

Russia's Eastbound Policy

Russia has done a lot to strengthen and solidify its presence in the East of Asia for many centuries. This process has significantly accelerated in recent years as Asia Pacific is becoming the most dynamically developing region of the world. Russia puts a lot of effort into its steady and peaceful development that is crucial for economic well-being of the whole planet.

Russia is consistently opening to the East mostly through its Pacific capital Vladivostok which is becoming Russia's gateway for Asian players including Taiwan. On September 2–3, 2016 Vladivostok, that is lying less than 2300 km away from Taipei, hosted a big international summit for politicians and businessmen across the Asia-Pacific region: the second Eastern Economic Forum (EEF 2016). It attracted 3,500 participants from 56 countries and 1,100 journalists. The central event of the EEF was the “Opening up the Far East” plenary session attended by Russian President Vladimir Putin, Japanese Prime Minister Shinzo Abe, and high-level officials from other nations. More than 200 agreements for almost 30 billion US dollars were signed at the forum, and as many as 34 investment projects totaling more than 23 billion US dollars have been unveiled. President Vladimir Putin decided to make the September summit a yearly event after its inaugural success last year. The next, third forum will take place on September 6–7, 2017.

Current geopolitical context offers unprecedented opportunities to those investors who are motivated by pragmatic and not political calculations. We are eager to develop closer ties with Asian partners, including Taiwan. The Russian Far East offers an excellent location and abundant natural resources as well as provides convenient links with most promising markets in the Asia Pacific region. It is now the fastest developing region of the country thanks to the recent government initiatives to improve its business environment and investment climate.

Over past few years the Far East Development Ministry of Russia, a special top-level government body formed in 2012, has launched 16 advanced development territories with an unprecedented favorable economic regime in the Far East, several more are planned to be rolled out in near future. The authorities provide budget subsidies and consistently ease tax burden on investors, freeing most important of them for up to 10 years of tax payments. Today special efforts are being made to minimize red tape and to simplify administrative procedures. Five cities in the Russian Far East including Vladivostok have become free ports with special customs, tax, and investment regulation. Right now there are more than 250 projects being implemented in the spheres of energy, agriculture, transportation, finance, science and technology, etc. Many ambitious projects have already been successfully fulfilled including the Russian Far Eastern gambling zone and Oceanarium participated by Taiwanese companies.

In 2015 the Russian government created the Far East Investment and Export Agency to attract more investors, exporters, and trading partners into the region. It finds and assesses investment projects, provides assistance and consultations to investors on various issues, including how to obtain state aid. For example, investors may apply for co-funding by the Far East Development Fund that provides loans up to 125 million USD at 5% per annum for up to 10 years. For more details we recommend to visit the Agency's website: www.investvostok.ru/en/

The Far East offers broad opportunities to enter the Russian market that is now integrated into the Eurasian Economic Union (EAEU) along with Armenia, Belarus, Kazakhstan, Kyrgyzstan, covering a population of more than 180 million people. The EAEU introduces free movement of goods, capital, services, and labor, pursues coordinated and harmonized policies in macroeconomics, foreign trade and investment, customs, technical and antitrust regulation, transport, industry, agriculture, energy, and other spheres.

Provisions for a single currency and greater integration are envisioned in future.

Russia and Taiwan effectively cooperate on bilateral basis and within international organizations like the WTO and APEC contributing to global development. We favour promotion of economic integration and our stance is that it must be fair, non-discriminative, based on internationally acknowledged approaches, as opposed to fragmentation of trade, creation of ‘privileged clubs’ that some countries are trying to implement, which will not help us to achieve a balanced sustainable and secure regional economic growth.

The trade and economic ties between Russia and Taiwan has a great level of complementarity as well as an immense potential, and the unofficial character of our relations does not hamper the development of cooperation and exchanges on the basis of mutual benefit. Our trade turnover last year remained at the level of 3.5 billion US dollars, mainly due to our national currencies depreciation, but physical quantities of traded goods are constantly growing by 5-10% every year.

Every year we see new positive developments in our economic cooperation. We are glad to announce that our trading routes were enhanced by one of the world’s largest air cargo companies from Russia – AirBridgeCargo, a subsidiary of the Volga-Dnepr Group, that launched regular cargo flights from Moscow to Taipei twice a week on Boeing-747 aircrafts since April 2017. Recently Russia started selling a substantial amount of liquefied natural gas (more than 1.3 million tons yearly) to Taiwan that is switching to greener sources of energy, and these figures will possibly become even higher with development of ambitious energy projects in Russia like the Yamal LNG plant in the Arctic region with its icebreaking gas tankers.

There is a number of delegations visiting Russia and Taiwan each year. I would particularly like to note that in last November the Russian leading exhibition company Expocentre came to Taipei and made a presentation “Explore Russia through Trade Fairs” which was quite informative and useful for companies that are willing to expand their operations in Russia. Taiwanese businessmen regularly participate in some big exhibitions such as Metalloobrabotka (Metalworking), Agroprod mash (Food Processing), Mebel (Furniture), Sviaz (Information and Communication Technology), etc. and have productive meetings in Russia’s chambers of commerce and industry. The Russia-Taiwan Business Forum and the Russia-Taiwan CEO Forum are being successfully held for several years already. We express our sincere gratitude to organizations such as the Taiwan-Russia Association (TRA), the Taiwan External Trade Development Council (TAITRA), the Chinese International Economic Cooperation Association (CIECA), and others for their constant support of bilateral exchanges that are steadily growing.

The Russian economy is gradually overcoming stagnation as its structure is diversifying, despite reckless attempts by some Western states to pursue counter-productive sanction regime against us, which by the way played quite a positive role for domestic production and innovation in my country. Inflation has almost reached the target level that is under 4 percent by year-end, the GDP has been growing for three consecutive quarters and attained 1.4% in April, despite all apocalyptic scenarios and continuing external pressure, as Russian President Vladimir Putin said during the Saint Petersburg International Economic Forum (SPIEF) in early June, another big yearly event that is held in the Western part of Russia. The Forum itself was marked by very interesting topics being discussed and unprecedented business activity with the participation of numerous foreign partners resulting in approval of new investment projects worth almost 18 billion US dollars.

The government is lowering Russia's over-reliance on selling raw mineral resources by developing numerous sectors of economy, especially related to digital technology, which is good news for investors. We are implementing an array of tools protecting investors' rights and minimizing their risks at all stages. Increase in investment into the Russian economy is now outpacing GDP growth, which is another sign of our economy entering a new phase of growth. The inflow of foreign direct investment into the Russian economy amounted to 7 billion US dollars in the first quarter. The key factor here is private businesses activity: Russian companies are constantly seeking possibilities to create joint ventures with international companies, including Taiwanese, in many spheres such as printed circuit boards, industrial robots, medial equipment, high-quality agricultural products, etc.

Events such as the Eastern Economic Forum may help foreign companies to look into the current situation in the Russian Far East and other regions, learn more about new policies and opportunities, discuss experience of other players, find local partners for joint projects, and more. We highly encourage Taiwanese companies to participate in this year's forum, more information and registration forms can be found on the official website: www.forumvostok.ru/en/

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June, 2017