

Putin At Shanghai: Russia's Eurasian Mission

Russian President Vladimir Putin addressed the Shanghai APEC Forum on Oct. 19, on the topic of "The Role And Tasks Of Russia In The Asia-Pacific Region In The 21st Century." Russian media coverage of the intervention drew out Putin's message about Russia's role in the world, as not only a European, but a Eurasian power. Mikhail Titarenko, Director of the Russian Academy of Sciences Institute of the Far East, told the Internet news agency, Strana.ru, on Oct. 16, that Russia's economic strategy should be seen as "developing in parallel, relations with the European Union and APEC."

The excerpts here were translated from the Russian text, posted on President Putin's website. Subheads have been added.

... Of course, we have assembled here to talk about economic problems. But, of course, we have no right to pretend that we are not interested in events in the political domain, the fight against terrorism, and what is happening in the planet's hot spots, including Afghanistan. All of this directly affects the economic situation in the world and the situation in those nations, represented in APEC today. ...

The 20th Century sharply accelerated the development of technology and information, leading to fundamental changes in the way of life of all mankind. But, despite the improvement of the overall situation in the world during the past ten years, new threats are replacing the old, familiar ones. Hand in hand with international terrorism, come drug trafficking, illegal migration, and illegal trade in weapons. ...

Stable, sustained development requires that the system of international relations be improved. This system is based on the reliable foundation of international law and its institutions — above all the United Nations, its Security Council, and other international and regional organizations.

The Terms Of Globalization

The fight against terrorism and other new threats should be integrated, and long-term. In this context, we advocate the further liberalization of the world economy, and make what contribution we can to that cause.

Here, it is also time for us all to think about the following, as well: to guide the processes of globalization in such a direction, that the unequal distribution of its benefits and its costs — and we know, that there are not only benefits involved, but also problems — not become the source of new dangers ...

and new upheavals.

We are for improving the multilateral trade system. But, we are against any countries being held hostage to obligations, assumed under outside pressure.

We are for serious measures to eliminate "the digital divide." But, we are no less concerned about another divide — the one between the real economy and the "virtual" economy, which also is fraught with the danger of new upheavals.

We are for the liberalization of economic regimens. But, we are categorically against the extinction of entire national economic sectors in the developing countries and so-called "emerging markets," leading to the increase of socio-economic and political tensions not only in individual countries, but in areas of the world.

The financing and consulting services, which countries with a so-called "transitional" economy, or countries with so-called "unstable" regimes, receive as assistance, have come at a visible cost, and continue to be costly. We often discuss this with the leadership of various international financial organizations, and with the leadership of some industrially developed countries. There are many reasons for it, not least among which are the formal system of criteria for performance monitoring, used when assistance is extended, and also the striving to gain monopoly control over resources. ...



The Russian President's speech at Shanghai stood out for its concentration on economic reconstruction in the face of a global crisis, and its specific outlines of the Eurasian Land-Bridge "Great Projects" in which Russia is participating, and is ready to participate. See Figure 2 of our Feature this week, for mapping of the projects on which Putin focussed.

I am convinced that it is here, in the Asia-Pacific Region (APR), where the migration of peoples and races has been observed on a large scale for many years, that there is a huge potential for the creation of an additional dimension of strength for the world economy.

It is here that reserve financial, banking, information, and technological capabilities have already been created; they may not yet have been finalized in the juridical and international context, but they are actually functioning. And therefore, precisely here there are possibilities for creating yet another level of world economic security.

I am convinced that it is here, in the Asia-Pacific Region (APR), where the migration of peoples and races has been observed on a large scale for many years, that there is a huge potential for the creation of an additional dimension of strength for the world economy.

I am absolutely certain that the new century will place on the agenda the question of building a new configuration of the APR—a configuration in energy, in transport, and in technology and information.

The Russian Economy

Together with the other major, and rapidly moving countries of the region, today's Russia, by the very fact and the vector of its development, is opening up to the world, and is opening its enormous business space for productive cooperation. This, in turn, helps to foster the growth of the economic, financial, technological, and information independence of the APR, where almost 40% of the world's population lives, and which provides half the volume of world trade. . . .

Moreover, the Russian economy's rate of development and its unique tax climate will very soon make Russia—or at least ought to make Russia, and we are counting on this—one of the most dynamic strategic resources for the development of the entire APR. . . .

We are actively engaged in restructuring the so-called natural monopolies . . . the largest Russian monopolies. A concept for the restructuring of RAO United Energy Systems, Russia's largest energy company, has been approved. A single rates agency has been created, which will determine the price parameters for the natural monopolies' services.

Last year, Russia's GDP increased by 8.3%, and industrial output by 11.9%. This year, we anticipated 4% GDP growth, but it will actually be in the 5.5-5.8% range.

We have a budget surplus. As you know, we are making payments on our foreign debt regularly, on time, and in full, without any external refinancing. Our country's gold and foreign currency reserves are growing. We have a record grain harvest—such a harvest, I should say, as Russia has not seen for very many years, so that for the first time in several decades, Russia has a real possibility to export.

Projects Under APEC Stress Energy

We expect that the expansion of trade and economic cooperation with foreign partners will also promote the further growth of our economy. In the near future, we intend to become a full-fledged member of the World Trade Organization. We hope that APEC member countries will support us in this.

We see today's APEC forum as a locomotive for our regional cooperation, and we are already carrying out a number of projects in the APEC framework. Next year, we are organizing an investment symposium and a fair in Vladivostok. We shall hold a scientific conference, comparing integration processes in the Asia-Pacific Region and Europe. . . .

The APR's share in world energy consumption is forecast to be 45% by 2020. I believe this is the most conservative estimate. The gap between the region's own fuel reserves and its requirements, will increase. Considering the high growth rate of the economies—look, for example, at the development rate of our hosts, of China, on which we of course congratulate the Chinese leadership and the Chinese people—the region's energy resource requirements will increase. And Russia is prepared to work together with you, ladies and gentlemen, on the problem of providing energy security.

Russia is prepared to promote stability on the energy resources market, for the long term. Our reserves of oil and gas today, in the eastern regions of Russia, allow us not only to satisfy domestic demand, but to export on a large scale.

A month ago, the agreement was signed to construct the 2,400 km “Russia-China” oil pipeline, by the year 2005. It will deliver 20 million tons of Russian oil per year to our neighbor, rising to 30 million tons. Gazprom, our largest natural gas company, will take part in the tender for the “east-west” gas pipeline in China. A project is being drafted for piping natural gas from Irkutsk Province to China and Korea. Sakhalin Island shelf oil and gas projects are being implemented under production-sharing agreements. In the framework of these projects, our Western partners plan to build the world's largest LNG plant, of which virtually all the APEC countries could become consumers. . . .

Energy bridges from Russia to Japan, Korea, and China, could be components of the new energy configuration of the region. In this area, we are also studying joint projects for nuclear reactors based on new technologies, and the naturally secure nuclear fuel cycle, as well as projects for the wider use of alternative energy sources.

Many of these projects I have mentioned, require substan-

tial, if not to say enormous, financial resources for their implementation. Here, it would be desirable to count on interaction not only with the familiar financial centers in Europe and the U.S.A., but also with the Asian banking community. I think that projects in the energy sector, for the next hundred years, at minimum, will suffice for all of us.

The Eurasian Land-Bridge

Another promising area of activity, in which Russia as a Eurasian country could play a special role in APEC, is transport.

The link-up of the Trans-Siberian and Trans-Korean Railroads will make possible a qualitative step forward in the development of the APR's transport system.

Transpolar air routes also have a great future. We intend to modernize the ground-based infrastructure to provide security for flights on these new routes. In connection with the well-known crisis in this sector, what I am saying could be of significant interest for reviving this area.

Russia is also interested in the project to create a transportation corridor, linking the West Coast of the U.S.A. with the northeast provinces of China, through Russia's Far East ports. We are ready to think about taking part in transport projects, for building rail and automobile roads from Northeast and Southeast Asia, to Europe.

The development of the transport system opens up broad access to the very rich natural resources of the Russian Far East and Siberia. We are already taking measures to create the necessary infrastructure for possible joint projects in this area.

Russia intends actively to exploit the capabilities we have in the area of space development. Work in the framework of the International Space Station will continue. During the next four years, we intend to launch ten modern communications satellites with a 12- to 15-year service life, which will not only provide for our domestic requirements for satellite communications, but could be used by foreign customers, including APR countries. In 1999-2000 alone, there were over 30 launches, using Russian rockets, including satellite launches for APEC members Indonesia and Malaysia. With our Australian partners, we are actively working on building a space station on Christmas Island, and the space center "Aurora."

In conclusion, I would like to emphasize that we are prepared to develop cooperation with the APR countries along all of the above-mentioned lines, as well as on other projects of mutual interest. We are also prepared to take an active part in formulating new approaches, and a new configuration of the work of APEC as a whole, which would be adequate to the requirements of the world economy. . . .

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