



Bridling the Black Dragon: Chinese Soft Power in the Russian Far East

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Bridling the Black Dragon: Chinese Soft Power in the Russian Far East

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Abstract

This paper considers the efforts of the Russian government to counter the growth of China's soft power in the Russian Far East in the context of the dramatic rise in trade between the two nations in the 15 years of the "Putin Era," from 2000 to 2015. The Amur (or "Black Dragon") River watershed forms the core of the Russian Far East, Russia's last territorial acquisition from the former Chinese empire and the key to Moscow's efforts to connect with the burgeoning Asia-Pacific economies. This study investigates which federal- and provincial-level policies the Russian government has implemented to counter the growth of Beijing's influence in the Russian Far East, and analyzes the effectiveness of these policies in the area's three most populous sub-regions: Amur Oblast, Khabarovsk Krai, and Primorsky Krai. Though initially hypothesizing that the Russian government had no coordinated strategy to counter China's soft power in the region, this study concluded that policymakers in both the Kremlin and the Russian Far East have successfully discouraged a large-scale Chinese demographic or economic footprint along the Russian side of the Amur. However, Moscow's failure to both encourage sufficient ethnic Russian immigration to the Far East and to effectively stimulate local economies in need of Chinese labor and investment has paradoxically strengthened Beijing's regional soft power. Russia's citizens in the Far East increasingly look south across the Black Dragon River towards China for a brighter future.

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Chapter I

Introduction

Since the collapse of the Soviet Union in December 1991, many a geopolitical analyst has cast a wary eye towards the Russian Far East (RFE), a demographic and economic backwater relic of Tsarist Russia's Eurasian-wide imperial ambitions. As the home to Russia's major population centers and transportation infrastructure east of Lake Baikal, the Amur River (Chinese: 黑龍江 *Heilongjiang*, or "Black Dragon River") watershed is of particular interest in this vast, resource-rich region. It also constitutes Moscow's latest territorial acquisitions from China; the region now known as *Primorsky Krai* was, until its 1860 cession to the Russian Empire, known as Outer Manchuria, the historical hinterland of the erstwhile Qing Dynasty.

Deepening channels of amity and commerce now link the banks of the two rivers where the Tsar's Cossacks and Soviet armored brigades once held vigilance against a perceived revanchist "Yellow Peril." Though Russo-Chinese bilateral ties have improved dramatically in the past two decades, many pessimistic pundits in Moscow (and Washington) persist in predicting that a militarily and economically resurgent China will soon view its former territories beyond the Amur and Ussuri rivers as the last of the "unequal treaties" to be revised. The risk of outright war between the two nuclear-armed neighbors remains small, but China's long-term ability to wield "soft power" in the region may prove a much more salient threat to the Kremlin's retention of its Far Eastern territories as an integral part of the Russian Federation. China's decisive demographic

advantage along the regional border, with its attendant economic implications, has only intensified along with Post-Soviet Russia's population decline over the past 20 years. An estimated 110 million ethnic Han Chinese now inhabit China's three northeastern provinces of Heilongjiang, Jilin, and Liaoning across the border from fewer than six million ethnic Slavs in the RFE.¹

This daunting asymmetry has not escaped Moscow's notice. In July 2000, shortly after inaugurating his first presidential term, Vladimir Putin warned that without “concerted action, the future local population [of the RFE] will speak Japanese, Chinese, or Korean.”² His successor, President Dmitri Medvedev, echoed these concerns at a 2008 social-economic development conference in Kamchatka, claiming that “if we [the Russian Federation] do not step up the level of activity of our work [in the RFE], then in the final analysis we can lose everything.”³ Examples of the Kremlin’s efforts to reassert itself in its eastern territories abound: The 2012 establishment of a federal government-level “Ministry for the Development of the Russian Far East” headquartered in the eastern city of Khabarovsk, ongoing plans to refurbish the Soviet-era Baikal-Amur Mainline (BAM) to supplement the region’s overtaxed Trans-Siberian railroad infrastructure, and the recent multi-billion dollar refurbishment of Vladivostok to host the

¹ Joshua Kucera, “China’s Russian Invasion,” *The Diplomat*, February 19, 2010: n.pag. Accessed 11 May 2013. <http://thediplomat.com/2010/02/19/china%E2%80%99s-russian-invasion/>. Richard Rousseau, “Will China Colonize and Incorporate Siberia?” *Harvard International Review*, July 9, 2012: n.pag. Accessed 10 May 2013. <http://hir.harvard.edu/will-china-colonize-and-incorporate-siberia?page=0,1>. Frederick Stakelbeck, Jr., “China’s Manifest Destiny: Immigration and Land Claims against Russia,” *Global Politician*, June 1, 2005: n.pag. Accessed 11 May 2013. <http://www.globalpolitician.com/default.asp?2799-china>. Elizabeth Wishnick, *Mending fences* (Seattle: University of Washington Press, 2001).

² Richard Weitz, “China-Russia Security Relations: Strategic Parallelism without Partnership or Passion?” Strategic Studies Institute, 2008: n.pag. Accessed 27 Jan 2014. <http://www.strategicstudiesinstitute.army.mil/pdffiles/pub868.pdf>.

³ Paul A. Goble, “Will Russia Lose Its Far East?” *New York Times*, 30 September 2008. Accessed 27 January 2010. <http://topics.blogs.nytimes.com/2008/09/30/will-russia-lose-its-far-east/>.

2012 Asia-Pacific Economic Cooperation (APEC) summit.⁴

These and other ongoing initiatives notwithstanding, many analysts assess that even the modest levels of investment required to effectively develop Russia's Far Eastern economy and reverse its demographic decline are beyond the Kremlin's current fiscal capacity. Even if adequate funds were available, Russian ambitions would still confront the cold demographic reality that there are simply not enough remaining ethnic Slavs in the region to unilaterally implement Moscow's long-term developmental goals.⁵

It follows that both significant foreign investment and injections of human capital are needed to exploit the region's vast potential, but from whom? Lingering territorial disputes with Japan have long retarded Moscow and Tokyo's bilateral relationship, and the island nation's demographic prospects are hardly better than the RFE's. Political sensitivities on the Korean peninsula limit the scale of Seoul's commitment to the region. Most other Asian nations maintain no vested interest in the RFE's development, and Western companies shy away from Russia's questionable business environment, particularly in the wake of the ongoing Ukrainian crisis. Paradoxically for a Kremlin still leery of Chinese revanchism, China constitutes perhaps the "only major foreign investor with whom Russia has hitherto been able to make major deals in the RFE," and one of the few Pacific Rim nations capable of providing "capital and technologies" in the amounts necessary to adequately develop the region.⁶

⁴ Timofei Bordachev and Oleg Barabanov. "Realism Instead of Utopia: Siberia and the Far East as a Path to Russian Globalization," *Russia in Global Affairs*, 28 December 2012. Accessed 27 January 2014. <http://eng.globalaffairs.ru/number/Realism-Instead-of-Utopia-15821>.

⁵ Masahiro Kawai, "Financing Development Cooperation in Northeast Asia," *ADBInstitute*, 15 February 2013. Accessed 13 May 2013. <http://www.adbi.org/working-paper/2013/02/15/5521.financing.dev.cooperation.northeast.asia/>.

⁶ *China's Rapid Political and Economic Advances in Central Asia and Russia: The Nature of*

Indeed, major Russian state-owned corporations including Gazprom, Rosneft, and Russian Railways Logistics have all recently entered into long-term contractual agreements or formalized joint ventures with their Chinese counterparts.⁷ But to what extent do these agreements represent tactical moves of opportunity versus components of a coordinated, government-wide strategy to engage China's booming economy to the south? To what extent might these and similar agreements increase China's demographic and socioeconomic influence on Russian territory? How is the Kremlin working with its provincial government partners to mitigate this increased influence and consolidate Russian soft power along its remote Pacific coast?

These issues, put concisely, form the core questions that this thesis seeks to answer: What policies is the government of the Russian Federation currently instituting to mitigate the rise of Beijing's soft power in the Far Eastern Federal District arising from Russia's solicitation of Chinese investment in the region? How effective are these policies in achieving their objectives?

"Soft power" is a rather broad concept. To facilitate more detailed analysis, this thesis will divide "soft power" into separate components as follows:

1. Demographic Presence. What policies of the Russian government seek to

Chinese Influence and Power in Russia's Far East: Hearing Before the House Committee on Foreign Relations Subcommittee on Europe, Eurasia, and Emerging Threats, 113th Cong. 8 (2013) (testimony of Stephen Blank, Professor, Strategic Studies Institute, US Army War College Carlisle Barracks, PA).

⁷ "Russia and China strengthen trade ties with \$85 billion oil deal." *Rt.com*, 2014. Accessed 29 January 2014. <http://rt.com/business/rosneft-china-sinopec-oil-537/>. "Russian Railways Logistics sends first container train from China to Europe with CIM/SMGS Common Consignment Note." *Logisticsbusiness.com*, 2014. Accessed 29 January 2014. <http://www.logisticsbusiness.com/news/news1095.aspx>. "Russia's Gazprom and CNPC agree terms on massive gas deal." *South China Morning Post*, 2014. Accessed 29 January 2014. <http://www.scmp.com/news/china/article/1304376/russias-gazprom-and-cnpc-agree-terms-massive-gas-deal>.

ensure that increased investment in the region will encourage the permanent immigration of former Soviet, rather than Chinese, citizens? What policies seek to ensure that this increased Chinese investment will not weaken cultural ties between the RFE and European Russia via the enhanced prevalence of Chinese language, cuisine, fashion, and pop-culture among local residents? What official efforts (if any) aim to effectively integrate Chinese immigrants into the socio-cultural fabric of the Russian Federation? How effective are these policies?

2. Economic Orientation. What policies of the Russian government seek to ensure that increased Chinese investment in the region will strengthen the “economic orientation” of RFE residents towards the remainder of the Russian Federation vice China (i.e. to what extent does the local population look to Moscow rather than Beijing for future job prospects and consumption patterns)? What Russian government efforts are aimed at mitigating the reduction of the RFE to a natural resource appendage of the Chinese economy? How effective are these policies?

Chapter II

Definition of Terms

“Soft power” is, of course, not the only potentially nebulous concept addressed in this thesis. A clarification of the following terms will facilitate additional analytical accuracy.

Chinese Investment: For the purposes of this study, Chinese “investment” in the RFE will include foreign direct investment, portfolio investment (in RFE-specific securities), joint-ventures with Russian companies to exploit RFE resources or infrastructure, and large-scale purchase agreements of RFE-originating exports.

Current: The period from 2000 to present. This 15-year period includes a number of seminal moments for the above research question, including the Putin/Medvedev presidencies and the Russian Federation’s corresponding resurgence on the international stage; the above-mentioned Russian government investment initiatives in the region; a major “coming out party” for Chinese soft power at the 2008 Beijing Olympics; the widespread international recognition that China has overtaken Japan as the second largest economy in the world (as measured by nominal gross domestic product [GDP]); and the continued emergence of a “Russia-China” geopolitical axis set in defiance of Western opposition to territorial disputes in Ukraine and China’s maritime borders, respectively.

Demographic Presence: The number and nature of Chinese immigrants residing on Russian territory, particularly those who still maintain closer ties to China than their adopted homeland. These “ties” include the retention of Chinese citizenship, lack of

fluency in Russian, frequent travel back to China, and close and enduring economic ties to relatives or business partners on Chinese territory. The “nature” of Chinese immigrants refers to the type of role they are playing in local society (e.g., acting as sources of capital investment, management, ownership, and entrepreneurship vice manual labor, low-margin day trading, etc.).

Economic Orientation: As addressed above, economic orientation refers to the extent to which the residents of the RFE of all ethnicities (to include Slavic, Sinic, Turkic, etc.) look to China vice Russia for future academic, employment, and retirement prospects; current consumption patterns; and financial savings and investment opportunities.

Policies: This incorporates both overt and implied strategies implemented by the Russian government; both those programs explicitly incorporated into law, as well as those implicitly implemented in government practice.

Russian Far East: The actual scope of this vast region is subject to various interpretations and definitions. For the purposes of this study, the RFE will be treated as the territory administered by the Far Eastern Federal District of the Russian Federation, an expansive area of 2,400,000 square miles. Of logistic necessity, this project’s in-depth research addressed in the below “Research Methods” section will, at the provincial level, focus on the three most populous sub-regions: Amur Oblast, Khabarovsk Krai, and Primorsky Krai; and their primary urban centers: Vladivostok, Khabarovsk, and Blagoveshchensk.

Russian Government: This study will primarily examine the *federal* programs undertaken to solicit Chinese investment while reinforcing Moscow's “soft control” under

the aegis of the Ministry for the Development of the Russian Far East, the Federal Migration Service, and related organizations. This study will also examine those provincial-level government programs which supplement (or contradict) these broader, Kremlin-lead initiatives in the RFE.

Soft Power: Joseph Nye generally defines soft power as “getting others to want the outcomes that you want” in a manner that “co-opts people rather than coerces them.”⁸ For the purposes of this thesis, Chinese (and Russian) soft power will be measured in terms of demographic presence and economic orientation. These categories are further defined above.

⁸ Joseph S. Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004).

Chapter III

Literature Review: A Background of the Issue

With a clear understanding of the above terms, it is appropriate to take an overview of the ongoing academic and media dialogue surrounding the demographic and economic situation of the Russian Far East. A wide variety of public literature exists on Russia's post-2000 geostrategic efforts to capitalize on the economic potential of its Far Eastern territories as a means of strengthening its presence along the Pacific Rim. Much of this literature focuses on the benefits to be derived from integrating the RFE's economy more closely with those of the greater Northeast Asia region (e.g., Manchuria, Japan, South Korea).⁹ These same research studies are quick to highlight the compelling paradox that Moscow faces, as noted in the introduction: the greater the economic integration of the RFE with its Asiatic neighbors, the greater the potential for demographic and socio-cultural adjustments of a more permanent nature. Though extant publications address the complicated demographic and economic factors at play, their primary focus appears to rest almost uniformly on the population imbalance along the Sino-Russian frontier, rather than the blended impact of both demographic and economic

⁹ Alexey Eremenko, "Russia's APEC Integration 'Just Beginning' – Experts," *RiaNovosti*, 2 September 2012. Accessed 11 May 2013. <http://en.rian.ru/analysis/20120902/175545911.html>. Oleg Barabanov and Timofei Bordachev, "Realism Instead of Utopia: Siberia and the Far East as a Path to Russian Globalization," *Global Affairs*, 28 December, 2012. Accessed 13 May 2013. <http://eng.globalaffairs.ru/number/Realism-Instead-of-Utopia-15821>. H.E. Konstantin and V. Vnukov, "Russia, South Korea 'United by Joint Interest'" (*Highlights of remarks at Asia Society Korea Center's monthly luncheon*, 15 May 2012). Accessed 6 May 2013. <http://asiasociety.org/policy/strategic-challenges/ambassador-vnukov-russia-south-korea-united-joint-interest>. Masahiro Kawai, "Financing Development Cooperation in Northeast Asia," *ADBInstitute*, 15 February 2013. Accessed 13 May 2013. <http://www.adbi.org/working-paper/2013/02/15/5521.financing.dev.cooperation.northeast.asia/>.

factors.¹⁰

Many academics and media pundits from Russia, China, and beyond frequently opine that a dramatically altered ethnic landscape in the RFE is only a matter of time. Yet the available literature analyzing population flows since the opening of the Amur-Ussuri border over 20 years ago appears divided on whether or not large-scale Chinese immigration (with all its attendant economic, social, and geopolitical ramifications) is actually occurring. Dr. Li Chuanxun, director of Heilongjiang University's Russian Research Institute, is representative of a faction of scholars on both sides of the border that downplays the demographic "threat" of Chinese immigration by placing the relatively small-scale trend in the broader context of historical cross-border population flows and modern-day globalization.¹¹ Dr. Repnikova, a Sino-Russian specialist at the Woodrow Wilson International Center for Scholars, goes one step further, suggesting that the current economic and demographic trends in Northeast Asia are already reversing the northward flow of Chinese workers into Russian territories.¹²

¹⁰ Michael Auslin, "Russia Fears China, Not Japan," *Wall Street Journal*, 4 March 2011. Accessed 13 May 2013. <http://online.wsj.com/article/SB10001424052748703559604576175660916870214.html>. Nicholas Eberstadt, "The Dying Bear: Russia's Demographic Disaster," *Foreign Affairs* 90, no. 6 (2011), 95-108. Joshua Kucera, "China's Russian Invasion," *The Diplomat*, February 19, 2010: n.pag. Accessed 11 May 2013. <http://thediplomat.com/2010/02/19/china%E2%80%99s-russian-invasion/>. Jonathan Sullivan and Bettina Renz, "Chinese Migration: Still the major focus of Russian Far East/Chinese North East relations?" *Pacific Review* 23 no. 2 (May 2010), 261-285.

¹¹ Li Chuanxun 李传勋, "Eluosi yuandong diqu de suowei zhongguo 'yimin' wenti" 俄罗斯远东地区的所谓中国"移民"问题, *Eluosi Zhongya Dongou Shichang* 俄罗斯中亚东欧市场, no. 6, 2009. Mikhail Alekseev, "Parting with 'Asian Balkans.'" *PONARS Eurasia*, Policy Memo no. 319, April 2014. Accessed 15 November 2014. <http://www.ponarseurasia.org/article/parting-asian-balkans-perceptions-chinese-migration-russian-far-east-2000-2013>. Ben Judah, "Why Russia Is Not Losing Siberia," *Opendemocracy.net*, 25 January 2013. Accessed 13 May 2013. <http://www.opendemocracy.net/od-russia/ben-judah/why-russia-is-not-losing-siberia>. Zhao Huasheng, "Does China's Rise Pose a Threat to Russia?" *China International Studies*, no.39 (March/April 2013). Accessed 11 May 2013. http://www.ciis.org.cn/english/2013-04/26/content_5908664.htm.

¹² Maria Repnikova and Harley Balzer, "Chinese Migration to Russia: Missed Opportunities," *Eurasian Migration Papers*, no. 3 (2009): 31-32.

These scholars' findings notwithstanding, other observers insist that current population movements represent a fundamental ethnic shift in the internal demographics of the Russian Far East. Dr. Richard Rousseau, Associate Professor of Political Science and International Relations at Khazar University, Azerbaijan, cites Russian government claims that "each year over 100,000 foreign migrants move into the Russian Far East, 90 percent of these being Chinese."¹³ Dr. Weitz, director of political-military analysis at the Hudson Institute, suggests that whether or not large-scale, permanent Chinese immigration is currently occurring, the mere threat of such immigration weighs heavily on local perceptions and attitudes in the RFE.¹⁴

Is the large-scale influx of permanent Chinese immigrants a reality? Regardless, the fact remains that a Chinese immigrant community *does* exist in the RFE. What is less prevalent in the extant literature is a rigorous examination of the nature and experience of these immigrants in the Russian Federation, and their attendant impact on the region's overall culture. With the exception of Olga Alexeeva,¹⁵ few scholars have undertaken to focus on this immigrant community and its prospects for eventual integration into the multi-ethnic society of the Russian Federation. How well are they accepted by Russian neighbors? Do their children learn Russian? To what extent do they intermarry with local Slavs? To what extent do they identify themselves as citizens of the Russian

¹³ Richard Rousseau, "The Russia-China Relationship and the Russian Far East," *Diplomatic Courier*, 20 February 2013. Accessed 13 May 2013. <http://www.diplomaticcourier.com/news/topics/economy/1357>.

¹⁴ Richard Weitz, "Superpower Symbiosis: The Russia-China Axis," *World Affairs* November/December 2012. Accessed 15 November 2014. <http://www.worldaffairsjournal.org/article/superpower-symbiosis-russia-china-axis>.

¹⁵ Olga Alexeeva, "Chinese Migration in the Russian Far East: A Historical and Sociodemographic Analysis," *China Perspectives* 3 (2008): 20-32.

Federation? What concrete steps have the federal- or provincial-level governments undertaken to encourage this type of demographic integration? These questions remain largely unaddressed in a systematic manner.

Regarding the economic orientation component of soft power, a growing body of research explores the evolving economic impact of Chinese investment in the RFE. Publications discuss the business operations of Chinese magnates in Blagoveshchensk, the proliferation of Chinese day-traders in Vladivostok, and the increasingly vast quantities of Siberian timber exports winding their way through the Manchurian border town of Manzhouli.¹⁶ Particularly since the imposition of American and European sanctions on Russian trade with the West, economic activity across the Sino-Russian border has expanded in importance beyond localized trade to become a focal point of bilateral relations. In 2014 alone, several significant Sino-Russian trade agreements spanning the RFE marked the emergence of this new Moscow-Beijing economic axis.¹⁷ Opinion appears divided, however, on the extent to which these national-level developments are impacting economic reality for the local residents of the provinces in question. The aforementioned Dr. Li Chuanxun folds the Russian Far East into many other regions desirable for China's "going out" strategy of foreign investment, and media pundits such as CNN's Eunice Yoon trumpet the booming trade.¹⁸

¹⁶ Richard Rousseau, "Will China Colonize and Incorporate Siberia?" *Harvard International Review*, 9 July, 2012. Accessed 10 May 2013. <http://hir.harvard.edu/will-china-colonize-and-incorporate-siberia?page=0,1>. Lucy Ash, "Siberia's Black Market Logging," *News.bbc.co.uk*, 2008. Accessed 1 February 2014. http://news.bbc.co.uk/2/hi/programmes/crossing_continents/7338623.stm.

¹⁷ Gazprom "Alexey Miller: Russia and China signed the biggest contract in the entire history of Gazprom," *Gazprom News*, 21 May 2014. Accessed 15 May 2015. <http://www.gazprom.com/press/news/2014/may/article191451/>.

¹⁸ Li Chuanxun 李传勋, "Jiakuai 'zouchuqu' bufa, tuijin Heilongjiangsheng dui E jingmao keji hezuo zhanlue shengji" 加快"走出去"步, 推进黑龙江省对俄经贸科技合作战略升级, *Xiboliya Yanjiu* 西伯利亚研究

Yet many of these articles fail to examine the overall impact of this increased economic cooperation with China on the aforementioned economic *orientation* of the RFE's residents. Does an improving RFE economy encourage local citizens to look locally or to European Russia for future job and education prospects rather than China? Will the new Russky Island campus of the Federal Far Eastern University attract Russian students committed to developing Vladivostok, or those more interested in pursuing careers in Harbin, Beijing, and Shanghai? Are cross-border trade initiatives strengthening and diversifying the RFE economy, or transforming the region into a raw material appendage of a more advanced Chinese economy? Above all, what is the local residents' *perception* of this increasing cross-border economic integration: a revitalized Russia, or an increasingly dominant China? These soft power-relevant questions remain under-addressed by existing literature.

As noted above, the extant body of literature on Chinese soft power in the RFE focuses primarily on demographic and economic factors. Within the socio-cultural sphere of soft power, pertinent questions remain to be addressed. How is the increasing Chinese economic presence in the RFE impacting the political self-perception and broader world-view of local Russian citizens? Are they growing more likely to look towards the nearer (and increasingly urbane) commercial centers of Harbin, Dalian, and Beijing for fashion trends, art, and the latest technology innovations than the more remote Novosibirsk, Moscow, and St. Petersburg? Aside from occasional anecdotes of Russian-

[Siberian Studies] 33, no.1 (Feb. 2006). "Chinese Border Town Booms with Business with Russia," YouTube video, 3:39, Posted by "CNN," March 22, 2012, <https://www.youtube.com/watch?v=UKmdWfo2Grk>.

Chinese married couples' experiences in the region,¹⁹ or passing references to increased Russian consumer tourism in China,²⁰ little systematic research appears to have been conducted on the general impact of China's blended demographic-economic soft power on RFE residents.

A Summary of the Available Literature: Strengths

The available literature highlights many of the interlocking social, economic, cultural, political, and geo-strategic issues that make Chinese immigration into the RFE an emotionally charged, polarizing, and potentially impactful academic topic of research. Whatever its depth of academic rigor in analyzing the relevant issues attendant to the revitalization of the RFE (see "Weaknesses" section below), this body of literature effectively presents the *public perception* of those issues within Russia. It is reasonable to assume that the average resident of Khabarovsk or Vladivostok does not maintain a subscription to *Foreign Affairs* or frequent the *Valdai Club's* online news feed. But the average Russian is much more likely to take note when Dmitri Medvedev or Vladimir Putin asserts that the RFE is in danger of falling out of Russia's cultural and economic orbit. The public perception of China's demographic presence will likely shape local

¹⁹ Artem Zhdanov, "Russian-Chinese marriages: Love or Convenience?" *Russia beyond the Headlines – Asia Pacific*, 18 June 2012. Accessed 11 March 2015. http://rbth.asia/society/2013/06/18/russian-chinese_marriages_love_or_convenience_47399.html. Li Qian, "Chinese husbands welcomed in Russia," *China Daily*, 07 August 2006. Accessed 11 March 2015. http://www.chinadaily.com.cn/china/2006-08/07/content_659034.htm.

²⁰ Tania Branigan, "Booming Chinese Frontier Town Reveals Growing Russian Ties – and Old Divide," *The Guardian*, 13 October 2014. Accessed 11 March 2015. <http://www.theguardian.com/world/2014/oct/13/booming-chinese-frontier-town-reveals-growing-russian-ties--age-old-divide>. Josh Kucera, "Where Russia Meets China," *Slate*, 4 January 2009. Accessed 11 March 2015. http://www.slate.com/articles/news_and_politics/dispatches/features/2009/where_russia_meets_china/dont_call_them_twin_cities.html.

political officials' policy implementation rather than less-well publicized, in-depth research papers. In this sense, the cited literature provides a solid foundation for the conduct of further, more rigorous research into Russian government attempts (or the lack thereof) to reinforce its demographic and economic spheres of soft power in the Russian Far East.

A Summary of the Available Literature: Weaknesses

Nevertheless, that over-reliance on “sound-byte” media formats available to the average Russian citizen constitutes a major flaw in the available body of literature. The bulk of available articles on the demographic intricacies of the RFE consists of relatively concise newspaper reports and online or printed articles in various foreign policy journals. Many of these articles repeat the same basic talking points: the demographic decline of the RFE; the relative sparseness of the Russian population density versus their crowded Chinese neighbors to the south; Moscow's interest in economically developing the region; and the need for external investment and an increase in regional cross-border trade to realize the RFE's potential. The armchair mantra is then repeated that a Chinese demographic takeover of the RFE is, if not inevitable, at least highly in the near future. However, the majority of these works lack the in-depth analysis necessary to adequately forecast the future of Chinese immigration, immigrants' realistic prospects for integration into Russian society, or an alternative influx of immigrants from the former Soviet Union (Russian and otherwise).

An Opportunity to Contribute to the Existing Discourse

The above-summarized body of literature describes in impressive detail the background of the RFE in the greater context of Sino-Russian relations. The cited articles discuss the extent to which large-scale Chinese immigration currently exists in the RFE, the macroeconomic impact of burgeoning regional trade, and the geopolitical ramifications of an increasingly integrated Amur-Ussuri river basin. However, a relative paucity of information exists on the interplay of demographic and economic spheres of regional soft power, including the extent to which China's rapid development and increasing regional sway has influenced RFE residents' perceptions of their future prospects (e.g., education, employment, travel, etc.). In a similar (and, for this thesis, extremely relevant) vein, little systematic research on appears to have been conducted on Russian efforts to *promote* Slavic soft power in the region as means of mitigating China's increasing influence in these two spheres.

What concrete steps has the Ministry for the Development of the Far East (or the Federal Migration Service, or the leaders of Amur, Khabarovsk, and Primorye) undertaken to improve Russia's demographic presence in the region? To use increased Chinese financial investment and trade as a means of strengthening the economy for local Russians? To strengthen the socio-cultural "brand" of a Eurasian Russia in the RFE while seeking to integrate the region with its Northeast Asian neighbors? The failure of the extant literature to address these questions in a holistic or in-depth matter suggests opportunities to contribute to the ongoing academic discourse.

Chapter IV

Hypothesis and Topic Relevance

In light of the available literature on the subject, this thesis proceeds with a two-fold hypothesis: That China's soft power in the region is growing along with its investment footprint at the expense of Russia's, and that the Russian government has no coordinated policy strategy effectively countering this natural growth of Chinese regional influence in the above-mentioned soft power "spheres."

Corroboration or refutation of the above hypothesis constitutes a relevant issue for the field of international relations on both the regional and global level. Regionally, the ability of China to project soft power beyond its borders has immediate ramifications not just for Russia, but for all the nations on China's periphery, from the Central Asian nations to the littoral states of the South China Sea. As transportation and communication technologies improve, formerly remote communities of the Chinese diaspora in Indonesia, Malaysia, and Thailand are now in many ways as connected to their ancestral homeland as their counterparts in the Russian Far East. Though unlikely that demographic and economic projections of soft power represent components of a coherent strategy from Beijing, they nevertheless have an impact on both the foreign policies *and* the domestic political environments of these nations.

Globally, China continues to reassert itself on the world stage through sharply increasing metrics of power, both hard and soft. As it does so, the existing international order faces a challenge similar to the rise of Germany in the late 19th century and the rise

of the Soviet Union in the 20th. The Soviet Union's era of global prominence coincided with the defeat of Germany in the 1940s; likewise, the geopolitical rise of China has largely occurred amidst the aftershocks of the Soviet Union's collapse. How that rise is accommodated and facilitated, and whether or not it occurs at the continued expense of Russia's perceived national interests, has serious ramifications for the continued stability of the existing international order. The "arrival" of Germany and Russia on the world stage were marked primarily by "hard power achievements:" the German states' victory in the Franco-Prussian war, the Soviet Union's victory in the Second World War, and the formidable military strength of both nations.

Its rapid military build-up notwithstanding, China's rise has hitherto largely been based on soft-power: demographic preponderance (e.g., the "largest population" in the world), economic growth (e.g., the "largest potential market" in the world), and socio-cultural influence arising from both (e.g., the pervasive Chinese diaspora, the global increase in students of Mandarin Chinese, the Beijing Olympics, etc.). The soft power interaction between Russia and China along their shared frontier constitutes an important case study for other nations attempting to manage soft power fault lines along their respective borders, particularly when those borders are of relatively recent origin. Thus, an accurate analysis of the Russian government's ability to counter China's growing soft influence in its Far Eastern territories will constitute a case study of value for policy makers not just in Moscow, but in Tokyo, Hanoi, Astana, Washington, and beyond.

Chapter V

Employed Research Methods

This study will employ a mixed-methods approach to gathering the data necessary to disprove (or not) the below hypothesis and, to the extent possible, quantify the results. To clarify, the dependent variable in question is the degree of Chinese soft power (demographic and economic) within the Russian Far East. The independent variables are 1) Russian government policies designed to mitigate or reverse the growth of Chinese soft power within the RFE without inhibiting much needed investment from China and 2) the amount, and visibility, of China's demographic presence, economic clout, and socio-cultural influence in the region. Even the reduction of this paper's scale to the three urban areas of Blagoveshchensk, Khabarovsk, and Vladivostok does not diminish the formidable challenge of gathering sufficient data to adequately measure quantifiable factors relevant to both demographic and economic realities in the RFE, and local residents' *perception* of those realities. This issue of perceptions highlights the rather nebulous nature of soft power and the attendant operational difficulties for addressing the topic solely by quantitative measure. How does one "quantify" soft power? This thesis will, of necessity, primarily employ qualitative measures to more accurately capture the holistic scope of "soft power competition" along the Russo-Chinese border.

Quantitative Measures (Independent Variables)

The employed quantitative measurements will cover, to the nearest extent possible, the year range from 2000 to 2015.

This study will examine, via primary and secondary sources, the first independent variable in question: Russian government expenditures on measures designed to bolster Moscow's demographic and economic presence in the RFE. The main focus will be on expenditures directly related to the above spheres (e.g., current federal government initiatives to encourage citizens of former Soviet republics to resettle in the RFE; economic investment to bolster local Russian commercial activity; public relations campaigns designed to highlight traditional Russian culture/cuisine/historical awareness in the area). The study may, however, incorporate analysis of additional government programs uncovered in the course of research that may indirectly influence these two soft power spheres.

The examination of the second independent variable will also employ primary and secondary sources to ascertain the nature of China's regional demographic presence, and economic investment (foreign direct investment, portfolio investment, joint-venture companies, and export purchases) in the RFE. As many of these investments will transcend a particular research area (e.g., Chinese timber purchases will not be restricted to Khabarovsk municipal boundaries, or necessarily have a tangible effect therein), this study will analyze data on Chinese investment at the regional (entire RFE) and provincial levels, as available. Qualitative methods (below) will be employed to ascertain the impact of broader Chinese immigration, investments, and culture at the provincial level

(e.g., the soft power impact on Primorsky Krai of RFE-wide natural gas exportation to China).

Quantitative Measures (Dependent Variables)

The above quantitative measures are designed to gather data on the *independent* variables at play. The *dependent* variable in question remains the degree of Chinese soft power within the region. In the demographic sphere, this study will compare population trends in the number of Russian language speakers in the RFE to the number of Chinese speakers in the region. In the economic sphere (i.e., the economic orientation of RFE residents), this study will examine trends in the flow of skilled RFE workers to China rather than western areas of Russia over the period 2000-2015. It will also examine the flow of RFE students to Chinese universities for student exchanges and formal matriculation programs rather than Russian universities outside the RFE. Similar trends in personal investments and savings from RFE residents into Chinese, rather than Russian, financial institutions will also be examined.

If statistics regarding regional Chinese investment represent “reality” in the RFE, local residents’ perception of, and attitudes toward, that reality are equally important in understanding the region’s overall soft power balance. To capture the perceptions and attitudes of local residents towards Chinese demographic and economic influences, this study intends to employ content analysis to track trends within the public discourse in the RFE from 2000 to 2015.

Since soft power manifests itself at all levels of society (from policy makers in the Kremlin to university students in Khabarovsk to street vendors in Blagoveshchensk), this

paper's analysis will focus on multiple levels of "public discourse" related to China, including: newspaper articles (printed and online), related opinion pieces (printed and online), online chat forums (with political, economic, and/or cultural foci), fashion/travel periodicals and blogs, academic/think tank publications, and political campaign materials.

Qualitative Measures

Per the second paragraph in the Research Method Section (above), a holistic view of soft power conflict along the RFE-Chinese border will require a qualitative approach to build upon the above quantitative foundation, broad though it may be. This study seeks to consolidate information from publically available interviews with a wide number of Russian officials and citizens at the federal and provincial levels who are best positioned to either 1) be aware of extant Russian government policies to mitigate the growth of Chinese soft power in the RFE or 2) observe the increase or decrease of said soft power, and thereby indirectly rate the efficacy of such policies. These individuals will be drawn from government officials, university professors, students, think tank analysts, local chamber of commerce members and/or other prominent commercial representatives, and journalists.

Chapter VI

The Demographic Sphere of Soft Power in the Russian Far East

When Slavic settlements first reached the banks of the Amur River, the region now known as the Russian Far East was in many ways as remote from the Chinese heartland as it was the Russian. Though separated from the Yellow River valley by only a few hundred kilometers, it had long been closed to Han Chinese colonization by the ruling Manchus, who viewed Inner and Outer Manchuria as a strategic preserve for their own ethnicity and culture, a failsafe against potential assimilation by the demographically and culturally dominant Han Chinese that had befallen previous foreign conquerors. In a historical irony, the Manchus finally opened up their homeland to Han Chinese settlement as a bulwark against the Russian demographic incursions in the 18th and 19th centuries that had brought Primorsky Krai under Moscow's eventual control. The subsequent mass immigration of ethnic Chinese to not only Manchuria, but also to Inner Mongolia and, most recently, Xinjiang, has gradually woven these once distinct regions tightly into the fabric of the modern-day Chinese nation-state.

Could the same fate befall the Russian Far East – the former Outer Manchuria? As noted above, Russia's demographic woes weigh heavily on the minds of the Kremlin's policy makers. Given China's history of territorial expansion through demographic assimilation, the ethnic makeup of the RFE's population in particular has preoccupied Moscow since Russian explorers first reached the region in the 17th century. The two salient questions remain: What policies has the Russian government

implemented to counter the growth of Beijing's demographically derived soft power in the region, and how effectively have those policies achieved the above objective? This section will consider major Russian policy initiatives at the federal and provincial levels in order to ascertain their effect on China's regional demographic presence over the years 2000-2015.

Russian Federal-Level Demographic Policies

Broadly speaking, much of the existing work on Russian demographics cited in the above literature review indicates a two-pronged Muscovite approach towards ensuring that the Russian Far East remains, demographically, an integral part of Russia. This approach entails 1) stemming the outflow of the RFE's current Slavic inhabitants from the territory and 2) encouraging the repatriation of "desirable immigrants" to the region (i.e., ethnic Russians and Russian-speaking citizens of former Soviet republics). As with migration policies elsewhere in the world, the very existence of a desirable class of immigrants assumes the existence of a "less desirable" class. In the Russian Far East, Moscow's actions from 2000 to 2015 appear to indicate that Chinese citizens fall into this third category, and the prevention of their immigration to Russia therefore constitutes a third "prong," albeit an unspoken one.

At the federal level, the key organization tasked with formulating and implementing demographic policies in support of these objectives is the Federal Migration Service (FMS), established in 2004 to oversee passport, visa, and

immigration/asylum issues within the Russian Federation.²¹ In 2012, the FMS issued the “Concept of the State Migration Policy of the Russian Federation through to 2025.” The policy outlines its main objectives as:

Helping Russian compatriots living abroad to resettle in Russia and facilitating the return of emigrants, as well as promoting the immigration of qualified specialists and other foreign workers needed on the Russian labour market; creating conditions for immigration to Russia by entrepreneurs and investors; and simplifying entry and residence in the Russian Federation for foreign citizens doing business in Russia.²²

This overarching policy outlines a three-stage strategy designed to first stop, and then reverse the current population outflow from Siberia and the Russian Far East towards the center of the country (Moscow in particular) a trend that the FMS asserts is leading to a population imbalance across the Federation. Optimistically, the policy concept asserts that “the implementation of the third stage [2021-2025] will result in a migration inflow to the Siberian and Far Eastern regions by 2026.”²³

How is this dramatic reversal to be achieved? The policy outlines a number of broad initiatives, including the creation of “infrastructure for the integration and adaptation of migrant workers, including information and legal support centres and courses in Russian language,” the subsidizing of transport costs to Russian citizens from the West to the East

²¹ “Istoriia Sozdaniia” (История создания), *Federal’naia migratsionnaia sluzhba (Федеральная миграционная служба)*, 18 September 2014. Accessed 11 March 2015. <http://www.fms.gov.ru/about/history/details/38013/5/>.

²² “Kontseptsiiia gosudarstvennoi migratsionnoi politiki Rossiiskoi Federatsii do 2025 goda” (Концепция государственной миграционной политики Российской Федерации до 2025 года), *Prezident Rossiiskoi Federatsii (Президент Российской Федерации)*, 3 March 2015. Accessed 21 March 2015. <http://www.fms.gov.ru/upload/iblock/07c/kgmp.pdf>.

²³ “Concept of the State Migration Policy of the Russian Federation through to 2025,” *President of Russia*, 13 June 2012. Accessed 3 March 2015. <http://en.kremlin.ru/events/president/news/15635>.

to facilitate internal migration, and the simplification of processes by which labor migrants, graduates of Russian educational institutions, and foreign academics/entrepreneurs can obtain long-term residency or Russian citizenship.²⁴ For the RFE in particular, the FMS has proposed “the establishment of funds for the implementation of incentive measures to move people to work in other regions, including regions of the Far East,” as well as “increasing the investment attractiveness of the Far East, Siberia, and strategically important border areas.”²⁵

These objectives lead to the flagship policy of the FMS, the “State Program to Assist the Voluntary Resettlement to the Russian Federation of Compatriots Living Abroad (Russian: Государственная программа по оказанию содействия добровольному переселению в Российскую Федерацию соотечественников, проживающих за рубежом). Designed to “offset the natural decline in population in the country as a whole and in some of its regions,”²⁶ the Program has introduced financial and legal incentives for residents of territories formerly belonging to the Soviet Union to

²⁴ “Kontseptsiia gosudarstvennoi migratsionnoi politiki Rossiiskoi Federatsii do 2025 goda” (Концепция государственной миграционной политики Российской Федерации до 2025 года), *Prezident Rossiiskoi Federatsii (Президент Российской Федерации)*, 3 March 2015. Accessed 21 March 2015. <http://www.fms.gov.ru/upload/iblock/07c/kgmp.pdf>.

²⁵ “Kontseptsiia gosudarstvennoi migratsionnoi politiki Rossiiskoi Federatsii do 2025 goda” (Концепция государственной миграционной политики Российской Федерации до 2025 года), *Prezident Rossiskoy Federatsiy (Президент Российской Федерации)*, 3 March 2015. Accessed 21 March 2015. <http://www.fms.gov.ru/upload/iblock/07c/kgmp.pdf>.

²⁶ “Gosudarstvennaia programma po okazaniu sodeistviia dobrovol’nomu pereseleniiu v Rossiiskuiu Federatsiiu sootечественников, prozhivaiushchikh za rubezhom” (Государственная программа по оказанию содействия добровольному переселению в Российскую Федерацию соотечественников, проживающих за рубежом), 1 January 2013. Accessed 15 March 2014. <http://www.fms.gov.ru/programs/fmsuds/>.

resettle in 37 different regions within the Russian Federation (particularly regions of geostrategic or socio-economic importance, e.g., Eastern Siberia and the RFE).²⁷

The Federal Migration Service's efforts are complemented by those of the Ministry of Development for the Russian Far East (MDRFE), partially headquartered in Khabarovsk in the RFE. The heavy demographic component of the Ministry's "Development" mission is reflected in the number of organizations focusing on population issues underneath the Department of Human Capital Management and Workforce Development, including the Division of Workforce Monitoring and Forecasting, the Division of Human Capital Strategic Development, and (most germane to the FMS's mission) the Division of Programs to Attract New Residents.²⁸ The MDRFE has actively collaborated with the MFS's resettlement program, introducing procedures to provide migrants to the region with transportation, land, and start-up capital for targeted regions such as Buryatia, Zabaikalsk, Primorye, Khabarovsk, Sakhalin, and the Jewish Autonomous Oblast.²⁹ Since 2007, this program has attracted a range of former Soviet citizens from the Central Asian republics and the Caucasus, and from war-torn Eastern Ukraine in increasing numbers since 2014.

²⁷ "Pravitel'stvo rasshirilo programmu pereseleniia sootchestvennikov" (Правительство расширило программу переселения соотечественников), *Lenta.ru*, 20 August 2014. Accessed 14 March 2014. <http://lenta.ru/news/2014/08/20/government/>.

²⁸ "Departament upravleniia chelovecheskim kapitalom i razvitiia trudovykh resursov" (Департамент управления человеческим капиталом и развития трудовых ресурсов), *Ministerstvo po razvitiyu Dalnevo Vostoka Rossii (Министерство по развитию Дальнего Востока России)*, no date. Accessed 15 March 2014. http://minvostokrazvitia.ru/about/struct.php?SECTION_ID=186.

²⁹ "Na Dal'nem Vostoke uchastniki programmy pereseleniia smogut poluchit' zemliu besplatno" (На Дальнем Востоке участники программы переселения смогут получить землю бесплатно), *Ruvek.ru*, 1 August 2013. Accessed 15 March 2014. <http://www.ruvek.ru/?module=news&action=view&id=11874>. Matthias Schepp, "Change in Russia's Far East: China's Growing Interests in Siberia," *Spiegel Online International*, 6 May 2011. Accessed 14 March 2015. <http://www.spiegel.de/international/world/change-in-russia-s-far-east-china-s-growing-interests-in-siberia-a-761033-3.html>.

While the Ministry of Development for the Russian Far East complements the mission of the FMS to encourage migration to the RFE, it is also responsible for formulating and implementing policies designed to encourage the stability and organic growth of the existing population. The majority of the MDRFE's policies focus on the region's economic development as a means of naturally addressing depopulation concerns. A more vibrant local economy will both encourage younger workers to remain in the region and naturally attract working-age adults from other areas of the Russian Federation. Beyond these economic-oriented policies (discussed in the "Economic Sphere" below), the MDRFE implements policies such as Federal Law № 138-FZ, instituted by order of the President of the Russian Federation on June 14, 2011. This law changes the Land Code of the Russian Federation to allow citizens in the RFE with three or more children to purchase property for free, and without bidding, for individual housing construction³⁰

These and related policies pertain primarily to the first two "prongs" of the Kremlin's RFE demographic strategy: stemming the outflow of current inhabitants and encouraging the repatriation of ethnic Slavs and former Soviet citizens to the region. More difficult to explicitly observe at the policy level is the unspoken "third prong" of Russia's demographic soft power strategy in the RFE: the discouragement of Chinese immigration to the region. A public legislative equivalent to America's 19th-century "Chinese Exclusion Act" would fundamentally damage Russia's increasingly important

³⁰ "Informatsiia o predostavlenii zemel'nykh uchastkov mnogodetnym grazhdanam na territorii Dal'nevostochnogo federal'nogo okruga po sostoiianiiu na 1 iunია 2013 goda" (Информация о предоставлении земельных участков многодетным гражданам на территории Дальневосточного федерального округа по состоянию на 1 июня 2013 года), *Ministerstvo po razvitiuu Dal'nego Vostoka Rossii (Министерство по развитию Дальнего Востока России)*, no date. Accessed 15 March 2014. <http://minvostokrazvitia.ru/upload/iblock/e02/anmnogodet20130601.pdf>.

economic and geostrategic relations with Beijing. However, the Kremlin's demographic strategy remains widely understood in the region, and combined with local sentiments and practices have proven increasingly effective at deterring population inflows across the Amur. Dr. Repnikova notes:

Chinese efforts to send workers to Russia encounter persistent bureaucratic hurdles. Obtaining work permits and visas is a lengthy process, with approvals often delayed, leaving workers stuck at border towns on the Chinese side waiting for their documents. To obtain a visa for less than 180 days, a worker needs to pay a 30 percent fee in addition to the visa price. In addition to paying for the visa, workers must pay a number of taxes, including pension taxes. The time and money that go into acquiring formal registration cause many workers to enter Russia on tourist visas. Quite a few are detained by Russian police, which causes problems for enterprises in Russia, particularly when agricultural laborers are unable to collect the harvest on time....Chinese officials expressed a strong interest in increasing bilateral labor cooperation, but said they felt helpless when confronting Russia's bureaucracy.³¹

The bureaucratic proximity of the FMS and the MDRFE to the Kremlin's centralized policy organs has ensured a certain degree of consistency and cooperation among the various federal-level demographic programs targeting the Russian Far East. Many of the policies implemented at the provincial government level are, in fact, carried out by that province's office of the FMS or MDRFE, a reflection of the "Power Vertical" relationship established between the central government and the Provinces.³² Some of the major differences between the demographic policies of Amur Oblast, Khabarovsk Krai, and Primorsky Krai are restricted to the funding levels allocated for the

³¹ Repnikova and Balzer. "Chinese Migration to Russia," 21.

³² Elena A Chebankova. *Russia's Federal Relations* (London: Routledge, 2010), 45.

implementation of the aforementioned federal programs in their respective territories. However, it is important to note that the provincial governments themselves do not always share the Kremlin's same overarching demographic priorities for the RFE.

Russian Provincial-Level Demographic Policies

As discussed above, the Kremlin's soft power objective for the RFE in the demographic sphere may be summarized as increasing Russian/Slavic demographic presence in the region at the expense of China's. This objective is pursued at the federal level via policies designed to 1) reduce the outflow from the RFE of the local Slavic population, 2) encourage the inflow of Slavic immigrants from the Russian Federation and former Soviet Union, and 3) discourage or actively restrict large-scale Chinese immigration to the region. A repetition of this federal strategy is useful as a comparison with provincial-level strategy, which differs from the Kremlin's in slight, but significant, ways. Policies in the Amur, Khabarovsk, and Primorsky provinces appear to prioritize 1) the reversal of negative population flows in their territories, 2) the active encouragement of local economic development (e.g., via migrant worker programs, foreign direct investment that employs Russian workers), and 3) assurances that economic development benefits local workers rather than foreign companies. The paradox faced by the provinces is one faced by Russia writ large: Their best insurance against depopulation is the revitalization of the local economy, but that revitalization requires the very labor force that the region's currently lack, and that more lax immigration policies could partly address.

This slight disconnect between priorities is manifested in the local activities of the FMS and MDRFE. In 2013, the FMS office in Amur Oblast established a provincial quota for 13,000 migrant workers, compared to local demand estimated at nearly 37,000. As Evgey Kuzmin of Eurasianet.org observes, the result is that “for every four farm jobs that will be open, only about one officially registered migrant worker will be available.”³³ Similar gaps between guest worker quotas and local labor force needs are evident in Khabarovsk and Primorsky Krai to the east. In the same vein, the MDRFE has negotiated and/or implemented a number of economic incentive packages for the RFE, including bilateral agreements with the Chinese government and state-owned enterprises, which at times have advanced the Kremlin’s developmental objectives for the region at the expense of provincial demographic priorities. Moscow continues to wrestle, not always successfully, with attracting “appropriate Chinese investment, i.e., investment that creates jobs and technological transfer benefits for local communities (vice imported Chinese labor, a practice of Chinese multinational corporations seen elsewhere, e.g., Africa).

Given the gap between Moscow’s federal-level geostrategic priorities and the on-the-ground labor shortage realities in the RFE’s provinces, this thesis initially proceeded with the assumption that the three regional administrations of Amur Oblast, Khabarovsk Krai, and Primorsky Krai would pursue slightly different demographic policies. However, the “power vertical” initiatives of the first Putin administration (2000-2008) appear to have effectively restricted the erstwhile independent streaks of these remote

³³ Evgey Kuzmin, “Central Asia: Migrant Workers Finding Opportunity in Russian Far East,” *Eurasianet.org*, 1 August 2013. Accessed 16 March 2014. www.eurasianet.org/node/67334.

provinces. At least at the official policy level, each of these administrations appears to toe the central line.

In Amur Oblast, for example, the provincial government has actively participated in the federal programs designed to improve Slavic demographics in its territory. Blagoveshchensk and its environs have accepted a number of resettled families from former Soviet republics, including Ukraine, recently repatriated to the Russian Federation.³⁴ The provincial government website provides prospective applicants with data on job vacancies, housing assistance, and annual statistical updates on the resettlement program's progress "by the numbers."³⁵ These efforts are carried on in conjunction with the provincial FMS office, under the auspices of the "long-term target program 'Support for the Resettlement in the Amur Region of compatriots living abroad for 2013-2017'" (as coordinated with the Federal Government on July 15, 2013).³⁶ As for the containment of a Chinese demographic presence, provincial quotas for foreign workers continue to decrease, and provincial media regularly touts examples of federal-provincial cooperation such as the detection of illegal farm laborers with drones,³⁷ or the

³⁴ "Bolee 100 grazhdan Ukrainy oseli v Priamur'e po programme pereseleniia" (Более 100 граждан Украины осели в Приамурье по программе переселения), *Amurskaia pravda* (Амурская правда), 16 September 2014. Accessed 15 March 2014. <http://www.ampravda.ru/2014/09/16/051657.html>

³⁵ "Pereselenie sootchestvennikov v amurskuiu oblast'" (Переселение соотечественников в амурскую область), *Pravitel'stvo Amurskoj oblasti* (Правительство Амурской области), no date. Accessed 2 February 2015. <http://www.amurobl.ru/wps/portal/Main/resettlement>.

³⁶ "Gosudarstvennaia programma po okazaniu sodeistviia dobrovol'nomu pereseleniiu v Rossiiskuiu Federatsiiu sootchestvennikov, prozhivaiushchikh za rubezhom" (Государственная программа по оказанию содействия добровольному переселению в Российскую Федерацию соотечественников, проживающих за рубежом), *Federal'naia migratsionnaia sluzhba po Amurskoj oblasti* (Федеральная миграционная служба по Амурской области), 2015. Accessed 10 April 2015. <http://fmsamur.ru/gosudarstvennyie-uslugi/gosudarstvennaya-programma-po-okazaniyu-sodeystviya-dobrovolnomu-pereseleniyu-v-rossiyskuyu-federatsiyu-sootchestvennikov-prozhivayushhih-za-rubezhom/>.

³⁷ "Gastarbaiterov iz Kitaia obnaruzhili s pomoshch'iu bespilotnika," *Smartnews28.ru*, March 2014. Accessed 2 February 2015. <http://smartnews28.ru/news/5921.html>.

restriction of guest workers via a newly passed “comprehensive examination” requirement that disqualifies many Chinese, Korean, and Central Asian applicants.³⁸

In Khabarovsk and Primorsky Krai, the provincial governments have also actively supported Moscow’s federal-level demographic initiatives, including support for the aforementioned “Resettlement Program for Compatriots Abroad.” Similar to Amur Oblast, each of these provinces has enforced, at least officially, the increasingly restrictive quotas, visa requirements, Russian language examinations, and employment regulations that have favored former Soviet citizens over prospective Chinese immigrants. These regulations have included, for example, a 2007 law requiring trading stall cash transactions to be conducted by Russian citizens, a measure that has partly emptied the Khabarovsk and Vladivostok markets of the many Chinese day traders who once dominated cross-border trading in consumer goods. Those traders who remain face reduced margins from employing locals to comply with the law.³⁹

Analysis of Demographic Policy Effectiveness

Per the above literature review, the same studies that have repeatedly emphasized and analyzed the demographic disparity along the Sino-Russian frontier also remain divided on the actual size and growth trends of the ethnic Chinese population in the Russian Far East. As noted earlier, this thesis defines Chinese demographic presence as the number and nature of Chinese immigrants residing, officially or unofficially, on

³⁸ “Gastarbaitery ne edut rabotat’ v Priamur’e iz-za snizheniia zarplat i novogo ekzamina” (Гастарбайтеры не едут работать в Приамурье из-за снижения зарплат и нового экзамена), *Amurskaia pravda (Амурская правда)*, 18 March 2015. Accessed 22 March 2015. <http://www.amur.info/news/2013/11/13/73013>.

³⁹ Repnikova and Balzer, “Chinese Migration to Russia,” 16-17.

Russian territory, particularly those who still maintain closer ties to China than their adopted homeland. These “ties” include the retention of Chinese citizenship, lack of fluency in Russian, frequent travel back to China, and close and enduring economic ties to relatives or business partners on Chinese territory. The “nature” of Chinese immigrants refers to the type of role they are playing in local society (e.g., acting as sources of capital investment, management, ownership, and entrepreneurship vice manual labor, low-margin day trading, etc.).

An analysis of the above government policies at the federal and provincial levels provides an instructive overview of Russia's efforts at mitigating China's regional soft power in the demographic sphere, including to what extent, if any, these different levels of policy in the RFE complement or contradict each other.

Federal: Have federal policies stopped the outflow of current Slavic residents from the RFE, encouraged compatriots' resettlement to the RFE, and/or discouraged Chinese immigration to the region? Under the umbrella of the FMS's "Concept of the State Migration Policy of the Russian Federation through to 2025," the federal government has made explicit efforts to pursue the first two objectives. The results? Over this thesis's focal period (2000-2015), the most reliable RFE population data comes from the national censuses of 2002 and 2010, which indicate that the region's population has continued its post-Soviet decline in spite of Moscow's efforts, as follows:

<u>Province</u>	2002 Census⁴⁰	2010 Census⁴¹	% Decline	% Rus/Ukr (2010)
Amur Oblast	902,844	830,103	8.1%	96.3%
Khabarovsk Krai	1,436,570	1,343,869	6.5%	93.9%
Primorsky Krai	2,071,210	1,956,497	5.5%	95.3%

Table 1. Census Figures for the Russian Far East, 2002 and 2010.

No concrete evidence exists that specific, national-level measures such as Federal Law № 138-FZ (providing RFE citizens with three or more children free access to property for home construction) have had a direct impact on the long-term depopulation trends for the region. Given the relatively small number of families who have taken advantage of the law, and the third Putin administration's recent promise of pre-constructed housing in addition to land,⁴² it appears that the impact thus far has been negligible.

Likewise, for all the fanfare accompanying the Kremlin's efforts to woo immigrant settlers from the post-Soviet Russian diaspora with the "State Program to Assist the Voluntary Resettlement to the Russian Federation of Compatriots Living Abroad," evidence indicates that participants in the program have fallen far short of expectations.

⁴⁰ "Vserossiiskaia perepis' naseleniia 2002 goda" (Всероссийская перепись населения 2002 года), *Perepis2002.ru*, 2004. Accessed 10 April 2015. <http://www.perepis2002.ru/index.html?id=11>.

⁴¹ "Vserossiiskaia perepis' naseleniia 2010 goda" (Всероссийская перепись населения 2010 года), *Federal'naia sluzhba gosudarstvennoi statistiki (Федеральная служба государственной статистики)*, no date. Accessed 10 April 2015. http://www.gks.ru/free_doc/new_site/perepis2010/croc/perepis_itogi1612.htm.

⁴² "Mnogodetnym sem'iam vmesto zemli mogut vydavat' kvartiry" (Многодетным семьям вместо земли могут выдавать квартиры), *Portamur.ru*, 30 December 2014. Accessed 10 April 2015. <http://portamur.ru/~2yRwg>.

Until a surge of refugees from the military conflict in Ukraine,⁴³ total participation in the program from 2006 to 2013 had numbered 166,600,⁴⁴ of which a rather small percentage have elected to relocate to the far eastern regions most in need of resettlement. For example, Primorskiy Krai, most populous and economically robust of the RFE's provinces, had only managed to attract 686 total participants in the first six years of the program.⁴⁵

Ironically, Russian federal-level efforts at mitigating the threat of Chinese immigration to the region appear to have succeeded where the first two strategic prongs have failed. The above census data indicate that the RFE's official population, while declining, remains overwhelmingly Slavic (i.e., Russian or Ukrainian). The FMS's lengthy, cumbersome, expensive, and somewhat arbitrary work visa application process, combined with improved border control measures and restrictive quotas on the annual numbers of seasonal migrant workers from China, have proven an effective deterrent to workers who, by all accounts, view Russia as a dubious career/life move in the first place. Repnikova and Balzer note:

For many [Chinese], Russia is the fourth or fifth choice in a hierarchy of resort, behind the United States, Europe, elsewhere in Asia, and urban areas of China itself...Chinese workers interviewed in the Russian Far East confirmed that Russia was not their first choice as a work

⁴³ Marina Obrazkova and Nikolai Litovkin, "UN Confirms Flight of Ukrainian Refugees to Russia," *Russia beyond the Headlines*, 9 July 2014. Accessed 10 April 2015. http://rbth.co.uk/international/2014/07/09/un_confirms_flight_of_500000_ukrainian_refugees_to_russia_38063.html.

⁴⁴ "Overview of the new Russian migration policy 2014," *International Center for Migration Policy Development*, 2014. Accessed 10 April 2015. <https://www.pragueprocess.eu/en/component/attachments/download/87>.

⁴⁵ "Primorskii krai zhdet pereselentsev" (Приморский край ждет переселенцев), *Primamedia.ru*, 30 July 2012. Accessed 10 April 2015. <http://primamedia.ru/news/primorye/30.07.2012/219407/primorskiy-kray-zhdet-pereselentsev.html>.

destination....Within Russia, the Far East is not the favored destination.⁴⁶

A study by the Russian Academy of Sciences appears to corroborate this deterrent effect, concluding that “the number of Chinese in Siberia’s Far East peaked at about 500,000 in 2010 and has declined by 20 percent over the last two years.”⁴⁷

At the provincial level, Moscow's failure to reverse the RFE's Slavic demographic decline, and its success in discouraging Chinese labor immigration, has not only undermined its efforts to revitalize the region's economy. It has also created an incentive for local employers to address their own growing labor shortages via necessary means, whether or not they are in explicit harmony with the Kremlin's demographic soft power strategy. Though Amur Oblast, Khabarovsk Krai, and Primorsky Krai have all enthusiastically participated in Moscow's "Compatriot Resettlement" effort, the results, as noted above, have been mixed at best. The RFE’s provincial governments appear to have limited their advocacy of local interests to a mild, and rather insufficient, revision of the annual quotas of foreign (i.e., Chinese) workers in the Far East. Repnikova and Balzer note that:

The power to set quotas has shifted from Moscow to the Far East. Viktor Saikov of the Far East Migration Center successfully collaborated with other migration organizations and responsible officials in the Far East to secure permission from Moscow to set the quotas at the provincial level rather than endure the lengthy bureaucratic approval process in Moscow.⁴⁸

These quota revisions notwithstanding, the introduction of increased visa fees, the aforementioned “comprehensive examinations,” and widespread employer abuse have

⁴⁶ Maria Repnikova and Harley Balzer, “Chinese Migration to Russia,” 30.

⁴⁷ Anna Nemtsova, “A New Wave of Russian Emigrants Heads to China,” *Pulitzer Center on Crisis Reporting*, 8 December 2012. Accessed 10 May 2015. <http://pulitzercenter.org/reporting/china-heihe-siberia-border-russian-emigrants-youth-jobs-economy>.

⁴⁸ Repnikova and Balzer, “Chinese Migration to Russia,” 22.

only alienated the local Chinese population in sensitive border areas such as Blagoveshchensk, the scene of a recent riot by construction workers from China.⁴⁹ In its efforts to reinforce Slavic demographic dominance in the area, Moscow has managed to undermine its own ability to incorporate Asian immigrants into the ethno-cultural fabric of the Russian Far East.

The above analysis indicates decidedly mixed results from the policies enacted at the Federal and Provincial Levels to strengthen Russian demographic soft power in the Russian Far East vis-a-vis China. While China's demographic presence, and attendant soft power, has not increased on the territory of the Russian Far East per se, neither has Russia's. And while federal-level policies and provincial-level enforcement have limited Chinese immigration, they have done so at the expense of revitalizing the RFE's local labor force. The relative balance of "population soft power" along the banks of the Black Dragon River remains arguably as precarious for Muscovite ambitions as it has been over the 25 years since the Soviet Union's collapse. That status quo has weighty implications for the economic component of the region's soft power balance as well.

⁴⁹ “V Blagoveshchenske vzbuntovalis’ kitaiskie stroiteli: 30 chelovek zaderzhali” (В Благовещенске взбунтовались китайские строители: 30 человек задержали), *News.ru*, 15 May 2014. Accessed 10 May 2015. <http://www.newsru.com/russia/15may2014/chiness.html>.

Chapter VII

The Economic Sphere of Soft Power in the Russian Far East

The Russian government's efforts to reverse demographic trends in the RFE are inseparable from its efforts to improve the region's economy and frame the perception of the Trans-Baikal as a land of opportunity in the Federation. On a level of national pride, this is particularly important given the impressive growth of China's economy on the far side of the Amur River. The Soviet Union's foreign aid to the People's Republic of China in the 1950s has been touted as "unprecedented in the history of the transfer of technology."⁵⁰ Scientists, engineers, doctors, and professors made the long journey across the Urals and the Eurasian steppes to assist their "younger brother" in Socialism make the leap from an agrarian society to a heavy industrial power in the centrally planned Stalinist mold. Six decades later, the roles have reversed. China is now the world's dominant manufacturing and industrial nation, and the mandarins of the ruling Communist Party are increasingly promoting a "Go out" strategy of foreign investment and aid to integrate and diversify the Chinese economy in the global trade system.⁵¹ Russia, by contrast, remains largely dependent on natural resource exports to shore up its economy. In the cities of the Far East, the remains of Soviet-era industrial infrastructure are, far too often, little more than rusting reminders of faded economic strength, stark

⁵⁰ Hong Zhou, *Foreign Aid in China* (Heidelberg: Springer, 2015), 85.

⁵¹ Li Chuanxun 李传勋, "Jiakuai 'zouchuqu' bufa, tuijin Heilongjiangsheng dui E jingmao keji hezuo zhanlue shengji" 加快"走出去"步, 推进黑龙江省对俄经贸科技合作战略升级, *Xiboliya Yanjiu* 西伯利亚研究 [Siberian Studies] 33, no.1 (Feb. 2006).

contrast with the booming Chinese cities across the frontier.

As China's trade with, and investment in, Russia continue to grow, does its regional economic dominance and impressive growth record threaten to reorient the RFE's economy decisively away from the rest of the Russian Federation? What policies has the Russian government implemented to reduce the probability that RFE residents look to China rather than Russia for future academic, employment, and retirement prospects; current consumption patterns; and financial savings and investment opportunities? How effectively have those policies achieved their objective? This section will consider major Russian policy initiatives at the federal and provincial levels over the years 2000-2015.

Russian Federal-Level Economic Policies

The various economic policies that Russia's central government has pursued in the RFE share three overarching objectives: to attract sufficient capital investment for sustained development in the region, to integrate the region's economy more closely with the economy of the remainder of the Russian Federation, and to simultaneously leverage the region as a portal for Russia to access the economically dynamic Asia-Pacific Rim (while crucially preventing the economic domination of the RFE by one of these Asian neighbor, e.g., China).

Established in 2012 and symbolically headquartered in Khabarovsk, the Ministry of Development for the Russian Far East constitutes the umbrella state organ concerned with economic policy in the RFE – the Kremlin's instrument for building regional economic soft power by developing and implementing federal-level policies in

coordination with the provincial governments. It is intended to work directly and indirectly with major state-owned corporations (e.g., Rosneft, Gazprom, Russian Rail Logistics, Transneft, etc.) to solicit, and set the terms of, both foreign direct investment *into* and Russian exports *out of* the region.

From 2000 to 2015, the major bilateral initiatives which these state-owned corporations have pursued with Russia's East Asian neighbors have dominated the economic development news coming out of the Russian Far East (particularly the oil and gas energy sector). Over this 15-year span, those trade deals have increasingly occurred with China at the expense of the other regional trade partners, particularly following the implementation of widespread sanction against Russia following its 2014 annexation of Crimea. The 2014 agreement between Gazprom and China to provide the latter with natural gas via to-be-constructed pipelines totaled US \$400 billion,⁵² eclipsing Rosneft's 2013 agreement to provide crude oil to China (an agreement valued at \$270 billion). Other resource-related companies that have struck deals with China include Novatek (liquefied natural gas), RusHydro (hydro-electricity), and Transneft (transportation and pipelines).⁵³

Though these deals have progressively diversified Russia's energy market away from an increasingly politically hostile and economically sclerotic Europe, questions remain as to their alignment with the purported strategic objective of federal economic policy for the RFE (above): the sustained economic development and integration of the

⁵² "Zhong'e qianshu dongxian gongqi gongshou hetong" 中俄签署东线供气购销合同, *Zhongguo Shiyou* 中国石油, 21 May 2014. Accessed 2 February 2015. <http://www.cnpc.com.cn/cnpc/jtxw/201405/9c86066577f14d8ea8c2f74f0ff53cea.shtml>.

⁵³ Courtney Weaver and Neil Buckley, "Russia and China Agree \$270bn Oil Deal," *Financial Times*, 21 June 2013. Accessed 2 February 2015. <http://www.ft.com/intl/cms/s/0/ebc10e76-da55-11e2-a237-00144feab7de.html#axzz3a0uKXcls>

region with both European Russia and East Asian markets. Once the remote gas fields are developed and the pipelines built, will the local inhabitants of the RFE see any benefits that would reinforce their economic orientation towards Moscow instead of China's relative prosperity? In conjunction with the MDRFE, the Federal government has undertaken or considered a number of policies designed to bring benefits from these trade deals to Blagoveshchensk, Khabarovsk, and Vladivostok. Most striking is a proposed policy requiring a number of large-scale, state-owned corporations to relocate their "offices, staff, and tax registration" to the RFE. The short-listed corporations (e.g., Rosneft, Gazprom, Transneft, and RusHydro) are those that, according to Deputy MDRFE Minister Elena Gorchakova, have the "clear ability and potential to develop significant investment projects in the Far East of Russia and countries of the Asia-Pacific region."⁵⁴

Nevertheless, this initiative, and similar promising proposals by the MDRFE to restore Vladivostok's pre-1909 status as Russia's sole duty-free port on the Pacific Ocean, remain unimplemented proposals.⁵⁵ To date, the largest visible Federal-level investment in the RFE has been the refurbishment of Vladivostok prior to its hosting of the 2012 APEC summit. Even with the many improvements to the city's infrastructure, many local residents and leaders have complained that overpriced upgrades, such as the "bridge to nowhere" connecting sparsely inhabited Russky Island with the city center, are more designed to meet the prestige needs of the Kremlin rather than pressing needs of the

⁵⁴ "Giant State Companies Wait to Hear on 'Go East' Move," *Siberian Times*, 30 March 2014. Accessed 2 February 2015. <http://siberiantimes.com/business/casestudy/features/giant-state-companies-wait-to-hear-on-go-east-move>.

⁵⁵ "New Details Announced on Creation of Russia's First 'Free Port' in Far East," *Siberian Times*, 17 March 2015. Accessed 10 May 2015. <http://siberiantimes.com/business/investment/news/n0153-new-details-announced-on-creation-of-russias-first-free-port-in-far-east/>.

local economy. Dilapidated rail infrastructure, inadequate port facilities, and unimplemented improvement requests dating back to 2000 undermine the soft power benefits of the central government's investment projects.⁵⁶

Even with the above federal-level policies to relocate key state corporations to the RFE and commit government investment to address the region's infrastructural needs, questions remain about Moscow's ability to reverse a macroeconomic pattern of trade that increasingly relegates the Russian Far East's economy to a mere exporter of non-value added raw materials, an appendage to China's increasingly advanced, resource hungry, value-added manufacturing engine. Agreements to export oil, natural gas, timber, and mineral resources to China rarely take the form of value-added joint ventures on Russian soil. More likely than not, they simply involve delivery of raw goods from the Russian side of the border to the Chinese factories and refineries that proceed to export more finished products to the rest of the world. Russia's lack of infrastructure, technical investment, and competitive labor prevents it from fulfilling these crucial steps in the respective industry value chains itself. With China's much larger labor force and progressively sophisticated technological base, raw materials increasingly constitute Russia's sole competitive advantage in bilateral trade relations. The graph of current Russo-Chinese trade flows offers a stark illustration of this trade relationship.⁵⁷

⁵⁶ Alexey Eremenko, "Russia's APEC Integration 'Just Beginning' – Experts," *RiaNovosti*, 2 September 2012. Accessed 11 May 2013. <http://en.rian.ru/analysis/20120902/175545911.html>.

⁵⁷ "Russia-China Ties at Highest Level in History – Putin," *Rt.com*, 18 May 2014. Accessed 10 May 2015. <http://rt.com/news/159804-putin-china-visit-interview/>.



Ironically, China itself provides an excellent template of a nation that has implemented investment and trade policies to diversify its own competitive advantages beyond being merely a source of cheap, low-value-added labor for the rest of the world. Chinese trade and investment deals often “encourage” joint ventures or similar partnership structures between foreign firms and Chinese counterparts that facilitate the long-term transfer of technology, experience, and industry expertise to China in return for access to China’s markets and labor resources.⁵⁸

And Russia? From the available literature, it appears as though Russia’s federal level policies are neither as robust nor as successful in ensuring similar benefits for

⁵⁸ “On the Fast-Track: Technology Transfer in China,” *China Briefing*, 3 September 2012. Accessed 10 May 2015. <http://www.china-briefing.com/news/2012/09/03/on-the-fast-track-technology-transfer-in-china.html>. Thomas J. Holmes, Ellen R. McGrattan, and Edward C. Prescott, “Quid Pro Quo: Technology Capital Transfers for Market Access in China,” *Federal Reserve Bank of Minneapolis*, February 2015. Accessed 10 May 2015. <https://www.minneapolisfed.org/research/sr/sr486.pdf>.

domestic firms doing business with Asian neighbors less susceptible to “resource curse” economics.⁵⁹ This trend may be attributed to two factors: 1) Russia’s competitive advantage lies overwhelmingly in its natural resources. The heads of the state corporations that dominate the RFE’s export sector (Igor Sechin at Rosneft, Viktor Zubkov and Alexei Miller at Gazprom, etc.), protected as they are by close ties to the Kremlin’s “Power Vertical,” have little incentive to diversify corporate income into value-added industries. Whatever the long-term benefits of economic diversification, raw resource exports provide immediate, and sorely needed, payoffs. 2) Russia possesses neither the strategic trade alternatives, nor the degree of market attractiveness, that have leveraged China’s ability to bargain terms of trade since 1979. Particularly as the ongoing Ukrainian and European Union debt crises continue to unfold, a combination of Western sanctions and a relatively stronger Asian economy dictate that Russia continue to pivot to the East to shore up its own economic performance. As noted in the introduction of this paper, China is largely the only game in town. And lacking both China’s market size and areas of desirable technology (beyond a rapidly diminishing superiority in military hardware), Russia must play to the strengths it currently has, at least at the federal level.

Russian Provincial-Level Economic Policies

And what of economic policies instituted at the provincial level? As with demographic policies, the various economic stimulation policies formulated and implemented in Amur Oblast, Khabarovsk Krai, and Primorsky Krai exhibit a smaller

⁵⁹ Friedemann Mueller, “Warning to the West as Russia’s Economy Crumbles,” *World Review*, 5 March 2015. Accessed 10 May 2015. <http://www.worldreview.info/content/warning-west-russia-s-economy-crumbles>.

degree of variance from federal-level policies than initially expected.

Amur Oblast is home to one of the most striking symbols of both Sino-Russian economic cooperation, and Sino-Russian economic disparity: the twin border cities of Blagoveshchensk and Heihe. While both cities have benefitted from bilateral trade, it is the Russians who come to Heihe for shopping, while the Chinese come to Blagoveshchensk for investment and entrepreneurship.⁶⁰ From restaurant chains to real estate development and manufacturing enterprises, a number of Chinese entrepreneurs have done conspicuously well for themselves. Though their success has provided gainful employment for many local residents in Blagoveshchensk, the ethnic and socioeconomic “role reversal” of the past 30 years has not escaped Russians’ notice, envy, or (in some cases) open resentment.⁶¹ That envy has translated into local policies that, spoken or unspoken, seem at variance with the grand bilateral trade agreements emanating from Moscow and Beijing. Aside from the strictly enforced annual quotas on migrant workers in the provinces, arbitrarily closed border crossings, byzantine legal regulations, and unofficial bribery practices have combined to curtail the activities of Chinese-owned timber and agricultural businesses in the region.⁶²

Similar to Amur Oblast, Khabarovsk Krai has also seen an uptick in Chinese investment. The large scale leasing of the province’s fallow agricultural land to Chinese

⁶⁰ “Photos: Power Struggles between Dragon and Bear on China-Russia Border,” *Ministry of Tofu*, 19 June 2012. Accessed 17 March 2013. <http://www.ministryoftofu.com/2012/06/photo-power-struggles-between-dragon-and-bear-on-china-russia-border/>.

⁶¹ Katie Stallard, “Russia Looks with Envy at China’s Economy,” *Sky News*, 10 February 2015. Accessed 10 May 2015. <http://news.sky.com/story/1424480/russia-looks-with-envy-at-chinas-economy>.

⁶² Kathrin Hille, “Wooing China Runs into Local Difficulty in Russia Far East,” *Financial Times*, 14 July 2014. Accessed 10 May 2015. <http://www.ft.com/cms/s/0/668ee370-090e-11e4-8d27-00144feab7de.html#axzz3VeCaEZEk>.

agro-businesses amounts to what Dr. Rensselaer Lee has termed rudimentary economics: “an exchange of surplus land for surplus labor across contiguous territories.” In the Krai and the neighboring Jewish Autonomous Oblast, this amount of leased land by Chinese concerns had already reached 426,000 hectares in 2010 (increasingly to approximately 850,000 hectares with the inclusion of potentially unreported, “under-the-table” land deals).⁶³ Unfortunately, much Chinese economic activity in the area follows the pattern of Chinese investment in locations as far away as Africa: Chinese laborers are imported to work the land, leaving few if any employment benefits for local Russians. This is not to say that the Khabarovsk provincial government has failed to introduce investment-encouraging policies. The government offers “organizational support in the field of innovation activities,” tax incentives for small, medium, and start-up companies, and a wide range of agricultural production subsidies to stimulate local business activity and investment, though it is unclear how many businesses have taken advantage of these measures.⁶⁴ Notably, however, this government Internet portal encouraging provincial investment is available in Russian and English, but not Chinese.

Primorsky Krai is a study in contrasts. At once the most strategically valuable and vulnerable portion of the RFE, it also appears to harbor a love/hate relationship with federal-level economic involvement in the region. Vladivostok, capital of the region and the major port of the RFE, encapsulates this tension. On the one hand, the city skyline has changed dramatically in the span of a few years, the beneficiary of central

⁶³ Rens Lee, “The Russian Far East and China: Thoughts on Cross-Border Integration,” *Foreign Policy Research Institute*, November 2013. Accessed 17 March 2014. <http://www.fpri.org/articles/2013/11/russian-far-east-and-china-thoughts-cross-border-integration>.

⁶⁴ “Government Support,” *Investment Portal of Khabarovsk Krai*, 2013. Accessed 10 May 2015. http://invest.khv.gov.ru/en/government_supports.

government largesse in building up the city to host the 2012 APEC Summit. The promises (previously noted) of free-port status and the Kremlin-mandated relocation of state-owned corporations to the region hint of a return to the glory days of Russia's erstwhile "Window on the Pacific." On the other hand, Vladivostok has been the site of notable protests against the federal and provincial governments' economic policies, most recently the notable demonstrations against new tariffs on imported Japanese cars.⁶⁵ Aside from welcoming Moscow's funds and enforcing its edicts, what policies has Primorsky's government enacted to strengthen Russia's economic soft power in the region? The province's investment portal (again available in Russian and English; not Chinese) trumpets reduced corporate tax rates for investors of 0% for the first five years and 10% for the following five.⁶⁶ Governor Vladimir Miklushevskiy has actively courted Chinese investment in the region, promising among other incentives the reduction of investors' insurance rates "from 30 percent to 7.6 percent."⁶⁷ And the province's investment-wooing efforts, while welcoming China, have sought to balance Beijing's influence by encouraging deals and trade agreements with Japan and South Korea as well.⁶⁸

⁶⁵ "Police break up Russian protests, *BBC News Channel*, 21 December 2008. Accessed 10 May 2015. <http://news.bbc.co.uk/2/hi/europe/7794560.stm>.

⁶⁶ "Tax Benefits," *Investment Portal of Primorsky Territory*, 13 January 2014. Accessed 12 May 2015. <http://invest.primorsky.ru/index.php/en/2013-08-14-02-59-29/istorii-uspekha-3/55-tax-benefits/151-nalogovye-lgoty-2>.

⁶⁷ Yang Yi, "Interview: Russia's Primorsky Territory Welcomes Chinese Investment – Governor," *Xinhua Global Edition*, 12 November 2014. Accessed 12 May 2015. http://news.xinhuanet.com/english/indepth/2014-11/12/c_133785268.htm.

⁶⁸ "Economic Influence of Japan & S Korea in Russia's Far East," *CCTV - English*, 9 June 2012. Accessed 12 May 2015. <http://english.cntv.cn/program/newshour/20120906/104147.shtml>.

Analysis of Economic Policy Effectiveness

How effective are the above policies in preserving the Kremlin's economic soft power on its own territory, keeping its citizens economically oriented towards Moscow for future opportunities over Beijing, and all while soliciting foreign (i.e., Chinese) investment and trade? As with the demographic sphere, a combined analysis of the above government policies at the federal and provincial levels provides an instructive overview of Russia's efforts, including to what extent, if any, these different levels of policy complement or contradict each other in the RFE.

Federal: Have federal policies struck an effective balance between soliciting sufficient foreign investment to revitalize the RFE's economy while protecting Moscow's own economic influence over its citizens? From 2000 to 2015, the tangible results of federal-level economic policies to stimulate the region's economy appear concentrated on state-owned corporations' bilateral energy agreements with foreign buyers, primarily China. While policies requiring a number of these corporations to relocate their headquarters and personnel to the RFE would bring significant demographic and economic benefits to the region, they remain unimplemented. Until they are, local residents appear to skeptically view these agreements as bringing few hard benefits to the RFE's communities, lending further credence to the perception that the nation's periphery is being economically sacrificed for the interests of the Muscovite core.

And what of the Kremlin's decision to establish the Ministry for Development of the Russian Far East in Khabarovsk to promote the "localization" of federal economic policy in the RFE? In its relatively short existence, the MDRFE has already undergone large administrative changes, with its offices subsequently split between Khabarovsk,

Vladivostok, and Moscow (now the home of fully half the ministry's personnel).⁶⁹ The 2013 dismissal of Viktor Ishaev, the Ministry's first head, has cast further doubt upon the devolution of federal-level policy authority to the RFE. The former Khabarovsk Krai governor had been a consistent proponent of policy localization, his other shortcomings notwithstanding. In its tumultuous first few years of existence, the MDRFE (under the current leadership of recently appointed minister Alexander Galushka)⁷⁰ has had an arguably negligible impact on the public's perception of Moscow's economic competence in the region.⁷¹

To date, the largest visible Federal-level investment in the RFE has been the refurbishment of Vladivostok prior to its hosting of the 2012 APEC summit. Even with the many improvements to the city's infrastructure, many local residents and leaders have complained that overpriced upgrades, such as the "bridge to nowhere" connecting sparsely inhabited Russky Island with the city center, are more designed to meet the prestige needs of the Kremlin rather than pressing needs of the local economy. Dilapidated rail infrastructure, inadequate port facilities, and unimplemented improvement requests dating back to 2000 undermine the soft power benefits of the central government's investment projects.⁷²

⁶⁹ Kenji Horiuchi, "The Transformation of the Governing Structure in the Russian Far East and Regional Policy," *The Economic Research Institute for Northeast Asia*, August 2014. Accessed 12 May 2015. http://www.erin.or.jp/wp-content/uploads/2014/01/se11911_tssc.pdf.

⁷⁰ "Ministr" (Министр), *Ministerstvo po razvitiu Dal'nego Vostoka Rossii (Министерство по развитию Дальнего Востока России)*, no date. Accessed 12 May 2015. http://minvostokrazvitia.ru/about/struct.php?Section_ID=42.

⁷¹ Nikolay Petrov, "The False Promise of Russia's New Far East Ministry," *Carnegie Moscow Center*, 6 June 2012. Accessed 12 May 2015. <http://carnegie.ru/2012/06/06/false-promise-of-russia-s-new-far-east-ministry/eqe8>.

⁷² Eremenko, "Russia's APEC Integration."

Provincial: At the provincial level, the ultimate reliance of each of the three sub-regions in question on heavy federal funding has stunted the vigorous development of independent economic policies. As noted above, the transfer of authority to set annual migrant worker quotas from Moscow to the local provinces is, on paper, a major step in the right direction for more responsive, localized economic policies.⁷³ Nevertheless, provincial authorities are incentivized in Russia's "Power Vertical" governmental structure to keep their quotas in line with federal preferences. These provincial governments may also feel pressured by local anti-foreigner (particularly anti-Chinese) sentiment to keep migrant worker quotas low. This approach may, ironically, actually weaken the Russian government's economic soft power in the region. As labor shortages continue to cause underperformance in the RFE's transportation infrastructure, agriculture, forestry, construction, and associate manual labor sectors, local residents are increasingly looking for other economic opportunities, including emigration to China. Various sources indicate that between "thirty to forty thousand Russian professionals have purchased real estate and found jobs in China in the last decade."⁷⁴ For residents who wish to remain in the Far East, a move south across the Black Dragon River is increasingly a logical economic move.

The enforcement of migrant worker quota levels by provincial governments constitutes an entire (and often unwritten) body of policies in and of itself: sporadic border crossing closures, constantly shifting legal regulations, official corruption, and

⁷³ Repnikova and Balzer, "Chinese Migration to Russia," 22.

⁷⁴ Anna Nemtsova, "A New Wave of Russian Emigrants Heads to China," *Pulitzer Center on Crisis Reporting*, 8 December 2012. Accessed 10 May 2015. <http://pulitzercenter.org/reporting/china-heihe-siberia-border-russian-emigrants-youth-jobs-economy>.

inconsistently zealous pursuit of undocumented Chinese workers discourages the “supply side” of migrant worker flows.⁷⁵ In the hotel and restaurant industries of Blagoveshchensk, the agriculture industry surrounding Khabarovsk, or the day trader stalls of Vladivostok, these provincial-level activities have partially succeeded in discouraging Chinese investment in the lower levels of the RFE economy. Similarly to the demographic policies outlined above, however, these economic policies have kept Chinese workers out without incentivizing Russian workers to stay or return.

Mirroring the Kremlin’s efforts in the demographic sphere of soft power, the above analysis indicates decidedly mixed results from federal- and provincial-level policies to strengthen Moscow’s economic soft power in the Russian Far East vis-a-vis Beijing. On the federal stage, policy makers and the related state-owned corporations seem ever more eager to conclude trade agreements with their Chinese counterparts in the region. On the provincial stage, however, the policies and enforcement practices in Amur Oblast, Khabarovsk Krai, and Primorsky Krai seem at times designed to specifically discourage Chinese economic involvement. These practices have created a legal and regulatory climate that is unpredictable, non-transparent, and at times openly hostile to China’s citizens attempting to work, trade, and invest in Russia on a local level. This apparent policy paradox – pursuing economic cooperation with China on the national level while often discouraging it at the provincial level – has resulted in an RFE which is, economically, long on ambition but short (and increasingly frustrated) on implementation. Trade deals with China prop up the federal budget – portions of which

⁷⁵ Kathrin Hille, “Wooing China Runs into Local Difficulty in Russia Far East,” *Financial Times*, 14 July 2014. Accessed 10 May 2015. <http://www.ft.com/cms/s/0/668ee370-090e-11e4-8d27-00144feab7de.html#axzz3VeCaEZEk>.

are occasionally doled out to the RFE in the form of large-scale investments (e.g., the 2012 APEC projects in Vladivostok, the relocation of state-corporation headquarters to Khabarovsk, etc.) – while discouraging cross border economic engagement at the local level. As the federal and provincial governments continue along this course, they risk portraying China as a lucrative investment partner from which local firms and individuals in the RFE are separated by Kremlin policy. If the Kremlin continues to look to Beijing for economic opportunity, why shouldn't the local residents of the RFE?

Chapter VIII

Comprehensive Analysis and Results

As noted in this paper, the divisions between demographic and economic “spheres” of nations’ soft power, while useful for analytic purposes, are nonetheless undeniably artificial. Just as the demographic sphere of soft power has a heavy influence on the economic orientation of the RFE, so does the RFE’s economy have a reciprocal impact on the region’s demographic trends. The generous overlapping of these spheres in a mutual cause-effect relationship deserves its own analysis.

This thesis began with this two-fold hypothesis: That Beijing’s soft power in the Russian Far East is growing along with China’s investment footprint at the expense of Moscow’s, and that the Russian government (at the federal and provincial levels) has no coordinated policy strategy effectively countering this natural growth of Chinese regional influence in both of the defined “spheres” of soft power. The dependent variable under examination was the degree of China’s demographic and economic soft power in the Russian Far East. The independent variables were 1) the Russian government’s policies designed to counter the growth of Chinese soft power within the RFE and 2) the already existing nature of China’s demographic presence and economic clout in the region. In the course of researching the interplay between these variables, this thesis encountered a number of limitations.

Quantitatively, this thesis had intended to research the amounts of Russian government expenditures dedicated to the programs bolstering Moscow’s demographic

and economic presence in the RFE. Unfortunately, many of these programs (e.g., resettlement aid for compatriots living abroad) target the entire Russian Federation, rendering difficult the identification of specific budgetary figures for the programs' implementation in the RFE alone. Similar statistics were hard to locate for Chinese investment in the region. How much profit of a Chinese trade deal with Gazprom is invested into the RFE's infrastructure? How much does Transneft spend on building a pipeline through Amur Oblast, and how much of this represents a tangible investment into the Oblast's own infrastructure? Similar difficulties arose in measuring Chinese companies' involvement in the timber, agricultural, and commercial sectors of the RFE, particularly as significant portions of that involvement occur in the nebulous "gray market"⁷⁶ between the two countries. Similar difficulties in measurement occurred in identifying quantifiable data that could serve as accurate measurements of population attitudes in the Russian Far East. Major Russian research centers that provide metrics on public opinion (e.g. Levada, VTsIOM) focus on nation-wide polls, and rarely parse their data according to specific regions (e.g. the RFE). As a result, this thesis relied more heavily on qualitative assessments than originally anticipated. Nevertheless, important conclusions can be reached about this paper's hypothesis.

First, Beijing's soft power is growing in the Russian Far East. This growth had not accompanied a growing investment or demographic footprint in the region, however. As noted above, Moscow has been largely successful in discouraging permanent Chinese immigration to the area, and the lion's share of Chinese macro-scale trade with Russia occurs with state-owned corporations currently headquartered far from their Far Eastern

⁷⁶ Jeremy Chan and Andrew Osborn, "Russia, China Clash over Billion in 'Gray Trade,'" *Wall Street Journal*, 29 July 2009. Accessed 17 May 2015. <http://www.wsj.com/articles/SB124880487756587479>.

operations. In discouraging Chinese immigration, however, the Kremlin has perpetuated a severe labor shortage in the region, which its own “compatriot” resettlement programs have been unable to adequately address. In dictating the RFE’s macroeconomic policies from far-off Europe, the Russian government has often stifled local entrepreneurial spirit, creating the impression that Moscow is happy to engage with Beijing’s booming economy, but “over the heads” of the residents and small-scale businesses of the RFE. That local Russian residents continue to see better opportunities on the Chinese side of the Black Dragon River speaks more to Russian policy failure than Chinese policy triumphs.

The second assertion is a touch more complicated. From a certain perspective, the Russian government has indeed a coordinated policy strategy for countering the growth of China’s regional influence. The policies of the FMS and the MDRFE, or the corporate directives of Gazprom, Rosneft, and RusHydro, are largely implemented at the local level. Whether or not these policies are well-advised is another matter entirely. Continued efforts by government officials in Amur Oblast, Khabarovsk Krai, and Primorsky Krai to encourage entrepreneurship and solicit foreign investment, while not necessarily at odds with the Kremlin’s centralized policies, are nonetheless often stymied by those same policies (e.g., restrictive labor quotas, closed border crossings, restrictions on foreign direct investment, etc.). Moscow’s strategy to defend the Russian Far East against China’s perceived demographic and economic incursions may be better coordinated than the Kremlin receives credit for. However, this degree of strategic coordination does not imply that, as a means of strengthening Russia’s soft power in the Amur River watershed, it is not a misguided strategy in the first place.

Chapter IX

Conclusion

As noted earlier in this study, the soft power interaction between Russia and China along their shared frontier constitutes an important case study for other nations attempting to manage soft power fault lines along their respective borders. The policy lessons arising from this study may be generally grouped around the tension between central and local government policies on the one hand, and the multilayered interactions between the demographic and economic spheres of soft power on the other.

Regarding the interplay of Russia's policies at the federal and provincial levels, President's Putin's "Power Vertical" has reduced much of the contradictory tension in the policy world between the center and periphery that constituted a major challenge for rational governance at the beginning of his administration in 2000. This consistency has important positive ramifications for a nation's domestic soft power. Public perception often does not differentiate between provincial and federal level governments. Moscow's efforts to shape that perception of its governing competence are assisted, in the long-run, by consistent local implementation of central policies.

But Moscow's experience in the Russian Far East also emphasizes the importance of judicious and sparing application of federal-level policy to local regions. Overly centralized policy-making authority has acted as an effective inhibitor to innovative measures more nuanced to the specific demographic and economic circumstances of Amur Oblast, Khabarovsk Krai, and Primorsky Krai. That same over centralization

generates local resentment of the central government, increases the risk of regional separatism, and undermines, in this case, Moscow's soft power in the Russian Far East.

In addition to this tension between central and local policies, policymakers wrestling with soft power issues must consider the multilayered interactions between the demographic and economic spheres of soft power. Per the case in the Russian Far East, moves that may have positive demographic ramifications for soft power (e.g., the restriction of Chinese immigration to the RFE) may have *negative* economic ramifications (e.g., an inadequate labor force to stimulate the local economy). In this situation, an overly myopic focus on maintaining demographic soft power may, in and of itself, prove self-defeating. Moscow may have effectively discouraged Chinese immigration to the RFE, yet the residents of the RFE increasingly look to the better economic opportunities west of the Urals or south of the Amur. Both demographic- and economic-focused policies must be carefully coordinated and periodically reviewed to ensure effective strengthening of holistic domestic soft power.

As China continues to play a demographically and economically greater role on the world stage, the lessons learned from Moscow's efforts to counter Beijing's growing soft power has relevance for policy makers located far from the Amur [the "Black Dragon"] River's watershed. Russia's challenge is to recognize its opportunities, to avoid framing Russo-Chinese interactions in the region as a zero-sum game, and to recognize that a growth of Chinese demographic and economic influence in the area, if appropriately engaged, can strengthen Russia's own regional soft power. As Moscow empowers the provincial governments of the Russian Far East to enact locally nuanced population and trade policies within the framework of carefully considered national

strategic guidelines, it will finally begin to harness the tremendous potential of its Pacific Coast. It will finally begin to bridle the Black Dragon.

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