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## Russia's priorities in the East for 21st century

✘ In his annual message to the Federal Assembly for the year 2014 (12.12.2013), President of the Russian Federation Vladimir Putin described the rise of Siberia and the Far East as the national priority for the whole 21st century. This news has not received much coverage in the foreign media. This circumstance is, in principle, easily explained. Nowadays, the press is powered by scandals and intrigues, and on 8 December Kiev saw another geopolitical buffoonery involving some well-known boxers, singers, gay activists, senior officials from the State Department of the United States, senator McCain and the brutal-looking police from the Berkut special unit. The whole world watched with bated breath Viktoria Nuland offering bread to the Ukrainian maidan protesters.

What sorts of priorities of Russia for the 21st century could you talk about on TV at a time when there was such a grand show in Kiev? Was Mr. Brzeziński moved to tears due to happiness and emotion watching the news from Ukraine? It is possible as his life had suddenly acquired some meaning. Russia and Europe are competing for Ukraine - it is common knowledge because all media write about this. However, for the Kiev maidan, which has been recently exercising in Ivan-Mazepa-inspired policies, it would be a great disappointment to suddenly realise that the state of affairs is not quite as it was described by "cast iron Zbigniew".

The talk is of some tectonic shifts that have recently occurred in the large political game. For quite a long time, there have been (and still are) different loose limitrophes between two major geopolitical platforms, that is, Russia and Europe, with some of them being rather substantial in size. This problem still entertains some ruling circles of the EU. There is nothing like that between Russia and China, perhaps only Mongolia, which is separated from the PRC by the Gobi Desert. There is a difference in the situation, and it is enormous. Nowadays, mass consumer goods have a "Made in China" label, but not many people know what export products are being made in Europe. Perhaps, apart from the fact that Poland is preparing to assemble agricultural machinery for Ukraine, in line with Lech Walesa's aspirations.

Redirecting the economic vectors of such a huge country as Russia from the West to the East is a prolonged, painstaking and labour consuming matter. So the Mazepa-followers and the veterans of the Baltic SS legions will still have plenty of time to soil the Kremlin boots.

At the moment, the initial phase of the project to develop Siberia and the Far East has been outlined in the following way. "The tasks that we are faced with," stated Vladimir Putin, "are unprecedented in scope, which means that our steps have to be non-standard as well. We have already made a decision on a concessional rate on corporate income tax and a number of other taxes for new investment projects in the Far East." The new enterprises should be provided with five-year holidays on income tax, mineral extraction tax (except for oil and gas), land tax, property tax, as well as, which is very important, a concessional rate on insurance contributions for high-technology production. To run businesses in the Far East, conditions will be created competitive with the key business centres of the Asia-Pacific Region, including procedures for getting construction permits, connection to the electric grid and customs clearance.

It is expected that, before 1 July 2014, the territories will have been finally defined where the new economic policy will start to unfold, all normative and legal acts will have been issued, and then - based on the experience and practical activity of these territories, as well as the achieved effect - the government of the RF will make a decision on their future development. However, all of these issues are organisational, which is very important, but not defining.

The main issue - we could say the physical issue - is that of energy. Development and, in particular, industrial development of any territory requires a lot of cheap energy. The Far East and Siberia have this sort of energy, and there is a very, very large amount of it there, but it needs powerful consumers. There is no need to build a nuclear

power plant for providing energy for the village of Kryukovka even taking into account the prospective construction of a fish factory here. Under-utilisation of energy means low efficiency and losses. To ensure that there is a powerful driving force, powerful consumers need to be found. And they do exist. They are China, Japan, Korea, Vietnam and other countries of South-Eastern Asia. Some of them are already increasing trade with Russia, others fear shouts from Washington, whilst many are ready to begin cooperation, but they themselves need impetus to action.

The needs of Eastern Asia will lead to a considerable expansion of the productive capacity of the energy base in the Far East and Siberia. This expansion will occur, to a great extent, at the expense of the deductions from the countries importing Russian energy resources. The expansion of the Far Eastern energy hub combined with tax concessions and other important measures will make it possible to expand the industrial base of the Far East, Siberia and their infrastructure. Cheap energy, exit to the sea communications, the seamless work of managing organisations and close proximity to the world's producing centres, – these are the things that can turn Russia's East into quite a promising region.

For example, the need to organise oil and gas transportations by sea has resulted in the current commencement of work on the modernisation and expansion of the Zvezda shipyard (town of Bolshoy Kamen). After the implementation of the project, the Zvezda complex will be producing tankers with displacement of up to 350 thousand tonnes, LNG carriers, ice-class vessels, special vessels, offshore platform elements and other types of marine equipment. The construction of the new productive capacity of the complex is scheduled to be completed in 2018. Zvezda is set to become one of the most powerful and modern shipbuilding enterprises in Russia.

What is being done for the population? To date, for example, Primorsky Krai has developed gas supply schemes for 21 municipal entities. Four entities have developed and approved gasification programmes. There are plans to provide gas supply to 30 out of the 34 municipalities. Thanks to that, it will be possible to transfer heating from fuel oil to gas and, thus, to substantially reduce the cost of the housing and utilities services.

All of this is and will be taking place not because Vladimir Putin or someone else wants it. The Russian President, in this case, is just following the circumstances the essence and the importance of which he understands fully. The policy of the Russian Federation in the Far East will follow the profits, and any Russian president will follow the profits. The talk here is of state interests – the Russian Federation is a big state, and its people need to be fed.

In conclusion, it should be stressed once again: these types of projects are designed for quite a long time if only some extraordinary circumstances do not interfere in the course of the events. Therefore, Vladimir Putin has identified the development of the Far East as the national project of the century. This is not mere rhetoric. It should be noted that the advancement towards the Pacific Ocean, which Russia started far back in the past, is undoubtedly going to continue. Not so long ago, no one in the world expected that China would become the largest producing region on the planet and would undermine what seemed to be the inviolable positions of the USA and Europe. All changed within a very short space of time, and the trends which exist today are unlikely to be stopped. The limitrophe politicians who are still trying to hack a window to Europe need to understand that.

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