Delhi Policy Group
Advancing India's Rise as a Leading Power

POLICY BRIEF

Russia Revives Stakes in Southeast Asia

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Cover Photographs:

Russian President Vladimir Putin and Prime Minister of the Republic of the Union of Myanmar Min Aung Hlaing in Moscow. Source: President of Russia
Head of Rosatom office in Indonesia Ms. Anna Belokoneva, Deputy Foreign Minister of the Russian Federation H.E. Mr. Andrey Rudenko, Secretary-General of ASEAN, Dr. Kao Kim Hourn and Permanent Secretary of the Ministry of Foreign Affairs of the Republic of the Union of Myanmar H.E. Mr. Aung Kyaw Moe at the ASEAN-Russia Exhibition: Prospects of Cooperation in Civilian Nuclear Energy and Technologies" in Jakarta. Source: Association of the Southeast Asian Nations (ASEAN)
Sergei Shoigu, the Secretary of the Security Council of the Russian Federation with Malaysian Prime Minister, Anwar Ibrahim on his official visit to Malaysia. Source: X/@Anwar Ibrahim

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Introduction

Southeast Asia, with its strategic and economic significance, has emerged as a critical focal point in the evolving geopolitical landscape. Over the past decade, the region has witnessed increasing competition between the US and China for influence, alongside growing interest from several other powers seeking to expand their presence. Meanwhile Russia, once a key strategic player in the region's security landscape, has seen its influence decline. Recognising Southeast Asia's regional dynamics and its importance in advancing Russia's broader strategic interests, Moscow has recently recalibrated its approach, adopting a more comprehensive and multifaceted engagement strategy.

A notable example of this strategy was the recent meeting between Myanmar's State Administration Council (SAC) Chairman, Min Aung Hlaing, and Russian President Vladimir Putin in Moscow on March 4, 2025. During the meeting, the two leaders signed 24 Memorandums of Understanding (MoUs) across diverse sectors, including trade, investment, energy, information technology, and health. An intergovernmental agreement was also signed to construct a 100-megawatt nuclear power plant in Myanmar, aimed at alleviating energy shortages and stimulating economic development. Additionally, the two sides announced joint initiatives in technology and space, including the development of a ground-based remote sensing complex and collaboration on satellite projects.[1]

Against this backdrop, this paper examines Russia's strategic positioning and interests, as well as potential points of leverage to expand its foothold in the region.

Southeast Asia: A Geopolitical Linchpin

Strategically positioned along the world's busiest trade routes, Southeast Asia has leveraged globalisation in the post-Cold War era to achieve remarkable economic growth. The region has solidified its role as a vital hub in Asia's trade architecture and global supply chains, with a projected GDP of approximately

[1] President of Russia. "Statements Following Russian-Myanmar Talks," March 4, 2025. http://en.kremlin.ru/events/president/news/76404.

US$ 4.25 trillion in 2025.[2] Southeast Asia is also a lucrative consumer market with a population of approximately 700 million, including a young demographic of over 380 million individuals under the age of 35 and a burgeoning middle class section which is projected to grow from 190 million in 2020 to over 334 million by 2030. As a hyper-connected region with over 460 million digital consumers and ASEAN's active regional-level initiatives to drive further expansion, the digital economy is expected to increase multifold, reaching US$ 1 trillion by 2030.[3] Further, amid escalating US-China friction, these economies have gained even greater relevance as viable alternatives for businesses seeking a more secure and resilient global supply network.

These economic and strategic factors have attracted intense geopolitical interest, with many countries vying for influence. This competition has heightened the threat perception in Southeast Asia, prompting member states to broaden their traditional focus on economic development to include the strengthening of national security and defence capabilities. According to SIPRI data, the military expenditure of the Southeast Asian region rose dramatically from US$ 25.15 billion in 2004 to US$ 47.78 billion in 2023, marking an 89.98% increase.[4] This rising security demand has also attracted interest from countries like France, Germany, South Korea, and India to expand their defence collaboration in Southeast Asia and address the region's emerging needs.

The Existing Power Dynamics of Southeast Asia

China and the US are the two predominant powers in Southeast Asia, with China leading on the economic front and the US maintaining dominance in the security domain. However, their engagement in the region is marked by several complexities and limitations, which open up opportunities for a third power.

China: The Geographically Proximate Power

China's relationship with the region is a complex mix of economic interdependence, history and current-day geopolitical considerations. China has been ASEAN's top trading partner for 15 consecutive years, leading in goods

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[2] International Monetary Fund. "World Economic Outlook, October 2024: Policy Pivot, Rising Threats." IMF, October 22, 2024. https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024.

[3] Simmonds, Nii, and Mario Masaya. "How ASEAN Can Drive Its Digital Economy." World Economic Forum, June 26, 2024. https://www.weforum.org/stories/2024/06/ethical-ai-diaspora-aseans-digital-economy/.

[4] Stockholm International Peace Research Institute. "SIPRI Military Expenditure Database." Sipri.org, 2023. https://milex.sipri.org/sipri.

trade with each member state. In 2023, total trade between China and ASEAN reached US$ 702 billion. It is also Southeast Asia's top development partner and accounts for foreign direct investment (FDI) inflows which totalled US$ 17 billion in 2023. The majority of the FDI is directed toward the manufacturing sector, followed by wholesale and retail trade, real estate, and other sectors respectively.[5]

China's defence engagement in the region is comparatively limited, and includes joint military exercises, defence dialogues and arms trade. A few countries in the region with which China has arms trade include Cambodia, where Chinese supplies account for 93% of arms imports, Laos at 36.6%, and Myanmar at 47.4%.[6] These countries share close geographical proximity with China and have no recorded territorial disputes, making it a threat free and a cooperative force to meet their strategic needs. Further, being authoritarian regimes and military juntas, these countries face challenges in collaborating with other powers, especially Western nations with their 'democratic-values' foreign policy rhetoric.

This is also why China was able to strengthen its security ties with Thailand, despite the latter being a defence treaty ally of the US. After the 2014 military coup, the US scaled down military cooperation with Thailand, which China leveraged to become the country's primary arms supplier, delivering arms worth $ 394 million compared to the US with $ 207 million between 2016 and 2022.[7] Chinese defence equipment has faced criticism for low reliability and durability, with several countries reporting issues such as technical malfunctions, substandard materials, and inadequate performance.[8] Malaysia (9.9%) and Indonesia (3.6%) also source arms from China, though the volumes remain relatively small.[9]

[5] ASEAN Secretariat, "Overview of ASEAN-China Comprehensive Strategic Partnership", ASEAN Secretariat Information Paper, asean.org, June 2024. https://asean.org/wp-content/uploads/2024/06/Overview-of-ASEAN-China-CSP-12-June-2024.pdf

[6] Lowy Institute. "Arms Trade – Network Power - Lowy Institute Asia Power Index." Lowyinstitute.org, 2024. https://power.lowyinstitute.org/network-power/arms-trade/china/.

[7] Sato, Jack Sato, and Abdul Rahman Yaacob. "Is China Replacing the US as Thailand's Main Security Partner?" thediplomat.com, December 2, 2023. https://thediplomat.com/2023/12/is-china-replacing-the-us-as-thailands-main-security-partner/.

[8] Zheng, Cindy. "Countries Buy Defective Chinese Military Equipment. Why?" Rand.org. RealClearDefense, June 8, 2023. https://www.rand.org/pubs/commentary/2023/06/countries-buy-defective-chinese-military-equipment.html.

[9] Supra Note 6

The US: The Great Western Power

The US's trade partnership with Southeast Asia is only second to China's, with a trade volume of US$ 395.9 billion in 2023, a 5.83% decline from the 2022 figure of US$ 420.4 billion. In terms of foreign direct investment (FDI), the US was the largest external source in 2023, contributing US$ 74.4 billion, which accounted for 32.4% of ASEAN's total FDI. However, these investments are heavily concentrated in terms of recipient country and sector, with over 90% directed to Singapore and approximately 70% allocated to the finance and insurance sectors. The US, as the fifth-largest development partner in the region, also supports regional growth through the Regional Development Cooperation Agreements and the ASEAN–USAID Partnership Programs.[10]

The US's security relationships in the region are notably stronger, with significant defence engagement across most Southeast Asian states through joint military exercises and sustained strategic dialogues. In terms of arms trade, the US overtook Russia to become a primary source of defence equipment in the region, providing arms to as many as seven ASEAN member states.[11] This includes Brunei, which sources 40% of its arms imports from the US, followed by Singapore (34%), Indonesia (20.4%), and the Philippines (17.3%).[12] Singapore and Indonesia are the US largest markets, with a total defence trade value of US $ 1.45 billion and US$ 1.3 billion, respectively.[13] The US also supplies arms to Thailand, Vietnam, and Malaysia although it accounts for only a small share of their overall arms imports.

However, these US defence relations are politically erratic and come with stringent conditions. For instance, the US approach to protecting advanced military technology has resulted in restrictive export policies, limiting the sale of high-tech military equipment to only its most trusted allies. This is why Washington approved Singapore's request to purchase twelve F-35 combat aircraft but rejected that of Thailand and Indonesia.[14] The US's defence dealings are also influenced by its rhetoric on democracy and liberal values, which often adds an element of uncertainty. Notable examples include the

[10] ASEAN Secretariat, "Overview ASEAN-United States Comprehensive Strategic Partnership", ASEAN Secretariat Information Paper, asean.org, March 2025. https://asean.org/wp-content/uploads/2025/03/Overview-of-ASEAN-US-Dialogue-Relations-as-of-March-2025.pdf
[11] Yaacob, Rahman. "Southeast Asia's Arms Suppliers, by the Numbers | Lowy Institute." Lowyinstitute.org, 2025. https://www.lowyinstitute.org/the-interpreter/southeast-asia-s-arms-suppliers-numbers.
[12] Supra Note 6
[13] Supra Note 11
[14] Supra Note 6

suspension of military cooperation with Cambodia in 2010[15] and the halting of rifle sales to the Philippines in 2016 due to human rights concerns.[16] Further, the high cost of US military equipment often makes it unaffordable for many, limiting access primarily to a few major economies in the region.

Russia: A Lost Power

Since the end of Cold-War, Russia has become comparatively distant power with limited strategic interest in Southeast Asia. Today, its economic ties with the ASEAN are marginal, with trade totalling just US$ 15.80 billion in 2023. Russian FDI flow is also significantly less at US$ 200.74 million for 2023.[17] Russia also engages with ASEAN through the Eurasian Economic Union (EAEU), which it leads. In 2023, trade between the EAEU and ASEAN surpassed US$ 27 billion, reflecting deepening economic ties. ASEAN and the EAEU also held a seminar on digital transformation, focusing on sharing best practices in digitalisation across both regions. Vietnam has advocated for an ASEAN-EAEU FTA, but progress has been slow and is further hampered by geopolitical tensions following the Ukraine war.[18]

Concerning defence ties, Russia has traditionally been the primary supplier of arms, accounting for 26% of the Southeast Asian region's total arms imports as per the SIPRI Trend Indicator Value index for the 1999-2018 period.[19] However, its share has been declining sharply since 2014, reaching its lowest levels between 2019 and 2023. A major factor contributing to this decline is Russia's war in Ukraine, which has diverted a significant portion of its arms and equipment to domestic needs. The US imposed sanctions under the *Countering America's Adversaries Through Sanctions Act* (CAATSA), which was enacted in 2017 and reinforced after the start of the Ukraine war in 2022, deterring many countries from purchasing Russian military equipment due to the potential risk of US sanctions.[20]

[15] Ibid.
[16] Zengerle, Patricia. "Exclusive: U.S. Stopped Philippines Rifle Sale That Senator Opposed - Sources." Reuters, November 1, 2016. https://www.reuters.com/article/world/exclusive-us-stopped-philippines-rifle-sale-that-senator-opposed-sources-idUSKBN12W4P7/.
[17] ASEAN Secretariat, "Overview ASEAN-Russia Dialogue Relations", ASEAN Secretariat Information Paper, asean.org, September 2024. https://asean.org/wp-content/uploads/2024/09/Overview-ASEAN-Russia-Dialogue-Relations-as-of-Sep-2024.pdf
[18] Avdaliani, Emil . "Russia's ASEAN Embrace | Lowy Institute." Lowyinstitute.org, 2025. https://www.lowyinstitute.org/the-interpreter/russia-s-asean-embrace.
[19] Wezeman, Siemon T. "Arms Flows to South East Asia." SIPRI, December 1, 2019. https://www.sipri.org/publications/2019/research-reports/arms-flows-south-east-asia.
[20] Supra Note 11

Prolonged Western sanctions have substantially impacted Russia's defence industry by disrupting its ability to procure critical components, such as optical systems, bearings, machine tools, engines, and microchips needed to produce high-tech weaponry at scale. Russia has attempted to procure these inputs through third countries and alternatives[21], for example Chinese components, but this approach has been both expensive and ineffective, as it fails to meet the required quantities and quality, in terms of advance military technology.[22] This is why Russia has struggled to compete with its Western counterparts, and even China. Further, exclusion of Russia from the global financial system, SWIFT, has also impacted its defence exports market as countries face difficulties in arranging alternative payment solutions, resulting in stalled deliveries.

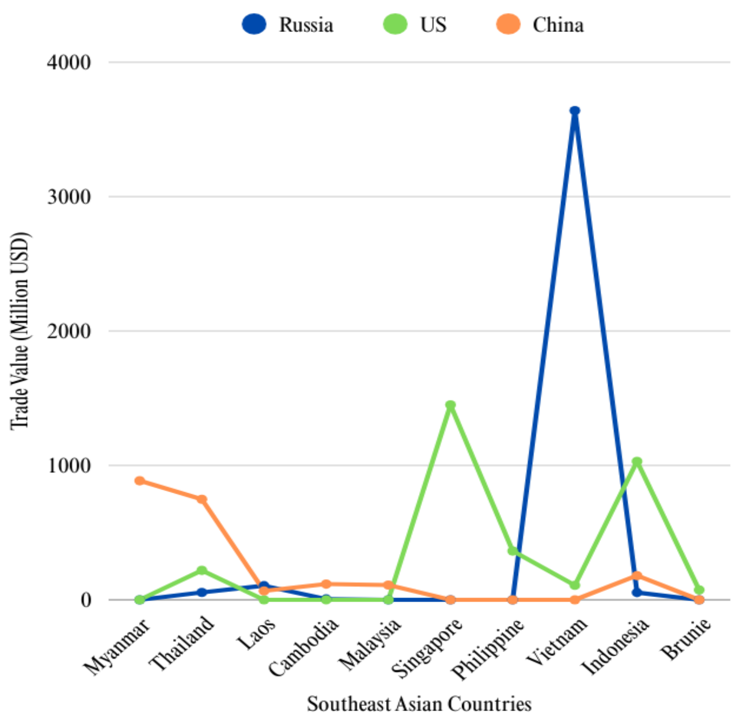

Figure 1: Arms Trade of Russia, the US and China with Southeast Asia

[21] Ruth, Oliver. "The Impact of Sanctions and Alliances on Russian Military Capabilities." Rusi.org, 2025. https://www.rusi.org/explore-our-research/publications/commentary/impact-sanctions-and-alliances-russian-military-capabilities.

[22] Khrystyna Holynska. "Something Is Rotten in the State of Russian Arms Industry." Rand.org. Kyiv Independent, August 7, 2024. https://www.rand.org/pubs/commentary/2024/08/something-is-rotten-in-the-state-of-russian-arms-industry.html.

Russia: Gaining Ground in Southeast Asia

Though Russia is not as strategically or geographically close to Southeast Asia as China or the US, its relevance in the region remains significant. Southeast Asian nations prioritise diversification to enhance resilience against changing geopolitics and the US-China great power competition in the region. Moscow, too, has been diversifying away from the West, notably Europe, seeking alternative markets even before the Ukraine war due to prolonged Western sanctions and their economic consequences. Russia is increasingly engaging Southeast Asia, going beyond its traditional defence ties towards a comprehensive partnership.

Russia and Southeast Asian nations have the potential for a significant uptick in trade relations due to their converging economic interests. As of 2021, Russia's top imports included machinery, nuclear reactors, boilers; electrical and electronic equipment; and vehicles other than railways, categories in which Southeast Asian countries were major exporters. Conversely, speaking of Southeast Asia, mineral fuels, oil, and distillation products were the largest imported items along with microelectronics under the electrical and electronic equipment category.[23] Russia, one of the world's top crude oil producers and holder of the largest natural gas reserves, has a large exporting capacity of mineral fuels, oil, and distillation products categories.[24] These above-mentioned complementarities are what position Russia and Southeast Asia as crucial partners.

Trade in energy, in particular, is a key element of Russia's strategic cooperation plan to expand its influence in Southeast Asia. With the region experiencing rapid economic expansion, population growth, and industrialisation, its energy demand is projected to rise sharply in the coming decades, second only to India. Since 2010, the region has accounted for 11% of global energy demand growth, and this share is expected to exceed 25% by 2035.[25] Although several Southeast Asian countries, such as Indonesia, Malaysia, Thailand, Vietnam, and Brunei, produce oil, their output remains limited to supporting their growing internal demand. For instance, in 2018, Southeast Asia's net oil imports were 4

[23] Trading Economics. "Economic Indicators | List by Country." Tradingeconomics.com, 2019. https://tradingeconomics.com/countries.
[24] International Energy Agency. "Russia - Countries & Regions." IEA, 2022. https://www.iea.org/countries/Russia.
[25] Energy, Asia. "Executive Summary – Southeast Asia Energy Outlook 2024 – Analysis - IEA." IEA, 2024. https://www.iea.org/reports/southeast-asia-energy-outlook-2024/executive-summary.

million barrels per day (bpd). This rising energy demand makes Russia more relevant to Southeast Asia's strategic interests.

Russia is also supporting energy projects in the region, for instance with Indonesia's oil and gas projects receiving funding from many Russian firms. Even in the recent Russia- Myanmar summit meeting, Russia's state-owned energy giant, Rosatom, agreed to collaborate on the development of hydro, wind, and nuclear power projects in Myanmar. Russia is also actively promoting its nuclear energy capabilities, having recently hosted an exhibition showcasing its civil nuclear and technological offerings, signalling a broader ambition to expand its influence through both military and technological cooperation.[26] Russia and Vietnam also signed a nuclear energy cooperation agreement in January this year for Russian companies to participate in the construction of the Ninh Thuan nuclear power plant. Previously, Russia had agreed to finance this project in 2010, but it was cancelled in 2016.[27]

Another key area for potential collaboration between Russia and the region is security partnership. In February this year, Sergei Shoigu, Secretary of the Security Council of the Russian Federation, visited Malaysia and Indonesia to discuss Moscow's defence inroads.[28] Despite a decline in its arms trade share, Russia's defence industry remains attractive with many countries in Southeast Asia which are still operating entirely Russian-made military systems. Unlike Western counterparts, Russian defence deals are less constrained by political and ideological (values-based) considerations, offering flexibility through options like barter trade and tailored agreements that accommodate diverse economic and strategic needs in the region. Russia's defence supplies are also comparatively more affordable, making it an accessible and viable option for all countries in the region.

However, as long as the war in Ukraine continues, Russia will face significant challenges due to sanctions restrictions, large-scale resource diversion for domestic consumption, and exclusion from the international financial system severely impacting its defence capabilities and foreign policy agenda. Once the

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[26] Kao, H, and Kim Hourn. "ASEAN-Russia: Prospects of Cooperation in Civilian Nuclear Energy and Technologies," March 19, 2025. https://asean.org/wp-content/uploads/2025/02/SG-Dr.-Kao-Remarks-at-the-ASEAN-Russia-Exhibition-on-Prospects-of-Cooperation-in-Civilian-Nuclear-Energy-and-Technologies-As-Delivered.pdf.

[27] Storey, Ian. "Southeast Asia Countries Won't Let War in Ukraine Affect Ties with Russia | FULCRUM." FULCRUM, March 14, 2025. https://fulcrum.sg/southeast-asia-countries-wont-let-war-in-ukraine-affect-ties-with-russia/.

[28] The Jakarta Post. "Russian Official Visits Indonesia and Malaysia to Talk Defense." The Jakarta Post, February 24, 2025. https://www.thejakartapost.com/world/2025/02/24/russian-official-visits-indonesia-and-malaysia-to-talk-defense.html.

war concludes, Russia will face the more complex task of rebuilding its war-depleted military stockpiles and transitioning away from a wartime economy. Beyond this, for the long-term development and deployment of its defence capabilities as a strategic tool, much like in the past, Russia will need to address longstanding criticism regarding its defence technology and systems being outdated and underperforming.

Since the early 2000s, Russia has pursued military modernisation through the 'New Look reforms', integrating key aspects of the Fourth Industrial Revolution (4IR), including artificial intelligence (AI), big data, robotics, and quantum computing. In March 2018, President Vladimir Putin introduced five major nuclear-capable weapons programs, known as *Superoruzhie* ("super weapons"). Additionally, Russia has dedicated initiatives to enhance its military space capabilities and develop autonomous and unmanned technologies for aerial, ground, and maritime applications. The country has also demonstrated a strong commitment to AI integration in military technology[29], exemplified by the Ministry of Defence's establishment of a dedicated department to advance national AI capabilities in weapons production. It is collaborating with China and actively promoting AI cooperation at various groupings, including BRICS. However, the lack of publicly available data prevents a comprehensive assessment of the progress and effectiveness of these efforts.

Russia's dependence on Western microelectronic components and the substitution of lower-quality Chinese alternatives pose significant challenges to its defence production. To sustain both the qualitative and quantitative aspects of its defence manufacturing, building domestic capacity and establishing a resilient supply chain will be essential. Collaborating with nations such as India, which is also pursuing technological and manufacturing self-sufficiency through initiatives like Make in India and production-linked incentive schemes, could offer Russia advantages in achieving these goals.

Conclusion

Over recent decades, Russia has concentrated its strategic focus on its European periphery, resulting in a gradual decline in engagement with other regions, including Southeast Asia. However, as the Indo-Pacific and Southeast Asia have emerged as central arenas in an emerging multipolar world order, it has become strategically imperative for Russia to regain its influence and stake

[29] Bendett, Samuel, et.al . "Advanced Military Technology in Russia | 02 Military R&D, Innovation and Breakthrough Technologies." Chatham House – International Affairs Think Tank, September 23, 2021. https://www.chathamhouse.org/2021/09/advanced-military-technology-russia/02-military-rd-innovation-and-breakthrough-technologies.

in the region to safeguard and advance its long-term national interests. In this context, Russia is now pivoting towards Southeast Asia with a renewed approach, emphasising sectoral cooperation in areas where it retains comparative advantages such as energy trade, infrastructure and defence. Given the convergence of interests between Russia and several Southeast Asian nations across these domains, there exists significant potential for the deepening of ties.

Nonetheless, this renewed strategic focus is not without challenges. The ongoing war in Ukraine has placed immense strain on Russia's economic and military capacities, thereby limiting its ability to fully pursue and implement an expansive international agenda. Rebuilding its global outreach capacity will require significant time and resources, which may well slow down or complicate Russia's efforts to re-establish itself as a key player in Southeast Asia.

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