port project supported by China in Rakhine State from \$7.3bn to \$1.3bn. In December 2018, Pakistan asked China to postpone a \$2bn joint project in coal energy, while Malaysia has come close to cancelling all its BRI activities.

Another project that is worth mentioning is the initiative to establish the Greater Eurasian Partnership, put forward by Russian President Vladimir Putin during a plenary session of the 2016 St. Petersburg International Economic Forum. So far, the project lacks a clear agenda, geographical definition, or institutional mechanisms. It could be suggested that the proposal was designed to create momentum on a matter of strategic importance and declare Russia's bid to contribute to shaping rules within the expanded space of Russian geostrategic interests. Most often, the Greater Eurasian Partnership is mentioned in official statements in the context of expanding economic ties within the region and enhancing connectivity. At the same time, it is noted that the Greater Eurasian Partnership should be viewed as a common objective shared by countries across the region, rather than a project where a small group of participants sets the rules or where joining the club means accepting these rules as a precondition. The Greater Eurasian Partnership emerged from the idea of coordinating the efforts of the Eurasian Economic Union (EAEU) and the Silk Road Economic Belt initiative. One of the few examples of institutionalization – albeit minor – was the signing on May 17, 2018, of the agreement on trade and economic cooperation between the EAEU and China. Southeast Asian countries are the target audience for the Greater Eurasian Partnership. ASEAN countries were invited to cooperate with the EAEU and the Shanghai Cooperation Organization (SCO) from early on, and Russian efforts to put together the Greater Eurasian Partnership resulted in the signing of corresponding memorandums between these groups.

Unlike the China-centric BRI and Russia's Greater Eurasian Partnership proposal, the MRTAs that are currently being negotiated present a form of a deeper regional trade and economic cooperation. Agreements of this kind cover a wide range of regulations, alongside trade liberalization, such as harmonizing non-tariff barriers and standards in investment and intellectual property protection, creating dispute resolution mechanisms, etc. Thus, these agreements form the political and administrative apparatuses for integration and testing grounds for new rules. It is quite possible that competition between the two megablocks, the TTP-11 and the RCEP, will form a lasting mid-term trend in economic regionalism in APR, if the parties really decide to move beyond formal success towards integration. If so, Southeast Asian countries, primarily Vietnam, Singapore, and Malaysia, could evolve into the main beneficiaries owing to an inflow of investment in strategic sectors and easier access to regional partners' markets.

Great Power Competition

China's rivals are becoming extremely alarmed by its growing influence. They fear that Beijing may use its economic presence in both industrialized and developing countries as an opportunity for political manipulation, and therefore they are doing their best to prevent it from further expanding its reach in Southeast Asia. China's financial involvement in regional countries and projects and the deployment of its warships and submarines in the South China Sea are a growing concern for politicians and the media in the US and Europe. At the same time, the recipient countries are very likely to use China's influence to intimidate their rivals and to negotiate better terms in dealing with the United States, India, and the EU.

This is why the US is looking for a new containment format. A decade ago, Washington was trying to come through the change in the balance of power in Asia without a conflict and to hold its ground without any negative consequences for its regional allies and partners. But now it is even unclear whether there are still zones of exclusive US influence in East Asia. The latest dominant trends are multilateralism and the introduction of networking in the US China containment system.

The concept of the Indo-Pacific region and the related 'free and open Indo-Pacific' strategy are designed to achieve two goals. First, Donald Trump's administration is seeking to demonstrate the kind of thrust and scale which Barack Obama is thought to have failed to marshal. In a way, the trade war against China is pursuing the same goal. Second, the very change in terminology casts India as the second, i.e. not the sole, great indigenous power in Greater Asia, where China's position has always been disproportionate.

This new focus on India can also explain the revival of the Quadrilateral Security Dialogue between the US, Japan, Australia, and India (the so-called Quad). This format was proposed to strengthen strategic cooperation between the countries whose Asia policies are aligned with US policy. More importantly, it is not an 'alliance of democracies' but rather a group of 'like-minded' countries. The mid-ranking regional actors, who are alarmed by China's growing influence but are not sure of US predictability, are trying to strengthen minor cooperation formats of their own. We are most likely to witness the development of strategic partnerships in two- and three-member formats involving India, Japan, Australia, Singapore, Vietnam, and other ASEAN nations.

The seriousness of Washington's intentions regarding the Indo-Pacific region was reinforced on December 31, 2018, when President Donald Trump signed into law the Asia Reassurance Initiative Act (ARIA). Under it, the US is to allocate $1.5bn for each fiscal year until 2023 to strengthen partner countries' defences and allied relations in response to the challenges posed by China's destabilizing activities. Other notable developments include the trilateral partnership launched by the United States, Australia, and Japan, and the US Better Utilization of Investments Leading to Development Act (BUILD Act) designed to support US companies that are willing to invest abroad, including in the Indo-Pacific region.

The ruling elites in ASEAN are of two minds regarding the Indo-Pacific region concept, its potential advantages, and its negative effect on ASEAN's long-term development. Indonesia likes the idea, precisely because it is homegrown, not American in origin. In May 2018, during President Joko Widodo's official visit to India, the Indonesian president and his Indian counterpart, Narendra Modi, not only reiterated the importance of achieving a 'peaceful and prosperous Indo-Pacific region', but also welcomed the adoption of the Shared Vision of India–Indonesia Maritime Cooperation in the Indo-Pacific. Indonesia, which is working to formulate ASEAN's views on the Indo-Pacific region, presented its own draft concept at the East Asia Summit in 2018. Commitment to the idea of the Indo-Pacific region was confirmed during the visit by the former President of Vietnam, Tran Dai Quang, to India in March 2018. At the same time, other countries, primarily Cambodia, Laos, and Malaysia, are treading carefully and have not made any official statements on this issue so as not to endanger their strategic advantages from cooperation with China.

Black Swans

There are new unknowns in the regional dynamics. These disruptive factors include technology, climate change, and the unpredictable nature of social movements under the influence of new forms of mass media and communication. Cyberspace has become a new battlefield without clear rules or attributions, where countries can inflict serious damage on each other without declaring war. Southeast Asia seems to be getting used to the presence of these new weapons. Vietnam already experienced major cyberattacks on its airports in 2016, while in the Philippines and Myanmar troll armies have become an integral part of domestic political rivalry.

Natural and environmental disasters, combined with imbalances in the economic development of Southeast Asian countries, are capable of reversing the course of regional conflicts in a matter of weeks, and can create new social and economic realities. The earthquake and tsunami in December 2004 changed the situation in the Indonesian province of Aceh, where the separatist Free Aceh Movement (GAM) had opposed the central government for decades. The calamity's devastating effects created an additional incentive for the parties to seek new formats of interaction, and in 2005 the Indonesian government and the Aceh authorities signed a peace accord in Helsinki.

Another example was Cyclone Nargis that affected at least 2.5 million people in Myanmar in 2008, largely due to the authorities' inaction despite warnings of a looming natural disaster. The Myanmar authorities were accused of blocking foreign humanitarian aid at the border and embezzling foreign aid. The disaster coincided with the so-called Saffron Revolution. As a result, a new constitution was adopted, which legitimized and limited the powers of the military (while preserving their essential privileges and restrictions on the opposition), and further steps were planned to democratize Myanmar.

The domestic political landscape in Southeast Asia can be called predictable only in a few countries. In others, there are unstable leaders in power relying on dissatisfied and changeable groups, or there are traditional groups of influence (for example, the military) that maintain stability at the cost of growing dissent from grassroots political movements. Many of these countries will soon lose the advantage of cheap labour now in demand with foreign investors, not having built any kind of technological reserve for a different development model. This means that subsequent generations might find the old paths to social mobility closed, while no new ones will be there to take their place. Such conditions create the potential for all sorts of unhealthy social movements. Radical religious conservatism is gaining momentum in several countries in the region – from the co-opting of political Islam in mainstream electoral processes in Indonesia to intensifying Buddhist majority discourse in Myanmar amid the conflict in Rakhine.

Russia's Positions and Aims

Russia's limited history of relations with countries in the region is in many respects an advantage in comparison with the US and China. Unlike China, Russia did not preside over a tributary system and had no part in ethnic controversies. Nor did it gain notoriety as a local hegemon. What makes Russia different from the US is that it is not interested in influencing how local societies are run or engaging in political proselytising. Despite its considerable global potential, Russia's positions in Southeast Asia resemble those of a mid-tier power. Russia does not have a significant military presence in the region, nor is it ever likely to. The reason is both the historical lack of missions for the Russian military and the Russian navy's purely material constraints. With the exception of Vietnam, Russia has no serious influence on strategic sectors of Southeast Asian economies.

At the same time, Russia has at its disposal all the influence tools that are within reach of a middle power. First, it is present at all key multilateral platforms. Since its official launch in 1994, Russia has been a member of the ASEAN Regional Forum (ARF). Russia has also been a full-fledged dialogue partner for ASEAN since 1996 and a member of the Asia-Pacific Economic Cooperation (APEC) since 1998. It has taken part in the ASEAN Foreign Ministers' Meeting and the ASEAN Defense Ministers Meeting plus Dialogue Partners (ADMM-Plus) since 2010, and is also a member of the East Asia Summit (EAS). In 2018, President Vladimir Putin attended a plenary meeting at the East Asia Summit for the first time, and Russia's dialogue partnership with ASEAN was upgraded to 'strategic'.

Russia's limited history of relations with countries in the region is in many respects an advantage

Second, Russia leads in certain sectors, primarily sales of weapons and military equipment, and possesses highly-sought technologies and skills in a number of areas, such as power generation, including the nuclear power industry, counterterrorism, disaster recovery, and information security. Russia is a major partner to countries in the region as regards military-technical cooperation, supplying aircraft, air defence systems, tactical missiles, submarines, combat ships, and small arms to Vietnam, Indonesia, Laos, Myanmar, Malaysia, and the Philippines. Russia promotes air traffic control systems produced by Almaz-Antey (Russian state-owned company in the arms industry) and domestic digital solutions. Although plans to develop the region's nuclear power industry have been put on hold, the State Atomic Energy Corporation Rosatom helps Vietnam to train nuclear physicists and establish a nuclear research centre. Under all circumstances, Russia avoids linking technology exports to politics and ideology.

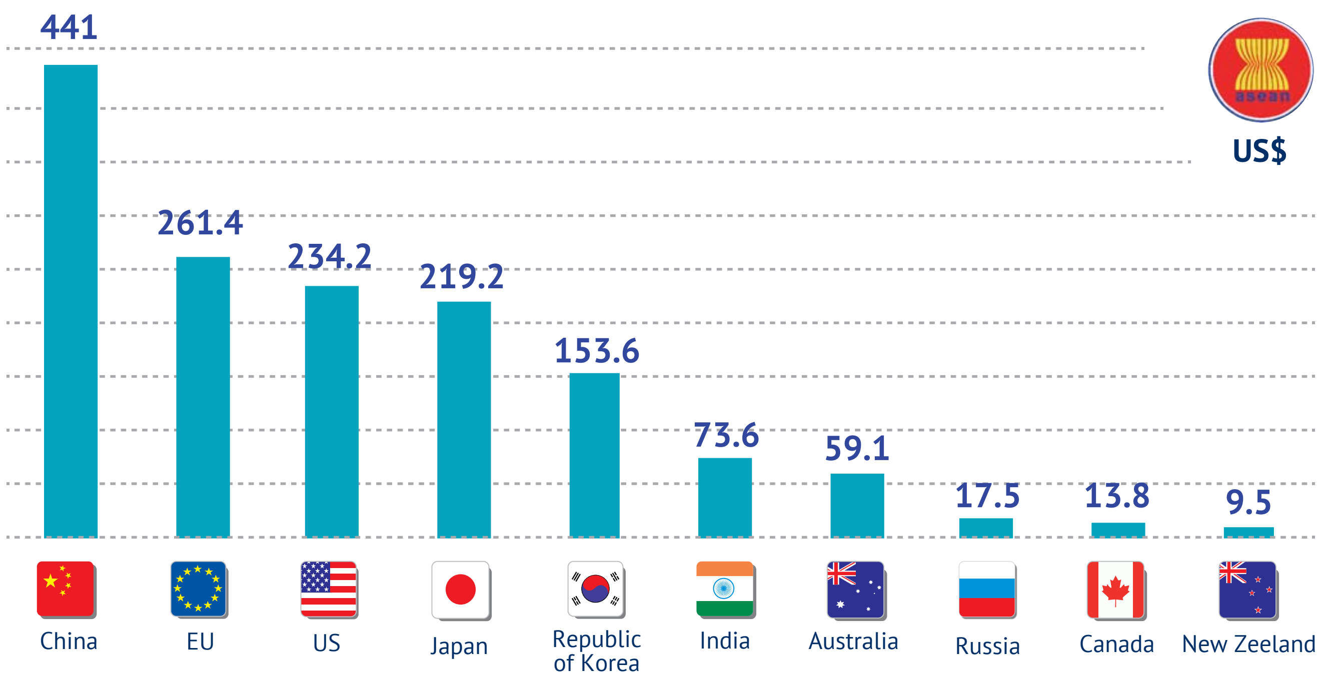
Despite being far behind other regional players (China, Japan, and South Korea) in terms of the intensity of its cooperation with ASEAN in the area of innovations, there are examples of Russia's IT and communications ventures establishing a foothold on Southeast Asian markets, such as software developers Kaspersky Lab and Infowatch. In 2008, Kaspersky Lab opened its first Southeast Asian office in Selangor, one of the states of Malaysia boasting advanced infrastructure. Among the company's clients are major small and medium enterprises along with state agencies – the Defence Ministry and the Ministry of Education of Malaysia. The private Russian company Group IB is opening its international office in Singapore. The FreshOffice platform and two cloud developers, BaseRide Technologies and

Ruvento, also have offices in Singapore. A major Russian payment service provider, LifePay, has become established in Vietnam, Indonesia, and Thailand.

At the same time, Russia has many restraints typical of middle powers. To be successful, it has to build partnerships with countries much inferior to it geopolitically and economically. Admittedly, Southeast Asia is not among Russia's foreign policy priorities. Its trade with the 10 ASEAN member states is insignificant. Russia is hampered by natural restraints, including insufficient historical experience of working with countries in the region in comparison with its main rivals, geographical remoteness, the limited competitiveness of Russian exports, and the existence of other priorities, even in Asia.

According to Russia's Federal Customs Service, Russia–ASEAN trade in 2017 amounted to $17.5bn, growing by only 12% over the previous 6 years. Russia accounts for a mere 0.8% of ASEAN's foreign trade, and there is low diversification of the commodity code listing: 61% of Russian exports to ASEAN is made up of mineral raw materials. Moreover, Russia developed a trade deficit with ASEAN in 2015, which exceeded $4bn in 2017. In terms of bilateral trade, Russia ranks below all of ASEAN's full dialogue partners, except Canada and New Zealand.

TOTAL TRADE IN GOODS BETWEEN ASEAN AND ITS DIALOGUE PARTNERS, 2017



Source: ASEAN.

At the same time, Russia should not expect a significant increase in exports to ASEAN countries even if it makes a qualitative breakthrough in its industrial development: There are simply too many highly experienced and powerful regional players locked in competition for Southeast Asian markets. For example, Japan, China, and South Korea dominate the mechanical engineering sector, accounting for 44% of ASEAN's imports. China, Japan, and the US are the main exporters of nuclear industry products (reactors, boilers), accounting for 54% of total ASEAN imports. At 26%, China dominates the electronics market. The EU, Australia, and the US supply 47% of milk and dairy products.

Competing for Foreign Investment in the Russian Far East and Southeast Asia

Attracting investment to speed up the development of the Russian Far East is one of the key goals of Russia's foreign policy in APR. To this end, efforts are underway to foster favourable conditions, both institutional (creating areas of advanced development) and administrative (tax and other preferences for investors). According to the Ministry for the Development of the Russian Far East, as of January 1, 2018, a total of nine regions of the Far Eastern Federal District (save Zabaykalsky Krai and the Republic of Buryatia) have attracted $4.6bn. Due to the lack of open-access data, it is not possible to determine exact totals for Chinese and Japanese investment. However, according to Presidential Plenipotentiary Envoy to the Far Eastern Federal District Yury Trutnev, China and Japan account for 7% and 2%, respectively, of the total foreign investment in the Russian Far East.

To a certain extent, ASEAN is a competitor to the Russian Far East in terms of attracting foreign direct investment for infrastructure projects as part of special economic zones (SEZ). However, the Southeast Asia market is 100 times larger than the Russian Far East in terms of population and is better integrated into global trade and production chains. Southeast Asian countries also enjoy an advantage in the form of expat communities, which they use to lobby for contracts, and they weave their strategic plans

To a certain extent, ASEAN is a competitor to the Russian Far East in terms of attracting foreign direct investment

for modernizing SEZs into multilateral initiatives in the region. In 2017 alone, China invested $8bn in the Iskandar SEZ in Malaysia. The first China–Vietnam cross-border Longbang–Tra Linh trade zone, which took $9bn to set up, became operational in 2017 as well.

As for Japan, the most characteristic example of its massive investment in the countries of Southeast Asia is the use of regional development institutions, in particular the Asian Development Bank (ADB), of which Japan is the largest shareholder. For instance, since the launch in 1992 of a specialized programme, the ADB has allocated $21bn to the countries of the Greater Mekong Subregion. In the next five years alone, according to the action plan for 2018–2022, the ADB will provide $22bn in investment in the socio-economic development of countries in the region. In addition, Japan is the largest foreign investor with over $1bn in the flagship project in Thailand, the Eastern Economic Corridor, which is scheduled for completion in 2021.

Vietnam's Positions and Aims

Vietnam can be safely named one of the most influential countries in Southeast Asia. The stability of its political system, combined with its economic openness and focus on attracting investors, has made it one of the most attractive countries for major foreign players. At the same time, Vietnam's historical distrust of China practically guarantees that China will not gain enough influence in that country in order to mobilize resources to take on competitors or overcome geopolitical challenges (unlike, for example, Cambodia, where such a scenario is quite possible).

At the same time, Vietnam cannot afford getting too close with the US or its allies, because, at a certain point, such rapprochement will cause damage to Vietnam. It appears that Vietnam is gradually approaching the point of a flexible equilibrium between China and the United States , where further rapprochement with the latter will be unlikely, with the exception of contexts where China's pressure will be disproportionate (for example, in the case of new major incidents in the South China Sea similar to the altercation in May 2014). Establishing closer relations with other countries concerned by Chinese influence, namely, India, Japan, and Australia, is one way for Vietnam to increase its autonomy and reduce the risk of a tough response from China.

Vietnam: Basic Socio-Economic Indicators, 2017

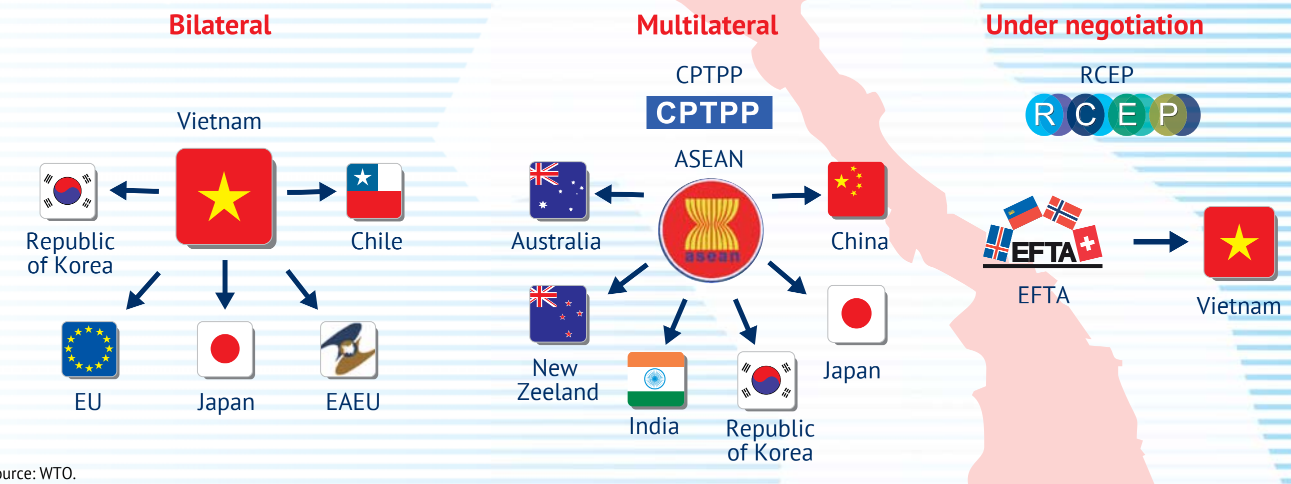
Population	GDP Growth	Nominal GDP	GDP, PPP
95,540,800	6.8%	$223.8 млрд	$647.4 млрд
2030	**2030**	**2030**	**2030**
106,284,000	5%	$492.8 млрд	$1303 млрд

Экспорт

Electric and other equipment	Footwear	Machines and computers	Textiles	Others
38.1%	8%	5.9%	5.6%	42.4%

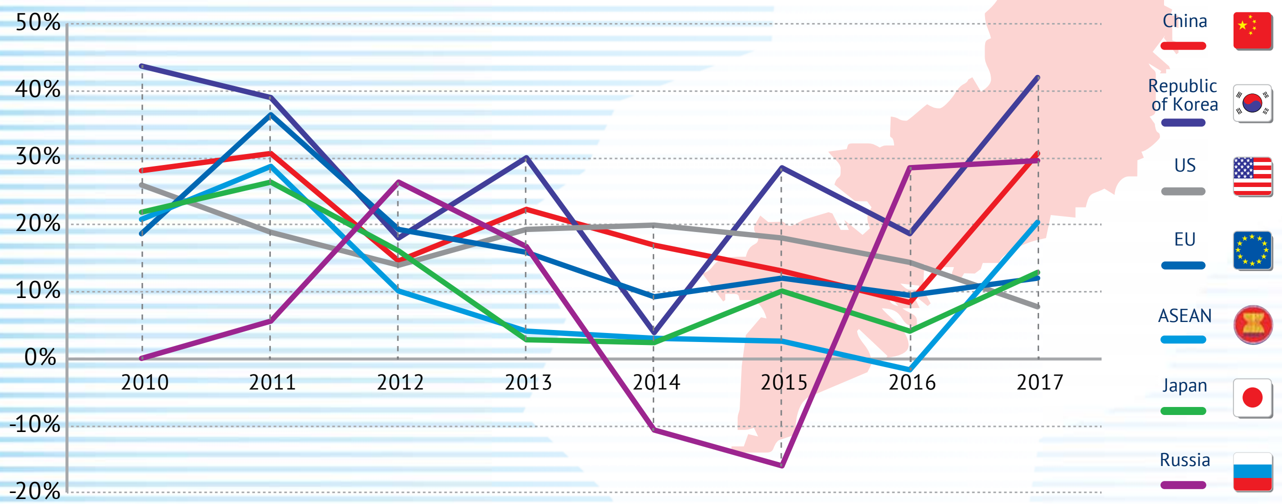
Source: IMF, World Bank, PwC, UN.

Vietnam's Free-Trade Agreements



Source: WTO.

Vietnam's Trade Growth by Partner



Source: ASEAN.

Just like many other Southeast Asian countries, Vietnam is looking for lucrative and non-exclusive partnerships that do not result in multi-dimensional dependence on one partner. This is corroborated by the high levels of diversification of Vietnam's trade and other areas of business. China is Vietnam's main import market (28% of all imports to Vietnam in 2017 came from China). As for Vietnamese exports, the key market is the US (19% of Vietnam's total exports). South Korea and Japan are the main source of foreign direct investment in Vietnam at $15.5bn and $9.2bn, respectively, during the period from 2013 to 2017. Japan is also a key donor to Vietnam's official development assistance. According to the Japanese Foreign Ministry's latest data, in 2012–2016, Japan provided assistance to Vietnam in the amount of $17.2bn, the bulk of which (83%) were easy-term loans. According to SIPRI, in 2013–2017, Russia exported to Vietnam weapons worth approximately $3.3bn, which makes Russia the country's main arms supplier. Finally, Australia is the most attractive foreign education market for Vietnam. According to the Department of Education, Employment and Workplace Relations of Australia, more than 23,000 Vietnamese students were studying in Australia in 2017, ranking fifth among all foreign students studying in the country.

Vietnam jealously guards its equidistant position. In October 2018, observers noted the cancellation (or postponement, according to some) of 15 events by the defence departments of Vietnam and the US, connected with alleged American pressure on Hanoi to diversify its arms supply sources. Secretary of Defense James Mattis worked on an exception for Vietnam in the anti-Russian Countering America's Adversaries Through Sanctions Act (CAATSA), and it was a propitious time to enter the Vietnamese market. A number of commentators attributed Vietnam's reaction to the desire to demonstrate that such an approach is unacceptable, although others explain the cancellation by citing purely bureaucratic factors.

A more telling example of the Vietnamese approach to balancing is its reaction to all manner of Indo-Pacific initiatives. Vietnamese representatives employ this discourse in joint statements with the United States and Japan, and traditionally welcome every contribution of foreign powers to the 'cause of strengthening peace and stability' in the region. However, it is difficult to imagine Vietnam formally joining any anti-China mechanisms. As such, Vietnam did not seek international arbitration in the disputes with China in the South China Sea, although, in general terms, it supported the logic of the Philippines' claim. Vietnamese diplomats themselves sometimes refer to this approach as the Goldilocks principle: Vietnam does not want relations between the US and China to be too good or too bad. In the first case, Vietnam may become a bargaining chip, while in the second it will have to take sides.

Vietnam is gradually approaching the point of a flexible equilibrium between China and the United States

The Logic of Russia–Vietnam Relations and Their Role in Southeast Asia

Relations between the two countries took shape in a unique historical period, when the Soviet Union and Vietnam were exclusive partners. Moscow, which was confronting the United States and China simultaneously, had no other serious alternatives in Southeast Asia. After the overthrow of Pol Pot, Vietnam was isolated not only from its partners among major powers, but also from other regional countries. This led to the development of the broad and solid foundation we are using to this day. It comprises the industrial sector, personnel, infrastructure, and Vietnam's defence system. From the Cold War and the peculiar relations among the Soviet Union, China, and Vietnam, Russia has inherited good ties with Vietnam in the military-technical sphere, energy, mechanical engineering, education, and science.

Yet, the current economic and geopolitical realities are not sufficient for maintaining a special partnership. Russia supplies weapons and military equipment to Vietnam, but it is no longer interested in providing joint 'defence services' (nor is it able to do so, for that matter). The donor–recipient relationship of the 1980s is no longer relevant, because Vietnam is investing more in Russia than Russia is in Vietnam.

Vietnam is a highly competitive market, and even special conditions granted to Russia, such as the free-trade area between the EAEU and Vietnam, are not all that special, given the similar and often more advanced formats of cooperation with other countries that Vietnam participates in.

The history of Russian-Vietnamese relations should be regarded as a competitive advantage, which allows both countries to hope for successful implementation of joint projects and initiatives. But it is not an absolute advantage. Moreover, it can easily and rapidly dissipate. A large part of the current Vietnamese elite studied in the Soviet Union, but their ties to Russia are fraying, and they are gradually giving way to younger leaders with different reference points. Russia can still take part in the modernization of Soviet-built industrial facilities, but winning contracts for new construction projects is very difficult. Russia will enjoy superiority in the sphere of military-technical cooperation for many years, but there is a visible trend towards diversification. In fact, the 'historic multiplier' effect will continue to work in Russia's favour for only another decade at most. Russia and Vietnam must use this time to create a new foundation for their relations, if they are to be special and not just ordinary relations between two mid-tier economies located in different parts of the world.

The discussion now should focus on what we can do to promote strategic cooperation. For example, Russia and Vietnam have many common interests in supporting the principles of the regional order.

Neither country seeks military domination of Southeast Asia. Both are interested in maintaining the most efficient and effective possible security system and regional institutions of multilateral diplomacy. This goal includes elimination of duplicative functions and competences of the largest regional institutions, such as the EAS, the ADMM-Plus, and the ARF.

The idea of the central role of ASEAN must remain the key element of Russia's approach to managing processes in APR. This is also extremely important for ASEAN countries, which have incorporated this approach in the ASEAN's Vision 2025. Russia has repeatedly underscored the importance of creating an open and comprehensive system of equal and indivisible security, but this initiative is still being debated. At the same time, ASEAN is playing a vital role in promoting the 'institutional connectivity' of regional players at all existing security platforms by fostering direct dialogue among great powers.

These and other platforms must be used to approximate positions and formulas for the protection of key regimes, primarily the system of multilateral trade and WTO rules, the international law of shipping as stipulated in the 1982 UN Convention on the Law of the Sea (UNCLOS), as well as the non-proliferation of weapons of mass destruction. It would be logical to work together to develop and promote common rules in e-commerce and cyber security, and regulations in the fields of artificial intelligence and biotechnology.

Russian-Vietnamese ties should be safeguarded against complications in relations between the great powers. Russia is not involved in the great power rivalry in Southeast Asia. Its relations with China should not be perceived as a risk for Hanoi but rather as proof that relations with Russia do not entail any danger for Vietnam's relations with China. At the same time, Russia must be aware that its close ties with China can hamper its partnerships with Southeast Asian countries. Russia ought to clearly explain its position to ASEAN elites and also pursue a consistent policy towards regional nations.

It would be a major problem for Russia, however, if its difficulties with the United States were to carry over to Southeast Asia. The main risk is if the US were to demand exclusivity or restrictions on cooperation with Russian companies or use sanctions as a means to enter the weapons market of Vietnam. At the same time, Russia stands to benefit from engaging the United States in the work of multilateral platforms related to ASEAN and seeking to narrow the gaps in their positions. This can be a practical way to demonstrate Moscow's respect for ASEAN-centric platforms and to reaffirm their key role in the regional architecture.

The 'historic multiplier' effect will continue to work in Russia's favour for only another decade at most

Mini-lateral formats, for example, involving Russia, Vietnam, and India, can be very useful for strengthening the synergy between Russia and Vietnam's regional strategies. There are natural conditions conducive to this in the sphere of arms sales, but it is also important to promote the constructive involvement of India in the system of regional governance in APR. India also appreciates the importance of multilateral security institutions and preventing great power rivalry in Southeast Asia.

As for strictly bilateral relations, Russia and Vietnam should work to expand human contacts and business cooperation. A major portion of bilateral projects are being implemented by state corporations, but it is private businesses that can develop the kind of lasting and comprehensive ties that can give the countries a stake in each other's future that is both broad-based and durable. The same approach should be adopted in education. Other providers of education services, namely Australia and the US, are dominating the market not only in terms of the quality of education itself, but also because the language of instruction is English, which is an additional advantage for graduates who can more easily apply their skills and knowledge in international employment. Russian schools can enhance their appeal to Vietnamese students by offering these formats as well, considering that this is what the young Vietnamese, pursuing an international career path, want.

Vietnam is working towards balanced integration in the international community and is resolved to help maintain the regional balance, which can be disturbed. Vietnam and Russia have overlapping interests in this sphere, but Russia only has limited opportunities in Southeast Asia. Recognising these limitations gives Moscow the freedom to partner with mid-tier regional powers in order to strengthen multilateralism as one of the few available alternatives to the recent disunity and great power competition. Vietnam and other Southeast Asian nations will welcome Russia's diplomatic contribution if it focuses on the maintenance of the ASEAN-centric system of multilateral diplomacy and offers the region a compact and practicable plan.

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