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# “Turn to the East” Policy: Myths and Realities

## ロシアの東方シフト ー神話と現実ー

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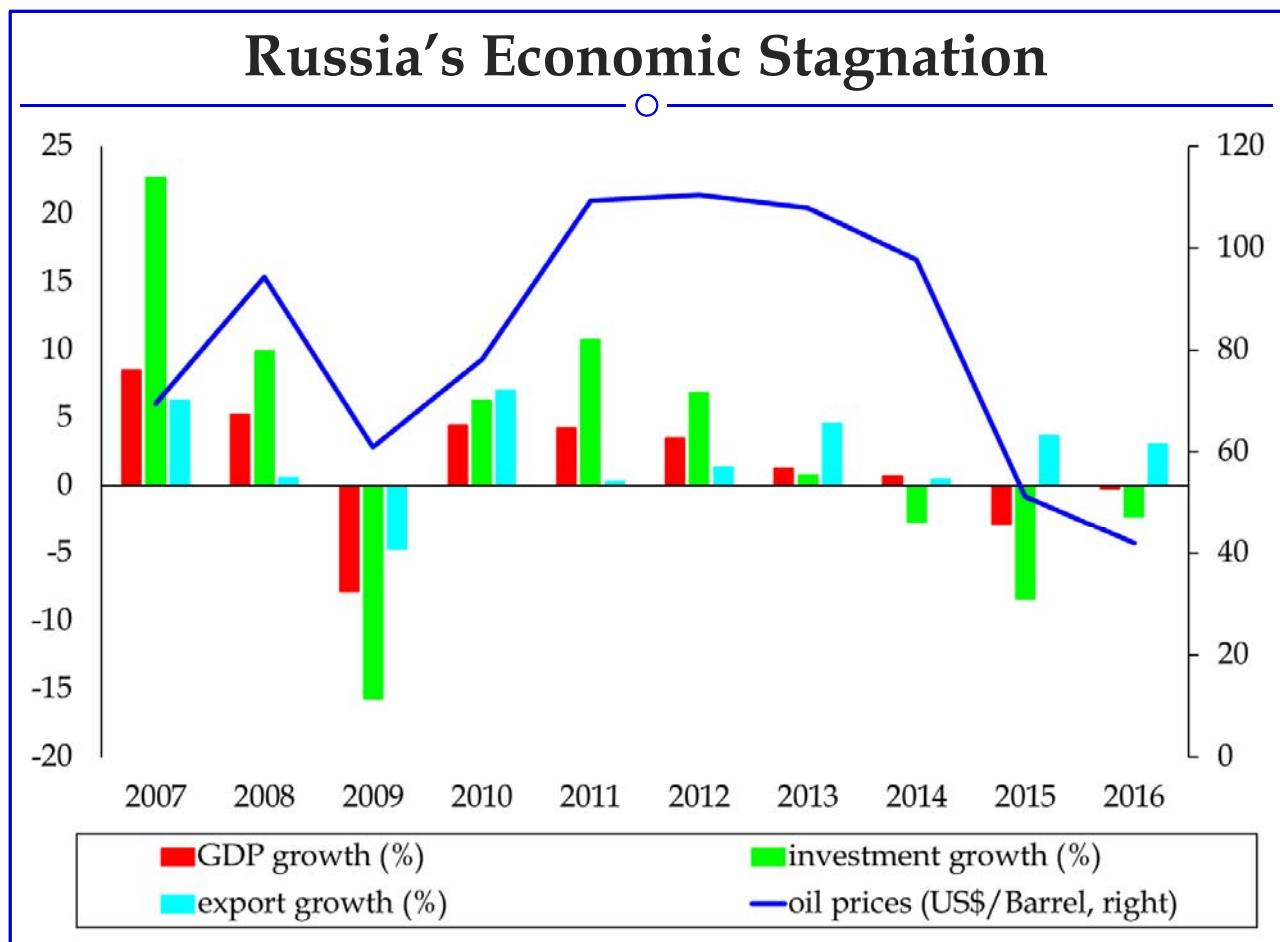
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(Summary by ERINA)



## “Turn to the East”

- The continued extensive growth requires the search for a new spatial niche: East Asia (incl. China).
- Exacerbating relations with the west related to Ukrainian conflicts makes ties with East Asia become more important.
- The eastern direction is believed (1) to increase opportunities for continuing extensive extraction of export rents, (2) which is easy to be achieved, because the East Asian countries are not hostile towards Russia and do not impose their own rules on the game, masking their arguments about their indisputable value leadership.

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## Turn to the East: Myths

- This belief is based on some Myths:
  1. Eastern markets critically need in Russian raw materials.
  2. East Asia is a large potential investor for Russia.
  3. East Asia can replace the US and the EU in technological exchange.

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## Turn to the East: Realities

1. East Asia have generally diversified sources of raw materials.
2. Financial transactions from China on the lines of major banks are blocked by the sanctions. The main business partner for China is the US and the EU
3. EA does not have sufficient technological capacity (excl. Japan)

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## Turn to the East: Policy Issues

- Along with further development of the export infrastructure, a new policy direction is to be pursued introducing institutional innovations in the Far East, which attracts the private entrepreneurship both from Russia and from abroad.
- Socio-Economic Advanced Development Zone (TOR)
  - ✓ TOR can be successful, if the possibility of effective entrepreneurship with the long-term profit motives in these territories can be ensured.
  - ✓ Problem: the spread of effects on the surrounding territory of TORs, which can reach the state of endogenous development by triggering agglomeration effects.
  - ✓ Precondition: strong interregional and inter-branch cooperation.

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