



# Russia and Asia: The Paradoxes of a New Reality

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# Introduction

Back in October 2017, which may seem today a bygone era, a group of Valdai Club experts teamed up with a group of researchers to release a report titled *A Look into the Future: Scenarios for Asia and Russia in Asia in the Next 20 Years*.<sup>1</sup> In it, they came to the conclusion that the internal dynamics in this vast region and Russia's ability to take into consideration the main outcomes of the processes defining Asia's future will determine the way the two will develop their relations within a 20-year horizon. At the time, we articulated three main scenarios, calling them *The Warring Kingdoms*, *Bonanza!*, and *La Belle Époque*. Each of them had a chance to materialise depending on which of the trends that took shape in the 2010s would prevail at the regional and global levels. The first scenario suggested that the region would sink deep into harsh military and political confrontation, while the second and third scenarios talked about a growing and varying mix of favourable factors for promoting national development and improving state-to-state relations.

So far, it is too early to say which of the scenarios we spelled out in this report would prevail in Asia by 2037. However, it is already clear that Russia's

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<sup>1</sup> This report has been prepared based on the situational analysis titled *A Look into the Future: Scenarios for Asia and Russia in Asia in the Next 20 Years*, which took place on 6 October 2017 with participation of Timofei Bordachev, Moderator of the Situational Analysis, Programme Director of the Valdai Discussion Club; Sergei Afontsev, Corresponding Member of the Russian Academy of Sciences, Director of the Economic Theory Department at the Primakov National Research Institute of World Economy and International Relations and Professor at MGIMO University; Sergei Zhestky, Deputy Director of the Asian and Pacific Cooperation Department at the Ministry of Foreign Affairs of the Russian Federation; Vasily Kashin, Director at the Centre for Comprehensive European and International Studies at the Higher School of Economics National Research University; Fyodor Lukyanov, Research Director of the Foundation for Development and Support of the Valdai Discussion Club, Editor-in-Chief of the journal *Russia in Global Affairs*, and Chairman of the Presidium of the Council on Foreign and Defence Policy; Natalia Stapan, Director of the Department for Multilateral Economic Cooperation and Special Projects at the Ministry of Economic Development of the Russian Federation; and Georgy Toloraya, Head of the Asian Strategy Center at the Institute of Economics, Russian Academy of Sciences. For more details see Timofei Bordachev (academic supervisor and head of research team, editor in charge), Alexei Bezborodov, Vasily Kashin, Alexander Korolev, Alexei Kupriyanov, Anastasia Pyatachkova, Ilya Stepanov, Veronika Shumkova. *A Look into the Future: Scenarios for Asia and Russia in Asia in the Next 20 Years*. Valdai International Discussion Club. 27 November 2017. URL: <https://ru.valdaiclub.com/a/reports/zaglyanut-v-budushchee-stsenarii/>.

standing in Asia hinges on not only what happens in this region and Russia's own efforts, but also on global developments, including the mounting China-US confrontation, the Covid-19 pandemic, Russia's standoff with the West, and the emergence of the global majority phenomenon. All these developments have a fundamental bearing on Russia's policy to undertake a turn to the East, develop its Asian dimension, and readiness to build closer ties with Asian powers, as well as their receptiveness to cooperation opportunities with Russia, and, finally, the way the challenges and threats Russia and Asia face are perceived.

In all the scenarios we suggested in 2017, Russia had to factor the specific Asian development path into its policy to turn to the East, which was announced back in 2011. However, the sudden deterioration in the international and political situation in Europe and Russia's proxy military confrontation with the West since February 24, 2022 changed the way we see this future in considerable ways.

**First**, despite its central role in the world economy, Asia no longer presents an immediate threat to international peace. Not so long ago there were expectations that the ongoing confrontation between the United States and China could escalate, but now it has been put on the back burner for an indefinite period.

**Second**, the surge in Russia's trade and economic relations with Asian countries in 2022 and 2023 resulted from the need to quickly cut ties with the West and the urgent need for Russia to expand its trade in other regions, rather than the earlier efforts to gain a stronger foothold in this region.

**Third**, there is no direct link between the expansion in Russia's trade with Asian countries and efforts to promote a closer political dialogue or Moscow seeking to play a more visible role in regional cooperation formats and forums. In political terms, the position adopted by Asian countries on the developments in Europe proved to be rather favourable for Russia. Therefore, the extent to which Russia must contribute to discussing Asia's regional challenges has yet to be determined.

With a few exceptions, Russia's main economic achievements in this region resulted not so much from its Asian policy over the past years, but rather from the choices the countries here made in the context of a new emerging international order. In other words, the decisive breakthrough in Russia's turn to the East, which the Valdai Club has been calling for in its

papers for more than a decade now,<sup>2</sup> is not about Asia per se, but rather the opportunities it offers Russia in its confrontation with the West. In this sense, the fact that Moscow viewed the international environment as being quite favourable for it as it focused on the situation along its western borders appears to be justified.

That said, all this results from the objective global political and economic processes which have been unfolding over the past decades, while Russia's standing vis-à-vis Asia has remained largely unchanged. What matters the most for us here is the outcome rather than the path leading to it. However, we can stay assured that moving forward Russia will have to focus on its ability to interact with Asia instead of continuing to dwell on matters of a more global scale. Therefore, we can all but welcome the fact that the Russian diplomacy stepped up its efforts on the Asian track in 2022 and 2023 against the backdrop of increasing economic ties with this region.

Considering its geopolitical standing, Russia never felt that it needed to put a greater emphasis on developing its relations with Asian countries, even though China – until recently the world's most populous country – is Russia's eastern neighbour. Over the past five decades, China also emerged as an economic superpower. Still, Russia never treated this region as its priority, limiting its efforts to national security matters. The most far-seeing observers in Russia highlighted this issue back when Asia's rise and the emergence of a plethora of sovereign states there were a mere hypothesis. For example, Veniamin Semyonov-Tyan-Shansky, a prominent Russian geographer, wrote in his book *On the Powerful Territorial Possession in Relation to Russia* (1915): “For us like nobody else around the world, it is essential that we do not seek to set Europe and Asia apart. On the contrary, we must strive to unite them into a single geographical whole.”

Even in late Soviet era when the interest towards Asia was at its peak, the contacts remained patchy, limited to a narrow group of Asian countries. From a historical perspective, the integration of Asian nations into the international system is a relatively recent phenomenon. It has been going on for the past three decades, having started to gain traction in the 1990s, and continues to this day. Over this period, Russia focused on its domestic development and looked towards the West like never before as a source of investment and technology it

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<sup>2</sup> See, in particular: Karaganov S., Bordachev T. Toward the Great Ocean – 6: People, History, Ideology, Education. Rediscovering the Identity // Valdai Discussion Club. 11.09.2018. <https://valdaiclub.com/a/reports/report-toward-the-great-ocean-6/>

needed before launching a new round in the struggle to secure its special niche in international politics. Asian countries also prioritised their own development agendas, seeking to work with those ready to offer turnkey solutions. As a result, Asian nations reached a high level of integration in the globalised world order and are now seeking to retain access to fundamental goods. Therefore, over the past 30 years there was not much impetus for Russia and Asia to forge closer ties, and their respective relations with the United States and Europe did not help them come closer together in any way.

From a geographical perspective, the Islamic world, i.e., the Middle East and Central Asia, as well as China with its huge expanses and a persistently hostile Japan, separate Russia from the rest of Asia. This means that Russia currently lacks any objective prerequisites for proactively expanding its political, trade and economic cooperation with the majority of Asian countries, since these ties will always be defined by Moscow's relations with its neighbouring powers. Even today, these factors remain highly relevant in terms of defining the progress in Russia-Asia relations, except for China. Over the past decades, they constituted serious obstacles for Russia's policy to turn to the East. We see only modest achievements on this track compared to Russia's and Asia's relations with third parties.

Global connectivity as it developed over the past decades has been and remains a major positive factor in Russia-Asia relations. It is the promotion of global free trade and modern transport and logistics chains, international finance, data exchanges and individual mobility that enabled Russia and Asian nations to promote their cooperation while lacking any objective prerequisites for going down this road. This connectivity enabled Asian countries to develop as well as to increase their share in the global economy and their footprint in global politics. The relative regionalisation over the past several years has overlapped with the system which calls for universal openness, which in all objectivity is a positive factor in terms of diversifying Russia's foreign economic ties.

The core elements of this global connectivity framework have helped Russia and Asia develop closer ties but are now coming under serious pressure in the context of present-day international politics. The task for Russia and its Asian partners is to preserve and reinforce this connectivity. It is essential that we assess how Russia's standing vis-à-vis Asian countries changed after the military and political conflict started in February 2022, as well as how regional development patterns have been affecting partnerships within this region.



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## Russia and the Asian paradox

Obviously, the events of the military-political crisis in Europe and the economic war of the West against Russia encouraged Moscow to expand and strengthen its relations with Asian states, the absolute majority of which take a neutral or friendly position towards Russia. An analysis of the 2022 events suggests the conclusion that Russia-Asia interaction is beneficial for Russia's development and helps the country to implement major development goals in the new conditions. In 2022, Asian countries, along with the Arab states were most active in giving new form and direction to Russia's participation in the global economic community, ensuring the failure of Western attempts to isolate Moscow in the world arena. China is at the forefront of these efforts although we are seeing that other regional partners are starting to play an increasingly important role in the system of Russian foreign economic ties.

Politically, Russia is present in Asian affairs either indirectly as a permanent member of the UN Security Council and a global power or via participation in regional forums, while preserving neutrality on the majority of bilateral problems in Asia. Regional partners are interested in Russia maintaining a neutral and balanced position. In Asia, Russia has "several faces" as regards different partners. It considers their interests and preferences and orients itself to their priority economic interests. Let's note that close relations with China do not affect Russia's dialogue with other Asian nations.

Since the late 1990s, the "hot economics, cold politics" model – characteristic of interstate relations in Asia – became very popular within the political, expert and academic circles. According to this model, the degradation of the political dialogue between individual countries may be accompanied in parallel by the build-up of their trade, economic and investment ties and does not impede intensive trade. In other words, relations are de facto divided into a high part (politics and security) and a low part (trade), which do not contradict each other. Researchers often describe this phenomenon as the Asian paradox that brings out the special nature of bilateral and multilateral ties in Asia as compared to other parts of the world.

Initially, this model was applied to the analysis of relations between Japan and China, which managed to build up their economic interdependence despite periodic chills in bilateral political relations, primarily due to the territorial dispute over the Senkaku/Diaoyu Dao Islands and Tokyo's allied commitments to Washington. Moreover, experts believe that at different historical stages, the economic pragmatism of the Tokyo and Beijing elites facilitated partial normalisation of political relations burdened by historical legacy. Subsequently, the *Asian paradox* term was applied to many other countries of the Asia-Pacific Region and Asia in general. Thus, it is used to describe relations between countries with such different political positions as Japan and South Korea, the US and China, China and Vietnam, Indonesia and Malaysia, and China and India, to name a few.

Against this backdrop, the absence of any serious differences related to disputed territories, grievous historical past or sensitive political issues (with perhaps Japan being the only exception in this respect) was one of Russia's main strategic assets in East and South Asia.

This always favourably distinguished Russia from many other big players in the region, primarily the US and China, which are confronting each other, and from China itself with its complicated territorial issues with several neighbours. In turn, the latter are finding it increasingly difficult to protect their economic ties from the negative impact of politics and security challenges.

For this reason, Russia has traditionally been an example of a player that does not fit in into the narrow framework of regional political and economic cooperation. In effect, Russia's interaction with regional partners in Asia implies the promotion of alternative models (they have been dynamic both before and since the start of the special military operation), as well as their parallel use. Russia did not often interact with regional partners according to the Asian paradox classic model – with rare exceptions its economic relations with them were almost rudimental while political problems existed only in ties with Japan.

For many years, Russia-Japan bilateral relations were developing according to “the hot economics, cold politics” model due to their territorial dispute, although economic ties were traditionally much less

intensive than with many foreign partners of Tokyo. That said, since the start of Russia's special military operation and the toughening of sanctions against Moscow, it has become possible to talk about renunciation of the "hot economics" concept because a number of investment projects were discontinued and some Japanese businesses left the Russian market. As for other Asian countries, including China, until the past few years, good political relations were not accompanied by tangible economic progress. For instance, Russia's relations with the Republic of Korea have their own particular features as compared with the Asian paradox classic model. As distinct from Tokyo, Seoul did not join the anti-Russia sanctions until 2022. However, Russia-South Korea political dialogue was not too "hot" before the start of the special military operation, either. This is also true of bilateral trade and economic ties that have been distinguished by a high degree of inertia over the past few years.

Relations with the People's Republic of China (before and especially after the start of the special military operation) were developing in the "hot economics, hot politics" logic. China has never had such relations in terms of either content or scope with any of its Asian partners. In reality, Russia-China relations, which are not formally buttressed by military-political and integration commitments, have created a new version of the Asian paradox that we have yet to understand in the years ahead.

It is possible to describe Russia's relations with India and Southeast Asian countries in recent decades as a "reverse Asian paradox" where the quality and closeness of political contacts did not measure up to the economic ties. However, just as in the case with North-eastern Asian countries, the exacerbation of Russia's geopolitical confrontation with the collective West introduced its adjustments into the alignment of forces with individual partners in South and Southeast Asian countries.

This primarily applies to Russia's business ties with India that are now on a rapid rise. Political relations between the two countries remain stable and are backed by their participation in the new institutions of global and regional governance – BRICS and the Shanghai Cooperation Organisation (SCO) to which India was invited at Moscow's initiative. In the economy – largely due to the change in supply routes and discounts on oil products, Russia and India have managed to substantially increase their trade. According to the most modest estimates, it has already

surpassed \$40 billion, making Russia one of India's top five trade partners. However, India is not yet ready to offer Russia goods of similar value and scale, which, in part, prevents a transition to transactions in national currencies. Probably, this problem can be resolved by the expansion of India's own industrial production but competition with China will be very tough.

There are also examples of retreat in dialogue with Russia since the beginning of the special military operation in Ukraine in February 2022. Singapore was the only ASEAN member to introduce anti-Russia sanctions and suspend trade and economic ties with Russia both bilaterally and multilaterally – regarding the ratification of a free trade area agreement with the EAEU. So, the current model of relations with Singapore may be described as “cold politics, cold economics.”

While Singapore is openly expressing discontent with Russia's actions in Ukraine, overall ASEAN is traditionally neutral and silent, while its other members maintain beneficial relations with Russia. Neither they nor the ASEAN Secretariat reacted in public to Singapore's adoption of anti-Russia restrictions.

Importantly, ASEAN has maintained the same official position on Russia and the crisis in Ukraine from its outset in 2014 and after its transition into an open confrontation in 2022. That said, the external environment in which parties have to develop their contacts has changed dramatically in the past few years. It is enough to mention geopolitical tension, ratification of the comprehensive regional economic partnership agreements, the coronavirus crisis, the fragmentation of the security system in the Asia-Pacific Region, the shift of the centre of gravity to the Indo-Pacific, and the formation of new umbrella formats on China's deterrence in this region (QUAD+, AUKUS, the Indo-Pacific Economic Framework for Prosperity -- IPEF and the efforts to create a trilateral alliance of Japan, the Philippines and the US).

ASEAN's stability as regards Russia is determined by three reasons regardless of the outside circumstances.

**First**, being an association of small and medium countries, ASEAN does not have enough diplomatic resources and levers for exerting

pressure on the conflicting parties. Moreover, being committed to neutrality and non-interference in conflicts, ASEAN is trying to avoid the discussion of uncomfortable and “foreign” issues as much as possible.

**Second**, the crisis in Ukraine occupies a marginal place in the hierarchy of challenges facing ASEAN, being less important than a number of internal problems (South China Sea, Myanmar, piracy and climate change) and external issues (the US-China conflict in its military-political and economic dimensions).

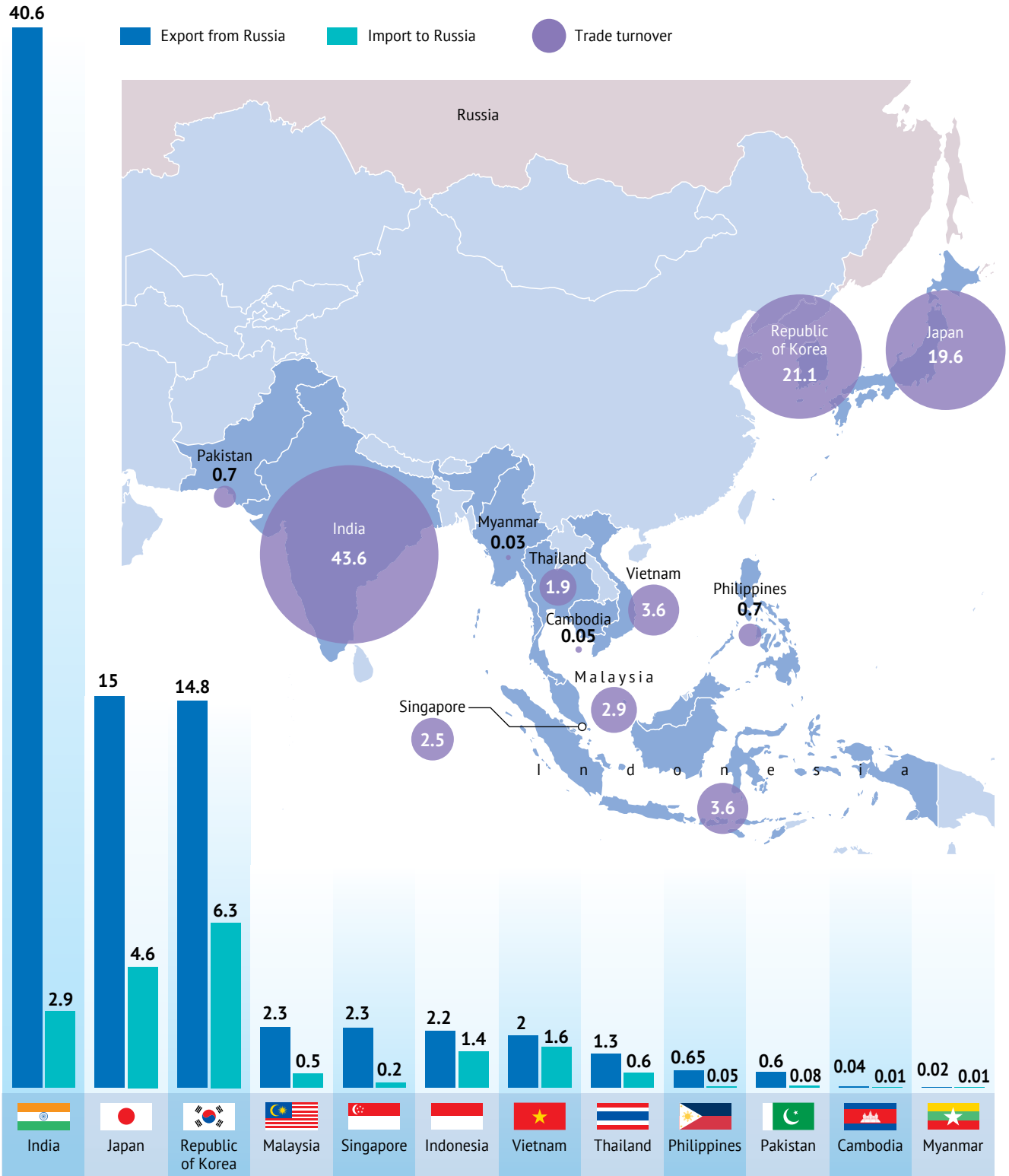
**Third**, in practical terms, Russia is not playing an important role (with some exceptions) in ASEAN’s foreign policy and economic planning – as distinct from the US, the PRC, Japan and some other big dialogue partners.

These factors do not give the grounds to expect a sharp change in ASEAN’s position as regards Russia and the crisis in Ukraine even after the end of the hot phase of the conflict.

There is no evolution in Russia-ASEAN relations but this does not testify to their degradation or lack of development. In many respects, it just so happens that the development of Russia-ASEAN dialogue is characterised by inertia. Moscow faced this systemic problem in Southeast Asia long before 2014. It is worth mentioning that in 2018, Russia-ASEAN bilateral dialogue was raised to the level of strategic partnership. This can hardly be considered a practical achievement of Russian foreign policy, which produced specific results. The strategic partnership format does not commit the two parties to anything and is actually ceremonial. However, at the time of its establishment, it helped Russia reach an important instrumental goal – to institutionalise its turn to the East with the support of the leading multilateral platform in the Asia-Pacific Region.

Thus, under the present circumstances, the Asian paradox model that proved to be useful at the regional level over the past 20 years, cannot be applied to Russia’s cooperation with all major players in Asia, be it the PRC, Japan, South Korea, India or ASEAN countries. The aggravation of the geopolitical confrontation with the West has become an obvious dividing line in Moscow’s relations with the region’s countries.

TRADE TURNOVER BETWEEN RUSSIA AND ASIAN COUNTRIES IN 2022, \$ BILLION



Source: ITC Trade Mar, data from General Statistics Office of Viet Nam for Vietnam, data not available for Bangladesh.

It has created demand for the promotion of more flexible models and formats of interaction with regional partners, taking into account the specific characteristics of each of them in terms of their relations with the West. This conclusion confirms the basic hypothesis that Russia does not pursue a monolithic Asian policy but demonstrates a dynamic set of roles and “faces.”

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## Dynamics of bilateral relations in 2022-2023

The compilers of the report reviewed in detail the economic and political relations between Russia and a number of Asian countries in 2022-2023. While India and China, due to their size, hold a distinct position in Russia’s external relations, they should be considered in the broader Asian context as well.

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### Russia and China: Strategic interdependence

Following the onset of Russia’s special military operation in Ukraine, the People’s Republic of China has been pursuing its policy on two levels, international and bilateral. Each of these tracks follows its own dynamics and their interdependence is fairly insignificant.

#### International level

Internationally, in the first days of the Ukraine conflict, China adopted an above-the-fray stance in order to avoid accusations of supporting Russia and to simultaneously avoid criticising it.

The viewpoints conveyed by the Chinese authorities regarding the conflict varied significantly depending on the party a specific Chinese representative was addressing at a given moment. As a result, numerous

statements from Chinese officials contained arguments both in favour of supporting Russia and statements disapproving Russia's actions. For instance, some experts pointed out the statement made by Chinese Ambassador to France Lu Shaye who asserted that Crimea was "originally Russian" and questioned the legitimacy of the newly independent states arising from the former Soviet republics. On the other hand, China's Ambassador to the European Union Fu Cong said the phrase "partnership without borders" from the joint Russian-Chinese declaration adopted in the wake of Xi Jinping's visit to Moscow in March 2023 was "mere rhetoric."

Despite this diversity of opinions, the overarching Chinese policy regarding the Ukraine conflict has been consistent from the outset to this date. The core approaches articulated by China's Foreign Minister Wang Yi during discussions with several high-ranking EU representatives on February 25, 2022 were fully reflected in China's plan for a peaceful settlement in Ukraine released on February 24, 2023.<sup>3</sup> China advocates adherence to the principles of sovereignty and territorial integrity, indivisible security, and the importance of factoring in the security interests of all parties, including Russia. China is against actions that contribute to conflict escalation, including unilateral sanctions and arms supplies to the warring sides, and it is in favour of an immediate ceasefire and conflict resolution through talks.

Since February 2023, China's political importance in the context of the Ukraine conflict has sharply increased. While in the initial months following the onset of Russia's special operation, China carefully avoided the Western countries' attempts to use it as a mediator, the publication of the settlement plan and the appointment of former Chinese Ambassador to Russia Li Hui as a special envoy to Ukraine placed China at the centre of international diplomatic efforts to end the war.

The implementation of the plan proposed by China implies a lengthy process of conflict resolution starting with a ceasefire followed by drawn-out and largely useless political settlement talks. The disruption of channels for effective political dialogue between the United States, the EU, and Ukraine, on the one hand, and Russia and Belarus, on the other

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<sup>3</sup> China's Position on the Political Settlement of the Ukraine Crisis // Ministry of Foreign Affairs of the People's Republic of China. 24.02.2023. IRL: [https://www.fmprc.gov.cn/eng/zxxx\\_662805/202302/t20230224\\_11030713.html](https://www.fmprc.gov.cn/eng/zxxx_662805/202302/t20230224_11030713.html)



hand, makes the involvement of a mediator in this process unavoidable. With the US-China rivalry in mind, Western countries are likely to seek alternative mediators from among developing nations such as Brazil to prevent China's dominance.

## Bilateral level

Russia-China bilateral contacts are distinguished by a high level of mutual understanding, close cooperation, and collaboration in overcoming Western sanctions. While not expressing direct support for Russia's special operation, China has repeatedly highlighted the unique nature of Russian-Chinese relations and the parties' willingness to deepen and develop them. During his visit to Moscow in March 2023, Xi Jinping reiterated the "strategic interaction and cooperation" between the two countries and wished the Russian President success in the upcoming 2024 presidential elections. China's practical actions suggest its unwavering support for Russia, and this support has only got stronger throughout the conflict.

Early on during Russia's special military operation, after the sanctions had been imposed, working contacts between the governments of the two countries intensified, and working groups were established to address emerging "bottlenecks" in bilateral cooperation. In March 2022, Chinese Ambassador to Russia Zhang Hanhui called on Chinese businesses to fill the void left by Western businesses leaving Russia.

Soon after, China began to increase its investment in Russia. In November 2022, Deputy Prime Minister Andrei Belousov noted a 75 percent increase in China's accumulated direct investment in the Russian economy.<sup>4</sup> Accounting for China's direct investment in Russia with the standard tools used by the Russian Central Bank is a challenge, but this figure is indicative of the start of major new projects. A considerable number of them are likely due to several industries that previously relied on cooperation with Western countries, particularly in the automotive

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<sup>4</sup> Пресс-релиз по итогам 9-го заседания Межправительственной Российско-Китайской комиссии по инвестиционному сотрудничеству // Правительство России. 24.11.2022. URL: <http://government.ru/news/47130/>

industry, reorienting towards China. China clearly contributed to the reorientation of Russian exports to replace the European markets that it had lost. In 2022, Russian exports to China grew by 43.4 percent totalling \$114 billion.<sup>5</sup> Despite the contraction of consumer demand in Russia, Chinese exports to our country grew by 12.8 percent, and total trade exceeded \$190 billion. The significant positive trade balance with China was beneficial to the Russian economy in the first year of the special operation.

Amid the decline in the demand for crucial Chinese exports to Russia, such as consumer electronics, there was an increase in imports of investment-related goods from China including items that contributed to the growth of military production and import substitution. China became a key exporter of lorries and specialised machinery to Russia. China's share in the supply of metalworking machines to Russia grew from 10.93 percent in 2021 to 43.25 percent in 2022.<sup>6</sup> According to Western estimates, the export of Chinese microchips to Russia nearly doubled in 2022, reaching \$179 million.<sup>7</sup> Given that one of Russia's goals is to gradually expand its domestic military output, these supplies are crucial. The importance of Chinese dual-use products and non-lethal military equipment in the special operation zone should not be overlooked, either. These include light unmanned aerial vehicles, communication devices, body armour, protective helmets, and uniforms. The list continues to expand, and it is possible that we are witnessing a shift toward comprehensive defence cooperation, including the supply of Chinese lethal weapons to the conflict zone. In June, the media reported the use of Chinese armoured vehicles by the Russian spec ops unit Akhmat, which is active in the special operation zone.

In the first half of 2023, trade grew by 40.6 percent year-on-year with Russian exports to China increasing by 19.4 percent to \$62.263 billion and Chinese exports to Russia growing by 78.1 percent to \$52.284

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<sup>5</sup> Ткачев И. Торговля России с Китаем достигла рекорда // РБК. 13.01.2023. URL: <https://www.rbc.ru/economics/13/01/2023/63c0ffb79a79474aaf45862d>

<sup>6</sup> Мягченко О. Россия замещает западные станки китайскими // Mashnews. 24.05.2023. URL: <https://mashnews.ru/rossiya-zameshhaet-zapadnyie-stanki-kitajskimi.html>

<sup>7</sup> Taplin N. How Microchips Migrate From China to Russia // The Wall Street Journal. 25.02.2023. URL: <https://www.wsj.com/articles/how-microchips-migrate-from-china-to-russia-7ad9d6f4>

billion.<sup>8</sup> Russia proved to be China's fastest-growing export partner amid overall negative trends in China's foreign trade. By mid-year, both countries had largely abandoned Western financial infrastructure. According to the Russian president, over 80 percent of transactions were conducted in national currencies by that time.

The main constraints to trade growth include Russia's logistical and border infrastructure capabilities in the Far East, namely, the capacity of pipelines, ports, railways, and motorways, as well as the limited number and poor operation of border checkpoints. However, there is a clear political will on both sides to expand cooperation. In the first quarter of 2023, China outperformed the EU as Russia's primary trading partner for the first time ever with trade with China accounting for over 30.7 percent of Russia's foreign trade, while trade with the EU accounted for only about 19 percent. The new sanctions imposed by the EU are likely to reinforce this trend. China's share of Russia's foreign trade will probably increase to 40-50 percent, similar to the levels seen in the European Union in the early 2010s.

China has become an indispensable partner for a number of sectors of the Russian economy. For instance, China's share of Russian automobile imports exceeded 70 percent in the first half of the year.<sup>9</sup> In turn, Russia's role as the largest oil supplier to China is on the rise. In the context of China's limited scientific and technical ties with the West, China is placing greater emphasis on scientific contacts with Russia, including involving Russian scientists in its projects.

This new level of mutual dependence will require Russia to draft a comprehensive strategy for economic relations with China. This strategy should encompass the identification of promising segments within the Chinese market and defining the limits of engagement with its Chinese partners across various domains with account taken of the interests of the Russian industry. The high level of ties with China should catalyse relations with other Asian countries with an eye towards diversifying and de-monopolising the Russian economy.

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<sup>8</sup> Кулагин В., Калиневич К. Товарооборот России и Китая за первое полугодие 2023 года вырос на 40% // Ведомости. 14.07.2023. URL: <https://www.vedomosti.ru/economics/articles/2023/07/14/985260-tovarooborot-rossii-kitaya-viros>

<sup>9</sup> Ткачев И., Дзядко Т. Поставки китайских легковых автомобилей в Россию подскочили на 543% // РБК. 26.07.2023. URL: <https://www.rbc.ru/economics/26/07/2023/64bea50a9a7947b616edb452>

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## Russia and India: The golden age of trade

After Russia launched its special military operation, India confirmed the importance of relations with Russia and avoided denouncing its special strategic partner. India also refused to introduce sanctions against Russia. At the UN, New Delhi abstained from voting on all the six resolutions adopted by the Emergency Special Session of the UN General Assembly on Ukraine. Since February 2022, Prime Minister Narendra Modi and Minister of External Affairs Subrahmanyam Jaishankar have repeatedly stated that India favours a peaceful settlement of the conflict without ostracising Russia. Moreover, Mr Jaishankar, in a bid to defend New Delhi's right to an independent foreign policy posture, exposed the hypocrisy of Western countries that urged others to renounce all their ties with Russia, while maintaining their own imports of Russian energy.

India does not support the special military operation but neither does it condemn Russia. It explains its neutral stand by the need to respect the principles of the UN Charter and resort to diplomacy in achieving a peaceful settlement of conflicts. This is an upshot of its strategic autonomy tradition and policy of non-alignment, which since the 1990s has been termed "multialignment". India shows that today it is able to pursue an independent foreign policy that conforms to its own goals, while disregarding the displeasure of certain actors. In addition, Russia is a long-standing partner whom India regards as an important pole of the upcoming polycentric world order. According to the Indian elites, it is unreasonable to suddenly break off relations with the Russian Federation. They do not think that Russia is equal to the United States but collaboration with it is important, since it gives them room for manoeuvre in the international arena.

But the lack of serious interest on the part of the West-oriented Indian economic elites and changes within the military elite may lead to Russia being viewed as a country with outmoded, if cheap, weapons, rather than a reliable supplier of military industrial products. This creates risks of a cooling-off in Indian-Russian foreign policy relations.

India emphasises that it will continue to develop relations with Russia. Although Indian Prime Minister Narendra Modi said at the SCO

Summit in September 2022 that “today’s era is not an era of war” and cancelled his annual meeting with Vladimir Putin in Sochi in December 2022, the Indian Government keeps saying that Russia is a time-tested partner. Sergei Lavrov’s meeting with Subrahmanyam Jaishankar in Moscow in November 2022, Nikolai Patrushev’s bilateral meetings with Ajit Doval and Narendra Modi in March 2023, Sergei Shoigu’s meeting with Rajnath Singh in April 2023, and Sergei Lavrov’s meetings with Subrahmanyam Jaishankar on the side-lines of multilateral forums in May 2023 are evidence of dynamic progress in the political dialogue in a new environment. Certain comments and actions that the media would immediately interpret as concealed criticism, proving that there is no love lost between Russia and India, are nothing more than the give-and-take in the context of India’s foreign policy.

This is confirmed by a surge in economic cooperation following the start of Russia’s special military operation. Their bilateral trade had stagnated at the level of \$11 billion or thereabouts since the mid-2010s and the repeatedly declared goal of bringing it to \$30 billion was never achieved. After February 24, 2022, India refused to join sanctions against Russia and expanded its trade with Moscow. The commerce was driven by Russian oil exports, with New Delhi processing the incoming oil at its refineries and selling the products to Western countries at a premium. In the summer of 2022, Russia was already ahead of Saudi Arabia and Iraq in terms of crude oil deliveries to India. By October 2022, it accounted for 22 percent of Indian imports (as against about 1 percent prior to the special military operation). While India imported 2 million tonnes of Russian oil in May 2022, the figure surged to 8.3 million tonnes, or 46 percent of Indian imports,<sup>10</sup> by May 2023. Rosneft is the most pro-active Russian operator in India, boosting cooperation in crude oil deliveries and joint projects in 2022 and inviting an Indian, Govind Kottieth Satish, to join its Board of Directors in late June 2023.

In the 2022-2023 fiscal year, Russia emerged as the fifth biggest trade partner in India’s book, with their bilateral trade amounting to \$44.4 billion, with Russian exports accounting for \$41.6 billion.<sup>11</sup> This imbalance

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<sup>10</sup> Смирнов Г., Дзядко Т. Индийские НПЗ увеличили вчетверо закупки российской нефти // РБК. 29.06.2023. URL: <https://www.rbc.ru/business/29/06/2023/649bf6e89a7947397e255a51>

<sup>11</sup> Российский экспорт в Индию впервые превысил 40 миллиардов долларов // РИА Новости. 27.04.2023. URL: <https://ria.ru/20230427/eksport-1868017979.html>

creates certain problems for Russian companies: the conversion of a share of trade to Indian rupees (primarily the oil exports) has left them with a backlog of the Indian currency that does not convert as freely as the dollar, something that restricts its purchasing power.

However, this is no obstacle to the parties continuing to promote their trade relations. In April 2023, Indian Foreign Minister Subrahmanyam Jaishankar told the Indian-Russian Business Dialogue forum in New Delhi that opportunities were emerging for a considerable expansion of areas of cooperation and that New Delhi hoped to continue the discussion of a free trade agreement with the EAEU and energise the dialogue on the North-South and Chennai-Vladivostok transport corridors. Improving the logistic connectivity within the next few years may contribute to more energetic trade.

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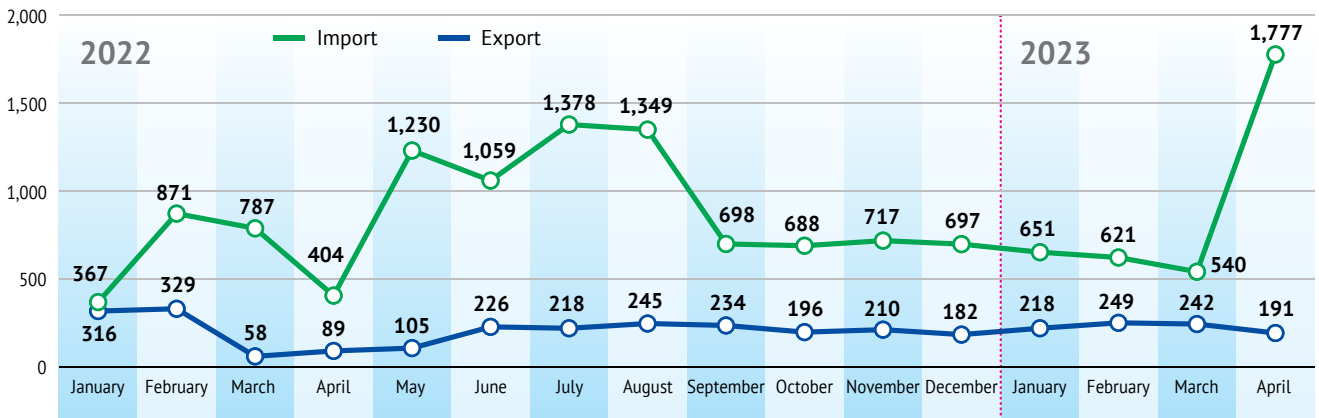
## Russia – ASEAN: Economic considerations amid political disunity

At present, we are seeing a motley picture in relations with various ASEAN member states, which is due, among other things, to the start of the special military operation in Ukraine. There are four distinct patterns: **1)** informal support (Vietnam, Laos, Indonesia), **2)** constructive neutrality (Philippines, Thailand, Brunei, Malaysia); **3)** active support (Myanmar); and **4)** public distancing (Singapore, Cambodia). In the chapter below, we will consider the details of interaction with those ASEAN countries that have relatively dynamic cooperation with Russia and we believe those ties have potential.

### Malaysia

Malaysia took a neutral stance on Russia's special military operation and did not join the anti-Russia sanctions. Malaysian Foreign Minister Saifuddin Abdullah noted that the country did not welcome unilateral sanctions against anyone. According to the Malaysia Department of Statistics, imports from Russia doubled in 2022, while exports began to gradually recover after a decline in March-April 2022.

TRADE TURNOVER BETWEEN MALAYSIA AND RUSSIA IN 2022-2023, MILLION RINGGIT



Source: newss.statistics.gov.my

One of the most promising areas for bilateral cooperation is agriculture. In August 2022, representatives of Russian agricultural companies visited Kuala Lumpur. An agreement was reached between Russian and Malaysian veterinary services to continue working to facilitate access to the Malaysian market for Russian farmers’ meat and dairy products. In May 2023, Malaysian Minister of Agriculture and Food Security Mohamad Sabu announced on the side-lines of the Russia-Islamic World: KazanForum conference that Malaysia was considering importing chicken and turkey meat from Russia if certification requirements were met. The country is also interested in the import of grain and fertilisers from Russia and the export of Malaysian seafood and fruit.

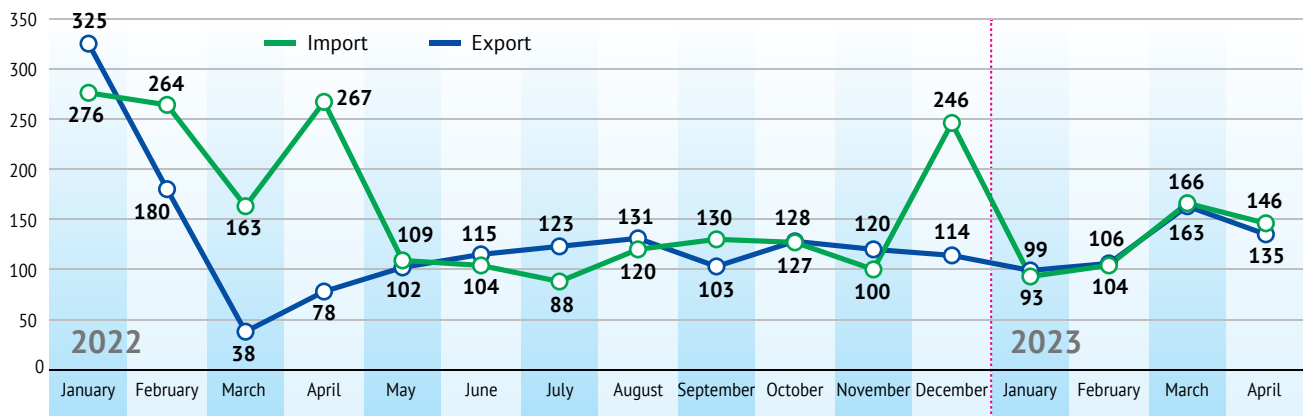
Russia and Malaysia are expanding ties between high-tech industries. In October 2022, representatives of Russian high-tech companies visited Malaysia and Indonesia to meet with Malaysian companies from the oil and gas sector and the transport logistics sector. The two countries have established and are promoting joint programmes to train specialists for high-tech industries such as astronautics, aircraft and engine building, electronics, and biomedicine. They plan to launch the first joint master’s programme this year in innovative electronics. The A-SEANSAT-PG1 small satellite Malaysian engineers developed jointly with the Russian company SPUTNIX was launched from the Vostochny Space Launch Centre. The company is expanding ties with

its Malaysian partners; they have signed an agreement with Angkasa-X and the Science University of Malaysia to develop a joint course in space engineering.

## Vietnam

Vietnam does not support Russia's isolation and will strive to strengthen the strategic partnership between our countries while taking into account the current geopolitical situation, Prime Minister Pham Minh Chinh said in a statement in April 2023. Indeed, since the beginning of the special military operation, Vietnam has maintained neutrality and has not joined the EU sanctions policy.

### TRADE TURNOVER BETWEEN VIETNAM AND RUSSIA IN 2022-2023, \$ MILLION



Source: [www.gso.gov.vn](http://www.gso.gov.vn)

The two countries are progressively increasing bilateral trade. Speaking about Russia's trade with Vietnam, Deputy Prime Minister Dmitry Chernyshenko mentioned \$10 billion as a target for 2025. In 2022, according to the General Statistics Office of Vietnam, the country's trade with Russia reached \$3.5 billion.

Today's Russian-Vietnamese cooperation has the status of a comprehensive strategic partnership. At the 24<sup>th</sup> meeting of the Russian-Vietnamese Intergovernmental Commission on Trade, Economic, Scientific and Technical Cooperation in April 2023, Deputy Minister of Economic Development of Russia Vladimir Ilyichev



noted the potential for increasing commodity exports from Russia including petroleum products, coal, metals, rubber, and various types of polyethylene, as well as agricultural products; he also mentioned potential imports in various areas such as electronics, automotive components, furniture, footwear, and clothing. To expand Russian-Vietnamese cooperation, the commission proposed creating new working groups to coordinate work in two respective areas – transport and information and communication technologies – and launching a dialogue on fighting climate change. Agreements were signed on research cooperation between the Russian Academy of Sciences and the Vietnamese Academy of Science and Technology, as well as establishing a joint Southeast centre for artificial intelligence and digital technologies research in Hanoi.

## Philippines

Leaning towards rapprochement with the United States on most matters on the Asian agenda, the Philippines nevertheless did not join Western sanctions against Russia and maintained a neutral approach, calling for a peaceful resolution of the conflict. Former President Rodrigo Duterte said that the Philippines should not intervene in the conflict unless circumstances force it to do so. After the 2022 presidential election, National Security Adviser Clarita Carlos stated that the new administration will maintain a neutral stance towards Russia. At the APEC summit, President Ferdinand Marcos Jr. also reaffirmed his commitment to a peaceful resolution of the conflict, noting that the “enemy to none, friend to all” policy still applies in Manila’s foreign relations.<sup>12</sup>

However, we could not fail to note the rapprochement between the Philippines and the United States. According to Rodrigo Duterte, if the Russian-Ukrainian conflict were to spread to Asia, the Philippines’ choice will be obvious – the country remains committed to its current agreements with the United States, which stipulate, among other things, the provision of the necessary infrastructure. Under the new administration in 2023, the United States and the Philippines agreed

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<sup>12</sup> Gita-Carlos R.A. Marcos maintains ‘diplomatic’ stance on Russia-Ukraine conflict // Philippine News Agency. 19.11.2022. URL: <https://www.pna.gov.ph/articles/1188985>

to expand the 2014 Enhanced Defence Cooperation Agreement (EDCA) to include four new sites for US military bases (in addition to the five existing ones) in the Philippines.<sup>13</sup>

Trade and economic cooperation between Russia and the Philippines are not very intensive. The Philippines is showing interest in expanding imports from Russia, primarily to include more fertilisers and fuel. The potential for agricultural cooperation is high, too. In June 2023, Russian agricultural companies visited Manila. During the meetings they attended, their Philippine partners showed interest in increasing the supply of farm products from Russia, especially poultry meat and bonemeal.

## Myanmar

Myanmar has openly supported Russia's actions in Ukraine. Major General Zaw Min Tun, Press Team Leader of the State Administrative Council of Myanmar, noted the role of the United States in destabilising Ukraine and pointed to similarities with the situation in Myanmar, where the West supported the opposition. However, Myanmar voted for the resolution on Aggression against Ukraine at the UN General Assembly because Kyaw Moe Tun remains its envoy to the United Nations although he was previously charged with high treason by the Myanmar government.

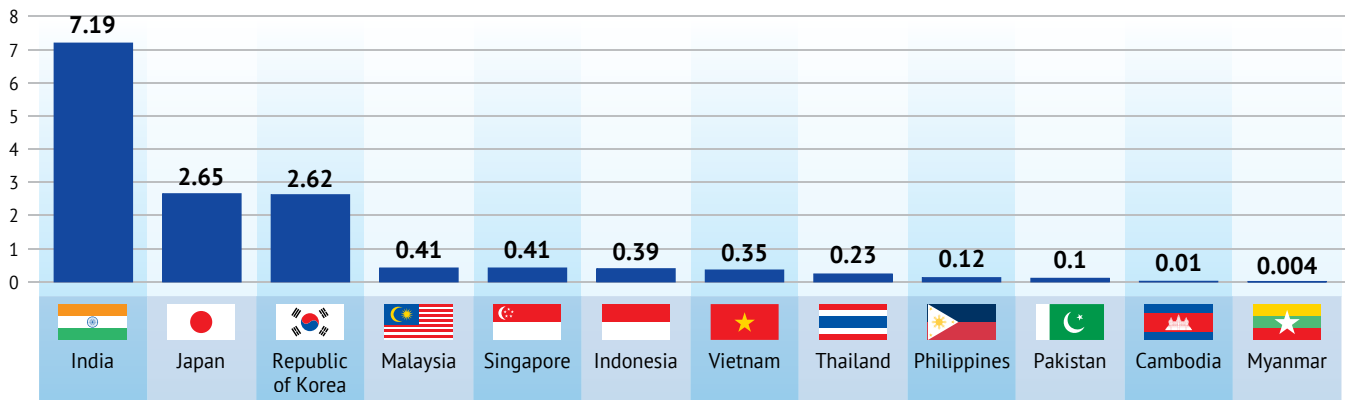
Russia and Myanmar have close cooperation in arms trade. Russia and China are the largest suppliers of weapons to Myanmar. According to SIPRI, in 2001-2022, Russia accounted for 43 percent of total imports. Bilateral cooperation is growing fast in the energy sector. Prime Minister Min Aung Hlaing announced on the side-lines of WEF in 2022 that Myanmar had begun buying Russian oil products. Russia can also supply LNG to the country, and Russian companies can participate in oil and gas production projects in the Republic of the Union of Myanmar.

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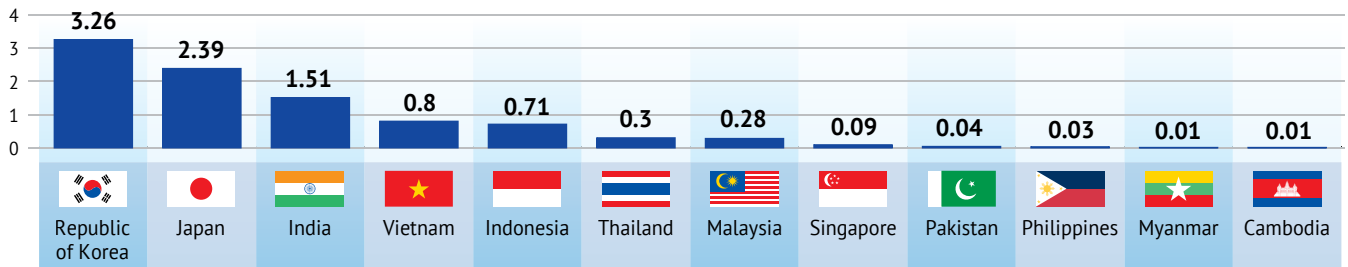
<sup>13</sup> Philippines, U.S. Announce Locations of Four New EDCA Sites // US Department of Defense. 03.04.2023. URL: <https://www.defense.gov/News/Releases/Release/Article/3349257/philippines-us-announce-locations-of-four-new-edca-sites/>

## SHARES OF RUSSIA AND ASIAN COUNTRIES IN BILATERAL TRADE

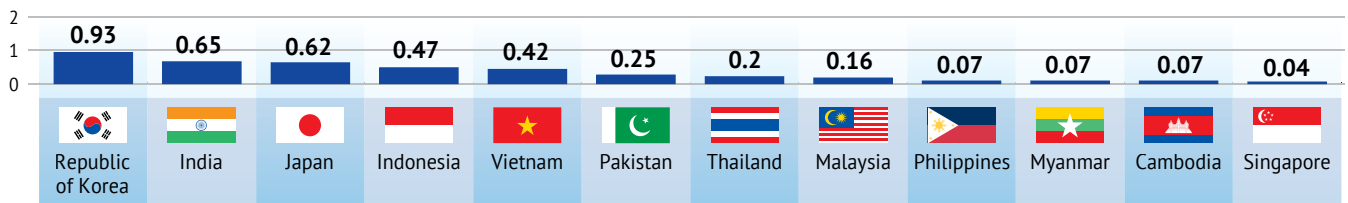
Country's share in Russian exports, %



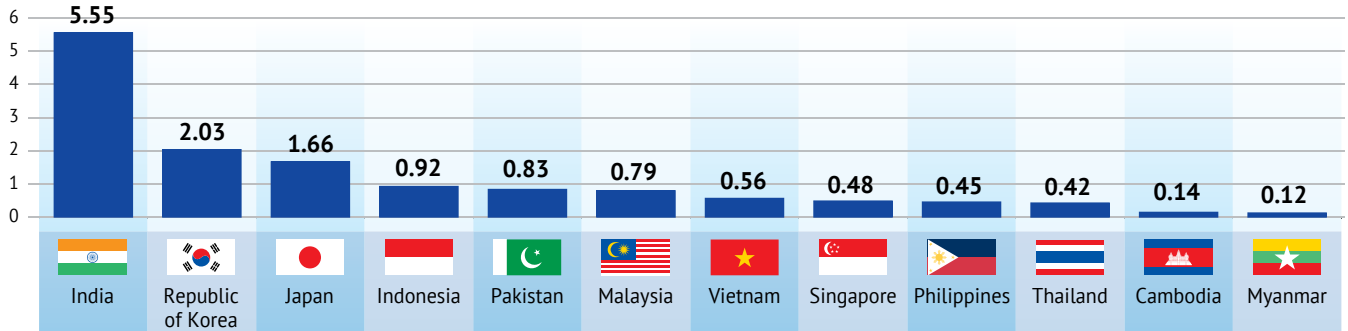
Country's share in Russia's imports, %



Russia's share in the country's exports, %



Russia's share in the country's imports, %



Source: ITC Trade Mar, data from General Statistics Office of Viet Nam for Vietnam, data not available for Bangladesh.

In February 2023, Myanmar opened the Nuclear Technology Information Centre in Yangon with Russia's assistance. At the opening ceremony, Russia's Rosatom corporation and the Ministry of Science and Technology of Myanmar signed a cooperation agreement on peaceful use of nuclear energy, which includes plans to build a low-power nuclear power plant. In June 2023, a Rosatom delegation visited Myanmar to hold the first meeting of the joint coordinating committee where the parties considered cooperation priorities. Rosatom is active in developing ties with Myanmar, extending cooperation to new areas. Rosatom Healthcare (Rosatom's healthcare division) and Zeya & Associates (Myanmar) signed a memorandum of intent to jointly develop non-energy nuclear technologies for healthcare.

Exploring other alternative energy technologies also holds promise. On the side-lines of SPIEF, NovaWind (Rosatom's wind energy division), the Ministry of Electric Power of Myanmar and Zeya & Associates signed a memorandum to begin pre-design work for the construction of a 200 MW wind farm in Kyaukpadaung and Nyaung-U townships in the Mandalay region of Central Myanmar. NovaWind also signed a cooperation agreement with Primus Advanced Technologies, a Myanmar company.

At the third meeting of the Russia-Myanmar Intergovernmental Commission on Trade and Economic Cooperation in December 2022, Russia's Minister of Economic Development Maxim Reshetnikov praised the increase in the export of petroleum products and fertilisers to Myanmar, as well as the supply of agricultural products and light industry goods. A framework agreement was signed on the development of education, banking, customs, research and sanitary-epidemiological cooperation. The progress in the banking sector is especially noticeable, as the Central Banks of Russia and Myanmar have agreed on the use of the Mir payment system. It is expected to begin operation in Myanmar in December 2023.

Nay Pyi Taw also expressed interest in developing cooperation with the EAEU. In June 2023, the EEC and the Government of the Republic of the Union of Myanmar signed a memorandum of cooperation.

## Thailand

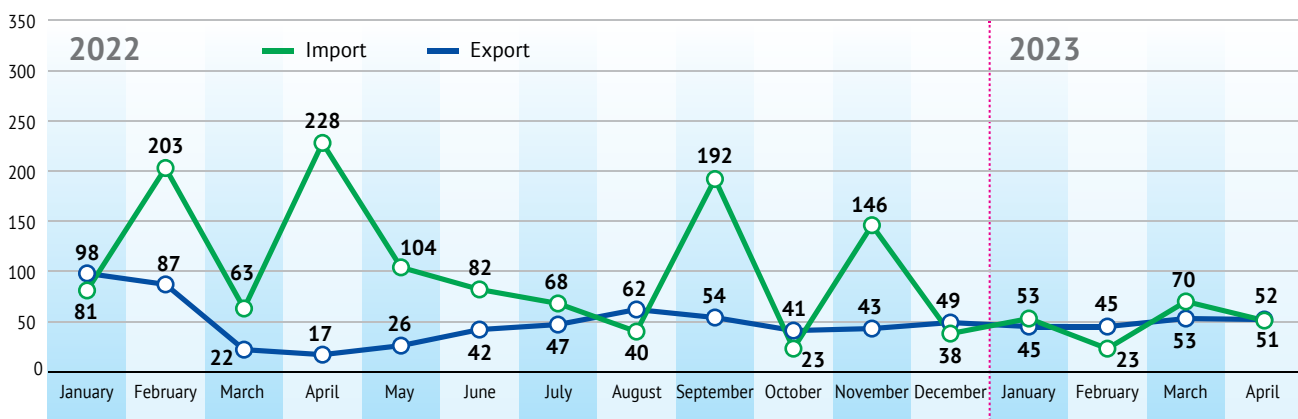
Thailand is one of Russia's oldest partners of in Asia. In 2022, the two countries celebrated the 125<sup>th</sup> anniversary of their diplomatic relations. There are also effective mechanisms for regular meetings, consultations between the foreign ministries, and interparliamentary contacts. They collaborate multilaterally within APEC, ASEAN, the EAS, and at other platforms. Russia and Thailand hold identical or close views on many global and regional issues, including for the reason that there have been no conflicts or political differences throughout the history of their relations. Thailand is steadily one of the top five ASEAN states with the largest volume of foreign trade with Russia. The institutional infrastructure of economic cooperation is represented by the Joint Russia-Thailand Commission on Bilateral Cooperation, which includes sub-commissions on trade and economic cooperation and on agriculture. There are also Russian-Thai and Thai-Russian business councils. The business communities of Russia and Thailand regularly exchange business missions. There is a Russian Trade Mission in Bangkok and the Trade Department of the Thai Embassy in Moscow.

Thailand has closely followed the events in Ukraine, calculating their potential risks and consequences. At the start of the Russian special military operation, the Thai government opted for a neutral and pacifist approach. A similar spirit imbues ASEAN's joint statement signed by the foreign ministers of the ten member countries. Thailand voted for two resolutions on Ukraine – ES-11/1 and ES-11/2 – the UN General Assembly endorsed in March. But the Thai foreign ministry's official comment following the emergency special session does not even mention Russia and explains its vote in support of the resolution by a commitment to the UN Charter. As the Ukraine crisis progressed, Bangkok's official rhetoric remained unchanged throughout 2022, with the Thai government refusing to pass judgment on the sides to the conflict. Thailand abstained from voting for the UN General Assembly's three anti-Russia resolutions: ES-11/3, ES-11/4, and ES-11/5. Neutrality was the key point of the Thai Government's statements at all levels, including the US-ASEAN Special Summit and the APEC forum.

Thailand's position began to change in 2023 under pressure from the collective West. In February, it supported UN General Assembly

Resolution A/RES/ES-11/6. In May, Thailand held a landmark election to the lower chamber of Parliament, with the vote swayed by the former pro-Western opposition Kao Klai Party (Move Forward Party), which won the majority of parliamentary seats (151 out of 500). Previously its leader Pita Limjaroenrat was against Russian military intervention and urged Moscow to immediately pull out its troops from Ukraine. His party's election programme includes points on the "weakening of the principle of non-interference in internal affairs" and on its intention to "conduct a foreign policy within the framework of rules-based international relations." This may mean a departure from neutrality as well as a course for a rapprochement with the US and the break-up of ASEAN, something that will have negative consequences for Thailand's collaboration with China and Russia. This new vision is yet to be reflected in official statements.

### TRADE TURNOVER BETWEEN THAILAND AND RUSSIA IN 2022-2023, \$ MILLION



Source: tradereport.moc.go.th

Russian-Thai trade and economic relations do not show a high degree of geopolitical dependence. In 2022, trade between Russia and Thailand amounted to \$2 billion, falling off by almost nine percent on 2021 as a result of technical problems with logistics and transactions.<sup>14</sup> On the whole, this reduction is not significant and represents an upshot of the generally unstable situation in trade and economic relations between the two countries. Russia and Thailand's foreign trade indicators over the past ten years vary from \$1.7-1.8 billion in 2016 and 2020 to \$4-4.1 billion in 2011 and 2014. But the structure of their

<sup>14</sup> Товарооборот между Россией и Таиландом за 2022 год составил \$2 млрд // ТАСС. 10.02.2023. URL: <https://tass.ru/ekonomika/17021481>

bilateral trade has remained unchanged since the start of the special military operation. Russia continues to export to Thailand metals (40 percent), chemicals (23 percent), mineral products (10 percent), precious stones (about 10 percent), food and agricultural raw materials (about 4 percent).

Thailand has not joined the anti-Russia sanctions and maintains normal working contacts with the Russian Federation, despite pressure from the collective West. On the side-lines of the APEC forum in May 2022, Thai Minister of Commerce Jurin Laksanawisit assessed the potential for trade with Russia at \$10 billion by late 2023. Cooperation can be expanded based on implementing joint projects in agriculture, energy, industry, transport infrastructure, smart and safe cities, etc. Bangkok is interested in boosting its exports of food, textiles, sports goods, automobile spares, and medicines to Russia. Russia is planning to supply fertilizer, energy, and helicopters, and to develop the services sector. In a bid to increase the Thai agricultural exports to Russia, Thailand's representatives at the fourth meeting of the Sub-Commission on Trade and Economic Cooperation held in April 2022 urged the Rostec Corporation to expedite the signing of an agreement with the Thai Rubber Association. In May 2023, Bangkok hosted the Russian Far East and Arctic – Exploring New Perspectives and Opportunities business dialogue, where Thailand indicated seafood as an important item of exports to the Russian Federation.

Russia, for its part, expressed readiness to discuss a possibility of localising Thailand's production of auto spare parts in its territory to replace the missing Western supplies. In December 2022, Ambassador of Thailand to Russia Sasiwat Wongsinsawat confirmed that his country was ready to supply auto components to Russia but expected the authorities and interested companies to provide detailed lists of the required models and amounts.

In 2022, Minister of Industry and Trade Denis Manturov also asked the Thai government to join Russia's Mir payment system and support the use of the Mir card by Russian citizens. As of the time of writing this report, the matter is still under discussion as is the idea of introducing payments in national currencies and signing an agreement with the Eurasian Economic Union.

Logistics is important for organising export-import operations. Work is in progress to improve the refrigerator infrastructure and delivery of perishable goods. Russia and Thailand discuss opportunities for cooperation within the framework of the Eastern Economic Corridor.

In May 2022, participants in the APEC forum spoke about the need to restore the tourist flow from Russia to Thailand. In October 2022, the Russian-Thai Sub-Commission on Trade and Economic Cooperation succeeded in extending the term of visa-free sojourn in Thailand for Russian tourists to 45 days. The same month, direct air service between the two countries was restored, with regular flights performed by Aeroflot and S7, as well as chartered flights by the tour operators Pegas Touristik and Anex Tour. The voucher prices were made to approximate those of 2019 as much as possible, something that made it possible to preserve the affordable format of tours.

Humanitarian cooperation continues as usual. In 2022, Russia and Thailand held concerts, black-tie receptions and conferences to celebrate the 125<sup>th</sup> anniversary of the establishment of diplomatic and friendly relations between the two countries. In August 2022, bands from Thailand took part in the Spasskaya Tower international military music festival in Moscow.

With the Covid-19 pandemic over, Russia and Thailand resumed their inter-university contacts (which were not impeded by the Russian special military operation). In early 2023, Moscow State University of Geodesy and Cartography and the Bangkok-based Kasetsart University, one of the top ten Thai educational institutions, drafted and signed a document on practical cooperation. A delegation from the St Petersburg State Economic University visited Kasetsart in February 2023, and the two institutions agreed to draft a memorandum on joint projects. In April 2023, the HSE University and Thailand's Mahidol University signed an agreement on cooperation and student exchanges.

## Cambodia

Moscow and Phnom Penh have been consistent in advocating deeper cooperation between the two countries. In 2015–2020, they signed over 50 bilateral documents covering almost all spheres



of cooperation, while also maintaining annual high-level level, interparliamentary and interparty contacts. There is the Russia-Cambodia Intergovernmental Commission for Trade, Economic, Science and Technology Cooperation, the Russia-Cambodia High-Level Group for Joint Investment Projects, the EAEU-Cambodia Business Forum, and the EEC-Cambodia Working Group. In 2021, Russian companies took part in the first online business mission to the Kingdom of Cambodia. Cambodia attaches great importance to Russia's international role, supports the EAEU and had taken over as the coordinator of Russia-ASEAN dialogue since 2021.

By coordinating their efforts within the United Nations and other international structures, Russia and Cambodia have increased the number of co-sponsored resolutions on key matters for Russia. In 2016, Cambodia voted against the Ukrainian draft of a UN General Assembly resolution titled "Situation of human rights in the Autonomous Republic of Crimea and the city of Sevastopol." In 2018, Cambodia opposed efforts to accuse Russia of militarising Crimea, the Black Sea and the Sea of Azov.

When Russia launched its special military operation, Cambodia supported the first two UN General Assembly resolutions on Ukraine, namely resolutions ES-11/1 and ES-11/2. At the time, Prime Minister of Cambodia Hun Sen publicly condemned the special military operation, while also emphasising in his remarks his commitment to maintaining friendly relations with Russia. He instructed Cambodian diplomats to side with Ukraine in any vote held within international organisations and forums.

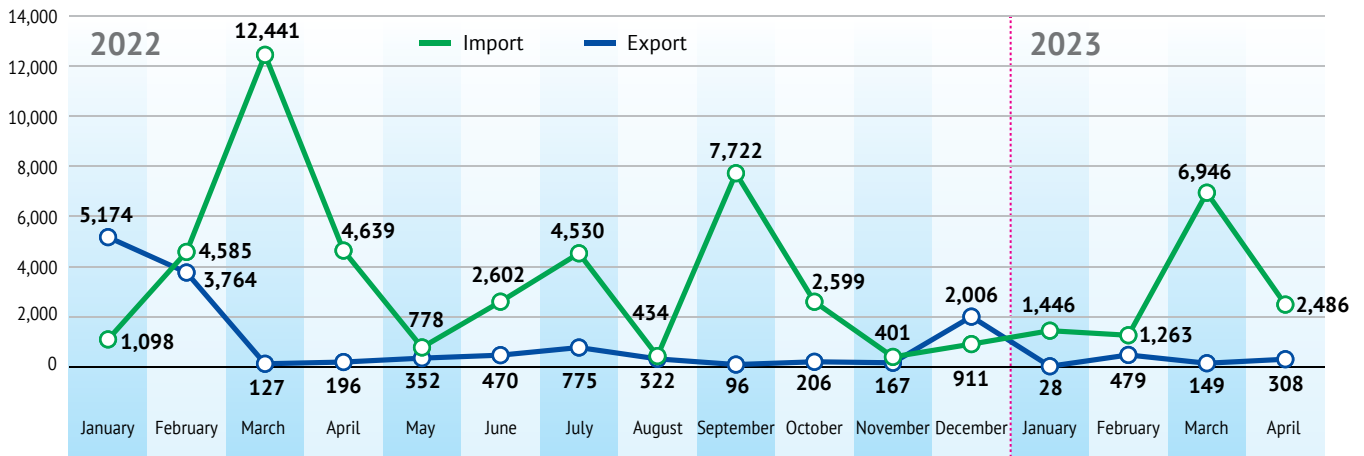
Cambodia voted in favour of Resolution ES-11/4 condemning the accession of new regions to Russia, but abstained on resolutions ES-11/3 and ES-11/5. In the winter of 2022-2023, Cambodia worked with Japan International Cooperation Agency to provide training to Ukrainian mine clearance technicians, even if its Foreign Ministry kept saying that this was an exclusively humanitarian initiative.<sup>15</sup> The country's Prime Minister offered to train Russian soldiers too. Cambodia has not provided any official support to Ukraine and has not joined the sanctions against

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<sup>15</sup> Камбоджа отвергла утверждение об оказании военной помощи Украине // ТАСС. 25.01.2023. URL: <https://tass.ru/mezhdunarodnaya-panorama/16877587>

Russia, maintaining its neutrality and calling on the sides to resolve the conflict by peaceful means, while also expressing its readiness to offer a venue on the side-lines of ASEAN Leaders Meeting or the East Asia Summit.

### TRADE TURNOVER BETWEEN CAMBODIA AND RUSSIA IN 2022–2023, THOUSAND DOLLARS



Source: stats.customs.gov.kh

On the economic front, cooperation between Russia and Cambodia has so far failed to keep up with the momentum in their political ties. Hit by the Covid-19 pandemic, their mutual trade totalled \$239 million in 2021 with Cambodia's share in Russia's foreign trade below 0.3 percent, while Russia accounted for 0.1 percent of Cambodia's trade. Russia had a \$165 million trade deficit with Cambodia.<sup>16</sup> According to data reported by Cambodia, its trade with Russia was just over \$70 million in 2022. All indicators have hit abysmal lows with exports to Russia at \$15 million for the entire year, and imports from Russia at about \$55 million. Russia has yet to release the statistics to this effect.

In August 2022, Russia and Cambodia signed a plan of consultations for 2022–2024 on the side-lines of the 55<sup>th</sup> ASEAN Foreign Ministers' Meeting.<sup>17</sup> The primary objective of this document is to reinforce trade and investment cooperation. While stating that friends may hold diverging views, it goes on to say this must not stand in the way of their

<sup>16</sup> Товарооборот России с Камбоджей // Внешняя торговля России. 2021. URL: <https://russian-trade.com/reports-and-reviews/2022-02/torgovlya-mezhdu-rossiey-i-kambodzhey-v-2021-g/>

<sup>17</sup> Joint Statement by the Foreign Ministers of the Kingdom of Cambodia and the Russian Federation// Foreign Ministry of the Russian Federation. 05.08.2022. URL: [https://www.mid.ru/ru/foreign\\_policy/news/1825129/?lang=en](https://www.mid.ru/ru/foreign_policy/news/1825129/?lang=en)

mutually beneficial cooperation. In November 2022, Prime Minister of Cambodia Hun Sen and Chair of Russia-ASEAN Business Council Ivan Polyakov reaffirmed their positive expectations regarding Russia-Cambodia trade during the ASEAN Business Summit. Hun Sen called on the business community to be more proactive in promoting trade and economic cooperation within ASEAN and invest in Cambodia, noting that the country's government is committed to creating a favourable business environment and expects its economy to grow by 6.2 percent in 2023.

Russia is interested in working with Cambodia in several sectors, including investment, agriculture, tourism, energy, cyber security, military cooperation, and education. However, the two countries have yet to make full use of their competitive advantages. Developing Southeast Asian transport and logistics corridors (most notably efforts by C-Shipping as an agent for OVP & Safetrans Line),<sup>18</sup> agreeing on the terms for creating a free trade area between the EAEU and Cambodia as part of a free trade agreement with ASEAN, resuming the meetings of the Russia-Cambodia High-Level Working Group for Joint Investment Projects, as well as creating new platforms for bilateral dialogue could all serve as an impetus for unlocking this potential.

## Indonesia

Indonesia is ASEAN's largest economy, and as such, it is one of the most promising partners for Russia in this new environment. The country's constructive position on global issues has helped set its relations with Russia on a positive footing. Despite the challenging geopolitical backdrop, Russia and Indonesia were able not only to maintain positive momentum in their relations but also gave an additional impetus to them in 2022 and 2023.

In 2022, Russia-Indonesia trade increased by almost 40 percent, mostly driven by metals exports and chemical products.<sup>19</sup> According

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<sup>18</sup> Перспективы развития транспортно-логистических коридоров в страны азиатско-тихоокеанского региона обсудили в НГТПП // Торгово-промышленная палата РФ. 27.06.2023. URL: <https://news.tpprf.ru/ru/news/4485954/>

<sup>19</sup> Товарооборот России и Индии увеличился в 2,4 раза в 2022 году // ТАСС. 26.01.2023. URL: <https://tass.ru/ekonomika/16894469>

to Indonesia's ambassador to Russia, the two countries are discussing opportunities for trading in national currencies.

Indonesia has not joined the sanctions against Russia and has been consistent in maintaining its neutrality regarding the Ukraine conflict. In June 2022, President Joko Widodo visited Moscow and said that Indonesia called on the G7 to ensure that Russian food products and fertilisers are not subject to any sanctions. The country's Finance Minister Sri Mulyani Indrawati made a telling statement saying that introducing a price cap on Russian oil would not solve the energy supply issue.

The pressure caused by international sanctions has not prevented Indonesia from maintaining its dialogue with the EAEU. Launched in early 2023, talks on an Indonesia-EAEU free trade area could be completed in two years.<sup>20</sup>

Indonesia advocates a diplomatic solution to the Ukraine crisis, as demonstrated during the visits by the country's President Joko Widodo to Ukraine and Russia in June 2022, as well as by Indonesia's peace settlement plan. Presented at the Shangri-La Dialogue Summit, the plan focused on achieving a ceasefire and creating a demilitarised zone, deploying a peacekeeping force and holding a referendum under UN supervision in certain regions. Indonesia's Minister of Defence Prabowo Subianto presented these initiatives, even if Joko Widodo quickly followed up on this statement by saying that these proposals had not been coordinated with him.

Indonesia also demonstrated its neutrality while chairing the Group of Twenty and helping adopt a joint statement at the G20 Summit in autumn 2022 despite all the controversy around the issue of whether to mention the Ukraine conflict in the document. The final version does contain a phrase that apart from the fact that delegations condemned Russia's policy in Ukraine, "there were other views and different assessments of the situation and sanctions."

Indonesia was among the 19 countries that expressed their desire to join BRICS. This would enable the country not only to forge deeper ties with other BRICS countries, but also reinforce Indonesia's positions in global governance.

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<sup>20</sup> Посол РФ: ЕАЭС и Индонезия могут достичь соглашения о свободной торговле в течение 2 лет // ТАСС. 17.05.2023. URL: <https://tass.ru/politika/17771689>

The tourism sector received a major impetus with the lifting of the Covid-19 restrictions. In March 2023, the Foreign Ministry of Russia introduced a streamlined visa regime for Indonesia, and by May there were already 40,000 Russian in Bali. In addition to this, on March 31, the two countries signed an extradition agreement aimed at fighting cross-border crime and regulating extradition rules. Earlier, Russia and Indonesia discussed opportunities for launching direct and charter flights.

There has been progress in cultural and educational ties too. For example, in response to the unveiling of a monument to Yuri Gagarin in Jakarta, Russia is expected to build a monument to President of Indonesia Sukarno as a symbol of Russia-Indonesia friendship in Moscow's Museon Park. In education, there are new projects, involving Moscow Power Engineering Institute, Tomsk Polytechnic University, Novosibirsk State Technical University, the Higher School of Economics, etc. Russia also increased the number of scholarships it awards to foreign students. For the 2023-2024 academic year, Russia doubled the quota for Indonesian nationals by granting 300 scholarships.

## Singapore

Russia and Singapore maintain political dialogue at the top and high levels. They have a functioning mechanism for interparliamentary consultations and regular foreign minister contacts and conduct consultations between foreign ministries. The High-Level Intergovernmental Commission and the Russia-Singapore Business Council are operating. The Russia-Singapore Business Dialogue forum is held every year. The Centre for the Overseas Promotion of Russian High-Tech Companies has opened in Singapore with the support of the Russia-Singapore Business Council and the Rostec State Corporation. Before the start of the special military operation, the main areas of practical cooperation included special economic zones, energy, transport, agriculture, infrastructure development and ICT.

Singapore became the only ASEAN member country to denounce Russia's actions in Ukraine and to join Western economic sanctions. It supported all anti-Russia resolutions of the UN General Assembly, including ES-11/1, ES-11/2, ES-11/4 and ES-11/5, with the exception of ES-11/3, which called for the suspension of Russia's membership in the UN Human Rights Council. In 2022, the Foreign Ministry of Singapore

officially announced the imposition of an embargo on strategic goods for military or dual purpose, and a large range of financial sanctions banning cooperation with the Russian government, crypto currency deals, and transactions with the VTB and VEB.RF, Promsvyazbank, the Rossiya Bank and the Central Bank of the Russian Federation. Later, the regulator of the Singaporean stock exchange restricted access to Gazprom's receipts. This is a very tough position considering there were no reports of any pressure on Singapore from the collective West. The Government of the Russian Federation included Singapore in the list of foreign states and territories involved in unfriendly activity towards Russia, Russian companies and citizens of March 5, 2022. Economic sanctions and the inclusion in this list substantially complicated business cooperation with Singapore. Consequently, the talks on a draft agreement on trade in services and investment between Russia and Singapore were suspended and the EAEU-Singapore agreement on free trade in commodities signed in 2019 did not enter into force.

In 2021, trade between Russia and Singapore amounted to about \$2.27 billion. A trade surplus reached \$1 billion. A sharp decline in trade – by almost 88 percent – was recorded in March 2022 but trade and economic relations were not severed. According to the United Nations Comtrade Database, in 2022, exports from Singapore to Russia amounted to about \$2.29 billion, whereas exports from Russia were much lower and added up to \$182 million.<sup>21</sup> However, overall, trade exceeded the previous year's figure, reaching \$2.47 billion, mostly owing to Singapore's exports to Russia.<sup>22</sup> Supplies to Singapore almost tripled in the first quarter of 2023 against the backdrop of the European embargo on oil products from Russia. According to Enterprise Singapore, during this period Singapore imported 741,000 tonnes of Russian naphtha and diesel fuel, which amounts to about 23 percent of its aggregate imports of oil products.<sup>23</sup>

Business contacts with Singapore have not stopped completely. The Russia-Singapore Business Council and the Centre for the Overseas Promotion of Russian High-Tech Companies in Singapore, established in 2018, are functioning. The centre represents over a hundred Russian

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<sup>21</sup> Detailed global trade data // UN Comtrade Database. 2023. URL: <https://comtradeplus.un.org/>

<sup>22</sup> Merchandise Trade // Department of statistics of Singapore. 17.07.2023. URL: <https://www.singstat.gov.sg/find-data/search-by-theme/trade-and-investment/merchandise-trade/latest-data>

<sup>23</sup> Narayan M., Chye M. Singapore imports of Russian naphtha surge as EU ban shifts flows // Reuters. 06.04.2023. URL: <https://www.reuters.com/business/energy/singapore-imports-russian-naphtha-surge-eu-ban-shifts-flows-2023-04-06/>

high-tech companies and investment projects. It was created to promote high-tech cooperation. However, it is likely that in the new conditions, many of the earlier established channels of interaction will have to be reconfigured. It is also necessary to consider the fact that the majority of large high-tech production lines in Southeast Asia, including Singapore, were brought there by Japanese, Chinese and Western transnationals.

In 2022, the 7th Russia-Singapore Business Dialogue was held in the usual format. It resulted in agreements with the Yaroslavl State Technical University on supporting innovation processes and organising project and research activities and with partner companies in Southeast Asia on finances, insurance, engineering and production cooperation.

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## Russia and South Korea: External pressure

Russian-Korean interaction can be described as lacking major historical or political issues. In the 30 years that have elapsed since the signing of the agreement to establish diplomatic relations, the Republic of Korea (ROK) has become one of Russia's main trading partners in Asia. The bilateral dialogue was established at the top and high levels, and the Russian-Korean Joint Commission on Economic and Scientific and Technical Cooperation – the main facility for intergovernmental cooperation – was established. Over time, sector-specific committees on trade, the Far East, science, transport, energy, natural resources, ICT, environmental protection, and industry were created within the intergovernmental commissions. Cooperation, sharing of experience and integrated solutions in areas of mutual interest such as scientific research, ICT, transport, finance, space exploration, pharmaceuticals, nanosphere, Antarctic research, and personnel training were steadily developing. Major Korean concerns, such as Samsung, Hyundai, LG, and Lotte operated on the Russian market. They oversaw the operation of full production cycle plants which made household appliances and built infrastructure and factories.

The 2022 events marked a bifurcation point in Russia-ROK relations. Pressure coming from the United States played an enormous role in this regard. The Republic of Korea supported every anti-Russian

resolution adopted by the UN General Assembly. An information war against Moscow was unleashed and an anti-Russia narrative began to prevail. After Russia began the special operation, South Korea issued a statement condemning Russia's actions and announced that it would join the countries that imposed sanctions.<sup>24</sup> As part of the first package of measures, the Korean government issued a ban on transactions with major Russian banks, suspended investment in Russian bonds and supported the disconnection of Russian banks from SWIFT.<sup>25</sup> This was followed by a ban on transactions with the Russian Central Bank and Rossiya Bank. However, in early March 2022, the Korean Minister of Trade said South Korean companies would not support anti-Russian export sanctions. The Korean government was concerned that the sanctions would negatively impact Korean small businesses and technology exports. At the same time, the South Korean authorities managed to have their firms removed from the US sanctions list against Russia. The statement met with a strong negative response in Washington and, at the end of the month, in addition to financial restrictions Korea imposed export controls on Russia and Belarus with regard to a number of goods. On March 26, 2022, the list of restrictions included 57 items of non-strategic goods, including semiconductors.<sup>26</sup> In 2023, it was significantly expanded by 741 items.<sup>27</sup>

On March 9, 2022, President Yoon Seok-yeol, a member of the conservative opposition, came to power in Korea. His foreign policy programme relied on the thesis of strengthening cooperation and stepping up the military-political alliance with the United States.<sup>28</sup> With regard to Moscow, the new president adheres to extremely negative

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<sup>24</sup> Korean Government's Decision Regarding Situation in Ukraine // Ministry of Foreign Affairs of the Republic of Korea. 28.02.2022. URL: [https://www.mofa.go.kr/eng/brd/m\\_5676/view.do?seq=322003](https://www.mofa.go.kr/eng/brd/m_5676/view.do?seq=322003)

<sup>25</sup> Korean Government Announces Details on Financial Sanctions Against Russia // Ministry of Economy and Finance of the Republic of Korea. 01.03.2022. URL: <https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=5302>

<sup>26</sup> 전략물자수출입고시 [Notification of exports and imports of strategic goods] // 산업통상자원부고 [Ministry of Trade, Industry and Energy]. 25.03.2022. URL: <https://law.go.kr/LSW//admRulLsInfoP.do?chrClsCd=&admRulSeq=2100000210042>

<sup>27</sup> 전략물자수출입고시 [Notification of exports and imports of strategic goods] // 산업통상자원부고 [Ministry of Trade, Industry and Energy]. 24.04.2023. URL: <https://law.go.kr/LSW//admRulLsInfoP.do?chrClsCd=&admRulSeq=2100000222358>

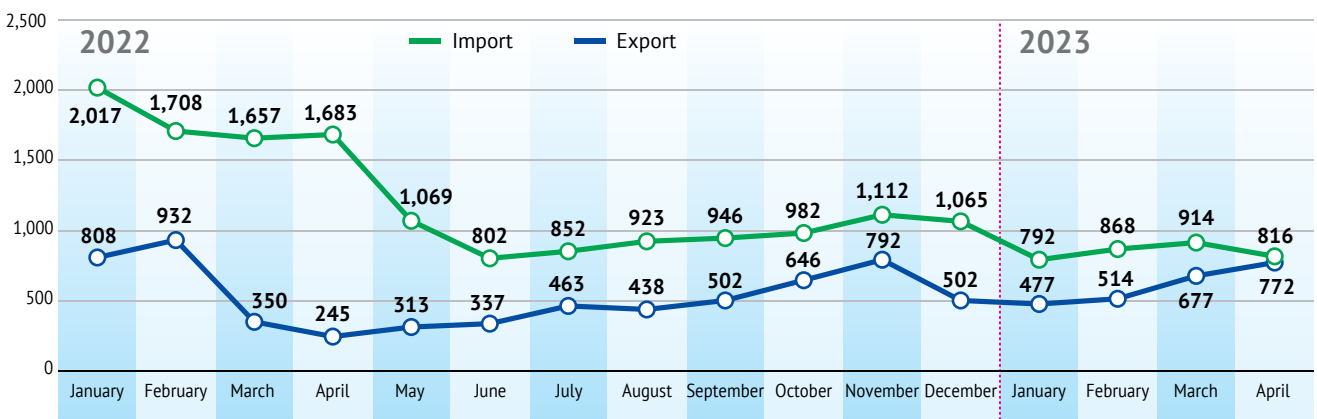
<sup>28</sup> 말뿐인윤대통령의자유민주주의[President Yoon's liberal democracy] // SocialKorea. 14.03.2023. URL: <https://socialkorea.org/politics/%EB%A7%90%EB%BF%90%EC%9D%B8-%EC%9C%A4-%EB%8C%80%ED%86%B5%EB%A0%B9%EC%9D%98-%EC%9E%90%EC%9C%A0%EB%AF%BC%EC%A3%BC%EC%A3%BC%EC%9D%98-%ED%95%B4%EC%99%B8-%EC%8B%9C%EC%84%A0%EB%8F%84-%EB%94%B0%EA%B0%91/?ckattempt=1>



rhetoric which calls into question the validity of Seoul’s sovereignty and reduces the chances of restoring the previous level of Russian-Korean relations. The supply of lethal weapons is a case in point. Initially, South Korea was sending only humanitarian and financial aid to Ukraine out of concern that arms supplies would impact its relations with Moscow. However, in the spring of 2023, Yoon Seok-yeol said that in the event of an emergency, Seoul might reconsider its stance.<sup>29</sup>

South Korea’s accession to the collective West has led to the freezing of the existing potential of bilateral cooperation. Ambassador Extraordinary and Plenipotentiary of the Russian Federation to the ROK Andrei Kulik noted that “interstate contacts have come to naught in virtually all spheres.” In 2021, bilateral trade amounted to \$29.882 billion, which was 52 percent more than in 2020. Russian exports then grew by 36 percent to \$16.897 billion, while imports rose by 81 percent to \$12.985 billion.<sup>30</sup> The imposition of sanctions and difficulties related to logistics and payments had a significant negative effect on trade. In 2022, the volume of trade began to decline and was down 4.2 percent in January-July. In 2023, the negative trends worsened. According to the Republic of Korea’s Customs Service, in April 2023, trade fell by another 17.6 percent year-on-year.

TRADE TURNOVER BETWEEN SOUTH KOREA AND RUSSIA IN 2022–2023, \$ MILLION



Source: unipass.customs.go.kr

<sup>29</sup> Soyoung Kim, Ju-min Park, Hyonhee Shin. Exclusive: South Korea’s Yoon opens door for possible military aid to Ukraine // Reuters. 19.04.2023. URL: <https://www.reuters.com/world/asia-pacific/south-koreas-yoon-opens-door-possible-military-aid-ukraine-2023-04-19/>

<sup>30</sup> Торгово-экономические отношения // Посольство Российской Федерации в Республике Корея. 2022. URL: <https://korea-seoul.mid.ru/ru/russia-korea/bilateral-relations/economy/>

It can be assumed that fearing pressure from the United States, South Korea will not be making any actual attempts to normalise relations with Russia any time soon. However, taking into account its national interests and sticking to a pragmatic position, the ROK may try to preserve the existing contacts. Korea has not become an openly unfriendly country, even though it was officially included on that list. It did not impose personal restrictions and remained objective with regard to the situation, as was reflected in the foreign policy concept paper drafted before the 2023 presidential election – it expressed the intention to “restore the momentum of relations with Russia” in the future.<sup>31</sup> Moscow is playing an important role in ensuring stability on the Korean Peninsula. Its balancing role is necessary for Seoul’s greater freedom of manoeuvre between the United States and China. Regular high-level meetings continue to be held, where participants discuss the situation surrounding the Korean Peninsula. The Russian branch of the Peaceful Unification Advisory Council remains operational.

In September 2022, representatives from South Korea attended the Eastern Economic Forum, becoming one of the most numerous foreign delegations. It was reported during the forum that despite the overall negative developments, foreign trade between the Primorye Territory and the Republic of Korea grew by 87 percent in 2022 to an unprecedented \$1.4 billion.<sup>32</sup> In November, South Korea became a participant at the 4<sup>th</sup> Northern Forum on Sustainable Development in Yakutsk where the issue of a possible connection of the Trans-Korean and Trans-Siberian motorways was discussed. That same year, the bilateral visa-free travel for tourists and business people was reinstated. It was established in 2014 and suspended during the pandemic. In July 2022, Korea began accepting Mir payment cards to pay for purchases using select BC Card payment system terminals.

In addition to the Russian embassy and consulate general, public organisations such as Russian cultural and educational centre Pushkin House, the Korean-Russian Friendship Society, the Korean-Russian Society of Art and Culture, and the Russia – Republic of Korea Dialogue

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<sup>31</sup> Булычев Г. Россия и Южная Корея: отношения на паузе // РСМД. 21.03.2022. URL: <https://russiancouncil.ru/analytics-and-comments/analytics/rossiya-i-yuzhnaya-koreya-otnosheniya-na-pauze/?ysclid=ll0opmcmfd135152576>

<sup>32</sup> Товарооборот Приморья и Республики Корея на фоне санкций вырос на 87% // ТАСС. 06.09.2022. URL: <https://tass.ru/ekonomika/15659441>

forum also continue to function in the ROK. The Korea-Russia Business Council still hosts “Russian evenings” where diplomats and business people get together. In Russia, the All-Russian Association of Koreans and the Russian Koreans newspaper continue to operate as before.

There are quite extensive humanitarian activities. In May 2022, a nationwide yearly Russian language competition was held in South Korea among the local university students with the support of the Institute of Russian Studies at the Hankuk University of Foreign Studies. In September 2022, the Russian film industry presented more than 160 projects at the Broadcast Worldwide South Korean marketplace. In January 2023, contestants from the Republic of Korea took part in the cello section of the Tchaikovsky International Youth Competition in St Petersburg.

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## Russia and Japan: Pragmatism and hostility

Japan’s National Security Strategy, adopted at the end of 2022, expresses “strong concern” about Russia’s political course and says that Japan does not consider the country a partner.

Condemning Russia’s actions against Ukraine, Japan introduced as many as 1,246 sanctions.<sup>33</sup> Unlike the more symbolic sanctions in 2014, the new packages affected sensitive sectors of the economy and largely offset the positive results of pre-2022 cooperation. In updating a key document on expanding Japan’s infrastructure export strategy, the country completely removed any mention of the eight-point plan for economic cooperation with Russia, a former flagship project promoted by former Prime Minister Shinzo Abe’s cabinet.<sup>34</sup>

A consensus has been reached between Japan’s ruling and opposition elites on a negative attitude towards Russia. Although alternative opinions do filter out at times in the public arena (for example, former Prime Minister Yoshiro Mori has criticised the country’s one-sided perspective

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<sup>33</sup> Russia Sanctions Dashboard // Castellum.AI. 14.07.2023. URL: <https://www.castellum.ai/russia-sanctions-dashboard>

<sup>34</sup> Japan amends document to show economic cooperation with Russia halted // The Japan Times. 04.06.2022. URL: <https://www.japantimes.co.jp/news/2022/06/04/national/japan-economic-cooperation-russia/>

on the Ukrainian conflict),<sup>35</sup> they find no support in the mainstream of society.

At the same time, Japan pursues a very pragmatic approach to economic cooperation, primarily prompted by energy security considerations. Japanese companies have not withdrawn from the Sakhalin-1 and Sakhalin-2 projects, and retained their stakes in the Arctic-LNG-2 project. Mitsui and Mitsubishi hold respective stakes of 12.5 and 10 percent in Sakhalin-2. The impossibility of quickly replacing Russian resources has prompted exceptions in Tokyo's overall pro-sanctions policy: for example, Arctic-LNG-2, Sakhalin-1, and Sakhalin-2 have been exempted from the ban on providing construction and engineering services to Russian companies.<sup>36</sup>

The country still has a minister for economic cooperation with Russia. Several economic cooperation projects and programmes have remained open, too. Even despite the sanctions, bilateral trade rose 6.2 percent to \$9.96 billion in 2022.<sup>37</sup> In May 2023, Japan increased grain imports from Russia by almost 2,098.7 percent,<sup>38</sup> and LNG imports, by 9.1 percent.<sup>39</sup> The export of used cars from Japan to Russia recently received a boost.

Despite restrictions on air services and payment systems, the number of Russian tourists visiting Japan in May 2023 surged by 740 percent compared to the same period in 2022 (restrictions on the entry of tourists were lifted in October 2022).<sup>40</sup> However, that was still almost 70 percent less than in 2019. According to Russia's Special Presidential Representative for International Cultural Cooperation Mikhail Shvydkoi,

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<sup>35</sup> 森元首相がゼレンスキー氏批判「ウクライナ人苦しめた」[Mori criticised Zelensky for «tormenting Ukrainians»] // The Sankei News. 18.11.2022. URL: <https://www.sankei.com/article/20221118-FIVCX2B2Y5ML3ND5CYOBTZOLAM/>

<sup>36</sup> Савенкова Д. Почему Япония вывела из-под санкций «Арктик СПГ – 2» и сахалинские проекты // Ведомости. 03.07.2023. URL: <https://www.vedomosti.ru/business/articles/2023/07/03/983392-pochemu-yaponiya-vivela-iz-pod-sanktsii-arktik-spg-2>

<sup>37</sup> Ларина А. Товарооборот Японии и России вырос на 6,2% в 2022 году // Коммерсантъ. 19.01.2023. URL: <https://clck.ru/35KjsR>

<sup>38</sup> Япония в мае увеличила импорт зерновых из России почти в 22 раза // РИА Новости. 15.06.2023. URL: <https://ria.ru/20230615/yaponiya-1878201535.html>

<sup>39</sup> Япония в мае нарастила импорт СПГ из России на 9,1 процентов // РИА Новости. 15.06.2023. URL: <https://ria.ru/20230615/yaponiya-1878202293.html>

<sup>40</sup> В Японию в мае приехало на 740% больше россиян, чем в 2022 году // ТАСС. 21.06.2023. URL: <https://tass.ru/obschestvo/18075387>

the current tension in bilateral relations has not affected the mutual interest that Russian and Japanese people have in each other's cultures, an attitude reflected in the continuing Japan-related cultural events in Russia and the Russian culture festival in Tokyo. Seven representatives of Japan participated in the International Tchaikovsky Music Competition, along with American musicians and others.

Nevertheless, Japan is at the forefront of sanctions pressure on Russia. Many ties have been severed, and there are no prospects for their restoration yet. However, certain examples of economic and cultural cooperation show that common economic interests, and the accumulated experience of dialogue of cultures and cooperation can prevent a complete freezing of exchanges even in the most unfavourable conditions.

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## Russia and Pakistan: Cooperation in the face of vulnerability

Coincidentally, the day before Russia launched its special military operation in Ukraine, Pakistani Prime Minister Imran Khan arrived in Moscow and met with President Vladimir Putin. It was also symbolic that Imran Khan was the first Pakistani prime minister to visit Russia in decades; his name became associated with the intensification of interstate relations.

However, in the spring of 2022, Pakistan was hit by an internal political crisis: in early April, the parliament passed a no-confidence motion in the prime minister, and Shehbaz Sharif took over as head of the executive branch. Imran Khan blamed the United States for the incident claiming that Washington, dissatisfied over his visit to Moscow, interfered in the country's internal politics facilitating "pro-Western forces" rise to power.<sup>41</sup>

Nevertheless, both under the Khan and Sharif governments, Pakistan abstained from voting on the resolutions on Ukraine at the

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<sup>41</sup> Строкань С. Вашингтон перекрывает «Пакистанский поток» // Коммерсантъ. 03.04.2022. URL: <https://www.kommersant.ru/doc/5292962>

UN General Assembly's Emergency Special Session. Islamabad seeks to maintain a balance between Russia, which is supported by China (a key partner of the Islamic Republic), and Western countries (primarily the United States). The Pakistani Foreign Ministry repeatedly explained that Pakistan supported calls for respect for the principles of the UN Charter but did not want to follow in the wake of any bloc of states.<sup>42</sup>

After February 2022, Russia and Pakistan continued to cooperate on multilateral platforms and in a bilateral format, but it cannot be said that bilateral contacts have become more dynamic over the past 18 months. Russia's priorities in the region include further expansion of ties with its long-standing partner India, which reacts adversely to the possibility of wider Pakistani-Russian contacts, especially when it comes to the supply of defence products.

With the economic crisis plaguing Pakistan after the devastating floods in 2022 added to the equation, and the country's solvency largely depending on IMF and Chinese loans, Islamabad – unlike New Delhi – has much less room for manoeuvre. Therefore, continued cooperation and new agreements are an achievement per se. Following Imran Khan's visit in March 2022, Pakistan signed an agreement to import Russian wheat and natural gas;<sup>43</sup> in May 2023, direct shipping services opened between Pakistan and Russia (the St Petersburg – Karachi route);<sup>44</sup> earlier this year, the two countries signed protocols on customs cooperation simplifying customs formalities and reducing export-import duties by 25 percent.<sup>45</sup>

Although total bilateral trade is still below \$1 billion, it actually grew 34 percent between July 2022 and May 2023, reaching \$761 million.<sup>46</sup> In June 2023, Russia began crude oil supplies to Pakistan, which are expected to cover up to a third of the country's needs; this may lend

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<sup>42</sup> Yousuf K. Pakistan stance on Ukraine unchanged: FO // The Express Tribune. 15.10.2022. URL: <https://tribune.com.pk/story/2381692/pakistan-stance-on-ukraine-unchanged-fo>

<sup>43</sup> Пакистан будет импортировать из России пшеницу и газ, несмотря на санкции // ТАСС. 03.03.2022. URL: <https://tass.ru/ekonomika/13944219>

<sup>44</sup> Malik T. Direct shipping service between Pakistan, Russia to begin this month // Geo News. 19.05.2023. URL: <https://www.geo.tv/latest/488156-direct-shipping-service-between-pakistan-russia-to-begin-this-month>

<sup>45</sup> Россия и Пакистан подписали три межправительственных соглашения // Большая Азия. 20.01.2023. URL: <https://bigasia.ru/rossiya-i-pakistan-podpisali-tri-mezhpravitelstvennyh-soglasheniya/>

<sup>46</sup> Hashmi F. Pakistan-Russia Trade Up By 34% To \$760.5Mln In Past 11 Months – Commerce Minister // Urdu Point. 21.06.2023. URL: <https://www.urdupoint.com/en/pakistan/pakistan-russia-trade-up-by-34-to-7605mln-1712229.html>

an additional impetus to bilateral economic relations, which remain rather limited overall.

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## Russia and Bangladesh: The positive effects of non-alignment

For Russia, Bangladesh is a friendly country, and the two have maintained good relations since the latter's independence in 1971. The start of the special military operation did not change Dhaka's attitude or affect its unwavering commitment to non-alignment. The country's historical ties with Russia, as well as its close relationship with China compelled Bangladesh to maintain neutrality, refrain from condemning Russia and call on the parties to the conflict to exercise restraint and dialogue. In June 2023, Bangladesh made an important step with far-reaching consequences when it applied to join BRICS.

Dhaka abstained four times during voting on resolutions held as part of the Emergency Special Session of the United Nations General Assembly on the situation in Ukraine. However, it voted in favour of Resolution A/RES/ES-11/2 of March 24, 2022, titled "Humanitarian consequences of the aggression against Ukraine," and Resolution A/RES/ES-11/4 of October 12, 2022, titled "Territorial integrity of Ukraine: defending the principles of the Charter of the United Nations." This is attributable to the fact that Bangladesh is one of the least developed countries in the world and depends on the loans it receives from international organisations and other countries, including the United States, which makes it impossible for Bangladesh to be fully independent in its foreign policy in the way that countries like India are. In some cases, Dhaka has had to give in to pressure to prevent any cuts to the financial assistance it receives or avoid secondary sanctions. One notable example of this occurred in February 2023 when Bangladesh closed its ports to Russian vessels under Western sanctions.

Economic cooperation between Russia and Bangladesh has been insignificant, estimated at less than \$1 billion with Russia enjoying a substantial surplus. There has been no significant decline in the relations between the two countries in 2022 and 2023.<sup>47</sup>

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<sup>47</sup> Mirdha R. U. Exports to Russia returning to normalcy // 18.10.2022. URL: <https://www.thedailystar.net/business/global-economy/news/exports-russia-returning-normalcy-3145441>

The project to build the Rooppur Nuclear Power Plant, which started in 2017, is continuing, even if in autumn 2022 the launch of its first two units was postponed until 2024.<sup>48</sup>

Relying on EAEU mechanisms to promote ties between Russia and Bangladesh holds a lot of promise. This includes signing preferential trade agreements, as was discussed in March 2023 during the second meeting of the EAEU-Bangladesh Joint Working Group.<sup>49</sup>

Responding to the surging inflation and the depreciation of the national currency, as well as the global energy crisis and the challenges it poses for the country's energy imports, the Prime Minister of Bangladesh Sheikh Hasina said in May 2023 that Dhaka was ready to buy Russian oil, if it can get it at an affordable price.<sup>50</sup> The country needs cheap energy in order to drive economic growth and ensure the minimum level of wellbeing for its people.

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## The potential of Russia's Asia policy in the new global context

The outbreak of an open conflict in Europe radically changed Russia's geopolitical standing, which had a positive effect on its bilateral relations with most Asian countries. Caused, in part, by the launch of Russia's special operation in Ukraine, the shifts in the international order forced regional powers to define the degree to which they were committed to preserving trade, economic and political ties with Moscow.

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<sup>48</sup> Игнатъева А. Запуск строящейся в Бангладеш АЭС Руппур откладывается // Neftegaz. 10.10.2022. URL: <https://neftegaz.ru/news/nuclear/753777-zapusk-stroyashcheysya-v-bangladesh-aes-ruppur-otkladyvaetsya/>

<sup>49</sup> Механизмы сотрудничества ЕАЭС и Бангладеш позволяют развивать взаимодействие в новых геоэкономических условиях // ЕЭК. 30.03.2023. URL: <https://eec.eaeunion.org/news/mekhanizmy-sotrudnichestva-eaes-i-bangladesh-pozvolayut-razvivat-vzaimodeystvie-v-novykh-geoekonomi/>

<sup>50</sup> Chaudhury D. R. Bangladesh open to discounted oil imports from Russia: Sheikh Hasina // The Economic Times. 25.05.2023. URL: [https://economictimes.indiatimes.com/news/international/world-news/bangladesh-open-to-discounted-oil-imports-from-russia-sheikh-hasina/articleshow/100509706.cms\\_](https://economictimes.indiatimes.com/news/international/world-news/bangladesh-open-to-discounted-oil-imports-from-russia-sheikh-hasina/articleshow/100509706.cms_)



Even if political relations with some of them deteriorated, as was the case with Japan, South Korea and Singapore, Asia's traditional pragmatism prevented a total breakdown in relations, like what happened with Europe. The region has relied on its traditional operating mode when working with Russia which prevents it from thinking in absolute terms, dividing everything into black and white, or being too straightforward. As for Russia, it had to become more flexible in its foreign policy, which rhymed well with the international politics environment in Asia.

This review of Russia's relations with Asian countries in 2022 and 2023 shows that the Asian countries tend to focus on their national interests when defining their position both in their bilateral relations and within the main international organisations. Unlike in Europe, one can hardly find a single example in Asia of a state's attitude towards Russia and its actions being entirely dictated by outside pressure at the expense of common sense or mutually beneficial cooperation. South Korea stands as the only exception here, but it presents a case apart, considering that US troops are present on its territory, as well as its conflict with the DPRK, North Korea's friendly ties with Russia, and the complex relationship with China. Still, even in these cases no one is trying to present the initiatives to curtail trade and economic ties as some kind of a gesture, while seeking to mitigate the political fallout. Even Japan's unfriendly position, which feeds on its long-standing territorial dispute with Russia, did not cause it to sever its ties.

Just like the international community as a whole, Asian countries have taken advantage of the fact that Russia is seeking to expand its trade and economic relations, and step up its political dialogue and cooperation in culture, science and education in this region like never before. Asia proved to be ready for Russia's turn to the East, and has been consistent in building up the underlying infrastructure. We can suggest that most Asian countries will stick to their commitment to maintain and reinforce their relations with Russia, especially when it comes to economic cooperation. There have been no systemic obstacles on the horizon that could prevent this scenario from materialising.

Another important factor which explains Asia's positive attitude towards Russia, is that Moscow does not seek to influence the foreign


policy choices of the regional countries or to get involved in resolving issues when it has nothing to do with them.

However, this does not mean that certain Asian countries will always maintain their friendly attitude towards Russia: they could be prompted to side with the West by their national interests, even at the expense of their relations with Russia in the short-term. China-Russia cooperation and the relations between Asian countries and China, sometimes tense and prone to conflict, will also affect Asia's actions.

Nevertheless, so far, we can hardly expect any military or political blocs to emerge in Asia with a persistently hostile agenda towards Russia. There are no internal prerequisites in Asian countries for this, while the fact that many of them are ASEAN members helps them deliver on major development goals while sparing them the need to create any other cooperation groups.

Against the backdrop of the mounting China-US confrontation and the overall uncertainty in international affairs, it is essential that Russia continues to refrain from getting involved in intra-Asian affairs, as this could be viewed as Russia abandoning its neutrality in regional affairs or an attempt to impose its vision on its partners.

In the meantime, the international environment in Asia will remain flexible, which means that from now onwards Russia will seek to maintain friendly relations and promote economic cooperation whenever this meets the common interests.

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