



STRATEGIC GLOBAL OUTLOOK 2030

Ed. by academician A.Dynkin

**INSTITUTE OF WORLD ECONOMY AND INTERNATIONAL
RELATIONS
RUSSIAN ACADEMY OF SCIENCES**

**STRATEGIC GLOBAL OUTLOOK:
2030**

Ed. by Alexander A. Dynkin

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Strategic Global Outlook: 2030 is an interdisciplinary study prepared by the panel of experts with long experience of research in international, regional and country issues. The statistical database of the Outlook is based on predictive estimates of GDP, labor productivity, R&D investment and other indicators calculated using the original method developed in IMEMO RAN. “Outlook: 2030” offers an opportunity to focus attention on determined trends of world economy and international political order, on relevant entities, structures and institutions. Our major task was to explore risks and challenges that key global economic and political trends do represent to Russia.

We offer two versions of the text: summary and full one.

The summary gives the most general vision of global development.

Strategic Global Outlook: 2030 is addressed to public authorities, business circles, expert community and general public.

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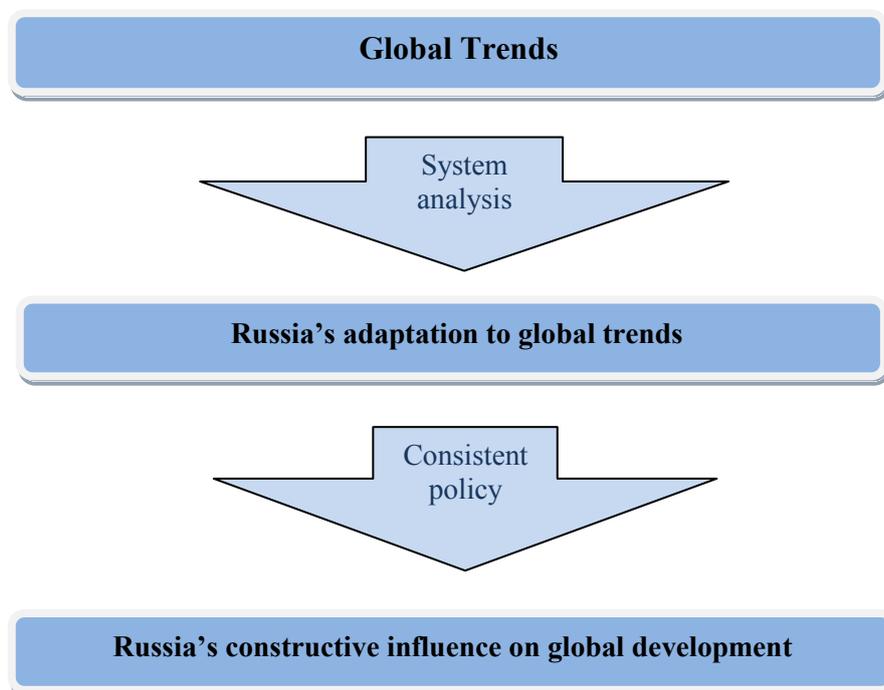
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FOREWORD

Long-term forecasting requires system analysis of global trends, which could bring concrete assessments and policy suggestions. This method could be a reasonable way to formulate a development strategy for Russia and its security – in order to improve the quality of life by means of strengthening the country’s international position and increasing its influence on global trends and global governance.



Experience and original methods of forecasting accumulated by the scholars of the Institute of World Economy and International Relations have enabled us to expose qualitative characteristics of strategically significant long-term trends.

Authors take into account international practices of forecasting

Political demand for long-term forecasting began to form during the period of late 1960s – early 1970s

The widest publicity was gained by the Club of Rome whose forecasts emphasized *real and hypothetic global problems*: uneven development, population growth, resource depletion, poverty, arms race, tasks of exploration of Outer Space and the Oceans.

In 1970s – 1980s, the *boom* of global forecasting started. Forecasts made by the Trilateral Commission, the Brandt Commission, forecasts by RAND Corporation etc were based on probability assessments and gained a widespread international recognition. It should be also noted that *a task of many forecasts is to influence public opinion*.

In 1980s – 1990s, common interest in global long-term forecasting showed *a decline*: *research in more focused subject areas* became higher in demand than comprehensive outlooks.

In the first decade of 2000s, growing interdependence of countries in the globalizing world awoke new interest in strategic multidimensional forecasting.

Since late 1990s, a boom has begun in *medium-term forecasting in many areas*: economy, energy, ecology, technological development, demography, education etc.

Today the revival of *comprehensive long-term forecasting* is becoming the **main trend**. *It has got a particular attention* of the United Nations and other international organizations, of the USA, the EU and China.

Outlooks Issued by International Organizations

Global Environment Outlook	The United Nations Environment Program
Global Economic Prospects Global Development Finance World Energy Outlook	The World Bank
Prognostic Studies (with large volumes of statistical data)	The United Nations, International Monetary Fund, OECD, UNCTAD and other organizations
Regional Outlooks (for instance, Asian Development Outlook)	Asian Development Bank
Multiple Futures Project – Navigating towards 2030: Findings and Recommendations	NATO

National Outlooks

USA

Annual Threat Assessment	Regularly prepared by the American intelligence community for the Senate Select Committee on Intelligence
Global Trends, Mapping Global Future and Global Governance	National Intelligence Council, The Atlantic Council
Global Security Forecast: the Top Security Challenges 2008	Published in 2007 by the Center for Strategic and International Studies – CSIS
Topical and global trends forecasts on security and defense, situation in the world economy, public health service and education, ecology etc	The Brooking Institution, The Council on Foreign Relations and RAND Corporation

European Union

The World in 2025: Rising Asia and Socio-Ecological Transition	Prepared in 2008-2009 under the sponsorship of the European Commission
The World in 2025: How the European Union Will Need to Respond	Completed in 2007 by the network think-tank for a group of center-right European political parties
Forecast 2030	Multinational Project “Augurus” supported by the Seventh Framework R&D Program of the EU (2007-2013)

China

Several long-term forecasts were made for periods ending in 2020, 2030 and 2050. The emphasis is particularly placed on the development of the Chinese economy, science, technology and innovation.

STRATEGIC FORECASTING



Strategic global prognostic studies have not yet occupied leading positions among other forecasts.

In this category of studies, the renowned ones are publications of the National Intelligence Council and Atlantic Council of the United States: a series of Global Trends forecasts: 2010 – 2025.

In 2010, “Global Governance 2025” was prepared as a sequel to this series. This report gives scenarios for international institutions and processes of governance and regulation, as well as for coordinated actions of leading powers concerning security, energy, social issues etc.



Long-term forecasting continues to attract a growing interest.

This kind of analysis of long-term global development during next two decades is a matter of special importance for Russia taking into account the task of *modernization*. There is a need of clear view of global prospects and challenges, which could be opened up to the *country*.

After two decades of transition (1992-2010), Russia finds itself in a position where there are no longer clear guiding indicators from the world's leading nations. It happens not only due to a matured transformation policy experience acquired by the Russian political and professional elite, but also due to the global financial crisis (2008-2009). The latter has pushed global actors to search for a “new norm” of economics, finance, security, technology, and climate change. Russia has to bring its own input to these global trends.

Russia is facing a task of an *adequate participation and adaptation to global developments* in political, military, economic and social spheres.

It is absolutely clear that national transformation cannot be successfully achieved **against mainstream of globalization**.

IMEMO's OUTLOOK

Strategic evaluation of global development to 2030 continues traditions of long-term forecasting have been developed in IMEMO RAN.

The key difference between the “Strategic Global Outlook: 2030” and previous forecasts prepared by IMEMO (“*World at the Turn of Millennium*”, 2001, and “*World Economy: Forecast till 2020*”, 2007) is that for the first time we give not only a *comprehensive vision of economic prospects*, but also assessments of *ideological, social, international political and security* trends of International Community.

The “Strategic Global Outlook” is an interdisciplinary study. It is based on the vision of the future by a large panel of experts with long-standing experience in researching various global issues, regions and countries. The statistical database

of the study consists of forecasting estimates for GDP, labor productivity, R&D investment and other indicators calculated using original method developed in IMEMO.

A thorough consideration of comprehensive links between developments of different nature (economic, financial, demographic and social trends, achievements in science and technological change, ideological activities, tendencies in social psychology and cultural process) has allowed us to produce a comprehensive view of qualitative global changes in two decades to come.

This approach gives an opportunity to focus attention on sustainable and changing trends of the world economy and global political order, as well as on entities, structures, institutions and key actors of the international system.

The major task is to show what risks and challenges these *key global economic and political trends* would represent to Russia.

We hope that exactly this focus will make our work useful to public authorities and business circles, expert community and general public.

Alexander A. Dynkin

IMEMO Director

GENERAL OUTLINES

The world is increasingly coming to understanding of the fact that successful development of most nations is possible only when they unite their efforts for finding solutions of global problems. This is true in spite of the rising radicalism of marginal regimes, of certain socio-political, religious and ethnical groups.

THESIS

In next two decades, the world will face less radical changes and shocks that were typical for previous twenty years.

International efforts will be oriented towards achieving stronger coordination between institutions of global and regional governance. They should have wider credentials in solving issues of financial stability, social development, innovations and security.

Main Global Changes and Trends

1991-2010	2011-2030
<ul style="list-style-type: none"> ▲ End of the Cold War ▲ Collapse of the socialist system ▲ Disintegration of the Soviet Union ▲ Territorial expansion of the European Union and NATO ▲ Market reforms in China 	<ul style="list-style-type: none"> ▲ Reform of principal institutions of global governance: the UN, WTO, IMF and others ▲ Increasing cooperation of global and regional powers in the maintenance of international security ▲ Consolidation of the existing and creation of new institutions of regional integration in Europe, Pacific Asia, Latin America, and to a much lesser extent, in Africa, Middle East and South Asia

	<ul style="list-style-type: none"> ▲ Gradual democratic reforms in China ▲ Increasing number of democratic countries combined with a growth of nationalism
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THESIS

Globalization of security and development issues will bring about changes in strategic thinking of political elites of leading nations. The task to strengthen itself as a “center of power” will be transformed into another one – to exercise a capacity for “responsible leadership” to respond to the common security and development challenges.

Relations between *major powers* will be characterized by *cooperation* in the solution of global security problems, and *rivalry* for selection of the ways to solve them in the mode of benefits for themselves but in coordination with other leaders.

Military operations could be held against certain states, non-state actors and alignments posing such threats and challenges as terrorism, drug trafficking, piracy, proliferation of weapons of mass destruction etc. These states and non-state actors will not vanish, but their influence on international security will become weaker.



The United States will maintain its leadership in science and innovations, finance and military force. The strengthening of China will make the greatest impact on changes of global balance of power.

<i>Key Characteristics of Relations between Major Powers</i>	
1991-2010	2011-2030
Failure of an attempt to build a “unipolar” world	Global cooperation in security issues. “Responsible leadership”
Steady priority of traditional goals in security issues: build-up of	New priorities in the security sphere: • Human security;

military power and use of military force abroad	<ul style="list-style-type: none"> • Protection of property rights including intellectual property; • Ensuring of information security; • Safety of habitat
The international security system formed in the age of Cold War started to transform in accordance with new reality	Russian-American diversion from the practice of mutual nuclear deterrence towards mutual nuclear security, and cooperation in ballistic missile defense
Recognition of opportunities for international cooperation between military and other security forces in prevention of non-traditional threats (terrorism, piracy, pandemics, natural calamities etc)	The front line in the international military and political cooperation belongs to forthcoming non-traditional threats
Emergence of new de facto nuclear powers (India, Pakistan and some others)	In the North-Atlantic area: building of a new security system based on cooperation between the USA, the EU and Russia
The West was searching for a balance between “containment” and “engagement” of China	<p>In the Trans-Pacific Area: new forms of relations between Russia, China and the USA replacing traditional military and political alliances</p> <p>China’s joining the club of global leaders</p>

The world will face major changes with accession of a new generation of political leaders to power. They have grown up in the era of globalization and open flows of information, and they are free from “old thinking”. These people were born in the 1970s – 1980s, educated in 1990s – 2000s and entered active political life in 2000-2010.

The counter-factors

Related to the recognition of global responsibility:

- ↗ World leaders will be incapable to work out a coordinated vision of global development and international security. This will increase “rivalry” versus “cooperation” in relations between global powers;
- ↗ Unpreparedness of leaders and political elites to compromise on the issues that infringe national interests of countries with different levels of economic and social development and different quality of national institutions;
- ↗ Failure to create effective international mechanisms to resist against worldwide spread of Islamist extremism, terrorism, drug trafficking etc;
- ↗ Selfish behavior of influential national and transnational groups of interests, first and foremost, in finance, energy and military-industrial sectors.

Related to globalization:

- ↗ Rising of neo-nationalism in the countries that have largely benefited from globalization;
- ↗ Unwillingness to waive the fruits of own successes for the sake of solving global problems;
- ↗ Expansion of the influence of transnational corporations to the extent that their interests directly contradict economic policies of sovereign states;
- ↗ Formulation by the super-rich of their own political interests that differ from national interests. This concerned the single country when billionaires were mainly Americans. Now, when the list of nations with billionaires has expanded, this problem is having international dimension;
- ↗ Growth of new international massive “groups of millionaires” to a level when their interests come to an open conflict with interests of national middle classes in the traditional meaning of the word;
- ↗ Loss of control over migration flows – posing the threat of dilution to a homogeneous society to a critical level.

IDEOLOGY

THESIS

In the twenty-year perspective, ideology of globalization based on market and democratic principles will remain to be the leading system of ideas in the world.

Values of individual liberty, equality and human rights will enhance their global appeal, despite intensifying discussions about the degree of stability of capitalism as an economic system fuelled by the global financial crisis (2008-2009).

China, while increasing its economic might, will further adjust its national (historical and cultural) values to the global ideological mainstream. It will not offer any other globally significant ideological model, but will try to present to the world a number of new universal concepts with a hallmark of Chinese civilization (such as “harmonious world”). **China** is a cautious ally of the West in resistance to aggressive Islamist fundamentalism and religious extremism.

The ideas of antiglobalism, leftist radicalism, communism, racism, religious extremism, national exclusiveness, fascism etc will remain marginal. They will nourish only certain social groups both in developed and underdeveloped countries. The socialist idea will continue to be attractive, but mostly in its market-and-democratic rather than communist or national-socialist versions. The most widely-spread form of this idea will be the “globalist social democracy” and its newest branch – the ideology of sustainable development with the emphasis on environment protection.

The Greens will gain more importance and influence.

THESIS

Ideologies will be increasingly interconnected with global political, social, economic and cultural trends instead of focusing only on the domestic political life of different countries. This would become a basis for ideology of global governance.

Ideologies of globalization, as before, are facing *opposition* from offensive, xenophobic and isolationist thinking

The outcome of this confrontation depends on the ability of society to constructively organize its social and political forces at different levels. Understanding that more and more problems of **national** development and security require **global** or **regional** approaches is spreading around the world. It is ineffective to deal with these problems only by national efforts, and/or within national borders.

In forthcoming two decades, the idea of equality with new interpretation of social justice would gain popularity and influence.

What is at issue is a *concept of non-destabilizing inequality*, which is coming to replace different concepts of equality (communist, egalitarian, paternalistic ones, the concept of equal opportunities etc).

The essence of this concept is the recognition that full equality for everybody and absolute justice is inaccessible in principle. But social and political structures *support* such a level of *inevitable but controllable inequality* and such a *degree of saturation of demand for justice* that will not lead to social and political destabilization.

Religions

The influence of religions will change unevenly. The world will face:

- An expanding area of Islam and a growing number of Muslims in Europe and in the USA;
- Rising African, Latin American and Asian components in the Christian world;
- Stagnant dissemination of Hinduism, Buddhism and Judaism;
- A growing number of people who will be indifferent to any religion.

Adaptation of religions to new realities will give birth to such “hybrid” ideological phenomena as “Catholic socialism” in Latin America or “Islamic conservatism” in the Middle East etc.

Global elites will emphasize the universal nature of their secular ideas and institutions and will try to disseminate them in other ideological spaces. They will encounter aggressive resistance from a group of elites in the Islamic world, who cannot get integrated into globalization and seek to maintain their power. For this reason, the likelihood of inter-confessional conflicts will be rather higher.

Interaction of Cultures

Globalization has made **the interaction of cultures** an inevitable phenomenon:

- In all fields of life and regions of the world,
- On a daily basis,
- On a mass scale and
- In the widest range, from collaboration to conflicts and outbreaks of armed violence.

The significance of the diverse nature of cultural factors and especially inter-cultural communications will rise in the future, both in internal and international relations across all fields of activity and social interaction.



Due to stability of and inertia of culture as a phenomenon, large-scale and significant changes in the worldwide “set of cultures” and in the inner nature of each culture are highly unlikely in the horizon of 2030.

⇒ Globalization doesn't cause clashes between cultures in the way nations clashed in wars and conflicts, but blends cultures in common lands and spaces to create an entirely new level of global social ecology.

⇒ Formation of global culture will affect the sphere of global governance as well.

⇒ The problem coming to the forefront is how to ensure – within the framework of global social ecology and culture – a leading role for institutions and structures that preserve and develop potential of the mankind for innovations.

⇒ Such institutes and structures will be less and less identified with particular nations – and more and more with particular sectors of global civil society and global elites.

THESIS

Beyond the year 2030, there exists a threat of impossibility and/or incapability to meet the challenge of forming a global culture that will be predominantly innovative and productive rather than forced and redistributive. This threat will significantly slow down the long-term global development and profound qualitative changes in the world economy, politics and social life.

GLOBAL GOVERNANCE

THESIS

The formation of mechanisms and principles of global governance will be accelerated.

Up to **2030**, the comprehensive structure of supranational economic and political governance *will not yet take a well-defined shape*. However, sustainable trends will begin to show movements towards building of *certain components of the global governance system* based on official and informal, traditional and newly established international institutions.

The most widely open fields for global institutionalization are:

- * Intellectual property,
- * Finance,
- * International trade,
- * Energy and commodities markets,
- * Regulation of air and maritime traffic,
- * International labor market,
- * Space exploration,
- * Non-proliferation of weapons of mass destruction,
- * Peacemaking and conflict resolution,
- * War on terrorism and drug trafficking,
- * Maritime security and counter-piracy activity,
- * Reduction of famine and epidemics,
- * Elimination of consequences of natural disasters,
- * Climate change.

Projects will be put forward for the creation of *global institutions to preserve* cultural heritage, biodiversity and certain eco-systems.

In 2011-2020, there will be continued establishment of various political, legal and institutional foundations to ensure supranational regulation regarding the

exploitation of *globally important areas*: Oceans, the Arctic, the Antarctic and Outer Space.

Each of these initiatives can become a subject of severe competition in international relations as well as can provoke domestic political conflicts.

This tendency will lead the international community into beginning of practical search for worldwide consensus about principles, dimensions and rates of cooperative development of resources on our planet and in circumterrestrial space.

International Law

Before 2030, the sphere of international legal regulation will be enlarged. However, *there will be no breakthrough* in the evolution of trans-boundary law.

The fight against illegal immigration, trafficking of people, as well as protection of copyright, of information networks etc will be, as ever, made difficult due to the differences between national legal systems.

Likely to happen with high probability:

- ✿ Adoption of international regulations enabling to close Internet-sites of openly anti-humane, racist, extremist and similar nature.
- ✿ Increase in the number of states that will assume the liabilities to protect copyright, to cooperate in the fight against hacking and cyber-terrorism.
- ✿ Appearance of international information law and creation of relevant courts of law.
- ✿ Further development of the law of the Sea and legal basis for maritime security.

ECONOMY

Major trends

THESIS

Major driving forces of the worldwide economic development: innovations and globalization.

The consequences of the global financial crisis will be felt during the first part of the Outlook time span. Long-term consequences of the crisis will be seen in wave-like instability of financial markets and persistent risks of critical macroeconomic disequilibria produced by the two-speed growth of developing and developed economies.

Apart from negative effects, this crisis will have some positive outcomes, because counter-crisis measures include efforts to structurally modernize the economy, to create new technological platforms, to invest in human capital etc.

In next two decades, the world economy will generally meet no limitations to growth from **supply of resources** (raw materials, labor, capital and technologies).

However, certain regions will suffer from these kinds of problems.

INNOVATIONS

Main directions of global innovations will be:

◆ The continued application of new advances in information and telecommunications technologies for mining, manufacturing and services;

- ◆ *The **continued*** development of new materials for making breakthroughs in many industries: electronics, aircraft building, automobiles, construction industry etc.
- ◆ *The **beginning*** of a breakthrough in the industries related to human health – bioengineering, diagnostics, methods of medical treatment, new medicines, patient care etc.
- ◆ *The **appearance*** of completely new technologies for improving the quality of life, based on the ongoing unification of nanotechnology, biotechnology, information technologies and cognitive science (“NBIC-convergence”); a technical possibility will appear to greatly expand the biological potential of human beings.
- ◆ ***Preparations*** will be made for a *future breakthrough* in energy. The relative share of new energy sources in worldwide energy consumption will grow, but traditional sources (oil, gas, coal) and nuclear power will still keep their leading positions.

Leadership in the innovative economy and therefore, in the economy at large will stay with the countries, which will be able to develop fundamental research in the maximum range of academic disciplines and, at the same time, will create the best national systems of innovation to guarantee continuous flow of innovations to markets.

In next twenty years:

- The United States will maintain the role of world leader in the broadest range of fundamental sciences and R&D.
- The European Union will generally maintain its position in certain directions of fundamental science.
- Many medium and small highly developed countries will open new opportunities for themselves in a number of narrow niches, due to rapid progress in the incremental innovations.
- China will greatly accelerate its advance in fundamental sciences, but will still lag far behind the US and the EU in terms of general level of sciences and research.
- Japan, as before, will be engaged in fundamental research activities in a limited range of fields of knowledge, and will emphasize engineering development and promotion of sales of innovative products and services.

THESIS

Innovation-based economy will help the middle class to consolidate its position in the world. A global middle class will become both the main consumer and the key producer of innovations.

GLOBALIZATION

THESIS

In next twenty years, globalization will continue speeding up a growth of the world economy.

As in the previous period, the international sphere of world economy will develop at leading rates:

- ✓ World trade will grow faster than GDP,
- ✓ International investment activities will surpass commercial trade,
- ✓ The world will become a common financial space.

Integration will make its greatest progress in the *European Union*.
NAFTA will continue functioning in the mode of a free trade area.

THESIS

In the Pacific Asia a coordination of actions towards integration will gain momentum.

Formation of a free trade area in the format of “China – Japan – South Korea plus ASEAN” will surge intra-regional demand and, consequently, can give

each of the countries from one to three percentage points of increase in their national GDPs.

In other regions institutionalizing of different formats of integration will go slower and with less significant effect.

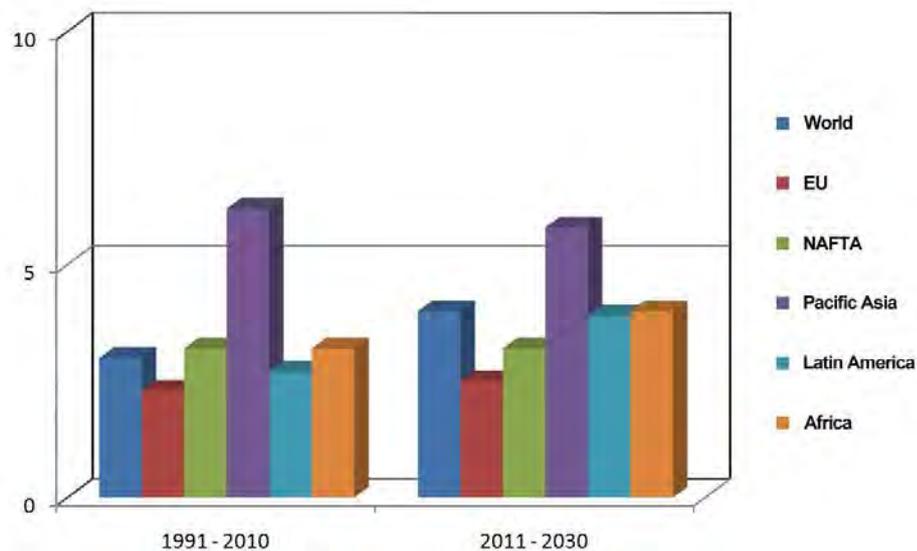
In *South Asia* disagreements between India and Pakistan on various issues will prevent them from creating a full-fledged free trade area.

In *Latin America* and *Africa* hardly compatible economic and political systems of the nations, underdevelopment of regional infrastructure and other factors will hinder integration (excluding projects of limited spatial scale).



The role of the Gulf countries as an international financial center will increase.

Average projected GDP growth rates by region, %



Limits to Growth

THESIS

A new financial and economic crisis and possible rise of protectionism may become the key limitation to economic growth.

First limitation. During last twenty years, the world has experienced financial crises twice:

In 1997-1998 – the East Asian structural and financial crisis;

In 2008-2009 – the global financial crisis.

If the world financial leaders fail:

- ⊗ To create a new safe architecture of global finance.
- ⊗ To draw up unified global rules for the financial sphere, for instance, something more comprehensive and something better than the Maastricht Treaty of the EU.

Then the world may expect a recurrence of the crisis of 2008-2009.

The new global crisis could once more start from financial markets ⇒ then will spread over to commodities exchanges and banking and ⇒ will engulf real economy and social sphere.

- Chinese – the largest among emerging securities markets – may appear to be the most vulnerable one.

Second limitation is possibility of conflicts between largest transnational corporations and nation-states. Transnational corporations work out their own economic strategy. This requires coordination of the interests of countries, regions and the international community as a whole. However, no mechanisms for this coordination have been invented so far.

Third limitation will be bureaucratization and formalization of the world economy.

Bureaucratization refers to international financial and economic organizations. They, for example IMF, often evaluate situations according to formal indicators (statistical and alike) and pay little attention to ongoing qualitative institutional differences in particular countries.

Further bureaucratization will be the source of transnational corruption.

Formalization also refers to private rating agencies, whose evaluation of the condition of one or another corporation serves as a guiding line for investors and international institutions. Appearance of rating agencies in China and in a number of other countries will undermine American monopoly in this business.

➤ Commercial motivation and the absence of criteria for activities of rating agencies, which should be coordinated with all main actors of the world economy, is reducing credibility of their assessments and increasing the probability of errors.

A picture in dynamics: Main trends in development of the world economy	
1991-2010	2011-2030
<i>Average annual rate of growth in the world GDP – 3.5%</i>	<i>Average annual rate of growth in the world GDP – 4.0-4.5%</i>
<i>Innovational breakthrough:</i> internet, mobile communication, telecommunications etc	Innovation breakthrough: new materials; bioengineering; a range of products and services for human health (changed principle of pharmaceuticals and medical care). Technologies for energy conservation (ecologically acceptable energy). New humanitarian and social technologies. Non-traditional sources of hydrocarbons. NBIC – nano-, bio-, info- and cognitive technologies
<i>Progress of integration:</i> expansion of the EU; proliferation	Integration in progress in the EU. A new level of integration in Pacific

of ideas of integration in Pacific Asia; weak development of integration formations in South Asia, Latin America and Africa	Asia in finance and innovations: a free trade area in the framework of “ASEAN, China, Japan and Republic of Korea”
Starting formation of really global economy	Globalization going beyond financial sector to other segments of the world economy Global markets of skilled labor, medical, educational, cultural and entertainment and other intellectual services, works of art etc
Rapid <i>development and sophistication</i> of financial markets	To increase stability of financial markets and to make real economy less dependent on them
Reliance on traditional institutions in global financial governance (IMF, WTO, the G-7 etc)	Improvement of global financial governance: a new legitimacy of the IMF and a role of the G-20
The United States and the European Union <i>were locomotives of world economic growth</i>	China, the US, a group of middle-ranking countries, the EU and India <i>will be main contributors into world economic growth</i>
China is world factory for consumer goods: a developing economy	China becomes the world leading consumer market: a semi-developed economy

Growth Rates and Structural Shifts

THESIS

In 2011-2030, the average rates of growth of the world economy will be 4.0-4.5%.

Structural changes in the world economy

Main trends of previous decade will continue:

- The share of service sector will grow.

- Shares of mining and agriculture will decrease.
- The share of innovation- and knowledge-intensive products, technologies and services in traditional industries and complexes will rise.
- New industries, technologies and products will appear.
- Leading advanced economies (the USA, Germany, Great Britain and some others) will pursue a strategy of re-industrialization on a new technological base.

Substantial shifts will occur in the service sector: the weight of services related to human health, needs for education, access to information, communications, travelling will rise.

THESIS

China's approach to the group of middle-income countries with high rates of social and economic development will represent the main shift by 2030.

The very traditional division of countries into developed and developing ones will change.

Outside the community of developed countries, we will find on the world map two opposite groups of countries:

⊕ A group of middle-ranking countries, which are successfully fitting into the main trends of the world economy (Brazil, Mexico, founding members of ASEAN and Vietnam).

⊕ The countries, which did not find no resources for modernization (a number of countries in Africa, Latin America, South and South-East Asia).

Quality of Growth**THESIS**

Quality of growth and criteria of competitive power will determine the place of a country on the world economic map.

Traditional indicators of GDP volume do not provide anymore the exact economic picture of the world. It means that countries with a predominantly traditional economic structure while demonstrating higher growth rates will not become obligatory the real leaders.

GDP per capita will no longer serve as only indicator of level of economic development. Levels of science and innovation, quality of life, characteristics of “green GDP” etc will receive much higher importance. These indicators will also include not only consumption of material supplies but virtual individual perceptions of life and consumption of intellectual goods and services.

THESIS

By 2030, China will at least approach the GDP level of the USA in terms of PPS, but will still lag behind in terms of GDP in current prices, per capita GDP and what is most important, in terms of innovation and other qualitative components of GDP.

Demand

Economic models based on growing domestic demand will be of greater importance than just export oriented ones.

By 2030, the economic model based on exports of cheap consumer goods (developed in 1960s) will stop to provide incentives for growth, even in the least

developed countries. Economic growth will have more and more qualitative characteristics and technology-intensive goods will obtain a greater share in world exports.

Factors of domestic demand will come to the foreground in the integrating areas of the European Union and Pacific Asia, and, to a lesser extent, in Latin America.

The role of inter-regional trade flows will rise.



The world economy will face no limitations from consumer demand.

A real growth of consumer demand in the USA and in the EU will remain modest – between 2 and 4% per annum. The same figure for Japan will reach approximately 1%.

On the other hand, global middle class population growth and continuing urbanization will support domestic demand in other regions of the world.

THESIS

By 2030, China will turn into the biggest domestic market in the world and will become the main factor supporting global demand.

A rapidly growing middle class and ongoing urbanization processes in China, and in India, Brazil and other countries with a large population will boost domestic demand for a long period of time.

Energy Resources Supply



By 2030, the world will not suffer from the shortage of energy resources.

The major issue will be the cost of the resources. The need to improve effectiveness of their usage will encourage a search for technological breakthroughs in energy conservation.

Development of new sources of energy will continue. But bioenergetics and other alternative types of power engineering will not become predominant. Results of a breakthrough in this field will be felt generally by the most developed countries, but this will not happen until 2030.

However, technological progress will allow to make more effective utilization of traditional energy carriers, in particular, shale gas, coal bed methane etc.

Labor Force

The information economy imposes **new requirements** *on the quality of the labor force, its motivation, as well as the cultural and educational level of those who consume innovations.* Countries with the best and up-to-date systems of education and vocational training will maintain a significant competitive edge.

Along with the shift of labor force in developed countries to the innovation activity, new opportunities will open up to trained migrants from a group of middle-ranking countries and less developed ones. This will challenge the global system of social stability and balanced labor relations.

Factor of Capital



The world economy will face no shortage of capital.

Shortage of capital could be felt by the least developed countries and those with less opportunity to growth and by traditional sectors in the economies of developed countries.

The excess of speculative capital on developed markets is creating new risks, increasing financial uncertainty.

The need for new financial and banking regulations will grow.

The search for effective ways of regulation will take the *following main directions*:

☞ Institutional division of investment, speculative, mortgage, and commercial functions of financial institutions.

☞ Introduction of new tax and administrative limitations on speculative activities of financial institutions.

☞ New insurance mechanisms and “airbags” for the non-financial sector.

☞ Establishment of powerful national (in the USA, Japan, China) and regional (in Europe, Pacific Asia) “rescue funds” for saving in critical situations big corporations in financial and industrial sectors.

THESIS

China and some other states in Pacific Asia, India and leading countries of Latin America will increase their share in the international flows of capital.

Global imbalance between the dynamics of savings and investment in countries with different levels of development will remain unchanged and will pose the threat of a new financial crisis.

In the developed economies, first of all in the United States, consumption surpasses production and savings surpass investment. In the emerging market economies, first of all in China, the pattern is the reverse. This surplus of savings allows partially compensating for their shortage in the developed world.

However, in the twenty-year prospect, growing domestic demand in China will change the situation. In absolute terms the inflow of Chinese capital to the United States will be growing. At the same time the investment market of China itself will show rapidly growing demand for domestic-made savings.

It could create risks of a relative shortage of capital in the United States and other developed countries.

⇒ Rising public debt is fuelling additional market risks. However, developed countries will be able to build public debt managing system that could prevent or level its negative effects for the world economy.

⇒ Middle-ranking countries and less-developed ones would find themselves in the deep crisis situations. This will call for devising new mechanisms to rescue ***bankrupt states***.

The establishment of “rescue funds” for corporate businesses and bankrupt states will provoke the problem of moral consensus over the issues of rendering financial help: how, to whom exactly, on what conditions and for what price should an aid be given? This will refer to basically important but bankrupt corporations, banks and to economically failed states.

If this consensus is not reached, the world will face a challenge of growing *global resentment* about such schemes of getting out from crises when big capital is rescued to the detriment of public at large.

THESIS

To ensure financial responsibility of governments and corporations will become one of major issues of global governance.

International Monetary System

THESIS

The US dollar will remain as leading international reserve currency. The overall market share of the US dollar and euro in international settlements and trading will not diminish.

The **IMF** and the **World Bank** will maintain their roles in multilateral monetary and financial regulations and lending. However, the fast-growing group of middle-ranking countries will have more influence over the activities of these international organizations

At the same time *regional “reserve institutions”* will emerge and their role will become stronger.

THESIS

Substantial changes in the world monetary system will largely depend on the time when the Chinese renminbi would become an international reserve currency.

Internationalization of renminbi will not be speeded up and will start only after liberalization of the Chinese foreign exchange system is completed.

China is carefully weighting up the risks that can be imposed by accelerated liberalization of foreign exchange and financial transactions on its domestic economic and social stability.



The role of G-7/G-8 will change.

The G-7/G-8 will never turn into the G-20: a cumbersome multilateral mechanism like this is practically unsuitable for drawing up **consensus-based**, concerted decisions, while the less developed participants of the G-20 will never accept any other option.

However, **the main point in international monetary sphere is incompatible differences** between the interests of the countries with circulation of their currencies in international transactions and the interests of all other countries.

The idea of the G-20 is *to transpose* patterns of international political relations in the framework of multilateral diplomacy *to the financial sphere*. The main goal of financial coordination is to ensure global financial stability, relying on efforts of most significant actors.

G-7 format will gradually turn into a **club of issuers of key world currencies** – a pair of leading currencies (the US dollar, the euro with the decisive roles of Germany and France) and currencies of the “second echelon” (the pound sterling, the yen, and also the renminbi as soon as it becomes a freely convertible currency).

With the new financial format becoming institutionalized, legitimacy of *global governance* will be enhanced.

World Corporate Map

THESIS

The traditional (country-based) economic map of the world will be supplemented with its division into areas of activity and influence of transnational corporations and banks.

The traditional structure of the community of transnational corporations will change. Positions of transnational corporations and banks from the United States, Canada, Japan and the European Union will be drawn back with the pressure of their rivals from China, India, Brazil and a number of middle-ranking countries.

The changing balance of power in the community of transnational corporations will create new opportunities for development of the world economy and policy.

Integration on the corporate level will allow:

- ⊙ to increase efficiency of capital use in the economy of leading countries;
- ⊙ to raise interdependence of main global actors;
- ⊙ to strengthen *compromise mood* while dealing with global security challenges.

On the other hand, this substantial change of the global transnational corporations map will generate *new challenges*: first, in their relationships with one another, and second, in their interactions with national governments.

We should assume that contradictions will rise: interests of corporate businesses versus interests of national governments and/or of the international community.

Climate Change

THESIS

The assumption that climate change is a result of human activity has not yet been sufficiently proved, because of too short period of observations for such conclusions.

But it is important to pay attention to the facts:

- natural phenomena threatening human beings have become more frequent, including large emissions of CO₂ and the greenhouse effect as an outcome of volcanic eruptions, ocean evaporation, earthquakes, tsunamis etc;
- worsening (due to pollution) environment of large cities and sites with high concentration of industries.

Turning to practical solutions, the key point will be how to minimize the damage from natural disasters to the global economy and how to improve the human habitat.

In this case, a solution of climate problems will not become a limitation to the growth of the world economy. On the contrary, it will give a new impetus to its most dynamic sphere – to innovations. Further growth could be predicted for carbon dioxide emission quotas exchange trade.

SOCIAL SPHERE

For a solution to the problems arising in post-crisis development, principles and guidelines for social policy should be fundamentally revised.

This revision will be required because:

☞ The middle class will increase on the global scale and will set the pace and quality of growth in social standards and needs.

☞ The new “super-rich” and the growing, on a mass scale, class of millionaires are shaping interests of their own, which require new mechanisms for coordination with public interests.

☞ Development of the economy of innovations is creating social “dividing strips” in developed countries. Jobs in many professions become needless, or get filled by low-skilled and low-paid immigrants.

☞ Social stratification is expanding in the world not only along the line of “rich countries – poor countries”. The rich in poor countries must, as well as the rich countries themselves, take responsibility for the destiny of “the world poor”.

☞ The problem of “corporate citizenship” will obtain new forms: benefits enjoyed by those employed by transnational corporations do not apply to all others.

THESIS

Social contradictions can undermine not only national social systems, but will cause international social problems (migration, demographics, ethnic conflicts etc).

The location of a global social explosion will not be the “world poor”, but the middle class, which most painfully feels growing stratification inside this social group.

The clear case of it will be China, where the **problem of the social divide** between the winners and the outsiders of modernization will give place to contradictions between those who will have reaped more benefits from high economic growth and those who will have got less.

<i>Key social changes</i>	
1991-2010	2011-2030
Growth in the global middle class and its expansion outside the community of developed countries	Growing stratification of the global middle class along with the increase of its population in absolute terms
<i>The poor make up to 30% of the world population (15% – those on the verge of survival)</i>	A decline in the weight of the poor to 20% and 10%, respectively
Gradual development of a new class of millionaires, growing on a mass scale mainly in the USA, the EU and Japan	Rapid increase in the number of millionaires, first of all in China, India, Brazil and Russia
Most of the super-rich in the world are citizens of the United States	Accelerated increase in the number of the super-rich due to billionaires in China and other rapidly growing economies

The new vector of the next two decades will be globalization of social developments. By 2030 the worldwide need will arise to regulate social developments on the global scale and to achieve more uniformity in education, public health and international law.

However, workable mechanisms for global social governance will not be created in twenty years.

Global Educational Space

Globalization of the labor market will encourage unification of educational standards and vocational training of the employed in different countries:

educational standards of developed countries will be more widely accepted by countries which are expected to enter the global labor market.

THESIS

Formation of a worldwide educational space in the predictable period is not to be expected.

Developed countries will go further in modernization of their educational systems, adjusting them to the needs of the global information society, using, among others, a concept of “life-long education”.

In the countries where informational technologies exist only in certain enclaves, the main problem will be how to ensure a high quality of universal schooling with a prevalence of traditional methods of education.

Global Systems of Public Health

By 2030, a success will be achieved in overcoming grave consequences of mass epidemics, famine and other emergency situations.

In developed countries, strong advancement in gerontology, genetic technologies, nano-chips and micro-sensor technologies, transplantation of organs, nerve cells, retina etc will allow for a *substantial increase in the average human lifespan*. The age of retirement will be extended.

With higher life standards and readiness of patients to pay for medical care, and with an expansion of public spending on health, new markets for medical appliances, public health services and pharmaceutical products will expand in Asia, Africa and Latin America.

INTERNATIONAL SECURITY SYSTEM

THESIS

Tendencies towards coordinated actions of global powers for international peace will prevail over inclination to conflict.

Military build-up and development of armaments will continue. However, the subsequent mutual suspiciousness will, at least partly, be balanced by the creation of new mechanisms for maintaining global security, confidence-building measures and the joint development of weapons systems.

The main course will drift towards widening usage of “soft” and “smart” powers in foreign policy with following instruments:

- Financial and economic superiority,
- Science and technological advancements,
- Cultural and educational,
- Promotion of ideological influence.

The massive use of traditional military force will be possible only in limited local conflicts.

A counter-trend could consist of the simultaneously rising importance of other power instruments:

- advantage in financial, economic and natural resources;
- measures arising from global interdependence;
- manipulations with information and media to influence public opinion.

HIERARCHY OF POLYCENTRIC WORLD



Institutions

International treaties on arms control and disarmament, which were created by global political leaders in the Cold War era, will have less importance.

However, it is difficult to expect that fundamentally new international mechanisms will be created in next twenty-year perspective.

This *institutional vacuum* may possibly lead to strained relations between global leaders, although they will not go beyond the diplomatic framework.

Reform of the United Nations will remain in the agenda of the international community.

However, the final option will not yet be taken between a conservative alternative – to increase the number of permanent members of the Security Council having veto power, and a perspective one – to develop trans-boundary law and supranational institutions of governance.

Nonproliferation

- Nuclear forces *balance between the United States and Russia* will be maintained on lowered levels. There will be an opportunity for *development of common ballistic missile defense systems. It could be based on common architecture of the early warning radar systems.*

- For Great Britain, France and China possibilities to join the process of nuclear disarmament will increase.

- Coordination of international efforts in the sphere of nuclear nonproliferation will enable to prevent the falling of nuclear weaponry into the hands of international terrorists.

- Political regime change in Iran would help to resolve the “Iranian nuclear problem”.

- The possibility to solve North Korean nuclear problem will come much closer in case of a collapse of existing political regime in the Democratic People's Republic of Korea.

Regional Conflicts

- Regional conflicts, in which global leaders with different attitudes are involved in one or another way (the Balkans, the Caucasus), will not lead to their military clash.
- Genuine reconciliation between Israel and Palestine is unlikely to happen before 2030.
- Withdrawal of NATO forces from Afghanistan will create new regional risks.
- Tensions between China and Taiwan will decrease due to the continuous Beijing policy to “engage” Taipei economically and politically.
- Islamist terrorism will not be exterminated, but its spreading over the world could be blocked and localized.
- Africa, Middle East and Central Asia will maintain potential to be the most conflict-bearing areas of the world.

Trans-Atlantic and Trans-Pacific Security

- NATO will remain to be foundation for the Trans-Atlantic security.
- Activity of NATO will maintain global dimensions. There is quite a possibility for NATO cooperation with Russia and China in some regions of particularly importance, including Central Asia and Afghanistan.

- In Pacific Asia a new model of Trans-Pacific security will emerge on the basis of military and political cooperation between the USA and China, and Russia, Japan and other countries of the region.

Sustainable tendencies in international politics could be interrupted by negative scenarios

- Leading nuclear powers could stake on confrontation and hegemony in mutual relations. Nuclear disarmament could come to a standstill. Arms race will begin in Outer Space.
- China will continue to build up its own nuclear-missile potential and to create space and cyber weapons.
- China as a “global political newcomer” with its growing economic and financial capabilities could behave sometimes unpredictably.
- Northeast Asia and North Pacific could be regarded by the Chinese military-industrial complex as a natural sphere of influence.
- Some regional conflicts (India versus Pakistan, Middle East) could create threats of using nuclear weapons and others (Central Asia) could also go beyond control.
- Political situation in Iran and North Korea could follow scenarios of conservation of power in the hand of current leaders. It could speed up proliferation of WMD.
- International community could be unable to prevent falling of WMD into the hands of terrorists.

THESIS

Such negative scenarios for the international political and military situation are unlikely to be realized.

COUNTRIES AND REGIONS. MAIN CHALLENGES

USA:

- To maintain global leadership in a new form (“the first among equals”) on the base of better consideration of partners’ interests – multilateralism.
- To complete reforms in financial and social spheres, in education and public health. To offer a global stabilizing and demonstrative effect of these transformations. Stability of the global financial system depends, first of all, on successful reforming of the American financial sector.
- To strengthen the present model of American leadership in fundamental research and innovation, creating incentives for global progress in science and technology. The latter will be both the outcome of and the condition for future dominance of the United States.
- Formation and development of Trans-Atlantic (USA+EU), Inter-American (Central and Latin America) and Trans-Pacific common markets as parallel processes.

EU:

- To consolidate and develop the community, to overcome centrifugal mood and aspirations that could become more visible in crisis years.
- To maintain an effective social system and social stability under the condition of an ageing population and a growing presence of immigrants.
- To encourage leading member countries to undertake an innovative mode of economic development.
- To continue institutional reforms for deeper integration and for consolidation of the European Union as a trans-national center of leadership and influence, including foreign and defense, fiscal and social policies.

CHINA:

- To carry out democratic reforms gradually and to change the perception of China by the West as a political alien.
- To preserve social and political stability under growing social stratification.
- To maintain financial stability under internationalization of domestic financial markets.
- To demonstrate “responsible leadership” in economic integration in the Pacific area and in the formation of the Trans-Pacific security space.

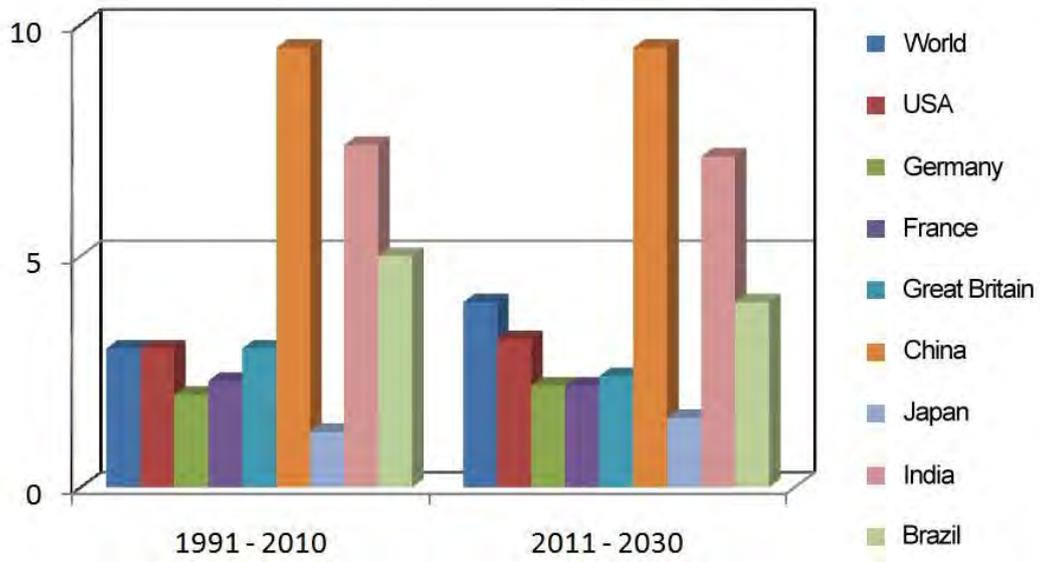
JAPAN

- The country will preserve its position of a global exporter of equipment for basic manufacturing and construction industries. However, its economic influence in Pacific Asia will get weaker as a role of China and other rivals will rise.
- Sluggish domestic demand will further restrain the dynamism of the Japanese economy.
- The country will search for a model of social and economic development after modernization, from “green growth” to “economy of impressions”, and will make more efforts to satisfy demands of senior citizens.
- A shift to a more effective model of exports will become the main task of Japan’s economic policy.
- The country’s foreign policy will continue to experience a “shortage of readiness for leadership”.

South Asia, Latin America and Africa

- India will enter the group of largest economies. But it will have difficulties in economic development because of domestic social problems.
- India, Brazil, Turkey and South Africa (as regional leaders) will upgrade their political weight, but they will be unable to achieve a level of influence comparable with developed countries and China.

Average projected GDP growth rates by country, %



**CONCLUSIONS FOR RUSSIA
RISKS AND OPPORTUNITIES**

THESIS

During next twenty years, Russia should efficiently adapt its domestic and foreign strategy to main trends in global development in order to avoid finding itself in a marginal position, to cope with future risks and to exploit new opportunities coming from globalization.

IDEOLOGY

RISKS	OPPORTUNITIES
Spreading of radical nationalist ideas, concepts of exceptionality, confrontational self-identification in Russia	Self-identification of Russia as a Euro-Pacific nation, a part of global civilization based on European values
A renaissance of left-wing radical ideas of “equality” and “fairness”	An extensive multilateral dialog on ideology and values with global leaders and other interested nations
A clerical swing of social conscience in the society. Inter-confessional conflicts	Cooperation with the United States, the EU, China and India in resistance to aggressive Islamism

The main challenge

It is necessary to reform political, social, legal and educational institutions according with principles of globalization and non-destabilizing inequality.

ECONOMY

RISKS	OPPORTUNITIES
Conservation of the raw materials-based economy	Implementation of a strategy aimed at modernization and re-industrialization based on technological integration with the world centers of innovations
Declining international demand and market prices for most primary goods in Russia's exports as a result of break-through in alternative energy	Natural advantages of the raw material resources for financing an innovative structural reconstruction of the economy
Financial and economic losses and marginalization because of limited participation in the processes of integration in Europe and Pacific Asia	A twin-vector economic strategy aimed at integrative cooperation of Russia with both the EU and Pacific Asia. Taking into account characteristics of the European and Pacific parts of Russia in its fiscal and customs policies
Lagging behind in participation in multilateral economic forums and global governance system	Participation in regional (the EU, Pacific Asia) and global financial rescue funds
Failure of Russia's transformation into a regional and global financial center or inadequate high price that Russia may pay for the success of that transformation	Emerging role of the Russian ruble as a regional currency in trade and financial transactions <i>on the basis of:</i> <ul style="list-style-type: none"> ▪ <i>innovative change in the structure of exports;</i> ▪ <i>the creation of an effective national financial system</i>
High inflation	

Main challenges

■ **First**, expected resistance of the conservative part of the Russian elite to redistribution of earnings from energy and primary industries to the “economy of knowledge”. The strategy of innovation is directly affecting current interests of the Russian oligarchy, which is well-established in the energy and raw materials

industries. To **determine the balance** between their interests and long-term interests of the economy in whole is a **political task**.

■ **Second**, an idea of a twin-vector economic strategy (orientation of the European part of Russia towards the EU and the Pacific part towards Pacific Asia) can arouse fears that the country may disintegrate and can inspire opposition. A well-reasoned moderation of such fears is a *political task*. One possible instrument for doing so is to invite Japan, South Korea and the United States in competition with China to develop Eastern Siberia and the Russian Far East.

SOCIAL SPHERE

RISKS	OPPORTUNITIES
<p>An irreversible lag in the development of a middle class. Sliding down in population size, quality of life and the spread of poverty to the level of developing economies</p> <p>Brain drain</p> <p>Negative consequences for Russia of the deepening conflict between the interests of the global super-rich and the interests of national governments and societies</p>	<p>To speed up the formation of a middle class and to raise the quality of life to the world average, <i>relying on</i>:</p> <ul style="list-style-type: none"> ▪ <i>implementation of innovation and development strategy;</i> ▪ <i>expansion of activity of small and medium-size businesses;</i> ▪ <i>renunciation of bureaucratic dominance – de-bureaucratization</i>
<p>Abstaining from the creation of a new global social system. Lagging behind the global trends in education, public health, and welfare</p>	<p>To improve education, medical and social services, using international experience and coordinating social policy with Russia’s neighbors in Europe and Pacific Asia</p>
	<p>To move to a fully-fledged civil society</p>

The main challenge → How to reform the existing institutions avoiding a conflict between the bureaucracy, which will suffer personal losses from the narrowing of its functions, and the society, which must have **effective** bureaucracy? This will require **not just political will**, but also a substantial enlargement of the range of civil society activities.

FOREIGN POLICY

RISKS	OPPORTUNITIES
Rising tensions with the USA in nuclear-missile balancing, in global, European, Central Asian and Pacific Asian security issues, apart from human rights, democracy and basic values	To upgrade relations with global leaders to a level allowing to unite efforts to ensure global and regional security under the mutual understanding of globally and/or regionally significant partnerships
Worsening of relations: <ul style="list-style-type: none"> ▪ with the EU caused by regional problems, energy security, enlargement of NATO, and emerging of a new European security system without Russia; ▪ with China – caused by tensions in Central Asia and border problems; ▪ with Japan – caused by the territorial issue 	To successively create a new architecture of security and cooperation in Europe To change strategic nature of Russian-American relations from mutual nuclear deterrence towards mutual nuclear security and cooperation in the BMD
Abstaining from the formation of a new system of Pacific security	To take an active part in forming of a new system of Trans-Pacific security and to cooperate on the base of bilateral and multilateral diplomacy with China, Japan and the United States
Failure of joint efforts of the USA, the EU, Russia, China and Japan for peace maintenance in the Middle East and Central Asia and for weakening the base for terrorism and drug trafficking there	To develop a comprehensive approach to the Middle East (in the post-disturbance period) and Central Asia, taking into consideration cultural, historic, social, economic and ideological peculiarities of the regions
Confrontation around the development of the Oceans, the Arctic, the Antarctic and Outer Space	To decide on ecologically balanced multilateral cooperation in development of the Oceans, the Arctic, the Antarctic and Outer Space

The main challenge

How to overcome or to limit Russia's *traditional perceptions of the United States and China as potential antagonists* while formulating conceptual basis of foreign policy and strategy?

The reasonable way is to conduct *a broad dialogue* through the following channels:

- authorities – community of experts;
- authorities-political elites – community of experts;
- authorities-civil society-political and economic elites – community of experts;

A separate issue is how to use mass media in a positive mode for creation of a new perception of Russia in the world.

RELATIONS WITH MAIN COUNTRIES AND REGIONS

USA

RISKS	OPPORTUNITIES
<p>Permanent mutual distrust and lack of comprehensive dialogue about issues of common concern, which negatively affect the whole range of Russian-American relations. First of all it concerns global and regional security, nuclear non-proliferation and economic ties</p> <p>Ups and downs in the relations from “plus” to “minus” depending on changes of administration in Washington and Moscow</p> <p>Decline of America’s interest in Russia as an important country the US needs to cooperate with</p> <p>Russia’s reciprocal reaction – getting itself isolated from the USA</p> <p>Deficit of progress in consolidating solid economic base for bilateral relations</p>	<p>Long-term and progressive development of relations between Russia and the US up from the level achieved in 2009-2010</p> <p>To reach the level of mutually beneficial technological cooperation in areas where both Russia and the USA have got considerable results</p> <p>To turn cooperation in the fields of innovations and energy into a solid foundation for political relations</p> <p>To conduct across-the-board dialogue on government, expert and civil society levels about basic values, to coordinate visions of global development, to add specifically national approaches to mutual, bilateral efforts for a better world order</p>

The main challenge

There are powerful forces and groups of interests, both in Russia and in the USA, who are unprepared or unwilling to improve significantly bilateral relations.

It is necessary to invest **political will and capital**, permanent efforts and time into building an atmosphere of mutual trust. It also requires a **higher role of civil society, expert and business communities** in the formulation of foreign-policy agenda for both countries.

THE EUROPEAN UNION

RISKS	OPPORTUNITIES
<p>Lack of progress in the creation of a mutually acceptable new architecture for European security</p>	<p>To transform Russia into a key partner of the EU in the issues of international security To build cooperative BMD system</p>
<p>Worsening relations in the fields of energy security, on non-recognized states, enlargement of NATO, illegal migration, and human rights</p> <p>More frequent conflicts of interests between Russia and the EU in the post-soviet space, rivalry and playing policies against each other in other regions of the world</p> <p>New formation of relations “the EU – China” and “China – the EU” without taking into account Russia’s interests</p>	<p>To conclude a new agreement between Russia and the EU on strategic partnership. To achieve gradual integration of Russia and the EU in four common areas:</p> <ul style="list-style-type: none"> ▪ <i>economy;</i> ▪ <i>domestic security and justice;</i> ▪ <i>international security;</i> ▪ <i>science and education, including cultural aspects</i> <p>To understand and to define mutual interests in energy security</p> <p>To promote economic cooperation beyond energy sector. To increase a level of European multinationals’ activity in manufacturing and services in order to assist restructuring of the Russian economy towards innovation-based model</p> <p>To expand capital investment of Russian companies in the EU up to the scale allowing formation of trans-border chains of added value</p> <p>Cancellation of a visa system</p>

The main challenge

Financial and political instability in the EU can impede the future-oriented course of cooperation with Russia.

Russia needs **persistence and openness** to tactical compromises for deeper Russian-European integration.

PACIFIC ASIA

RISKS	OPPORTUNITIES
Russia's non-participation in developing of a Trans-Pacific security space and economic cooperation	Russia's engagement into common space of security and development in Pacific Asia. In addition to APEC to participate in new multilateral formats such as "Russia – Japan – the USA", "Russia – China – the USA". To initiate a dialogue between Russia and the "the US-Japan Alliance" (similar to the Russia-NATO dialogue)
Sino-American economic and strategic partnership will develop faster than Russia's dialogue with both countries on Pacific issues	To include the issues of Trans-Pacific security into Russian-American dialogue on global security
The unsettled territorial issue in relations with Japan is impeding breakthrough in bilateral relations	<p>To create:</p> <ul style="list-style-type: none"> ▪ a market for hydrocarbons in Pacific Asia on the base of Russian resources ▪ a multilateral North-East Asia-3 oil and gas surplus fund (China, Japan, Republic of Korea) ▪ logistic bridge between the EU and Pacific Asia through Russia's territory ▪ a special customs and tax regime in Pacific Russia for cooperation with the economies of North-East Asia-3 <p>To use Pacific Russia as a platform for integration with North-East</p>

	<p>Asia-3, providing for:</p> <ul style="list-style-type: none"> ▪ free relocation of workers involved in the innovation economy (experts, scientists etc.) over the North-East Asia-3 area ▪ creation of multilateral business incubators
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To encourage perception in Russian society that the country is not only European, but it is also the Pacific power.

Southern Asia, Africa and Middle East, Latin America

RISKS	OPPORTUNITIES
Rising competition between major powers for resources and markets in these regions	<i>Coordination</i> among major powers and transnational corporations, on one hand, and authorities of these regions and their big businesses, on the other, in natural resources development. This could lead to sharing profits instead of unproductive rivalry
Struggle for influence is impeding coordination of efforts to resolve regional conflicts and eliminating threats such as nuclear proliferation, terrorism, drug trafficking etc	To unite efforts in fighting with all sorts of regional threats and challenges
Isolation of Russia from regional economic and political dialogues	To strengthen Russia's positions using not only bilateral links with regional leaders, but also channels of multilateral diplomacy in the formats: Russia – regional institutions of security and cooperation



New cooperative ideas and methods could face strong resistance from traditional attitudes of reinforcing regional positions, which usually use only countermeasures against rivals.

A twenty-year period of time may be not enough to change old-fashioned philosophy in pursuing foreign policy on the regional level.



The authors of the “Strategic Global Outlook: 2030” believe that Russia has sufficient resources for effective influence on international development trends and for consolidation of its own position in order to ensure for Russian citizens higher living standards and better quality and security of life.