

# PERSPECTIVE

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## What Russia's "Turn to the East" Means for Southeast Asia

*By Ian Storey\**

### EXECUTIVE SUMMARY

- Announced in 2010, Russia's "Turn to the East" is aimed at reducing the country's economic dependence on the West and to take advantage of Asia's growing economies. The policy has been given added impetus due to falling oil prices and Western sanctions which have plunged the Russian economy into crisis.
- Since President Vladimir Putin took office in 2000, Russia's Asia-policy has been China-centric. But Moscow's fear of being reduced to the status of junior dependent partner, and China's economic slowdown, have forced the Kremlin to seek new opportunities in Asia, especially in Southeast Asia.
- Economically, however, Russia is a minor player in Southeast Asia, and aside from natural resources, energy technology and arms sales, there seems little scope for expansion in Russia-ASEAN trade.
- Due to a larger defence budget and the acquisition of new equipment, today Russia's military presence in Asia is higher than at any time since the end of the Cold War. However, the most prominent aspect of Russia's defence engagement with Southeast Asia remains arms sales to regional states, especially Vietnam.
- Russia's engagement with ASEAN is superficial. Moscow has not been a proactive participant in ASEAN-led security forums such as the East Asia Summit because of its limited influence and its more substantive interests in other inter-state forums.

- Moscow has adopted a low-key approach to the South China Sea dispute as it is not a major stakeholder and because it does not want to offend its two most important partners in Asia, China and Vietnam, which are rival claimants.

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## WHY IS RUSSIA “TURNING TO THE EAST”?

In 2010, a year before the Obama administration announced its pivot/rebalance towards Asia, President Vladimir Putin declared Russia would “Turn to the East”: that henceforth, Moscow was committed to ramping up its economic, political and security engagement with countries in Asia.

What motivated Putin’s “Turn to the East”? One reason was Russia’s desire to lessen its economic dependence on the West (and especially Europe) in the wake of the global financial and euro zone crises. Another reason was the lure of Asia’s growing economies, particularly China. Since 2010, Putin’s policy has been given added impetus due to Russia’s severe economic problems caused by plunging global oil prices (one of the country’s largest foreign currency earners) and the imposition of sanctions by the United States, the European Union (EU) and other countries following Moscow’s annexation of Crimea in March 2014 and the Kremlin’s support for pro-Russian rebels in eastern Ukraine. According to Prime Minister Dmitry Medvedev, the sanctions have done “meaningful harm” to Russia’s economy.<sup>1</sup> The International Monetary Fund forecasts that the Russian economy will contract 3.4 per cent in 2015 and that future growth will be sluggish at best.<sup>2</sup>

This is not, however, the first time that Russia has looked to strengthen ties with Asia when relations with the West have soured — and as several observers have noted, once relations improve, Russia’s Western-centric elite resumes normal interaction with Europe and America and turns its back on Asia.<sup>3</sup> Geography and demographics exacerbate this mindset. Despite the fact that three-quarters of Russia’s territory lies east of the Urals, less than 30 per cent of the population resides there.<sup>4</sup> For the majority of Russians, the country’s vast Asian hinterland is alien and far away. Russia’s current “Turn to the East” may prove to be more durable and substantive than past iterations, especially as the global economic centre of gravity moves inexorably from the Euro-Atlantic to the Asia-Pacific, and the region’s security dynamics become more complex. However, Russia will need to strive hard to prove to its Asian partners that it is more than just a transactional player whose primary interest is the sale of energy and weapons.

Since taking office in 2000, Putin’s Asia policy has been Sino-centric, and today relations between Moscow and Beijing are at an historic high. Yet the Kremlin has serious trust issues with Beijing: it worries about intellectual property theft when it sells high-tech weapons systems to China; it harbours residual concerns over whether China has irredentist claims in the resource-rich but underpopulated Russian Far East; Moscow smarts that it has lost influence to Beijing in Central Asia — a region it considers to be its “near abroad” and in which it has special interests — and that President Xi Jinping’s Silk Road Economic Belt competes with Putin’s Eurasian Economic Union (EEU), a trade bloc of former Soviet republics. Underlying all these concerns is Russia’s fear that as China’s power grows, it will

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<sup>1</sup> Andrew Roth, “Russian Premier Says Annexation of Crimea Was Worth Sanctions Fallout”, *New York Times*, 21 April 2015.

<sup>2</sup> “IMF Says Sanctions Take Toll on Russia”, *Wall Street Journal*, 3 August 2015.

<sup>3</sup> Jonathan Eyal, “The ‘illogic’ behind Russia’s Asia strategy”, *Straits Times*, 18 August 2014; Bobo Lo, *Russia and the New World Disorder* (London and Washington D.C.: Chatham House and Brookings Institute Press, 2015), p. 11.

<sup>4</sup> *Ibid.*, p. 135

be relegated to the status of dependent junior partner. Yet even as Moscow fears dependence, it has become anxious that China's slowing economic growth has weakened demand for Russian commodities — the volume of Sino-Russian trade plummeted 30 per cent in the first half of 2015<sup>5</sup> — and that some of Putin's signature projects with Beijing are now at risk, including two massive contracts signed in 2014 to supply China with oil and gas.<sup>6</sup> As a consequence, the Kremlin has looked to diversify its Asia policy away from China.

Moscow's Asia options are limited though. Russia's relations with Japan have become strained over the Ukraine (Tokyo has supported G7 sanctions against Russia) and Moscow's decision to bolster its military presence on the disputed Southern Kuril Islands/Northern Territories. Russia would like to sell more weapons to India, but in recent years New Delhi has loosened defence ties with Moscow in favour of arms imports from America. As a result, the Kremlin has increasingly focused its attention on Southeast Asia, where it already has a close relationship with Vietnam. Aside from Vietnam, however, most Southeast Asian countries do not see Russia as a serious player. As this paper will demonstrate, Russia lacks economic heft, significant power projection capabilities and is uninterested in playing a more active role in the region's security forums. For Southeast Asia, therefore, there is little substance to Russia's "Turn to the East".

## **RUSSIA'S ECONOMIC TIES WITH SOUTHEAST ASIA: A MODEST FOOTPRINT**

In terms of economic engagement with Southeast Asia, Russia is a very minor player. Russia's main exports to the region consist mainly of natural resources, especially oil and gas. As part of its Asian pivot, Russia has been trying to boost exports to the region, particularly in areas in which it excels such as weapons systems (of which more later) and nuclear technology. In 2012 Russia's state-owned Rosatom State Atomic Energy Corporation (Rosatom) won a contract to supply Vietnam with two nuclear power plants — the country's first — to be completed in 2023-24.<sup>7</sup> Russia has also offered to provide Myanmar, Indonesia and even Cambodia with advanced civilian nuclear technology.<sup>8</sup> However, aside from commodities, arms and energy technology, there seems little room for expansion in Russia-ASEAN trade.

The statistics highlight the weak economic links between Russia and Southeast Asia. In 2014, Russia was ASEAN's 14<sup>th</sup> largest trade partner: the value of two-way trade amounted to US\$22.5 billion, a 13 per cent increase on the 2013 figure (US\$19.95 billion) but still a mere

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<sup>5</sup> Julia Smirnova, "Russia's turn to China: A gap between rhetoric and reality", *Washington Post*, 6 September 2015.

<sup>6</sup> In May 2014 Russia agreed to supply China with 38 billion cubic meters (bcm) of natural gas for thirty years beginning in 2018, followed by another contract in November to supply an additional 30 bcm. However, the construction of the pipelines that will carry the gas has been delayed due to disagreements over financing, and the price of gas for the November deal has not yet been agreed. Both contracts may have to be renegotiated. "An uneasy friendship", *The Economist*, 9 May 2015.

<sup>7</sup> "Russian president visits Vietnam to boost ties", Associated Press, 12 November 2013.

<sup>8</sup> "Russia and Burma discuss 'favourable conditions' for nuclear technology", *Democratic Voice of Burma*, 14 April 2015; "Russia-Indonesia Partnership to Build Future of Indonesian Nuclear Sector", *Jakarta Globe*, 7 October 2015.

0.9 per cent of the ten members' total trade.<sup>9</sup> In contrast, China's trade with ASEAN was US\$366.5 billion (14.5 per cent), the EU US\$248 billion (9.8 per cent), Japan US\$229 billion (9.1 per cent), the United States US\$212 billion (8.4 per cent) and India US\$67.7 billion (2.7 per cent).<sup>10</sup> Russian investment in Southeast Asia is also very modest, and shrinking. Between 2012 and 2014, Russian Foreign Direct Investment (FDI) into the ASEAN-10 was only US\$698 million or just 0.2 per cent of total net inflows.<sup>11</sup> During the same period, the EU invested US\$58 billion (15.7 per cent), Japan US\$56.4 billion (15.3 per cent), the United States \$32.4 billion (8.8 per cent) and China US\$21.4 billion (5.8 per cent).<sup>12</sup> Due to the country's economic crisis, Russian FDI in Southeast Asia in 2013-14 was down 105 per cent on 2012-13.<sup>13</sup>

In 2012 Russia's largest trade partner in Southeast Asia was Vietnam (US\$2.92 billion) followed by Indonesia and Thailand (US\$2.87 billion each) and Singapore (US\$1.98 billion).<sup>14</sup> In May 2015 Vietnam became the first country to sign a free trade agreement (FTA) with the Russian-led EEU — established in 2014 and whose other members include the former Soviet republics of Armenia, Belarus, Kazakhstan and Kyrgyzstan — which will take effect in 2016.<sup>15</sup> But the economic benefits for Vietnam are unlikely to be substantial, especially when compared with the recently concluded US-led Trans-Pacific Partnership (TPP) of which Vietnam is a member. As a means to deepen economic ties with Southeast Asia, Russia has proposed an FTA with ASEAN, but this may be problematic as Moscow has suggested that all EEU members be included.<sup>16</sup>

## **RUSSIA'S MILITARY ENGAGEMENT WITH SOUTHEAST ASIA: BOMBS AND BULLETS**

A key component of President Putin's ambition to restore Russia's Great Power status has been to revitalize the country's armed forces, once among the most powerful in the world but which quickly atrophied following the end of the Cold War. In 2010, Putin announced a ten-year \$650 billion programme to modernize Russia's military. With the economy buoyed by rising oil prices, Russia's defence budget almost doubled between 2010 and 2014 — from US\$58.7 billion to US\$84.5 billion — to become the third largest in the world after the United States and China.<sup>17</sup> Although the Kremlin has tried to ring-fence defence spending from government cuts, the economic crisis has forced it to scale back its military

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<sup>9</sup> ASEAN Trade by Partner Country/Region 2014, ASEAN Secretariat statistics available at <[http://www.asean.org/images/2015/July/external\\_trade\\_statistic/table24\\_asof17June15.pdf](http://www.asean.org/images/2015/July/external_trade_statistic/table24_asof17June15.pdf)>.

<sup>10</sup> Ibid.

<sup>11</sup> Foreign direct investment new inflows in ASEAN from selected partner/country regions, ASEAN Secretariat statistics available at <[http://www.asean.org/images/2015/June/FDI\\_tables/Table%2026.pdf](http://www.asean.org/images/2015/June/FDI_tables/Table%2026.pdf)>.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> *Direction of Trade Statistics: Yearbook 2013* (Washington D.C.: International Monetary Fund, 2013).

<sup>15</sup> "Vietnam signs Free Trade Agreement with Russian-led Economic Union", *Moscow Times*, 29 May 2015.

<sup>16</sup> "Russia Expands 'Pivot' East Beyond China to Vietnam and Thailand", Reuters, 9 April 2015.

<sup>17</sup> SIPRI Military Expenditure Database, available at <[http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database)>.

modernization plans by reducing orders for new weapons systems and extending the modernization period beyond ten years.<sup>18</sup> Nevertheless, as Moscow's recent operations in the Ukraine and Syria have highlighted, Russia's military capabilities under Putin have undergone significant improvement.

Rising defence outlays and new weapons platforms have allowed Russia's armed forces to increase their global presence, including in the Asia-Pacific. The Pacific Fleet, headquartered in Vladivostok, has commissioned new vessels, including nuclear-powered ballistic submarines, though its size and capabilities remain a fraction of what they were during the Soviet era.<sup>19</sup> To facilitate its military presence in the region, in November 2014 Moscow signed an agreement with Hanoi that would give the Russian navy and air force regular access to facilities at Cam Ranh Bay.<sup>20</sup> During the 1980s, the Soviet Union maintained a significant military presence at Cam Ranh Bay, but substantially downsized its presence in the 1990s before withdrawing completely in 2002.<sup>21</sup> Under the new agreement, Russia has stationed IL-78 tanker aircraft at Cam Ranh Bay that have been used to refuel nuclear-capable TU-95 strategic bombers which have resumed patrols in the Asia-Pacific including near Japan and the US territory of Guam. The presence of Russian bombers near Guam led Washington to rebuke Hanoi in January 2015 for allowing Russia to use Cam Ranh Bay to raise tensions in the region.<sup>22</sup> Hanoi's response is not in the public domain, but the episode highlights Asia's increasingly complex strategic environment: Vietnam has strengthened defence ties with Russia because of apprehensions over China, but in doing so has irked the United States with which it also seeks a closer strategic relationship due to Chinese assertiveness in the South China Sea.

The most prominent aspect of Russia's defence engagement with Southeast Asia continues to be arms sales. Russia and America dominate the global arms trade. Between 2010 and 2014, America's share of international arms exports was 29 per cent, followed closely by Russia with 27 per cent.<sup>23</sup> The Asia-Pacific is a particularly lucrative market for Russia, and during 2010-14 the region received 66 per cent of the country's weapons exports, mainly India (39 per cent) and China (11 per cent).<sup>24</sup> As defence budgets in Southeast Asia have soared — regional defence spending grew by 37.6 per cent during 2010-14<sup>25</sup> — Russian arms manufacturers have been eager to take advantage of the commercial opportunities available. On the whole, Russian weapon systems enjoy a good reputation in the region (though after-sales services do not) and are generally cheaper than their Western equivalents.

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<sup>18</sup> Thomas Grove, "Russia Shows Off Military Might as Budget Gets Squeezed", *Wall Street Journal*, 27 August 2015.

<sup>19</sup> Franz-Stefan Gady, "What to Expect from Russia's Pacific Fleet in 2015", *The Diplomat*, 2 March 2015.

<sup>20</sup> "Russia, Vietnam agree on simplified Cam Ranh port entry for Russian warships", TASS, 27 November 2014.

<sup>21</sup> Ian Storey and Carlyle A. Thayer, "Cam Ranh Bay: Past Imperfect, Future Conditional", *Contemporary Southeast Asia* 23, No. 3 (December 2001): 452-473.

<sup>22</sup> Nhina Lee and Koh Swee Lean Collin, "Vietnam and Great Power Rivalries", *The Diplomat*, 31 March 2015.

<sup>23</sup> Pieter D. Wezeman and Siemon T. Wezeman, *Trends in International Arms Transfers, 2014*, SIPRI Fact Sheet (March 2015), available at < <http://books.sipri.org/files/FS/SIPRIFS1503.pdf>>.

<sup>24</sup> *Ibid.*

<sup>25</sup> Zachary Abuza, "Analyzing Southeast Asia's Military Expenditures", *cogitASIA*, 7 May 2015, available at < <http://cogitasia.com/analyzing-southeast-asias-military-expenditures/>>.

Vietnam is by far Russia's most important customer. As tensions in the South China Sea have risen since 2007-08, Vietnam has accelerated the modernization of its armed forces, especially the navy and air force. Russia has provided Vietnam with 90 per cent of its arms imports, including six *Kilo*-class submarines, six *Gephard*-class frigates, six *Tarantul*-class corvettes (built in Vietnam), six *Svetlyak*-class patrol vessels, 32 SU-30 fighter jets and air defence missile systems.<sup>26</sup> Russian weaponry has provided Vietnam with a limited but potent deterrent against China, that could inflict serious damage on the Chinese navy should conflict break out in the South China Sea. Despite the recent lifting of America's ban on lethal weapons sales to Vietnam, Russia is likely to remain its arms vendor of choice due to the long-standing relationship between the two countries and because Russian equipment is cheaper.

Russia has been looking beyond Vietnam to other Southeast Asian countries. In 2009-10, Myanmar ordered 20 MiG-29 fighters and over 20 military helicopters from Russia.<sup>27</sup> Over the past decade, Russia has supplied Indonesia with SU-27 and SU-30 fighter jets, transport and attack helicopters and in September 2015 Jakarta announced it would purchase three *Kilo*-class submarines.<sup>28</sup> Russia has moved to take advantage of America's ban on arms sales to Thailand following the May 2014 coup, and has offered Bangkok a variety of weapons systems including military aircraft.<sup>29</sup> Russia is also keen to expand arms sales to Malaysia, including fighter jets and missile systems, but this will prove difficult due to political sensitivities caused by the downing of Malaysian Airlines flight MH-17 in July 2014 over eastern Ukraine, allegedly by pro-Russian rebels using Russian-supplied surface-to-air missiles. Overall, however, arms transfers to ASEAN countries remain one of the few bright spots in Russia's engagement with Southeast Asia.

## **RUSSIA, ASEAN AND THE REGIONAL SECURITY ARCHITECTURE: AN UNINTERESTED BYSTANDER**

Moscow's relationship with ASEAN, and its participation in the organization's efforts to construct a regional security architecture, dates back to the early 1990s. In 1991, a few months before its dissolution, the Soviet Union became a Consultative Partner of ASEAN. In 1994, Russia became a founding member of the ASEAN Regional Forum (ARF), and two years later its status was elevated from Consultative to Dialogue Partner. Russia acceded to ASEAN's non-aggression pact, the Treaty of Amity and Cooperation (TAC), in 2004, and together with the United States, joined the East Asia Summit (EAS) in 2011. ASEAN and Russia have held two summit meetings — in Kuala Lumpur in 2005 and Hanoi in 2010 — and in 2016 the two sides will hold a commemorative summit at the Black Sea resort of Sochi to mark twenty years of dialogue relations. At that summit Russia and ASEAN are expected to issue a Comprehensive Programme of Action to guide the development of relations from 2016 to 2026.

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<sup>26</sup> SIPRI Arms Transfer Database, available at < <http://www.sipri.org/databases/armstransfers>>.

<sup>27</sup> Ibid.

<sup>28</sup> "House support plans to buy Russian submarines", *Jakarta Post*, 29 September 2015.

<sup>29</sup> "Russia Eyes Military Sales to Thailand, Rubber Deals", Reuters, 9 April 2015.

At the rhetorical level, Russia has praised ASEAN as an important partner.<sup>30</sup> Yet Russia's engagement with ASEAN has been superficial at best. As noted above, Russia-ASEAN economic ties are unimpressive. Russia has been a member of ASEAN-led security forums for over two decades, but it has never been a proactive participant. A prime example is the EAS. Although Russia became a member in 2011, President Putin has yet to attend a single summit. Putin's foreign minister, Sergey Lavrov, represented Russia at the EAS from 2011 until 2013, while Prime Minister Medvedev attended the 2014 and 2015 summits. In contrast, President Obama has attended four EAS summits.<sup>31</sup>

What explains Russia's lack of commitment to Asia's regional security architecture? The answer can be found in Russia's sense of self-entitlement, and its Realist view of international relations. As Bobo Lo has argued, due to its size, history and culture, Russia perceives itself to be a permanent and indispensable Great Power.<sup>32</sup> Accordingly, it sees Russian membership of regional and international forums as an automatic right. Yet at the same time, because Moscow regards powerful states as the key actors in the international system, it does not view multilateral institutions as serious players in their own right, but as mere tools of the major powers to promote their national interests.<sup>33</sup> Furthermore, Russia does not participate enthusiastically in multilateral forums in which it feels it has limited influence to advance its interests. Instead, it focuses its diplomatic energies on inter-state forums in which it can exert a strong influence and promote its core interests, such as the Shanghai Cooperation Organization, BRICS (the association of Brazil, Russia, India, China and South Africa), the EEU and the Arctic Council. Thus, although Russia actively sought membership of the EAS to burnish its international credentials, once admitted it has had little incentive to actively participate in a forum led by ASEAN, dominated by America and China and in which it wields little real influence. Despite its "Turn to the East", Moscow is unlikely to revise its role in the EAS any time soon.

### **RUSSIA AND THE SOUTH CHINA SEA DISPUTE: A LOW-KEY APPROACH**

Unlike the United States, the Kremlin has adopted a relatively low-key approach to Southeast Asia's most contentious security problem for two reasons: first, it is not a major stakeholder in the South China Sea; and second, it is anxious to avoid offending its two major partners in Northeast Asia and Southeast Asia, China and Vietnam respectively, which are rival claimants.

Russia's official line on the South China Sea dispute is similar to that of many other countries: Moscow does not take a position on the merits of competing territorial claims; it advocates for a peaceful resolution of the dispute and urges the disputants to exercise self-restraint; it has called on all the parties to abide by the United Nations Convention on the Law of the Sea (UNCLOS); and it supports the implementation of the 2002 ASEAN-China

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<sup>30</sup> "Russia considers ASEAN as important partner", Vietnam News Agency, 7 August 2015.

<sup>31</sup> Obama attended EAS summits in 2011, 2012, 2014 and 2015. In 2013 the United States was represented by Secretary of State John Kerry.

<sup>32</sup> Lo, *Russia in the New World Disorder*, op. cit., p. 49.

<sup>33</sup> *Ibid.*, pp. 40-41.

Declaration on the Conduct of Parties in the South China Sea (DoC) and negotiations for a Code of Conduct (CoC).<sup>34</sup>

Just as China has not publicly supported Russia over the Ukraine (it abstained from a vote in the UN General Assembly in March 2014) Moscow has not publicly backed Beijing in the South China Sea — although Foreign Minister Lavrov has echoed China’s view that the problem should be resolved by the claimants themselves without “outside interference”, a veiled reference to the United States<sup>35</sup> — because this would damage its relationship with Vietnam. But nor has it, like the United States, publicly queried the legality of China’s nine-dash line — which covers almost 80 per cent of the South China Sea and in which Beijing appears to be claiming sovereignty over all of the geographical features as well as so-called “historic rights” to living and non-living resources — as this would hurt its relationship with China. However, it can be inferred from the participation of Russian companies in Vietnam’s offshore energy development projects that Moscow believes Hanoi to have legitimate sovereign rights in the country’s 200 nautical mile exclusive economic zone (EEZ) and that China’s expansive claims in the South China Sea do not comport with UNCLOS. Russian energy giant Gazprom, of which the Russian government is the majority shareholder, entered into an agreement with state-owned PetroVietnam in 2006 to explore for hydrocarbons in offshore oil and gas fields.<sup>36</sup> Subsequent agreements between the two companies led to exploration activities in four offshore gas fields which are located on Vietnam’s continental shelf but also lie within the nine-dash line. Production began in 2013, and is expected to reach full capacity in two of the fields by 2016.<sup>37</sup> Gazprom’s partnership with PetroVietnam benefits both countries. For Moscow, it increases Russia’s economic engagement with Southeast Asia. Vietnam gains access to Russia’s technical expertise while the presence of foreign energy majors in its EEZ strengthens its jurisdictional claims and gives major powers such as Russia a stake in the dispute. Russia’s participation in Vietnam’s offshore energy industry, and its sale of major weapons systems to Vietnam, rankles China. Yet Beijing remains silent, at least in public, so as to maintain cordial relations with Moscow.<sup>38</sup>

Despite its low-key approach to the dispute, rising tensions in the South China Sea over the past few years have become a concern for Russia. At a time when Russia is trying to strengthen economic ties with Asia, peace and stability in an area which is home to critical maritime trade routes has become of great importance to Russia. Moreover, the dispute places Russia in a somewhat difficult position vis-à-vis its most important partners in Asia — China, Vietnam and even India — who are increasingly at odds with each other. As a result of these

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<sup>34</sup> Russian Foreign Minister Sergey Lavrov’s interview with the Channel NewsAsia, Kuala Lumpur, 5 August 2015, available at < [http://www.mid.ru/en/web/guest/foreign\\_policy/news/-/asset\\_publisher/cKNonkJE02Bw/content/id/1635121](http://www.mid.ru/en/web/guest/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/1635121)>.

<sup>35</sup> Ibid.

<sup>36</sup> For further information see “Vietnam” on Gazprom’s website, available at < <http://www.gazprom.com/about/production/projects/deposits/vietnam/>>.

<sup>37</sup> “Gazprom and PetroVietnam to develop Moc Tinh and Hai Thach fields to full capacity in 2016”, Gazprom media release, 3 September 2014, available at < <http://www.gazprom.com/press/news/2014/september/article200284/>>.

<sup>38</sup> While China has put pressure on US, Malaysian and Indian energy companies not to sign agreements with Vietnam, Russian firms have not been subject to the same treatment. See Greg Torode, “Beijing pressure intense in South China Sea row”, *South China Morning Post*, 23 September 2011.

growing concerns, in 2013 and 2015 the Institute of Oriental Studies (IOS), part of the state-funded Russian Academy of Sciences, hosted two conferences in Moscow to discuss the deteriorating situation and how the dispute might be better managed. Tellingly, the IOS is considering hosting an annual conference on the South China Sea.

## CONCLUSION

With Russia's relations with the West and its economy both in serious crisis, the Kremlin has looked to Asia for salvation. As the world's second largest economy, and with a voracious appetite for natural resources, it is unsurprising that Putin's Asia policy has centred on China. But fears of overdependence, and China's slowing economy, have forced Russia to look for new markets in Asia, especially in Southeast Asia. However, due to its lack of economic, diplomatic and military levers of power, aside from Vietnam, few countries in Southeast Asia view Russia as a credible and committed player. While Russia will continue to push ASEAN members to buy its energy and arms, for the Kremlin Southeast Asia is likely to remain a sideshow next to Europe, the Middle East and China.

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