

# Russia's Grand Geo-Economic Strategy: Southern Shift, Beyond Eurasia

## Part II

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Region: [Russia and FSU](#)

Theme: [Global Economy](#)

*(Please read [Part I](#) before this article in order to acquire the proper background context as pertaining to the forums and summits)*

### The Southern Shift

*This is the future economic phase which Russia is currently preparing for, and it's essentially the full activation of the [multipolar network-centric policy](#) that's been steadily advanced through the Eurasian Union supranational mechanism. The general idea is for Russia to shift its economic focus southwards after successfully balancing its Eastern and Western partnerships, and all told, this involves three specific economic spaces: the Mideast, South Asia, and Southeast Asia. Real-sector economic connectivity with them necessitates the creation of three separate longitudinal trade corridors perpendicular to (and at key points, intersecting with) the Silk Road's latitudinal routes. Russia's initiatives don't have the depth of historical legacy that China's do, but nonetheless, they're just as every bit strategically innovative and geopolitically impactful:*

#### Levantine Line:

The Western-most of Russia's three Southern-directed trade routes is anticipated to run along the length of the Eastern Mediterranean, specifically connecting to the Turkish, Syrian, and Egyptian economies. These three governments are all Russian partners, albeit to differing degrees and in varying spheres, with Syria representing the epitome of full-spectrum strategic relations. The backbone of this corridor lies in Russia's Black Sea-based merchant trading fleet, which is expected to experience a patriotic revival after the Crimean reunification. Accordingly, they'll serve as the key interconnectors facilitating real-sector trade with each of these three states, with the resultant economic spillover likely leading to enhanced economic relations with Lebanon and Israel as well.

Given the three Levantine states' coastal positioning (Syria, Lebanon, Israel), they could also act as multidirectional economic gateways for trade into the Arabian interior, specifically with close-to-landlocked Jordan and Iraq. This aforementioned concept as regards the latter state was the key idea behind the Iran-Iraq-Syria [Friendship Pipeline](#) that was supposed to ship gas from the Persian Gulf to the EU marketplace, but was tragically upended by the jealous Gulf States and their American patrons through the ongoing War on Syria. Appertaining to the Arabian hegemon, Saudi Arabia, which Russia has been rapidly moving closer to, trade could be facilitated via the two Suez Canals in Egypt, thus making the North African state and its leader the [literal middleman](#) in Russian-Saudi relations.

## North-South Corridor:

The aptly named [North-South Corridor](#) is a major transit pathway already under development between Russia, Iran, and India. The general idea is to link India's port cities with Iran's Bandar Abbas and thenceforth overland to the Caspian and on to Russia's Astrakhan. While that's the official route currently being spearheaded, there are two other alternatives that could be unveiled as well. One of them is the creation of a [rail route through Azerbaijan](#) and directly into Russia, which would eliminate the roundabout Caspian vector, thereby saving not only in terms of distance, but also in the time and resources that would have to be expended in onloading and offloading products before and after their Caspian voyage.

The second possibility is for Bandar Abbas-imported goods to link with the trans-Caspian railroad [recently inaugurated](#) between Iran, Turkmenistan, and Kazakhstan. This would in turn connect directly with Russia, although it, too, is somewhat of a roundabout way of sending Indian goods to Russia. However, all three of these proposals are mutually compatible and can exist independently of or alongside one another, meaning that in all likelihood, at least one of these three spokes will eventually be up and running, if not all of them with time. Also, the creation of Russian logistics networks through Iran could also open up the opportunity for trade with the Persian Gulf countries (the Saudi satellites). It must be underscored, however, that all of this is dependent on the continuation of political goodwill between Russia and Iran, which despite [having much going for it](#), could also be [drastically derailed](#) as a result of American geopolitical intrigue.

## Asian Sea Arc:

The final avenue of North-South trade that Russia is eager to initiate involves linking Vladivostok with the ASEAN trade bloc, leveraging Vietnam and the country's [free trade agreement](#) with the Eurasian Union as its entry anchor to the region. This route earns its name because it arcs across the Sea of Japan, the East China Sea, and the South China Sea, and its viability is directly dependent on the success of Russia's Pivot to Asia and the fulfillment of its Far East development plans. As was mentioned, Vietnam is the anchor country connecting Russia to ASEAN, but it is by no means the Eurasian state's only partner in the region. Russia can utilize its relationship with Vietnam to enable accelerated trade and investment with Laos, keenly taking advantage of a [legal economic loophole](#) to gain de-facto free trade privileges with it until the signing of a formal agreement. This small but mineral-rich country is also important from a strategic standpoint, as it directly abuts all the other mainland ASEAN states and can thus act as a logistics hub for managing trade with all of them (and between Russian companies within them and China via the [planned high-speed railroad](#) through the country).

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The India-Myanmar-Thailand (IMT) trilateral highway, which entails linking India to Myanmar and then further to Southeast Asia, has been taken up as priority by Prime Minister Narendra Modi.

Other than Vietnam, Russia also has another direct partner within the Asian Sea Arc that functions somewhat similarly to Vietnam, and this state is Thailand. Russia earlier [indicated](#) that it expects Thailand to apply for a free trade agreement with the Eurasian Union by year's end, and if implemented, then this would give an added boost to

Moscow's Pivot to Asia and help lay the framework for a pan-ASEAN free trade agreement sometime in the future (or at least a precursor one with its mainland members). Concerning Thailand's regional connectivity opportunities, the country is the end destination of India's planned ASEAN highway that's [supposed](#) to open up in November. Provided that Myanmar doesn't degenerate back into all-out civil war, then this corridor would be instrumental in transporting its natural riches and cheap labor-produced goods to Thailand, where they could then be shipped straight to Vladivostok and onwards via the Trans-Siberian Railroad to the rest of Russia. The reader should be reminded of [just how close](#) Russia plans to become with Myanmar, since not only did the two sides sign an agreement on nuclear energy at SPIEF, but the Southeast Asian state's vice-president was a keynote plenary speaker alongside President Putin himself at the event.

In terms of the larger picture, Russia is thus trying to accelerate its economic ties with the mainland members of ASEAN, hoping to then use them as a springboard for entering the much larger Indonesian market. Likewise, this policy is also applicable to the other insular states of Malaysia, Singapore, and the Philippines as well, where Russia barely has any economic ties. This could obviously change, however, if Russian companies based in Vietnam and Thailand, for example, take the initiative in conducting various forms of economic outreach with the aforementioned island states, which would then lay the foundation for a more robust relationship sometime in the future. In order to reach the institutional apex of Russian-ASEAN trade, a free trade agreement must be enacted between them, and the odds of this occurring greatly increase with the state-to-state free trade agreements that Russia signs (right now with Vietnam, and perhaps in the future with Thailand, Laos, and even Myanmar). One strategy could be to clinch such deals with all of the mainland members first, and then have them lobby their island counterparts so that the whole of them could enter into a free trade deal with the Eurasian Union a unified ASEAN banner.

## **Beyond Eurasia**

Russia's economic plans are indeed global, and they thus entail an African and Latin American component, although neither of these is obviously equal in priority or immediate potential like the southern Eurasian routes are. Nonetheless, they present some interesting possibilities to ponder over and provide some indication as to what observers can monitor in gauging future progress in these exciting directions.

### Africa:

Russia presently has three opportunities for facilitating non-resource-related trade with Africa, with the first one being an expansion of the Levantine Line through the Suez Canals and directed towards the west coast of the Red Sea, namely Djibouti (and tangentially, Ethiopia). It is here where Russia holds the greatest potential to commence real-sector trading with the continent, as it's not only geographically convenient, but in political terms, China's close relations with both [Djibouti](#) and [Ethiopia](#) (the latter a former Soviet ally and the [third-fastest growing economy](#) in the world) are also useful. Logistically speaking, it also helps that China has [just built](#) a railroad between the port of Djibouti and the Ethiopian capital of Addis Ababa, meaning that Russia could obviously utilize this 'African Silk Road' to enhance its own economic relations with the region and add strategic depth to its non-Western economic diversification project.

✘ The second possibility that exists for Russia is to capitalize off of its energy relationship

(both [conventional](#) and [nuclear](#)) with Nigeria in order to penetrate the real-sector economy, and if successful, utilize the Atlantic-Mediterranean-Black Sea shipping route to transit goods back and forth. It would be much more efficient to send them over the Sahara and straight to the Mediterranean coast, however, and in three years' time, the [Trans-Saharan road](#) that will do just that after it's completed. Along the same train of thought, there's also the possibility of an N'djamena (the Chadian capital)-Tripoli highway (part of the larger [Tripoli-Windhoek](#) highway), but two major impediments prevent Nigeria from utilizing this route - Boko Haram and the chaos in Libya. Similarly, the planned [highway](#) from N'djamena to Djibouti [still has to be built](#), but even when completed, Boko Haram and a possible recurrence of the Darfur Secessionist War could render this route useless for Nigeria in the near future.

The third proposed route deals with connecting the West African economies in general to Russia via the Northern Sea Route, whereby it's envisioned that East Asian-destined vessels could make stops along Russia's Arctic coast to drop off goods. While this is certainly possible in theory, the route itself still has to get up and running, and afterwards, Russia needs to have the appropriate port facilities in the north and workable southern-destined logistic networks to accommodate such a plan. Thus, it's for this economic reasoning and others that Russia has [declared](#) the [development](#) of the [northern part](#) of the country to be a priority focus akin to its efforts in the Far East. Therefore, it's not a dependable trade route in the short-term, but it could certainly revolutionize Russian-West African economic relations in the future, provided that it's adequately utilized by both parties and awareness of its existence and the will to conduct business is there.

#### Latin America:

The prospects for an acceleration of Russian-Latin American trade ties are very strong, but they're dependent on the completion of grand infrastructure projects such as Nicaragua's Trans-Oceanic Canal. This Chinese-financed project will [open up](#) a non-American-influenced route between the Caribbean and the Pacific, which would in turn more easily enable the flow of Latin American-Chinese and Latin American-Russian trade (to speak nothing of its military consequences vis-à-vis a regional [Chinese](#) and [Russian](#) presence). If Brazilian and other nations' exports go along this route on their way to Russia, they'd obviously be calling port at Vladivostok, which once more emphasizes the geostrategic importance of this city and its development in Russian grand thinking.

Another opportunity exists as well, which would be for Russia to employ the [South American Silk Road](#) through Brazil and Peru to gain Pacific access to that continent's largest market. This plan is only just beginning to materialize and will take some time to enter into effect, provided of course that it's not offset by any of the scenarios discussed in the above-cited link. While Russia doesn't have direct control over whether or not these two major projects are completed, it most certainly has a significant economic stake in their success, as not only would they give it a trans-hemispheric (and hence, global) economic presence, but they'd also complement the anticipated strategic function of Vladivostok in becoming one of Russia's main non-Western trading hubs.

### **Concluding Thoughts**

Russia's economic reach is beginning to catch up with its political one, in that the country is rapidly returning to a pan-Eurasian approach with subsequent global (African and Latin American) ambitions. The basis for this was built over the past decade, but it became

evident through the spree of summits and forums that the country just hosted – namely the Saint Petersburg International Economic Forum, the BRICS Summit, the SCO Summit, and the Eastern Economic Forum – which offer concrete proof of Russia’s plans to integrate its economy alongside its North Eurasian counterparts (the EU, Central Asia, and East Asia). This is but the first half of its supercontinental strategy, however, which eventually envisions a forthcoming southern shift towards the Mideast, South Asian, and ASEAN economies.

The Eurasian Economic Union is the primary mechanism for actualizing this latter goal, and it would be greatly facilitated through the formalization of a wide array of free trade agreements with select states in these strategic regions. Finally, although not a priority focus at the moment, Russia does have the possibility of building strong economic partnerships with African and Latin American states, although the accomplishment of such would likely take place after the first two phases (North Eurasian integration and the southern shift) reach economic maturity. When one looks at the overall picture of the combined processes that are currently underway in Russia’s geo-economic strategy, it’s plain to see that the country is anything but isolated, and that it now has the best chances in its history to integrate with the rest of the world.

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