Chapter 4
The International Activity of Federal Subjects of the Russian Federation on the Case of the Far East
(Małgorzata Pietrasiak, Michał Słowikowski)
4.1. The significance of paradiplomacy of the Russian Far East

Centre – regional relations are still present in academic and political discourse in contemporary Russia, which is a puzzle taking into the account how the idea of federalism has been devastated in practical terms, over the past 16 years. After seizing political power at the beginning of the 2000s Vladimir Putin and his associates effectively centralized the political system and simultaneously centre – regional relations. The pendulum swung from spontaneous and uncontrolled decentralization under Boris Yeltsin’s final years of rule, exceeding the former extreme of centralization, toward a unitary-like model, better corresponding with the new mode of Russian politics – electoral authoritarianism (Petrov 2000, 1; Golosov 2011, 624).

Compared with the 1990s, the international activity of Russian regions is less spectacular nowadays, because of the increased centralization of the federal relations system and due to this, developing electoral consolidation of authoritarianism in Russia (Kuznetsov 2009). It does not develop rapidly and, what is the most important, it does not provide high tension with the federal centre. The regional authorities in legal and political areas have been subordinated to the centre which has resulted in the centralization of regional international cooperation. The Kremlin has now undoubtedly more to say than in the 1990s about a region’s interaction with their foreign partners.

The problem of international activity of federal subjects (regions) of the Russian Federation since 1999, which marks the decline of the Boris Yeltsin presidency, significantly lost on its attractiveness in the political scientists community working on modern Russia. However, it does not mean that since 1999 there have been no interesting works in this research area in Russia (Busygina and Lebedeva 2008; Plotnikova 2005), in the Western world, and in Poland (Raś 2013; Rychlik 2014). The problem
of the international activity of federal subjects (regions) of the Russian Federation is analysed in: the legal institutionalization phenomenon (Busygina and Lebedeva 2008); the evolution of classical diplomacy of state and change of function of diplomacy as the exclusive tool in international relations, which means the loss of monopoly in the area of foreign policy by the state (Plotnikova 2005); and the transformation of the idea of federalism in modern Russia and the tension in the centre-regions relations, which regional paradiplomacy was an excerpt (Zacharow 2008).

We can also distinguish work concerning the formation of the identities of regional elites, having wider room to manoeuvre in domestic policy as a result of the international activity of the regions that are subordinated to them (Chirikova and Lapina 2001). Furthermore, we can add those putting the “Russian case” in the broader context, i.e. analysing the influence of globalization and regionalization processes on Russia and consequences of regional internationalization from the Russian foreign and security policies perspective (Perović 2000). However, it is problematic to compare the publications in this research area that are related to the Yeltsin presidency to these dealing with issues of the regional international cooperation during the Vladimir Putin era (Chirikova and Lapina 2001; Perović 2000 Makarychev 2000).

Nevertheless, the authors, reporting a fall of interest in international activity of the Russian regions, emphasize that “even under the Putin regime paradiplomacy is still important for both subnational units and Moscow’s foreign policy, even though it has become more routine and less publicized” (Sergunin and Joenniemi 2014, 19).

Despite the decrease in interest, the authors maintain that the internationalization phenomenon of the Russian regions does not lose a practical significance from both the shape of the centre-regions relations and the possibility of promotion by the federal centre of Russian affairs in the international arena. The Far East macro-region has proven to be particularly important, and is given more attention due to its geopolitical situation and changing political environment in Russia (Kurilla 2007; Hale and Kurilla 2011; Karaganov et al. 2015), as well as in Poland (Lubina 2014; Madej 2015).

The analysis of paradiplomacy in modern Russia, which is implemented on the case of the Far East regions, is justified at least for several reasons. First and foremost, the Russian Far East is a macro-region that is marked by negative trends due to socio-economic development. Therefore, the Russian federal elites look on it with special concern. Put simply, the Far East macro-
region has “always” figured prominently in the federal centre’s regional policy. Up till now, it was due to the negative conditions (persistently the worsening social-economic condition of the Far East). However, since 2012, especially after 2014 [Russia – the Western world conflict] the macro-region has been given a new positive role in the “turn to the East” policy (razvorot na Vostok).

The Far East has to play a double important role. First of all, it has to modernize through the attraction of domestic and foreign investment without exposing the federal budget to additional costs. Secondly, it has to become the Russian “window on the East” – to integrate Russia with the Asia-Pacific countries.

Considering its strategic situation, structural problems and changed international situation the Russian Far East became part of a geopolitical regional policy model, near to the North Caucasus and Crimea. This model of regional policy is interpreted as: a mechanism that is supposed to preserve territorial integrity of the state and strengthen control over regions that are strategically important (Zubarevich 2015, 1–2).

The authors set themselves a goal to present in this chapter the development of paradiplomacy in the Far East macro-region on the All-Russian trends in this area. First and foremost, the authors will try to prove similarities and differences relating to the evolution of paradiplomacy on a macro-All-Russian and a micro-Far Eastern scale between two political eras in contemporary Russian history, associated with Boris Yeltsin (1991–1999) and Vladimir Putin (2000–2016).

The analysis of paradiplomacy should provide especially additional information about the federal centre perception of paradiplomacy, the centre-regions relations model in regard to regional internationalization and its consequences.

4.2. Research method and chapter structure

This chapter relies on the fact that Alexander Kusnetsov’s research model is relevant and useful with reference to paradiplomacy in Russia (Kusnetsov 2015, 116), but it does not mean that the Russian specificity “will not leave an imprint on” Kusnetsov’s theoretical arrangements.

The authors also adopt that the established research goals will become fully realized on the basis of the “problematic-geographical” method with use of comparative literature elements. As a result, this chapter consists of two major parts: 1. All-Russia and 2. Far East.
The All-Russian part encompasses following issues:
• the general characterization of the evolution of federal relations (federalism) in Russia since 1990;
• the problem of legal-constitutional strengthening of international activity;
• taking up the subject of premises and the forms of commitment of Russian regions in international cooperation;
• the issue of the differentiation of level of the regional internationalization;
• the evolution of federal elites relations to the paradiplomacy issue from the Russian state perspective;
• the attempt to determine what is the centre-regions model in Russia with reference to international activity of these last.

The Far East part includes the parts about:
• the evolution of the federal centre policy towards it (with special regard to the “turn to the East” policy in Russian foreign policy);
• the analysis of the regional internationalization of the Russian Far East (using the regional internationalization index);
• profile of international activity of the most internationalized regions and its institutionalization; using macro-region as a means to an end by federal centre for implementation of determined goals in foreign policy and the perception of centre – macro-region relations by regional administration and academic elite representatives.

Chapter includes also the results of deepen interview with representatives of local administrative and academic elites, concerning the perception of paradiplomacy (international activity) in macro-region of the Far East.

4.3. The evolution of federal relations in Russia

Institutionalizing the international activity of Russia’s federal subjects and the federal government between 1991–2015 is an interesting conundrum. This process is in actual fact strongly tied to the evolution of federalism in Russian, namely the transformations that are taking place within the system of centre-region relations.

Assuming a compilation of primary trends as a principal criterion taking place within the system of the centre-regions relations, it specifies two fundamental stages of development of federalism in Russia: level of
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The international activity of federal subjects of the Russian Federation... in order to attain a more detailed and deeper model for the analysis of federal relations, including e.g. the problem of asymmetry, the consequences of the Kremlin's centralizing efforts, and of federalist theories, we will take into consideration three periods that are universally accepted by scholars (Petrov 2000; Zakharov 2008): 1) period of sovereignty parades (1990–1993); 2) period of asymmetric federalism (1993–1999); and 3) period of unitary federalism (2000 – present).

The first period is connected with the dissolution of the Soviet Union and the “parade of sovereignty” that was the process of rapid and uncontrolled pursuit of the Russian federal subjects (mainly republics) to gain greater autonomy. This period stemmed from the aftermath of the struggle between Boris Yeltsin and Mikhail Gorbachev.

During the second period, referred to as asymmetric federalism, the Constitution had set out principles of the centre-regions relations and federalism, though it must be pointed out that the principles were laid out in constitutionally and not in treaty form. Regions exploited the constitutional options and established their own model of the system of power. In practice “the worst-case scenario” materialized due to attempts at combining the processes of federalization and democratization of the political system. Regional elites legislated authoritarian systems in many regions, they corrupted federal officials in regions and got out of control. The significant structural asymmetry, which features the Russian federal subjects (including differences in the socio-economic development) made a difference in Russian federalism – regions varied and there were different relations with the centre.

The third period began in 1999, specifically when Vladimir Putin was elected as President of Russia in March 2000. Its distinctive feature is the establishment of the unitary federalism model. In 2000, the process of restoring the constitutional-legal unity, which was undergoing a “dictatorship of law,” began in Russia. It reduced the role of regions on the federal decision-making process (including the change of principles during the election of the Federation Council) and regional decision-making process (elimination of the highest officials of the Russian Federation during general elections). The centre exploited its extensive influence over the regions within the construction program of “vertically integrated structure of executive power” through establishing the accredited representative of the President of Russia in the federal districts. This included several regions, regional political systems “penetration” by
the Kremlin “party of power,” and prohibiting the functioning of regional parties as well as of appropriate salaries for the federal agency workers in the specified regions. Finally, some parts of regional actions and competence were transferred to the federal centre. Then, centre-regions bilateral connections, concluded in the 1990s, about the separation of actions and competence, were terminated. Then they were replaced by federal laws that clarified constitutional provisions of common federal and political entities competence [Starodubrovskaya and Glazychev 2011]. Due to the further divergence between formal-legal establishment of federalism in Russia and daily federalist practice (or rather its lack of) connected with the Kremlin’s lack of the readiness to get rid of federal rules from the Constitution, Russia is called a “federation without federalism”. It should be noted that Russian authorities treat federalism as “unitary,” due to the fact that they attempt to reconcile the benefits of federalism with the practices of a unitary state [Zakharov 2008, 114–116].

4.4. The evolution of federal legislation regulating rules of international activity of the Russian Federation’s federal subjects

Due to the international cooperation of the Russian Federation’s federal subjects and relations between the federal centre and regions, these problems are regulated by complex legislative measures, which are: the 1993 Constitution of the Russian Federation, the 1992 Federative Agreement, agreements demarcated mandates and actions, federal agreements, and agreements solely relating to international relations with the Russian Federation and its federal subjects.

The international activity of Russian regions had first been included in the Russian legal and political system by the 1992 Federative Agreement. At that time, national republics of the Russian Federation were granted special status with reference to international activity.

It was a derivative of accepted establishment: republics (states) are able to dispose of the entirety of state power (judiciary, executive and legislature) on its territory, in the exception of mandates that were given to federal public authorities (Article 3, Section 1, Federative Agreement). Republics are considered as independent participants in international affairs and international economic affairs, however, federal public authorities together with republics of the Russian Federation under the Federative Agreement
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Article 3, Section 1 are able to coordinate the international relations and international economic relations of the republics (Rossiyskaya Federatsiya, Federativnyy dogovor).

During the movement of spontaneous and uncontrolled decentralization, which was connected with the inertia of the dissolution of the Soviet Union, the federal centre gave national republics a great deal of autonomy, including international activity, believing it would satiate the appetites of their leaders and fulfil other demands (as well as curtail any pursuit to secession). The last one was treated with great concern as it was a significant attribute of independence and freedom from the Kremlin. When the federal power became strong enough, Yeltsin took control over the centre and the menace of Russia’s disintegration disappeared, then all rights given to national republics were taken away. At first, formally then practically, this process ended under the Vladimir Putin’s governance.

The 1993 Constitution of the Russian Federation gives foreign policy, participation in international relations, conclusion of international agreements, international trade, establishing status and the protection of borders of state, maritime border, air space, exclusive economic zone and the continental shelf to the Russian Federation. The federal centre is responsible for defence and national security, war and peace, defence industry and weapon trade (Rossiyskaya Federatsiya, Konstitutsiya Rossiyskoy Federatsii).

In the area of common activity of the centre and federal subjects are the following issues that may partially affect interests of regions: coordination of international relations and economic relations between federal subjects and foreign states as well as execution of international agreements that the Russian Federation has concluded (Rossiyskaya Federatsiya, Konstitutsiya Rossiyskoy Federatsii).

Rostislav Turovskiy emphasizes these are features that help the federal centre, provide support of interests of regional companies with foreign states or to attract foreign investors (Turovskiy 2011, 100).

In the 1990s, the process of legally institutionalizing the international activities of federal subjects on the federal level included the adoption of three federal laws: On the Russian Federation International Agreements, adopted in July 1995; On the State Regulation of Economic Foreign Activity, entered into force in October of the same year; and finally, Presidential Decree On Coordinative Role of the Ministry of Foreign Affairs of the Russian Federation in the Process of Forming Consistent Foreign Policy, published in 1996.
The first federal agreement that attempted to regulate mutual relations between the federal centre and federal subjects of the Russian Federation in the area of international activity of the latter was On Public Regulation of Rules of Economic Cooperation with Foreign States Agreement adopted in October 1995, which was replaced by On Elements of Public Regulation of Rules of Economic Cooperation with Foreign States Agreement adopted in 2003 and On the Russian Federation International Agreements adopted in 1995 (Namchak 2012, 76).

The 2003 On Elements of Public Regulation of Rules of Economic Cooperation with Foreign States Agreement assumed that federal subjects in the area of international economic cooperation within its competences are able to: 1) negotiate and conclude, under the consent of the Russian government, international economic cooperation agreements with other states’ public subjects, with administrative and territorial units of foreign states, and with state authorities of mentioned overseas areas; and 2) hold its own representatives during Russian trade meetings with foreign states, which are funded by the subject’s budget after consulting the federal government (Gosudarstvennaya Duma, Sovet Federatsii, Ob osnovakh gosudarstvennogo regulirovaniya vneshnetorgovoy deyatel’nosti).

The agreement established the obligation that regional and federal authorities had to negotiate projects with reference to plans and programs of economic development and cooperation that may have influence on the interests of the Russian Federation. The agreement instructs the federal subjects’ authorities to inform the federal government of all its activities in the area of mutual international economic cooperation activities.

The law On the Russian Federation International Agreements emphasize the problem of mandates of the Russian Federation and its regions in the area of conclusion of international agreements, specifically, if the content of the agreement comes under the scope of mandates of region. In this case authorization must be obtained from the public authority of interested region. Recommendations of regional authorities are examined at designing “content” of agreement under Article 4, Section 2 (Gosudarstvennaya Duma, O mezhdunarodnykh dogovorakh Rossiyskoy Federatsii).

The coordinated international cooperation and international economic cooperation agreement adopted in 1999 attempted to develop and structure the constitutional provision (article 72) of cooperation (coordination) of federal subjects and the Russian Federation (Gosudarstvennaya Duma, O poryadke koordinatsii mezhdunarodnykh i vneshneekonomicheskikh
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Section 1 of the foregoing agreement establishes the right of regions to participate in international cooperation and international economic cooperation. The agreement provides a specified procedure in reference to the realization of international cooperation and international economic cooperation of Russian Federation subjects. It assumes, inter alia, that the project must be negotiated between subject, federal subjects of other federal states, administrative and territorial units of foreign states, international organizations and public authorities of other states, and the Ministry of Foreign Affairs. After concluding the abovementioned agreement it is registered by the Ministry of Foreign Affairs of the Russian Federation and is in the public legal acts register.

The institutional-legal arrangements in regional international activity area were positively reviewed in the political scientist community. It was indicated that regulation of international activity of regions on the federal level contributed to the fact that the legislative activity of subjects was “well-considered and well-defined in compliance with federal legislation.” The same applied to agreements concluded with foreign partners – they became more specific, the rules regulating procedures related to the opening of representative offices of subjects overseas more structured (Rychlik 2014, 277–278). On the other hand, the legal institutionalization of regional international activity on the federal level resulted in substantial limits on the autonomy of regions in this area of Russian federalism activity. Moreover, many problems concerning regional international cooperation have not been regulated. The lack of legal regulation of cross-border (trans-border) cooperation with Russian regions and local authority units is the best example of it. Despite taking longstanding attempts that interested regions and chamber of regions, i.e. the Federation Council of Russia, regulations concerning cross-border (trans-border) cooperation with Russian regions and local authority units has been halted (Rada Europy, Europejska konwencja ramowa o współpracy transgranicznej; Mironow and Burbulis 2010).

### 4.5. Typology of forms of international activity of the Russian regions

By adopting Ivo Duchachek’s classical division on regional international activity of national states, also called paradiplomacy, Andrey Makarychev believes that in the case of Russia its following
forms may be observed: 1) cross-border (trans-border) cooperation which takes place on the micro-regional level; 2) trans-regional paradiplomacy – the cooperation is implemented with regions that are not neighbours but are part of states of adjacent territories; and 3) the macro-regional paradiplomacy – regional international activity which is unlimited by geographical borders (Makarychev 1999, 508).

Using the abovementioned typology of activity, which provides the way of regional commitment in international cooperation, two types of activity can be specified: direct activity and indirect activity. Direct forms of Russian regions’ international activity are as follows:

– Creating the legal basis of international activity, an element of utmost importance end developed rapidly in the 1990s. At that time, Russian regions first approached the opportunity to cooperate with the outside world, and simultaneously, were trying to legitimize their outside activities in formal-legal ways.

– Cross-border cooperation. In Russia, this kind of cooperation is limited as a result of a “vacuum” on the federal level in the area of abovementioned cross-border cooperation (Mironow and Burbulis 2010). However, the lack of legislation does not eliminate the opportunity of Russian regions and local authority units actions in the work of the Euro regions which are considered to be a “central institutionalized form of cross-border cooperation” in Russia. Euro regions with Russian support are members of the Association of European Border Regions (Turovskiy 2011, 101).

– Keeping contacts with foreign states to attract investors and/or raising the level of international recognition of the region. These tasks would be and are made through regional structures but for financial reasons they are made more and more often through federal structures: embassies, consulates, and trade missions. However, the exception is the international activity made by Tatarstan, which opened 16 foreign representative offices in the 1990s (Sharafutdinova 2005, 393) or Saint Petersburg, which retained the network of information and business centre consisting of 13 institutions, mostly based in the Baltic and Nordic countries (Sergunin and Joenniemi 2014, 11–12).

Regional authorities use indirect international activity to influence federal institutions that are responsible for the implementation of Russian foreign policy. In this sense, the Federation Council of Russia (Chamber of Regions) is also involved in the implementation of paradiplomacy, especially when in the 1990s its ex-officio members were chiefs of executive and legislative powers of the Russian federal subjects.
Analysing the indirect forms of regional international activity after 2000, on the basis of federal government activity, which uses regions as a means to an end in the process of implementing Russian foreign policy, it may attempt to develop the existing typology to active and passive forms of indirect activities. In the case of passive activities, regions are the centre’s matter of interest due to the opportunity of using its resources in the process of goal implementation established in foreign policy. For example the territory of the Russian-Kazakh border provides development of cooperation between Russia and Kazakhstan without the participation of regional authorities while at the same time urging regions to cooperate [Turovskiy 2011, 100–101]. However, due to active activities, regions attempt to use federal centre activity in the area of foreign policy. One such example is of regions participating in delegations with foreign federal officials, such as Eduard Rossel, Governor of the Sverdlovsk Oblast, who was a participant during Vladimir Putin’s visit to Bavaria [Kuznetsov 2009].

4.6. Conditions of regional international activity

The origins of international activity of federal subjects of the Russian Federation is connected with the simultaneous experiments of the development of a free market economy, democratization and decentralization of power that started in the Russia in the 1990s. Due to these experiments, Russian regions were able to take a change in the globalization and regionalization processes.

Analysing the academic discourse that emphasizes the problem of conditions forcing Russian regions to be involved in international cooperation, it can be easily noticed that it is divided into two periods that are connected with the historical evolution of Russian federalism and the entire political system. The first period is connected with the beginnings of political transformation in Russia. Within the second period the regional activity is perceived in the light of centralization [and de-federalization] of the Russian political system, which began after 1999. An equivalent approach is also used in attempts to define the general model of centre-regions relations due to regional international activity.

The problem of what conditions stimulate Russian regions to approach international cooperation has become the subject of political debate. The authors believe that the abovementioned conditions may be divided into two main categories, on the basis of the following instructions, which
have an influence on the decision making involvement of international cooperation by region (-s) that: 1) are connected with presence and influence of structural and processual factors; and 2) are related to the impact of internal factors (political and socio-economic) as well as external factors (any kind of processes occurring outside the Russian political system).

“Allocating” the above typology in the historical context of political transformation in Russia, it is seen that in the first political transformation period in Russia internal factors (decentralization, democratization, nationalism) came to the fore. However, external factors, like globalization and regionalization also played an important role – they formed a context, they gave the opportunity to free energy which was generated by internal factors. In the second period, connected with centralization and overcoming the legacy of the 1990s decentralization, external factors permanently were set aside. The Kremlin took control of regions and limited their opportunity to react on external impetuses, which is understandable if we consider the Kremlin elites’ approach to terms such as globalization, international sovereignty, and sphere of interest (Leichtova 2014, 21–26; Lo 2002, 102–118; Goble 1999).

External conditions of international cooperation with regions, such as globalization and regionalization were considered as a real chance to boost socio-economic development, which was possible through participation in global trade and/or in the regional cooperation processes. Experiences of European regions have become an attractive point of reference and have provided a basis for inspiration and argumentation for Russian regional leaders for the development of cooperation with member states in Western and Central Europe. This kind of activity was free from secession threats and nationalistic appeals.

Analysing the idea of internal factors it can be seen that some subjects of the Russian Federation used international activity as a chance to boost decision-making autonomy, which provided additional (external) resources that allowed further independency from the centre. The development of international cooperation constituted a part in regional emancipation process, starting with the “parade of sovereignty” period, and was evidence of centre-periphery division. This kind of activity was accompanied with mottos and nationalistic and separatist declarations. The international activity of such regions as Tatarstan or Bashkortostan was the logical assumption of their struggle to obtain special status in the Russian Federation.

In keeping with speculations over the external causes of providing international activity, it is worth noting that some Russian regions, whose
geographical location allowed to place them in the periphery, provided international activity despite structural circumstances. It was the will to overcome the periphery complex and the feel of marginality that brought this about. However, in their pursuit of periphery, ironically, was their only asset. Peripheral became an asset because regions started playing a unique role as a broker, mediator, and a “platform” between Russia and other players of Northern Europe (Joenmiemi and Sergunin 2014, 21).

Many regions, especially from North-western Russia and the Far East, were forced to cooperate with foreign countries because they were not able to provide the financial needs of their citizens. During the deep economic crisis in the 1990s, the federal centre was not able to provide their needs to a satisfactory level.

Occasionally, internal and structural motives, e.g. economic, were accompanied with political ideas – the pursuit for independence in ethno-political and ethno-religious issues. Tatarstan was a splendid example of joint conditions of international activity of Russian regions at that time. Its rational (economic) activities were followed with ambitious to become independent from the centre and to keep ties with the Islamic community (Sharafutdinova 2005, 394).

While analysing the processual conditions of regions’ international activity ideas, it is important to stress that in Russia, at least until the early 21st century, the international activity of regions developed dynamically and unorganized. Sometimes regions knowingly against the Kremlin interests violated federal regulations, delegitimized the Kremlin’s activities in the international area or even took over the centre’s international commitments. The roots of this problem are not located in structural conditions but in political conditions. The activity of some regions on the international area resulted in providing their leaders that were at the forefront of regional “political and electoral machines” functioning under patronal-clientelistic rules with political capital (Chirikova and Lapina 2001, 43).

Since 2000, the group of important internal conditions of regional international activity “increased” through the federal centre’s inspiration to act. Before 2000, the Kremlin was looking at these regional developments with kindness, which corresponds to its interests. However, only since 2000, when it had additional material and immaterial resources (social legitimization for centralization activities), was it be able to effectively stimulate the development of international cooperation of regions with chosen states and/or regions in the most desired shape and areas.
Rostislav Turovskiy suggests a different kind of approach to the problem of international activity of Russian regions. Not only does he focus on the problem of motives of regional activity, but he also points out the subjective expectations of the involved players in international cooperation as a decisive factor causing a certain type of cooperation. Turovskiy specifies three regional contribution models in international activity including subject/subjects stimulating such an activity. These models are defined as: administrative, network, and corporate. It goes without saying that the administrative model was and still is the dominant model in Russian realities. The main characteristic of such a model is that regional international activity is based on activities of institutionalized groups of interests disguised as bureaucratic elites functioning within its formal representatives. The goals of administrative paradiplomacy can make interests of the entire community (region) or can be a mechanism of providing needs for bureaucracy, which are sometimes totally unrealistic (Turovskiy 2011, 100). The ongoing process of centralization of the centre-region relations system leads to the objective usage of regions by the federal authorities in order to provide their own needs at the expense of local elites’ needs, including regional bureaucracy (Kuznetsov 2015, 116).

4.7. The level of frequency of international activity of Russian regions

In the literature on the subject we can find elaborated research concerning the difference of the level of frequency of international activity of Russian regions and its origins produced in Russia and overseas. Research data is available and reveals defined patterns of activity regions including their structural characteristics. Russian macro-regions are also compared—this task is simplified due to the institutions of federal oblasts, which were set up since 2000. They are political and administrative links in the vertically integrated structure of executive power by which the Kremlin controls the activity of regional powers and coordinates the actions of federal agencies in the region for the implementation of abovementioned task (Reisinger and Yoo 2012).

In the case of Russia, the level of international activity of regions is associated with their structural features, such as the size of territory as well as socio-economic and cultural abilities. The conditions of a region’s involvement in cooperation with the outside world plays an essential
importance here. The wealth of a region determines the financial capability of maintaining assignments and foreign representatives that are supposed to provide needs for the region. There is a strong dependence between economic and political activity of regions in the international area. The increasing economic activity is always accompanied by a significant level of political activity, though on the other hand, some regions, despite political involvement in cooperation with the outside world, do not have much to offer to their trade partners in the economic area. The economic activity does not cope with the political will of cooperation.

The abovementioned statements are not innovative from the point of paradiplomacy comparative studies, however, in the case of Russia, the problem of influence of broadly defined geography is surprisingly developing. At the same time, it can be analysed in different ways.

First of all, ethnic social structure and the legal-constitutional status related to it (a derivative of ethno-territorial model of Russian federalism) play a significant role in the activity in regional international cooperation. The specificity of a subject that is a region, selected on ethnic criteria, is not sufficient enough to guarantee active participation in international cooperation. The examples of Yakutia (Sakha), Tatarstan, and Bashkorstan, attest that economic conditions such as the occurrence of natural resources, an industrial park, investment areas, economic diversification and administrative support are additional conditions which are necessary. It has to be said that federal cities take the leading role in concluding international agreements, with a median of 65 agreements. Oblasts and countries (subjects selected on geographical and historical criteria, mostly ethnically Russian) hold a total of 10.1 agreements while republics and autonomous okrugs – 3 agreements (Reisinger and Yoo 2012, 15).

Secondly, the importance of geographical factors can be considered as a cross-border region. In the Russian reality, the border status does not guarantee success in international activity. The proximity of the state border is not always a blessing but a curse for cross-border regions. The ethnic trans-border organized crime is a major threat in Russia (it is determined by history, geography and ethnic structure of modern Russia). In the case of the Russian Far East we are dealing with organized criminal groups of Chinese origins involved in trafficking, bootlegging, and illegal trade such as wood smuggling (Nasyrov 2005, 152).

The problem of borders that influence international activity of Russian regions and its frequency are perceived through the functional theory of border clarification. According to this theory, Russian borders
accomplish many roles but one cannot say for sure that they mostly act as a contact – they are not considered as a place to establish cooperation. The dominant roles played by borders here are filter and barrier functions. Turovskiy also emphasizes that Russian borders will play different roles depending on geographical location – in the case of Belarus, the border plays an integration role but the Kazakhstan border and, until recently, the border with Ukraine have played a uniting role (Turovskiy 2011, 104).

Moreover, the “quality” of proximity plays a significant role in the geographic-border context. The nature and frequency of international activity of a Russian region depends on the placement of the region, if the region is located in European (Northwest), North Caucasian Russian, or in the Far East. In the case of Northwest Russia, these regions were able to embrace the benefits offered by Euro-regions, especially the EU institutionalized forms of support for trans-border (cross-border) cooperation. Other regions unfortunately were not placed in such a favourable position. As a consequence, not all Russian border regions recognized themselves as the Russian “window to the world.” Some of them recognized themselves as “forward stations,” therefore, they focused on preventing negative influences approaching from the outside world, mainly from direct proximity. This shows obvious (geographical) truth, because the South Russian regions recognized themselves as “forward stations.”

In the case of Russia, the size of the territory (also “extension of territory”) might be a barrier due to international cooperation. It generates considerable costs connected with establishing and sustaining international cooperation, resulting in some groups of regions sustaining cooperation mainly with regions and states that are geographically near. Combining these statements with the fact that Western Europe usually provides many opportunities and different forms of cooperation, it is understandable that: the Northwest Russian regions cooperate with European states, the southern regions cooperate with Kazakhstan and Siberia, and the Russian Far East cooperate with the Southeast Asian countries. When it comes to international cooperation, the following regions have a clear lead: Northwest – 19.8 agreements, South – 13.7 agreements and Central – 13 agreements. The North Caucasian regions with 3 agreements and the Far Eastern regions with 3.2 agreements bring up the rear (Reisinger and Yoo 2012, 15). Some regions like Moscow or Saint Petersburg “boost the average” of its districts. They deform the results due to particular activities and possibilities which are offered by having been a capital city.
of Russia. What is noticeable is that the Russian Far East has a very low internationalization level, which is surprising. In spite of an attractive location regarding economic terms in the Northwest Asian region that is rapidly developing, the Far East does not seem to be internationalizing quickly. It is clear that the Far Eastern region (the Far East Federal District) differs from other macro-regions in the accumulation of foreign investment (5% share of other federal districts) or in export (4% share), which is probably a derivative of the small number of population and modest industrial and agriculture capacity (Ross 2002, 89). The degradation of Siberia and the Far East regions proclaims a geopolitical threat to Russia (Ryzhkov and Turovskiy, 2013).

In the literature on the subject it is often emphasized that democracy (democratization) has a positive influence on the development of regional international cooperation. In the case of Russia, this structural factor, that is, the nature of political system, does not affect the frequency level of international contacts. The experience of international activity of Russian regions in the 1990s showed that the major activity in this area was in both “democratic” regions like Nizhny Novgorod Oblast, under Boris Nemtsov’s rule, and “authoritarian” regions like Moscow under Yury Luzhkov. An interesting note regarding Luzhkov, as he keeps highly liberal views in the socio-economic area, while on the other hand he is keen on the traditional model of the power density with Soviet overtones and the creation of a great patronal-clientelistic system (Alexandrov 2001, 13).

Few authors emphasize that regional internationalization and its successes in the paradiplomacy area are mainly the consequences of the centre’s will and involvement of activity of the region. Before 2000 both Nizhny Novgorod Oblast and Samara Oblast played particular importance. Both oblasts were considered as pioneers in the development of free market processes and attracting foreign investment. The Kremlin appreciated their value and importance from the possibility to “extend” their experiences to other regions, this resulted in the Kremlin’s support in international activity (Chirikova and Lapina 2001, 44). However, the case of Saint Petersburg after 2000 shows that a region can have expanded economic and cultural connections with the world, especially with Europe, because the Kremlin prefers such cooperation. It is advantageous to the Russian Federation as a whole and thus the Kremlin undertakes steps to stimulate this cooperation (Reisinger and Yoo 2012, 23; Joenniemi and Sergunin, 2014, 24). The same will happen to the Russian Far East regions that are encouraged to cooperate with Chinese regions, which
significantly develop their internationalization level (Assotsiatsiya ekonomicheskogo vzaimodeystviya sub’yektov Rossiyanskoy Federatsii “Dal’niy Vostok i abaykal’ye” 2014). The latter obviously require federal centre support, because, as was mentioned, the regions’ modernization seems to be unable to be realized without the involvement of (diversified) investment of Northeast Asia members (Ryzkhov and Turovskiy, 2013).

In Russian literature the problem of different regional internationalization due to cooperation with the outside world in both frequency and nature of these relations is seen in the light of the socio-economic and ethno-cultural diversification of Russian regions. It can be assumed that the level of international activity of regions (their internationalization) shows current differentiation level (asymmetry) of regions, if we consider their economic potential and level of social progress (Zubarevich 2014).

Yuriy Dem’yanenko, indicates three groups of factors that determine the level of regional internationalization:

1) geographic (geo-economic location of the region – central, semi-periphery, periphery, internal and cross-border regions);

2) socio-economic (general development level, potential of natural resources, dominant structure of industry, the presence of export-oriented industries, financial stability, investment activity, regional diversification of the population’s income standard, labour market, level of unemployment and the quality of environment);

3) political-legal (the nature of political system, the profile of regional political and economic elites, their lasting and meaning from the regional situation perspective, the population’s political preferences views, the presence of political threats and level of regional legislative) (Dem’yanenko 2013, 199).

As a matter of fact, there are four regional groups created – just as there are four regions in Russia (Zubarevich 2012):

1. Regions in the first group (super league) have developed an export-oriented economy and attract a high level of investment, their elites are active and institutionalized, have developed international connections, the regional economy is strong, diversified and export-oriented. This group consists of: Moscow, Saint Petersburg, Tatarstan, Bashkiria, Sakha (Yakutia), Novgorod Oblast, Samara Oblast, Pskov Oblast, Rostov Oblast, Nizhny Novgorod Oblast, Sverdlovsk Oblast, and Khabarovsk Krai. They are sometimes called “globalization islands” in Russia. It should not be misunderstood with the poorer “forward stations” category.
2. In the second group (league one) are regions that have an export-oriented economy or are connected with external economic institutions, have developed legislation in matters of international cooperation, and their elites use regional cross-border status to establish international cooperation. This group consists of: Kaliningrad Oblast, Leningrad Oblast, Volgograd Oblast, Arkhangelsk Oblast, Sakhalin Oblast, Primorskiy Krai, Karelia, and Komi.

3. In the third group (second league), regions have huge natural resources, have a high level of socio-economic progress and a sizeable index of commodity exchange with the outside. This group consists of: Khanty-Mansi Autonomous Okrug, Yamalo-Nenets Autonomous Okrug, Nenets Autonomous Okrug, Tyumen Oblast, and Perm Krai.

4. In the fourth group (third league) regions suffer a low level of legislative development that controls international cooperation, provide limited level of international connections, have a low level of socio-economic progress, and provide limited export opportunities. The Republic of North Caucasus, Chita Oblast, Ulyanovsk Oblast, and Penza are in this category. (Dem’yanenko 2013, 199).

4.8. Russian federal elites’ strategic culture and its influence on regions international activity

In order to better understand the evolution of centre-regions relations due to the problem of the Russian regions involvement in international cooperation, we should familiarize ourselves with the main thoughts and views of Russian federal representative elites according to such terms as: sovereignty, globalization/glocalization, and paradiplomacy. Those notions are firmly linked with Russian strategic culture and affect not only foreign and defence policy concepts, but also the development of federal relations–including regions’ international activity.

The Russian federal centre embodied by its political elites in the 1990s (mainly connected with the military department) still had a frigid attitude to any activity which might have resulted in the violation of Russian sovereignty. As a result, the Russian federal elite’s “power cohort,” which was responsible for shaping Russian foreign policy and security policy, perceived globalization with high suspicion. Later, mostly influenced by the involvement of the West in building democracy in states that were denied of it and by the humanitarian intervention, it was rejected as an unacceptable concept of “limited sovereignty” (Makarychev 2001).
Globalization itself was treated as a tool for the US and their allies to put Russia under geopolitical domination. The power centralization, which means taking back regions and their power abilities, even in international activity, seemed to be a beneficial action that strengthened the national security of Russia. It averted the danger of putting Russia under control of one geopolitical power centre [Makarychev 2001].

Finally, the glocalization was also censured. The NGOs’ international activity on the regional level in Russia seemed to be treated as a threat to national security and considered it as a responsible factor for the destabilization of world peace. The NGOs involvement in political events within Ukraine and previously within Georgia was taken seriously by Russian leaders and many preventive actions were taken on to stop spreading “the orange virus” [Ambrosio 2009, 45–53].

The protection of the Russian political system against the exogenous promotion of democracy resulted in adopting legislation against “foreign agents’ influence,” which limited the cooperation possibilities at the regional level and between Russian NGOs and foreign donators [Nikol’skaya and Romanycheva 2015].

In the literature on the subject we can quote many statements of federal officials claiming that in the Russian elites’ “strategic thinking culture” exists. Its specified feature has been and still is reluctance towards excessive regional autonomy, including international activity. The 1999 interview with Eduard Kuzmin, a Ministry of Foreign Affairs senior official, deserves special attention [Goble]. Kuzmin claimed that Russian foreign competitors are not interested in the integrity of Russia. Some powers, he assumes, do not spare their efforts and resources to achieve many privileges from Russian regions and avoid the federal centre by creating “international attraction zones.” He accused foreign (Western) countries of the tendency to make dependencies among Russian regions in natural, financial and technological matters; increasing their foreign debt, decreasing export goods prices and finally disrupting Russian society as a whole [Goble 1999]. Some analysts reported that in the time period preceding Vladimir Putin’s governance, the Russian federal centre at least had an ambivalent attitude to regional international activity. On the one hand, the Russian Ministry of Foreign Affairs appreciated regions attracting foreign investment and sustaining connections with ethnic Russians in the post-Soviet countries, on the other hand, it was disturbed by misrepresenting the Russian foreign policy message by regional paradiplomacy or supporting the centrifugal trends and separatism in
Russia (Goble 1999). The lack of strict coordination between the centre and regions made for actions and statements by the latter that jeopardized Moscow’s interests and actions due to relations with Taiwan as well as the UN and its agencies. The paradiplomacy development should have stimulated increasing separatist trends – many republics definitely have gone beyond the agreed constitutional framework and demanded rights to provide their own foreign policy on issues such as: war and peace, nuclear zones and other zones reserved for Moscow. This attitude had to have a dangerously contagious influence on other regions. “This keeps up, every village may have their own Ministry of Foreign Affairs,” claimed Kuzmin (Goble 1999).

Russian authors analysing the problem of regional international activity before and after 2000 formulated statements that ambivalent attitudes on the side of the centre, due to Russian federalism operating on this matter, were accompanied by attempts of regional marginalization from the Russian foreign policy perspective. Andrey Makarychev indicated that before 2001 in Russian documents as warfare doctrine or foreign policy concept, which are important from the national security perspective, there is no mention of regional role in the international area. The further documents also do not provide information about the regional involvement in Russian foreign policy (Makarychev 2001). It is worth taking note on this degradation and marginalization form of regional activity by the Ministry of Foreign Affairs. The information about international cooperation and regional economic cooperation between Russia and the outside world can be found on Ministry of Foreign Affairs’ (MOFA’s) official site in “economic diplomacy” subpage (Ministerstvo inostrannykh del Rossiyskoy Federatsii, “Mezhdunarodnyye i vneshneekonomicheskiye svyazi sub’yektov Rossiyskoy Federatsii”).

Rostislav Turovskiy emphasizes that the centre’s reluctance to simplify international activity to regions and local authorities units was easily seen when dealing with problems connected with adopting trans-border agreements. It should have resulted in a statism idea of creating Russian foreign policy, which assumed that international regional cooperation is acceptable but it has to include mandatory checks (Turovskiy 2011, 103). The federal centre did not want to simplify the development of regional international cooperation by establishing common and legible rules due to cross-border (trans-border) cooperation. This kind of cooperation had to use only such rules which were appreciated by the Kremlin and would guarantee implementation of Russian goals.
This statism approach to paradiplomacy is in practical usage in Russia at the present time and comprises a derivative of changes, which arose among political leaders since 1999. However, in the 1990s, which should be emphasized, there was a trend to subordinate regional activity to the state and it was strictly sketched in Russian federal leaders’ minds. In a wider perspective of political discourse it should be emphasized that “liberal” and a pro-Western approach in the Russian foreign policy scarcely hid strong realism trends (M. Leichtova 2014, 21).

When Vladimir Putin, former Director of the Federal Security Service (FSB), was elected as president, political, business and administrative elites’ ranks were filled with so called “siloviki,” i.e. members of Russia’s state agencies that are authorized to use violence to respond to threats to national security (Soldatov and Rochlitz 2007, 1). As a result, the statism model of foreign policy started developing rapidly.

The increasing FSB significance supported consolidation of the Federal Security Border, which came back into “the lap” of the FSB. Its “interests” were put above needs of the local communities, especially, these near the border. An example of this policy is the extension of the border area regime. The cross-border zone is not considered as a cooperation zone (Turovskiy 2011, 103).

The relation model was created in the legal institutionalization process of regional international activity, which started in the mid-1990s, and it was fully appreciated by the centre. It worked with fears and prejudices regarding the excessive and deprived control of regional autonomy and coordination role of the centre due to their international cooperation. Since 2000, many normative acts were adopted which strengthen the rule to coordinate the regional international activity by the centre (Namchak 2012, 76–78). Examples of such acts include the 2002 On the Russian Federation Representative of the Russian Ministry of Foreign Affairs Ordinance act and its later modifications On the Territorial Body Ordinance – the RFMOFA representative on 22 November 2011 (Ministerstvo inostrannykh del Rossiyskoy Federatsii, Polozheniye o territorial’nom organe – Predstavitel’stve Ministerstva inostrannykh del, 2011). The abovementioned ordinance provided on MOFA’s regional representative to secure respect for the Russian Federation foreign policy cohesion and to control the implementation of basic coordination of the international activity of FR federal subjects (Ministerstvo inostrannykh del Rossiyskoy Federatsii, Polozheniye o territorial’nom organe – Predstavitel’stve Ministerstva inostrannykh del, 2011).
4.9. Two models of centre-regions relations due to international activity of Russian regions

While trying to answer what model of centre-regions relations is common in Russia, it has to be emphasized that it has changed and is divided into two historical periods. During the first period, i.e. before 2000, there were many models in the Kremlin-regional authorities relations. This situation emerged from formal determinants (e.g. from centre-regions bilateral agreements) and current (hijacking the centre’s competences by regions). the asymmetry between regional relations and between the centre and regions, did not circumvent the international activity area. However, the model of decentralization and parallel practice of international activity played the dominant role. In 1995 and 1996 federal agreements were adopted and a Presidential Decree, which established mutual relations in regional international activity (though this did not change the situation at the time). However, the model of centralized centre-regions cooperation, which was coordinated by the federal centre, should have been in force.

In some cases it showed harmonious cooperation (centre supported regional actions – Nizhny Novgorod) (Chirikova and Lapina 2001, 44) in other, more famous, cases conflict-related situations were dealt with, i.e. regions involved in international cooperation which took a vote during international forums dealing with international policy, in breach of the official line and interests of the federal government. The list of diplomatic “scandals” – the violation of Russian interests, which were considered as a non-conformity of the regional authorities with the Kremlin’s official stance, was long in the 1990s. On this list were those regions that held a special status and could afford the insubordination, such as Tatarstan, or were aware of their absolute impunity (Makarychev 1999, 504–506). The international activity, which often is conducted against the Kremlin, violates federal authority, delegitimizes its actions and international commitments, was used as a tool by regional representative leaders to create political capital (Makarychev 1999, 504–506; Chirikova and Lapina, 2001, 43).

In some cases centre-regions conflicts ended “in favour” of the centre. One such case is of Kaliningrad Oblast and its trade agreement with Lithuania, which was revoked in 1995 considering its non-conformity with federal legislation. In many cases region-centre conflicts started because the agreements amended in the mid-1990s were not negotiated with MOFA, which federal authorities obviously did not appreciate. This was the case
of agreement between Kabardino-Balkar and Abkhazia, formally under Georgian rule. In many other cases the problem of non-conformity with federal legislative emerged from not completing the technical requirements connected with its preparation and a lack of MOFA's legal expert’s opinions (Joenniemi and Sergunin, 2014, 23). However, in the Tatarstan case, the unappreciated agreements that went against the Kremlin, e.g. with Abkhazia, were not terminated (Sharafutdinova, 2005, 394).

In the second period, that is, after 2000, within the creation of unitary federalism and electoral authoritarianism, began the actual institutionalization of the centralized-coordinative model of centre and regions’ actions in the international activity area of the latter. At the present time, in centre-regions relations, a centralized decision-making model in regional policy was observed, which establishes strict coordination in the international area with regions and forced cooperation.

The federal centre, influenced by the negative effects of uncontrolled decentralization that took place in the 1990s, on Putin’s initiative started serious actions to deny regions of their rights which were granted too hastily and/or acquired in an unilateral order. The efforts for ongoing legal institutionalization of paradiplomacy, maintained in centralized coordination form, were taken from the centralization program. The concept of federal centre, in discussed aspect of federal relations, assumed organizing a “chaotic environment” in foreign policy, which was formed in Russia due to many regional international activities, e.g. due to proper usage of regional activity in such a way that they could support Russian foreign policy, which represented the interests of the whole country (Ministerstvo inostrannykh del Rossiyskoy Federatsii, Kontseptsiya raboty MID Rossii po koordinatsii mezhdunarodnykh i vnesheekonomicheskikh svyazey sub”yektov, 2001).

Despite many doubts and objections to one-sided relations between the Kremlin and regional elites after 2000, what is important is that it should be accepted that presidents, elected in general elections, and governors of the federal subjects of the Russian Federation, who have been (relatively) self-reliant, have become hostages of the Kremlin’s will (but taking into consideration formal division of the centre-regions actions they have become “federal government agents”). If Yury Luzhkov or every other region department chief had taken a policy stance in international affairs, the Kremlin would definitely have known about this and appreciated it. Since 2000, all sorts of “political lawlessness,” such as Luzhkov’s statements concerning Ukraine and Georgia that contested their territorial integrity, must have ended or had the Kremlin’s “silent approval” (Kurilla 2006).
4.10. Institutionalization and diversification of the centralized-coordinative model in centre-regions relations due to regional international cooperation

Assuming that in Russia, since 2000, the institutionalization process of centralized-coordinative model has been developing in cooperation between the centre and regions in paradiplomacy, it is worth noticing that it is internally diverse, so it is not consolidated. This diversification is exposed when we ask the following questions:

1. Did centre efficiently and entirely subdue regions?
2. If the reply to the first question is positive, does the centre control model function as one universal model of the relations?

There is surely much truth in the statement that the centre subdued regions and their “foreign policy.” The reorganization process of federal relations (and their centralization), which includes packing regions in a “vertically power structure,” resulted in a severe decrease in the significance of the regional international activity. In practice, international activity did not decrease, but its nature has been changed. Up till now, it corresponds with the unitary federalism model and electoral authoritarianism.

Regional international activity is made with strict cooperation with the centre. The Kremlin supervises international activity of regional authorities and promotes their international cooperation. The best example of the mechanisms that dominate Russian paradiplomacy in the Far East is The Program of the Far East and East Siberia of the Russian Federation and the Northeast region of the People’s Republic of China Cooperation in 2009–2018 (Правительство Российской Федерации, Programma sotrudnichestva mezhdu regionami, 2009). This program was supposed to give a vigorous boost to regional international cooperation of the Russian Far East (which significantly varies from other Russian regions) and, at the same time, support the government program of the Far East’s modernization. Despite the strategic situation that was attributed by the Kremlin in the geo-economic integrity process between Russia and Northeast Asian member countries, this region has immersed in stagnation, suffered from depopulation, while its citizens have suffered from disruptions in energy supply and heating (Karaganov et al. 2015, 6–7).
After 2000, federal authorities have been using the Russian regions as a tool for reaching certain goals, that is, as far as international relations are concerned. The range of formal mandates of regional authorities is restricted, nevertheless, governors and/or regional authorities representatives are included in the Russian foreign official delegations. Regional territories (mostly cross-border territory) serve as a meeting place and interstate consultations take place in a state-to-state form, sometimes even without its regional authorities’ participation. The Kremlin pursues international cooperation using regional territories but without their direct participation, which is a common practice whatever the type of cooperation, e.g. cooperation with Kazakhstan or Japan (Turovskiy 2011, 100–101).

Regional activity is, in practice, coordinated and/or stimulated by new federal authority agencies, which developed during the popularity of the centralization of federal relations, through the representative plenipotentiary of the president of Russia. The Bureau of the Representative Plenipotentiary of the President of the Russian Federation in the Ural Federal District is responsible for organizing the international promotion of the Ural and Eastern Siberian regions. Kuznetsov emphasizes that some regions intentionally highlight the important role of the federal centre as an initiator of international endeavours with regions as participants. He mentions the cooperation between Sverdlovsk Oblast and Bavaria and its logical continuation in the official visit of Eduard Rossel to Germany, which was directed by Putin (Kuznetsov, 2009). Since 2007, the Russian MOFA promotes regions by giving information about their economic and scientific potential, investment policy rules, economic connections with outside world, and long-term plans (Ministerstvo inostrannykh del Rossiyskoy Federatsii, Ob uchastii Ministra inostrannykh del Rossii S. V. Lavrova v prezentatsii Novosibirskoy oblasti, 2016).

However, in the Saint Petersburg case, after 2000 we can notice that the region may hold a well-developed economic and cultural network with the outside world, including Europe. However, this is only possible if the Kremlin appreciates this kind of cooperation for Russia as a whole country and provides actions to further stimulate such interaction. Sergunin and Joenniemi emphasize that Kremlin will agree to compromise with regions and allow them to conclude agreements with states and ministries including Austria, Belarus, Lithuania, Tajikistan and Turkmenistan in 2010–2012 (Joenniemi and Sergunin 2014, 24). The abovementioned Saint Petersburg case proves that in conditions of definitely greater control
above regional authorities, regions pay a great deal of attention to the
Kremlin’s expectations and interests in foreign policy. “Vulnerability”
on the Kremlin’s expectations due to geographical line sand cooperation
rules between regions and the outside world (mainly with Europe) is
emphasized in Saint Petersburg’s files, which are mostly about long-term
plans for socio-economic development. In other words, Saint Petersburg
can “afford more” in international activity, because its actions correspond
to the Kremlin’s expectations in foreign policy or they are coordinated
regional and central policies (Reisinger and Yoo 2012, 22–24.).

Not all regions are equally exposed to the centralized-coordinative
model, i.e. they are not used as a tool nor are “encouraged” to
international cooperation. Since 2000, regions-centre relations in
international cooperation have depended on many factors. They are
connected with the region’s significance in the Russian political system,
political and economic (mainly resources) context and are also linked with
geopolitical determinants.

It is noticeable that still there are federal subjects that can afford more
due to relations with the centre, and their leaders are able to protest the
decision of federal authorities and their regional agencies (Chechnya,
Tatarstan). Some regions, e.g. Tatarstan, use their political and economic
uniqueness and enjoy a broad autonomy in both internal and external
relations in the federal structure system. In the Tatarstan case, there is
consistent objection towards official change in the republic, i.e. the disuse
of presidential title, which is a blatant violation of federal legislative norm.
Moreover, Tatarstan maintains close economic relations with Turkey, which
has deteriorated since the shooting down of an Russian attack aircraft that
took part in operations in Syria. Tartarstan’s actions are a direct contrast
to Bashkortostan who stopped maintaining a representative in Turkey.
Pro-Russian journalists, such as Rais Suleymanov, who accuse republican
authorities of providing Islamists support, extending cooperation with
Turkey and taking actions to become independent from Russia, are
persecuted by republican authorities (Whitmore 2016; Pertsev 2016).

The other regions, e.g. North-western Russia, are deprived of the
abovementioned assets but they do not surrender their ambitions without
a fight nor give up their foreign connections. This is more due to the
fact that international cooperation takes an essential role in their socio-
economic systems, which can operate normally thanks to it. The same
case is seen in the Far East where Chinese regions are main source of
basic commodities. Chinese goods make share of 60–70% of all goods
available at the local markets. This is quite understandable if we consider that the transport tariff in general cost of goods’ transport is 55% to 70% in the Far East Federal District compared to the average Russian at 25% (Zykov 2007, 7–10).

Many analysts dealing with the problem of regional international cooperation in Russia after 2000 believe that regions (especially cross-border ones) in the need to acquire resources, which are dwindling and are necessary to sustain the source of socio-economic development, are looking forward to international cooperation more enthusiastically (Abdrazkova and Kurilla 2011, 455). Russian regional political elites retain some independence, in spite of the federal centre’s determined actions to put them into a vertical power structure and making, from time to time, anti-corruption “purges” in the gubernatorial body. Abdrazkova and Kurilla claim that the centre’s influence on regions considering international activity is minimal – however, they are formally under the federal centre’s strict control. Regions are obliged to inform the federal centre about their post factum international activity – making quarterly reports to MOFA (Abdrazkova and Kurilla 2011, 456).

The control over the regions does not remain absolute, as the K1remlin is not able to control the political processes that are developing in regions. This results in the lack of competent staff who can simultaneously and effectively implement gubernatorial duties and guarantee a high level of public support to the Kremlin during federal and regional elections. The matter of federal officials’ loyalty is also considered as it was in 1990s, and some authors emphasize that representatives of federal agencies should nominally control and coordinate regional international cooperation. In practice, regional federal agencies are used by regional authorities to put pressure on the centre and the abovementioned officials’ dependency plays an important role in the accommodation and provisioning aspects (Joenniemi and Sergunin 2014, 27). Moreover, only “natives” who have close links with local elites can find occupation in regional agencies of federal authorities. So corruption, zemlyachestvo, and natural bond with representatives of the local political community and its notables play an important role here.
4.11. Implications of federal centre policy due to international activity from regions and their interest perspective

It should be emphasized that geopolitical and geo-economic issues generate tensions between the Kremlin and regions. The federal centre sometimes shows direct disapproval when Russian regions cooperate with selected outside partners. The Kremlin may have to encourage regions to cooperate with China and may kill the development of cooperation with the EU countries, or even the West on a wider scale. The tension between the centre and regions’ goals may be perceived as the result of the needs and expectations of regions and the centre or as evidence that both subject groups are functioning in different realities: regional and global. The Kremlin, playing global geopolitical game, criticizes the enlargement of NATO to the East or isolates the Russian market from Western goods. For example, the enlargement of NATO has caused protests mostly in Moscow rather than in regions that have borders with future NATO member states. The fully negative statement in the mentioned expansion is symptomatic of the federal political elites’ “strategic culture”, which was analysed earlier. Additionally, and perhaps perplexingly, Moscow ignored enlargement of the EU, which had to have further implications from the Russian perspective than accession of Poland and the Baltic States to NATO.

The tension between the Kremlin’s geopolitical and geo-economic preferences and the socio-economic interests of regions has been and still is clearly seen in the case of the north-western regions, especially Kaliningrad Oblast. This region, an enclave, which is distant from Moscow, is 70% dependent on dairy product supplies from Europe, 50% on fruits and vegetables, and 40% on poultry. The Russian goods embargo, which came from the EU, Norway, Australia, Canada, and the US, resulted in prices doubling on these goods, which led to them having to be important from other Russian regions. The Governor of Kaliningrad Oblast has tried to convince federal authorities to lift or at least mitigate the embargo, but this was to no avail. Some food importers even requested assistance from the Russian government, however, it was not provided. As a last resort, the embargo was bypassed with illegal forms and regional authorities obviously and silently appreciated these dealings (Golunov 2015).

Regions that are interested in international cooperation (especially local authority units) without the Kremlin’s support will not achieve any
success in this matter or will not take part in such cooperation. Regions are not able to harm the federal centre’s interests because there are many legal and political mechanisms which reduce such threats to zero. However federal centre policy may harm the interests of regions. In the Far East case, what causes the most harm are errors in strategic planning, lack of willingness to implement transport allowances, standardization in the approach to differentiation, and finally, colonial approach to the Far Eastern frontiers of Russia, which consists of exploitation connected to the lack of investment (Zykov 2007, 9–10).

In the case of the Russian North-western efforts, Andrey Makarychev recalls that federal authorities discouraged Kaliningrad Oblast to participate in the Niemen Euro-region. Joenniemi and Sergunin indicate a few examples of blocking unusually interesting initiatives in the north-western part of Russia with Murmansk Oblast and Karelia as participants. The Kremlin “has sunk” the project of establishing an industrial park on the Russian-Finnish border between Imatra and Svetlogorsk. Furthermore, it “has sunk” establishing of the Pomor Special Economic Zone on the Norwegian-Russian border with Murmansk Oblast and the Sør Varanger commune (Joenniemi and Sergunin 2014, 22).

As you might expect, regions that were mostly interested in cooperation with West and North Europe were the ones who strongly criticized the federal centre’s policy, even their authorities have tried to protect the interests of local societies and business entities, which was proved in the case of Kaliningrad Oblast. Regions have demonstrated their lack of appreciation and trust of the centre. It was emphasized that the extremely centralized and universal model of centre-regions relations should not have occupied regional international activity, because its attitude is unusually inflexible and ineffectual. Regions believe that the federal centre should revalue its attitude to regional paradiplomacy, in order to respond adequately to socio-economic challenges that the regions have to face, and it should understand and adjust to the glocalization phenomenon. The centre should adjust and adequately respond to the needs of regions (Joenniemi and Sergunin 2014, 30). However, the Far East regions claim that regional interests have an economic, and not political nature, if we consider international cooperation. There are no threats to the national interests of Russia, just the opposite: they provide security to them and thanks to international cooperation public tensions, which are financially motivated, are defused (Zykov 2007, 5).
4.12. Conditions, institutionalization and internationalization level of the Far East regions

The Russian Far East operates in the framework of the Far Eastern Federal District administrative division. At 6,215,900 square kilometres, which covers 36.4% of Russian territory, and with a population of nearly 6.6 million it means its density is the lowest in Russia. Regional productivity level compared to Japan or the US or even to the Russian average is very low. The use of energy on a per-regional unit (Gross Regional Product, GRP) is twice as high as the Russian average. The contribution to the domestic economy is small, even though the state obtains 100% of tin, 98% of diamonds, 67% of gold, and 65% of fish resources taken from the area. The Far East covers 1/3 of the Russian territory, yet only has 13.8% of Russian railway lines and 9.5% of paved roadways. The population is successively decreasing (on the contrary to the other countries in this region) – in 2014, 25,000 people left the Far East. According to official sources in the first half of 2016 the territory of the Far East left approximately 2.7 thousand persons that is 4.2 times less than in the same period of 2015. *(Human Development Report 2006/2007 for the Russian Federation 2007, 96; Madej 2015, 92; S Dal’nego Vostoka v pervom polugodi uyekhali okolo 2,7 tysyach chelovek).*

The development of the Far East is slower than in other Russian regions and people are facing a decrease in their wages. The difference between the increasing GDP in the Far East and Trans-Baikal in 2006 was 22.9% to its disadvantage. To eliminate this difference the regional growth should be no lower than 6.5–9.2% per year when compared with other European regions. Inflation also poses a problem, because it lowers real income and increases differences between regions on both sides of the border. There is also a demographic problem at stake. In 1990–2010 Siberia and the Russian Far East lost 3.6 million people. Moreover, the economic crisis caused by the US and EU sanctions, along with fuel oil prices falling, have worsened the situation of the Far East regions. A budget deficit, lower wages, and fall of social security have resulted in an additional rural exodus.
4.12.1. Conditions and determinants of international activity of the Far East regions

The external environment of the Russian Far East is the rapidly developing Asia-Pacific region that generates more than half of the global GDP (54%), 43% of global trade (Yumaguzina 2015), and it is an active international player. It absolutely outdistanced Russia in taking integration initiatives. Admittedly, Russia is a founding member of the Shanghai Cooperation Organization and APEC, has cooperated with ASEAN since 1996, and has participated in the East Asia Summit since 2011. However, since the second decade of the 21st century, Russia sees the region with a great interest and sees for itself a strategic value in this kind of international cooperation.

The idea of strict socio-economic cooperation with the Asia-Pacific region is not new, but so far all attempts to include this region in East Asian integration processes end up in declarations. Nevertheless, this factor may potentially have great significance in the future from the international activity of the Far East regions’ perspective.

Geography also plays an essential role in affecting the international activity of this macro-region: the connection length with the capital (federal government headquarters) affects commodity prices due to transport tariffs and geographical location. The development of the Far East was based on trade with the use of geographical location and the accessibility of resources. When in the past it was supported first by tsarist authorities and then Soviet authorities, its economy was based on local initiative, trade cities and railway lines that supported trade and, at that time, its position among other regional players was strong. This factor lost its positive function when diplomatic relations between China and the Soviet Union declined. After the dissolution of the Soviet Union, foreign policy was liberalized. This meant that the trans-border processes were difficult to control, as they developed rapidly as in other parts of the world. The economic activity in the borderlands was rapid, brought immediate benefits, raised entrepreneurship, and motivated people as well as local authorities. On the other hand, the borderlands promoted the increase of illegal migration, expansion of the “grey economy,” and allowed for a greater range of smuggling. These pathologies could not have adequately been terminated in legal ways.

The Far East shares the longest border of 4,250 kilometres with China. The proximity of an advanced developing China should be considered
as beneficial for its development. Meanwhile, many expert opinions and academic publications provide a pessimistic image. Progressive political cooperation and close strategic relations do not provide effective economic cooperation – the federal government’s actions have not yet resulted in the desired effect, which means that they have not strengthened regions enough in order to make inter-regional cooperation with China advantageous to both sides.

Furthermore, in the general scheme of paradiplomacy, Kuznetsov puts the phenomenon which he calls the mechanism of solving central government dysfunction in state-building process and providing needs of local communities (regions support central government in foreign policy at free will or by force). In Russia it is clearly seen that interests of individual subjects and the federal centre are not entirely coordinated but often differ from each other. It hinders development and participation of the Far East in regional processes (Zykov 2012, 67). It is very important for central authorities to make such programs, which will be a crucial element in the strategy towards them, that will support the increase of external investment and foreign trade on these “lagging behind” subjects. It is clear to see that the central government dysfunction in the state-building process and providing needs of local communities affects the Russian Far East. The regional cooperation of the Far East regions is more connected with federal authorities’ policy (they stimulate it) than with their own activity. Since 2000, the centralization of decision-making process can be seen. Separatism may cause a threat but in the case of the Far East and Kaliningrad Oblast these threats have no sufficient justification.

In Kuznetsov’s model historical conditions of paradiplomacy development are not enlisted. The Authors claim that the regional international activity arose from their past experiences – skills and tradition in actions outside the country. This problem can be analysed in another negative way – past experiences may discourage the transfer of more power to the provinces. However, the Tsarist Russia extended rule in Siberia and the Russian Far East, which requires a broad discussion, are issues that cannot be analysed. Furthermore, it is worth noticing that in the 17th century, Russia interacted with the Chinese Empire during the Qing dynasty. The Russian land extension and further treaties that regulated relations with a collapsing China at that time caused disputes among both Russia and China and are responsible for creating the difficult Russian-China border conflict. The connection length with the capital of the Empire, the necessity of employing ethnic groups and natives,
caused a chance for region – it was able to create its own statehood or strong autonomy. Catherine II of Russia emphasized the independency of Siberia, but in 1796, Paul I abolished this independency. In 1920, there was an attempt to proclaim the Republic of the Far East, which is a great example of creating autonomy. The Republic would operate as a buffer state separating Russian territory against former Chinese territories controlled by the Japanese at that time. Natural resources, the construction of trade routes, especially the most spectacular Trans-Siberian Railway at the end of the 19th Century and China-oriented trade, showed that the region started to have a greater autonomy than in past periods. It was probably a political effort that supported revolutionary changes rather than creating independence and sovereignty state [Rossiyskiy Dal’niy Vostok 2014, 8].

4.12.2. The problem of internationalization of the Far East regions

The analysis of the statistics shows that despite the same legal terms, on which regional international activity is based on, there are differences in placing regions in the framework of one macro-region – some of them are more “internationalized” than others (see Table 4.1 and Annex 4).

In the conducted research, a large part of the data is based on foreign figures and numbers: foreign investment, value of commodities, and number of tourists – general data as well as per capita. The research proves that Sakhalin Oblast, Khabarovsk Krai, and Primorsky Krai are the most internationalized. On the other hand, Chukotka Autonomous Okrug, Kamchatka Krai and Magadan Oblast are the least internationalized. The analysis of federal centre policy towards the Far East macro-region, which is analysed further, will help to give information regarding to what extent is the activity of regional authorities influencing on their (relatively) high level of internationalization, and to what extent is the result of central authorities influence on these important and long-range. It is also worth posing the question as to whether or not it is possible in the future for other regions of the Far East to improve their level of internationalization within the entire macro-region?
### Table 4.1: Russian Federation Far East Regions' Internalization Index

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<td>28.9</td>
<td>14.7</td>
<td>1.39</td>
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<td>0.1</td>
<td>14.7</td>
<td>3.0</td>
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<td>8.0</td>
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<td>3.2</td>
<td>129.3</td>
<td>3.2</td>
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<td>3.4</td>
<td>3.4</td>
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<tr>
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<td>7.3</td>
<td>0.4</td>
<td>39.7</td>
<td>3.7</td>
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Source: Own calculation based on data from:
4.13. Case studies – profile of international activity of regions with the highest level of internationalization

4.13.1. The Sakhalin Oblast

The geopolitical location helped the economic development of the region. The Sakhalin Oblast develops the faster than other Far Eastern regions. Sakhalin GDP is RUB 647.8 billion, per capita RUB 1,316.3 thousand – 2.8 more than the rate of the rest of Russia. Industry is based on three main sectors: fishing, forestry, and fossil fuels, in the last one the most important is oil extraction. This branch develops rapidly and in 2015 currently the industry accounts for 70.7% of GDP, when in 2006 it accounted for 30.8% of GDP. In addition, natural gas and coal are also exploited. Alarmingly, in the mentioned industries there is 93.4% (72.9% in 2006) of extraction, but only 4.3% of processing (16.2% in 2006), 2.3% (10.9% in 2006) of production and sale. It can be noticed that the oil industry is the most important for Sakhalin’s development. At the present moment, the extraction of newly discovered sources of good-quality oil on Sakhalin Island has begun. There are 15 sources of oil and gas, and in terms of amount – eight are big and two are unique. Moreover, there is ongoing work on Sakhalin-1 and Sakhalin-2, which are also connected with oil extraction. Gas is another important raw material. Liquefied gas production has taken place for five years and is efficient on Asia-Pacific markets, amounting to 5% of global production of this raw material. In 2014, the oil and gas condensate extraction was 14.5 million tons, gas – 28.2 billion cubic meters, petroleum-derived products – 54.1 thousand tons. In 2014, the liquefied gas production (in the framework of “Sakhalin-2”) was 10.7 million tons [Ministerstvo inostrannykh del Rossiyskoy Federatsii, Pasport Sakhalinskoy oblasti, 2015]. In 2014, the sale of oil and gas condensate was 14.4 million tons, of which 12.8 million tons were export-oriented. In 2014, in Sakhalin Oblast 4,541 thousand tons of coal were extracted, which is 704.6 thousand tons more than in 2013. In 2014, the export of coal amount to 3,183.7 thousand tons, of which 3,134 thousand tons was sent abroad. The largest importers are Japan – 781.0, China – 1,055. 3, and Korea – 1,297.7 thousand tons, respectively.

The Sakhalin infrastructure is well developed. Considering the oblast’s location, maritime transport provides 66% of regional trade with Kholmsk...
and Korsakov being the main trading ports. The Sakhalin transportation infrastructure consists of 8 ports, 11 terminals, which are part of the ports, passenger ferry service, and the Khomsk-Vanino sea railway. There are also seven airports in Yuzhno-Sakhalinsk, Okha, Yuzhno-Kurilsk, Shakhtiersk, Nogliki, Zonalnoye, Iturup and six helicopter landing pads. In December 2013, Vladimir Putin signed the bill through which all airports are at the jurisdiction of Sakhalin Oblast. The government of Sakhalin is planning further construction, reconstruction, and modernization of its airports, which will cost RUB 7,783 billion and will be funded with oblast budget funds. Therefore, as well as inter-Russian connections, the airports also handle the Asia-Pacific region: Sapporo, Tokyo, Harbin, and Seoul. Considering the Sakhalin oil and gas infrastructure, pipeline transport, e.g. the pipeline located between Northern Sakhalin and Komsomolsk-on-Amur is 1.3 thousand kilometres length and is used to transport oil and gas, plays an important role. In Sakhalin Oblast the fishing industry, after the raw materials industry, is second in the hierarchy. The huge wealth of Sakhalin Oblast is its forest, which covers 82.2% of region.

In 2014, regional trade amounted to USD 18 billion, of which export was at 92.8% and import at 7.2%. The balance was positive at USD 15.4 billion (in 2013 – USD 15.8 billion). Sakhalin cooperates mostly with states of the Asia-Pacific region. Japan’s share is 43.4%, South Korea – 40.2%, and China – 9.8%. The fuel-energy complex has the largest share in exports at 95.7%. In 2014, 12.8 million tons of fuel, which cost USD 10.6 billion, were exported. The huge oil importers are South Korea (57.8%), Japan (29.0%) and China (13.2%). As for liquefied gas, “Sahhalin-2” provides this natural resource. The remaining export products are: coal (1%) as well as fish and sea products (3.1%). The main importers are Japan (81%), South Korea (16.1%) and China (1.4%). Import remains one of the main investment resources and helps in the development of the upstream sector.

As for investment, considering the geographic location and specificity of natural and climatic conditions, Sakhalin’s assets are: 1) natural resources: oil, gas, coal, water and forest conditions; 2) tourist conditions and the presence of unique biotopes; and 3) geographical location – proximity to the Asia-Pacific region.

Compared with other subjects of the Far East, Sakhalin is the undisputed leader in investment. Sakhalin-1 and Sakhalin-2 and of course the oil-gas industry, are the most important ones, attracting 66–75% of all investments coming to the region. There are currently 82 planned investments involving
private capital, estimated to cost RUB 2.1 trillion. These investments are supported by state policy, moreover, in 2010 an agreement On the Sakhalin Oblast Support for Investment Agreement was adopted which provides granting credits and subsidies, support in organizational and information aspects, tax exemptions, and budgetary funds.

As for foreign direct investment (FDI), the FDI value was USD 44.9 billion on January 1, 2013. The main investor states were: the Netherlands (79.2% FDI general value), Japan (7.5%), Bahamas (6.6%), and India (4.7%). The primary target investment sector was the oil-energy sector (98.1% FDI total) (Ministerstvo inostrannykh del Rossiyskoy Federatsii, Otchet o mezhdunarodnykh i vnesheekonomicheskikh svyazakh po linii Pravitel’stva i oblastnykhorganov ispolnit’noy vlasti Sakhalinskoy oblasti, 2013). At the same time, further development of regional cooperation with neighbours should be connected with the development of investment potential.

Considering regional internationalization, the annual conference on Sakhalin’s Oil and Gas, organized in Yuzhno-Sakhalinsk, is a very important initiative. The forum is organized by the Adam Smith Institute, and companies and ministries from Russia, the Netherlands, China, Korea, Japan and the Far East regions participate in this conference (Ministerstvo inostrannykh del Rossiyskoy Federatsii, O mezhdunarodnoy koferentsii “Neft’ i gaz Sakhalina”, 2015)

Japan is the most significant trade partner for Sakhalin Oblast. The Russian MOFA report shows that in 2013 many events that deepen cooperation took place, e.g. the 19th Far East-Hokkaido common plenary meeting; 14th Consultative Board on The Sakhalin Oblast and Hokkaido Prefecture Friendship Economic Cooperation Agreement which provides a five-year plan of cooperation; dialogue concerning a visa-free regime between the Kuril Islands and Japanese inhabitants; and meetings between Sakhalin and Hokkaido Prefecture citizens. On April 22–24, 2013, the region was presented in Tokyo, which was a very important event. It was the third event since 2010 that had taken place in Asia-Pacific countries with Russian MOFA, business, and regional authorities representatives. During the event the Japan-Europe transcontinental connection through Sakhalin Island was presented.

South Korea is the second most important partner. In 2013, both sides had talks about transport cooperation and Sakhalin concluded an agreement with the Korean Transport Institute on transport development concept concerning not only air transport, but also road and rail transport – this
included a bus route from Selikhino, Khabarovsk Krai to Nysh, Sakhalin. This line would provide a positive impulse for the Oblast’s development and commodity transport to the Asia-Pacific region. According to Russia, the most important joint motion is building a Perinatology Centre in Yuzhno-Sakhalinsksk with help from Korean capital. Russia and Korea also cooperate on humanitarian and scientific affairs – the most interesting one is the common debate of both MOFAs on the fate of Koreans who were exiled to Sakhalin by the Japanese.

4.13.2. Khabarovsk Krai

In Khabarovsk Krai there are four accredited diplomatic missions. These include Japan and the People’s Republic of China’s Consulate-Generals, the Embassy Agency of the Republic of Belarus, and the Economic Advisory Agency of the Embassy of the Democratic People’s Republic of Korea. China is the trade leader and main partner of Khabarovsk Krai, followed by Korea, Japan, Thailand, the Philippines, Vietnam, and Singapore. Western countries such as Germany, Cyprus, and the US are also trade partners. Khabarovsk cooperates with six twin cities: Niigata (Japan), Portland (US), Victoria (Canada), Harbin (PRC), Bucheon (Republic of Korea), and Sanya (PRC).

As for the regional natural resources, these include: forest (Khabarovsk Krai is third in wood production in Russia) and natural resources – (third in precious metals production). Khabarovsk Krai has reserves of platinum – 50% of all Russia’s reserves, gold – 8%, lead – 20%, copper – 50% and coal – 7.5%. There are also rare metals, gemstones, and thermal water. Tungsten, oil and gas were also discovered and will be exploited; in Khabarovsk Krai fish resources are third in terms of volume in the Far East.

The transport system plays a significant role in the Far East and in Russia. There are two important railways in Khabarovsk Krai: the Trans-Siberian Railway and the Baikal-Amur Mainline, which provide the access to trading ports in the Pacific Ocean. Vanino is the main trade port. The technical conditions allow for the unloading of 10 million tons of cargo per year. The SUEK company utilizes the terminal, which is used to reload 12 million tons of coal per year. In Khabarovsk there is an important (transit) airport that connects Russia with America and Asia-Pacific countries (China, Korea, Japan). This location allows the region to plan significant investment connected with the development of Khabarovsk metropolitan area and the development of the Vanino-Sovetskaya Gavan
transport node, which in future may connect Europe and the Asia-Pacific region. Here – on the basis of the Sovetskaya Gavan port – came to life the first economic port zone, which provides port services, constructing ships and containers, as well as the development of fish and sea food processing. Businessmen, who are treated with special conditions, including tax exemption, work here. There is also a duty-free zone.

Considering investment, Khabarovsk Krai is one of the most attractive subjects of the Far East. There is a special program supporting the investment development, which provides tax exemption and the credit guarantees of regional government. There is also an agency specialized in canvassing foreign investors.

In contrast to Sakhalin Oblast whose extractive industry is dominant, Khabarovsk Krai has a well-developed processing industry, which is 60% of total industry production. Khabarovsk Krai produces one-quarter of the Far East industry production. The largest share of industry production in Khabarovsk Krai are: machinery– 33%, fuel-energy– 23%, metallurgical– 18%, forest and wood processing– 13%, and agricultural– 13%.

In 2009, trade amounted to USD 1.65 trillion. The main trade partners are China, Japan and South Korea. Their share in regional commodity exchange is 70%. As for investment, in the 2005–2009 period these three countries amount to USD 1,196.2 million – 2.8 times more than in the 1989–2004 period. At the moment there are 600 companies with share of foreign capital, mainly in extractive, transport and processing industries. There is also a well-developed market for services.

Khabarovsk Krai tries to provide suitable investment conditions for foreign capital and among instruments supporting the canvass of FDI there are: agency, which is the first one in the Far East, that provides creating and monitoring suitable conditions for investment; sustaining direct relations with foreign contractors; establishing of an Advisory Council as an open dialogue with foreign investors; concluding the On Khabarovsk Krai Investment Activity Agreement, which provides uniform investment rules for Russian and foreign investors; organizing meetings, forums and international conferences; and publishing in Japanese, Chinese, and Korean bulletins about regional investment conditions [Ministerstvo inostrannykh del Rossiyskoy Federatsii, Паспорт Хабаровского Края, 2014].

China is the most important economic partner of Khabarovsk Krai. The dialogues are about mutual cooperation concerning construction projects, exchange of information in the framework of the Coordination Council, interregional and cross-border exchanges, and dinghy crossings
on the Amur. Russia invites China to cooperate in: constructing the mining-metallurgical cluster in the Amur territory, extraction of resources, wood processing, furniture production, as well as the agricultural and food industry. Russia emphasizes trade and business cooperation interest but comments on the relatively small investment activity from China. The Russian-Chinese EXPO in Harbin plays a significant role in bilateral trade relations. In 2014, it held a meeting between the Ministry of Development and Foreign Relations of Khabarovsk Krai and the Investment and Development Agency of Khabarovsk Krai with authorities of Yanbian Korean Autonomous Prefecture in Jilin Province. In 2013, Chinese investments amounted to USD 13 million.

Khabarovsk Krai cooperates also with the Republic of Korea, with trade amounting to 20.4% of the total regional trade. Korean investments are subordinate only to Chinese investments. The most significant Korean investment in the region will be the modernization of Khabarovsk airport. Korea and Khabarovsk Krai also cooperate in modern medicine techniques. There is also some small cooperation with the Democratic People’s Republic of Korea – 15 companies with North Korean capital, located in the region. It is considered to invite 2 thousand Koreans to work in Khabarovsk Krai.

In Khabarovsk Krai almost half of all investment are from the EU member states. Two countries above all are interested in Khabarovsk Krai: Sweden (there are plans to open a representative of a company which provides road-construction techniques) and France. France cooperates as effectively as possible in plane construction (e.g. Russian Saturn and French Snecma Moteurs cooperate to produce the Sukhoi Superjet 100 engines). The Russian, Belorussian and Kazakh customs union provides interests to cooperate with Kazakhstan. The US investments are not huge – USD 25 million, however, before 2014 there were talks that were to revive the US investment spirit. These talks are currently suspended and are as a result of the annexation of Crimea by the Russian Federation.
4.13.3. Primorsky Krai

In Primorsky Krai there are 226 companies of the extractive industry, 4,899 companies of the processing industry, production and distribution of electric energy, gas, and water. The most competitive are the forest, wood processing, food (mainly fishing), coloured metallurgy, chemical, and oil industries. As for natural resources, Primorsky Krai boasts: lead, lead-zinc ores, tungsten, coal and lignite, peat, and building materials. The main industry is based on construction and renovation of ships as well as the extraction of resources.

In 2014, trade in Primorsky Krai amounted to USD 12,917.8 billion, export was USD 5,260.4 million and import was USD 7,657.4 million. The important trade partners are China – 49.2% (export USD 2,423.9 million, import USD 3,935.9 million), Republic of Korea – 15.3% (export USD 1,059.4 million, import USD 927.3 million), and Japan – 15% (export USD 308.9 million, import USD 1,638.3 million).

The main export-oriented products of Primorsky Krai are: mineral products – 68.8%, food and agricultural products – 18.9%, wood and woodworks – 7.2%, metals and metal products – 3.6%, and means of transport – 0.71%. The main import-oriented products are: machines, equipment and means of transport – 49.2%, food – 13.2%, chemical products – 10%, as well as metals and metal products – 8%. Transport, connection, agriculture, forest industry, processing industry and trade were popular areas of investment. The most prospective domains are transport, connection, oil industry, forest industry, and wood processing industry.

Until 2013, the Program of Vladivostok Development as a Centre of Asia-Pacific Region was adopted in the framework of the Program of the Far East and Trans-Baikal Socio-Economic Development. The APEC summit took place in Vladivostok in 2012. Russia took this opportunity to build two large cable-stayed bridges – the Zolotoy Bridge across the Zolotoy Rog and the Russky Island Bridge, which connects the mainland with the Russky Island and is the longest cable-stayed bridge in the world. The organization of the APEC summit in Vladivostok cost some USD 20 trillion (RUB 670 trillion) [Ministerstvo inostrannykh del Rossiyskoy Federatsii Pasport Primorskogo kraya, 2013].

Primorsky Krai has signed nine agreements and three memorandums of friendship and cooperation with Chinese, Japanese, and Mongolian provinces. Vladivostok is a twin city of San Diego, Tacoma, Juneau (USA),
Niigata, Akita and Hakodate (Japan), Dalian (China), Busan (South Korea), Wonsan (North Korea), Manta (Ecuador), Kota Kinabalu (Malaysia), Yanbian (Yanbian Korean Autonomous Prefecture in China). However, constant cooperation has not been provided (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Pasport Primorskogo kraya*, 2013). There are six accredited Consulate-Generals: Vietnam, the Democratic People’s Republic of Korea, the Republic of Korea, the USA, Japan, and one agency of PRC’s Consulate-General; 2 Consulates – Australia and Canada, in which Honorary Consuls are in charge, 12 Honorary Consulates: Bangladesh, the United Kingdom, New Zealand, Thailand, the Philippines, Chile, South Africa, Germany, Laos, South Ossetia, Malaysia, and Indonesia. There is also a representative of the European Bank for Reconstruction and Development. In 2014, Vladivostok was visited by the ambassadors of Germany, New Zealand, Latvia, India, Luxemburg, Slovakia, Ecuador, Guatemala, and Uruguay, as well as the EU Special Representative, delegation of diplomats of the Shanghai Cooperation Organization, Deputy Ambassador of Australia, Counsellor of the Embassy of Denmark, Minister of Trade and Industry of Singapore, and Deputy Prime Minister of Vietnam.

Primorsky Krai provides strict connections with Japanese prefectures (Niigata, Hokkaido, Akita, Toyama, Kyoto), Chinese provinces (Heilongjiang and Jilin), South Korea (Gangwon province), and North Korea (North Hamgyong province). Taking into consideration Japanese delegations, it is clear to see that Japan wants to maintain the current level of relations, however, Japan does not plan new initiatives. China mainly supports the development of logistics and agriculture (the most prospective cooperation areas). South Korea often discusses the inconvenient topic about establishing a Korean Autonomous Unit, which is an obstacle in the further development of Primorsky Krai and South Korean relations (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Pasport Primorskogo kraya*, 2013). However, there are more contacts with North Korea, which are often in the framework of transit. In general, from 2013 to 2014 there were 40 visits, meetings and initiatives on the international level and 113 on the regional administrative level (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Pasport Primorskogo kraya*, 2013).
4.14. Geopolitical dimension of the far eastern policy of the federal centre

The international activity of the Far East regions is more and more dominated by the federal centre’s actions and is subdued to accomplish certain goals, both in foreign policy and in domestic policy. Both aspects are connected with each other and cannot be treated separately. This macro-region can boast its longstanding tradition considering the centre’s influence and attempts to plan its development.

The strategy of planned economic development of the macro-region began in the 1930s, when the Soviet Union was preparing for war against Germany and was building its military potential. At that time, significant resources were allocated to the development of the defence industry, which also led to the extraction industry being developed at the same time. After World War II the situation was more stable and the Soviet Union positively tried to attract foreign capital, mainly from Japan, and tried to develop border trade. It should be emphasized that all projects, according to single plan, were controlled by the state. During the conflict with China, the interest of the Far East was developed by the centre, however, five-year plans concerning this region were not achieved. In the second half of the 1980s there was an attempt to establish a development model from the 1920s and 1930s in the Far East when economic and social development were perceived as a chance to cooperate with Asia. The beginnings of the disintegration processes in the USSR and deep economic crisis doomed that plan to failure.

At the end of the 1980s, Soviet scientists created their own concepts of economic policy and relations between federal government and regions. The resources sector had to be the basis for economic development. Then again, relations with regions were strict and the geographical aspect – border location – had to help. The attractive conditions should have attracted domestic migration. At that moment, it was claimed that separatisms, decentralized trends in the Soviet Union, were permanently irreversible, and that the region would able to take care of migrants. Thus, the region would develop – the Far East and Trans-Baikal areas would become attractive for representatives of other nationalities. The defence sector along with the resource sector, was important considering the development of the Far East. The abovementioned plan contained the opportunity to develop independent cooperation with East Asia – both in the framework of the Federation and the international system. The plan
did not work due to the crisis that the Soviet Union and then the Russian Federation fell into. However, that period is characterized by enhanced individual activity, development of border trade, open borders, and a visa-free regime with China. The visa-free regime between China and Russian cross-border areas was abolished in 1994. It resulted in rapid and drastic reduction in trade, e.g. in Khabarovsk Krai – 7.5% decline, Amur Oblast – 5.5% decline, and Primorsky Krai – 3.6% decline since 1992.

In 1996, Boris Yeltsin signed a document which charted rules of implementation of the government program of development of the Far East between 1996–2005. On the basis of that concept was the assumption that the Far East should develop as a special economic zone. So special instruments that would boost economic development had to be created. The idea was not implemented as the region did not have its own resources – it was dependent on federal government policy, which at that time was neglecting relations with Japan, Korea, and ASEAN members, concentrating rather on diplomatic relations with the EU.

Technically, region “collapsed”. Between 1989–2010, 20% of the Far East population left the region. To prevent further migration, it was proposed to use more money from the federal budget on healthcare and education. However, according to public opinion polls, 40% of population wants to leave. The financial crisis inhibited the funding of projects adopted within the framework of The Program of the Far East and Trans-Baikal Socio-Economic Development to 2013. They were reduced by 62%, except for the preparation of Vladivostok for APEC summit. In 2013, another federal program was adopted – The Far East and Trans-Baikal Socio-Economic Development Strategy to 2025. An agreement was also signed with China about cooperation between the Russian Far East, East Siberia, and Chinese North-easter regions within 2009–2018. The program implementation was coordinated with the Far East and Trans-Baikal development strategy. In The Russian Federation Energy Strategy to 2030 many projects are mentioned which may have influence on regional economic development.

Natalia Zubarevich emphasizes that the Far East case shows that in modern Russia along with two classical models (mechanisms) of regional development policy: centralistic and compensatory (considering compensating levels of economic development as a primary political goal), decentralized and pro-competitive (considering boosting regional competitive ability as a regional policy primary goal [Hausner 2001, 9]) a third geopolitical model exists. This third model is interpreted as
a “mechanism that is supposed to preserve territorial integrity of state and strengthen control over regions that are strategically important” (Zubarevich 2015, 1–2). Nevertheless, as Zubarevich notices, this mechanism provides state governing using geopolitics from the 21st century – in the first decade of this century, this model has had a priority for Russia. “In order to implement geopolitical priorities, there can be used compensating and competitive instruments, however, if geopolitics is a goal itself, the mentioned mechanisms have supportive and additional nature – political decisions are undertaken to stand up against the disintegration of state and preserve control over selected regions” (Zubarevich 2015, 2).

The previous attempts of macro-region modernization, which included many ambitious investments, have not had the anticipated effects. Also the latest governmental attempts to boost development of the macro-region, which were mentioned, had to wait for changes in the political and economic situation. These programs are: *The Program of the Far East and Trans-Baikal Socio-Economic Development to 2013, The Far East and Trans-Baikal Socio-Economic Development Strategy to 2025* (Pravitel’stvo Rossiyskoy Federatsii, Strategiya sotsial’no-ekonomicheskogo razvitiya Dal’nego Vostoka i Baykal’skogo regiona, 2013), *The Program of the Far East and East Siberia of the Russian Federation and the Northeastern Regions of the People’s Republic of China Cooperation in 2009–2018*.

There is no doubt that the Western states’ sanctions were the catalyst of the new approach to socio-economic regional development. The conflict with the West (with a particular mention of Ukraine) resulted that the East, mainly China, was perceived as the most prospective Russian partner on international area. Vladimir Putin as a “main playmaker” left his eurocentrism, according to Alexander Gabuev, and permanently accepted the important role of the Asian (Chinese) vector in political and socio-economic development in Russia in the foreseeable future (Gabuev 2015).

The macro-region has been strengthened in institutional the hinterland of regional modernization, with the participation of foreign investors. In Khabarovsk the special Ministry of the Far East Development (Ministerstvo po razvitiyu Dal’nego Vostoka) was established in 2012. In 2014, the analogous ministries were established in Crimea and Northern Caucasus, and the Agency for Canvassing Investment and Supporting Export in the Far East was established on the basis of it.

Regions of the Russian Far East in the framework of the new (geopolitically determined) approach, benefit from compensatory model used by federal centre. It is mostly connected with the difficulties faced due
to the implementation of investment projects (further on in the chapter). Its modernization is happening both thanks to budgetary funds of the Development and Foreign Economic Cooperation Bank (Bank razvitiya i vnesheekonomicheskoydeyatelnosti) as well as state companies’ investments.

The Far East is the second largest beneficiary of the federal budget, however, the North Caucasian Federal District, which is another geopolitically important macro-region for the Kremlin, “treads on its toes.” In 2008–2014, the Far East’s participation in general subsidies from the federal budget was not below 11%, in 2014, the macro-region was given 12.2% of total expenditures from the federal budget to implement regional policy. At the same time, the Northern Caucasus was given 12.3% of total expenditures. As a consequence, it gave the following amounts: RUB 243 trillion in 2013 and RUB 211 trillion in 2014 (Zubarevich 2015, 6). The federal budget funds were used to implement preparations for APEC summit in Vladivostok.

The representatives of federal government, in the framework of new development actions of the macro-region, have made bold statements that it was considered as a priority for Russia, and that is why it required special investment (Yumaguzina 2015). Vladimir Putin’s statement on that matter, which was delivered during the Federal Assembly on December 2013, was the formal confirmation of the centre’s determination to construct and implement a new development model of the Far East “on rules of strict integrity and development of economic and trade relations with Asia-Pacific states.” The reconstruction of Siberia and the Far East was announced as a national priority for the 21st century (Pravitel’stvo Rossiyskoy Federatsii, Proyekt Federal’nogo zakona O territoriyakh operezhayushchego sotsial’no-ekonomicheskogorazvitiya, 2014).

Federal officials have found an excellent formula that translates the necessity of the intensification of efforts for economic development of the Far East. The structural “weaknesses” of the macro-region were hidden, and at the same time, its unused potential was emphasized. The current geopolitical motivation to financially support the macro-region, which had a negative basis (China threat), has been modified. Now it has a positive basis – the macro-region still is a problem for Russia, however, if its potential is properly used, its geo-economic specificity will become an asset, which will be beneficially utilized by state.

Above all else, it is a unique region (apart from the socio-economic problems that it has had since the beginning of the 1990s), it connects the
two great Eastern-Western civilizations and plays the role of the “Eastern
gates of Russia.” According to Alexander Galushka, the Chief of the
Ministry for Development of the Russian Far East (Minvostokrazvitiya),
the life-blood of global economy in the 21st century will be the Asia-Pacific
region and the development of the Russian Far East is an inseparable
part of this process. The cooperation with regional states may provide
investment *boom* in Russia. It will be beneficial for Russia, because some
of them have access to new technologies or significant industry and
financial potential. The majority of regional states did not join the anti-
Russian sanctions but simultaneously were interested in enlarging their
influence. The Far East has a unique chance of becoming and integral
institute that will connect the West with the East (Yumaguzina 2015).

The region had to be properly infrastructurally prepared for the
investment influx. The two transport corridors, “Primor’ye –1” and
“Primor’ye –2,” which cost RUB 200 trillion (Yumaguzina 2015), are
good examples of these endeavours, as are the infrastructure investments,
construction of the pipeline through “Transneft,” which provides
cooperation with Eastern customers, and finally the modernization of
the Baikal-Amur Mainline (BAM), which cost RUB 300 trillion (funded
by Russian Railways Company), which will increase its capacity and will
make rods to seaports (Zubarevich 2015, 6).

At the same time, many administrative and practical actions were
adopted for canvassing domestic and foreign investors. First and foremost,
“the institution of accelerated growth area” (territoriy operezhayushchego
razvitiya [TOR]), was stabled, which was called a “modern and reasonable
system of preferences for investors” in selected regions of the Far East. It
had to include: de-bureaucracy of business actions, tax exemptions, and
investment protection. A similar basis was a must for the free-port zone
project in Vladivostok. There was an assumption that investors would
be provided tax exemptions, customs tax, and visa simplifications. The
mechanism of a free-port zone should have been similar to the TOR
Institution. There were plans to increase the concept of free-port zone to
all important ports located in the Southern Far East: from Zarubino to
Nakhodka (Yumaguzina 2015). In 2016, it was published that free-port
zone will be established in Chukotka Autonomous Okrug, Kamchatka
Krai and Sakhalin Oblast (Kryuchkova and Sapozhkov and Yedovina
2016). All these actions were accompanied by promotional endeavours
like the APEC summit or Eastern Business Forum.
4.15. Centralized-coordinative model due to the Russian Far East

The roots of the current, centralized, magisterial and uncompromising approach to the macro-region might be in the experiences of centre-regions relations from the 1990s, with the special involvement of Primorsky Krai. Yevgeny Nazdratenko, the longstanding Governor of Primorsky Krai, is partially responsible for the disastrous regional condition. In the mid-1990s, he effectively blocked the free-market modernization process in the region and its internationalization process, which was initiated by Vladimir Kuznetsov, by the establishing well-developed patronal-clientelistic system, PAKT. This system united representatives of 36 important regional companies. In addition, Nazdratenko is known as an anti-Chinese politician who counteracts against the Russian-Chinese approach (Alexseev 2002, 7–8).

There is no doubt that there is a clear relation between the geopolitical approach to the implementation of regional policy due to selected regions and of centralized-coordinative model, or statism in Kremlin’s approach to regions’ international activity) due to centre-regions relations in regard to international activity of the latter. Zubarevich notices that ministries such as the Ministry for the Far East Development should implement boosting policy in cooperation with both domestic and foreign investors and should strictly cooperate with regional authorities. However, the reality is quite different.

Instrumentalism in the centre’s approach to regions is manifested in many levels and it surely is connected to either geopolitical regional specificity, All-Russian political and socio-economic trends, and finally, the abovementioned negative experiences in centre-regions relations. What is most important, is that the centre has at its disposal mechanisms of enforcing acquiescence on regional authorities. However, it does not mean they are effective in terms of achieving the centre’s goals, even when they cooperate with regions.

The macro-region was repeatedly under pressure from the central government. The pressure had to eliminate competitive subjects for domestic manufacturers from the Russian market. In 2004–2005, the centre conducted informal pressure on the Governors of the Far East to eliminate Chinese businessmen in cross-border regions. It was done with the knowledge that it will negatively affect local economies. The centre claimed that budget revenues (and their generous re-distribution)
would reduce public tensions in the Far East. And it was not wrong. The revenues of pension resources has helped the centre to mitigate the shock of the "grey zone" shutdown in the macro-region. This zone included the import of cars and trucks from outside (mainly from Japan), fishing, and wood industries. The Far East was given huge funds – in 2007 Khabarovsk Krai was given more in one year than it had received during 10 years when the *Program of the Far East and the Trans-Baikal Development* was in force (Blyakher and Vasil'yeva 2009, 68). The abovementioned the "grey zone" phenomenon requires great carefulness in dealing with the problem of regional internationalization in the Far East – its significant part can get out of any data.

At the beginning of the new decade, the federal centre undertook actions for further institutionalization of coordinated-cooperation model with regions in international cooperation and international economic cooperation. In 2001, guided by *The Concept of the Russian Federation Foreign Policy* the Russian MOFA determined its priorities in this area in “Asian and the Far Eastern regions” (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Kontseptsiya raboty MID Rossii po koordinatsii mezhdunarodnykh i vneshenekonomicheskikh svyazey sub’yektov Rossiyskoy Federatsii*, 2001). These were: actions to enlarge cooperation between Russian regions and partners in China and Japan as an integral part of Russian cooperation with these countries and actions providing solutions to socio-economic problems of Siberia and the Far East (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Kontseptsiya raboty MID Rossii po koordinatsii mezhdunarodnykh i vneshenekonomicheskikh svyazey sub’yektov Rossiyskoy Federatsii*, 2001). So, the idea to “harness” the outside to the modernization of the eastern border of Russia is not new.

Due to the Russian regions of the Far East, especially, these bordering with China, there is a common belief that Yury Trutnev, the Deputy Prime Minister of Russia and Presidential Envoy to the Far Eastern Federal District is in charge of their international activity. Trutnev was a curator of the Eastern Business Forum organized in Vladivostok in 2015. The regional territory is used to implement “great geopolitical projects” by the centre. Through the territory of the Far Eastern Federal District there are, inter alia, hydrocarbons transport networks, which are responsible for creating strategic partnership with China.

The regional authorities are still an important element in the modernization and internationalization process in the macro-region, even if they are presented with a fait accompli by the centre. Unfortunately, the
regions are the weakest link for implementation of this process. Gabuev emphasizes that regions’ attitude and involvement are important to succeed in business endeavours and projects of trans-border cooperation, which are approved on the authority level. The Program of the Russian Far Eastern and Chinese Northeastern Regions Regional Cooperation concluded by Dmitry Medvedev and Hu Jintao in 2009 (Pravitel’stvo Rossiyskoy Federatsii, Programma sotrudnichestva mezhdu regionami, 2009), failed in the end due to the regions, more than 100 projects were not achieved (Gabuev 2015).

Regional activity in the international area is undertaken with strict cooperation with the centre. The Kremlin supervises the activity of regional authorities in the international area and is also a supervisor of their international cooperation. The best example of mechanisms that rule the Russian paradiplomacy is The Program of the Far East and East Siberia of the Russian Federation and the Northeastern Regions of the People’s Republic of China Cooperation in 2009–2018.

On September 23, 2009, leaders of both states agreed on The Program of the Far East and East Siberia of the Russian Federation and the Northeastern Regions of the People’s Republic of China Cooperation in 2009–2018. In this document there are 205 joint projects. It was assumed that the coordination of development plans of trans-border regions would be the main goal to achieve. One of them is The Far East and the Trans-Baikal Economic and Social Development to 2013 and the second one is The Program of the Northeastern China Revival. In the program there are many actions connected with opening border posts, constructing roads, bridges and railways, humanitarian cooperation, environment protection, creating special scientific-technical cooperation areas, exchange of employees and tourism. The mentioned program has to boost international cooperation of the Far East regions (which differ from other Russian regions due to their dynamism) and supports governmental programs of the Far East’s modernization. At that time, this region had been collapsing, suffering from depopulation, its citizens suffered from power cuts and interruptions of heating supplies, in spite of putting down as being strategically significant by the Kremlin in the process of geo-economic integrity between Russia and Northeast Asian states (Karaganov et al. 2014, 6–7). Preparation and implementation of the program provide exemplifications of the many negative aspects that grieve the centralized approach to animation attempts of regional international cooperation. Simultaneously, its previous results are the example of existing strong
interest divergences between Russia and China in economic cooperation (Pravitel’stvo Rossiyskoy Federatsii, Programma sotrudnichestva mezhdu regionami, 2009; Assotsiatsiya ekonomicheskogo vzaimodeystviya sub’yektov Rossiyskoy Federatsii “Dal’niy Vostok i Zabaykal’ye”, Informatsiya o khode realizatsii Programmy 2014).

First of all, it should be mentioned that The Program of the Far East and East Siberia of the Russian Federation and the Northeastern Regions of the People’s Republic of China Cooperation in 2009–2018 should boost contacts between the regions of both states. It was arranged at the central level and, from the Russian perspective, it was subordinated to implement tasks, which had been formulated by the Russian federal government, i.e. supporting the implementation of regional policy in the framework of The Far East and the Trans-Baikal Economic and Social Development. The program’s investment and infrastructural character was clearly and strongly emphasized – from the intensification of trade between Russia and China’s perspective, development of border crossings and connections with China are treated as priority, however, currently it is absolutely inadequate and disproportionate on the length of the borderline between both countries. The infrastructural collapse of the Russian Far East blocks development of trade dynamism with Northeast Asia. The Ministry of Economic Development of the Russian Federation was supposed to coordinate the implementation of the mentioned program in Russia. In the short term, the Russian federal government decided to use China to solve its own problems and obligations by portraying it as an activity for the development of regional cross-border cooperation between Russia and China (Assotsiatsiya ekonomicheskogo vzaimodeystviya sub’yektov Rossiyskoy Federatsii „Dal’niy Vostok i Zabaykal’ye”, Informatsiya o khode realizatsii Programmy, 2014).

The analysed problem of international activity of federal subjects of the Far Eastern Federal District shows that the attitude of regional authorities is also important, because they are credited for the failure of this project. Anna Madej writes: “The negative attitude of Chinese investors was the result of the absence of a mechanism that negotiates the list of projects between China and the Ministry of Economic Development of the Russian Federation, which is the program coordinator. Individual federal subjects are independently and freely changing the list […]. Moreover, the task force for the program implementation, which was established 2 years after it was announced, consisted only of regional officials and did not include any expert for Chinese affairs. In 2013, the Ministry of the Far East
Development was established in Khabarovsk but it did not improve the situation – central authorities only obtained greater control to implement their plans [but rather its lack of control]” (Madej 2015, 90).

The program’s destiny requires the critical analysis of regional authorities capabilities. It also should be asked why the centre did not use their significant capabilities to influence governors? The centralized-coordinative model showed its immaturity. As with other macro-regions, it can be said that the Kremlin is not almighty, it makes mistakes and does not have managerial staff – it is not effectively enforcing its goals in regards to regional policy, the demonstrative dismissals of governors, who are accused of sabotaging the centre’s policy or corruption, does not solve the long-term problems of regional policy.

4.16. Critical analysis of the centre’s policy to the Far East

By analysing the criticism of federal centre’s activities towards the Far East regions, it should be emphasized that it has an All-Russian aspect (due to the interests of the whole state and/or other regions) and local aspect (from perspective of macro-regions interests). However, the thesis about the geopolitical approach to development of selected macro-regions in the same propagator [N. Zubarevich – M. P., M. S.] elicits doubts.

When looking at the transfers structure due to the Far East in more detail, it can be noticed that financial resources are redistributed according to a certain pattern, which has less in common with stimulating infrastructural development and acquiring investment, but it has more in common with retaining settlement in Northern parts of the Far East at all costs. Instead of investing in the development of regions bordering with China, the centre expends more funds on the needs of such regions as Kamchatka Krai. So, it is not a geopolitical model but “a manual control of depopulation threat and confirmation of existing inertia of the Soviet policy due to Russian eastern borders” (Zubarevich 2015, 7).

However, considering the creation of 23 “accelerated development zones” or TOSER (its Russian acronym, also referred to as TOR) for stimulating economic development by way of tax preferences and exemptions (DAVE 2016, 6), the federal government is criticized for e.g. the absence of establishing clear and permanent investment rules; arbitrary and less considered (extremely subjective) selection of regions
that have to be included in the program – there are those that are more deprived of infrastructure; and concentrating efforts on the development of industry branches that are the least competitive, like in the case of the Far East – the processing industry due to the highest costs of electricity and transport tariff in the whole state. In 2016, from the investors perspective, the electricity tariff should be between 29–71% of current prices from region to region; in Primorsky Krai kWh cost should be RUB 2.03 not RUB 3.38 (Fomichev 2016; Bashkatova 2016).

It is worth noticing that Russia pinned all its hopes on Chinese investors but they have failed. The federal centre, due to the “turn to the East” policy, concentrated mostly on cooperation with China with all the negative consequences. The share of Chinese direct investments in Russia is 1.3% of their total in 2012–2013. In the case of the Far East, China is definitely one of the most important investors and trade partner. Considering the West’s sanction’s conditions and the Kremlin’s absolute will to cooperate with China at the expense of South Korea and Japan, China has the ability to dictate the cooperation conditions (Korostikov 2016). Contrary to the expectations of the federal centre, foreign investments are not coming in to the Far East. It is taking place on grounds of general regional financial crisis, including investment, in the whole Russia and in the Far East.

In 2013–2014, the general level of investment in the region showed a declining trend. In 2013, the decline was 20%, in 2014 – 5%. In the first quarter of 2015, there was an increase only to foreign investment in the gas and oil extraction sectors in Sakhalin Oblast (Zubarevich 2015, 8).

In the case of foreign investment in the macro-region, the situation is very confused. There is no doubt that foreign investors, including Chinese investors, show quite careful interest in the Far East. The state budget (and connected with its Russian companies) is the main investor in region but extraction industry is the most attractive.

According to the Central Bank “the investment boom” in macro-region, which was noticed by Yury Trutnev and Alexander Galushka (Grishina 2016), was rather a careful growth. It started in 2014, when the annual balance of direct investment in the Far Eastern Federal District was USD 3.9 trillion (in 2011, 2012, 2013 was USD 0.95 trillion, USD 1 China was in 2012 the largest trading partner for the Russian Far East's border regions and the second largest partner (after South Korea) for the Russian Far East macro-region as a whole (Lee 2012).
0.56 trillion and USD 1.4 trillion, respectively). In the third quarter of 2015, the balance of investment exceeded the level from 2014 and was USD 4.2 trillion. Interestingly, most foreign investment in the Far Eastern Federal District has come recently from offshore (Bahamas, Bermuda, Cyprus and the Virgin Islands). It was interpreted as the possible investments of the Russian companies (Kryuchkova and Sapozhkov and Yedovina 2016).

4.17. The international activity of the Far East’s regions due to regional elites

There is a common belief that regions are ignored in the process of establishing strategy against the macro-region. Investors use regional tax exemptions (ground and estate) and no one consults these decisions with regional authorities.

Some of the Far Eastern political and economic scientists criticize the centre for subordination of infrastructural plans for cooperation with China, which places Russia in the hands of China and their local economic situation and deprives Russia from freedom in foreign policy. Russia subsidizes its gas trade with China and at the current gas prices, the financial requirement for the implementation of “The Strength of Siberia” project will not be given back in 30 years, according to Yuriy Moskalenko, the Far Eastern economist and publicist. The concentration of efforts to deepen cooperation with China is damaging for the economic interests of the macro-region. However, it should be noticed that trade with China (27%), Japan (25%), and South Korea (25%) also plays an important role for this macro-region (Moskalenko 2015a).

Moreover, the centre’s efforts in acquiring investments, even Chinese, does not have the expected results. The depopulation process in the Far East has been slowed down, however, the number of foreign immigrants has been increasing. In 2005 the increase of migration was 3.3% of the total people migrating to the macro-region but in 2014 it was 12.8% (Kryuchkova and Sapozhkov and Yedovina 2016).

Moskalenko, generalizing a little bit, indicated that the most serious issue, which the Far East and its inhabitants have in common, is only the federal centre, which is not able to solve its structural issues, because the federal elite concentrates on geopolitical competition and preserving power. “The Far East, just like other Russian regions, needs
real not declaratory federalism,” as the abovementioned Amur was quoted saying. Now, as before, the Kremlin instrumentally uses the macro-region and does not allow the development of independent and local entrepreneurship and ignores the interests of the local community (Moskalenko 2015b).

The significant problem from the point of (not) increasing the level of internationalization of the macro-region (evident in the case of limited investment growth in macro-region, which is noticed only in Magadan Oblast and Sakhalin Oblast) is tax policy. More generally the problems are: the adverse investment approach, which is common in Russia, the criminalization of economic life (especially fishing and wood industry) and finally, the extreme politicization of principles of the local government functioning in Russia, especially in Primorsky Krai and Vladivostok (Samokhina and Sergeyev 2016). The endless reshuffling of the Mayor of Vladivostok, who officially has connections with corruption/ mismanagement/exceeding the authorities, but in practice – the continuous struggle between the Governors of Primorsky Krai and Mayors of Vladivostok that started at the beginning of 1990s, makes regional authorities hardly credible to investors (Zheleznova 2016).

The results of an in depth interview (survey later in the text), which was conducted due to the perception of paradiplomacy (international activity) in the macro-region of the Far East by the authors with representatives of local administrative and academic elites, provides interesting knowledge for this topic.² The knowledge attained provides confirmation of previous observations on the basis of analysis of scientific literature and press. The research has been accomplished thanks to the use of Alexander Kusnetsov’s research matrix. First, the questions were only related to the situation in regions of the Russian Far East, secondly, the term of paradiplomacy was understood as diplomatic activity of regional authorities and their international activity. The participants of the research have answered the questions, however, they were able to treat them as open questions.

The first question concerned the cause of development of international activity. From many various answers, respondents mostly indicated that border location is an essential motive of international cooperation and provides support to it. Globalization processes were often indicated as natural and objective conditions of development of regional international

² Interviews were held between 2015–2016 with 12 people.
cooperation. All the rest were extremely rare, however, regionalization processes and external incentives can be distinguished.

The question about the legal basis of regional international activity consisted of two parts: the first part concerned the level of negotiations between the federal government and regional authorities, the second part tackled the problem of legal determinants for negotiations with regional authorities, if the project of international cooperation was related to regions.

In the case of the first issue, the most common answers indicated that the level of negotiations between federal and regional authorities is not sufficient. Some respondents assumed that there is strict control by the centre and regional international activity completely depends on interests or is controlled from above and “great international projects” that include regions must be reconciled between regional and central authorities.

Considering the second part about legal determinants for negotiations with regional authorities, if the project concerned international cooperation that includes regions, respondents seemed to be surprised at being asked such questions – the awareness of existing similar solutions must be low. They do not know, they have no idea, they cannot answer or they do not have information on that subject – these are the most common answers.

Considering the main reasons (motives) that lie at the heart of establishing international cooperation by regional authorities the vast majority of respondents indicated economic motives or cross-border location, which had to be a natural condition of regional internationalization. The political or cultural cooperation motives were of minimum importance.

Putting the problem of institutionalization of paradiplomacy of the Far East regions was an excellent opportunity to become better informed about the main international cooperation channels with the outside. Respondents mostly indicated the vital importance of such endeavours: exhibitions and forums. The important communication channel, deduced on the basis of answers, were official visits of regional authorities abroad or finally, participation in the activities of the official delegations of the Russian government. Surprisingly, a significantly lower role is attributed to both domestic institutions, which are specialized in such activities (Regional Minister of Foreign Affairs, permanent representation in foreign states) and the structure of international cooperation (global and trans-border networks).

The issue of paradiplomacy due to interests of the whole state and the connected issue of forming a model of centre-regions relations due
to international cooperation of the latter, did not trigger problems in the
surveyed representatives of administrative and academic elites of the macro-
region. The answers correspond with their previous answers concerning
the dependence between the federal centre’s policy and regional activities.
The general feeling is that paradiplomacy is a “common issue,” a chance
for development of the whole state. However, considering the relation
model, the majority of respondents indicated on the internationalization
of the coordinated-cooperative model or coordinated-joint activities
model that they accepted as appropriate that international activity of
federal subjects is coordinated by the centre both formally and informally
and they themselves take part in the implementation of Russian foreign
policy. There were also suggestions, which confirm the general feeling, that
regional international activity depends on the current political situation
and “Moscow’s” interests.

The last issue concerned the consequences of implementation
international activity by regions. The internationalization of federal subjects
of the Russian Federation did not trigger any threats that it will cause the
dissolution of the state due to increasing separatism trends. This problem
does not exist in the minds of the governing bodies and researchers of the
problem on regional level. Paradiplomacy had to foster the democratization
of rules in taking state decisions into the international cooperation area and
further general regionalization of Russian foreign policy.

4.18. Conclusions

Analysing forms, conditions and frequency of international
cooperation of federal subjects of the Russian Federation in historical-
comparative view, it should be emphasized that:

– conditions of international cooperation will become more and
more determined by economic conditions but will be less determined by
political (geopolitical, ethno-political, personal-ambitious) conditions;

– regions extensively use state support in the process of sustaining
international cooperation;

– there is still deep diversification in the socio-economic development
of Russia, some regions despite its potential and geo-economic attractive
position are not able to use it in international cooperation.

The internal environment has been diametrically changing
[centralization of federal relations], it has impact on trends and forms of
regional international cooperation in Russia after 2000. After this date, the federal centre is important and unusually active – comparing to the previous decade – it became a moderator of socio-political, economic, and regional international activity changes in Russia. As a result, further research on the internationalization phenomenon of the Russian regions should be implemented with the use of the state centric paradigm. The internationalization of regions that is viewed through the prism of the “realism” trend in federal officials’ minds, which is adapted to the needs of Russian domestic policy, provides the answer why it is consistently owned by federal centre. This process has pros and cons from the Russian statehood perspective; the pros are coordination and orderliness of the sometimes chaotic regional paradiplomacy, and supporting regions that need state assistance; the cons are division of cooperation trends for good (China, CIS) and for bad (Western Europe), blocking development of cross-border (trans-border) cooperation.

At the moment, we are facing the process of institutionalization of the centralized-coordinative model due to regional international cooperation in Russia. This term fully reflects the character of relations, which have been in creation in Russia since 2000 due to the regional internationalization and federal centre’s policy towards this phenomenon. Referring to Soldatos’ concept mentioned in Kusnetsov’s research matrix: cooperative-coordinated and cooperative-joint, the Russian model (clearly seen in the case of the Far East) is an amalgamation of both. The federal subjects international activity is coordinated by the centre both formally and informally, they themselves are included in the implementation of the Russian foreign policy. It should be emphasized that there is a constitutional-legal basis of this model.

It can be assumed that interlacement of classical models of centre-regions relations in the case of paradiplomacy is expressed on the level of perception of regional international activity from the whole state interests’ perspective. The federal centre influenced by the negative experiences from the 1990s, in which there was the uncontrolled development of regional international cooperation, (often against the official position from the federal government) sees paradiplomacy as a threat to Russia. However, this threat may be eliminated and become an asset, if regional activity in the international area is skilfully coordinated with the centre’s policy and/or regions are indirectly or directly included in the implementation of Russian foreign policy.

The federal centre’s approach to autonomy, including international activity of federal subjects of the Russian Federation, resulting in forming
The International Activity of Federal Subjects of the Russian Federation...

a centralized-coordinated model, may be viewed through the prism of existing theories in international relations. In this sense the forming of the mentioned model of centre-regions relations is an example of realism’s “triumph” in Russia, after 1999. The presence of realism in the case of the analysed issue, i.e. Kremlin’s attitude to regional international activity, comes into play in all aspects of the analysed phenomenon at both the conceptual level (due to the concept of location and role of regions in the strategy of development of the Russian foreign policy) and practical level (the way of using regions and their international contacts by the centre to promote Russian national interests).

The nature of the Russian political system corresponds with the nature of centre-regions relations: Yeltsin’s anocracy period – i.e. polity, where elections were utilized in order to maintain the pretence of legitimacy, but the political leader is forced to obtain resources from various political and economic elites, in order to maintain power (Schofield and Gallego 2001, 17) – corresponded with asymmetrical federalism. Putin’s electoral authoritarianism is harmoniously compatible with the unitary federalism. This also applies to the regional international activity model, the decentralized model dominated before 2000 and since that year the centralized model started its consolidation. The authoritarian nature of the Russian political system (not of many regions) in the 1990s was not and is still not a barrier in the development of regional international activity.

The Russian regions due to the realization of the concept of centralized federal relations (de-federalization) receive less autonomy in the decision-making process. Regional political elites have been politically pressured by the Kremlin – they have been “squeezed into the straightjackets” of a vertical power structure and operate in the strict institutional-legal frames considering their participation in international economic trade and international cooperation. The federal centre has an open tendency to use regions instrumentally in the process of realizing its goals in foreign policy, sometimes, however, to their mutual benefit.

Federal elites, under Vladimir Putin’s governance and despite formal subordination of regions to centre, still (irrationally) suspiciously look at regional elites and picture them as a threat to their domination in the political system or look at them in fear of increasing separatism trends. They do so due to the experiences from the 1990s, when actions of some regions resulted in the dissolution of the uniformed political-legal area of the Russian Federation. Additionally, their specific approach to the concept
of sovereignty formed by domestic political experiences, “expansion policy to the East” of European political-economic structures (the EU), political-military structures (NATO), penetration of the post-Soviet area by the USA (Membership Action Plan), and the EU (Eastern Partnership) further fuel their suspicions. The centralization of federal relations in legal and political areas were accompanied by an anti-Western vector in Russian foreign policy, which was developed gradually but resolutely. However, the Russian federal elite was successively joined by individuals who represented a specific type of strategic culture that affirms ideas of indivisible sovereignty of the nation state, which perceive globalization/glocalization as a source of threats to national interests of Russia or national security and search bad intentions in players who get involved in cooperation with regions.

The process of internationalization of the Far East regions (or rather to be precise the pattern of relations between regions and centre) seems to be perfectly suited in a certain model of centre-regions relations in the international activity area of the latter in the whole state.

Taking into consideration the level of internationalization of the Far East regions, it can be seen that they diverge from other macro-regions as a result of their concluding international agreements, which is logically connected with a low level of international economic cooperation. The low level of internationalization of the macro-region is not an anomaly but results from general regularities that increase the internationalization level of the Russian North-western and Central regions in a natural way. They are connected with direct proximity of the macro-region in both geo-economic and political-historical areas. As it was shown in case of the Far East regions, with the highest level of internationalization they benefit from their natural resources: gas, fish, timber, border status, and vicinity of the rapidly developing Chinese economy. So, their successes are determined economically and geographically.

Taking into consideration the conditions of establishing international cooperation, it can be seen that there was a significant change due to the 1990s. In the past, acquiring essential resources for the functioning of local economies and providing decent living standards (resulting in the development of the “grey zone”) were the main issues to fulfil. Nowadays, the exploitation of natural resources and boosting nature of the centre’s policy, which usually has an instrumental nature, play an important role. The instrumentalism in the federal centre’s approach to regional international activity in conjunction with the centralization of the system
of federal relations and with the centre’s clear activity due to forming regional international cooperation allows to formulate a thesis that in the Far East the centralized-coordinative model exists.

It should be assumed that activities of federal authorities within the so-called geopolitically-oriented Far Eastern regional policy, which includes involvement of regions in international activity, give interesting information about (in-)effectiveness of this kind of policy. The geopolitical approach to regional policy in the case of the Russian Far East intertwined with the instrumental approach to forming regional international cooperation – have not produced the expected results.

The Kremlin’s policy towards the Far East does not improve the socio-economic requirement of the macro-region and in addition, it activate criticism in the region, deepens alienation and confirms the inhabitants’ beliefs that there is a colonial approach to the Far East, i.e. the excessive exploitation of the macro-region without any concern for the living conditions of its inhabitants. The centre’s actions improve the level of regional internationalization, however, the process is mostly connected with: 1) export of fossil fuels or the broad export of resources (wood, fish); or 2) actions of the Russian Federation in the international area and involvement of regions in state foreign policy. What is even worse, the federal centre while trying to form a regional international activity – in the framework of the centralized-coordinative model – cannot control their actions. Secondly, by implementing “great projects,” it marginalizes the opinions and interests of regions. The centralized-coordinative model is consolidated neither in the Far East macro-region nor in the whole country. It is connected with problems which the centre faces during the implementation of personnel policy in regions, political conflicts in provinces and general weakness in affecting the socio-political processes in regions.

Despite the centre’s great advantage over regions in available resources and due to the established formal-legal rules of operating federal relations, regional elites have power with which centre authorities must take into account in the negative aspect (sabotaging the centre’s policy/inability to implement it) and in the positive aspect (mobilization of “administrative resources” during election campaigns, which are important for the Kremlin). Some of the strongest regions use this situation in their favour, other regions, which are deprived of political and economic assets but have positive experiences in cooperation with Western countries in the 1990s, try in every possible way to defend their autonomy. All this makes
that centralized-cooperative model is not internally consistent and thereby consolidated. The international activity of the Far East regions shows that centralized-cooperative model has many gaps.

Looking back at the international activity of the Russian regions, after 2000, regarding its impact on the Russian statehood, it is alarming that in some cases the centralized-cooperative model of actions of regions may be extremely unfavourable for regions. In a wider view, its consolidation may result in a challenge for the stability of the Russian political system. As it stands, it generates dissatisfaction and protest sentiments in regions that are mostly interested in international cooperation – which is one of the significant sources of socio-economic development for them. Forms of international cooperation enforced by the Kremlin have not produced the expected results. The experience of international activity of regions of the Russian Far East or broadly Russia-China economic cooperation, which had to substitute economic contacts between Russia and the West after 2014, are the best examples [Korstikov 2016].

The experiences of the 1990s in regional international activity strengthened the feeling of urgency in the orderliness of the centre-regions relations for the sake of the development of Russian statehood. However, the “fruits” of international cooperation, which are the involvement of the Russian regions after 2000 [including the Far East], argue that the centralization of federal relations blatantly harms Russian statehood, Russian international profile, interests of regions and federal subjects, ordinary citizens and the stability of authoritarian system, established around Vladimir Putin.

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