

RUSSIA'S DEVELOPMENT STRATEGY IN THE FIRST DECADES OF THE 21ST CENTURY AND THE CHOICE OF BREAKTHROUGHS AND INNOVATIONS

ĐẶNG THỊ PHƯƠNG HOA ^(*)

Stepping into the 21st century, as the world experiences the global economic crisis, most countries have been reconsidering their development models in order to put forward medium and long-term development strategies that work best in the era. Russia is not an exception, now faced with two choices: either inertia-market or breakthroughs and innovations. If it chooses the former, its future will depend on the ideology of new liberalism and market-ism, hoping for the almighty power of market and open-door policies that allow multinational companies to exploit the country as a supplier for energy and raw materials, and a consumption market. On the contrary, if it chooses breakthroughs and innovations, the state's roles and responsibilities have to be maximized in all areas, especially in technological dominance and universalization, as well as resource re-structure for long-term sustainable development. According to our judgment, Russia clearly expresses the tendency towards breakthroughs and innovations with its long-term socio-economic development strategy (KDR 2020, KDR 2030 and KDR 2050) compiled by Ministry of Federal Economic Development following the President's order, as a result of Federal State Council's meetings on July 21st, 2006 and Federal Government Law No.1662-r on November 17th, 2008. In this article, we summarize and analyze Russia's strategic development orientation in such essential areas as diplomacy, economy, military-national defense affairs and science-technology in the first decades of the 21st century.

Since Soviet Union's separations, Russian economy has only considerably prospered since 2000 with important contributions from Vladimir Putin's political leadership as President and Prime Minister. Russia has expressed a new viewpoint on foreign policies and started to recover its international position, kept stabilizing and developing; hence, its status of an economically and militarily power has been firmly improved. Security in North

Kavkaz begun to stabilize through rigid measures that crushed out dissident elements' and terrorists' revolts. Due to its integrating policy, Russia's image has been increasingly improved on an international scale, especially to Western countries (G7 nations admitted Russia and turned into G8. Its Sochi area has been chosen as Winter Olympics 2014

^(*) PhD., World Economics and Politics Institute.

venue. Russia is now a member of such prestigious international organizations and institutions as APEC, WTO...).

As President of G20 Forum since December 1st, 2012, while advanced Western economies were experiencing difficult time, Russia showed great influence and proved its new international position. The nation came forward as a “factor” in international economy and politics. Particularly, with its breakthrough-innovative development strategy, a powerful and confident Russia will have great influence on global positive changes.

1. A global diplomatic strategy

Based on innovation orientation, during the first decades of the 21st century, Russia’s diplomatic principles set two fundamental purposes. The first is to create favorable external factors so as to push forward national reforms. The second is to ensure Russia’s specific position in the world, especially in strategic areas.

Russia has always been positive and active in its diplomatic strategy, applying various forms of multilateral diplomacy, from BRICS group to G20, G8 and Shanghai Cooperation Organization. Russia is incessantly concerned with strengthening relations with SNG nations, and regards multilateral cooperation development as well as SNG uniting process a crucial orientation for development in its diplomatic strategy in the next decades.

In its relations with the US and other Western nations, Russia takes rigid-yet-

flexible measures; besides economic relations, it strengthens other bilateral and multilateral relations. At the same time, the breakthrough strategy of Russia is to improve and expand its relations to numerous nations from various parts of the world. First of all, it needs to keep on maintaining and developing traditional relations with Middle East nations and recover its relations with Latin American region. Since 2012, it has also been obvious that Russia tends to improve its relations with Asia-Pacific nations.

With this global diplomatic strategy, together with its potentials, Russia is recovering its position as a powerful nation in a multipolar world.

In Federal Message as of December 12th, 2012, President V. Putin emphasized, Russia needs to stabilize and reinforce its international position, and to simultaneously create diplomatic policies that meet both neighboring nations’ and international partners’ aspirations.

2. A new economic strategy

At the beginning of Federal Message on December 12th, 2012, President V. Putin reaffirmed that the mission is and has always been “to develop a prosper Russia”. Determined to convert from the traditional economic development model that depends on oil into a knowledge-based economy, Russia has not only accepted and applied technology but also actively invented new technology. President V. Putin claimed, “What people try to attract is not metals, oil or

petrol, but highly qualified human resources”.

Another great orientation for economic development is to promote market liberalization, in which “the center of the new development model has to be economic freedom, private ownership and competition, a modern market-oriented economy to replace state capitalism”. President V. Putin is determined to realize the new development model by integrating deeper in the global economy, making considerable improvements in business environments, attracting foreign investment and enhancing exports so as to make the most use of the WTO new membership.

Russia has planned for all types of companies and enterprises how to rearrange, restructure, and penetrate into market. The government will finance big infrastructure projects, considerably improve budget efficiency, widely open to international bidders, and carry out compulsory auditing with the presence of international experts. At the same time, Russia continues to improve service quality, reduce state's roles in the economy. By 2016, government's shares in some raw material companies will have been decreased, and capital withdrawals from non-goods companies that neither are considered natural monopolies nor belong to the national defense industry will have been completed. Russia believes in the active role of privatization and the on-going development of high-tech properties. Simultaneously, Russia needs to find

shareholders who are global investors that are not only willing to invest in scientific and technological facilities, but also have connections and can make their names in large international markets.

Aviation industry is an essential industry of Russia. Russia has been in top 3 countries in air craft production. In the period of 2013 – 2025, maintaining in top 3 is one of the crucial targets of this industry's development. In order to achieve this, Russia is required to renovate the facility of its aviation industry to meet the aim that by 2020, 1,300 new civil jets will have come into use, at least 3,300 military jets and 5,500 civil and military jump jets will have been produced, along with 33,000 new jet engines.

On outlook of transportation development, an expected expenditure of 12,500 billion of rubles is needed to make 2,500 km of railways and 14,500 km of driveways, increase the stevedoring capacity of sea ports by 365 millions of tons of goods and put nearly 100 new runways to use. At the same time, Russia needs to repair and upgrade more than 7,000 km of railways, which accounts for 8 percent of federal transportation roads. Another opportunity for Russia to recover its position as a powerful nation in the field of aerospace is to take active part in International Mars Discovery Program. This will be an essential target in space discovery of human in the next half-century, as Mars is the only planet in

Solar System where humans can immigrate into.

For agriculture, food security has to be ensured, and consumption markets needs expanding. Since October 2011, Russia has been upgrading its level in world cereal market, expanding its agricultural product sale coverage. By 2020, Russia's land under cereal production will probably have been nearly 80 million of hectares. Russia is starting to enter Asia-Pacific areas with sizable shipments. This is an crucial strategic market that Russia determines to seize. On the other hand, Russia will soon make its name in Middle East and African cereal markets.

Far East region exploration and development: Russia's Far East region is half as large as China, with a small number of populations; however, there are various mineral, water, forest, and sea creature resources with great potentials. Deserted and undeveloped for years, this area is turning into Russia's most sensitive area in terms of politics and economy. In its "National security strategy before 2020", Russia increases armed forces to energy resource disputes. Driven by that determination, Russia enhances Far East military power and prepares to use armed forces to secure its resources if necessary. Russia established Ministry of Far East Development, and regardless of Russia-Japan conflict over Kuril archipelago, Russia still considers Japan as its critical foreign investor in Far East. It shows that Russia has not let its guard down yet to China.

North Pole exploration: A majority of North Pole ice is melting due to global warming; this is a great opportunity to open new sea routes in North Asia and to exploit materials (oil, gas, coal). Countries adjacent to North Pole, such as Russia, Canada, The United States, Norway, and Denmark have begun fighting over Arctic Ocean; China, Japan and South Korea is also struggling to show their concerns and interests in this fight. Russia has the longest border with Arctic Ocean and plans to take this area of 1.2 million of km into its ownership.

Asserting its position as a powerful energy-rich nation: Russia's and Iran's natural gas reserves account for 60 percent of the world. Besides maintaining the European market shares, Russia aims to export energy to North East Asia countries such as China, Japan, and South Korea.

Compared to a saturated, limited and economically stagnant European market, the stably developing North East Asia markets create great opportunities for Russia. To Russia, North East Asia is not only an opportunity, but also a bridge to bring East Siberia and Far East into international relations with a view to developing these distant areas. Japan's increased oil and liquidated gas imports after Fukushima earthquake is a positive plot for Russia and supports Russia's role as an oil and gas supplier in North East Asia. South Korea is the third largest partner of Russia in North East Asia; two-thirds of Russian exports in South Korea are energy materials and uranium fuel for nuclear-powered

factories. Liquidated gas tube going through North Korea, which is 700 km out of a total length of 1100 km will come into use in 2017, is expected to transport 10 million of cube meters of liquidated gas each year and North Korea is receiving approximately 100 million of USD of transportation fee.

Nuclear power is one of Russia's top industries, which is applied to every area of life, from economy to energy industry, space discovery, airlines, health and medicines, agriculture, material production... National nuclear energy corporation ROSATOM is planning to install the experimental lead-cooled fast reactor BREST-300 at Siberian Chemical Combine SCC at Seversk, of Tomsk. This construction will begin in 2016, and probably will be launched in 2020. This will be the first prototype for a range of reactors with a capacity of 1200 MWe nationwide. ROSATOM's long-term strategy by 2050 involves navigating to a new, highly-safe generation of nuclear-powered plants, using fast reactor with closed fuel cycle and MOX fuel. Target program up to 2020 will prove the role of this technology and related fuel processing infrastructure, which can be put into use in 2030. Russian government advocates increasing costs and speeding up the new nuclear technology development program. According to that, Russia plans to supply 45-50 percent of nuclear power needs in 2050 and the figure may be 70-80 percent at the end of this century.

3. A military and national defense strategy

On May 7th, 2012, Russian President signed Decree No. 603, deciding to carry out building and modernizing Russian military program, which innovates and enhances armed forces' combatting efficiency with a view to handling potential risks against Federal strategic interests. Accordingly, in its innovative strategy for the next decades, Russia ensures to:

- Equip Russian military forces with the most modern types of weapons and equipment, 70 percent of this will have been completed by 2020.
- Prioritize the development of nuclear deterrent forces, space defense equipment, communicating, scouting and combatant management system, electronic combatant equipment, unmanned jet system, artificially intelligent robot clusters, modern airline equipment, highly precise weapons and accurate anti-weapon equipment, as well as a system of protective weapons and equipment for soldiers.
- Develop navy forces. Russia is increasing nuclear forces of the Navy in order to maintain its position as a top powerful sea nation. Accordingly, all 51 warships and 24 submarines, including 8 Borei class submarines, will be put on duty in 2020. Russia is speeding up building warships and submarines as well as manufacturing weapons and equipment so that the Navy can put them into use in 2020.

- Construct a highly reliable system that calculates and strategically plans early risks for national security in a phase of 30 to 50 years.

- Plan ahead plausible solutions for national program on weapon preparations and military equipment for forces during 2016-2025, re-equip weapons and modern means of war to Federal armed forces as well as military organizations based on highly competitive models of weapons, military equipment, and specialized machines produced by national producers.

4. A scientific and technological strategy

Russia realizes that, another issue on its way to integrate into the global economy is differences in technological standards. Competition is the primary economic condition for innovations. Only with competition will private-owned enterprises seek out better technological solutions and therefore boost production. In high-tech production, there is only one market – the global market. Russia is in need of a new kind of economy with a competitive industry and infrastructure, a developed service industry, and an efficient agricultural sector. It is the economy based on modern technology. Russia is supposed to take the most responsibility in labor assignment, to become not only a supplier of energy and raw materials, but also a high-tech dominant nation – at least in some industries. Those are pharmacy, chemistry, synthetic materials, non-metal materials, airlines,

information, communication technology, and Nano technology. Certainly, the nuclear and aerospace industries still maintain their priorities.

Universities are regarded as basic scientific centers and a human resource for creative development. International competency of university education has to be Russia's national target. By 2020, Russia may have some of international standard universities with sufficient modern technology. Sponsorships for public research funds that support scientific ideas are multiplying, and will have been 25 million of rubles by 2018. Private-owned companies also extract 3-5% of their total incomes for R&D.

Russia's new economy will be a diverse economy. GDP proportion of high-tech industry and intelligence industry will increase by 1.5 times in 2020, high-tech product exports will double. This will be an efficient economy with high productivity and low energy consumption. Russia has to narrow the gaps between it and leading nations. This means that Russia must double its average labor productivity, and in crucial industries, it has to reach an equivalent level, even higher compared to its opponents.

Russia is pursuing a creative economy. High-tech companies' market shares have to grow by 2.5 times in 2020, increases from 10.5% to 25%, reaching Europe's average level. No less than 50% of labor force will be employed by small enterprises. In 2020, a majority of these enterprises will take part in the

global markets, export their quality products and services.

6. Conclusions

Nowadays, some people considers Russian economy as a one-sided industrialized republic, with corruption and issues on population, health,...that cannot be surmounted. However, others argue that reforms and modernization will allow Russia to overcome these difficulties, and its leaders are going in the right direction. Undeniably, some of the foundations that are used to predict Russian economy's next development is its great amount of fuel reserves, especially oil and gas; moreover, it has a giant stock of strategic nuclear weapons; and most importantly, its specific geopolitical position between Atlantic's and emerging Asia-Pacific 's powerful nations. However, these are only necessary conditions and not enough to make any conclusions. Anyhow, with sufficient human resources, Russia is developing new economic areas with global competency. The development of economic, scientific and technological relations among European nations, where technological development is a priority, will bring about numerous benefits to Russia. Henceforth, Russia will have influences on Asian countries in order to reduce the dominance of energy factors [8]. In general, it can be said that Russia's somehow weaknesses are only temporary, its power will day by day increase in a multipolar world with plenty of powerful centers that at the same time cooperate and compete, limit, control each other, sooner or later.

REFERENCES

1. Minh Bích, <http://www.baomoi.com/Lien-bang-Nga-Nuoc-xuat-khau-ngu-coc-hang-dau-the-gioi/119/7144472.epi>
2. John OLoughlin, Paul F. Talbot (2005). Where in the World is Russia? Geopolitical Perceptions and Preferences of Ordinary Russians.
3. Ingmar Oldberg (2010). Russia's Great Power Strategy under Putin and Medvedev, <http://www.ui.se/upl/files/44020.pdf>
4. William H. Cooper (2008). Russias Economic Performance and Policies and Their Implications for the United States. <http://fpc.state.gov/documents/organization/115956.pdf>
5. Vietnam News Agency (2008). "New Russia under Putin", Special Reference Documents, 11th February issue.
6. Vietnam News Agency (2012). Economic News, November issues.
7. Vietnam News Agency (2012). "Annual Address to the Federal Assembly Special Reference Documents, 13 December issue.
8. Заявления по важнейшим вопросам, 8 февраля 2008 года, Москва, Кремль. http://archive.kremlin.ru/appears/2008/02/08/1542_type63374type63378type82634_159528.shtml
9. Кузык Б. Н., Яковец Ю. В. (2004). Россия — 2050: стратегия

- инновационного прорыва. Изд-во Экономика, Москва
10. http://www.economy.gov.ru/minec/activity/sections/macro/prognoz/doc20120912_000004
11. <http://nangluongvietnam.vn/news/vn/dien-hat-nhan-nang-luong-tai-tao/dien-hat-nhan/nga-dat-muc-tieu-dien-hat-nhan-dap-ung-50-nhu-cau-nang-luong-nam-2050.html>
12. http://vietnamese.ruvr.ru/2012_12_28/99450336/
13. http://vietnamese.ruvr.ru/2013_01_23/102133730/
14. http://www.economy.gov.ru/minec/activity/sections/macro/prognoz/doc20120511_003
15. <http://www.economy.gov.ru/minec/activity/sections/macro/prognoz/indexprognoz>
16. <http://www.quocphonganninh.edu.vn/Tint%E1%BB%A9c/tabid/89/catid/405/item/1960/sac-lenh-cua-tong-thong-nuoc-cong-hoa-lien-bang-ngave-cai-cach-va-doi-moi-cac-luc-luong-vu-trang-lien-bang.aspx>
17. <http://www.vietnamplus.vn/Home/Nga-quyet-tam-duy-tri-vi-the-ve-che-tao-may-bay/201211/170277.vnplus>