

The Russian Far East Ready for Take-Off, and Japan-Russia Economic Relations

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(Summary)

President Putin has resolved to establish a "Great Power Russia" which straddles the Eurasian continent, and will shift military clout (political and economic resources) from the European Front to the Eastern Front the reason behind this being that the importance of the Asia-Pacific region can no longer be ignored. Additionally, in the Russian Far East which is set to become a strategic focus in Asia, with no let-up in population decline and social hemorrhaging, the economic base is rather poor. Consequently, a committee has been set up to strengthen the Russian Far East, and is headed by Prime Minister Fradkov. The strengthening strategy consists of two planks the Far East itself building up its own strength, and the strengthening of cooperative relations with the Asia-Pacific region. The immediate objective is to attract the 2012 APEC Summit to Russia (Vladivostok.)

In the economic arena, the ultimate weapon is the production and export of oil and natural gas. Currently in this region, the drilling for oil in eastern Siberia, a project for exporting it from the Pacific coast (the construction of the Eastern Siberia - Pacific Ocean pipeline) and projects for developing and exporting oil and gas from the Sakhalin continental shelf are making steady progress, and the results are now becoming evident. The fact that oil and gas will start to flow towards the Pacific too, where it was once only supplied in the European direction, is of great global significance. In addition, this project will dramatically expand Japan-Russia economic relations. In this paper, taking the current international prices for oil and gas and the estimates for export potential to 2020, it was calculated that Japan-Russia trade will double in the near future.