

Russia's Far East. European and Asian Business Interests Participate in The Vladivostok Eastern Economic Forum (EEF)

Russia's Far East Witnessing Series of Record-Breaking Agreements for the 8th Consecutive Year

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Global Research, September 16, 2023

Region: [Europe, Russia and FSU](#)

Theme: [Global Economy](#)

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Vladivostok, located in Russia's Far East, hosted the 8th Eastern Economic Forum (EEF), on 10th to 13th September 2023, in an attempt to define further the development of this remote region. Since the introduction of the EEF in 2015, until the Covid-19 that was followed by Russia's own 'special military operation' in neighbouring Ukraine, has largely focused on harnessing resources from Asia-Pacific, the United States and Europe to the Far East region of the Russian Federation.

Speeches and all kinds of remarks highly praised Western, European and Asia-Pacific participating countries and corporate enterprises, under resonating themes such as 'A Common Economic Space from the Atlantic to the Pacific: The Greater Eurasian Partnership' which was framed to develop trade and economic cooperation from Lisbon to Vladivostok. Research shows that the EEF held previously, especially the first three in 2015 to 2018, strategically aimed at broadening international cooperation, and promoting Far East as the gateway to the Asian-Pacific region.

Despite the series of sanctions, corporate European businesses are still highly interested in Russia and Russia recognizes the enormous significance and invaluable contributions of these businesses in its economy. **Foreign Minister Sergey Lavrov**, during those hay years, had always been the guest speaker during the Association of European Business (AEB), an organization which unites European companies in the Russian Federation.

"We value opportunities for dialogue with European entrepreneurs aimed at pushing forward a pragmatic, politics-free and mutually beneficial agenda designed to improve the wellbeing of the people in Russia," Lavrov said, and rained a lot of praises when the AEB marked its 25th year early October 2020.

The interest in strengthening and diversifying trade and economic ties had grown since Soviet collapse. According to statistics, the European Union investment in Russia reached almost US\$300 billion back in 2019.

Russia is ready to build its relations with the European Union along some principles. The European Union remains as its important trade partner. As before, there is optimism that both are open to cooperation, European partners are keen on building businesses in the economic space from Lisbon to Vladivostok, this vast country and in the Eurasian region.

Obviously, the future Russia and European business relations could still be consolidated despite the current political differences. After all, Russia and the EU countries not only belong to the same cultural and civilizational matrix, but are also linked by many ties in trade and investment cooperation, scientific and technological exchange and personal contacts. More and more Russians spend their vacation in Europe. There are visible signs that Europeans are interested in Far East development projects and participating in diverse spheres in the economy there.

Even long before Covid-19, Russia continued working on attracting investment to the Far East from external countries and enterprises. Outcomes of 2019 forum (that was the 5th forum) released by the forum organizers, for instance, showed that among the 65 countries represented were Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Slovakia, Spain, Switzerland, Sweden and the United States.

The 2019 forum business dialogues included 'Russia-Europe' among the six for that year. And one of the expert business lectures was United Kingdom on economics and international relations. The session was moderated Sergei Brilev, Russia TV Channel Anchor and Deputy Director and President of the Bering Bellingshausen Institute for the Americas. And there at the session, **Vladimir Putin** acknowledged *hosting over 8,500 participants from 65 countries*. Since the first forum, representation had increased more than twofold, a convincing indication of growing colossal interest in opportunities offered by the Russian Far East.

Prime Minister of Japan **Shinzō Abe**:

"I want you to spread the wings of imagination and see the new opportunities Japan can bring into your future. Let us create history together, let us pave the way."

Prime Minister of Malaysia **Mahathir Bin Mohamad**:

"It was great to hear that of all regions, Russia is going to develop the Far East. Russia is one of the few countries that is located both in Europe and in Asia. *Its unique geographical location makes it a bridge between East and West, between Europe and Asia*. I suppose this unique situation will help Russia play an important role in *both Europe and the Far East*."

"We are still going to aim high. At the same time, if prior to the first EEF five years ago you would have asked me to guess the future – I don't think I would have said 1800 projects. Perhaps, I would have been ambitious enough to guess 300, and I would have thought that daring. *1800 projects launched in the Far East – it is simply amazing*. I am confident: the preferential economic policy, initiated at the behest of the President of

the Russian Federation works,” said **Yuri Trutnev**, Deputy Prime Minister of the Russian Federation, Presidential Plenipotentiary Envoy to the Far Eastern Federal District.

“The 5th anniversary Eastern Economic Forum was record-breaking in terms of participation numbers and the total worth of contracts signed during the event. These accomplishments prove that the Forum became a significant platform to promote international cooperation and discuss relevant global and regional economic issues,” said **Anton Kobyakov**, Advisor to the President of the Russian Federation, Executive Secretary of the Eastern Economic Forum Organizing Committee.



Prime Minister of Malaysia Mahathir Mohamad, President of Russia Vladimir Putin joined the 2019 Eastern Economic Forum (Licensed under CC BY 4.0)

Over the past few years, brief analytical summaries show an increasing trade relations between Russia and China. In particular, and from geopolitical point of view, China is moving towards attaining its global status within the evolutionary processes of multipolarity. China is building on its potential facilities and institutional tools to penetrate through the Far East to central Asia and former Soviet republics.

That however, with the complexities and contradictions of the geopolitical situation, Russia has abandoned its initial post-Soviet Western and European dreams. United States, Europe and the Baltics were all deleted from Russia’s radar. Russia is partitioning rather than pursuing an integrative multipolar world. At least, these are visible within the framework of its foreign policy.

Outcomes of the 4th EEF (September 2018) held under the theme ‘*The Far East: Expanding the Range of Possibilities*’ was significantly not different. It featured the President of the People’s Republic of China Xi Jinping, President of Mongolia Khaltmaagiin Battulga, Prime Minister of Japan Shinzō Abe, Prime Minister of the Republic of Korea Lee Nak-yon.

President of the People's Republic of China **Xi Jinping** emphasized:

“The Eastern Economic Forum, established by the initiative of President Putin, has already been successfully held three times and has become an important platform for consolidating brainpower and discussing key cooperation-related matters. This year the Forum is attended by an unprecedented number of guests and friends from different countries.”

President of Mongolia **Khaltmaagiin Battulga** said:

“The Annual Eastern Economic Forum is becoming an important discussion platform for outlining further ways of cooperation for the APR countries. Each year the level of participants is rising, and the Forum is expanding.”

Prime Minister of Japan **Shinzō Abe**:

“Russian-Japanese relations are now going through a breakthrough period with unprecedented acceleration. The plan of bilateral cooperation that we discussed with President Putin includes over 150 projects. Over a half of them are already being implemented or are approaching this stage.”

Prime Minister of the Republic of Korea **Lee Nak-yeon** said:

“Leaders of the Northeast Asian states have gathered at this platform to consolidate efforts and ideas for the development of the Far East and ensure peace and well-being for the region. This is crucial.”

Over 340 heads of foreign businesses took part in the forum. There were 6,002 delegates and 220 agreements worth 3.108 billion roubles were signed (only agreements, the value of which does not constitute a commercial secret). The most significant agreements were:

- Baimskaya Mining Company, KAZ Minerals PLC, Government of Chukotka Autonomous Area and the Ministry of Economic Development of Russia signed an agreement in the amount of 360 billion roubles on the implementation of the investment project to develop the Baimskaya ore zone (Chukotka Autonomous Area);
- United Aircraft Corporation (UAC) and Aeroflot signed an agreement in the amount of 210 billion roubles on the consignment of Sukhoi Superjet 100 aircrafts;
- Nakhodka Fertilizer Plant and Far East Development Corporation signed an agreement to create a clean methanol and ammonia production facility;
- NOVATEK, Government of Kamchatka Territory and Ministry for the Development of the Russian Far East signed an agreement in the amount of 69.5 billion roubles on the construction of a terminal for transshipment and storage of liquefied natural gas;
- Russian Direct Investment Fund (RDIF), Japanese conglomerate Marubeni Corporation and AEON corporation signed an agreement on the terms for financing the construction of a chemical cluster in Volgograd;
- The Russian Direct Investment Fund, Alibaba Group, MegaFon and Mail.Ru Group announced a new strategic partnership to integrate Russia's key consumer internet and e-commerce platforms and launch a leading social commerce joint venture in Russia and the CIS

- Leonid Petukhov, CEO of the Far East Investment and Export Agency, and Yoichi Nishikawa, CEO of Iida Group, signed an agreement in the amount of 14.960 billion roubles on cooperation in the implementation of the project for the construction of a wood processing complex for the production of sawn timber for wooden model houses, as well as the construction and sale of wooden low-rise houses;
- Aysen Nikolayev, Acting Head of the Republic of Sakha (Yakutia), and Yuri Korotaev, CEO of Duracell Russia, signed the agreement in the amount of 15 billion roubles on interaction in the area of social and economic development of the Republic of Sakha (Yakutia);
- Dmitry Kobylkin, Minister of Natural Resources and Environment of Russia, and Yuri Korotaev, CEO of Duracell Russia, signed an agreement on mutually beneficial cooperation in the establishment of a new class 2 waste management system;
- Rosneft and Beijing Gas Group Co. Ltd. signed an agreement to secure the essential conditions for the establishment of a joint venture for the construction and operation of a network of gas filling compressor stations (CNGS) in Russia;
- Gazprom and Mitsui & Co. Ltd. signed a memorandum of understanding on the Baltic LNG project, in order to consider the opportunities for cooperation in the project;
- Far East Development Corporation and Rostelecom PJSC signed an agreement on connecting the 18 advanced special economic zones in the Far East to fiber-optic communication lines;
- Novatek and Rosatomflot signed an agreement on the intention to jointly develop and build an icebreaker fleet operating on LNG.

The 6th Eastern Economic Forum (2021) held at the time when restrictions were still in place due to the risk posed by the coronavirus. This, of course, affected the number of participants at the event. Nevertheless, more than 4,000 participants, including more than 400 heads of companies. Western and Europeans disappeared from the forum. Online guest speakers included President of the Republic of Kazakhstan **Kassym-Jomart Tokayev** and President of Mongolia **Ukhnaagiin Khürelsükh**. There were also video greetings by President of China **Xi Jinping**, Prime Minister of the Republic of India **Narendra Modi**, and Prime Minister of the Kingdom of Thailand **Prayuth Chan-o-cha**.

In addition to the usual discussion on Far East, there was on the agenda the Greater Eurasian Partnership. A range of topics came under the spotlight, including the values of young people from the Far East, obstacles encountered by young entrepreneurs, the education system, the impact of social media, the future of the financial market, copyright, raising investment, getting young people involved in developing the urban environment, career guidance, cooperation with young people in other countries, and the adaptation of the tourist industry.

But a record 380 agreements were signed worth a total of RUB 3.6 trillion, (excluding agreements where the figures were classified as commercial secrets), according to the official documents. Twenty-four of these were signed with foreign and international companies, ministries, and government bodies, including nine with China, six with Japan, three with Kazakhstan, and one each with Austria, Vietnam, Canada, Serbia, South Korea, and Ethiopia.

Quite recently, the 7th Eastern Economic Forum concluded also in September 2022. With the major challenges that Russia is facing from sanctions, the macro-region's importance is growing rapidly. Russian President Vladimir Putin noted that enormous contribution to building business ties between Russia and the countries of the Asia-Pacific region. He remarked that "there is already a trend of the Asia-Pacific region becoming a centre of world economic activity, along with the gradual extinction of industrial centres in Europe and the United States."

It was the first post-COVID forum and was attended by more than 7,000 guests, according to the forum documents. Despite the sanctions and external pressure, 2,729 investment projects are being implemented in the Far East. More than 290 agreements were signed for a total of RUB 3.27 trillion, including agreements on infrastructure and transport projects, the development of large mineral deposits, as well as construction, industry, and agriculture. More than 7,000 participants from 68 countries and Russia's territories, including 1,700 business representatives from 700 companies. Western and Europeans disappeared at the 2022 forum. Asian countries have become new centres of economic and technological growth and points of attraction for human resources, capital and industries.

Adviser to the Russian President and Executive Secretary of the EEF 2022 Organizing Committee, Anton Kobayakov, remarked that "Vladivostok could become Russia's international tourist gateway to the Asia-Pacific region. Let foreign tourists come and bring their relatives and friends." But the new opportunities mean work needs to be intensified with only friendly countries.

Under the theme "The Path to Partnership, Peace and Prosperity" for the year 2023, Southeast Asian business community, in particular, expressed an active interest in Russian projects and a readiness not only to talk but also to take concrete action, according to Business & Financial newspaper Izvestia.

"The main issue is agreements on cooperation, technological interaction and the creation of joint ventures. And one thing is certain: The Far East becomes the primary location for potential developments and availability of multiple opportunities," Georgy Ostapovich, Director of the Center for Market Studies at the Higher School of Economics (HSE University), noted. He emphasized that it is currently difficult to quantify the number and value of contracts signed at the event. Analysts had predicted that the number of contracts inked at EEF-2023 would be the same as last year, which came in at around 3.2 trln rubles (US\$33.08 bln).

Russian **President Vladimir Putin** said at the opening session that the government would not allow the pace of development to slacken in the Russian Far East as it is a strategic region for the country.

"We will definitely not be scaling down the pace of development in the region because the development of the Far East is an absolute priority for Russia, a direct priority for Russia as a whole for the entire 21st century, because it is a colossal region with a small population but huge potential. Of course, this is a strategic interest for the country," the president said at the Eastern Economic Forum, which Vladivostok hosted on September 10-13.

The Eastern Economic Forum (EEF) is held annually in cooperation with the Far East regional administration in the city of Vladivostok. Three years of COVID-19, followed by Russia's

‘special military operation’ and the current geopolitical situation, have not affected this corporate business event, as Russia looks towards the East and makes the main focus on developing the Far East. One of the crucial elements or components, which is missing to see the most essential results since its launch in 2015.

For the past few years, Western and European businesses have largely been missing in this forum. And those from Asia and the Pacific are getting used to the EEF format as speeches have the same message relating to world geopolitics. Analysts, expressing much concern, say business people are really looking for corporate business opportunities, not hard geopolitics. From the perspective of investors, the region is of serious interest, but there is an imbalance between practical investment and economic potentials in the region.

Many of the speakers were very frank and objective in their speeches, highlighted possible ways for modernizing the region. It is equally important to highlight concrete success stories. In other words, reshaping and scaling up efforts are necessary leading to cutting the white ribbons marking the completion of projects. The Eastern Economic Forum was established by decree of President of the Russian Federation Vladimir Putin in 2015 to support the economic development of Russia’s Far East and to expand international cooperation in the Asia-Pacific region.

Given the vast territory of the Far East, 6.3 million people translates to slightly less than one person per square kilometer, making the Far East one of the most sparsely populated areas in the world. Until 2000, the Russian Far East lacked officially-defined boundaries. A single term “Siberia and the Far East” often referred to Russia’s regions east of the Urals without drawing a clear distinction between “Siberia” and “the Far East”. That however, the Far East is generally considered as the easternmost territory of Russia, between Lake Baikal in Eastern Siberia and the Pacific Ocean.

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