RUSSIA IN THE RUSSIAN FAR EAST: PARTNERSHIPS, OPPORTUNITIES AND EMERGING TRENDS

Samra Sarfaraz*

Abstract

During the sixteenth and seventeenth century, when the Russians crossed into the far eastern and northern parts of the Russian landmass, what lay under the icy robes of the winter sky and beyond the vast snow cloaked terrains of what is today called the Russian Far East was but little understood in the Russian royal chambers. Even when they did acquire the political reigns of the region, the very existence and the uniqueness of some of the regions' most outstanding features; such as Lake Baikal and the region of Sakha, was overlooked by them. In the former's case, history remains unchanged to this date as scientists have tried to comprehend the biological features of the Lake, but in vain. Lake Baikal dates back to more than 25 million years in history; while most lakes have a life of a million years before they are filled up with sediments. Being the oldest lake in the world, it is consequently home to some of the oldest evolved species of flora and fauna. Majority of the more than twenty five hundred species of plants and animals found in the Lake are unique to Baikal alone and are not to be found anywhere else in the world.[1]

* Samra Sarfaraz, Lecturer, Department of History (General), University of Karachi, Karachi, Pakistan

1. W. Bruce Lincoln, The Conquest of a Continent: Siberians and the Russians, (New York: Cornell University Press, 2007), p. 247



The term Russian Far East (RFE) is used to refer to the eastern parts of Russia, between Lake Baikal and the Pacific Ocean. The RFE includes nine federal subjects; Amur Oblast, Jewish Autonomous Oblast, Kamchatka Krai, Magadan Oblast, Primorsky Krai, Sakha Republic, Sakhalin Oblast, Khabarovsk Krai and Chukotka Autonomous Orkug. Koryak Autonomous Orkug remained a federal subject until 2007 when it was joined with Kamchatka Oblast to form the Kamchatka Krai. Bordered between Arctic and the Pacific Oceans, RFE is roughly equal to the total size of Europe (excluding Russia) and two-third of the size of USA but with less than even 5 percent of the latter's population. Far East is Russia's doorway to East Asia. The region, not to be confused with Siberia, is a much colder and remote region of Russia, bordered by China in the South, Sea of Japan in the Southeast, East Siberian Sea in the North, and the Bering Sea in the Northeast. RFE inhabits more than 25 ethnic groups in its sparse population which has seen a 20% decline in the 8 million figure since 1991.[2]

Russian colonization of the region began with the arrival of Cossacks in the 16th century followed by Russian merchants and fur traders. Nineteenth century saw some important developments in terms of Russian occupation of the region. In the mid of the nineteenth century, taking advantage of the weaker Chinese empire Russians occupied territories lying north of River Amur. By 1860, the lands lying near River Ussuri were taken from Chinese control. Soon thereafter, the areas constituting modern day Sakhalin were brought out of a joint Russo-Japanese control in favor of Russian control in 1875. The successful completion of Trans-Siberian Railway gave a further impetus to Russianization of the region.[3] Furthermore, the Stolypin agricultural reforms of 1861 which offered free lands and freedom from serfdom in return of migration to the Russian

[2]. Laurence C. Smith, The New North: The World in 2050, (London: Profile Books Limited, 2011), p.
[3]. http://www.encyclopedia.com/doc/1E1-RussFarE.html

frontier, brought huge bands of Russian speaking people in the region.[4] During the Soviet rule, RFE then called the Soviet Far East, mainly served as a military base and a supply station of raw materials to the rest of the country. US presence in Korea and Japan during the Cold War, together with Chinese claim on some Russian territories, were used as justifications by the communist leadership for a Russian military powerhouse in the area.[5] However, important changes have taken place in RFE since the last decade of the previous century to this date.

Geo-Historical Background
Amur Oblast, Magadan Oblast and Sakhalin Oblast

Stretching from the Stanovoy mountain range in the north to the Amur River in the south, Amur Oblast enjoys a varied economy. First arrival of the Russians in Amur region is traced back to the Seventeenth century. Whereas, it was in the nineteenth century that the Cossacks fully incorporated the area in the Russian empire and it was given the status of Oblast in the twentieth century during the early years of Soviet rule. Situated on the banks of River Amur and River Zeya, the region has numerous reserves of minerals including gold, tungsten, lead, zinc, mercury, copper, platinum, coal, lead and precious stones among others, while power generation, metallurgy and timber processing constitute the chief industries of the Oblast. In addition to this, agriculture in Amur Oblast is also of prime importance. The Trans-Siberian and the Baikal-Amur Railways further facilitate the economic development of the region. Of all the administrative units in the country, Amur Oblast shares the longest border with the People's Republic of China.[6] China is thus also the chief importer of Amur timber.[7] The administration of Amur Oblast has the advantage of having resource based industries for economic activity at their disposal with electricity generation being a vital monetary contributor along with metallurgy, forestry and fuel industries. Zeyskaya Hydroelectric Power Station is the chief electricity producer. Besides, gold mining is one of the fastest growing industries in the Oblast. The declaration by Prime Minister Vladimir Putin in 2010, of making the Oblast Russia's "Eastern Spaceport" has further enhanced the region's importance for Russian political economy.

As for Magadan, lying to the northeast of Russia, it was first explored by the Russians during the middle part of the seventeenth century. It formed a part of the Soviet Far East during Bolshevik rule and was given the status of Oblast in 1953. Magadan is a gold producing region along with rich reserves of silver and tungsten, while fishing, hunting and animal husbandry also constitute the major fiscal activities of the oblast. Following the cession of Chukotka from Magadan to form the Chukotka Autonomus Orkug in 1993 significantly reduced the size of Magadan Oblast followed by lack of national and foreign investment, leading to grave socio-economic predicaments. Furthermore, the

---

4. http://www.sras.org/russian_far_east
5. Judith Thornton, Charles E. Ziegler, Russia's Far East: A Region at Risk, (Washington: University of Washington Press, 2002), p.4
6. http://doors.doshisha.ac.jp/webopac/bdyview.do?bodyid=UC12166679&elmid=Body&lfname=0380050a0001.pdf
7. http://en.wharugo.com/Amur_Oblast--Economy

remoteness of the region added to the feeling of alienation with the centre. The absence of a railway system that could have served to bridge communication between the Oblast and Moscow furthered this alienation. However, the Oblast does boost miles of paved roads and an international airport; a not so common feature in the RFE.[8]

In the face of climatic hardships and lack of infrastructure, Magadan Oblast has witnessed sheer depopulation with the population rate shrinking from more than 0.5 million in 1989 to approximately 150,000 in 2010 making it the most badly affected area in terms of demographic contraction in the RFE.[9] Lack of government patronage for economic development of the region, dearth of a decent railway system, along with the factor that the region mainly served as a prison camp for almost a century, have kept the investors, foreign and local alike, at a complete detachment from this remote quarter of the Russian Far East. Although, attempts have been made by Putin government to encourage economic exploitation in the Oblast, conditions have not changed much for the local populace and the demographic challenge continues to bear a serious dilemma for Moscow.

The Sakhalin Island and the Kurile islands together make the Sakhalin Oblast. While Sakhalin Island lies off the coast of Khabarovsk Krai, the Kurile Islands extend from the Kamchatka peninsula to the Hokkaido Island (Japan). Ever since their annexation by the USSR in 1945, the Kurile Islands have long been a subject of dispute between Japan and Russia. The Russian s first reached the Sakhalin Island in 1644. Henceforth, it served as a prison cell for the czars of Russia. Towards the end of the eighteenth century, the island was conquered by the Japanese. Few decades later, Russians established a military base in the region in 1853, followed by a joint control of the island until 1875, where after it was returned to Russia in exchange of the Kurile Islands. In 1945, USSR gained control of the territory. Formed as a part of the Khabarovsk Krai in 1932, Sakhalin Oblast, joined with the Kurile Islands, became a separate administrative division in 1947.

Besides an airport, railways and ferry services, the oblast supports paved roads which are not a very common feature in most of the RFE states. A special economic zone was also created in the South Kurile Islands in the 1990s. Petroleum, gas and oil are the major attractions of the region which are now being explored by the Russian government. The traditional industry still remains fish hunting and processing, whereas, hydrocarbon exploration in Sakhalin Oblast has been the focal point of negotiations between the local and foreign governments since the 1990s.[10]

Natural resources are abundant in the region with forests of cedar, pine, fir, larch and spur covering around 80% of the oblast. Not only are the forests of the region important for the variety of edible plants and fruits found within, but also the Sakhalin-Kurile basin is the most productive region in the world on account of fish production. As a matter of fact, due to its geo-strategic location, constituting 58 oil and gas fields in its

---

8. Europa Publications, Eastern Europe, Russia and Central Asia 2004, volume 4, (New York: Routledge, 2003)p. 408
9. http://geocurrents.info/place/russia-ukraine-and-caucasus/siberia/depopulation-of-magadan
10. Europa Publications, Eastern Europe, Russia and Central Asia 2004, volume 4, Op.Cit., p.417

landmass, and owing to its natural and mineral wealth, Sakhalin Oblast is the fourth largest economic producer in the RFE. The region's geographical position also gives it a fair ground to serve as base for Russia's economic relations abroad. Furthermore, the area can also serve as a major transport route, connecting Russia with USA, Japan, North Korea, China and South East Asian countries. Its importance is further strengthened by its proximity with ice free ports of the Pacific and with the developed countries of Asia Pacific.[11]

Having 45 billion barrels of oil equivalent (BOE), Sakhalin is a major attraction for Russia's foreign investment. In fact, both of Russia's major energy extraction projects in Sakhalin; Sakhalin-I and Sakhalin-II are being operated by foreign firms. American oil and gas corporation Exxon Neftegas Ltd, in partnership with Russian Roseneft, Japanese SODECO and Indian ONGC Videsh Ltd is operating Sakhalin-I, while Sakhalin-II is being run by Sakhalin Investment Company (Russia), Gazprom, Shell, Mitsui and Mitsubishi. In the first half of 2011, Sakhalin's crude oil production reached 8 million tonnes along with 13 billion cubic meters of natural gas.[12] The importance of the region is further strengthened by the fact that these hydrocarbon reserves lie in a region that enjoys stability and consistency in contrast to areas such as the Middle East, Iraq or South America.

KAMCHATKA KRAI, PRIMORSKY KRAI AND KHABAROVSK KRAI

Petroplavsk, the capital of Kamchatka Krai, was brought under Russian control in 1743. Kamchatka remained a subject of the Soviet Far East as the Kamchatka Oblast. However, in 2007, on the request of deputies from Kamchatka Oblast and the Koryag Autonomous Orkug, the two territories were merged together to form Kamchatka Krai.[13]

The economic struggle of the people of Koryak Autonomus Orkug or the Kamchatka Krai started way back in the early decades of the twentieth century when the locals of the region were brought under the umbrella of Soviet collectivization. Under this program, the reindeers, which constitute the basic cultural feature of Koryak region was put under collective state property or sovkhozy, against the previous traditional practice of managing the herds with the help of experienced herders.[14] Similarly, the fishing (a major industry of Kamchatka Krai to this date) was put under Kolkhozy or collective farms for commercial fishing. The result was not pleasant for the local populace. The state of affairs changed in the 1950s when the Soviet government invested in the Kamchatka region's industrial sector. High tide of Soviet investment was seen in the decades of 1960s and 1970s. Significant numbers of professionals from European Russia came to work in the Soviet Far East. The result was a rise in the living standards of the local Kamchatkans along with the demographic re-shifting making the latter a minority in their region against the European workers that now flooded the health, education, legal and infrastructure sectors of Kamchatka. However, with the collapse of

---

11. http://www.kommersant.com/tree.asp?rubric=5&node=410&doc_id=-66
12. http://www.aljazeera.com/indepth/opinion/2011/08/201182111112465596.html
13. Dominic Heaney ed, The Territories of the Russian Federation, (New York: Routledge, 2012), p.289
14. Petra Rethmann, Tundra Passages: History and Gender in the Russian Far East, (Pennysylvania: Pennysylvania State University Press, 2001), p.47

the USSR the state funded projects in the region also came to an end leaving the people with no option but to resort to the old traditional methods for fishing and hunting.[15] The period from 1991-2000 was not a favorable one for Kamchatka. The rising transport and energy prices brought about a much evident decline in the local standards of living. In fact, decrease of 124,000 people in the population was recorded from 1991-2004. Nevertheless, Kamchatka is not without opportunities. Having been incorporated into the global market, Kamchatka is important to Russia for its fish, oil, coal and gold industries and was therefore entered in the Far Eastern Economic Region. Shipbuilding, fishing (contributing to 17% of all fish catching in Russia), fish processing, wood working and forestry form the basis of Kamchatka's economy. As per its geographical setting, the region serves vital transport routes; Europe-America, Europe-Southeast Asia, and Southeast Asia-America. Besides, the region is also important for its coal and gas supply. As a matter of fact, a number of electric power stations, such as the Pauzhetskaya, Bystrinskaya and Tolmachyovskaya are already working in addition to a gas pipeline that reached Kamchatka in 2010.[16]

Moving southwards, bordering with China in the west and South Korea towards the southwest, Primorsky Krai is home to abundant wealth of minerals, marine life, and chemical and timber reserves. Forestry, metal and ship repair industries are also the chief industries of the region. Declared as a neutral territory in the Treaty of Nerchinsky in 1689, Russian occupation and exploration of Primorsky (commonly called Primorye) began in the latter half of the nineteenth century. From 1859 to 1882, ninety five settlements were established in Primorsky.[17] Following Soviet victory in the early twentieth century, economic and cultural development of the region has been in the policy framework of all Russian regimes. Historically, major economic activity of the Krai has been concentrated on the traditional fishing and mining industry. However, with the passage of time and with the exploration of region's natural resources, Kremlin has substantially invested in the region. As of today, Primorsky's industrial potential is heavily centered on tool building, metal processing and electricity. Fishing however remains an important economic foundation for the region as well as for the country. Vladivostok, the Krai's capital is also being developed as a major economic hub. Efforts are underway to enhance the transport sector and hydrocarbon processing mechanisms to further the economic development of Primorsky Krai. Transneft, Gazprom and Rosneft already have handsome shares of investment in the region.[18]

Sharing a small border with China, Khabarovsk Krai is bordered by Jewish AOb in the southwest, Amur Oblast to the west, Sakha Republic to the northwest, Magadan Oblast in the northeast and Sakhalin Island to the east (separated by the Tartar Strait). Forests occupy more than half of the Krai's territory while the rest is covered by mountains and plateaus. Named after a Cossack military leader Yerofei Khabarov of the seventeenth century, Khabarovsk city was established as a military station in 1858. It was formally converted into a Krai in September 1939. The construction of the Trans-Siberian railway

---

15. Hans, Chris and the Property Relations Group, The Post-Socialist Agrarian Question: Property Relations and the Rural Condition (Munster: Lit Verlag, 2003), pp.391,402
16. http://www.kamchatka.gov.ru/en/index.php?cont=7
17. http://jansrop.sof.or.jp/Primorsky2.htm
18. http://invest.primorsky.ru/invest/images/textdoc/Primorsky%20Krai%20eng.pdf

(reaching Khabarovsk in 1905) and the industrialization of the region through a major part of the twentieth century profited the city significantly.[19] Owing to its timber, fish, metal, and defense industry Khabarovsk Krai contributes a handsome share in the country's economy. Moreover, the region becomes all the more important owing to two of the important hydrocarbon routes that pass through the territory; Eastern Siberia-Pacific Ocean (ESPO) oil pipeline and the Sakhalin-Khabarovsk-Vladivostok gas pipeline. The ESPO pipeline transports Russian crude oil to Japan, China and Korea, while the latter ships gas from Sakhalin to the most populated areas of the RFE namely; Khabarovsk and Primorsky. It is aspired that the Sakhalin-Khabarovsk-Vladivostok pipeline will further move up to Asian markets. Moscow has also created a Port Special Economic Zone in Khabarovsk to facilitate trade and business in the area. More than 600 companies from around the world including China, USA, South Korea, Australia, New Zeeland, Singapore and the European Union are running active businesses in Khabarovsk.[20]



[19]. Eastern Europe, Russia and Central Asia, 2004 volume 4, Op.Cit., p. 391
[20]. http://gov.khabkrai.ru/invest2.nsf/folders/welcome-en.htm



Chukotka Autonomous Orkug, Jewish Autonomous Oblast and Sakha Republic

The 'shore of two oceans'; Chukotka Autonomous Orkug stretches from Arctic Ocean in the north to the Pacific Ocean in the east. Facing US state of Alaska across the Bering Straits in the east and Sakha Republic in the west, Russians first advanced into this Chukchi inhabited state in the seventeenth century. Initially established as a part of the Magadan Oblast in 1930, it acquired the status of an autonomous Orkug shortly after the demise of USSR.[21]

The region of Chukotka is named after the Chukchis; the major ethnic indigenous group of the region. 'Chukcha' in the Chukchi language means 'having many deer' and thus it is natural to find but too many deer in this part of the Russian Federation. Being the farthest part of Russia, it is separated from US state of Alaska only by the Bering Strait. Tin and gold deposits were found in Chukotka in the 1930s and 1950s respectively. During the Soviet rule, Chukotka mainly served as a military state against the potential threat from Alaska. In regard for its resources and strategic importance, Russian citizens were offered the "long ruble" (high pay scales) for voluntarily moving in this far off region.[22] However, the Perestroika years followed by the collapse of the Soviet Union brought a shift in the policies towards the entire far eastern region of Russia. As a result, many of the people from Chukotka also left the region towards the European parts of the country since the government could no longer afford 'long rubles' to the volunteer settlers. As a matter of fact, in face of the absence of state funded subsidies, the industrial output of Chukotka suffered a massive decline of 60% between 1993 and 1995. The resulting wide scale migrations brought serious decline in the living standards.[23] This state of affairs changed only slightly after Roman Abramovich became

[21]. Dominic Heaney ed, The Territories of the Russian Federation, Op.Cit., p.311-312
[22]. http://www.sras.org/chukotka
[23]. Niobe Thompson, Settlers on the Edge: Identity and Modernization on Russia's Arctic Frontiers, (Vancouver: UBC Press, 2008), p. 91

governor of the Chulotka Autonomus Orkug in 2000.[24] Bringing with him an experienced team of professionals and experts, the new governor started a new era of modernization in the Orkug.

Previously, Chulotka had declared secession from the Magadan Oblast in 1990 and was recognized as an Chukotka Autonomous Orkug in 1993.[25] This had transferred the reins of power to Aleksandr Nazarov, whose practices for the ten years from 1990 to 2000 were an illustration of the post-Soviet tendencies of local governors to 'arrogate central coercion and evade the centre's sanctions, often to protect their own entrepreneurial activities.' The years 1993-1995 saw the closing down of some of the major state enterprises in Chukotka. By the end of the decade, the situation in Chukotka was miserable and dejected. The region was in debt. Many of Chukotka's industries had been without electricity and water for many years. Starvation roamed the cities while suicide remained a principal cause of death. The reindeer herders had not been paid salaries for six years straight. In this situation, the election of Roman Abramovich as the new governor of Chukotka Autonomous Orkug in 2000 was a change for better. Besides the payment of salaries and pensions, of the important steps taken during his time were the restorations of reindeer herding and state owned farms of sea-mammal hunting. In addition to this, schools were established, roads and buildings were built and the old ones were renovated. In 2003, the Orkug boosted a branch of MDM Bank, an international airport in 2005 and a natural gas pipeline network in 2006. The most pressing problem; the lack of transport facilities was addressed by state subsidies, but these were mainly focused on air routes.[26]

In spite of these measures, the general economic condition of Chukotka since 1989 is far from healthy. Lack of roads remains the major hurdle in the transportation of cargo and thus largely hinders the economic development of the region. Though Abramovich is often blamed for having vested interests in the region's development for the sake of his business enterprise, however, it is the lack of sufficient patronage by the government in the tourism industry and in developing and exploiting the region's natural resources that remain the major encumber for the socio-economic development of the region.

On the other hand, the ethno-religious distribution of Russia has been due to its vast geographical expanse as well as a result of the periodical czarist annexations throughout history. Russia received considerable Jewish population following the Partitions of Poland in 1772, 1793 and 1795. From 1835 to 1917, Jewish population was concentrated in the Pale of Settlement, created by Czarina Catherine in the regions that constitute today's Belarus, Lithuania, Poland and Ukraine. During this period, Jewish citizens were rather prohibited to live outside the Pale and could only do so after receiving special permission from the government. In the 1930s, the Soviets created the Jewish Autonomous Oblast in the Soviet Far East.

---

[24]. http://www.sras.org/chukotka

[25]. Niobe Thompson, Settlers on the Edge: Identity and Modernization on Russia's Arctic Frontiers, Op.Cit., p.96

[26]. Ibid, p. 98, 145, 148-149, 151

The economic conditions of the Oblast have seen considerable improvement. Agriculture, which is a major occupation of the people of this region, yields grain, soybean, vegetables, animal husbandry, bee-keeping, hunting and fishing. During the recent past, Chinese farmers have been encouraged to take up much of the agricultural activities in the region. This has produced positive results in the form of diversity in crops and improved productions. Besides agriculture, the Jewish AOb has sound reserves of gold, tin, coal, iron ore, manganese, peat, graphite and zeolite, whereas wood work, electricity production and building materials are the major industries of the region.[27]

Jewish AOb is different from other states of the RFE for its economy is on the rise. At a distance of approximately 4000 miles from Moscow, the Trans-Siberian railway runs through the region, connecting it with Western Europe, Middle East and the Asia Pacific region. Besides, the Amur River flowing through the region connects it with the People's Republic of China which is also the major trading partner with the region. Central Bank of Russia, Sberbank of Russia, the Regiobank and the Dalcombank are also operating in the Oblast. The roads of the Jewish Aob are the best in the RFE; contributing to easy communication with other parts of the country which in turn adds to the economic life of the region.[28] By 2014, the completion of a railway bridge would connect Russia and China across the Amur River, facilitating the transport of iron and other metals from the former into the latter.[29]

As for Sakha, often referred to as Russia's Diamond colony, it is still a remote and often unheard of place. Covering a substantial land, Sakha Republic is the largest diamond producing region in Russia, contributing about 25% of the world's total diamond production.[30] In addition, it is also a region highly rich in natural resources and has the probability of becoming Asia's next gas route. However, being a far off region of RFE, it has a very thin population although in size Sakha (previously called Yakutia) is "29 times the size of Belgium" or "slightly larger than India".[31] Severity of the region's climate also contributes for the scarce population as Sakha Republic is believed to be the coldest region in the Northern hemisphere. The temperature here can fall as low as -71.2 ºC. To the north, Sakha is washed by two seas of the Arctic Ocean; the Laptev Sea and the East Siberian Sea. The River Lena is of historical importance as it was on its banks that the first Russian explorers and the native masses encountered each other in the seventeenth century. The Russians then built a fort on the western river bank in 1632, which was later established as the city of Yakutsk, the current capital of the Republic. In 1923, the Soviets established their power in Yakutia.[32] The region's strategic location and its wealth of natural reserves made it an important area in the policy framework of the Soviet Union. The Republic has served as Russia's doorway to Northeast Asia, Pacific coasts and even the northwestern hemisphere of America. As for its resource

---

27. Eastern Europe, Russia and Central Asia 2004, volume 4, Op.Cit., p. 430
28. http://www.kommersant.com/tree.asp?rubric=5&node=374&doc_id=-31
29. http://www.jta.org/news/article/2009/09/25/1008170/75-years-on-jews-in-russias-jewish-autonomous-district-hold-on
30. John Tichotsky, Russia's diamond Colony: The Republic of Sakha (New York: Routledge, 2000), p.1
31. Ibid, p.21
32. http://www.spri.cam.ac.uk/resources/rfn/sakha.html

reserves, it is believed that the area has "every element of Mendeleev's table"[33] (periodic table of elements). During Soviet rule, the region witnessed large scale industrialization including gold mining in the 1920s, the inception of the North Sea Route and the development of the Tiksi seaport in the1930s, and diamond mining and exploration in the 1950s. After USSR's dissolution in 1991, Sakha was established as an autonomous republic. As Russia slowly embarked towards a more market based economy so did the Republic of Sakha. Private entrepreneurship replaced the state owned market.[34] Nonetheless, a broader analysis of the privatization scheme reflects the fact that the process mainly shifted industrial control from federal to regional government. Most of Sakha's industries were privatized "with controlling interests retained by the regional government." For example, the diamond industry, which constitutes the chief source of revenue for the republic as well as for the country is controlled by the government of Sakha together with the federal government.[35] Containing the largest stock of cattle, Sakha Republic still bears traditional agricultural industries, such as cattle breeding for milk and beef, reindeer herding and farming. Although, the post-Soviet era has witnessed major economic developments in the region; for example, the diamond and gold mining of the region, and oil and gas exploration has significantly improved, yet many problems still stand in the way of Sakha's economic growth. These include; high tariff rates for transportation services, complex customs procedure, and lack of adequate means for the promotion of local products. Nevertheless, the recent years' rise in the gross regional product of Sakha'a economy (116.2% against 2005 level)[36] has yielded a promising outcome for the region's future which will also be of great importance for Moscow's policy makers.

Osvoenie: Moscow's Northern Policy and International Actors in the Rfe

The geo-political and geo-economic significance of Russia's frozen frontiers led to a desire among the Soviet policy makers for osvoenie or 'mastering the north'. The policy was vigorously implemented everywhere in the northern hemisphere of Russia during the Soviet era. Almost all the states lying in the RFE experienced the effects of osvoenie.[37] Unfortunately, during the Soviet rule, Kremlin kept a serious business like attitude with the entire region. Shortly after the Soviets took control of the Far East in 1922, several expeditions were sent in that decade for calculating the region's economic potential. The region's importance to USSR during this time is best understood by the words of Otto Schmidt, the architect of the Northern Shipping Route:

> "We look at the Far North as simply a geographical part of the Soviet Union. Since the [North] exists, then it is necessary that the people living there should enjoy those benefits which the members of the Soviet Union enjoy in those parts outside [the North]. Since the [North] exists and uses

[33]. John Tichotsky, Russia's diamond Colony: The Republic of Sakha Op.cit., p.23
[34]. http://www.yakutiatoday.com/region/history.shtml
[35]. John Tichotsky, Russia's diamond Colony: The Republic of Sakha Op.cit., p.160
[36]. Investment Guide Book of the Sakha Republic (Yakutia), Government of Sakha, Yakutsk 2011, available at rustrade.org.uk/eng/wp-content/.../**Investment**_catalog_eng.pdf
[37]. http://www.sras.org/chukotka

> some of the benefits [of the Soviet Union] then it is necessary that [the North] must give [the Soviet Union] what it can give."[38]

During the 1970s, the oil and gas fields of Western Siberia were readily developed, thereby making Soviet Union world's largest hydrocarbon producer. The same decade also saw exceeded mining of gold, diamond and coal, in addition to timber production and electric and infrastructure development in the Soviet Far East. During the late 1980s, Gorbachev called for a revised Northern policy in favor of the local population and the environmental concerns of the region, very much in contrast to the resource-cum-military policies of the previous decades. The new policy could, however, not work long as the collapse of the Soviet economy in the succeeding years once again placed the resource rich Far East in the economic schema of Kremlin. With the demise of the Soviet Union, a two-pronged state of affairs could easily be discerned in Russia's North. Sakha due to its diamond mines, western Siberia and Sakhalin because of hydrocarbon reserves, Khabarovsk and Primorsky Krai for their hydrocarbon coffers and potential for transportation routes were saved form economic collapse as their regional productions competed international prices. On the other hand, other states of the Far East, which primarily produced commodities of either national demand or were only marginally competitive soon came at an economic standstill. Most of the government's projects and national funding schemes were either curtailed or completely called off. As the government busied itself in the economic recovery, the states were largely left on their own to develop their economies from local resources.[39]

However, things changed greatly when Vladimir Putin became the President of Russia in 2000. Since this time, some major changes could be seen in Russian home policy in general and the RFE in particular. Beginning slowly with state sponsored investment in the region, the federal budget for RFE amounted 19.7 billion rubles in 2009 and 27.6 billion rubles in 2010. Of the latter, a major proportion; 54.5% was fixed for Sakha. At the same time, high scale foreign and local investments in gold, diamond, coal, silver, uranium and hydrocarbon exploration are running in the RFE, with international firms such as Silver Bear Resources, SRK Exploration, Norton Rose, Petropavlovsk, Micromine, and national firms such as Nordgold, SiGMA OJSC, GV Gold, Kinross, Gazprom, Rosneft and Transneft taking keen interest in the development process.[40] Russian plans of developing the RFE to serve as a bridge to Asia Pacific markets was manifested when Primorsky's capital Vladivostok was chosen as the principle seat of APEC summit 2012. Millions of dollars have been spent to spruce Vladivostok as an economic magnet. Forbes magazine has also nominated Vladivostok as one of the "best cities in Russia for business development.[41]

A number of development projects can be seen in RFE which exhibit Russia's desire to develop the resource rich region. In 2007, Russian government adopted the program

---

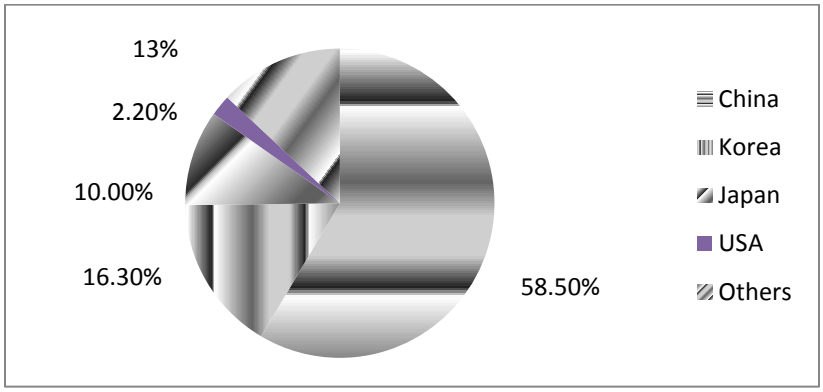
[38]. John Tichotsky, Russia's diamond Colony: The Republic of Sakha Op.cit., p.9

[39]. John Tichotsky, Russia's Diamond Colony: The Republic of Sakha, Op.Cit., pp. 1-2, 8-9

[40]. Mining Journal Special Publication- Russia Far East & Irkutsk, available at www.mining-journal.com/__data/assets/.../RussiaFarEast_scr.pdf

[41]. Victor Gorchakov, Chiarman, Primorsky Territory Duma, On the Structural Changes in the Economy of Primorsky Krai, 2011

entitled 'Economic and Social Development of the Far East and Transbaikalia until 2013'[42] for the socio-economic development of Russia's farthest territory. In Vladivostok, an airport with a capacity of 1700 passengers per hour started operation in 2011. Besides Transneft, Gazprom and Rosneft, there are about 2000 foreign companies working in Primorsky Krai[43] including the Ernst & Young, a global advisory service which opened its office in Vladivostok as latest as 6th September 2012. The key foreign trading partners in Primorsky are China, Korea, Japan and the USA with a share of 58.5%, 16.3%, 10.0% and 2.2% thereby amounting to 87% of foreign trade turnover. The foreign trade yield in 2011 reached $8 billion mark."[44] The construction of (ESPO) oil pipeline and the Sakhalin-Khabarovsk-Vladivostok gas pipeline is also an example of mastering the north through regional development.



Foreign trading partners in Primorsky Krai

RFE also has many potential partners in the international arena which are attracted in investing in the region alongside the Russian government. For example, South Korea and Russia are thinking on constructing an industrial complex in the Nakhodka Free Economic Area and developing gas fields around Irkutsk in Siberia. There also considerations for connecting the Trans-Siberian Railway with the railway network of Korea to facilitate the delivery of South Korean exports to Europe. Japan is also aspiring to play a key role in the region and has its shares in the regional trade influx.

Nevertheless, the vast lands of the RFE are much closer to Beijing then they are to Moscow and house the sources of major attractions for the two emerging giants. The situation seems quite challenging for the two neighbors when it comes to the demographic distribution of the two. Covering an area of 6,215,900 square kilometers, RFE inhabits a population of even less than 7 million. On the other hand, at a mere distance of a few miles, Chinese provinces bordering Russia have a population of almost

[42]. http://nbenegroup.com/understanding/integration_en.html
[43]. http://invest.primorsky.ru/invest/images/textdoc/Primorsky%20Krai%20eng.pdf
[44]. Victor Gorchakov, Chiarman, Primorsky Territory Duma, On the Structural Changes in the Economy of Primorsky Krai, 2011

100 million people living in the region. Moreover, Chinese investment and involvement in the region is strongly manifested by the presence of Chinese farmers and other settlers, Chinese products and bilingual signboards, casting a profound shadow of Chinese influence.[45] According to the statistics provided by the Russian Academy of Sciences, 500,000 Chinese were working in RFE and Siberia in 2009 making China the most dominant foreign factor in the region. According to some estimates, China invested about $3 billion in the RFE in 2010, whereas the Russian investment in the region amounted approximately $1 billion. In fact, the bilateral trade between Russia and China reached $60 billion in 2010 which is important in the Far eastern context as major proportion of Russian exports to China constitute metals, timber, coal and oil; mainly coming from the RFE. Moreover, during the first half of 2011, Transneft transported 300,000 bpd (barrels per day) of crude oil through the ESPO, while in 2010, the two sides agreed to develop the coal resources and conduits in RFE and Eastern Siberia under a Chinese investment worth $6 billion.[46]

Moreover, the railway bridge to be built across River Amur in Jewish AOb, connecting Russia and China and expected to be completed by 2014, will be "the first border crossing constructed together by the Russian and Chinese governments, and only the third bridge to be built across the border."[47] Furthermore the solution to two major hindrances in RFE's development; insufficient investment as compared to the region's immense resources, and a shortage of labor to work in the existing industries, lies within China, thereby providing the impetus for increased Chinese involvement in the region. Chinese involvement was cemented in 2009 when Dmitry Medvedev and Hu Jintao signed the 'Program of Cooperation between the Regions of the Far East and Eastern Siberia and the Northeast of the People's Republic of China, 2009-2018'. The program aims at enhancing Russia's natural resource exploration and facilitating their export to China contributing to a more intense Russo-Chinese partnership in the region.[48]

Conclusion

Lying at the cross roads of multiple civilizations, the people of the farthest hemisphere of Russia witnessed the ageless frozen waters of the Arctic in the north, rise and fall of Chinese dynasties in the south, the shifting status of Japanese capitals in the southeast, and the European struggle for the acquisition of New Found Land in the west. Czarist expansionism on their east brought the Far Eastern inhabitants in direct contact with the valor of Cossack warriors and Russian fur traders. As years and centuries unfold, the snow clad terrains of RFE continue to see the world changing slowly but surely. The undulation of the Chinese empire has been replaced by an economic boom that places China as an aspiring super power. Japanese islands with their longstanding capital cast

---

45. David Blair, Why the Restless Chinese are Warming to Russia's Frozen Frontiers, The Telegraph, 16 July 2009, available at http://www.telegraph.co.uk/comment/5845646/Why-the-restless-Chinese-are-warming-to-Russias-frozen-east.html
46. Gabe Collins, China Looms Over Russian Far East, The Diplomat, 22 June 2011, available at thediplomat.com/2011/06/22/china-looms-over-russia-far-east/
47. http://www.jta.org/news/article/2009/09/25/1008170/75-years-on-jews-in-russias-jewish-autonomous-district-hold-on
48. http://www.fpri.org/enotes/2012/201207.lee.fareast.html

shadows of competition on the rising supremacy of the Chinese dragon. The competing European powers have been knitted together under a political and monetary union while the New Found Land enjoys global supremacy.

Time has also turned the tide of affairs in the Russian Far East. Left on their own for long, these states of the Russian Federation are now slowly being incorporated in national affairs and in the conduct of the Country's foreign relations. With noticeable differences in the amount of investment, nearly all the powerful actors, regional and global alike, share their part in RFE trade. Moscow itself, does not shy away from accepting foreign assistance coming from any quarter, but does so only prudently.

It is impossible to keep Beijing away from the quest for energy resources whether they be in Vladivostok or in Addis Ababa. The solution as carved out by President Putin appears to focus on working in partnership with Beijing for the exploration of the resource rich region, sizeable investment for its development as well as to bring RFE in closer proximity with the policy makers in Moscow which would also put a decent end to the feeling of alienation among RFE inhabitants as a result of the decades long negligence on the part of Moscow often attributed to geographical distance between Russia's principal landmass and the far off regions of the RFE. Although Japan may also serve the same purpose for Russia but China can be a more reliable partner provided the equal stance that Beijing keeps with Washington against the more pro-USA inclinations of Tokyo along with a Japanese backed American military presence in the island state and in the pacific region. Russia, though would rather like to work on a balanced partnership with China and USA in the conduct of most of its affairs, but when it comes to Asia Pacific, Moscow would work more closely with Beijing as the former realizes that the future of RFE and that of Siberia also is likely to be more Asia centric in character. The shanghai Corporation Organization (SCO) can be considered an example in regard to Moscow's Pro-Beijing policy for Asian affairs. As for increased American involvement in the region to counter Chinese rising power; as debated in some circles, the notion might not be very prudent for Russia as a number of territorial conflicts remain unsolved between Russia and USA including the issue on the Bering Sea and the Sea of Okhotsk. Furthermore, US support for Japan on the territorial conflict with Russia in the Kurile Islands also furthers the breach among the three powers.

As a matter of fact, Russian development plans are not so much a result of the fear of China's rising power. The new policy for RFE is more of a realization of the region's resource potential and the understanding of the way in which the race for hydrocarbon reserves has altered the very course of world politics since the twentieth century. The trend is expected to continue in the coming decades. Furthermore, Moscow has also clearly comprehended the geographical realities of the RFE. Situated at propinquity of strongly developed and emerging markets in the Asia Pacific and Southeast Asia, RFE has all that ought to be offered to nurturing economies. On the other hand, European markets rely on oil and gas supply coming either directly from the former superpower or through the pipelines operated by the same.

Nevertheless, in order to achieve the geo-economic and geo-political tasks of development in the Russian Far East, the Russian government would need to address key issues of concern in the remote region. For example, the declining health standards

and the subsequent decrease in RFE population is a grave question before the federal government. In addition to state sponsored investment in the oil, gas and mining sector of RFE, Moscow need to make serious efforts for the building of hospitals and education infrastructure in the area. To counter demographic challenge, improve the standard of medical facilities and to increase local work force in the region, Moscow can once again resort to the 'Long Ruble' policy. Furthermore, the expansion of local regional industries would be facilitated if transport services are to be made more effective and cost friendly for the local producers to trade their products in respective markets. The complicated methods of customs clearance also need to be revisited if Moscow is to attain the target of increasing the gross regional product of the region.

In addition to this, the most serious and immediate task before Moscow pertaining to RFE should be to improve the transport infrastructure of the RFE states. Majority of the states of the Far East lack the very basic facilities of paved roads, bridges, airports and railway tracks. Provided the distance that separates Moscow from these far off stretches of land, it is but indispensible that Russia build transport structure in the region so as to improve trade and commerce and also to end the general grief of estrangement shared by the local population against Moscow. In fact, transport industry is also one of those sectors which are very likely to attract foreign stakeholders. In the same light, the development of tourism industry shall also serve the same purpose, for many a time, local industries are kept from profitable commerce as the region also suffers from a lack of proper marketing of the local resources. Tourism can serve a dual purpose, increasing the regional economy and marketing of RFE's potential in international market.

In short, Russian Far East has stacks of explored and unexplored horizons which can assist in the development of Russian market, serve resource hungry nations to meet their industrial demands and integrate the far off hemisphere in the global geo-economy. Different actors, different interests and different techniques will all lead to development of the region. However, prime importance need to be given to immediate areas of concern along with the understanding that benefits need not be reaped at the social, political and economic expense of the local populace.