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**Synergizing Interests
Can Russia-ASEAN Cooperation Thrive in a Fragmented World?**

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Our contemporary world is undergoing a transformation marked by global geopolitical tussles while economic, technological and social landscapes continue to evolve rapidly. The era of a unipolar world dominated by singular, major powers are behind us – paving the way to a fragmented multipolar framework, characterized by competing centres of influence. This emerging global order can sometimes be better understood as an “interpolar world” – multipolarity in the age of interdependence. This is because despite the growing redistribution of power on the global stage, there is deepening interdependence – primarily from a socioeconomic and technological perspective which continue to shape international dynamics and cooperation in ways that transcends traditional power structures.

Nevertheless, there is no doubt that global tensions – both direct and indirect continue to rise, fuelled by the recalibration of economic priorities, rising regional and global power plays as well as the intensifications of security concerns, driven by zero-sum dynamics. All these agents contribute to an increasingly fluid and complex geopolitical climate, which calls for greater leadership that can offer some balancing force to counter this. This is the chance for regional blocs or even sub-region and transregional minilateral ones to assume a more pivotal role to facilitate dialogues, mediate disputes, reduce frictions and encourage multilateral cooperation. ASEAN - with its unique positioning and commitment to inclusivity, is well poised to take on this role, which they are no stranger to.

Over the decades, ASEAN has adeptly engaged with a wide range of dialogue partners - skilfully “dancing with many giants” and serving as a critical stabilizing core in the region. ASEAN centrality is at the heart of this, with its ability to maintain strategic autonomy and foster inclusivity cementing its reputation as a reliable and pragmatic mediator, particularly in balancing the interests of both the West and the Global South. Traditional partnerships with Western nations and important dialogue partners such as Australia, Japan and the EU, have always been and will remain critical. However, the current geoeconomic and socio-political climate underscores the importance of diversifying relationships.

ASEAN still continues to explore opportunities to diversify its trade partners and strengthen external collaborations. This was one of the main themes of discussion in the recent 15th Asian Conference of the Valdai Discussion Club in Kuala Lumpur, held from December 9 to 10, 2024 in collaboration with Bait Al Amanah (Malaysia), Institute of Strategic Analysis and Policy Research (INSAP, Malaysia) and the Sasakawa Peace Foundation (Japan).

This conference offered a platform to discuss new avenues of cooperation. H.E. Andrey Rudenko, Deputy Foreign Minister of the Russian Federation, exemplified this by proposing measures to enhance ASEAN-Russia relations. He emphasized Russia’s potential to support ASEAN’s regional aspirations through initiatives such as diversifying financial systems, reducing reliance on the US Dollar and fostering bilateral trade via local currencies. Rudenko also highlighted opportunities to leverage Russia’s natural resources to bolster ASEAN’s energy and food security, while advancing



collaboration in digital innovation and technology. Furthermore, he advocated for closer integration with frameworks such as the Shanghai Cooperation Organisation (SCO) and Eurasian Economic Union (EEU), positioning ASEAN as a critical partner in shaping a balanced multipolar global order.

From a Russian perspective, they have long maintained constructive partnerships with Asia. However, their 'pivot to the East' in the 2010s – driven by the need to recalibrate global engagements amidst rising tensions with the West, has further strengthened their intentions to forge stronger ties with the region in recent years. Despite this recent shift, the roots of Russia-ASEAN relations can actually stretch back to 1991, when the two began establishing a strategic framework for bilateral cooperation (Korolev, 2024), with Russia becoming a full Dialogue Partner in 1996 (Presidential Executive Office, Russia, 2005). Over the decades, the relationship has deepened, marked by active participation in ASEAN-centric platforms and the development of significant institutional ties.

However, Russia-ASEAN trade remains rather limited in both diversity and volume. For instance, trade turnover between them has remained relatively stagnant, with little change in figures from 2018 to 2021. While there has been some growth recently, with total trade rising by 2.8% from USD15.37 billion in 2022 to USD15.80 billion in 2023 and foreign direct investment (FDI) flows from Russia to ASEAN grew by 20.8% from USD66.22 million in 2022 to USD200.74 million in 2023 - the modest figures still fall short of their economic potential, with Russia only ranking as ASEAN's tenth-largest trading partner and source of FDI among ASEAN Dialogue Partners in 2023 (The ASEAN Secretariat, 2024).

These current trade figures establish a baseline and foundation for economic cooperation but also highlights the untapped potential for further strengthening ties. Participants at the 15th Asian Conference of the Valdai Discussion Club concurred that the path to unlocking this potential lies in exploring synergies through shared priorities, such as diversifying financial systems and fostering regional resilience. These measures they concluded, would potentially deepen partnerships and contribute significantly to regional stability and prosperity.

Diversifying Financial Systems

The shared recognition of a shifting global financial landscape presents an opportune moment for Russia-ASEAN to forge a deeper and more resilient financial partnership, moving away from over-reliance on a singular major currency such as the US dollar (USD). This stems from factors such as the desire for greater economic sovereignty as well as the recognition that the USD is increasingly becoming “weaponized” from an international finance point of view. However, this does not imply “throwing away the dollar” or advocating for the outright rejection of the USD. In this context, both Russia and ASEAN should seek to develop “supplementary payment systems” rather than an “alternative payment system” as the partnerships seeks to allow stakeholders to diversify rather than replace, their financial tools to mitigate risks brought about by the USD volatility – thereby promoting stability within international financial systems.

This transition will not happen overnight but is essential as global trade expands, and economic relationships diversify. ASEAN, alongside Russia and BRICS, is well-placed to lead this shift toward a more resilient financial architecture. There are several key avenues for Russia-ASEAN partnership that can be explored in pursuing this shared vision. Promoting further use of local currencies in bilateral trade and increasing financial assistance and investments through institutions like the BRICS New Development Bank (NDB) can contribute to a more balanced and stable international financial



architecture, mitigating the risks of over-reliance on a single currency and promoting economic sovereignty for both Russia and ASEAN.

Collaboration on Central Bank Digital Currencies (CBDCs) is also another promising area. With a growing number of countries exploring CBDCs (in fact, according to Morgan Stanley as of May 2023, 111 countries accounting for 95% of global GDP, are actively exploring CBDC). Russia and ASEAN have an opportunity to collaborate on the development and implementation of these digital currencies with BRICS members - China's e-Yuan and Brazil's upcoming Drex present potential models for collaboration. Sharing expertise and best practices in this emerging field can contribute to the creation of interoperable CBDC systems that facilitate cross-border transactions and reduce reliance on traditional SWIFT payment systems where only the USD appears to benefit from an enhanced position.

Regional Resilience

As articulated in the 15th Asian Conference of the Valdai Discussion Club, regional resilience encompasses more than just security; it includes elements like energy cooperation and generally refers to the ability of a region to withstand and recover from various challenges, including economic shocks, public health crises, climate disasters, and cyber security threats.

Russia's position as a major exporter of energy offers a significant contribution to ASEAN's regional resilience. Russia's vast energy resources and expertise in renewable energy technologies position it as a critical partner in addressing ASEAN's energy demands which is growing but still lacks the drive from a renewable transition point of view. Deeper sector cooperation will not only provide ASEAN with reliable and affordable energy supplies but also support its transition toward cleaner and more sustainable energy solutions. Collaborative efforts, such as joint ventures and technology transfers in renewable energy projects can help ASEAN further reduce dependence on fossil fuels, enhance its energy security and achieve the ambitious targets outlined in the ASEAN Plan of Action for Energy Cooperation (APAEC). However, logistical obstacles stemming from geographical distance and need for infrastructure development demand innovative solutions and sustained investment.

Russia's technological expertise, particularly in areas like present another opportunity for deeper cooperation. Collaborating in fields such as joint R&D projects, technology transfer as well as capacity-building programs will ultimately strengthen ASEAN's technological capabilities along with its digital infrastructure. With this, ASEAN will stand to benefit from Russia's expertise in building a robust digital economy as ASEAN continues to work towards their dreamy objectives laid out in the ASEAN Digital Framework Agreement (DEFA). In return, Russia would then gain access to ASEAN's rapidly expanding digital market, which is home to the world's fastest-growing internet market, with over 125,000 new users joining daily (United Overseas Bank (UOB), 2023). This provides opportunities for Russian based investors and companies to grow their presence in a young region with ever-growing purchasing power. However, common concerns that surround digitalization such as data security, intellectual property rights, and the potential dual-use applications of certain technologies will provide some challenge to this potential collaboration.

In this context, INSAP believes that the ASEAN Digital Framework Agreement (DEFA), which is a regional initiative aiming to establish an open, secure, interoperable, competitive, and inclusive digital economy, may potentially create hurdles for cooperation between Russia and ASEAN when it comes into effect. This is because the harmonization of digital economy standards and regulations across



ASEAN member states may not align with Russia's own standards and practices, potentially creating barriers to seamless technology transfer and trade. While DEFA aims to streamline digital trade within ASEAN, its specific provisions may inadvertently exclude or complicate partnerships with external partners (Oh Chun Kit, 2024) like Russia. How DEFA will ultimately impact non-member state cooperation or in what magnitude, remains to be seen once DEFA talks have been finalized, expected to be by 2025.

Navigating the Path Forward: A Shared Responsibility

ASEAN centrality is no doubt the cornerstones to the potential success of greater Russia-ASEAN cooperation. However, ASEAN centrality which has been the bloc's bedrock of success for decades in maintaining regional stability and fostering cooperation has faced increasing challenges in recent times. Most of these challenges are often associated with the consensus-based decision-making mechanism, while effective in the past and present, has at times hindered ASEAN's ability to respond swiftly and decisively to emerging challenges – such as the Myanmar crisis. Overcoming this, however may prompt for vigorous institutional reforms within the ASEAN mechanism where these changes must aim to strengthen internal cohesion and solidarity among member states, streamlining decision-making processes which may mean potentially stepping away from the unanimous vote practice, subsequently adopting a qualified majority voting procedure for specific circumstances.

ASEAN must also navigate the rise of minilateralism strategically, recognizing both the challenges and opportunities these arrangements present. While ASEAN should not blindly endorse minilateralism, particularly those driven by major powers, dismissing them entirely will also not be in the bloc's best interest. Instead, ASEAN should adopt a pragmatic approach, engaging constructively with minilateral groupings to ensure its voice is heard, while simultaneously reaffirming its commitment to ASEAN-led mechanisms and frameworks. This approach can be viewed as “expanded multilateralism” which will allow ASEAN to leverage the flexibility and efficiency of minilateralism to address specific issues without compromising its core principles of centrality, neutrality, and inclusivity.

As for Russia, deepening its partnership with ASEAN also requires a multi-pronged approach that addresses the need to foster greater trust and understanding. While Russia's historical and cultural ties with certain ASEAN members provide some foundation for cooperation, differing perspectives on the evolving international order and Russia's ongoing conflict with Ukraine necessitate proactive efforts to bridge any trust deficits that are still unfortunately present within some ASEAN member states. This includes more open communications, actively participating in ASEAN-led mechanisms and demonstrating clear support for ASEAN's principles of neutrality and inclusivity. Soft power initiatives through cultural and educational exchanges can also help further build bridges between societies and foster greater people-to-people understanding. By acknowledging existing perceptions, engaging in open communication, and focusing on shared interests, Russia can build a stronger and more resilient partnership with ASEAN based on mutual trust and respect.

All in all, this is not about choosing one path over another, but about leveraging both to enhance adaptability and resilience in an increasingly fragmented world. The shifting dynamics of Russia in ASEAN, alongside its role within the broader BRICS framework will definitely trigger new perspectives and policy positions across the region. While such shifts may appear to “challenge status quo” – they offer opportunities for diversification and strategic realignment for those involved. ASEAN's engagement with these evolving powers, while continuing to prioritize strong relations with the West,



should be guided by pragmatism rather than opposition by focusing on mutual interests or in other words - synergy. This invites the question: Can Russia-ASEAN cooperation thrive in a fragmented world, or will existing alliances dominate, or even new ones emerge to reshape the regional order?

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