The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

U.S. Report: Russia Drags Behind Developing Peers

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December 11, 2012



To maintain its role in the world, Russia will need to diversify its economy, improve opportunities for foreign investment and exports, as well as confront a shrinking and increasingly Muslim population, according to a new report by a U.S. government think tank.

But even if it succeeds, Russia, along with Japan and Europe, will likely continue its slow decline in relation to developing countries, such as China and India, wrote the authors of "Global Trends 2030," a report by the National Intelligence Council released Monday.

Russia's energy-dependent economy is its "Achilles' heel," and the country must improve the environment for foreign investment and create export opportunities for manufactured goods.

The authors of the report said efforts to modernize the economy had so far made "little

progress," but they praised Russia's entry into the World Trade Organization as a potential boost to the economy, especially long term.

Russia will have to confront an aging workforce and shrinking population, but the country's greatest demographic challenge will be integrating a growing population of ethnic minorities.

"Russia's challenging ethnic mix already appears to be a source of growing social tensions," the authors wrote, noting that the share of Russia's population that is Muslim is expected to rise from 14 percent to 19 percent by 2030.

If international cooperation prevails over isolation and conflict, Russia could rebuild its science and technology sector and become a "hotbed for cross-cultural fertilization," the report said.

Russia's relations with China and the West will be a critical factor in determining whether the nation becomes a "stable, constructive" global player.

Three possible trajectories for the country are: Russia becomes an international partner, albeit in a marriage of convenience; Russia forms an ambivalent relationship, possibly complicated by a beefed-up military; or Russia uses military might to dominate and intimidate its neighbors.

The last scenario is most likely if the economy and living standards falter and the country moves to whip up nationalist sentiment, the authors wrote.

The report's authors described the document is a framework for thinking about the future, not a prediction. The National Intelligence Council's mission is to provide strategic analysis for the U.S. intelligence community.

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