IGOR YURGENS

Chairman of the Management Board of the Institute of Contemporary Development, Vice President of the Russian Union of Industrialists and Entrepreneurs

Karl Kaiser, Senior Associate of the Project on Europe and the Transatlantic Relationship, Belfer Center for Science and International Affairs, Harvard University

Finally, I want to turn to Igor Yurgens who is the Vice President of the Russian Union of Industrialists and Entrepreneurs. We have talked a lot about Russia, and Igor, you may want to comment on how you see the long-term future of Russia's relations particularly with the West, which at the moment are politically very bad. Although interestingly trade is going up.

Igor Yurgens

Thank you very much, Karl and special thanks to Thierry de Montbrial for this fantastic opportunity to talk offline. I am sorry that I did not get all of our Chinese colleague's speech because I will start with [Zaki Laïdi's] idea of followers and hedgers.

We are followers and hedgers at the same time. Believe me, inside Russia there are followers who would definitely like to go with economic and political central planning and robust anti-Western policies, and there are hedgers who want to use this to restore the relationship with the West. In 2003, Mr. Putin signed a strategic partnership and cooperation agreement with the European Union, and we started building a common economic and security space, common everything. Now we have arrived at a situation of strategic confrontation. With the Chinese People's Republic, it is the other way around, from war on Damansky Island 50 years ago to now embracing each other in a strategic partnership. This is not a harmonious partnership and many in Russia think that the economic cooperation is one-sided, and investment is not taking place. However, militarily and politically we do not have anywhere else to go at this particular moment and this is a marriage of convenience that will undoubtedly go on for some time.

However, the decoupling of the United States and China currently taking place is also a very hard test for us. It will create more volatility on the financial markets, on economic markets and the supply chain and it will create more tension in the international system and also Russia. From the point of view of estimating whether it is a Cold War or not yet a Cold War but something else, I would say it is very close to a Cold War with the broadening of its extent. Only two years ago, I heard from the panels of this same conference that there was no ideological component to the Cold War now because we are all in the free markets and everything else. Judging by the statements from President Xi Jinping and what is being done for the 20th Congress of the Communist Party of China for next year, now it is also ideological in the same way as it was between the Soviet Union and the United States.

From this point of view, I would say that the hedgers in Russia would be very cautious about taking sides if decoupling goes into a resolute final countdown. I cannot imagine what would happen on the Russian stock exchange if, for example, there is a conflict tomorrow around Taiwan. From what I hear, this conflict is in the making and the example of Hong Kong shows what could happen in the Chinese world, including Taiwan, if this decoupling goes all the way.

That brings me to AUKUS. AUKUS is the creation of a new bloc and it is very dangerous for Russia because NATO is an opponent and borders on being an enemy, but it is one that can be understood. It is an enemy that we have had relations with for 50 years, an opponent that we have diplomatic relations with. There is also the Russia-NATO council, which is idle at the moment, but this instrument exists. There is a big question mark over what will happen with AUKUS or something else created instead of a unified NATO. For example, if our Polish friends and the Baltic states decide to create the same kind of a caucus on the Russian borders because of the Ukrainian situation or something else, then that would be a real danger. After the decoupling of China and the United States, AUKUS is the second danger and then there is Afghanistan, which has already been mentioned.

I will not comment on how Biden decided on the logistical execution of the Afghanistan withdrawal, but it is a smart move if you are talking about a Russian-American confrontation because it puts all these Islamic problems on the Russian border. Of course, you also give it partly to China and Pakistan, but that is beside the point. The most serious things are happening on the Tajikistan-Uzbekistan-Turkmenistan borders where we have our troops and military installations.

From this point of view, I think we are heading into a very serious confrontation before things get better. Indeed, the United States declared that semiconductors would not be given to China at all, and they would be built in Wyoming and other states, and that Chinese PLCs – publicly owned companies – would be blacklisted. The Chinese then replied that no more information would be transferred out of China to other countries without its full control, which is an information blockade. This is the beginning of something, and we do not know how it will end. Taiwan will probably be one of the testing grounds, but it is a very serious showdown. At the moment Russia will support China, at least verbally, but there is no question that it will be hedging its risks.

I would just like to end on a bright note. I would say that the sustainable development concept, if taken seriously in Glasgow next month, and if we really have the architecture for this sustainable development, decarbonization, the green economy, etc., that undoubtedly gives us the platform for green diplomacy. However, before we get that, and I support Greta Thunberg here, there is a 30-year lifespan and all the oil and gas tycoons say they are okay about 2050 but they will take their profits at the moment and before they agree on all those transitory carbon taxes, etc., they will blackmail Europe with coal, gas, and oil because you need it. You can see what is happening with the gas price in Europe. Things will get worse before they get better and unfortunately the blame should be put on both sides. I will end by saying that my colleague, Ana Palacio, remembers perfectly when we signed the cooperation partnership in Brussels, and we thought we were part of the same family. Where we are now, we will see. Thank you.