

The Pioneering Far East

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Russia has taken a more confrontational approach toward Europe and is attempting to turn instead toward Asia. A particularly revealing evidence of this shift is the new Far East policy adopted by Prime Minister Dmitry Medvedev during a recent government commission session held in Komsomolsk-on-Amur.

Medvedev considered three possible models for the region's development: a focus on the local market totaling \$90 billion, the European part of Russia whose market is worth \$1.5 trillion or the Asian-Pacific region market totaling \$50 trillion. It is no wonder the government is

showing preference for the Asian-Pacific region. He plans to increase production and exports of food, chemical products and electrical power in the Far East.

To achieve this, the Far East Development Ministry will create two new development institutions: the Eastern Russia Development Corporation, charged with attracting investment and promoting exports, and the Human Resource Development Agency. As for laborers to help drive the development, Medvedev suggested that migrant workers would be necessary. "We should not irritate the Russian people," he said, "but we must provide a workable model for the Far East — one that is not built on illusions such as relocating 20 million people from the European part of Russia or significantly increasing the population of the Far East in just a few years."

The Far East Development Fund, established with support from Vneshekonombank, has the goal of capitalizing up to an additional 100 billion rubles (\$3.1 billion), becoming a publicly owned company and transforming itself into a mega-fund that attracts private investment and works with international institutions. The agency for attracting investment and supporting exports will draw on the successful experience of the Kaluga region.

The government has given Far East Development Minister Alexander Galushka until April to submit changes to the state program "Social and economic development of the Far East and Baikal region" along with his recommendations for related government target programs. His ministry must also work with those regions to select areas within the Far Eastern Federal District to designate as special economic zones in addition to the three that already exist. Their plans for the zones, which will include industrial, technological and agricultural parks, must be submitted by March 1.

As a result, the post of deputy prime minister, to which Yury Trutnev was appointed in late August, carries even greater authority than his second job as presidential envoy to the Far Eastern Federal District. As envoy, Trutnev was charged with conveying and controlling the implementation of decisions made by the federal center. But as deputy prime minister, he now makes those decisions himself and is responsible for managing large-scale resources. It is important that both he and Far East Development Ministry head Alexander Galushka are businessmen and not simply bureaucrats because attempts to shift from managing the Far East on a regional rather than sector-specific approach has met with resistance from the Finance Ministry, Economic Development Ministry, Regional Development Ministry, Vneshekonombank and other structures reluctant to hand over part of their authority and resources. It is still unclear whether this policy will work, but if territorial management turns out to be more effective, other areas of Russia can use it in the future as well.

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