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The Vladivostok Moment in
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ABSTRACT

This paper explains Russian co-option of India into the Eastern Economic Forum (EEF) at a high level of participation in September 2019 and the range of agreements involved. It argues that the co-option was the result of Russian President Vladimir Putin's dissatisfaction with the economic outcomes so far for the Russian Far East of "northeast Asian regional cooperation." Moscow related this behaviour to skewed priorities of East Asia's "big three"—i.e., China, South Korea and Japan. India's positive response to Moscow's overtures is linked to the economic policy of the Modi government to acquire assets abroad and support private ventures by Indian businesses. A cautious approach has been followed to EEF involvement, as indicated in the Joint Statement at Vladivostok. The follow-up, however, has been vigorous in 2020, with implications that a "transactional" perspective on the engagement, though apparent, may not be indicated.

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significance for the RFE was noted early by specialists.¹ This occurred when the Russian economy came under pressure owing to sanctions imposed by the United States (US) and the European Union (EU) after 2014: when the RFE played a part in growth through a “pivot to the east” by Moscow.

The view that Indian presence in the RFE may be a possible corrective was related to India’s customary Moscow-centrism, i.e. Indian activity in the RFE’s diamond trade, in mining and the oil and natural gas sector—and there was a recognition of the authority of the Indian state in global economic arrangements.² In turn, PM Modi’s call to India to “Look Far East” at the EEF followed his success in the May 2019 elections. The Russian invitation was seen as an opportunity to kickstart an advance in government strategies to acquire overseas assets important to Indian economic growth. Acquisition would partly be through a Joint Venture (JV) formed by Public Sector Undertakings (PSUs) in the extractive industries, partly through ONGC (Videsh) or ONGC Videsh Ltd. (OVL). A “strategic economic dialogue”, maintained by the two sides since the 2018 summit, was background to the gambit.

Poor acquaintance in India with the Russian business environment posed problems—especially in a region where sustainable development³ was an issue. For links in Russia, the Modi administration had avoided oligarchs and Indian businessmen in Russia except the Moscow/Delhi-based Shiv Khemka.⁴ Indian RFE involvement required a pivotal role by the Russian state to achieve positive outcomes. Indian and Russian expectations remained uncertain. Appropriately, at Vladivostok, Indian participation in the EEF coincided with a holistic perspective towards the Indo-Russian relationship, set out at the conclusion of the annual Modi-Putin summit on 4 September on the sidelines of the EEF. There was restatement of long-held tenets of the relationship and agreement to collaboration in select fields far beyond those highlighted at the EEF.

Therefore, arguably, the EEF engagement constituted a “transactional”⁵ approach to the “Vladivostok moment” in Indo-Russian relations: an approach that integrated Russian and Indian notions ranging from the “pivot to the east” to “Look East”/“Act East” and the new “Look Far East”, while remaining cautious. However, the enthusiasm of India’s involvement and rapidity of follow-up in 2020 may indicate more: the assertive projection of India in global spaces, with a “values” agenda associated by Harsh Pant with a “Modi brand” in foreign policy.⁶

This paper presents an analytical narrative to explain why the “Vladivostok moment” took place when it did, and the significance of the “Look Far East” policy for and beyond Indo-Russian relations. The first section deals with the limits of India’s presence at the Vladivostok EEF and in the RFE generally, and the character of the RFE as a growth space. The second and third sections deal with compulsions on the Putin government that led it to involve India in the region and the positive response from Delhi; the fourth section moves to the MOU commitments made by the two sides at Vladivostok and the fifth deals with the problems arising from these commitments. The paper integrates the literature on the RFE economy, and “northeast Asian regionalism” with that on Indo-Russian economic relations, reviewing official documentation and Indian, Russian and Chinese statistical material and doctoral research. It provides fresh direction to arguments made by Harsh Pant (on Russian strategic intent⁷) and others on the widening basis of RFE investment.⁸ While updating useful existing narratives of the “Vladivostok moment”,⁹ the paper argues that a practically driven link between an Indo-Russian “strategic economic dialogue” and a developmental discourse on the RFE in Russia, South Korea, Japan and the PRC is a project in the making. Issues relating to APEC, BRI, RCEP, TPP, and “Indo-Pacific” are not considered since they are concerned with “narratives of power”¹⁰ and have had no tangible outcomes to date.

I. THE LIMITS OF INDIAN PRESENCE IN RFE AND THE VLADIVOSTOK EVENT

India's limited presence in the RFE and the EEF of 2019

Before the EEF of 2019, the RFE figured marginally in Indo-Russian relations. The RFE is one of eight mega administrative regions in Russia and, in territorial area, the largest and located off the Northern Pacific. The other regions are the Central, North West, Southern, Volga, North Caucasus, Urals and Siberia. In recent times, the RFE has been a focus for development strategy in Russia, while the core of earning and employment has been in Siberia, the Urals and further west. India's economic presence in Russia has been mainly in the Central and North West mega regions.

This "absence" of India in the RFE was confirmed in September at the Vladivostok event. To be sure, the EEF was far from being India-focused. Of the business dialogues, that involving India and Russia was accompanied by other sessions with South Korea, ASEAN, China and Japan, as well as discussions of Russia's relations with Europe. Time was spent in parallel discussions embedded in three overarching themes: new solutions for accelerating growth; improving the business environment; and fostering collaboration in the Asia Pacific. A day-long conference on Russo-Chinese relations also took place, as well as a shorter interaction on Chinese and Russian approaches to media. India occupied a negligible role in these proceedings,¹¹ and any participation from the Indian delegates was lacklustre.

During the Indo-Russian Business Dialogue, discussions were limited in range and failed to cover the scope of issues outlined broadly in the EEF agenda: collaboration in a digitalised approach to

connectivity; investment in diamonds and gold industries; and energy cooperation.

The under-performance of Indian officials and entrepreneurs at the EEF was a consequence of Moscow-centrism in Russian matters. After 1991, Soviet-era economic networks between Indian and Russian PSUs collapsed. Indian private enterprise established a firm foothold in Moscow, the centre of reform legislation, as intermediaries, traders and entrepreneurs. No enterprise formed in the RFE. The importance for business of Indian debt repayment to Russia between 1993 and 2005 reinforced the Moscow focus. “Alumnus” firms of former Indian students in Russia provided regional penetration, but were still based in Moscow. Among officials, the Indian defence establishment worked with Sukhoi aircraft (based on the borders of the RFE at Irkutsk) as well as MiG (based in Moscow). The handling remained in Moscow.¹²

India’s limited presence in the RFE

Local circumstances and business opportunities in the RFE further explain poor Indian interest in the RFE.¹³

In the RFE, while resources are proven and surveys are advanced, the terrain is difficult and the means to exploit resources pose problems. The area is rich in minerals, oil and natural gas; and extractive and mining output stands 4th in value among Russia’s regions. However, the use of advantages poses problems. In other regions, there are “add-ons” in the manufacturing industry that enhance value and generate economic activity services. Table 1 shows RFE RDP stands 7th among mega regions, notwithstanding problems of climate in Siberia or the Urals, not unlike the RFE’s area of over 6 million sq. km., dominated by Arctic desert and larch forest.

Table 1
RDP (million rubles)

	2016	Rank	Mining etc	Rank	Manufacture	Rank	Agriculture
Central	24135019.0	1	1,502,691	5	13,217385	1	1304766.6
North West	7803750.5	4	844,244	6	5,178185	3	226439
Southern	4896268.0	6	374,342	7	2,615541	6	892457
North Caucasus	1797972.3	8	26,447	8	405290	8	437938.6
Volga	10375870.2	2	1,972,042	3	7,942292	2	1192652.8
Urals	9354739.3	3	5,202,482	1	4,760492	4	323585.7
Siberia	7133872.1	5	2,332,671	2	3,911191	5	577530.9
Far East	3756642.3	7	1,661,246	4	702797	7	164472.8
Total	69254134.3		13916165		38733173		5119844

Regiony Rossii Sotial'no-Ekonomicheskie pokazateli 2018 (Federal'naya Sluzhba Gosudarstvennoi Statistiki, Moscow 2019). (Hereafter Regiony Rossii). p.2

The situation is explained significantly by connectivity issues. Distances are considerable and internal communications are poor, as a result of uneven policy and poor investment¹⁴ in inhospitable terrain, over half of it under permafrost. Comprehensive transport arrangements are limited to a few airlines. Over half the area is unserved by road; rail coverage is limited to the Baikal Amur railway, the Amur Yakutsk mainline and the eastern section of the Trans Siberian railway, with density only in the south provided by branch lines of the Russian Far Eastern Railway network.¹⁵ Coastal shipping is important from Primore province to Chukotka, but must cope with long freezing of rivers and the Sea of Okhotsk and the Northern Pacific. Maritime arrangements around the Bering Sea and the Laptev Sea for Chukotka and Sakha (via the Northern Sea Route or NSR) are shaped by conditions of the Arctic.¹⁶

Poor labour supply impedes growth. RFE population is pegged at c. six million and has been in a declining trend since 1991, in itself a group in flux in pivotal cases such as Primore. Natural reproduction is low and long-term migration from Russia is insignificant. Trans-border migration from China, the closest source, functions within a stringent visa regime.¹⁷

Development opportunity in the RFE and Indian pioneers

Modest growth features soften this overall profile of RFE underdevelopment. From India, lone figures benefited. These features were based on state encouragement and northeast Asian multilateral and bilateral economic engagement. The outcome is evident in an increase in the RDP of the RFE by over 400 percent during the period from 2005 to 2016 within prevailing limitations (See Table 2).

This RFE “growth” was embedded in settlement patterns and purchasing power in the mega region. Table 2 and Table 3, read together, show that RDP is high relative to population. This yields a high per capita RDP, as indicated in Table 2, where elsewhere wage data confirms benefits to wage earners across RFE provinces. The RFE ranks 2nd among the mega regions.¹⁸ As indicated in Table 3, population in the RFE is concentrated in urban centres, the RFE ranking 4th in terms of the urbanisation of its population among Russia’s mega regions—a profile of consolidated and accessible, albeit small markets.

Table 2
RDP (million rubles)/per capita RDP (rubles)

	2005		2010		2016		Rank (per capita RDP) 2016
Centre	6278359.2	164387.9	1344444.0	359204.2	24135019.0	616366.2	2
North West	1799780.2	130846.6	3943053.7	289611.4	7803750.5	562371.6	4
South	936055.9	67566.0	2337936.9	168773.2	4896268.6	298585.7	7
North Caucasus	352070.0	39050.8	891834.3	94915.3	1797972.3	184466.3	8
Volga	2799035.9	91573.6	5709469.8	190719.5	10375870.2	349887.7	6
Urals	3091362.9	254078.4	5118968.4	423495.4	9354739.3	758885.0	1
Siberia	1951299.4	99628.4	4031394.4	214401.6	7133872.1	369150.3	5
Far East	826423.7	127161.3	2110720.6	334909.9	3756642.3	607004.2	3

Regiony Rossii pp.458-61

Table 3
Population of RF by region ('000/% urban population)

	2005	2010	2017
Centre	38109 (80.4)	38445 (81.5)	39317 (82.2)
North West	13716 (82.6)	13326 (83.6)	13952 (84.4)
South	13837 (62.3)	13851 (62.5)	16442 (62.6)
North Caucasus	9037 (49.2)	9439 (49.2)	9823 (49.8)
Volga	30453 (70.9)	29880 (70.9)	29543 (71.9)
Urals	12129 (80.0)	12087 (80.0)	12356 (81.4)
Siberia	19495 (72.0)	19252 (72.0)	19288 (73.1)
Far East	6430 (74.8)	6285 (74.8)	6165 (75.8)

Regiony Rossii pp.41-44

Two means provided access to the commercial opportunity indicated here: connectivity in the mega region and the authority of the state.

Services and connectivity link the coastal “hub” of the region in Khabarovsk and Primore, outlying centres of extractive industry in Sakha, Magadan, Kamchatka, Magadan and Chukotka, and the energy hub at Sakhalin. Agricultural provisions are provided by Birobidzhan and Amur. The situation is reflected in population distribution where over 60 percent are in the three provinces touching the Argun/Amur delta and the nearby coast (Primore, Khabarovsk, Amur) (See Table 4).

Table 4
Population distribution within the RFE

	'000	% urban population	% RF population 1 Jan. 2018
Far East	6165	75.8	4.2
Sakha	964	65.6	0.7
Kamchatka	316	78.2	0.2
Primore	1913	77.2	1.3
Khabarovsk	1328	82.1	0.9
Amur	796	67.4	0.5
Magadan	144	95.9	0.1
Sakhalin	490	82.0	0.3
Birobidzhan	142	68.8	0.1
Chukotka	50	70.5	0.03

Regiony Rossii pp.460-61

Table 5 on RDP breakdown within the RFE indicates extractive industry and oil and gas sourcing is mainly located in Sakha, Sakhalin and Magadan, which have over 60 percent of the output from these sectors. Lower levels are registered by Primore, Khabarovsk and Amur (least Birobidzhan), while manufacturing and agriculture in the mega region are dominated by these provinces. In the latter, services for the mining-energy complexes relate to trade, finance, IT and transport

connectivity. This and interaction with the Northeast neighbourhood account for the population cluster.

Table 5
RDP (million rubles)

	2016	Mining etc.	Manufacture	Agriculture
Total	3756642.3	1,661246	702797	164472.8
Sakha	868607	599,620	34852	25288.8
Kamchatka	198121	19728	99560	7915.6
Primore	73686.2	19568	229130	44315.8
Khabarovsk	637656.3	78459	244085	16790.1
Amur	287594.3	64359	31095	50419.9
Magadan	146919.5	112749	4467	2520.6
Sakhalin	767839	693,852	51842	10536.4
Birobidzhan	46872.2	7593	6743	5216.3
Chukotka	66146.8	65316	1023	1469.4

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The Khabarovsk-Primore “hub” has industrial and commercial activity that is local with rail, road and air connections, and coastal and river shipping focused on ports at Vladivostok, Sovetski Gavan, and Nicholaevsk on Amur. The metallurgical units of OOO Amurstal are in Khabarovsk; the Malamyrgold mines and the Vostochny Cosmodrome are in Amur.

The government in Moscow is a facilitator for the maintenance of connectivity; it is also a channel for acquisition of mining rights, such as the Canadian Kinross company’s purchase of gold rights at Maisboe in Chukotka. Besides commercial networks, the state provides access in the

RFE. Technically, the political and administrative dispensation is varied in the RFE. The Sakha republic is different from the “krai” of Khabarovsk, and elsewhere the RFE consists entities varying in constitutional structure. However, the centralisation of the Putin era limits tangible implications of this variation. Economically, metal and coal mining are associated with private companies whose independence of government is uncertain. Diamond mining is dominated by Alrosa, where state control is palpable. The state has extensive rights over reserves; where not underexploitation, they are formally targeted for exploitation.¹⁹

Northeast Asian commercial and financial orientation provided stimulus to economic activity in the RFE. Logistics, i.e. air, shipping, road and rail, link the “hub” of the RFE to the “Big Three” of north east Asia – the PRC, the ROK and Japan – sometimes as part of a network.²⁰ The RFE supplied electricity to the PRC’s Manchurian provinces,²¹ which in turn supplied food and labour to the RFE hub. Japan’s Hokkaido island is integrated into the transport and shipping of the Russian territories, providing services to Khabarovsk-Primore. The RFE’s energy complex at Sakhalin has developed in close conjunction with financial and technical inputs from these locations.

Partly this came of connections after 1991 within limits, during the financial and economic chaos in Moscow. Momentum gathered for “northeast Asian regional cooperation” with Mongolia, Korea, Japan, and the PRC,²² focused on an interstate Tiumenjian project and “trilateral” perspectives in Japan.²³ Outcomes were poor, however;²⁴ as Peter Katzenstein and his collaborators have shown, “swap deals” over a large geographic area, rather than regional arrangements determined country performance.²⁵

In the 2000s, in the PRC, an attempt to resuscitate the economy of NE China²⁶ coordinated with the RFE to initiate the ESPO pipeline from

Taiset via Skorodirino to Vladivostok²⁷ and Moscow's Program for economic and social development of the Far East and Transbaikalia. With Japan, a program was initiated in 2007: an "Initiative for strengthening Russia-Japan Cooperation in the Russian Far East and Eastern Siberia", building on earlier "action plans" and negotiations.

A patina of Indian interests shaped in the mega region, far from Moscow. Indian operations in consumer products were served by Moscow supplies to regional distributors. Torrent, Cadilla and Ranbaxy followed this approach. The Indian "alumnus firms" of the 2000s, working outside debt repayment arrangements, were based in Moscow (Shreya Pharmaceuticals and Amtel for instance). Their local networks ran deep, but they chose not to set up shop in the region.

The local market also attracted a different approach. Vikram Puniya's Pharmsintez operations focused here, since the entrepreneur was based in Irkutsk.²⁸ In 2005 he created "Ist-Farm" in Primore. In the 2000s in the OVL investment in Sakhalin 1 was supplemented on the periphery of the region by control over Imperial Energy (in Siberia); in Sakha, Alrosa worked with MMTC of India.²⁹

II. PUTIN'S PIVOT TO THE EAST (*POVOROT NA VOSTOK*) AND ITS CRISIS, 2012-2019

The pivot to the east

From 2012, a definitive factor in the RFE growth profile was Vladimir Putin's "pivot to the east"³⁰ – an umbrella for programs for RFE development and similar initiatives. In this strategy, the RFE as an Asian borderland of Russia was to act as a bridge between enterprises in mega regions of high growth (Urals, Siberia, Central, North West) and enterprises in East, South East and South Asia. The RFE was also to

generate growth in its own right. Much was said of Russia's "Eurasian" character to promote the "pivot" rhetorically. Individual aspects of the RFE economy – heightened rate in increase of investment in the 2010s, slight increase in Indian presence after 2010 – flowed from the initiative.

Official investment

Putin's project built on government support that has funded RFE growth from the 2000s,³¹ through direct investment and control of banking. This took different forms. Overall investment in fixed capital, though steadily growing, was less than elsewhere, as to be expected given the RFE's underdeveloped status. Data on investment in fixed capital indicate that it has been among the lowest in Russia (See Table 6), the RFE regularly being 7th as recipient among the mega regions.

Table 6
Investment in Fixed Capital in Russia (million rubles)

	2005	2014	2017	Rank in 2017
Central	964,150	3,570,432	4,172,962	1
North West	483,265	1,437,479	1,871,875	4
Southern	245,104	1,383,658	1,397,320	6
North Caucasus	93,317	494,286	503,852	8
Volga	609,499	2,384,349	2,402,210	3
Urals	593,370	2,368,498	2,870,072	2
Siberia	346,105	1,484,414	1,521,058	5
Far East	276,291	810,554	1,217,356	7
Total	3,611,109	13,902,645	15,966,804	

Regiony Rossii pp. 487-88

However, an increase in investment in recent times (2014-17) has been among the highest; the RFE ranks 3rd in the level of such increase. Arguably, this recent increase is state-driven, although indirectly. The state's role in investment in fixed capital was high (See Table 7): c. 60 percent directly or through joint ventures (JVs) during the period 2005 to 2010.

Table 7

Domestic Fixed capital investments in the RFE according to character of enterprise (% of total)

	2005			2010			2017		
	1	2	3	1	2	3	1	2	3
Sakha	34.1	32.3	30.9	21.8	61.1	11.3	4.2	69.2	9.4
Kam	29.4	29.2	32.1	21.6	69	1.8	22.9	59.0	6.9
Primore	39.6	38.4	12.8	42.6	44.9	7.0	25.1	62.1	2.1
Khab	34.1	21.9	22.6	22.8	56.8	10.7	23.0	52.4	12.7
Amur	34.1	23.8	2.4	13.9	63.2	7.4	14.2	77.3	3.2
Magadan	29.4	29.4	31.0	16.0	70.2	4.4	9.1	80.2	2.0
Sakhalin	3.9	3.3	1.8	6.1	35.6	4.3	18.2	23.4	4.9
Biro	45.3	48.2	1.5	15.3	65.9	1.1	36.5	25.0	0.7
Chukotka	94.8	4.9	0.3	38.8	40.8	4.0	28.6	28.8	0
Total	24.2	18.5	12.4	23.8	52.3	7.6	14.4	56.1	6.4

1=State 2=Private 3=Combined

Regiony Rossii pp. 496-511.

Data for 2010-17 indicates a steep fall in the role of the state in investment, through direct investment or JVs: to c. 30 percent or less, with special exceptions, the main investment now "private". This was indicative of the profusion of small organisations relating to services,

transport, and other sectors, especially in Khabarovsk-Primore.³² But private investment in the RFE, significantly, is state-influenced if not state-controlled. The state has played a major role in financial arrangements through banking control since the 2008-10 crisis.³³ Data also shows almost all “private” investment is channelled into Russian enterprises, where the state’s regulatory regime is enhanced. Table 8 indicates total investment in fixed capital in foreign enterprises is c. five percent, except in Sakhalin.

Table 8

**Investment of Fixed Capital according to enterprise ownership (%)
[National/Foreign]**

	2005			2010			2017		
	1	2	3	1	2	3	1	2	3
Total	57.4	37.7	4.9	86.1	10.4	3.5	79.9	14.2	5.9
Sakha	99.7	0.2	0.1	97.1	0.6	2.4	86.2	1.7	12.1
Kam	97.3		2.7	96.1	0.4	3.5	96.0	1.4	2.6
Primore	94.5	0.9	4.6	95.5	2.7	1.8	91.3	5.9	2.9
Khab	83.7	11.1	5.2	92.7	1.3	6.0	92.8	3.5	3.8
Amur	63.2	0.8	36.0	86.6	4.2	9.2	95.3	2.0	2.7
Magadan	94.7	3.8	1.4	98.4	0.1	0.5	93.0	4.4	2.6
Sakh	9.5	89.7	1.1	48.4	50.2	1.0	49.3	48.9	1.8
Biro	93.8	0.8	1.4	90.4	8.4	1.3	71.7	7.2	21.0
Chukotka	100	-	0.02	90.1		9.9	68.3	11.8	19.9

1=Russian 2=Foreign 3=Combined

Regiony Rossii pp.496-511

Interstate collaboration

In the RFE, various programs have featured under Putin's "pivot". Among them was the 2008 *Program for cooperation between the north east of the People's Republic of China and the Far East and Eastern Siberia of the Russian Federation (2009-18)*. The agenda for Sino-Russian collaboration was divided into eight parts and focused on different rubrics. These included: an overhaul of transit points and reconstruction of border crossing infrastructure; collaboration in transportation and communication; development of special economic zones; tourism and labour movement; key projects of regional collaboration; and bilateral attention to social and environmental issues. In a corollary to the program, the Power of Siberia pipeline was initiated from Chunandanskoye in Sakha into the PRC.

The Program inspired work on improvements in arrangements at common points of border crossing (with larger parking for instance) as well as the road links and rail links associated with these points; mentioned were the towns of Zabaikalskaya, Starotsurutskhai, Olich and Pogranichnyi on the Russian side and their correspondent towns on the Chinese side, i.e. Manchuria, Heishantau, Shivei, and Suifenhe. Plans looked to rail networks in these areas, as well as more extensive port access: also to visa and work permit revisions for labourers, especially in agriculture and in cases of subcontracting.

Along with this program, special ones with Japan and South Korea were also initiated.³⁴

Crisis in the Putin "pivot"

After the accession of the Crimea to Russia in 2014, the Putin government faced a sanctions regime established by the United States

(US) and the European Union (EU).³⁵ The result, reinforced by declining prices for oil and natural gas and falling revenue, has been a rapid decline in GDP increase rates, ruble devaluation and a decrease in foreign investment. As a response, Moscow decided to work closely with member states of the Eurasian Union, focus on permissible EU trade through Nordstream 2 and the Turkstream projects for oil and natural gas supplies westwards, reinforce the “pivot to Asia”, and establish the Eastern Economic Forum in 2015.³⁶

However, major problems in the RFE component in the “pivot” initiatives emerged in 2018-19. A review of the ongoing program with the PRC was undertaken, leading to a new program in 2018.³⁷ The review focused attention on shortcomings that could no longer be ignored in future planning. In specific collaborative projects, for instance, negotiation between the Ministry of Development of the RF and the State Committee on development and reform of the PRC were able to achieve progress in only 15 of 60 projects.³⁸

The PRC had its own understanding of priorities,³⁹ and was “Sinocentric” in its interpretation of PRC-Russia collaboration. Beijing was concerned with the “rust” industries of the old industrial centres of Manchuria (Heilongjiang, Jilin, Liaoning).⁴⁰ An examination of PRC academic opinion of the late 2000s in northeast China indicates disenchantment with “regional” schemes for improvements in the PRC north east. Contributors to the discussion pointed to lack of common ideological purpose among countries of the region or Russia’s apparent contentment with primary goods exports among the explanations. Demand for strengthening national planning, forgoing regional initiative, conceptualised within analytical parameters set in PRC, were ingredients of local argumentation.⁴¹ The upshot was poor interest in investment in Russian resource expansion from the PRC; and a focus on trade and trade infrastructure.

Under the PRC-Russia collaborative program, improvements in growth took place, but with a rise in trade in the Chinese northeast by 2013 after a dip in 2009, as indicated by data for Heilongjiang province (See Table 9); the trend repeats in Liaoning on a smaller scale.

Table 9
Trade of Heilongjiang province (US\$ million)

	2006	2007	2008	2009	2010
Total	128.6	173.0	229.0	162.2	255.0
Total export	84.4	122.7	165.7	100.8	162.8
Total import	44.2	50.3	63.2	61.4	92.2
Russia	45.4	107.3	110.6	55.8	74.74.

Gao, Meizhen, Current Situation and Future Prospects of the Trans-GTR Corridors (Segments in PRC) Erina Report No. 111, May 2013

Heilongjiang profited from electric supply from the Russian Far East grid, while Jilin province integrated with the Russian railway system and despatch goods by sea to southern China via Vladivostok.⁴² There was disappointment in the RFE: attempts to find investment from the coastal boom and Shanghai found little response before 2014. Negligible investment went into the upgrade of manufacturing infrastructure in the Amur-Khabarovsk-Primore region from PRC sources. Value addition in Russia took place in the case of under one percent of goods in transit from China.⁴³

The PRC case is indicative of a more general problem with FDI in the last three years.⁴⁴ Sanctions have had their impact on support from Japan and South Korea: hence the collapse of the scheme for a natural gas link between Sakhalin and Hokkaido in northern Japan.⁴⁵ A South Korean plan for Greater Northern expansion appears also to have been lacking in vigour.⁴⁶

The situation affected the RFE much less than other regions of Russia as indicated in Table 10. However, the overall balance of US\$8 billion FDI in the region has stagnated over the period 2015-17, and focused on the oil and natural gas hub of Sakhalin.

Table 10

Foreign Investment in the RFE. Inflows and outflows. (million US\$)

	2015		2016		2017	
	1	2	1	2	1	2
Total	10,676	3499	11,595	1210	10177	2020
Sakha	964	525	1347	56	335	96
Kamchatka	6	2	2	8	24	1
Primore	700	588	872	436	831	742
Khabarovsk	65	244	544	234	283	302
Amur	633	467	360	178	471	411
Magadan	738	756	7	5	8	18
Sakhalin	7197	634	8295	166	7874	192
Biro	49	1	19	0	220	136
Chukotka	204	232	149	127	131	123
	1=Incoming	2=Outgoing				

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Meanwhile, Indian operations in the RFE expanded. In consumer goods, working outside the Moscow network for tea, Jay Tea of Kolkata began operations in Primore. Since 2014, KGK (in diamond trade) arrived, led by Navrottam and Sanjay Kothari; the Sun group ventured into gold led by Shiv Vikram Khemka, and the Tatas ventured into coal mining in Kamchatka.⁴⁷ OVL extended its energy stake in the neighbourhood, through investment in the Vancor cluster. The KGK

enterprise was noteworthy as a gamechanger. It involved establishment of a polishing unit in Vladivostok, inaugurated by President Putin. KGK contributed to local earning capacity, going beyond DeBeers purchase of “rough”. In the circumstances, the presence of Navrattan Kothari at the 3rd EEF (2017) fitted into an emerging pattern. Equally the presence of Indian External Affairs minister, Sushma Swaraj at the 4th EEF (2018), was linked to the growing Indian investment in the regional oil and natural gas industry.

Turn to India

Increase of Indian presence in the RFE was linked to the policy of the Modi government. Meanwhile, given the “crisis” of the Russian economy and problems in its westerly linkages, lack of dynamism in the “pivot to Asia” constituted a challenge. Consequently, on the eve of the SCO meeting of June 2019, Vladimir Putin decided on a formal overture to India to participate more fully in the EEF.

III. ENTER INDIA

On 12 June 2019, Russian President Vladimir Putin invited Indian PM Narendra Modi to be the chief guest at the EEF.⁴⁸ The invitation was not to be ceremonial. India was expected to invest in RFE energy and extractive industry sectors. Yuri Trutnev, Minister in charge of the Far East, would visit India to prepare for the meeting.⁴⁹ In the weeks that followed, Moscow stressed that trade and investment where possible would be made in national currencies—this was already being done for 30 percent of trade. Measures would be taken to bypass the impact of US and EU sanctions.⁵⁰

In India, the timing was appropriate. The Modi government had emerged victorious in the May elections. It looked to kickstart its quest

for rapid economic growth. Until 2017, India had not participated in discussions on the EEF. From early on, the perceived “backwardness” in the RFE failed to attract Indian entrepreneurs and officials.⁵¹ Elsewhere, centred on individuals such as Michael Bradshaw, Tsuneo Akaha, Caroline Humphrey and Gilbert Rozman, and the ERINA foundation in Japan, parameters were set for policy in the US, Britain and Japan. But no links were created between Indian policymakers and the RFE specialists on RFE development such as Pavel Minakir and associates, even during India-China-Russia Trilateral meetings initiated in 1999. No contact existed between Indian scholarship/officials and the strong debate that Minakir and others inspired in the RFE.⁵² The RFE was ignored by India during CECA discussions in 2007-08.⁵³

In 2014 December, Delhi’s approach to specific business features of the relationship changed from benign patronage to active support. Narendra Modi undertook a focus on the diamond trade and improvements in links with Alrosa. A firm engagement was brokered by the government between Mr. Putin and the diamond sector in Gujarat leading to an agreement between 12 private diamond companies (seven of them from Gujarat) and Alrosa. The KGK enhancement of Russian operations was linked to this, as well as Alrosa’s later involvement in the Bharat Diamond Bourse – the largest such in the world – set up in 2013. In 2016, the Modi government brokered a deal between the Ruia family owned Essar Oil and the semi government Rosneft.⁵⁴

Within three years, in 2018, the economic relationship with Russia was placed on a special footing, like that with China, meriting a “strategic economic dialogue”. This was endorsed at the joint summit of 2018; it was developed by Rajiv Kumar of Niti Ayog at St. Petersburg in 2019 January. This gave access to networks developed outside the Indo-Russian Joint Commission, which was dominated by officials.⁵⁵

In 2019, the Putin proposals were in keeping with Delhi's program of acquisition of assets abroad,⁵⁶ where Russia began to figure incrementally after 2016, as indicated in Table 10. On the surface, the main focus in India's outward FDI remained on the developed world, South East Asia and Africa; but the figures here exaggerate the Mauritius route to African investments, and Singapore route to investments in South East Asia, much of such investment returning to India. The figures also indicate declining value of investments in the West. Russian investment includes inputs into the "strategic" Vancor cluster.

Table 11**Indian Overseas Direct Investment**

	2014/15	2015/16	2016/17	2017/18 Apr/Dec	Cumulative Total as %
Mauritius	652	1747	4872	765	20
Singapore	1592	1315	2833	2144	20
USA	1239	1649	1785	982	14
UEA	458	1750	867	266	8
Netherlands	732	1146	731	625	8
UK	334	641	1330	619	7
Switzerland	361	678	492	193	4
Russia	2	223	312	378	2
Jersey	211	99	95	80	1
Virgin Islands	107	127	102	123	1
Total ODI	6803	10620	14795	7331	

Divya Chaudhry, Priyanka Tomar and Pallavi Joshi, Deconstructing India's External Foreign Direct Investment (Oxfam Discussion Papers, March 2018), p.23

IV. STRENGTHENING INDIAN PRESENCE IN THE RFE

Preparations for the EEF: the Indo-Russian Strategic Economic Dialogue and beyond

Following the decision in July regarding the Vladivostok program, rapid steps followed to pave the way for agreements embedded in the Modi government's procedures that are beneficial and acceptable to both Russia and India. To discuss the general issues surrounding MOUs, a meeting of the Indo-Russian Strategic Economic Dialogue took place in the same month. In August 2019, Indian Commerce Minister Piyush Goyal and a delegation of chief ministers visited Russian provinces. Official statements supported Indian armed forces purchase of MIG 29 and Sukhoi 30 fighters,⁵⁷ in what would be a gesture to the powerful military industrial complex close to President Putin.

The Vladivostok package of India-Russia MOUs⁵⁸

Implications of India's "arrival" in the Russian Far East in this context were charted out in the fanfare for the Modi visit to Vladivostok, and the MOUs that were signed. Here, at a high level, overarching MOUs were signed between ministries, with one case of a general agreement between a private concern and a major Russian corporation – Shiv Khemka's Sungroup and Zarubezhneft. All official understandings were settled broadly, and both sides agreed to establish the fine print at a later time. Agreements ranged from letters of intent between ministries on collaboration between Chennai and Vladivostok port, joint audiovisual production, and vigilance over customs issues.

More commercially driven agreements took place between public corporations and Russian entities. These included those between the Yakovlev Design Bureau and Bharat Earth Movers to produce/assemble

primary aircraft in India, and six others between the Far East Mining Company and, separately, State Trading Corporation of India Ltd. STC, Minerals and Metals Trading Corpn of India Ltd MMTC, Steel Authority of India Limited (SAIL), the National Mineral Development Corporation, NLC India Ltd., and, finally, Khanij Bidesh Ltd., the company set up by the Mineral Exploration Corporation, National Aluminium Company NALCO and HCL to explore and develop assets abroad. Indian private actors came into Russia in education, with Amity University, the Indian School of Business Management, Khemka's Educational Foundation and Hindu cultural organisations linking with the premium Skolkovo Foundation and educational bodies in the RFE. A US\$ 1-billion Indian Line of Credit for the RFE was also announced.

Commitments to the RFE energy enclaves were reinforced by promise of commitment to the extractive industry enclaves, extending private inputs by Tatas and Khemkas. The possible presence in the Khabarovsk Primore hub was indicated, reinforcing the Kothari involvement in the area at a diamond polishing unit established recently.

Bilateral caution towards the Vladivostok moment in Indo-Russian relations

The steps have left unattended Indian officials' poor awareness of the Russian business environment.⁵⁹ Indian state involvement in the RFE is that of an investor – a role that the PRC has been reluctant to play except within the framework of the Belt and Road Initiative (BRI). PM Modi's "Look Far East" may manifest problems if oriented through the RFE, with Moscow fully in control of the management of the enterprises that take shape. From the Russian position, much may be agreed, but little done by India.


At Vladivostok, understanding of the ambiguities of Indian participation in the RFE led to the Joint Statement at the India Russia summit, on the sidelines of the EEF, strictly limiting expectations from the set of MOUs. This statement underplays the importance of the “Vladivostok moment” as it does any specific Indian contribution/gain from what will occur as a consequence. The summit statement⁶⁰ stresses a state commitment on the part of both governments to an overarching economic development program, involving holistic approaches to Indian and Russian economies without an RFE focus. This commitment involves an extension of early joint ventures in arms production and nuclear technology cooperation to larger international initiatives on the model of the NPP venture in Bangladesh. It also involves support for large-scale national development projects that pivot on “strategic” application of technology and human resources, with reference to the Strategic Economic Dialogue and Indian participation at the St. Petersburg Economic Forum. The notion of settling accounts in national currencies and enhancement of the arrangement is noted.

The statement only briefly situates collaboration in the development of the Russian Far East within this framework. This mention in turn occupies the same space as other themes across accepted subjects: collaboration in non-nuclear energy supplies, space research, education, culture, terrorism, UN reform and BRICS, RIC, and SCO.

V. EPILOGUE: THE DHARMENDRA PRADHAN VISIT TO THE RFE

Technically, the “Vladivostok moment” in Indo-Russian relations comes out as a tentative attempt to operationalise the Strategic Economic Dialogue between the two sides on a “transactional” basis: one that leaves the holistic bilateral relationship as a distinct domain, independent of outcomes of Indian participation in the EEF. Points of

overlap between the two domains remain, however: in space cooperation that links to the Vostochny Cosmodrome, energy cooperation that links to future plans for Sakhalin and the space of the Arctic,⁶¹ and strategic links to defence production at Komsomolsk on Amur. Also worth mentioning are RFE links to India's global stake in the diamond industry. Building on this, the RFE may signify more to Indo-Russian relations than is apparent at present, given the under-explored state of the RFE economy – which is accessible both as personal experience and statistical format outside Moscow sources.⁶²

Also significant is the visit of Minister of Petroleum and Natural Gas and Minister of Steel Dharmendra Pradhan in January 2020 to take forward EEF commitments, along with a delegation of prominent Indian entrepreneurs.⁶³ India's participation was confirmed in the new Vostok Oil that will source Arctic oil by way of the RFE via the NSR, linking to the Taymur peninsula. A term agreement on imports of crude oil from Rosneft was signed in the following month.⁶⁴ Again, in spite of COVID-19, the RFE administration has posted a gateway to potential customers to order items of necessity from India.⁶⁵ These rapid outcomes of India's inclusion in the EEF imply a new dimension to Indo-Russian relations, and perhaps more. 

Remembering Prof. Hari Vasudevan

Prof. Hari Vasudevan joined ORF Kolkata in mid-2019 as a Visiting Distinguished Fellow. His passing has left an indelible mark in all of us not only because of his academic stature as a scholar of Indo-Russia relations, but his very presence too. Throughout his distinguished career of more than four decades, Prof. Vasudevan displayed a keen interest in varied disciplines and offered an unconventional perspective. At ORF, he spoke at length about the overlaps between India's 'Look East' and 'Look Far East' policies, and the unfolding dynamics between the Greater Eurasia precepts of the Russian and the Chinese establishments.

Foremost, Prof. Vasudevan was an affable colleague and an extremely popular teacher who inspired generations of students. We will remember him for his warm smile and enquiring instinct, and for his interventions that enlivened our conference halls.

– Dr Nilanjan Ghosh (Director, ORF Kolkata)

The Life and Work of Hari Shankar Vasudevan

Hari Shankar Vasudevan was a renowned specialist on Russian history and politics, and on Central Asia, as well as one of India's most reputed teachers of European history. He possessed a globalistic vision that is rare even in this age of globalisation. Although he began his career in Ramjas College in Delhi, and briefly served at the Jamia Millia Islamia University, he remained at the Department of History in Calcutta University for the better part of his four-decade long professional life. He also served as Director of the Maulana Abul Kalam Azad Institute of Asian Studies (MAKAIAS), and as Chairman of NCERT committee on textbook revision for the social sciences. Upon his retirement from the University, he was appointed Chairman of the Institute of Development Studies, Kolkata and was also part of the Observer Research Foundation in Kolkata as a Distinguished Visiting Fellow. In each of these roles, Prof. Vasudevan performed with distinction, leaving a mark no matter how brief

his association. Above all he was a kind, generous and liberal-minded man with a phenomenally curious mind who was at home in the world.

Born in Kerala, Prof. Vasudevan spent the better part of his childhood in British-era Kenya, where he had his schooling under the aegis of teachers of British descent. He went to Cambridge for his college education and eventually did his doctoral work on local self-government in Imperial Russia in late 19th century, under the fairly controversial Scottish historian of the Eastern Front (of World War I) Norman Stone. While at Cambridge, he also opted for a course with one of the doyens of the Cambridge school of intellectual history, Quentin Skinner, who emphasised on the significance of the context in the shaping of any text. The values – ethical, moral and academic – that he imbibed from his European masters at Kenya and then Cambridge remained with him throughout his life, which made quite a few people think of him as a pukka sahib and have everyone recognise him for what he was, a true gentleman.

Curiously, Prof. Vasudevan's reputation as a 'Russianist' was not on account of his doctoral work, nor indeed his first book on Imperial Russia. Returning to India, after a brief stint at Ramjas College in Delhi, Vasudevan joined the history department of Calcutta University in 1978. There he quickly established his reputation as a teacher of European (and in particular, Russian) history – both political, economic and intellectual. He built on this reputation in the 1980s by establishing himself as an astute observer of Russian affairs, providing a lucid and comprehensive analysis in newspapers and journals about the crisis that gripped the USSR in its closing years.

Thereafter, once the Soviet archives were thrown open to scholars in the early 1990s, Prof. Vasudevan (in association with two other veteran scholars, Purabi Roy and Shobhanlal Duttgupta) brought out a valuable two-volume compendium of Soviet archival documents dealing with Russia's relations with Indian political movements and personalities for the period 1917-47. At around the same time, he was chosen to be part of the Indian government's Ministry of Commerce delegation to Russia, briefed with the task of resuscitating New Delhi's economic ties with Moscow. He used his experience of the delegation to

later produce an account of Indo-Russian relations after 1991, under the title, *Shadows of Substance*.

Having moved gradually into a study of India's relations with Russia, Prof. Vasudevan then embarked on what was to become the project closest to his heart, *In the Footsteps of Afanasii Nikitin*, documenting and then retracing the 15th-century Russian traveller's journey through Central Asia and Persia to the Indian subcontinent. It took him more than 15 painstaking years to complete the book.

In 2007 Prof. Vasudevan was appointed the Director of MAKAIAS, under the Ministry of Culture, Government of India – an institute which had made its name for Central Asian Studies. During his tenure in MAKAIAS, the quality of scholarship and publications of the Institute attained new heights, benefitting particularly from the range of his personal contacts with Russia. More importantly, by the time he left MAKAIAS to return to Calcutta University in 2010, Prof. Vasudevan developed a new interest in China in connection with outreach activities of the Institute with the Yunnan region, generally known as the K2K (Kolkata to Kunming) Initiative.

Returning to Calcutta University, Prof. Vasudevan continued to explore his interests in Europe and Russia at the Department of History and the Institute of Foreign Policy Studies of the University. Additionally, he was appointed the Director of the Area Studies outfit for the study of China and its neighbourhood. During his Directorial tenure there, he continued with his newfound interest in China, by associating the China Centre with the K2K initiative, working on building a closer relationship between India and China. He also seized on an opening with Myanmar in 2012, by trying to build a bridge between Calcutta University and Dagon University in Myanmar. By the time he retired from service in 2017, he proved to be an astute observer of both these countries in India's neighbourhood.

Even after retirement, Prof. Vasudevan continued on his academic journey. After serving two years as an UGC Emeritus Professor at his home department,

Vasudevan joined the Observer Research Foundation at Kolkata as a consultant in what turned out to be the last year of his life. At ORF-K, Prof. Vasudevan successfully combined his life-long interest in Russia and Indo-Russia relations with his newfound interest in China – the idea that he had just begun to explore involved Russian desire to tap the mineral and other resources in its Far East, and how India and China are participating in that venture in their own ways. Shortly before succumbing to COVID-19 pneumonia, he also began to closely reflect on the nature of responses from all around him, and those from the larger world, to the pandemic.

Throughout his life, Prof. Vasudevan had been a cosmopolitan man with a global perspective. The devotee of Lord Guruvayur, who chose to settle down with his “European” values in the city of Calcutta, was keenly perceptive of global currents and the differential impacts these had on local situations. His collaboration with the renowned scholar Gayatri Chakravorty Spivak on a project called “Radiating Globalities” towards the final years of his life largely encapsulated his globalist vision after the experience of a lifetime. The intellectual horizon of the Calcutta academia has shrunk a little with the passing of this man with an extremely curious mind.

– Kingshuk Chatterjee (Professor of History, Calcutta University)

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