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Part 2: Russian Foreign Energy Strategy

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Russian Grand Strategy and Energy Resources: The Asian Dimension¹

Jakub M. Godzimirski

This chapter addresses a set of strategically important questions about the relationship between Russian strategy and the country's energy resources. It is divided into three sections. The first presents a brief discussion of the concept of a 'grand strategy' and its application in the Russian context. The second examines the role of energy resources in a grand strategy in general, and in the current Russian context in particular. The final section considers the importance of Asia in the realisation of Russian energy and grand strategy.

The chapter seeks to answer the following questions:

- What is a grand strategy?
- Does Russia have a grand strategy?
- What is the connection between grand strategy and energy?
- What is the role of energy resources in Russia's grand strategy?
- What is the role of Asia in Russia's grand and energy strategy designs?

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The term ‘grand strategy’ was officially introduced by Basil Henry Liddel Hart in his 1929 text on indirect strategy (published in a revised version in 1967);² however, it appeared in public debates somewhat earlier. A search for the term in the web archive of one of the most respected journals on foreign affairs and national security, *Foreign Affairs*, conducted in August 2019 returned 809 hits, with the oldest one stemming from 1924, and no less than 108 hits before 1967. Debate on the meaning and content of the term gained momentum after 1967 and especially after the end of the Cold War, with 156 hits returned in the period between 1967 and 1991, and 529 hits between 1992 and the end of 2018.³

This study uses three widely accepted operational definitions of ‘grand strategy’. Peter Feaver defines grand strategy as: ‘The collection of plans and policies that comprise the state’s deliberate effort to harness political, military, diplomatic, and economic tools together to advance that state’s national interests.’⁴ J. L. Gaddis describes grand strategy as: ‘The calculated relationship of means to large ends. It’s about how one uses whatever one has to get to wherever it is one wants to go.’⁵ Conversely, Biddle argues that:

Grand strategy identifies and articulates a given political actor’s security objectives at a particular point in time and describes how they will be achieved using a combination of instruments of power—including military, diplomatic, and economic instruments.⁶

2 Basil Henry Liddell Hart, *Strategy: The Indirect Approach*, rev. ed. (London: Faber and Faber, 1967).

3 Search for the term ‘grand strategy’ was conducted by the author on 10 August 2019 at www.foreignaffairs.com. For an overview of this debate see John Lewis Gaddis, *On Grand Strategy* (New York: Penguin Books, 2019); Nina Silove, ‘Beyond the Buzzword: The Three Meanings of ‘Grand Strategy’’, *Security Studies* 27, no. 1 (2018): 27–57, doi.org/10.1080/09636412.2017.1360073; Tami Davis Biddle, *Strategy and Grand Strategy: What Students and Practitioners Need to Know* (Carlisle: US Army War College, The Strategic Studies Institute, 2015); Harry R. Yarger, *Strategic Theory for the 21st Century: The Little Book on Big Strategy* (Carlisle: Strategic Studies Institute, US Army War College, 2006); Paul M. Kennedy, *Grand Strategies in War and Peace* (New Haven: Yale University Press, 1992).

4 Peter Feaver, ‘What Is Grand Strategy and Why Do We Need It?’, *Foreign Policy*, 8 April 2009, shadow.foreignpolicy.com/posts/2009/04/08/what_is_grand_strategy_and_why_do_we_need_it.

5 John Lewis Gaddis, ‘What Is Grand Strategy?’, Karl Von Der Heyden Distinguished Lecture, Duke University, Durham, 26 February 2009, tiss-nc.org/wp-content/uploads/2015/01/KEYNOTE_Gaddis50thAniv2009.pdf.

6 Biddle, *Strategy and Grand Strategy*, 5.

Therefore, the three key elements of any grand strategy can be said to be: 1) the ends/objectives it seeks to achieve, 2) the means/resources it has at its disposal while trying to achieve its goals, and 3) the ways/instruments/tools it can use to make these happen.

Does Russia Have a Grand Strategy?

There is an abundance of literature on Russian foreign, security and defence policy and the topic became even more relevant in the wake of the 2014 conflict in Ukraine. Scholars working in this area seek to understand the role of various institutions and individuals, including Putin, in the formulation and implementation of policy; the extent to which Russian policymaking and implementation is centralised and well-coordinated; the short-, mid- and long-term objectives of Russian policy; and the instruments it uses to achieve these objectives.

Christopher Marsh describes the question of whether Putin has an overarching strategy or is merely reacting to international events as they unfold as ‘one of the most significant questions surrounding Russian foreign policy’.⁷ Posing this type of question is well justified, as today’s Russia can be suspected of having inherited some of the approaches characteristic of its Soviet past, when policy planning and teleological—goal-oriented—approaches to policymaking were an important part of the Soviet tradition.

As usual, there are many different opinions. For instance, Anne Applebaum argues that Putin’s policy lacks a grand strategic cut; she describes it as a strange strategy of regime survival.⁸ Others, like Sarah Topol, argue that, while there are elements of grand strategic thinking and design in Russian policy, the country mostly responds to opportunities in order to be an autonomous player—that is, to uphold its identity as a great power that is strategically independent from other centres of global power.⁹ Then there

7 Christopher Marsh, ‘Russia Sees Its Future in China and Eurasia’, *National Interest*, 22 April 2019, nationalinterest.org/feature/russia-sees-its-future-china-and-eurasia-53702.

8 Anne Applebaum, ‘Putin’s Grand Strategy’, *South Central Review* 35, no. 1 (2018): 22–34, doi.org/10.1353/scr.2018.0001.

9 Sarah Topol, ‘What Does Putin Really Want?’, *New York Times Magazine*, 30 June 2019.

are those like Marsh, Kofman, Person and others¹⁰ who argue that the country's current policies 'combine into a coherent global foreign policy agenda that seeks to reposition Russia as a great power in the emerging world order',¹¹ and that Russia has indeed a grand strategy—one that seeks to achieve some long-term goals and has, at its disposal, tools to facilitate its realisation. These include the country's abundant energy resources¹² that force, for instance, 'Eastern Europe as well as Western Europe to "play nice" with Russia as a major energy source and political and military power'.¹³

Russia's Strategic Objectives

Before examining the role of energy in Russia's strategic designs, it is necessary to better understand the objectives of this apparent Russian grand strategy and the extent to which they can be viewed as representing a 'strategic continuity'. There is a large body of literature on the persistence of Russian objectives and how they have been translated into short-, mid- and long-term goals.¹⁴

10 Marsh, 'Russia Sees Its Future in China and Eurasia'; Michael Kofman, 'Drivers of Russian Grand Strategy', Stockholm Free World Forum, 23 April 2019, frivarld.se/wp-content/uploads/2019/04/Drivers-of-Russian-Grand-Strategy.pdf; Robert Person, *Russian Grand Strategy in the 21st Century* (West Point: US Military Academy, 2019), doi.org/10.1016/j.orbis.2019.02.002; Joseph Roger Clark, 'Russia's Indirect Grand Strategy', *Orbis* 63, no. 2 (2019): 225–39, doi.org/10.1016/j.orbis.2019.02.002; Andrei P. Tsygankov, 'Preserving Influence in a Changing World. Russia's Grand Strategy', *Problems of Post-Communism* 58, no. 2 (2011): 28–44, doi.org/10.2753/PPC1075-8216580203; Andrew Monaghan, 'Defibrillating the Vertikal?: Putin and the Russian Grand Strategy', Chatham House, 7 October 2014, nllp.jallc.nato.int/IKS/Sharing%20Public/Defibrillating%20the%20Vertikal%20Putin%20and%20Russian%20Grand%20Strategy.pdf.

11 Marsh, 'Russia Sees Its Future in China and Eurasia'.

12 Tsygankov, 'Preserving Influence in a Changing World'; Person, *Russian Grand Strategy*; Marsh, 'Russia Sees Its Future in China and Eurasia'.

13 Marsh, 'Russia Sees Its Future in China and Eurasia'.

14 Cyril C. Black, 'The Pattern of Russian Objectives', in *Russian Foreign Policy. Essays in Historical Perspective*, ed. Ivo Lederer (New Haven: Yale University Press, 1962), 3–38. Edward N. Luttwak, *The Grand Strategy of the Soviet Union* (New York: St Martin's Press, 1983); Alfred J. Rieber, 'Persistent Factors in Russian Foreign Policy', in *Imperial Russian Foreign Policy*, ed. Hugh Ragsdale (Cambridge: Cambridge University Press, 1993), 315–59; Alfred J. Rieber, 'How Persistent Are Persistent Factors?', in *Russian Foreign Policy in 21st Century. The Shadow of the Past*, ed. Robert Legvold (New York: Columbia University Press, 2007), 205–71, doi.org/10.7312/legv14122-005; Margot Light, 'Russian Foreign Policy Themes in Official Documents and Speeches: Tracing Continuity and Change', in *Russia's Foreign Policy Ideas, Domestic Politics and External Relations*, ed. David Cadier and Margot Light (London: Palgrave Macmillan, 2015), 13–29, doi.org/10.1057/9781137468888_2; A. Radin and C. B. Reach, *Russian Views of the International Order* (Santa Monica: RAND Corporation, 2017).

Having studied the pattern of Russia's long-term objectives, Cyril Black lists stabilisation of frontiers, assurance of favourable conditions for economic growth, unification of Russian territories, and participation in alliance systems and international institutions as the main leitmotifs in Russian foreign and security policy.¹⁵ Margot Light, in her study of the patterns of Russian objectives in the post-Soviet period, argues that Russia's policymaking community was mostly preoccupied with establishing the Commonwealth of Independent States as a buffer zone, opposition against the North Atlantic Treaty Organization's (NATO) eastward expansion, defence of Russia's sovereignty and territorial integrity, countering Western plans to deploy a ballistic missile defence system, efforts to create a multipolar international system and recognition of Russia as a great power.¹⁶ A RAND study published in 2017 concluded that Putin's regime was most interested in defence of the nation and the regime, increasing the level of influence in the near abroad, creating conditions that would limit other states' ability to interfere in Russia's domestic affairs, strengthening the perception of Russia as a great power, and political and economic cooperation as a partner equal to other great powers.¹⁷

A recent reading of Russian strategic intentions by NSI Inc., a US-based analytics company, concluded that Russia's core objectives are to reclaim and secure the country's influence over former Soviet nations; regain worldwide recognition as a 'great power'; and portray Russia as a reliable actor, key regional powerbroker and successful mediator in order to gain economic, military and political influence over other nations and to refine the liberalist rules and norms that currently govern the world order.¹⁸ One of the contributors to the NSI study summed up his findings on Russian grand strategy by saying that:

The main 'end' of Russian grand strategy in the 21st century is establishing a 'Yalta 2.0', in which Russia enjoys an uncontested sphere of influence in the post-Soviet region, broadcasts Russian voice and influence globally, and establishes reliable constraints on American globe-trotting and regime-change activities.¹⁹

15 Black, 'The Pattern of Russian Objectives'.

16 Light, 'Russian Foreign Policy'.

17 Radin and Reach, *Russian Views of the International Order*.

18 J. Arquilla et al., 'SMA TRADOC White Paper—Russian Strategic Intentions', NSI, May 2019, nsiteam.com/sma-white-paper-russian-strategic-intentions/.

19 Person, *Russian Grand Strategy*.

Grand Strategy and Energy

According to Meghan O'Sullivan, energy that is the basis of economic growth can be found at the heart of virtually every country's strategic evaluations.²⁰ She argues that to understand how energy policy forms part of national grand strategy, how energy and security are intertwined and how energy factors into a whole host of interactions between countries, actors and global institutions, one should examine energy policies in the context of national grand strategy. In her view, grand strategy is a 'concept guiding a country in its efforts to combine its instruments of national power in order to shape the international environment and advance specific national security goals'.²¹ Energy-related issues can thus have various roles in this grand strategic context. For some actors, getting access to energy is one of the main goals of a grand strategy; some may view energy as a means to achieve other grand strategy-related goals; while others use their endowment with energy resources as a tool and instrument in realisation of their grand strategy. How do these energy-related questions figure in Russia's grand strategic designs? Is energy an objective to be achieved, an instrument or a means—or all of them combined?

Russian Grand Strategy and Energy

There are various possible ways of examining this issue. I will approach the question of the relationship between Russian energy resources and the country's grand strategy from several angles. First, I will examine the place of energy in Russia's foreign, defence and security policy. Second, I will consider how studies of Russian energy strategies published over the past 20 or so years have addressed this issue. Third, I will explore how the main priorities in Russian energy policy are defined in the current situation and the role of Russia's foreign energy policy in Russian strategic designs. Finally, I will present some conclusions on how to understand the role of energy in Russian grand strategy and the role assigned to Asia in Russian strategic energy designs.

20 Meghan L. O'Sullivan, 'The Entanglement of Energy, Grand Strategy, and International Security', in *The Handbook of Global Energy Policy*, ed. Andreas Goldthau (London: Wiley-Blackwell, 2013), 30–47, doi.org/10.1002/9781118326275.ch2.

21 O'Sullivan, 'The Entanglement of Energy'.

Table 3.1: What makes Russia important in energy terms and what makes energy important in the Russian strategic context?

Category	Amount
Energy consumption, mtoe ⁱ	720.7
Energy production, mtoe ⁱⁱ	1373.7
Net energy exports, mtoe ⁱⁱⁱ	624.4
Energy export value, US\$ billion ⁱⁱⁱ	307
Share of fuels in export in % ^{iv}	65.7
Share of global fuel exports in % ^{iv}	12
Oil reserves, billion tons/share of global/RPR ratio ⁱ	14.7/6.1/25.4
Oil production, mtoe/share in %/rank ⁱ	566.3/12.6/3
Oil crude exports, mtoe/share in %/rank ⁱ	275.9/12.8/2
Natural gas reserves, tcm/share/RPR ratio ⁱ	38.9/19.8/58.2
Gas production, bcm/share in %/rank ⁱ	669.5/17.3/2
Gas export piped, bcm/share in %/rank ⁱ	223/23.6/1
Gas export LNG, bcm/share in % ⁱ	24.9/5.8
Share of petroleum sector in state revenue in % 2014/2018 ^v	51/46
Share of oil, oil products and natural gas in export 2000–18 (highest/2018) ^{vi}	66.9/57.9
Value of oil, oil products and natural gas export 2000–18/share in total exports ^{vi}	3, 807, 106/62.1

ⁱ BP, *Statistical Review of World Energy 2019* (London: British Petroleum, 2019), www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2019-full-report.pdf.

ⁱⁱ IEA, *World Energy Outlook 2018* (Paris: OECD Publishing, 2018).

ⁱⁱⁱ World Trade Organization, *World Trade Report 2010. Trade in Natural Resources* (Geneva: World Trade Organization 2010), see data for 2008.

^{iv} World Trade Organization, *World Trade Report 2010*.

^v 'Annual Information on the Execution of the Federal Budget (Data from January 1, 2006)', Ministry of Finance of Russia, accessed 3 September 2020, minfin.gov.ru/ru/statistics/fedbud/execute/?id_65=80041-yezhegodnaya_informatsiya_ob_ishpolnenii_federalnogo_byudzhetadannye_s_1_yanvarya_2006_g.

^{vi} calculated by the author based on data provided by the Central Bank of Russia, see 'External Trade in Goods (Balance of Payments Methodology)', Bank of Russia, accessed 3 September 2020, cbr.ru/eng/statistics/macro_itm/svs/.

The strategic importance of energy resources is well understood in Russia. When the Russian Federation's *Energy Strategy through 2020* was published in 2003, the first paragraph stated:

Russia has abundant energy resources and a powerful fuel and energy sector that forms the basis of economic development and is an instrument in [the] realisation of domestic and foreign policy. The role of the country at the global energy market in many respects defines geopolitical influence.²²

Finnish expert Kari Liuhto identified the strategic importance of various sectors in the Russian economy in 2007: Russia's oil and gas industries were defined as highly strategic to the national economy and national security.²³

In his 2011 article on Russian grand strategy, A. Tsygankov described Russia's energy clout as an important tool helping Russia to regain its great power status and emerge as a power 'capable of defending its international prestige using economic, military, and diplomatic means' after a period when the country looked like a 'weak and inward-looking nation'.²⁴ According to Tsygankov, energy is one of five strategic tools that Russia can use to fashion a comprehensive policy, the other four being diplomacy, military power, cultural and historical capital, and technological expertise.²⁵

When summing up the economic results of 2018, a group of Russian experts stated that, although the country had managed to become less dependent on energy resources in its pursuit of strategic goals, the oil and gas sector still represented 20 per cent of the country's GDP, and generated 45 per cent of the state budget revenue as well as 60 per cent of the country's export revenue.²⁶ Energy resources are not only important as a tool in Russian foreign and security policy, but also in the domestic context. Further, having access to, or direct or indirect control over, energy resources gives various actors important political leverage on the Russian political scene. Figure 3.1 shows the position of four key players in the Russian energy sector—Igor Sechin, head of Rosneft; Alexei Miller, head of Gazprom; Vagit Alekperov, owner of Lukoil; and Gennadii

22 Government of the Russian Federation, *Energeticheskaya Strategiya Rossii Na Period Do 2020 Goda* [Energy strategy of Russia through 2020] (Moscow: Government of the Russian Federation, 2003).

23 Kari Liuhto, 'A Future Role of Foreign Firms in Russia's Strategic Industries', *Electronic Publications of Pan-European Institute* 4 (2007).

24 Tsygankov, 'Preserving Influence in a Changing World', 28.

25 Tsygankov, 'Preserving Influence in a Changing World', 35.

26 Elizaveta Gorodishchiva, 'Let's Go on the Mend', Lenta.Ru, accessed 19 August 2020, lenta.ru/articles/2019/04/24/independence.

Timchenko, co-owner of Novatek—on an informal map of political power, as presented in the *Nezavisimaya Gazeta* (NeGa) annual rankings of the top 100 most influential figures in Russia.

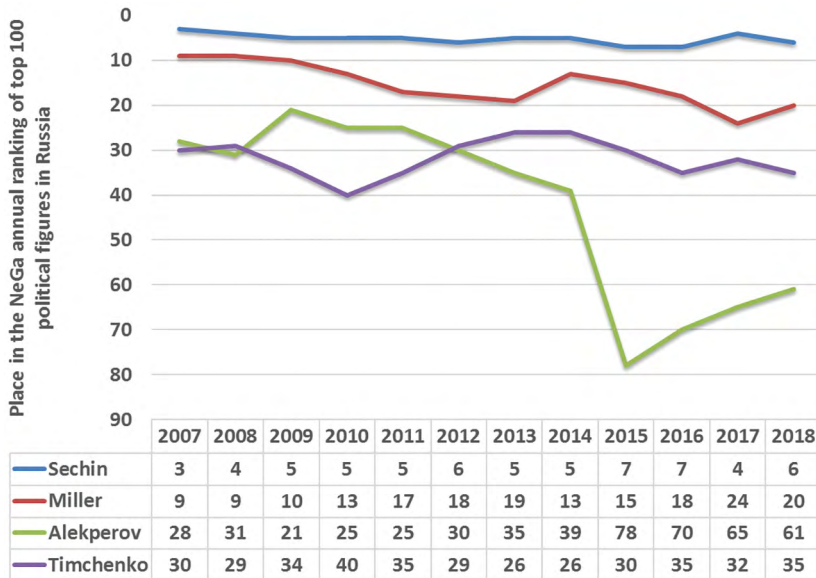


Figure 3.1: Russian energy actors on a map of reputational power. Annual rankings of top 100 political figures presented by *Nezavisimaya Gazeta* (NeGa) between 2007 and 2018.

Source: These rankings are published annually. See, Dmitrii Orlov, '100 vedushchikh politnikov Rossii v 2007 godu' [Top 100 leading politicians in Russia in 2007], *Nezavisimaya Gazeta*, 17 January 2008; Dmitrii Orlov, '100 vedushchikh politnikov Rossii v 2018 godu' [Top 100 leading politicians in Russia in 2018], *Nezavisimaya Gazeta*, 9 January 2019.

Energy in Russian Doctrines

To test whether this academic and journalistic assessment of the strategic importance of Russian energy resources is reflected in official thinking, it is crucial to examine how energy-related questions figure in Russian strategic documents on foreign, defence and security policy.

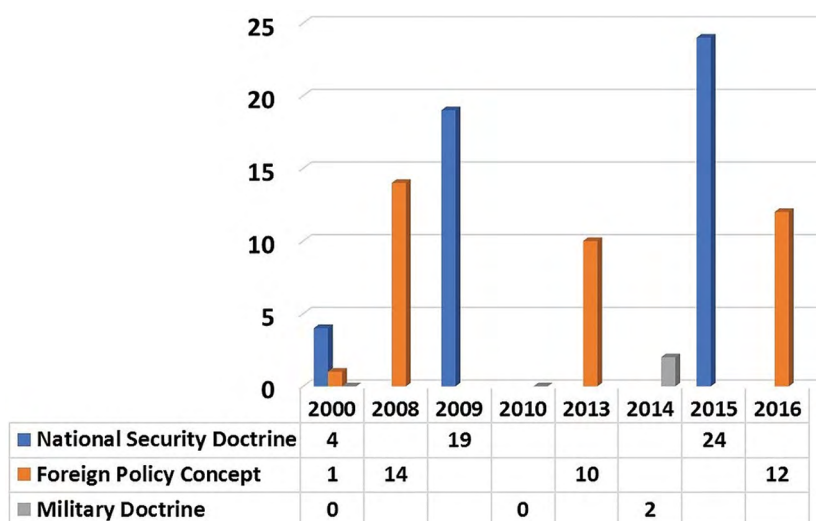


Figure 3.2: Frequency of term ‘energy’ in Russian doctrines, 2000–18.²⁷

In the period after the collapse of the Soviet Union, several national security, defence and foreign policy doctrines have been published in Russia. Doctrines published after 2000 show a growing interest in energy in the strategic context—especially in the field of national security and foreign policy, and, to a lesser extent, in the military context. One of the factors that explains this phenomenon is the coming to power of Vladimir Putin, who earlier in his career had shown great interest in the management of the country’s natural resources.²⁸

When analysing the strategic context today, it is crucial to understand how energy-related questions figure in the current set of strategic doctrines. The 2014 *Military Doctrine* mentions energy twice: once in the context of the threat posed by nuclear energy facilities, which was to be dealt

27 The list of examined documents includes the following official Russian doctrines published after Vladimir Putin’s ascent to power: 2000 *National Security Concept*; 2000 *Foreign Policy Concept*; 2000 *Military Doctrine*; 2008 *Foreign Policy Concept*; 2009 *National Security Strategy until 2020*; 2010 *Military Doctrine*; 2013 *Foreign Policy Concept*; 2014 *Military Doctrine*; 2015 *National Security Strategy*; 2016 *Foreign Policy Concept*.

28 Vladimir Putin, ‘Mineral’no-Syr’evye Resursy V Strategii Razvitiya Rossijskoj Ekonomiki’ [Mineral resources in the development strategy of the Russian Federation], in *Rossiia V Okruzhayuschem Mire: 2000 (Analiticheskij Ezhegodnik)* [Russia in the surrounding world: 2000 (analytical yearbook)], ed. N. N. Moiseev and S. A. Stepanov (Moscow: MNEPU, 2000); Harley Balzer, ‘Vladimir Putin’s Academic Writings and Russian Natural Resource Policy’, *Problems of Post-Communism* 55, no. 1 (2006): 48–54; Harley Balzer, ‘The Putin Thesis and Russian Energy Policy’, *Post-Soviet Affairs* 21, no. 3 (2005): 210–25, doi.org/10.2747/1060-586X.21.3.210.

with by the Russian military, and once in relation to the formation of territorial troops, which was described as means of dealing with threats to critical infrastructure, including energy infrastructure. The *2015 National Security Strategy* mentions energy 24 times, paying special attention to energy security; volatility in the energy market; ensuring state and public security in fuel and energy industries; and state protection of Russian producers active in the sphere of military, food, information and energy security. In addition, it devotes two entire paragraphs (60 and 61) to discussing various aspects of energy security, and describes energy security as: 'One of the main avenues of ensuring national security in the sphere of the economy for the long term'.²⁹

Finally, the 2016 *Foreign Policy Concept* mentions energy 12 times. Placing energy-related questions in the broader context of the evolution of the international system, it pays special attention to qualitative changes in the sphere of energy caused by the introduction of new technologies to extract hard-to-recover hydrocarbon reserves, and the expanded use of renewable sources of energy. This strategic document also addresses the question of 'groundless restrictions and other discriminatory measures' in the field of energy in a situation in which 'states need to diversify their presence on global markets to ensure their energy security'.³⁰ It states that Russia's interests and approaches should be taken into account when dealing with issues related to energy security and multilateral cooperation in the peaceful use of nuclear energy, and that 'Russia enhances cooperation with the leading energy producers, promotes equal dialogue with consumer and transit countries assuming that stable demand and reliable transit are needed to guarantee energy supplies'.³¹ In addition, the document describes the EU as 'an important trade and economic and foreign policy partner, including in the energy segment'.

29 President of the Russian Federation, *Strategiya natsional'noj bezopasnosti Rossiyskoy Federatsii* [National security strategy of the Russian Federation] (Moscow: President of the Russian Federation, 2015).

30 Ministry of Foreign Affairs of the Russian Federation, *Foreign Policy Concept of the Russian Federation* (Moscow: MFA).

31 Ministry of Foreign Affairs of the Russian Federation, *Foreign Policy Concept of the Russian Federation*.

Energy Strategies

Strategic energy issues are not only discussed in Russian doctrines on national security, defence and foreign policy, but also, and more comprehensively, in the set of documents that could be labelled Russian energy strategies. In the period after the fall of the Soviet Union, at least seven Russian official documents of this type were published by the Russian policymaking community (for an overview see Figure 3.3). These documents outline short-, mid- and long-term goals to be achieved by the country's energy sector; ways of achieving them; and challenges that the sector needs to deal with in order to succeed. As mentioned earlier, these documents also present some thoughts on the strategic importance of the sector in the broader strategic national security and foreign policy context.

The 2019 *Energy Security Doctrine of the Russian Federation* reflects the official view on how to ensure Russia's energy security. The document expands and develops the provisions of the *National Security Strategy of the Russian Federation* and other strategic planning documents in the field of national security.³² It starts by defining key concepts, such as energy security, threats, challenges and risks to energy security, and identifies some of the challenges, threats and risks the country's energy sector must deal with if it wants to remain relevant in the global context and be able to supply energy to domestic consumers. These crucial issues include sanctions restricting Russian energy companies' access to modern technology; long-term funding and joint projects and measures undertaken by other actors, which are viewed as discriminating against Russian energy actors; and international climate policies and accelerating green energy transitions that may lower global demand for energy resources, which is especially challenging in a situation in which global hydrocarbon reserves are growing and the energy momentum is shifting to the Asia-Pacific region (APR) where Russia lacks adequate infrastructure to become an important supplier. Also, the emergence of the global liquefied natural gas (LNG) market and new gas suppliers is viewed as posing a threat to Russian energy security. Further, the Russian energy sector faces several legal and regulatory challenges, especially in relations with the EU, while, domestically, the sector must deal with issues related to lower-quality resources, corruption and uncertainty over future demand, at the same time as overcoming obstacles caused by what is regarded as excessive environmental regulations.

32 President of the Russian Federation, *Energy Security Doctrine of the Russian Federation* (Moscow: President Administration, 2019).

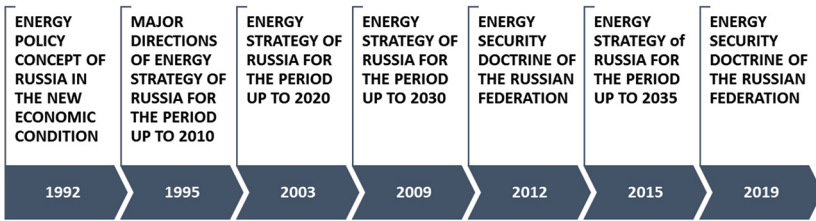


Figure 3.3: Russian energy-related doctrines published between 1993 and 2019.

Russian Energy Resources as a Means of Grand Strategy

Russian energy resources play an important role in creating the economic framework and conditions that have allowed the current regime to increase its stability on the domestic front and have helped Russia to punch above its economic weight in the international arena. The ability of the current Russian regime to achieve its strategic objectives both domestically and internationally depends on revenues generated by the country's energy sector. According to Russian official data (e.g. Ministry of Finance and CBR), the share of petroleum revenues in the budget reached more than 50 per cent some years ago, declined to below 40 per cent in 2016 and 2017, and reached 46 per cent in 2018 (see Figure 3.4).

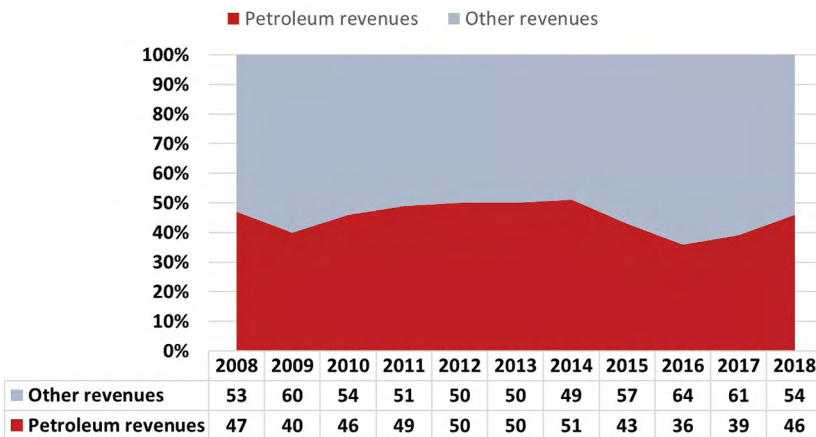


Figure 3.4: Share of petroleum revenue in the Russian state budget.

Source: Data from the Russian Ministry of Finance and Central Bank of Russia.

Petroleum-related revenue has allowed the regime to pursue a double-track strategy. The first track of this strategy involved heavy investment in defence- and security-related matters—as promised by Putin during his 2012 presidential campaign.³³ This helped Russia increase its military capabilities as well as its ability to project military power beyond its borders, thereby improving its clout in international relations. The second track involved heavy investment in social programs that helped to secure the stability as well as the survival of the current regime, which is one of the key objectives of what some have labelled ‘grand strategy’ and others describe as ‘strange strategy’.

To illustrate how important petroleum-related revenue was in allowing the regime to pursue this double-track strategy in the years after Putin’s return to power in 2012, it is enough to mention that the share of petroleum revenue reached 50 per cent of the budget revenue in 2012, 50 per cent in 2013, 51 per cent in 2014 and dropped to 43 per cent in 2015. The share of defence- and security-related spending (combined) in the Russian state budget reached the level of 24.8 per cent in 2012, 31.3 per cent in 2013, 30.8 per cent in 2014 and 32.95 per cent in 2015, while the share of social spending reached slightly lower levels: 29.9 per cent in 2012, 28.7 per cent in 2013, 23.3 per cent in 2014 and 27.31 per cent in 2015. Therefore, one can ask a highly relevant, and not only rhetorical, question: how would Russian policymakers be able to realise this type of double-track strategy without revenue generated by the country’s petroleum sector? The fact that Russian policymakers announced a 20 per cent cut in spending on defence in 2016—in a year in which petroleum-generated revenue formed only 36 per cent of the budget revenue—is a very convincing example of how important energy resources are as a means of realising Russia’s grand strategic designs.

The very same energy revenue—or what is referred to as Russian oil and gas rents—have also provided an important economic cushion that has helped Russia deal with external pressures, as illustrated by Clifford Gaddy and Barry Ickes.³⁴

33 Vladimir Putin, ‘Russia Muscles up—the Challenges We Must Rise to Face’, Archive of the Official Site of the 2008–2012 Prime Minister of the Russian Federation, 6 January 2012, archive.premier.gov.ru/eng/events/news/17755/; Vladimir Putin, ‘Being Strong: National Security Guarantees for Russia’, Archive of the Official Site of the 2008–2012 Prime Minister of the Russian Federation, 20 February 2012, archive.premier.gov.ru/eng/events/news/18185/; Vladimir Putin, ‘Russia and the Changing World’, Archive of the Official Site of the 2008–2012 Prime Minister of the Russian Federation, 27 February 2012, archive.premier.gov.ru/eng/events/news/18252/.

34 Clifford Gaddy and Barry W. Ickes, ‘Can Sanctions Stop Putin?’, *Brookings*, 3 June 2014, www.brookings.edu/research/articles/2014/06/03-can-sanctions-stop-putin-gaddy-ickes.

Russian Energy Resources as an Instrument of Grand Strategy

Russian energy resources can be viewed as a means of grand strategy *and* as an instrument in the realisation of grand strategic goals. This is clearly visible in the role these resources play in Russia's relationship with the outside world. In addition to generating revenue, Russian energy resources serve as instruments of political influence. By establishing energy links with buyers of Russian energy resources, a situation of mutual interdependence between Russia and these actors is created: Russia depends on revenue generated by its sale of energy and the buyers depend on energy supplied by Russia to make their economies and societies work.

Energy resources are the most important Russian export commodity. In the period between 2000 and 2018, exports of Russian oil, petroleum products and natural gas generated US\$3.807 trillion in revenue, and represented 62.1 per cent of the total value of Russian exports in that period. Analysis conducted by NSI in 2019 concluded that energy has been a key source of Russian power and influence; globally, many countries have developed a strong energy relationship with Russia; Russia's energy priorities extend worldwide; and European nations in particular have become dependent on Russia for access to these resources.³⁵ In addition, Africa and the Arctic have also become significant as Russia looks to exploit opportunities for energy-related commerce.

According to S. Kardas, the EU was the main energy partner of Russia both before and after the 2014 crisis. The share of the EU in Russian oil export was 72 per cent in 2008 and 63.4 per cent in 2015, and in the gas export 57 per cent in 2008 and 72 per cent in 2016.³⁶ The situation did not change despite growing tensions between Russia and the West in the wake of the 2014 crisis in Ukraine, and the EU remains the main target area for the export of Russian energy commodities.³⁷ In 2019, Russia and the EU still depended on each other in terms of energy. While

35 Arquilla, 'SMA TRADOC White Paper—Russian Strategic Intentions'.

36 Szymon Kardaś, *The Twilight of the Oil Eldorado. How the Activity of Russian Oil Companies on the EU Market Has Evolved* (Warsaw: Ośrodek Studiów Wschodnich im. Marka Karpia, 2016). Szymon Kardaś, *At Crossroads. Current Problems of Russia's Gas Sector* (Warsaw: Ośrodek Studiów Wschodnich im. Marka Karpia, 2017).

37 Jakub M. Godzimirski, 'Russia—EU Energy Relations: From Complementarity to Distrust?', in *EU Leadership in Energy and Environmental Governance? Global and Local Challenges and Responses*, ed. Jakub M. Godzimirski (New York: Palgrave Macmillan, 2015), 89–112, doi.org/10.1057/9781137502766_5.

this situation provides Russia with certain opportunities, it also creates challenges, as identified in the 2019 official *Energy Security Doctrine of the Russian Federation*.

According to some studies, situations of interdependence create positive incentives for actors to avoid situations of conflict; however, other studies suggest the opposite. Irina Busygina and Mikhail Filippov examined the issue of what they labelled the ‘energy curse’ in the context of Russian–EU energy dependence, and concluded that, ‘as the dependence of both sides on mutual trade increased, their political relations deteriorated’.³⁸ They argue that this was the result of a strategic choice made by Russian leadership that, at the time, sought to sustain a certain level of political conflict with the EU and many post-Soviet countries for domestic political reasons.³⁹

According to C. Egmond, R. Jonkers and G. Kok, there are four major instruments that can be used when designing and implementing energy policy–related measures: judicial-legal, economic, communicative and infrastructural.⁴⁰ Judicial-legal instruments prescribe desired behaviour and set norms; they influence the behaviour of actors by making them understand what is desired and accepted and what is not. If actors comply, they can expect rewards; if they do not play by the rules, they can expect a kind of punishment or sanction. Many of these judicial-legal instruments have been used in the Russian context: for instance, the 2010 agreement whereby the Ukraine was given a special gas price in return for its willingness to meet Russia’s strategic expectations. The use of various forms of legal instruments is clearly visible in Russia’s dealings with various energy actors: those who are more willing to show understanding for Russian interests are given more beneficial legal conditions than those who are less inclined to meet Russian demands. The recent Stockholm arbitration court’s decision on the whole body of issues in Russian–Ukrainian gas relations shows how legal instruments can be used in the energy context by both sides.

38 Irina Busygina and Mikhail Filippov, “‘Resource Curse’ and Foreign Policy: Explaining Russia’s Approach Towards the EU”, in *Russian Energy in a Changing World: What Is the Outlook for the Hydrocarbons Superpower*, ed. Jakub M. Godzimirski (Farnham: Ashgate, 2013), 91–109.

39 Busygina and Filippov, “‘Resource Curse’”, 105.

40 C. Egmond, R. Jonkers and G. Kok, ‘One Size Fits All? Policy Instruments Should Fit the Segments of Target Groups’, [English] *Energy Policy* 34, no. 18 (2006): 3464–74, doi.org/10.1016/j.enpol.2005.07.017. For an interesting overview, see Randall Newnham, ‘Oil, Carrots, and Sticks: Russia’s Energy Resources as a Foreign Policy Tool’, *Journal of Eurasian Studies* 2, no. 2 (7/2011): 134–43, doi.org/10.1016/j.euras.2011.03.004. For a more general discussion of these issues in the current context, see Michael Rühle and Julijus Grubliauskas, ‘Energy as a Tool of Hybrid Warfare’, NATO Defence College, *Research Paper* 113 (April 2015), www.files.ethz.ch/isn/190791/rp_113.pdf.

Legal instruments are often combined with economic instruments that aim to influence the financial considerations of actors, providing economic incentives to those who accommodate Russian interests and de-incentivising those who could oppose Russia's plans. Gazprom's pricing policy, which has attracted the attention of the EU Commission, highlights the use of this type of instrument by Russian actors, and there are numerous other examples, such as Russia's preferential treatment of Belarus and other post-Soviet countries.

Communicative instruments that transfer knowledge for the purpose of informing, persuading, convincing or tempting are also often used in the pursuit of Russia's strategic and energy interests. These instruments can be combined with, and support, other types of instruments. They are often used to influence public opinion, to create social support or increase awareness. A 2011 study on how various communication strategies had been used to facilitate the realisation of the North Stream 1 project provides interesting insights on these questions.⁴¹ This study was followed by one on Russian and Norwegian strategies of influencing EU energy policy, focusing on the use of various channels as a way of promoting national strategic energy interests.⁴²

Physical, infrastructural instruments can be used to promote Russian interests. These can include the construction of various elements of physical energy infrastructure, or actions aimed at the existing infrastructure that work to change the physical and market parameters, thereby rendering them useful or useless to other actors. There are numerous examples of how these instruments have been used in the pursuit of energy and strategic goals by Russia: the construction of North Stream 1 and 2, the South Stream, the Turkish Stream and the Yamal LNG terminal; and, conversely, the stop in supplies of oil (explained officially as caused by technical problems to the Mazeikai refinery in Lithuania) and the redirection of oil flows from ports in the Baltic countries to new Russian facilities in Ust'-Luga.

41 Jakub M. Godzimirski, 'Nord Stream: Globalization in the Pipeline?', in *Russia's Encounter with Globalisation: Actors, Processes and Critical Moments*, ed. Julie Wilhelmsen and Elana Wilson Rowe (New York: Palgrave Macmillan, 2011), 159–84.

42 Jakub M. Godzimirski, 'Channels of Influence, or How Non-Members Can Influence EU Energy Policy', in *New Political Economy of Energy in Europe: Power to Project, Power to Adapt*, ed. Jakub M. Godzimirski (Cham: Palgrave Macmillan, 2019), 105–37, doi.org/10.1007/978-3-319-93360-3_5.

A detailed examination of the use of various instruments in Russia's energy relations with countries that have direct and indirect implications for Russia's ability to implement its strategic plans can be found in Larsson,⁴³ Larsson and Leijonhielm,⁴⁴ and Orttung and Øverland.⁴⁵ These studies—and many others—illustrate how Russian energy resources have been used instrumentally as a tool not only in Russian energy policy, but also in the context of Russian national strategy, grand or strange (see Table 3.2).

Table 3.2: Instruments and tools in Russian energy strategy⁴⁶

Tools and instruments	Legal	Economic	Communicative	Structural
Subsidies		x		
Gas pipelines shut offs		x	x	x
Pipeline explosions		x	x	x
Constructing alternative transit pipelines	x	x		x
Heated rhetoric			x	
Import bans		x	x	x
Cyber attacks		x	x	x
Personal relationships			x	
Sophisticated PR campaigns			x	
Court cases	x			
Military sabre rattling			x	x

In this context, it is important to mention that other instruments from Russia's strategic toolbox—which are not necessarily directly associated with energy strategy or policy—have also been used with some effect on Russian energy policy, which means that there is a sort of mutual grand strategic interdependence. On the one hand, energy is used as an instrument in Russia's pursuit of grand strategic goals; yet, on the other, military power, which is also a part of the grand strategic toolbox, can be used to change the parameters for Russian energy policy.

43 Robert Larsson, *Russia's Energy Policy: Security Dimensions and Russia's Reliability as an Energy Supplier* (Stockholm: Swedish Defence Research Agency, 2006).

44 Jan Leijonhielm and Robert L. Larsson, *Russia's Strategic Commodities: Energy and Metals as Security Levers* (Stockholm: Swedish Defence Research Agency, 2004).

45 Robert W. Orttung and Indra Overland, 'A Limited Toolbox: Explaining the Constraints on Russia's Foreign Energy Policy', *Journal of Eurasian Studies* 2, no. 1 (2011): 74–85, doi.org/10.1016/j.euras.2010.10.006.

46 Based on framework proposed by Egmond, Jonkers and Kok, 'One Size Fits All?', and empirical studies conducted by Orttung and Overland, 'A Limited Toolbox'.

Two recent examples illustrate this connection. The annexation of Crimea in 2014, in which the Russian military played an important part, provided Russia with new opportunities in energy policy, as some important energy deposits located in the region came under Russian control. Russia's military intervention in Syria in 2015 was predicted to have some impact on Russian energy producers, as it was expected that the increased level of conflict and Russia's direct military involvement would result in higher oil prices on the global market. However, the effect of Russian intervention in Syria on oil prices was short-lived: the price increased from US\$38 per barrel on 24 August 2015 to US\$49 on 9 October 2015, but then dropped to US\$27 on 10 February 2016. Since then, and to the amazement of energy experts who had not expected the oil price to be decoupled from political events in the Middle East, it has swung independently of Russia's actions in Syria.

Russian Energy Resources as a Goal of Grand Strategy

Due to the political and economic importance of Russian energy resources, they can be regarded not only as a means or a tool in pursuit of Russia's grand strategy, but also as a goal of this strategy. As indicated by our examination of Russian strategic documents, Russian policymakers understand the importance of the country's energy resources. Developing these resources and protecting them is viewed as an important goal of the country's national strategy for at least two intertwined reasons. Russian energy resources provide the general population and industry with access to affordable and reliable energy, securing the stability and survival of the regime as well as Russia's economic competitiveness in the global context.⁴⁷ Further, taking 'strategic care' of Russian energy resources enables the country to project its economic—and political power—beyond its borders, as shown in the previous section.⁴⁸

47 For more detail on the Russian understanding of this, see President of the Russian Federation, *2015 National Security Strategy*, especially paragraphs 60 and 61.

48 On the role of economic power and instruments in Russian policy, see for instance, Maksim Braterskiy, *Ekonomicheskie Instrumenty Vneshnei Politiki I Politicheskie Riski* [Economic instruments in foreign policy and political risks] (Moscow: Higher School of Economics, 2010); Maksim Braterskiy, ed., *Nevoyennyye Rychagi Vneshney Politiki Rossii: Regionalnyye I Globa' Nye Mekhanizmy* [Non-military leverages in Russian foreign policy: Regional and global mechanisms] (Moscow: Higher School of Economics, 2013).

To be able to provide energy to domestic consumers *and* foreign partners, Russia must identify and address the challenges faced by this sector. Hence, extending the lifespan of Russia's energy sector—one of the crown jewels in Russia's strategic toolbox—and making it better prepared to meet expected and unexpected current and future threats, challenges and risks is one of the key goals of Russian energy policy, and one of the key objectives of the country's grand strategy (if any such strategy exists).

A 2019 document prepared by the Russian Ministry of Energy outlines four main goals in Russian energy policy to be achieved in the coming years:⁴⁹

1. Securing energy needs in the domestic market in line with the principles of energy saving and efficiency, as well as the fulfilment of foreign contracts.
2. Increasing the environmental efficiency of Russia's energy sector by reducing man-made negative footprints on the environment and increasing the level of innovation.
3. Changing the approach to questions related to the pricing of heat supply, leading to the creation of a heat supply market.
4. Introducing advanced and digital technologies in the Russian energy sector.

These goals are to be realised in cooperation with other actors who may play a crucial role as suppliers of necessary financing or technology, or as providers of access to markets, thereby generating revenue for both companies and the state. This explains why having a comprehensive external energy strategy is of crucial importance.

The authors of a project on Russian energy strategy to 2035 outlined four key strategies to be pursued in the coming years: first, establishing and maintaining stable relations with old and new consumers of Russian energy resources, and securing Russian shares on the global energy market; second, increasing the level of export diversification in terms of product portfolio and increasing the share of processed products; third, establishing Russia as an important player in the APR; and, fourth, increasing the

49 Ministry of Energy Russian Federation, *Ob Uverzhdenii Plana Deyatelnosti Ministerstva Energetiki Rossiyskoy Federatsii Na Period 2019–2024 Godov* [On the approval of the plan for activity of the Ministry of Energy of the Russian Federation for the period 2019–2024] (Moscow: Ministry of Energy Russian Federation, 2019).

level of cooperation between Russian energy companies and their foreign partners.⁵⁰ It remains to be seen how, or whether, these energy goals will be pursued in the coming years; having plans is one thing, but realising them is something completely different.⁵¹ It is impossible to know how Russia's energy future will be shaped, what role its energy resources will play in the country's pursuit of grand strategic goals and what the short-, mid- and long-term effects of this energy/grand strategy interaction will be. Rather than examine this highly uncertain future, the next section focuses on the role of Asia in Russian energy and grand strategy.

What Is the Role of Asia in Russian Energy and Grand Strategy?

The following brief examination of Asia's role in Russian energy and grand strategy, and the interconnection between Russian grand strategic objectives and the use of energy resources, is divided into two sections. The first describes Russia's energy relations with Asia in 2019.⁵² The second discusses the role of Russian energy in Asia from three perspectives, treating energy as a means of Russian grand strategy, as an instrument and finally as a goal.

By 2019, Russia had managed to achieve some of the Asia-related energy objectives defined in official and unofficial statements. According to BP data, in 2018, 34 per cent of Russia's oil exports (94.8 mt) went to the APR, with China alone importing 71.6 mt, followed by other countries in the region (12.3 mt), Japan (7 mt), India (2.2 mt) and Singapore (1.7 mt). Although these figures look impressive, Russia's contribution represented only 8 per cent of the total oil exported to this region.

50 Vitaliy Bushuev, *Proyekt energeticheskoy strategii Rossii do 2035* [Project of the energy strategy of Russia until 2035] (Moscow: Institute of Energy Strategy, 2014), www.energystrategy.ru/ab_ins/source/Bushuev_ES-2035-17.02.14.pdf.

51 See L. S. Ruban, "Vse, Chto Sbylos I Ne Sbylos". Prognozy Razvitiya Tek Rossii V Energeticheskikh Strategiyakh Rf Do 2020 G., Do 2030 G., Proekte Ec Do 2035 G. I Ekspertnykh Otsenkakh' ['All that's true and not true'. Prognosis of the Russian fuel and energy complex in the energy strategies of the Russian Federation up to 2020, to 2030, the draft ES up to 2035 and expert estimations], *Burene i nefi* 11 (2017).

52 BP, *Statistical Review of World Energy 2019*, www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2019-full-report.pdf.

In the same year, Russia exported approximately 28 mt of petroleum products to the Asia-Pacific. This represented 16.2 per cent of Russia's total export of petroleum products, but only 6 per cent of the total import of petroleum products to this region. In terms of importers, Singapore (10.5 mt) was the most important, with other Asia-Pacific countries importing 12.5 mt, and China (2.3 mt) and Japan (2.1 mt) playing a relatively small role in this regional context.

The role of Russian gas in the APR market deserves closer scrutiny. Russia has 19.8 per cent of global reserves of natural gas—more than two times the combined reserves in the whole APR (9.2 per cent). In 2018, Russia produced 669.5 bcm of gas (17.3 per cent of global production), which was slightly more than the total gas production in the Asia-Pacific (631.7 bcm, or 16.3 per cent of global production). Russia consumed 454.5 bcm of gas, while consumption in the Asia-Pacific was almost double (825.3 bcm). Russia exported 223 bcm of gas through its pipelines and 24.9 bcm as LNG, while Asian countries imported huge volumes of gas—most as LNG. China's imports totalled 121.3 bcm, of which 73.5 bcm was LNG and 47.9 bcm was piped gas from Turkmenistan, Uzbekistan, Kazakhstan and Myanmar. India imported 30.6 bcm of LNG; Asian members of the OECD (Organisation for Economic Cooperation and Development) imported 179.1 bcm, of which 173.2 bcm was LNG; and other Asian countries imported 45.6 bcm, all LNG.

According to BP data, there were no supplies of Russian piped gas to the APR market in 2018, but that situation changed at the end of 2019 when the first supplies of Russian gas via the Power of Siberia pipeline started and were expected to increase to 38 bcm/y some years later.⁵³ In 2018, 69.08 per cent of Russian LNG exports (17.2 bcm) went to this region; however, this represented only 5 per cent of LNG supplies reaching this area. Japan alone imported more than 50 per cent of Russian LNG reaching the Asia-Pacific market (9.4 bcm), followed by Taiwan (3.2 bcm), South Korea (2.6 bcm) and China (1.3 bcm). The 17.2 bcm of Russian LNG that reached the APR market in 2018 represented only 7.7 per cent of Russia's total gas export and 2.6 per cent of the country's gas production in 2018, while the share of Europe—mostly the EU—receiving exported Russian gas (piped and LNG combined) was above 80 per cent.

53 Ben Aris, 'Gazprom's Power of Siberia Gas Pipeline to China Is Finished', *Intellinews*, 14 March 2019, www.intellinews.com/gazprom-s-power-of-siberia-gas-pipeline-to-china-is-finished-157956/.

Energy as a Means of Grand Strategy: What Role for Asia?

Although revenue from the energy trade with Asia is increasing, it has come at a relatively high cost due to the need to make investments in infrastructure, as illustrated by the huge investment in the Power of Siberia pipeline, the Sakhalin I and Sakhalin II projects, the planned Altai pipeline, and the development of oil and gas fields that are to be used to supply energy to an Asian market that has other options—such as LNG supplies from the Middle East, Australia or the US.

The economic value of Russian energy exported to the APR region in 2018 can be roughly calculated as follows: c. US\$44 billion from oil, c. US\$13 billion from petroleum products and c. US\$3 billion from gas. This represents approximately 13.8 per cent of the revenue generated by the sale of oil, petroleum products and natural gas in 2018.⁵⁴ Therefore, in purely economic terms, it is clear that Asia's role as a generator of means that can be spent on other grand strategic objectives is still relatively marginal; however, Asia's role is expected to grow in line with new infrastructural developments, allowing higher levels of energy supplies to Asian markets.⁵⁵

Energy as an Instrument in Grand Strategy: What Role for Asia?

By building strategic partnerships with Asian countries that strengthen the multipolarity of the global system and reduce the influence of the West in global affairs, energy resources can play an instrumental role in Russian grand strategy. A number of energy deals and partnerships with Asian actors have already been signed and implemented. This realignment

54 Values calculated by author based on CBR data (value of exported Russian energy commodities in 2018) and BP data (share of APR market in total Russian exports of oil, petroleum products and natural gas in 2018).

55 See, for instance, V. V. Bessel, 'Perspektivy Aziatskogo Napravleniya Eksporta Uglevodorodov Iz Rossii' [Asian prospects directions of hydrocarbons export from Russia], *Burene i nefi* 9 (2015); A. Mastepanov, 'Sotrudnichestvo Stran Briks V Energeticheskoy Sfere Kak Faktor Prognozirovaniya Mirovogo Energopotrebleniya' [The cooperation of Brics countries in the energy sector as a factor in forecasting global energy demand], *Burene i nefi* 1 (2016).

towards Asia gained momentum in the wake of the 2014 Ukraine conflict and is a part of a conscious strategy of counterbalancing Western influence and market dependency.

When operating in the Asian landscape, Russia has to deal with groups of actors who have varying levels and types of strategic importance. During Y. Primakov's period as Russia's minister of foreign affairs, China and India were singled out as the most important partners in shaping a more multipolar global environment, and both countries figured as important arms customers of Russia. However, the dream of creating a Moscow–Delhi–Beijing axis that could challenge the Western hegemony has not come to fruition, as the strategic paths and choices of Beijing and Delhi differed.

China is undoubtedly Russia's most important strategic Asian partner—both in terms of limiting Western global influence and as the most promising energy market in the development of Russian energy resources.⁵⁶ Relations with India are also important, but they lack this grand strategic cut; there are also geographical and structural constraints that limit further development of this energy and political partnership. South Korea, already an important economic partner and supplier of technological solutions, serves an important role in strengthening Russia's grip on the Asian energy market. A fleet of ice-class LNG tankers that will serve Russia's Arctic LNG terminals is being built in South Korean shipyards, but relations with South Korea can be influenced by Russia's approach to North Korea, representing a security conundrum.

Japan figures high on Russia's map of energy interests in Asia and is already an important market for Russian gas and oil; however, there are sensitive issues that need to be resolved, such as the question of a peace treaty and the situation in the Kuril Islands. Placing further constraints on a future partnership, Japan is viewed as a staunch supporter of the US presence in Asia and as a strategic Western outpost in Asia.

Finally, there are several countries in Asia that play an important role in both Russian energy and strategic designs, such as Turkey. Russia is trying to build a kind of strategic partnership with Turkey in the Middle East at the same time as undermining the US position in the region. This has

56 Morena Skalamera, 'Understanding Russia's Energy Turn to China: Domestic Narratives and National Identity Priorities', *Post-Soviet Affairs* 34, no. 1 (2018): 55–77, doi.org/10.1080/1060586X.2017.1418613.

caused tension between Turkey and other NATO members, as symbolised by the debate over Russia's sale of S-400 air defence systems to Ankara. Turkey also plays a pivotal role in Russia's energy strategy for Europe, having cooperated with Russia on the Turkish Stream pipeline and becoming an important transit area for Russian gas to Southern Europe.

Finally, Russia has invested in developing working relations with a number of Asian OPEC (Organization of the Petroleum Exporting Countries) members, such as Iran and Saudi Arabia, who, as energy producers and exporters, share strategic energy interests with Russia. This has resulted in the establishment of the OPEC+ format and the strengthening of cooperation within the Gas Exporting Countries Forum.

As well as using energy as an instrument to strengthen relations with Asian partners, Russia uses access to the Asian market and these bilateral energy relationships to reduce its dependence on access to the European market and to diversify its energy supplies away from Europe. This serves two strategic goals. In reducing Russia's dependence on European energy markets, it limits the country's exposure to EU and Western normative, regulatory, market and economic power. Further, by involving Asian actors, Russia may also become less dependent on the transfer of funding and technology from Western partners—who often tend to attach normative or political strings to their energy deals with Russia and are frequently seen as suffering from Russophobia.

Extending the Lifespan of the Russian Energy Sector as a Goal in the Grand Strategy: What Role for Asia?

Asian partners can play a significant role in securing an extended lifespan for Russia's energy sector and in making it more competitive in the global context, which is, as I have demonstrated, one of the grand strategic goals of the current regime. This could involve co-financing various elements of critical infrastructure and/or providing access to vital technological solutions. In order to supply Asian markets, Russia has to develop new gas and oilfields that require financial resources; this presents another opportunity for Asian partners to play a role. Unlike the energy market in Europe, the Asian energy market is expected to grow. Moreover, unlike European policymakers, Asian policymakers are less likely to

be influenced by climate concerns in designing and implementing their energy policies, all of which bodes well for Russia. The era of the so-called 'low hanging fruits' in Russia's energy sector seems to be over. The development of new fields will require significant investment and access to new technologies. Therefore, securing mid- and long-term access to growing Asian energy markets is of paramount importance for securing the future of the Russian energy sector, for making Russia less exposed to Western pressure and for securing Russia's further cooperation with, and influence in, the region emerging as the new global economic, political and normative powerhouse.

* * *

What, then, is Asia's role in Russia's grand strategic designs, and how should energy resources be viewed in this context? According to NSI, Russia wants:

To portray itself as a reliable actor, a key regional powerbroker, and a successful mediator in order to gain economic, military, and political influence over nations worldwide and to refine the liberalist rules and norms that currently govern the world order.⁵⁷

As stated above, the main goal is to establish a 'Yalta 2.0' system in which Russia enjoys an uncontested sphere of influence in the post-Soviet region, broadcasts Russian voices and influence globally, and establishes reliable constraints on American—or, more broadly, Western—globetrotting and regime-changing activities. According to Person, the key approach in Russia's grand strategy is 'asymmetric balancing' through grey zone challenges to prevent uncontested US influence from setting the global agenda.⁵⁸ In his opinion, Russia's means expanded with the oil boom, allowing critical investments and increases in defence spending to be made. At the same time, energy has been a key source of Russian power and influence, as many countries have developed a strong energy relationship with Russia.

Russia's turn to Asia seems to have clear strategic purposes. The country's cooperation with Asia—and especially with China—on energy is motivated by more than purely economic concerns and interest in market expansion and diversification. It will reduce Russia's strategic exposure

57 Arquilla, 'SMA TRADOC White Paper—Russian Strategic Intentions'.

58 Person, *Russian Grand Strategy*.

vis-à-vis the West by reducing the level of strategically constraining energy interdependence between Russia and the EU caused by the EU's dominant role in Russia's export of energy commodities. It will also reduce Russia's strategic exposure to possible consequences of the green energy revolution, promoted and implemented by the EU, which could, in the mid- and long-term perspective, undermine Russia's role as the leading producer and exporter of fossil fuels. The shift to Asia will also help Russia develop new energy provinces and infrastructure financed, at least partly, by Asian partners who can also provide some needed technological solutions and who seem to be interested in greater volumes of fossil energy imports from Russia as a way of addressing their own energy dilemmas. This in turn will contribute to extending the lifespan of the Russian energy sector, which will most probably remain the backbone of the Russian economy and the main source of state revenue in the foreseeable future. By developing stronger energy ties with a number of Asian countries, Russia will also be able to project not only its economic and energy power but also its political power, working with them on other issues of common interest, including construction of a new global order based on a new set of non-Western rules. This in turn could result in limiting the power of the West in the global context, which could be viewed as a beneficial development from the Russian strategic point of view, but at the same time poses a new strategic challenge to be dealt with by Russia—namely, how to avoid overexposure to the growing Chinese influence, locally and globally.

It is important to point out that the realisation of Russia's grand strategic energy plans towards Asia will depend not only on what Russia is going to undertake, but also on how the country's actual and potential strategic partners in Asia respond (i.e. how they factor Russia's strategic plans into their own strategic calculations). But this is a completely different history to be told by others ...

