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## **RUSSIA'S PROSPECTS IN ASIA**

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Stephen J. Blank  
Editor



# STRATEGIC STUDIES INSTITUTE



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## **SSI Monograph**

### **RUSSIA'S PROSPECTS IN ASIA**

**Stephen J. Blank**  
**Editor**

**December 2010**

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ISBN 1-58487-469-4

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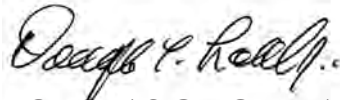
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## FOREWORD

The papers collected here represent the Strategic Studies Institute's (SSI) continuing efforts to foster dialogue on topical issues in international security among experts from the United States and abroad. These papers are taken from the conference that SSI conducted on January 25-26, 2010, entitled, "Contemporary Issues in International Security," at the Finnish embassy in Washington, DC. This was the second conference that SSI organized, bringing together U.S., Russian, and European experts to discuss important questions in contemporary world affairs. We hope to continue these conferences on an annual basis because of the importance of such dialogue among experts and governments. But rather than publishing as a book, which we did in 2009, SSI has decided to publish them on a panel-by-panel basis. This particular collection is devoted to the question of Russia's prospects in Asia, a question that is all too often overlooked in U.S. analyses of either Russia or Asia.

Accordingly, we hope to help remedy that blindspot in U.S. analyses (a blindspot not found in analogous Russian analysis) by bringing the views of eminent Russian and U.S. analysts to our readers' attention. We hope that the succeeding collections of papers on topics of equal importance will similarly contribute to improved mutual understanding and ongoing dialogue regarding the great questions of world affairs.



DOUGLAS C. LOVELACE, JR.

Director

Strategic Studies Institute





## INTRODUCTION

On January 25-26, 2010, the Strategic Studies Institute (SSI) conducted a conference entitled, "Contemporary Issues in International Security," at the Finnish embassy in Washington, DC. This was the second in what we hope will be annual conferences bringing together U.S., European, and Russian scholars and experts to discuss such issues in an open forum. The importance of such regular dialogues among experts is well known, and the benefits of these discussions are considerable. Just as we published the papers of the 2008 conference in 2009 (Stephen J. Blank, ed., *Prospects for US-Russian Security Cooperation*, Carlisle, PA: Strategic Studies Institute, U.S. Army War College, 2009), we are doing so again. However, in this case, we are publishing the papers on a panel-by-panel basis.

The panel presented here was devoted to an unjustly neglected topic, Russia's standing and prospects in East Asia. While U.S. policymakers openly discuss the possibilities for partnership with Russia in Europe and Central Asia, they often do not even bother to mention Russia as a player in East Asia, an omission that no Russian statesman has ever made, and with good reason. Indeed, for the last decade, Russia has consistently striven to upgrade its profile and capabilities in Asia. The papers set forth here depict three differing analyses of the extent to which Russia has succeeded or failed in this endeavor, including the nature of the complex East Asian environment in which Russia must operate. They make a strong case against such neglect of Russia as an Asian player, either in the analytical or policymaking process. These papers

present differing U.S. and Russian assessments of Russia's Asian prospects for our readers' benefit. They will, so to speak, serve to "kick off" the ensuing publication of the papers from the other panels which dealt with issues of equal, if not even greater, consequence in contemporary security.

Stephen J. Blank  
Editor

## CHAPTER 1

### RUSSIA'S POSTURE IN AND POLICY TOWARDS NORTHEAST ASIA

Viacheslav B. Amirov

#### INTRODUCTION

Northeast Asia (NEA) is a place where economic interdependence among the NEA “troika” – China, Japan and South Korea – is growing. Moreover, intense interaction within that troika will determine the extent of further economic (and political) integration in the much wider region – Pacific Asia (which stretches from areas of Pacific Russia in the north to New Zealand in the south).

This is a very important fact for Russia, though an understanding of its significance for the country has come only very recently. The long-standing issue for Russia is the future of the Russian Far East (Pacific Russia or RFE), its social and economic development, and its security. Pacific Russia's future depends to a great extent on its involvement in the NEA regional economy.

Yet Russia continues to maintain a low profile in NEA, despite new efforts made by the Russian government to move the center of gravity of the country's economy eastward, towards its vast, uninhabited territory with its huge potential resources. But the NEA still remains a rather small blip on the Russian foreign policy radar. For example, in the list of priorities announced by Russian Foreign Minister Sergei Lavrov, in his 2009 interview regarding the country's foreign policy agenda, one finds the so-called reset in the rela-

tions with the United States, European security, the importance of the Commonwealth of Independent States (CIS), etc. As usual, NEA and Russia's national interests in the Far East received short shrift. China was mentioned, viz., the importance of "developing multi-dimension relations with China and our other partners in BRIC [Brazil, Russia, India, and China]."<sup>1</sup> Granted, relations with China have great importance for Russia, but BRIC remains a phantom entity with quite an unclear future.

In the 1990s, both negative and positive tendencies surfaced in the vast RFE and Eastern Siberia region. Negative tendencies included a shrinking population (which is still the case), disrupted economic ties with other parts of the country (often called the mainland), and deteriorating standards of living. On the positive side, changes in the country allowed for and encouraged population moves from the north of the region southward to areas with better climate and other conditions for human habitation. More importantly, after decades of insulation from its neighbors during the days of the Soviet Union, the Russian Far East was opened for developing direct ties in various fields with China, Japan, and other neighbors in the Asia Pacific without having to ask for permission from Moscow to make every trade deal. This was a great help to the Russian Far East in surviving economically through the hardship of the 1990s. It also elevated Pacific Russian trade volume with Asia Pacific countries, making it larger than trade volume between other parts of Russia and the Asia Pacific countries. Unfortunately, the levels of criminality and corruption in the RFE have not improved and may even have gotten worse.

During the 1990s, the RFE was largely ignored by the federal authorities. But after being preoccupied with building so-called “power vertical” across the country in the first years of the new century, the federal government has finally started to pay more attention to Russia’s most distant region. There are two broad reasons for that change. First, China’s economic rise provides both challenges and opportunities for Russia in the eastern dimension of its foreign economic relations. Second, it has become apparent recently that overdependence on European markets for exporting energy resources (Russia’s main export item) may present its own problems now and in the future.

That is why the main tendency in Russia’s posture and policy vis-à-vis NEA is currently characterized by an effort on the part of the Russian government to reintegrate the country’s Far East into the national economy and to secure a favorable economic and political environment in the immediately neighboring NEA region. Economic development of the RFE cannot be achieved without its having broad economic ties with Russia’s main trading partners in NEA. In the long run, such development should improve Russia’s security standing in the region and allow the country to play its proper role in the community of regional powers.

Becoming an important part of the NEA should be a cornerstone of Russia’s strategic relations with Asia Pacific. Russia’s trade with the NEA troika has been rising in recent years. China has become the main trading and economic partner in the Asia Pacific for Russia. Russia-China trade is comparable with Russia’s trade with its most important partners in Europe. After a period of stagnation in 1990s, Russian trade with Japan has increased significantly during the 5

years preceding the eruption of the current global financial crisis. South Korea has also become important economic partner for Russia. Of course, the global financial crisis reduced the volume of Russian foreign trade in 2009, but it can hardly reverse the underlying long-term trend of expanding economic ties between Russia and its main neighbors in NEA. Obviously, there are problems and obstacles to overcome in the immediate future.

At the same time, it should be noted that trade volume between any two troika states is much bigger than Russia's trade with any one of those countries (for example, Russia's trade with China rose to U.S.\$56 billion in 2008, but overall trade between Japan and China reached U.S.\$266 billion in the same year).<sup>2</sup> So Russia faces a long-term challenge in how to catch up and become more deeply engaged in economic interaction in the sub-region.

Energy is one of the main tools of Russia's foreign economic policy, if not the most important (though, for example, Gazprom's activities have not proved to be an unvarnished political blessing). The move to the East is also a part of Russia's energy geopolitics—to diversify markets and to be involved in the emerging and very rapidly developing economic integration of the neighboring region. That is why the enhancement of energy supply and processing capabilities (to develop new oil and gas projects and to build pipelines, oil refineries, liquefied natural gas (LNG) plants, petrochemical and chemical factories, export facilities at sea ports, etc.) is a quite natural step in diversifying the RFE economy, thus reversing the ongoing depopulation and lagging standards of living in the region. In the end, it will improve the country's standing in NEA. This movement of Russian energy programs

eastwards has also coincided with attempts to diversify overseas markets for Russian resources. Europe, for various reasons, has recently shown a reluctance to increase its dependence on Russia's supplies of oil and gas, and even a desire to reduce Russia's share in the European energy supply balance (a move that had been supported by the George W. Bush administration with its policy in Central Asia and the Caucasus).

In its relations with Europe, Russia has a combination of rather comprehensive economic, political, and security interests. Compared to Europe, Russia's ties with NEA are objectively less developed, less comprehensive, and more distant culturally. Consequently, there is a continuing conceptual debate in Russia: whether to choose a European orientation or a Eurasian one, or to choose both.

Advocates of the European option argue that only ties with Europe can help Russia to implement its recently declared program of comprehensive national modernization, i.e., in all spheres. Such advocates say that Russia needs European technology, capital, and even cultural input that the country cannot get from China or Japan, or both. They also argue that in any economic interaction with China, Russia will play a limited and subordinate role as resource supplier for the Asian giant's economy. The latter role is widely seen in Russia as an extremely negative path of economic development: a national reliance on natural resources in economic development is itself objectionable, but the objections are aggravated by a fear that Russia's economy will be reduced to a simple resource adjunct to China's industrial and knowledge-intensive economy. Thus, the emphasis on economic diversification in Russia.

Renewed interest in the RFE from the federal government should obviously be supported by relevant tools to achieve stated goals – to encourage significant social and economic development so as to improve living standards in the region (it is absolutely necessary to stop depopulation of the RFE) and make the RFE a genuine part of the NEA economy. In the “National Security Strategy of the Russian Federation to 2020” endorsed by President Medvedev in May 2009, there are two points (Nos. 62 and 64) that are particularly relevant to the subject of this paper: No. 62 directs the government in the mid-term perspective “to complete a forming of basic transport, energy, information, and military infrastructure, particularly in the Arctic zone, Eastern Siberia, and the Far East of the Russian Federation.” No. 64 advocates balanced, complex, and systematic development of all regions of the Russian Federation in the interest of preserving stability of national security. In the long run, to prevent possible threats to the national security arising from disproportionate development of different regions, it is necessary to form specially groomed industrial-territorial zones in Russia’s South and Volga river regions, Urals and Siberia, in the Far East and others.<sup>3</sup>

Among measures to achieve the aforementioned goals are the allocation of federal funds for infrastructure improvement in the RFE, encouragement of Russian private investments entailing physical movement into the area, and economic cooperation with national neighbors, taking advantage of their capital, technology, and labor force.

The federal government has chosen at least two ways to channel budget money into the RFE economy. The first is represented by the old pattern of launching a new regional strategy for socio-economic develop-



ment. As we know, all previous programs, beginning with the first one initiated by Mikhail Gorbachev after his famous Vladivostok speech in 1986, egregiously failed as they had poorly formulated goals and lacked any viable bureaucratic mechanisms upon which to base implementation.

A ray of hope emerged at the end of December 2009, with the Russian government's approval of the "Strategy for Socio-Economic Development of the Far East and the Baikal Region until 2025 (Strategy 2025)," in addition to the current "Special Federal Program for Economic and Social development of the Far East and the Baikal region until 2013 (Federal Program 2013)." The final decision to approve Strategy 2025 coincided with Prime Minister Vladimir Putin's December 2009 trip to Primorsky Krai, where he symbolically initiated the first stage of the East Siberia-Pacific Ocean (ESPO) oil pipeline from Russia's newest and most promising oil fields in East Siberia to Skovorodino, close to the Chinese border, and also the oil terminal facilities in the port of Kozmino which is also an important part of the huge ESPO project.<sup>4</sup>

In the Strategy 2025, the Russian government declares that the strategic goal of planned social and economic development is fulfillment of the geopolitical task of halting depopulation of the RFE and Baikal region. To achieve this goal, the federal government wants to achieve in these areas a highly developed and diversified economy and comfortable standard of living. This will require at least a higher rate of economic growth in those regions than the national average.<sup>5</sup> The highly ambitious Strategy 2025 will require persistent federal government efforts to ensure the effectiveness of measures taken and proper spending of allocated funds from the federal budget; both the

Strategy 2025 and Federal Program 2013 received a special boost when Russia invited the 2012 Asia-Pacific Economic Cooperation (APEC) summit to be held in Vladivostok.

The second way to channel budget money into the RFE economy is a new development. Russia has now undertaken international obligations to improve infrastructure in Vladivostok and surrounding areas by the time of the APEC summit in 2012. Consequently, at the federal level both President Dmitry Medvedev and Prime Minister Putin paid a great deal of attention to the economy of the Pacific Russia in 2009, not to mention increased frequency of top government official visits to the region. We may anticipate that 2010 will be also busy for them in that regard, implying a considerable infusion of government money.

Unfortunately, in 2009 Russian authorities at various levels took actions revealing just how much is yet to be learned on the Russian side about dealing properly with one's neighbors. These rather clumsy acts disclosed the need for Russia to apply a more nuanced policy in relations with its neighbors in NEA. The following examples were widely publicized in Russia and abroad:

- The sudden police shutdown of a huge wholesale and retail market in the northern part of Moscow (Cherkizovo) where many Chinese and Vietnamese shuttle-traders were doing their business of selling goods coming from China (or Vietnam). Allegedly, most of those goods came into Russia illegally, but even that would have required assistance from various Russian authorities and businesses. The Russian authorities claimed that the measures taken were not directed deliberately against Chinese

or traders from any other country. But the way in which these measures were implemented did damage to bilateral relations with China. There was an angry reaction from the Chinese public and a quiet but emphatic reaction at the official level (a Chinese delegation was sent to Moscow to sort out the issue).<sup>6</sup> It has been obvious for years that the situation at the Cherkizovo market required a legal crack-down. But once the decision was taken to put the situation in order, it could have been exercised in cooperation with Chinese authorities and over a period of time, step by pre-announced step;

- The same assessment can be applied to the sudden measures taken against the importation of second-hand cars from Japan to the RFE. It was also a well-established business that was killed in a second without giving any prior notices to the businesses at both ends, at home and in Japan, for restructuring or accommodating to new rules of the game;
- Another dissonant event was the gunfire directed at a Chinese-manned trawler by a Russian border patrol boat off the port of Nakhodka. Some of the Chinese crew were missing after the incident, causing an angry reaction from the Chinese public that was widely reported on Internet web-pages. China officially requested an investigation of the incident.<sup>7</sup> Again, nobody denied that the law should be followed, but the particular case did not justify the extreme measures that led to the deaths of Chinese crewmen.

Russia has continued to search for means of partnership with her most important neighbors in the

region—China and Japan, as well as with South Korea—and will definitely pursue this policy in the future under the current leadership. It is vital to secure a favorable environment not only for economic development of the RFE itself, but also for a successful APEC summit in 2012. In May 2009 during President Medvedev’s stay in Khabarovsk, he made some key statements regarding the Russian leadership’s views on the country’s presence in the region: The Far East was one of the key priorities in Russia’s development, and broad public agreement was essential if Russians wanted to preserve a united country; Russia intended to maximize its integration into the Asia Pacific region (APR) in various ways and institutions; the APR was no less important for Russia than for Europe; economic well-being of the RFE to a great extent would depend on the health of economic ties with APR partners, particularly with China, Korea, and Japan; there was hope that the upcoming APEC summit in Vladivostok would help Russia to move in that direction.<sup>8</sup>

As noted earlier, Russia plans to invest considerable money in infrastructure development in Vladivostok and Primorsky Krai. A special commission was set up to prepare Vladivostok and the country for the APEC summit. The head of the commission is First Deputy Prime Minister Igor Shuvalov. But the horizon of these plans extends far beyond 2012. For example, the Vladivostok Airport development project aims at increasing passenger flow from 1.1 million in 2008, to 3.5 million in 2012, and up to 10 million in 2030. The planned Federal State University will be located on Russkiy Island. Many projects are planned to revive the shipbuilding and fishing industries, to develop new machine industries (automobile assembly, for example), to build facilities to process coal and other

mineral resources for exports, etc. An agricultural industry is anticipated to have the potential to supply neighbors with food products based on introduction of imported technologies.

Interestingly, at least half the population in the RFE considers developing ties with Japan and China as a priority, with a minority of the population preferring to rely on ties with European Russia. Such sentiments do not imply separatism, but rather an authentic assessment of the RFE in the neighboring sub-region.

Apart from the need for a general mood of cooperation, the most pressing desideratum for all NEA countries, including Russia, is a solution to the problem posed by North Korea. There is an immediate danger in returning to the old pattern of U.S.-North Korea bilateral talks that provides some measure of economic and political advantage to the North in exchange for will-o'-the-wisp concessions. Russia has limited resources, if any, with which to influence developments in this regard, but may be part of a five-party coalition to work out a comprehensive approach to the North Korean dilemma, which goes beyond nuclear and missile issues.

## CHINA

Russia's relations with China, the most powerful and important among all Russia's neighbors in the Far East, continues to develop, though not without some hurdles and problems. Regarding China, the main policy current in the thinking of today's Russian leadership is to find opportunities for economic exchanges and to cultivate a mood of mutual trust and cooperation. This approach assumes that construction of a new Great Wall of Russia against China itself would be both counterproductive and impossible.

In 2009 we saw new economic agreements between the two countries, which have their political meaning as well. Some of these deals are real (such as a long-term oil supply from Russia in exchange for Chinese long-term loans). Others – like a natural gas deal – are fairly firm. But regarding other long-term intergovernment agreements, while doubtless important, it remains to be seen what they can bring to both partners in the practical world. In this regard, we should mention the Program for Cooperation between Regions of the RFE/Eastern Siberia and China’s North-East for 2009-18, approved by Presidents Medvedev and Hu Jintao during their meeting in New York in September 2009. The document includes 205 key joint projects to be implemented in bordering regions of both countries.<sup>9</sup> It did not get extensive publicity in the nationwide news media, but it has attracted critical attention among experts. Some of the experts traditionally do not believe in such programs, as previous ones had not been successful; others see threats in any potential partnering relations between Russia and China.

In fact, on Russia’s side the Program is a product of ideas expressed by Medvedev during his trip to Khabarovsk in May 2009. At the meeting with regional governors on cross-border cooperation with China and Mongolia, Russia’s president informed them that he proposed to the Chinese leadership a concept for economic cooperation between neighboring regions of the two countries and got a positive response from the Chinese side.

At the meeting, Medvedev accentuated a few points on what the country should do in the region: move away from primitive exports of raw materials to their processing; evaluate for possible emulation the Chinese experience of using national currency

in trade between transbordering regions; coordinate at the working level with the Chinese North-Eastern region mutual programs for economic development in the RFE and Baikal region; and encourage investments in the RFE economy by China and other countries, with the aim of creating a favorable environment for investments both in resource and high-technology industries, for foreign businessmen and foreign laborers. Medvedev particularly stressed that China was one of the most serious prospective economic partners for Russia.

Concluding his remarks, Medvedev said it was natural for Russia and China (and other countries in APR) to have areas of direct competition between them. But despite that, what should always be kept in mind, according to Medvedev, was that Russia and China were close strategic partners, and that this status should encourage bilateral relations built on coordination and mutual benefit in order to develop amicable cooperation in all directions.<sup>10</sup> To sum up, according to Russia's leadership assessment, bilateral relations with China represent a challenge to use all existing opportunities for economic development in the Eastern part of Russia. What usually is not said openly but definitely kept in mind, is that it should be done without undermining Russian federal control over the region.

Although Russia-China relations have improved significantly both politically and economically, there are still sensitive areas in bilateral relations. It is a well-known fact that there are different views on China in Russia. China's rising economic and military might, as well as China's new assertiveness in world affairs, increase the number of those who express concern over China's future policies in general, and in

relations with Russia in particular. In addition to those of the anti-Chinese school of thought, more moderate experts have also recently shown less enthusiasm and more caution regarding the development of Russia-China bilateral relations.

There are definitely some sensitive issues and areas in bilateral relations that require attention. Since the disintegration of the Soviet Union, Russia and China have resolved their territorial issues, signed a bilateral peace treaty, exercised bilateral leadership in the Shanghai Cooperation Organization (SCO), and developed political coordination in many other areas of world affairs, but mutual trust between two countries has not reached a level of robustness sufficient to exclude areas of concern and fears of a future bilateral entanglement. Of course, old prejudices (some of them cultural) are still around or even rejuvenated with China's rising might, but there are deeper concerns with changing balances in favor of China in economic and conventional armed might. Illegal migration, though its size usually is overstated, is also a persistent serious concern.

There is rising fear of China's dominance, of China's iron fist in a velvet glove, of a rising China's assertiveness in dealing with various countries. Some experts in Russia and overseas believe that Russia is losing in its relations with China every day, and that bilateral relations are gradually coalescing in China's favor. Who is the "younger brother" in bilateral relations? Are Russia and China truly equal partners? Such strategic issues are discussed quite frequently within the Russian expert commentariat as it becomes ever more visible that China's might is on the rise, and China's role in world affairs will be objectively more imposing than that of Russia.



An inescapable issue of concern, as we have noted earlier, is Russia's becoming more and more a mineral and energy warehouse for China's economy. The acuteness of this issue will diminish if bilateral economic relations become more diversified and balanced. Of course, there are those waiting (with fingers crossed) for China's economic and financial "bubble" to burst, as well as others waiting for the American economy to go into free fall, starting with a collapse of the U.S. dollar.

China's threat ideology also has its roots in a conflict between values: those who criticize Russia's policy toward its relations with China advocate for Western values in Russia and are fierce opponents of the current "tandem regime" in the country.<sup>11</sup> The surge in Chinese military spending over the past 2 decades is already reflected in the Chinese People's Liberation Army's (PLA) more assertive stance, growing capabilities, and expanded global reach. Chinese authorities repeatedly claim that the only purpose of China's military strength is to safeguard China's sovereignty and territorial integrity (the latter, in fact, speaks to the possibility of attacking Taiwan, though it is difficult to imagine any such action at least in near future).

From time to time, we may hear in Russia direct or indirect utterances about possible dangers for Russia from China's rising military might. These dangers, it is said, are aggravated by at least two facts: a long border between the two countries, and vast unpopulated areas on Russia's side of the border. The irony of the issue is that Russia has supplied China with a host of modern weapons until very recently. On the other side, the Chinese appetite for hard goods has been of great assistance to some Russian industries, military aircraft factories, for example, in surviving during

hard times in 1990s and at the beginning of the new century.

It has been naïve to expect this pattern of military cooperation to continue forever: with the increase of its industrial, financial, and technological might, China has relied more and more on its own capabilities. In some cases, China has sought to obtain more sophisticated technologies than Russia can offer. In some cases, Russia does not have such weapons and in others, it does not want to export them for reasons of national security.

It was reported that China made replicas of some Russian weaponry without permission (it is a widespread practice for Chinese military and civilian producers). Whether it affected military cooperation has not been publicly disclosed – this is quite understandable as it touches a very sensitive area of bilateral relations. Of course, in some instances China is merely imitating the Soviet Union, which applied a lot of shady effort to get access to Western technologies. For some reason, military-technical cooperation is diminishing, and Russia is turning its attention in weapons exports toward Vietnam and other Southeast Asian countries, while trying to maintain the present level of cooperation with such an old partner in this field, India.

In recent years, the PLA has conducted several large-scale military exercises. According to the Russian anti-Chinese propagandists, the only target of those military drills is territory of the Russian Federation (China has a history of territorial conflicts with India and Vietnam, not to mention Taiwan). When Russian strategic bombers started (after regaining access to fuel) long-distance training flights in 2007, it did not mean that they were going to attack the United States or any other country. But we heard a lot of unfounded

fuss about the issue in Western news media and even from military experts.

These experts have increasingly invoked the narrative of a Chinese military threat in Russia's news media.<sup>12</sup> Some of them oppose the current military reform in Russia, which aims to reduce conventional land forces (while, at least in theory, increasing their combat readiness). The Chinese military "threat" is a strong argument in favor of retaining supposed excess conventional land forces in the Russian army. Of course, Russia's military planners and political leadership must obviously take into account the military capabilities of other countries, but they should take carefully calculated, efficient, and less expensive countermeasures against real threats, particularly when the country is facing the huge task of modernizing the civilian economy so as to improve substantially the living standard of its population.

One of the best ways to build mutual trust between nations in the military field is joint military exercises, e.g., bilateral or multilateral exercises in the framework of the SCO, which Russia and China have indeed begun to conduct in recent years. SCO provides an important area of cooperation between the two countries. Central Asia is a region where Russia and China have common interests, particularly security interests but economic ones as well. After China started to obtain oil and natural gas supplies from the region, there were voices raised in Russia that it was losing its influence in Central Asia. But it was unrealistic to think that Russia could control all energy exports from newly independent states with their own national interests. Russia and China have been able thus far to avoid geopolitical competition for influence in this region. Yet traditional economic competition between the two cannot be ruled out.

Russia's relations with the United States in the Asia Pacific, and in NEA in particular, get little attention in both countries, and, in fact, this issue has only limited application. But Russia pays more than passing attention to U.S.-China relations, though China-Japan relations have no less interesting implications for Russia since both leading Asian economic powers increasingly rub elbows in the regional economic arena.

The Russia-China-U.S. triangle is, so to speak, still underdeveloped. Russian defense experts and politicians occasionally express concerns over such ideas as G-2 (a proposed informal special relationship between the United States and China) and Chimerica (a Texas corporation specifically focused to trade between China and the Americas), etc. But most of them do not believe that these forms of "alliance" are viable. Russia-China relations continue to represent a combination of cooperation and friction in bilateral ties, and a combination of policy coordination (on some issues in the international affairs) and competition (in various regions in the world). The critical question is, Can we just shrug off the so-called Chinese threat to Russia? Taking into account that the question is quite widespread within the political and economic elites, among experts on international affairs and the world economy, and among many "mainstreet" Russians, the answer is that it is impossible to shrug off the question. But the great interest in the question should encourage both countries to make every effort to build a bridge of genuine cooperation and to win mutual trust on both sides.

## RUSSIA'S RELATIONS WITH JAPAN

In Russia, attitudes toward Japan and its cultural, economic, and technological achievements are generally favorable. However, reaching a level of mutual trust in Russia-Japan relations remains a work in progress. There is no perception of a Japanese threat – but the territorial issue continues to spoil an atmosphere conducive to warm bilateral relations. Fortunately, it has not prevented the two countries from bolstering their ties in recent years, even to having military exchanges, particularly at the regional level. Before the current global economic and financial crisis erupted, trade volume between the two neighbors was rising. This trend has been interrupted by the crisis, but when current economic problems are sorted out in one way or another, there is a good chance that trade between Russia and Japan will start to rise again.

An expansion of economic interaction between the two countries would help to improve political relations, or at least to smooth the sharp edge of disagreement. There were active contacts at the highest political level in 2009 between President Medvedev and Japanese Prime Ministers Taro Aso and Yukio Hatoyama. In the economic field, a new impulse to bilateral cooperation was triggered by Prime Minister Putin's visit to Tokyo in May 2009. It was thus a notable breakthrough when, after 2 years of negotiations, Toshiba Corporation signed a memorandum of understanding with Techsnabexport (a part of Ate-moenergoprom, which supervises the Russian civilian nuclear power generation business). Their nuclear energy cooperation agreement is expected to be a great boon to firms like Toshiba that are seeking new inter-

national markets for their atomic power technology, as well as ensuring Japan a steady supply of enriched uranium for its own electric generation plants. Russia will provide enriched uranium to Japan's nuclear plants at a low price. Japanese firms that are world leaders in advanced nuclear technologies will in turn be able to expand their presence in Russia and help the country modernize its atomic facilities.<sup>13</sup> The agreement signals a new level of cooperation between the two countries, as nuclear energy is a commodity of great moment and sensitivity.

Talks in Tokyo also produced a mutual legal assistance treaty, a customs mutual assistance agreement, and a memorandum of cooperation in preventing the export of illegal fish catches. Earlier, the huge LNG plant had come on stream on Sakhalin Island, with the subsequent shipments of LNG to Japan being the fruit of energy cooperation between the two countries. It was followed later by the first oil supplies from the RFE to Japan. There are plans for more energy investment projects in the RFE and Eastern Siberia for Japanese companies to share. They also can expand their participation in modernizing Russia's machinery and equipment industries. Other areas of cooperation are under consideration: information technology and telecommunication industries, transport, outer space, and nanotechnologies.

A new sign of the political thaw between Russia and Japan was demonstrated in January 2010 on the occasion of the golden anniversary of the Japanese-U.S. security treaty. This time it got relatively little attention in Russia, particularly as to the Soviet era which spawned the treaty. There are Russians who would—however unwisely—welcome difficulties in U.S.-Japan relations, but, generally, vestiges of Soviet

antipathy to a U.S.-Japanese partnership have disappeared. The main concern for Moscow in Northeast Asia is preserving a stable environment for economic development. The only issue in Japan-U.S. cooperation which may be of particular interest for Russia, is ballistic missile defense. According to Russian Foreign Minister Lavrov, Russia wants to better understand how joint Japan-U.S. plans for developing ballistic missile defense (BMD) will affect strategic stability in this very important part of the world.<sup>14</sup> Presumably, that means it will have an impact not only on the Russia-U.S. strategic balance, but will also have implications for relations between Japan and China.

So far as relations between Russia and Japan are concerned, there is, of course, the perennial issue of the Kuril Islands. Whenever there is a change of government in Japan or in Russia, we see renewed attention to the issue of the South Kuril Islands (or Northern Territories in the Japanese lexicon). In 2009 Japan's Diet passed a resolution alluding to the Northern Territories as an integral part of Japan. The resolution changed nothing in Japan's long-standing position on the South Kurils, but it offered an excuse for so-called "patriotic forces" in Russia to raise another round of fuss on the issue. Some of these "patriots" have even claimed that Japan may use military force to regain the island under some circumstances. Such paranoia might be the result of two influences—a general mood (Russia is surrounded by enemies) and a lack of knowledge about Japan.

The Japanese side has repeated many times its readiness to react positively to Russia's desire to develop the RFE and Eastern Siberia and to be integrated into the Asia Pacific region, but it usually adds the qualification that it is important to remove the last obstacle to

bilateral cooperation—to resolve territorial issues on Japanese terms, of course.<sup>15</sup> Commenting on the result of negotiations between Putin and Aso in May 2009, a *Japan Times* editorial stated: “It is imperative that Japan work out a strategy to utilize expanded bilateral cooperation in various fields including economics, energy, and technological innovation as leverage toward deepening mutual trust and solving the territorial disputes.”<sup>16</sup> From time to time, Japan thinks that it can use Russia’s weakness to resolve the territorial dispute on Japan’s terms. Japan did not understand why, in April 1991 and after August 1991, Gorbachev could not move on the issue without agreement with Yeltsin. Japan also did not understand Russia’s attitude later. For example, there were public intimations in 2008 that “Russia was facing economic difficulties concurrently with its territorial dispute with Georgia, and that it was being driven into a corner by its European neighbors.”<sup>17</sup> Japan’s surmise that Russia would therefore soften its position on the territorial issue had no justification at all.

Truthfully, Russia is in no hurry to resolve the issue on the Japanese terms. There are conservative forces on Japan’s side as well that firmly stand against any compromise with Russia. Another emerging factor should be taken into account—a new political situation in Russia. In October 2004, it was possible for President Putin to make his quiet concessions to China over their territorial dispute involving the Tarabarov and Bolshoi Ussuriysky Islands. But it would be much more difficult today for President Medvedev and Prime Minister Putin to make concessions over the Kurils to Japan. Even if they wanted to do it, the present flux in the domestic political situation would make it extremely difficult. Generally, Russia and Ja-



pan have the potential to develop strong bilateral ties in various fields and to cooperate on regional issues, but the territorial issue has the countervailing potential to worsen even the most promising environment for bilateral relations in the future.

## **RUSSIA AND THE SITUATION ON THE KOREAN PENINSULA**

In 2010 Russia and South Korea celebrate the 20th anniversary of their diplomatic relations established during the last days of the Soviet Union. Since then, both countries have developed rather intensive economic, political, and cultural relations. They have no serious problems to deal with between them, except for North Korea. Once there was hope that North Korea could initiate fundamental economic reform following the examples of China or Vietnam, or choose its own way to transform, even if slowly, its economic and political regime. That would allow for Russia and South Korea to develop new forms of economic cooperation, to launch new projects engaging North Korea, and to use its territory for construction of transport facilities (railway, pipelines) to connect Russia with South Korea by land. It did not happen, and Russia's ties with North Korea, along with Russia's influence (if any) on North Korean domestic or foreign policy, remain very limited.

Among Russian experts on Korea, there is a long-established school of thought (the legacy of the Soviet Union) which tends to justify North Korean foreign policy on the ground that the North Korean leadership is forced to defend against the "threat" from the United States. The latter is the pretext for Pyongyang's desire for direct talks with Washington. But North Ko-

rean defenders of this school expressed at the same time disappointment over the interruption (or termination) of the Six-Party talks on North Korea.

It seems that Russia's policy toward North Korea currently faces two problems: first, Russian foreign policy relations with North Korea do not currently enjoy a high priority; and second, North Korea is not a natural ally but rather quite an unpleasant one inherited from the days of the Union of Soviet Socialist Republics (USSR). This "ally feeling" is mostly psychological, as Russia's economic and political ties with North Korea are, in fact, extremely limited. China has become the main North Korean financial and political sponsor, though Beijing is also unhappy with North Korean behavior.

The difference between Russia and China in regards to the Democratic People's Republic of Korea (DPRK) may be illustrated by the following considerations. It is China, not Russia, that provides North Korea the huge financial assistance necessary for the regime to survive. That is why Moscow has lost all leverage to influence Pyongyang's decisions. In 2009, high officials from Russia and China visited Pyongyang. Kim Jong Il had meetings with both Premier Wen Jiabao (October) and Chinese Defense Minister Liang Guanglie (November), but the Dear Leader did not find time to receive Foreign Minister Lavrov (April) and Chairman of the Upper Chamber of the Russian Parliament Sergei Mironov (December). Presumably, the North Korean leader does not see any reason to meet high Russian officials. It would not be an exaggeration to say that contacts between high Russian and North Korean officials at the moment have no substance and would be a waste of time. In the Russian officials' nonmeetings with Kim Jong Il, Russia was only losing face. Yoichi Funabashi, a well-

known Japanese security expert on East Asia, was right in his comment on Lavrov's visit to Pyongyang in April 2009: "The two countries used to be allies, but now they are neither friends nor foes."<sup>18</sup>

But today, perhaps "foes" is not an inapt description. Consider Russia's actions in the lead-up to North Korea's recent nuclear test and associated missile launches. According to official reports, during a telephone conversation between President Medvedev and Japan's Prime Minister Aso, both sides agreed that North Korean actions "represent a challenge to international security."<sup>19</sup> In connection with North Korean missile testing, Russia's military authorities acknowledged for the first time that they did monitor North Korean missile launches. There are also plans to move S-400 Triumf air defense systems to defend Primorsky Krai in case North Korean missiles fly off course towards Russian territory in the future.<sup>20</sup>

Currently, international efforts to bring North Koreans back into Six-party talks are led by China and the United States. We know that Pyongyang wants talks on a peace treaty with the United States and demands that sanctions be lifted before it returns to the Six-party forum. But there is no justification to end sanctions at this stage, taking into account North Korean behavior and its previous strategy of blackmailing the international community to get concessions in return for empty promises. The international community does not even know for sure whether North Korea tested a nuclear device on May 25, 2009.

The threat of proliferation (technology, parts, and materials), state of safety at North Korea nuclear facilities, and errant missile launchings with particular danger for neighbors, including Russia, are of great in-

ternational concern. But there are even more important security issues than North Korea's nuclear and missile programs, i.e., the threat posed by a North Korean regime collapse. Recent decisions to devalue the North Korean won and to prohibit hard currency circulation within the country reveal much to those who endured Gorbachev's economic decisions in 1990-91, with the Soviet Union on the verge of disintegration. In North Korea, the same road to economic and state collapse can be observed. The currency decisions have been reversed for the most part by the North Korean leadership, but a sense of intensifying domestic desperation and uncertainty has not abated.

Not only South Korea and the United States should prepare relevant emergency plans. China, as a main sponsor for the Pyongyang regime's survival thus far, has all the justification it needs to fear a collapse of North Korea as a state, particularly taking into account the long border between the two countries. China obviously has a plan on how to react in case of a deteriorating situation in that neighboring country. Russia should also be prepared for untoward developments in North Korea. Unfortunately, we do not yet have real cooperation among the five convening parties of the Six-party talks on the issue of a possible collapse of North Korea.<sup>21</sup> So far, the five partners have not succeeded in using this format as a stepping stone to an agenda for talks on the more comprehensive issues of regional security (i.e., other than denuclearization of the Korean Peninsula) without waiting for North Korea to return.

The recent global financial crisis, which remains with us even though many economies have started to show some improvements, draws particular attention to the role of East Asia in the future world economy.

It further encourages Russia to develop economic ties with its neighbors in NEA. And the uncertain situation on the Korean Peninsula requires us to make every effort to ensure a secure environment in the sub-region.

## ENDNOTES - CHAPTER 1

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12. See, for example, representative articles by one of the most prominent and vociferous explicators of the Chinese military threat to Russia, Alexander Khramchikhin, deputy director of the Institute of Political and Military Analysis, a Moscow think-tank established by former staffers of the General Staff of the Soviet Armed Forces.

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## CHAPTER 2

### RUSSIA IN EAST ASIA: ASPIRATIONS AND LIMITATIONS

R. Craig Nation

#### RUSSIA AS AN ASIAN POWER

Russia's status as an Asian power dates to the Treaty of Nerchinsk in 1689, the first formal treaty ever concluded between China and a European state. The agreement brought an end to a series of Russian-Manchu border conflicts, and served to establish mutually recognized boundaries in the border area and to quell armed clashes between the two states along the Amur River. Nerchinsk made official the Russian surrender of claims to the Amur region, which Russia would not reenter for nearly 200 years.<sup>1</sup> The Russians were overmatched by Chinese military power in the east, and, indeed, at the site of the Nerchinsk negotiations, where the Chinese delegation arrived with an armed retinue of over 20,000 compared to a modest Russian contingent of about 1,500, an imbalance sufficient to weigh upon the outcome.<sup>2</sup> However, the tsar's negotiators were primarily motivated by what the Jesuit translator at the proceedings called a "spirit of commerce," aiming to tap into the benefits of economic cooperation with what was perceived as a land of fabulous wealth.<sup>3</sup> In addition to its territorial provisions, the treaty laid down a series of regulations for the conduct of trade and commerce with the stated goal of "settling the bounds of the two countries of China and Russia . . . to establish an everlasting peace and good understanding."<sup>4</sup>

The Nerchinsk treaty did not put a stop to gradual Russian movement toward the Pacific, which, through the 18th century, was led by settlements in the Amur River watershed, accompanied by the establishment of naval outposts outside the control of a weak Chinese central government. In the 19th century, in concert with other European great powers preying upon China's declining Qing dynasty, undisguised imperial expansion took hold. The Nerchinsk agreement was reversed by the Treaty of Aigun and Convention of Peking in 1858 and 1860, which transferred the territories between the Stanovoi Mountains and Amur River and parts of Outer Manchuria, including much of the modern Russian Maritime Province (Primorskii Krai), to Russia. These "unequal treaties" would become a source of grievance between a succession of governments in Moscow and Beijing.

The immediate consequence of Russian territorial expansion was a clash of contending Russian and Japanese imperialisms in Manchuria and Korea that culminated in Russia's defeat in the Russo-Japanese War of 1904-05. In the Treaty of Portsmouth, which concluded the conflict, Russia recognized Korea as part of a Japanese sphere of influence, agreed to the evacuation of Manchuria, and ceded to Japan its Port Arthur naval base and the southern half of Sakhalin Island.<sup>5</sup> The rise of Japan posed a serious threat to China without in any way moderating Sino-Russian rivalry. From 1917 onward, Soviet Russia inherited contentious relationships, including intractable territorial conflicts, with the two major East Asian powers.

Soviet policy toward East Asia was not able to overcome what were essentially classic geopolitical clashes of interest. The Soviets' Manchurian Strategic Offensive in August 1945 occasioned the conquest



of Inner Mongolia, northern Korea, southern Sakhalin, and the Kuril Islands, but Moscow was excluded from the U.S.-managed Japanese peace settlement. The Union of Soviet Socialist Republics (USSR) did not sign the Treaty of San Francisco in 1951, formally ending World War II in Asia, and, as result, a state of war still technically exists between Japan and the Russian Federation. Throughout the 1950s, Japan was integrated into the U.S. Cold War containment front in Asia. Resolution of the Korean question was stymied by the ambiguous outcome of the Korean War (1950-53), which left the peninsula's 38th parallel a focal point of Cold War confrontation. During the Chinese Civil war, despite the long-standing relationship between the Soviet Union and Chinese Communist Party, Joseph Stalin continued to recognize the nationalist government of Jiang Jieshi (Chiang Kai-shek) and the *Guomintang* right up to the moment of their flight to Taiwan in December 1949.

The Sino-Soviet Treaty of Friendship and Alliance concluded on February 14, 1950, seemed to create a unified communist bloc across the heartland of Eurasia, but, in fact, only served to paper over deeply-rooted animosities. By the early 1960s, Moscow and Beijing had become public rivals, and, in March 1969, Soviet and Chinese forces clashed in a series of armed confrontations on the Ussuri River.<sup>6</sup> By 1973, 45 Soviet divisions were deployed in a newly constituted Central Asian military district, supported by a six-fold increase in the number of tactical aircraft in theater and significant upgrading of nuclear forces. Soviet aspirations toward a dominant or hegemonic role in East Asian affairs, like Russian aspirations before them, were thwarted by resistance on the part of the major regional powers, supported by the Soviets' American rival.

An important source of the reform movement launched by Mikhail Gorbachev from 1985 onward was the realization that Soviet aspirations exceeded the state's real possibilities, and that international ambitions would have to give way to a concentration on domestic reform. In East Asia, this meant an effort to move beyond regional polarization that left the USSR the odd person out. Gorbachev outlined his agenda for Asia in a major speech delivered in Vladivostok, Russia, on July 28, 1986. Noting that the majority of Soviet territory lay in Asia and that Moscow wished to be fully involved in the "renaissance of world history" occurring on the Pacific Rim, he put forward a hopeful program for development in Siberia and the Russian Far East (RFE) and positive engagement in the Asia-Pacific.<sup>7</sup> The first priority was normalizing relations with China, where coming to closure on border demarcation and the demilitarization of border areas became important priorities. In April 1991, Mikhail Gorbachev became the first Russian or Soviet head of state ever to pay a state visit to Tokyo. Though dialogue with Japanese Prime Minister Toshiki Kaifu proved difficult, a joint communiqué announced a commitment to work on resolving outstanding differences.<sup>8</sup>

Despite the pro-Western foreign policy orientation of the new Russian Federation under President Boris Yeltsin, the dynamic of rapprochement with Asia launched by Gorbachev was sustained. One scholar describes the evolution of relations under Yeltsin as "arguably Russia's most substantive foreign policy success story in its first decade."<sup>9</sup> A 1992 border agreement successfully regularized the status of most of the 4,200 kilometer-long eastern sector of the Russo-Chinese border. The April 1996 Shanghai Agreement created the "Shanghai Five" grouping (Russia, China,

Kazakhstan, Kyrgyzstan, and Tajikistan) and fixed the Chinese border with the new independent states of post-Soviet Central Asia. In 2001, the Sino-Russian relationship was institutionalized with the creation of the Shanghai Cooperation Organization (SCO).<sup>10</sup> The government of Vladimir Putin sought to build on these achievements, anchoring Russia's new position in Asia upon an energy strategy including visions of an East Asian Energy Community (EAEC), the search for common ground with major regional powers, and cultivation of an elite consensus that "highlighted the need for Russia to develop the RFE, fully integrate itself into East Asia, and utilize its comparative advantage in energy resources and military-technological edge as foreign policy instruments for projecting economic and political influence."<sup>11</sup> In an ironic sense, the priorities motivating Russian policy seem to have reverted to what they were at the time of the Treaty of Nerchinsk in the 17th century—strategic restraint in the face of stronger regional rivals accompanied by political rapprochement and an aggressive commercial policy seeking to promote mutual economic advantage.

Modern Russia has been engaged in Asia throughout all of its national existence. There is an identity-focused school that seeks to define Russia as a distinctive Eurasian or "intercivilizational" polity ordained to play a special role as bridge between East and West, but such views are not required to justify or explain the Asian vector of contemporary Russian foreign and security policy.<sup>12</sup> Russia is a part of a larger Western civilization, but the state has been and will remain an Asian power by virtue of geographical propinquity and the complex of interests to which it gives rise. Considerable "good advice" has been offered by Western

commentators, urging Russia to turn its back on its Siberian and Far Eastern frontiers so as to concentrate on the European Russian heartland, but it is not likely to be heeded.<sup>13</sup> The 1997 *Russian National Security Concept* merely acknowledges geographical reality when it terms Russia an “influential European-Asian power with national interests in Europe, the Near East, Central and South Asia, and the Asia-Pacific region.”<sup>14</sup> The Russian Foreign Policy Concept of 2008 uses the term “Eurasian power” without qualification.<sup>15</sup> Putin has put a practical spin on the argument, asserting that “a significant part of Russian territory is in Asia . . . it is not heavily populated but the resources there are huge, and if we are talking about the speed with which the Asia Pacific region is developing then of course Russia should use its advantages in Asia, its Asian roots so to speak, in order to integrate into this economic space.”<sup>16</sup> In these terms, an Asian vector is not a choice for Russian foreign policy, not an existential or strategic alternative to an orientation toward the West, but rather a promising, pragmatic, and positive necessity.

## **RUSSIAN INTERESTS IN ASIA**

Russian policy toward the Asia-Pacific region is a function of the role that the state can aspire to play in the 21st century geopolitical environment. That role is presently defined by relative weakness and exposure. During the 1990s, independent Russia suffered through a historically unprecedented national collapse. Under Vladimir Putin, an impressive revival took hold, but its achievements remain fragile. The new Russia has lost the status of global power, is struggling with the dilemmas of domestic transi-

tion, continues to battle with a home-grown Islamic insurgency, and confronts assertive and dangerous international rivals (i.e., a Western security community encroaching upon traditional Russian areas of influence, and an ever more powerful China) from a position of disadvantage. Without abandoning the aspiration to reestablish the foundations of national power and reassume a leadership role, it has no real choice but to focus on domestic consolidation, economic development, and national revival. The spirit of current Russian policy is reminiscent of the direction urged by foreign minister Aleksandr Gorchakov after defeat in the Crimean War in 1856, consisting of *recueillement* (introversion) – keeping free as much as possible from international over-extension and risk in order to pursue domestic reform, and “concentration on internal issues and the flexible international coalitions required for providing the nation with the necessary external calm.”<sup>17</sup> Normalizing relations with important regional partners, in Asia and elsewhere, has been, and is likely to remain, an overarching priority.

If the Russian Federation could contemplate the reasonable prospect of association with the Western security community on a basis of equality and mutual respect, its approach to the East Asian region might be somewhat more inflected. But no such prospect is in the cards. NATO seeks improved relations with Moscow through the limited instrumentality of the NATO-Russia Council. European policy has been inconsistent and on occasion disoriented, while, until recently, the United States has been alternately hostile or indifferent. Russia’s proposal for a new European security architecture that would incorporate multilateral forums such as the North Atlantic Treaty Organization (NATO), the SCO, and the Collective Security

Treaty Organization (CSTO) in a new, treaty-based framework might provide an alternative pattern of association, but it has received a lukewarm reception.<sup>18</sup> Speaking in Paris, France, in January 2010, U.S. Secretary of State Hillary Clinton appeared to reject the initiative *tout court*, asserting that common goals “are best pursued in the context of existing institutions.”<sup>19</sup>

Russia lacks the critical mass to pursue a balancing strategy in Asia directed *against* the West. It does not wish to subordinate itself to a rising China in some kind of “alignment with Asia born of disillusionment with the West.”<sup>20</sup> But it is in a position to use association with Asian powers as a source of leverage and advantage. The Asia-Pacific region as a whole, and particularly the East Asian complex of China, Japan, and the Koreas, has therefore become an increasingly important area of engagement for Russian foreign and security policy.<sup>21</sup> The circumstances of engagement point toward a pragmatic, interest-based policy of benign interaction with a dynamic region that is not tightly bound into multilateral forums from which the Russian Federation has been excluded, resting rather on what former Russian Foreign Minister Igor Ivanov described as a “commonality of the long-term strategic interests.”<sup>22</sup>

What are Russian interests in East Asia? For purposes of analysis, they may briefly be summarized in several interrelated issue areas.

- To sustain, build, and maintain friendly relations with China as an economic and strategic partner in order to neutralize the threats associated with China’s development and the imbalance of power that it is creating.
- To maintain stability on Russia’s Asian frontier, and to draw advantage from association with a dynamic economic power.

- To normalize relations with Japan, including a compromise solution to the Kuril Islands territorial dispute and conclusion of a peace treaty, and develop economic cooperation to stimulate Russia's economic reemergence.
- To remain a partner in international efforts to resolve the crisis of order on the Korean peninsula.
- To pursue the redevelopment of Eastern Siberia and the RFE.
- To maintain Russia's status as a regional power whose views are solicited and respected, including association with the most important Asia-Pacific multilateral forums (the Asia-Pacific Economic Cooperation [APEC], Association of Southeast Asian Nations [ASEAN], Economic Community and Regional Forum, the East Asian Economic Community, etc.).
- To assert its identity as an Asian power by developing an effective Asian policy as a complement (but not alternative) to engagement with Russia's other major international partners.

The emphasis is placed upon the practical pursuit of national interests, not upon Asia as an alternative field of engagement with respect to other poles of global power. The goals are limited and certainly not unrealistic, but they will not be easy to pursue successfully.

## **RUSSIA AND CHINA**

Strategic alignment between Russia and China has been a constant from Gorbachev's *perestroika* initiatives to the present, reflecting a relationship that has taken

on its own momentum and rationale and become “a fact of international life.”<sup>23</sup> It is a robust relationship, defined since 1996 as a “strategic partnership,” resting upon strong vested interests on both sides.<sup>24</sup> The 2001 Sino-Russian Treaty of Good Neighborliness and Friendly Cooperation provides a legal foundation, and includes commitments to expanded military cooperation, a no first use of nuclear weapons pledge (such as Russia refuses to make in its relations with NATO), and assertion of respect for “national unity and territorial integrity” including specific reference to Taiwan as an inalienable part of China.<sup>25</sup>

There is a clear convergence of world-views, perhaps most coherently expressed in the *Joint Statement on 21<sup>st</sup> World Order* issued in 2005 on the 60th anniversary of the end of World War II in Asia and founding of the United Nations (UN).<sup>26</sup> This includes a commitment to the “universally recognized principles and norms of international law” embodied by the UN, and the premises of respect for sovereignty and nonintervention.<sup>27</sup> Scholars and policymakers reiterate, in direct opposition to purported U.S. intentions, that “for Russia and China, it is of the greatest importance to bring into being a multi-polar world order, where policies of containment and power balancing will be eliminated.”<sup>28</sup> Beijing and Moscow are aligned in opposing separatism in disputed regions such as Kosovo, Chechnya, Xinjiang, and Tibet. NATO’s war against Serbia in 1999 provided a particular impetus to strategic cooperation. Moscow was concerned by the Alliance’s demonstration of capacity to wage war with decisive effect on the Russian periphery. China was offended by the bombing of the Chinese embassy in Belgrade, interpreted not as an error, but as an admonition.<sup>29</sup> The creation of the SCO followed in short



order, and in 2005 the first-ever joint Sino-Russian military exercise, Peace Mission 2005, was staged in China's Shandong province.<sup>30</sup> Subsequent Peace Missions 2007 and 2009, ostensibly organized as anti-terrorist drills, were, in fact, pointed demonstrations of a capacity to intervene militarily against U.S. interests in post-Soviet Central Asia, the Korean peninsula, or beyond.<sup>31</sup> Collaboration in foreign and military intelligence has been ongoing from the early 1990s. Both sides have expressed opposition to U.S., Japanese, and Republic of Korea missile defense systems in the Pacific theater.<sup>32</sup> They resist Western discourse on human rights and the obligation to protect democracy as a pretext for intervention and domination, express concern over the projection of Western power into areas of their traditional influence, and oppose the dynamic of NATO enlargement. Given overwhelming U.S. military capacity and determination to play a proactive role in the Asia-Pacific theater, Russia-Chinese military collaboration has a strong structural logic.

Economic complementarities are another motivation. In the 1990s, Russia was the only willing supplier of the kind of sophisticated military equipment that China desired and needed to modernize its force, including advanced submarines, fighters, destroyers, missile systems, and strategic lift aircraft. Arms transfers to China represented 42 percent of the total value of Russian arms sales from 1997 to 2007. Though arms transfers have leveled off from 2007 onward as China has come to produce more of its own equipment on license, Russia remains China's largest national supplier.<sup>33</sup> Expanding joint military research and development benefits both sides. Trade and investment have increased rapidly. Bilateral trade volume has risen from only several billion dollars at the time of

the Soviet collapse to near \$60 billion in 2009, and China is now Russia's third largest trade partner (Russia is China's ninth largest export market, accounting for less than 2 percent of total exports). Russia is the world's second largest oil producer (after Saudi Arabia) and China the second largest oil consumer (after the United States). The Chinese demand for oil is expected to double to something near 14 billion barrels per day by 2025, and large-scale oil and natural gas projects, including the East Siberian Pacific Ocean Pipeline (ESPO) for which construction is now underway, continue to expand.<sup>34</sup> China currently imports nearly 80 percent of its oil from the Persian Gulf, on open waterways that could be cut off at the Straits of Hormuz or Malacca in case of a regional crisis in the Middle East or blowup over Taiwan. Expanded access to Russian resources will diversify Chinese supply and make it more secure from disruption. On a political level, the SCO provides a framework for regional cooperation and cultural dialogue, a means to regulate Russian and Chinese engagement in the "shared neighborhood" of Inner Asia, and a useful forum for addressing energy security issues.<sup>35</sup> In general, and for obvious reasons, Russia seeks increased participation in East Asian political, security, and economic dynamics.<sup>36</sup>

Alignment with China brings Russia a meaningful source of trade and capital investment opportunity; markets for military technology and expertise as well as oil and natural gas; a strategic and ideological ally against an American "hegemonic" world order and U.S. encroachment in post-Soviet Central and Inner Asia; stable relations with its increasingly powerful East Asian neighbor; and a framework for the kind of regional stability that Moscow needs if its agenda for

national reassertion is to move forward. China obtains guaranteed supplies of oil and natural gas; diplomatic support in international forums, including the UN, on issues of concern, including the Taiwan question; shared opposition to an expansion of U.S. power in the Asia-Pacific region; access to military hardware and technology and a source of modernization for its armed forces; concert on behalf of stability and expanded engagement in Central Asia; and leverage in relations with India. Russian and Chinese political leaders, as well as academic and policy analysts, place a great deal of weight upon the relationship, and go out of their way to accommodate mutual interests and concerns.<sup>37</sup>

There are also clouds on the horizon. Russia's trade pattern with China is imbalanced, with exports consisting primarily of military equipment, timber products, strategic nonferrous metals, and hydrocarbons, while imports range across the spectrum of commodities including manufactured goods and sophisticated electronics. Russia could also become a food supplier on the Chinese market in the short to medium term. If this pattern is not altered there is a real risk of Russia's role being reduced, in the words of Dmitri Medvedev, to that of "a raw material base for Asian countries."<sup>38</sup> Against the background of the sharp economic contraction of 2009, Chinese direct investment, as well as lending, has increased in several sectors, including energy infrastructure, extractive industries, and advanced technologies.<sup>39</sup> Moscow is likewise displeased with increasing Chinese engagement in Inner Asia and the Caspian region, including the China-Turkmenistan natural gas pipeline (opened on December 14, 2009) and the China-Kazakhstan oil pipeline deals, and China's general accretion of political influence.<sup>40</sup>

Beijing reacted to the global economic crisis in 2009, for example, with over \$10 billion in loans to struggling Central Asian partners within the SCO.<sup>41</sup> Russia would like to find ways to block Chinese ambitions, but lacks convincing alternatives. China is acquiring greater economic clout inside Russia and Central Asia, and Russian dependence on a more dynamic Chinese neighbor is a risk that may become unavoidable.

There are additional sources of strategic friction. The growing demographic imbalance between China's eastern provinces and the RFE is viewed by some as a long-term source of creeping Sinicization, with some analysts envisioning an eventual military threat should long-term trends advantaging China continue. Russia is concerned that as its effort to limit nuclear weapons and delivery systems in bilateral talks with the United States moves forward, the strategic balance with China, upon which its entire defensive posture in the Asia-Pacific theater rests, may erode to its disadvantage.<sup>42</sup> China also seems more reluctant than the Russian Federation to contribute to the nonproliferation regime by pressuring Iran and North Korea. The extravagant idea, floated by Zbigniew Brzezinski among others, of a U.S.-China "Group of Two" as a forum for global management is rejected by Russian commentators as unrealistic, but concern is nonetheless expressed over the implications of any kind of U.S.-Chinese rapprochement.<sup>43</sup> China and Russia are not in full accord about future prospects for the SCO. Russia wants it to expand, develop rapid reaction capacity, and accentuate its character as a security forum. China urges a "deepening" alternative focused on transforming the organization into a common market and commercial union, a recipe, as viewed from Moscow, that risks leaving Russia overwhelmed by

Chinese economic power.<sup>44</sup> The refusal of China, or any other member of the SCO, to follow Russia in according recognition to South Ossetia and Abkhazia following the Russo-Georgian War of August 2008 was revealing of the limits of alignment. Social issues can also be troublesome. Russia's decision to close down Moscow's Cherkizovskii Market, with its many Chinese traders, in July 2008, provoked a sharp reaction, to which the Russians were quick to yield with backtracking and concessions.<sup>45</sup> In general, the power balance is perceived to be moving to China's advantage, and to Moscow's long-term detriment.

Such concerns can easily be exaggerated. China has problems of its own, including a considerable weight of rural poverty, large internal regional imbalances, a legacy of repressive authoritarian governance, the incongruous leading role of the Communist Party, energy dependency, undervaluation of the *renminbi* and the friction it generates within the global economy, the potential for destabilizing civil unrest in the context of ongoing modernization, separatist movements, and the strategic challenge of Taiwan. Russian analysts are as aware of these threats, risks, and challenges as anyone else.<sup>46</sup> In view of its vulnerabilities, strategic partnership with the Russian Federation works to China's advantage, and this calculus is not likely to change anytime soon—what some have labeled strategic convergence between Moscow and Beijing is likely to become an enduring fact of international life.<sup>47</sup> The putative threat of Chinese military action to reclaim territories lost to Russia is far off the radar screen—Beijing seems to be sincerely committed to its “peaceful development” thesis, demonstrates no hostile intent, and lacks powerful allies or meaningful military options.<sup>48</sup> In the last resort, Russia's nuclear forces would be a more than sufficient deterrent.

The Sino-Russian relationship should be perceived as something more than an “axis of convenience” plagued by “fear, anxiety, and mistrust” which is ultimately “of secondary importance.”<sup>49</sup> If “convenience” is defined as the pragmatic pursuit of interests, we have in fact arrived at the essence of statecraft. The Sino-Russian relationship is not a sacramentally consecrated marriage. It is a practical friendship on both sides, but as such quite substantial, resting on a foundation of mutual interests, embraced and cultivated by both parties, and institutionalized by treaty and within the SCO. It is likely to remain a factor of significance in the changing configuration of 21st century world politics.

## **RUSSIA AND JAPAN**

Russian policy documents emphasize the need for “intensified and balanced relations with all of the countries of the [East Asian] region.”<sup>50</sup> The most important of these countries, after China, is Japan, with whom Moscow aspires to build a “multi-sided partnership . . . on the basis of shared interests.”<sup>51</sup> Closer ties with Japan promise economic advantage, contributions to the redevelopment of the RFE, and some potential for balancing against Beijing. Unfortunately, Russo-Japanese relations have been held back for decades by the absence of a formal peace agreement, unresolved territorial conflict over the status of the four southernmost Kuril Islands (for Japan, the “Northern Territories”), and the special relationship that has made Japan the cornerstone of U.S. policy in East Asia. Moscow and Tokyo restored diplomatic relations in 1956, with a joint declaration that also waived repatriation claims and included a trade protocol, but the

gesture did not lead to a compromise resolution of the territorial dispute as was originally hoped, nor did it change Japan's role as the foundation for a permanent U.S. strategic presence in Asia. During the late Soviet period and through the Yeltsin years, as the Cold War gradually faded, a process of normalization was begun, culminating with the 1998 Moscow Declaration between Yeltsin and Japanese Prime Minister Keizo Obuchi enunciating a "creative partnership" and will to compromise on the Kurils.<sup>52</sup> The promise has not been realized – powerful structural barriers continue to block a fundamental transformation in the relationship.<sup>53</sup>

Several decades of economic stagnation culminated in August 2009 with the defeat in general elections of Japan's Liberal Democratic Party, the first such defeat suffered by the party in modern Japan's 54-year political history. The victorious center-left Democratic Party of Japan and new Prime Minister Yukio Hatoyama articulated the goal of reducing dependence upon the United States in security affairs and pursuing a more autonomous and Asia-focused regional policy, including closer ties to Japan's historical rival China, and movement toward a European Union (EU)-style association of East Asian states.<sup>54</sup> Hatoyama may have a personal stake in the outcome – his grandfather was the first Japanese Prime Minister to visit the Soviet Union and presided over the reestablishment of diplomatic relations in 1956, while his only son lives and works in Moscow. He has struggled to sustain political momentum in office, however, and has concentrated his energies on domestic reform. Hatoyama's policies have the potential to expand the space for cooperation with Russia, but to date little has been accomplished.

Russo-Japanese trade expanded more than four-fold (from \$7 to \$30 billion) between 2003 and 2009, though it remains modest in relative terms. In 2007, the Russian market represented 1.7 percent of Japan's total trade turnover, while the Japanese market represented 3.5 percent of Russian trade. Exchange is severely imbalanced. Russian exports to Japan are dominated by raw materials—minerals and hydrocarbons (over 50 percent of the total), timber, fish, and seafood—while Japanese exports to Russia are overwhelmingly manufactured goods, including cars, machinery, and electrical-engineering products.<sup>55</sup> Commercial relations nonetheless provide a promising foundation for mutually beneficial cooperation, but expanding trade has not been accompanied by any kind of political breakthrough.

The rhetoric of injustice concerning Japan's Northern Territories continues to block progress on a diplomatic resolution of the Kuril Islands dispute.<sup>56</sup> Though the substantive issues tied up with the four islands that constitute the Northern Territories (fishing rights, visitations, a small number of surviving displaced persons) are modest, the symbolic weight of the question in Japanese self-perception is significant.<sup>57</sup> Domestic factors in Russia also come into play. The idea of territorial concession in the Kurils is not popular with Russia's unhappy regional electorate and an easy pawn for demagoguery by local politicians.

The failure to establish a more promising investment climate in the RFE (including such egregiously offensive gestures as the forced reduction of Mitsubishi and Mitsui shares in the Sakhalin Island energy projects) means that the potential for expanded economic interaction will continue to be constrained. Russia's decision, after much hesitation, to prioritize



China as the primary destination for the ESPO, illustrates a strategic reality – Moscow has no choice but to favor relations with Beijing over Tokyo given the current regional balance of power.

Russia and Japan share many interests in common. Both have democratic institutions and market economies, and rank among the world's leading economic powers. Except for the territorial dispute, no outstanding issues or sources of conflict divide them. During the Cold War, the USSR was perceived as a threat, but such views have little credence today. Cultural exchange is expanding and manifestations of Japanese culture, including cuisine and cinema, are in vogue among Russian elites. Russian energy resources in Siberia and the RFE and Japan's dependence on energy imported from Russia, including nuclear fuel supplies and liquefied natural gas, should provide a solid basis for bilateral relations. Not least, both parties seek counterweights against a rising China. Patient diplomacy and expanded economic ties have the potential to generate at least a modest amelioration of relations over time. Russian analysts generally express hope that "economic cooperation between Russia and Japan can be one of the most effective ways to accelerate the conclusion of a peace treaty."<sup>58</sup>

The strategic dimension of the relationship is perhaps less promising. Japan's troubled relationship with China places limits on how far Tokyo may ultimately wish to distance itself from strategic dependency on the U.S. Japan is concerned by what it considers China's nonstatus quo orientation in the Asia-Pacific region, embodied in a strategy of expansion that directly affects Japanese interests. These interests include a claim to the greater part of the South China Sea (with the Spratly Islands) as Chinese

territorial waters and differences over the identification of exclusive economic zones (with access to natural gas deposits) in the East China Sea. China's claims are buttressed by the ongoing creation of a powerful blue-water navy, apparently being crafted to deny the U.S. and Japanese fleets the capability to operate freely in the Western Pacific in the event of an armed conflict in the Taiwan Strait.<sup>59</sup> Taiwan itself is an important point of contention. Japan controlled Taiwan during the first half of the 20th century, and is a military ally of the United States, the ultimate guarantor of the status quo between Taiwan and the People's Republic of China (PRC). U.S. assets based in and around Japan would be critical in the event of any kind of armed conflict. China expresses strong opposition to U.S.-Japanese cooperation in theater missile defense, which it interprets as an attempt to contain China, "especially by facilitating Taiwan's continued separation from the Mainland."<sup>60</sup> Tokyo is concerned about China's expanding deployment of missiles fitted with nuclear warheads—a threat that only the United States is in a position to effectively address. The undigested legacy of history, particularly China's historical memory of the Japanese invasion and occupation from 1931 onward, remains a major barrier to rapprochement. The prospect of negotiating a "grand bargain" between China and Japan, though intellectually appealing, is likely to falter on the deep-seated differences that continue to divide these long-standing rivals.<sup>61</sup>

Russo-Japanese bilateral relations will be shaped in the context of a larger four-power relationship, including both China and the United States. All of the major East Asian powers have an interest in managing China's inexorable rise and encouraging Beijing to take on the role of a responsible and reliable 21st

century world power. But Russia, Japan, and the United States have complicated mutual dependency relationships with Beijing that make coordinated policies, or a more ambitious concert of regional powers, difficult to achieve.<sup>62</sup> So long as the United States is perceived as the preponderant East Asian power, it is unlikely that Japan would jeopardize its security by moving away from the special relationship with Washington that has sustained it since World War II, or that Russia will be in a position to break away from the constraining, and sometimes encumbering, embrace of its strategic partnership with Beijing. Russia will nonetheless entertain opportunities to exploit improved relations with Japan and the United States in order to win space for the pursuit of its own interests vis-à-vis China. Subtle strategic interaction, rather than a dramatic “diplomatic revolution,” is likely to define the course of East Asia’s strategic quadrilateral for the foreseeable future.

## **RUSSIA AND THE KOREAN PENINSULA**

Russia’s goals on the Korean peninsula are relatively straightforward but also potentially contradictory. Unlike the cases of China and Japan, it has no major outstanding differences with either Korea, and would like eventually to integrate the peninsula into a zone of privileged economic interests.<sup>63</sup> Moscow can have no interest in condoning the emergence of North Korea as a nuclear power, though Pyongyang’s primitive nuclear and rocket technology is not really threatening. Russia was a constructive participant in the Six-Party talks seeking to head off that outcome.<sup>64</sup> It wants to avoid military conflict, including the possibility of unilateral U.S. military action, at all costs.<sup>65</sup>

However, Moscow also seeks to avoid being marginalized diplomatically, including loss of influence over an eventual process of Korean unification. A supportive relationship with Pyongyang has thus been one of the few cards it is in a position to play, though it is not a particularly attractive option. Russia's greatest potential in regard to the Korean Question is its ability to play the role of spoiler—an outcome that U.S. policy should be crafted to prevent.<sup>66</sup> China, upon whom Pyongyang depends for food and energy, remains the key to addressing the North Korean nuclear challenge. Coordinated initiatives on the part of the United States and China, should they be achieved, are therefore the most promising mechanism for its resolution.

## THE RUSSIAN FAR EAST

The choice of Vladivostok as the venue for the 2012 APEC summit has revived interest in the long-standing project to rekindle the RFE. Planning has given rise to a flurry of construction and facility modernization. Unfortunately, much of it is focused on grandiose prestige projects (hotels, congress halls, a new university complex, and a tunnel and bridge attaching Russkii Island to the peninsula), while little is being done to improve a badly degraded urban infrastructure. Despite repeated public commitments to resurrect the city's fortunes, the situation remains dire—emigration is substantial, and population decline precipitous. Economic frustration provoked by an increase in import tariffs for used cars spilled over into massive demonstrations (over 10,000 participants) in December 2008, put down harshly by the authorities.<sup>67</sup> Ominously, and unhelpfully, in an echo of the disastrous

Stalinist evocation of “wreckers,” a report commissioned by the Russian State Duma placed responsibility at the feet of “foreign agents,” with the events described as “an organized attempt to destabilize the social situation in several Russian regions . . . conducted according to a unique scenario recalling that of the orange revolutions . . . with the primary aim of attempting to detach the Far East from Russia.”<sup>68</sup> Demonstrations in Vladivostok were renewed in March 2010 as part of nationwide “Days of Wrath” protests against disintegrating economic conditions.<sup>69</sup>

The real sources of unrest in Vladivostok and the RFE as a whole, of course, are not outside agitators but accumulating problems resulting from malgovernance: economic neglect, deeply rooted corruption, and the sense of abandonment born in part from the region’s distance from the major centers of economic and political power in contemporary Russia. President Medvedev seemed to acknowledge the reality in an interview on the occasion of the 2009 St. Petersburg Economic Forum, commenting that “Vladivostok is a lovely city, but ‘beaten down’ [*ubityi*].”<sup>70</sup> Addressing these kinds of dilemmas, which the situation in Vladivostok appropriately symbolizes, is an essential foundation for an effective Russian policy in East Asia.

The RFE and Eastern Siberia are resource rich, including vast reserves of oil and natural gas, notably on Sakhalin Island, and large potential deposits of diamonds and precious metals in Yakutia. But they are also, as expressed by Putin to the Russian Security Council, “poorly linked to the economic, information, and transportation network of the rest of Russia.” They are “using its natural competitive advantage, including transit corridors, very ineffectively.” This situation “poses a serious threat to our political and

economic positions in the Asia-Pacific region and to Russia's national security, without exaggeration."<sup>71</sup> The Russian Federation is committed to addressing regional dilemmas, but the most optimistic thing that can be said is that it will be a difficult and long-term undertaking. In the meantime, the RFE will remain a nagging source of vulnerability in Russia's campaign to assert itself as a respected regional power.

The most often-evoked challenge to Russian aspirations in the Far East is the purported "flood" of Chinese immigrants said to be pouring into Russia and about to effect a creeping annexation of the RFE. But this picture may, in fact, be the least of Moscow's worries. Careful evaluations of permanent Chinese immigration indicate that the problem is not as severe as is sometimes claimed.<sup>72</sup> In fact, Russia has an urgent need for labor migrants. The key to the redevelopment of the RFE is not isolation, but rather regional integration and broad-based economic and social reform within the Russian Federation as a whole.

## **CONCLUSION: RUSSIA AS AN ASIAN POWER**

Russia needs a long-term strategy to secure and expand its position in East Asia, such as exists at present only in vague outline. The foundation can only be an energy security relationship that makes Russia a major supplier of oil and natural gas for the Chinese, Japanese, and Korean markets and encourages investment on the part of these countries in Russia's energy infrastructure and the RFE.

On this kind of foundation, the RFE itself needs to be reestablished as a vibrant part of the Russian national economy. The need to reconstruct local labor markets, encourage repopulation, attack corruption,

and restore dynamism should be self-evident. This is a major challenge, but it has been articulated clearly as a national priority. The effort needs to be linked to a strategy for regional development that engages neighbors by leveraging Russia's soft power assets (cultural, scientific, technological, and educational) to shared advantage.

East Asia lacks consolidated post-Cold War security structures, and security relations in the region are in flux. Russia will maneuver to win acknowledgment as an integral part of nascent regional security arrangements, but it will remain a second tier player. In its current state of relative weakness, Moscow cannot afford antagonistic relations with the leading East Asian powers or with their most important extra-regional partner, the United States. Russia will have no choice but to define its priorities in the context of a stable "partnership" with the PRC, pursue normal relations with Japan, and work with the international community, possibly within a renewed Six-power framework, to discipline Pyongyang and eventually bring it in from the cold.

Russia cannot be said to have "failed" in Asia because its aspirations are relatively modest. It seeks to engage as a full partner in Asian multilateral forums and accrue strategic leverage, economic advantage, and legitimacy as a regional power – and has done so with some success. It seeks a stable relationship with China based upon mutual advantage – a relationship that is firmly in place. It seeks to tap in to the region's economic dynamism, as an energy supplier and target for investment – with limited progress. It seeks to build on economic interaction with Japan to move toward a full normalization of political relations. It hopes to neutralize what is often portrayed as a U.S.

commitment to perpetuate its regional hegemony, but this is an aspiration that it is not really in a position to pursue effectively. A more promising course would be to work together with Washington on behalf of shared goals, extending the “reset” agenda to the East Asian theater including cooperative initiatives to manage the assertive, and potentially destabilizing, ambitions of Beijing.

Dmitri Trenin has described contemporary Russia as a “Euro-Pacific power with global reach” and characterized Vladivostok as “its 21st century capital.”<sup>73</sup> This expansive evocation of a future Asian vector is visionary, but premature. Russia’s foreign policy priorities are determined by the balance of world power. This dictates the prioritization of domestic consolidation, democratization, and development based upon diversification and modernization. It discourages assertive gambits and aspirations to punch above its weight. International stability is a prerequisite for successful domestic transformation, a fact that goes far toward explaining the balanced texture of Sino-Russian relations. Moscow can do little to break the security ties that have bound Tokyo to Washington in the past and are likely to continue to do so in the future. Redevelopment of the RFE, essential to Russia’s regional aspirations, is a long-term project that has barely begun. Russia is and will remain an Asian power, but it will be hard pressed to pursue its interests from a position of relative weakness.

## ENDNOTES - CHAPTER 2

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## CHAPTER 3

### RUSSIAN REPOSITIONING IN NORTHEAST ASIA: PUTIN'S IMPACT AND CURRENT PROSPECTS

**Gilbert Rozman**

A persistent Russian theme since late 1992 is the importance of strengthening Russia's position in the Asia-Pacific Region (focused on Northeast Asia, above all).<sup>1</sup> By 2010, considerable repositioning had taken place, but there is renewed interest in going further. This ranges from advocating putting ties with China on a more "equal" footing, to proposing that the Korean peninsula could catapult Russia into a special regional role, to exploring ways to work closely with Japan, all of which gained further attention under Dmitry Medvedev. Looming in the background are images of Russia's relationship with the United States, which give a triangular cast to these aspirations. In this paper, I first review Vladimir Putin's impact in changing Russia's regional position, then consider each of the three geographical orientations for repositioning Russia from 2010, and finally add the context of Russo-U.S. relations to provide a broader, globalized perspective.

Putin took office intent on rebuilding Moscow's clout around its borders and in the international community. China soon appeared as the most inviting partner, sharing opposition to the existing U.S.-led world order and determined to limit U.S. ambitions in regard to states such as Iran and North Korea, and to limit as well further humanitarian interventions such as occurred in 1999 over Kosovo.<sup>2</sup> A decade later, with

Medvedev occupying the presidency while Putin retains considerable power as prime minister and presumed next president from 2012, positioning Moscow between Washington and Beijing has assumed even more importance in the midst of a spate of global and regional summits. Adjustment of strategy would be necessary, as Presidents Barack Obama and Medvedev tried to “reset” relations.

Russia’s aims in repositioning in Northeast Asia are three-fold. First, there is a need to gain domestic legitimacy by asserting state capacity and solidifying control over the seemingly vulnerable Russian Far East (RFE).<sup>3</sup> Second, memories of the Soviet era, as well as the Russian Empire, push today’s leaders to reassert hegemony, if not control, over territories formerly under Russian control.<sup>4</sup> Finally, traditional balance of power reasoning dictates pursuit of partnerships directed against maximization of power by other states, although contrasting views about U.S. and Chinese power complicate any balancing strategy.<sup>5</sup> In the aftermath of the global power swing of 2008-09, Russia is revisiting this strategy. It must overcome the mindset that all of these goals can be achieved together, resulting in such anomalies as the view that befriending North Korea and watering down United Nations (UN) Security Council resolutions against it, even as it develops nuclear weapons, somehow serve the cause of denuclearization and a regional balance of power. Of utmost importance, it must also chart a path to modernization of a Russian top-down economy weak in entrepreneurship with its bloated bureaucracy steeped in corruption, as it enters the World Trade Organization (WTO) and diversifies its exports beyond natural resource shipments to dynamic Asia.

## **RUSSIAN REPOSITIONING IN NORTHEAST ASIA, 2000-09.**

Boris Yeltsin had talked about strengthening Russia's position in the Asia-Pacific region since the middle of 1992, but when he left office at the end of 1999, its situation did not appear to be any more favorable.<sup>6</sup> His crowning achievement – the strategic partnership he and Jiang Zemin had heralded in 1996 – seemed wobbly after trade goals went unrealized, cultural ties proved difficult to boost, and their ineffectual coordination in response to the war over Kosovo left serious doubt even about political ties in the second half of 1999.<sup>7</sup> In an effort to have its voice heard over the diplomatic din related to North Korea, Russia strove to rebuild ties with Pyongyang, but there was still no breakthrough at the very time South Korean President Kim Dae-jung was revving up his Sunshine Policy to engage Kim Jong Il and reenergize multilateral diplomacy. After bilateral relations with Seoul suffered a jolt in 1997 with a Russian scholar's arrest for spying amid countercharges that South Korean intelligence officials were behaving brazenly, and then dual financial crises sent bilateral trade plunging, Yeltsin's summit with Kim only started to put a fresh face on relations.<sup>8</sup> Having promised in 1997 that the "countdown to 2000" would lead to a breakthrough in normalization with Japan, Yeltsin failed to sustain the momentum when, during his convalescence from illness in November 1998, he briefly met Prime Minister Obuchi Keizo without a credible initiative, resulting in no progress during his final year in office.<sup>9</sup>

Aspirations for confirmation of Russia's renewed status in Northeast Asia kept rising even if they

remained unsatisfied under Yeltsin. Just as acceptance into the G-7, now renamed the G-8, and the Asia Pacific Economic Cooperation (APEC) had only a temporary calming effect, hyperbolic talk about multipolarity appeared rather empty vis-à-vis the image of U.S. ascendancy in the aftermath of the dual financial crises in Asia and Russia and the U.S.-led North Atlantic Treaty Organization (NATO) war in opposition to Serbia, bypassing the UN Security Council. Yet, in the midst of intensifying anti-Americanism in Russia, there was a strong temptation to believe in the possibility of a breakthrough in Northeast Asia. Even as such demagogues as Governor Evgeny Nazdratenko in Primorskii Krai railed against Chinese skullduggery, assessments of China's intentions and its need for closer ties with Russia tilted the balance toward strengthening the strategic partnership.<sup>10</sup> Foreign Minister and briefly Prime Minister Evgeny Primakov's assertive balance of power strategy centered on China in 1996-99 left a popular legacy that Putin could continue, shunting aside Yeltsin's earlier Atlanticism.

The decade of the 2000s in Russian foreign policy can conveniently be divided into three periods. During his shake-down first term—2000-04—Putin struggled to find a balance between the United States and China, as the former was regarded as looking for closer ties and the latter as still rather weak. Through his second term—2004-08—Putin grew increasingly upset with the United States and came to consider China a credible partner in limiting U.S. power. The Medvedev/Putin tandem in 2008-09, however, saw China as newly ascendant and the United States as in flux, with some potential to turn to Russia to advance various global objectives. Russian strategic thinking fluctuated in accord with the balance of power within

this triangle and also with assessments of Russia's own assets in shaping international relations. The first period coincided with economic weakness, the second with rising energy and natural resource prices, and the third largely with its setback in the economic crisis that engulfed the world and drove energy prices downward.

Dissatisfaction with the limits of Russia's regional strategy deepened in 2009. In 2007-08 confidence had bordered on arrogance. There was talk of a sort of G-3, as Russia would join the United States and China at the pinnacle of the world, riding energy revenues to a world rank as high as fifth in gross domestic product (GDP) and its strategic clout to such an exalted position that its voice would be indispensable in addressing the world's security dilemmas. Leaders in the RFE anticipated heightened status in the region, drawing on assistance from the presidential program for the region as Vladivostok celebrated being selected as APEC host in 2012 and anticipating energy abundance after a new oil pipeline was built from Western Siberia to a nearby terminus.<sup>11</sup>

Yet, as with prior presidential programs for the region, this one was dead on arrival. Tighter economic circumstances after the onset of the global financial crisis dictated the choice of the Chinese city Daqing as the terminus, leaving faint hope that enough oil would be available to build a second pipeline exclusively on Russian territory. Disappointment in North Korea's hard line, bypassing of the Six-Party Talks, and the rapidly shifting balance of power in favor of China, made it easier for Medvedev to welcome a multilateralist U.S. leader – Obama – in rebuilding relations.

Despite the image of Obama-Medvedev coordination, few doubted that Putin was still the most powerful

figure in Russia, as he continued to entertain reservations about plans under consideration. In Vladivostok on December 28, 2009, he set unexpected conditions on the bilateral nuclear arms talks supposedly nearing completion, conditioning them on U.S. willingness to drop missile defense plans, and he reaffirmed development plans for the Russian Far East, which had appeared problematic during the year 2009. His plans called for: (1) a separate energy system, premised on construction of the East Siberia-Pacific Ocean (ESPO) oil pipeline and the Sakhalin-Khabarovsk-Vladivostok gas pipeline; (2) a renewed industrial base, including shipbuilding in Primorskii Krai and civilian aircraft construction in Komsomol'sk-na-Amure; and (3) a Far Eastern Research Center on Russky Island in Vladivostok, where new bridges and facilities were being erected for the Asia-Pacific Economic Council (APEC) summit. While other projects designated at the peak of the energy bubble had been abandoned and the heady optimism of local leaders had seemed to be dashed,<sup>12</sup> Putin insisted that despite the decision to build a "spur" to the oil pipeline first to Daqing, the line would be finished also to the Pacific Ocean as part of a regional development strategy.

In 2010 there remained more questions than answers about Russia's position in Asia. Medvedev's rhetoric in support of improved U.S. ties and modernization belied the policies that still seem dictated by Putin's legacy and his continued reluctance to change. Chinese claims that bilateral relations were better than ever contradicted Russian appeals for transforming them. Dashed hopes in dealing with Japan, South Korea, and North Korea had produced years of hand wringing but no fundamental redirection. Without a clear decision on how to manage U.S. relations, foreign policy in Asia as in Europe is in limbo.

## PROSPECTS FOR REPOSITIONING IN SINO-RUSSIAN RELATIONS

Advancing Sino-Russian relations from the time of Yeltsin's visit to Beijing in December 1992 through 2009 draw on one fundamental reality: Both states oppose allowing U.S. power and Western values to gain a dominant global position. Bearing in mind strong memories of past U.S. "transgressions," they agree that areas under their current control (Tibet, Xinjiang, and Chechnya) must be free of U.S. pressure, and areas that should be subject to their sovereignty or strong influence (Taiwan, Ukraine, Georgia) must be reclaimed from U.S. interference. The two also share a firm commitment to leave with the UN Security Council the sole authority to address questions or the use of force beyond one's national borders. They assume that their national interests will be better served by denying (through their veto) the United States and its allies this instrument of foreign policy in regard to Iran, North Korea, Sudan, or any other weapons of mass destruction proliferation threat or humanitarian intervention target. With Bill Clinton's financial globalization and George W. Bush's preemptive unilateralism each deemed dangerous, Moscow and Beijing viewed each other as the most helpful of all possible partners in boosting their own state's political clout.<sup>13</sup> Neither is inclined to treat Barack Obama's multilateralism and engagement policy as a turning point, suspecting rather that his liberal values and problem-solving compromises still marginalize their ambitions. China-Russia bilateral ties also serve to let each concentrate on its priorities with little concern about an unstable border and to reap economic benefits with security implications (arms sales to China, energy pipeline

diversification that may reduce Russian dependence on European customers, etc.). Looking back, both sides prize the positive results of their ties from the mid-1990s, while they regret the negative consequences of the prolonged Sino-Soviet split.

In at least four respects, Sino-Russian relations face new challenges in the second decade of the 21st century that may lead Russia to grow more cautious about this strategic partnership. First is the changing military balance of power. Russian arms sales and technology transfers gave a great boost to China's military, but as China's power has increased with continuing huge budget increases, Russian hesitation about arming a rival has intensified. Earlier reluctance to transfer to China weapons as advanced as some sold to India, combined with anger over unauthorized Chinese copying of their technology, is now joined by additional signs of Russian reservations. As Moscow and Washington proceed in talks to limit nuclear weapons and their delivery systems, Beijing's unwillingness to consider any limits on its parallel, if less numerous, assets, is a concern.<sup>14</sup> Regarding North Korean and Iranian nuclear weapons development, as Moscow more actively searches for common ground in response to Obama's overtures, Russian awareness is growing that Beijing may not give a similar priority to denuclearization. Russia sees its superior nuclear destructive capacity as one of its few assets as a great power and is tempted by U.S. efforts to halt proliferation. But China's own plans for increasing its nuclear weaponization render it more resistant to U.S. anti-proliferation pressures on North Korea and Iran. After all, North Korea stands in the way of reunification favorable to South Korea, while Iran increasingly contributes to Chinese energy security. Russia sees a



unified Korea as favorable to a balance of power in Northeast Asia and a non-nuclear Iran as a check on extremism that could eventually destabilize Muslim minorities in the Russian Federation.

The second difference in strategic thinking between Moscow and Beijing relates to economics and energy. Moscow is protective of its industries and desirous of controlling energy sources on its own territory and in Central Asia in order to maintain high prices or otherwise manipulate the market. But China seeks guaranteed supplies at low prices. They have jostled over Turkmenistan gas, a gas pipeline from Western Siberia, and the oil pipeline from Taishet to Daqing. If deals have eventually been reached, they came not only after tough bargaining but also after questionable tactics not usually associated with commercial arrangements. Russians are increasingly nervous about Chinese industrial exports and remain wary that China aims to lock Siberia and the Russian Far East into the secondary role of supplying natural resources for Chinese manufacturing, symbolizing economic ascendancy. Although the onus is largely on Russia for its ineffective and often criminalized management of economic ties, the effect is to undermine confidence in future economic cooperation. For example, in 2009 bilateral trade between Russia and China fell sharply after several years of skyrocketing Chinese imports from Russia. The fall-off in bilateral trade left Russians with the impression that differentials in bilateral trading patterns were coming that would devastate Russia's own industrial structure.

A third difference in strategic thinking centers on the global system, exposing the shallowness of multipolarity as a unifying concept. As long as there was a rough balance of power between the two states and

a strong conviction that U.S. power was excessive and being wielded aggressively, strategic balancing brought them closer together. When in 2008-09 Russia weakened, China strengthened, and the United States was perceived as declining and becoming less assertive, disparities widened in perceptions of the correct way to achieve a balance. This divergence operates in realist thinking about global issues and also regional ones, notably Central Asia. China's continuous inroads there since the mid-1990s were bound to be viewed with increasing suspicion by Russia. After seeming agreement at the Shanghai Cooperation Organization (SCO) in 2005 over the rejection of U.S. bases in Central Asia and condemnation of "color revolutions," Russia grew increasingly concerned that China was outmaneuvering it in gaining access to energy and opening borders for trade and investment. In 2009 China unilaterally offered the SCO a \$10 billion anti-crisis stabilization fund after Russia refused to co-finance it.<sup>15</sup> Already, the anticipated struggle for influence in the five Central Asian states has shifted away from shared concerns about U.S. designs to open competition. In this competition Russia is attempting to draw these five states closer through the Collective Security Treaty Organization (CSTO), a mutual defense organization with a stronger mandate than the SCO, and to deny China its desired SCO free-trade organization. But these steps do not suffice as sufficient reassurance to Russia. As U.S. policy shifts its attention to this area in an effort to quell the danger in Afghanistan and Pakistan, U.S. dependence on Russia is growing, as is the potential for increased mutual understanding.

The fourth difference in strategic thinking between Moscow and Beijing centers on the lingering question

of cultural ties, long regarded as an even weaker factor in bilateral relations than economic ties and far weaker than political ones. While for a time both sides were making efforts to overcome negative stereotypes, leading to joint projects such as the “Year of China” in 2006 and the “Year of Russia” in 2007, the main effort now is by the Chinese side to woo Russians through a barrage of news and propaganda about China. This parallels the U.S. information campaign in the 1960s-1980s that helped change the U.S. image in the Soviet Union, but it might also backfire as being excessively propagandistic from a country that relies heavily on censorship.

National identity differences between China and Russia are being tested in efforts to bridge the cultural divide. The main impetus for rising distrust is likely to come from growing sinocentrism. While discussions of Chinese assertiveness regarding history have focused on the half century of modern Japanese imperialism or even on the ancient state of Koguryo straddling the current Sino-Korean border, Russia is not immune from similar charges. After all, in China’s century of “humiliation,” no country acquired more land deemed Chinese than Russia. At a time of rising Chinese self-confidence or even arrogance, many Internet attacks on foreign countries are emanating from China. Efforts by Chinese censors to keep a lid on criticisms of Russia are long-standing, but such efforts do not prevent growing Russian mistrust.

Russians are torn between beseeching China to support it in ways that are unlikely (e.g., making the SCO a quasi-military organization to oppose NATO, endorsing the Russian view of the 2008 war with Georgia, and recognizing South Ossetia as an independent state, etc.),<sup>16</sup> on one hand, and thwarting Chinese

ambitions, when possible, in Central Asia and beyond, on the other. Skillful in outmaneuvering Russia in gaining access to energy and other resources in Central Asia, China remains appreciative of bilateral relations with Russia, despite often having grounds for resentment. With its patience ebbing, Russia lacks clarity on how to make a strategic correction.

In 2009 after Chinese entities had extended \$25 billion in credits to Russian firms, concerns intensified that Russia was fated to remain a raw materials supplier to China and could not escape becoming its junior partner. Perceiving China as steering international relations toward a Sino-U.S. G-2 rather than toward multipolarity, Russia sought reassurance that China was not seeking such an exclusive status, but did not get much satisfaction.<sup>17</sup> In 2006-08, Russians had been prone to criticize China for excessive dependency on the United States, as evinced by its hesitation to join Putin in his harsh criticisms of American policy, fearful of damage to its economic interests. Yet, in 2009 China repeatedly took a more assertive posture than Russia, as Chinese strategic thinking more pointedly challenged U.S. hegemony and the philosophy of universal humanitarian values.<sup>18</sup> This change may have been welcome in some circles obsessed with revenge against the triumphant American state that had basked in the warm glow of victory at the end of the Cold War, but for others it was a wake-up call that Russia would now have to coexist with another power – a rapidly rising one at that, one with national goals that conflicted with Russia's.

Indicative of the growing discontent on the Russian side over the way economic ties were developing was the turmoil caused by the police raids and confiscations incident to the early summer 2009 clos-

ing of Moscow's huge Cherkizovsky Market. Facing an increasingly large trade deficit and the anger of domestic producers over the vast, poorly regulated flow of Chinese goods into Russia, Putin resorted to draconian methods to shut the market, causing losses variously estimated from \$2 to \$7 billion.<sup>19</sup> Given that Russia had long accepted the underlying arrangement of bulk shipments and approximate customs charges, this abrupt action was a crude reminder of the arbitrariness of Russian law. Bilateral ties had been built on such easy accommodations and quasi-market ad hocery, and Russians were not inclined to normalize markets now for fear they would be disadvantaged.

Chinese leaders remain keen on depicting current bilateral ties in the best possible light. On the 60th anniversary of the establishment of diplomatic relations in 1949, Hu Jintao wrote, "For the past 60 years Chinese-Russian relations have passed an extraordinary way and turned into a new type of interstate relations matching the tendencies of the new times."<sup>20</sup> Yet, Chinese insistence on glossing over problems fails to explain how this supposedly "new type" of relationship can overcome the old realist thinking prevailing in both states. Ironically, claims about what makes this relationship different are couched in language steeped in old thinking about hegemonism and the balance of power. Western appeals for new thinking about shared global threats cannot be accommodated within such a *weltanschauung*.

At the time of this 60th anniversary, joint celebrations in Beijing insisted that relations were better than ever and that the two sides had a shared destiny. Praising Putin's visit to Beijing on October 12-14, 2009, analysts called for continued close cooperation as the Western countries lose their dominant position in the

global order, suggesting that as this shared goal comes into sight, China and Russia can jointly flex their power.<sup>21</sup> Yet, to Russians concerned that such a line of reasoning was nothing more than an appeal for them to accept a junior status while seconding China's rise as a superpower, this kind of talk was losing its appeal. In the shadow of China's military parade and commemoration of 6 decades of socialism on October 1, the joint remembrance had to gloss over the fact that for nearly half this period, the two states had been ideological opponents, with China fearing "big brother's" control. Now, ironically, a reviving sinocentric giant was rising alarm in Russia that "big brother" was morphing into "little brother."

Claims about how close the Sino-Russian strategic partnership is lack credibility, but that does not mean the relationship should be disparaged as nothing more than an axis of convenience. In the eyes of many Russians, this expression may apply because they fear becoming a junior partner of China and assume that their country can readily switch directions and forge a balanced triangle by bringing in the United States.<sup>22</sup> They anticipate a shift from approaching China as a function of Russian relations with the United States to responding directly to China's rise.<sup>23</sup> Yet, this is not an easy transition to achieve after its long-time campaign of rancor against supposed U.S. hostile intent. Even as Russians are awakening to China's emboldened foreign policies no longer restrained by a sense of dependency on other powers, they are reluctant to confess how Russia has abetted this transformation or how it may be neutralized.<sup>24</sup> As a sharp shift in China's assertiveness becomes ever more apparent, Russia is not inclined to resort to an outright volte-face in its approach. Repositioning is likely to occur slowly and

more subtly. It may even fail, as Russian actions fail to match its rhetoric. Moreover, China may wield its increasing economic clout to dissuade Russia from any sharp readjustments.

Globalization confronts China and Russia with at least three urgent challenges that could either demonstrate their shared thinking or expose a widening gap between them. As the critical actors in U.S.-led efforts to prevent Iran and North Korea from establishing themselves as nuclear powers, they are being tested along the security dimension of globalization. Of late, Russia's position has become more cooperative, while China has proven hesitant. As for the economic dimension, the focus has turned to China's reluctance to accept a reformed global system, in which it would refrain from holding its currency at artificially low levels, which promote huge trade surpluses. Even Russia is concerned about its growing trade deficit with China. As for the climate dimension of globalization, the Copenhagen climate change summit of December 2009 left China targeted as the driving force against a binding, far-reaching agreement, while Russia drew little notice. As the image spreads that China is obstructing essential action on the most critical global problems, Russia could oppositely reposition itself as a constructive partner in addressing them, but this could occur only if it distanced itself from China in the robust way it has shrunk from doing for nearly a decade. Provocations by China are less likely to induce this change than changes in Russia's relations with other states, especially the United States, as Moscow recalculates its long-term national interests.

## REPOSITIONING AND RELATIONS WITH NORTH AND SOUTH KOREA

Russian analysts of Korea attribute great importance to the role of their country in supporting Korean independence and unity, and serving as a balancing force both in inter-Korean relations and in regional maneuvering over the peninsula. "Loss of balance," which was said to occur when Russia was defeated in the Russo-Japanese War in 1905 and when Russia retreated from North Korea in the 1990s, is presumed to have led to crises for the Korean people, as well as damaging Russia's regional leverage and the equilibrium in Northeast Asia. Resisting appeals to side firmly with the South in the face of North Korean nuclear brinksmanship, Russian officials and observers seek new ways to assert Moscow's key balancing role.<sup>25</sup>

In the early Putin years, a direct connection with Kim Jong Il was sought to put Russia at the center of efforts to overcome the impasse in the South's Sunshine Policy, though Putin treaded lightly in order to avoid offending the United States after Russia joined the newly established Six-Party Talks. During Putin's second term, most of the blame was placed on U.S. inflexibility in failing to offer North Korea reasonable compromises in the negotiations. Still, Russia eagerly embraced the Joint Statement of September 2005 and the Joint Agreement of February 2007 as constituting the right sort of arrangements for Moscow's influence to grow in the course of the "action-for-action" steps to follow.<sup>26</sup> Only in 2009 did Russia finally come to realize that North Korea was not looking for a compromise predicated on security guarantees and multilateral projects, but instead sought a lasting nuclear weapons capability that did not happen to serve Rus-



sian national interests—for at least three still-current reasons. First, it prevents unification of the peninsula, whereby Russia could gain a strong regional partner after teaming with South Korea to build energy and transportation infrastructure along a north-south axis. Second, it worsens instability in Northeast Asia, spilling into the Russian Far East and obliging Russia to fortify it. Third, China's limited pressure on the North as economic ties fill the vacuum left by others limits the potential for Russia to keep playing an active role, as through the Six-Party Talks. Thus, instead of becoming a major actor in Korean affairs, Moscow would be marginalized by Beijing (not by Washington).

Current policy fits into a long-term framework of defensive Soviet conduct on the Korean peninsula. In recent mainstream Russian writings on North Korea, criticism is rare. Instead of blaming Kim Jong Il for destabilizing developments, they credit him with pragmatism and realism in the face of George W. Bush's misguided attempts to achieve full global hegemony. By assigning a large share of the responsibility to the United States for failures at each stage of the recurring nuclear crisis, Russians burnish their self-image as anti-proliferation and pro-peaceful reunification. They can pretend to embrace such sentiments strictly on the basis of the wishes of the Korean people, not on the basis of so-called universal values imposed by a Western power.<sup>27</sup> Yet, this delusionary argument misconceives the nature of the struggle and does not help to resolve it. If Russians are cognizant of North Korean duplicity yet unresponsive to Pyongyang's more extreme behavior, they are failing to prepare for the inevitable showdown that will follow the North's insistence on maintaining its nuclear program.

While the divide between Moscow and Beijing toward Pyongyang is doubtless growing, we would err in concluding that it is now a significant factor. Memories of Russian impotence in the 1990s on Korean issues have yet to fade away. Concern lingers of “regime change” in which South Korea has its way without any need to take Russian views into account. Repeated efforts by the leadership in Seoul to point to long-term joint projects may suggest the merits of a special relationship between two states peripheral to the regional struggle between the United States and China.<sup>28</sup> However, Russia’s decade-long overtures to Pyongyang demonstrate that Moscow is reliant on a balancing role that stays in tune with Beijing. With South Korean President Lee Myung-bak insisting that inter-Korean ties must be reciprocal and must proceed in tandem with progress on the nuclear issue, Russia may regard him as too close to U.S. thinking, thus failing to provide the balance it seeks there. But Russia will keep the door open for the future, awaiting a shift in Kim Jong Il’s approach (or the approach of Kim Jong Eun, his youngest son and heir apparent).

Russian economic ties with South Korea have advanced much more favorably than those with North Korea. The latter still owes Russia \$9 billion, which it insists should be forgiven, since it did the Soviet Union a huge favor in serving as its fortress in the east. It fails to abide by trade agreements, at times reneging on payments for goods that are delivered. It resorts to deceitful trade practices, while shrugging off the results as not posing a problem for a rich, powerful state such as Russia, which should be understanding of a small state. Given such problems, it is not surprising that Russia-North Korea trade has stagnated at \$100-\$150 million a year.<sup>29</sup>

Moscow claims that South Korea and Russia have a special relationship growing out of shared interests, and frequently suggests that this coincidence of interests could become the core of a regional framework of cooperation. Yet, they bemoan South Korean dependence on the United States, asserting that the South fails to pursue its own national interests because of pressure from its ally. In taking this stance, they side with former South Korean President Roh Moo-hyun's separation of inter-Korean ties from the denuclearization process. Moscow also complains about U.S. pressure that obliges South Korea to buy American arms rather than Russian. While trade peaked with the South at \$20 billion in 2008, the Russians remain dissatisfied that its industrial products cannot find a market.<sup>30</sup> Optimistic assumptions about projects under construction or in planning were dashed by the negative impact of the world financial crisis. The Russians also found Lee Myung-bak's priority on a three-way alliance with Japan and the United States, including missile defense, contrary to Moscow's regional strategy. Without adjusting to the new circumstances, Russia continued to claim that it alone strongly supports balance between North and South, welcomes peaceful reunification, and, in supporting Security Council resolutions while watering down their "anti-North Korea" content, has the most constructive role in both the Six-Party Talks and the UN Security Council.

As Russian resentment fades over its exclusion from South Korea in the 1990s and as its over optimism concerning a special Russian role in the first half of the 2000s has also faded, a more sober outlook could highlight authentic potential for a partnership with South Korea. This would be facilitated by Lee's deep interest in both energy diplomacy and a regional

balance of power and by invigorated triangular U.S.-Japanese-South Korea ties that could be partially extended, as in the case of joint development projects in the Russian Far East. While one objective would be to convince North Korea of the urgency of denuclearization, another would be to beckon it with plans for inter-Korean transportation and energy networks should it start to reform.

## **REPOSITIONING AND RUSSO-JAPANESE RELATIONS**

Despite difficulties in normalizing relations with Japan, Russian analysts still concede that underrating the importance of this great power has not served Russian strategic aims or the development of the RFE well. Even if trade skyrocketed by over 50 percent a year in 2007 and 2008, disproving the argument that a territorial deal is a prerequisite to close economic ties, the view in Russia prevails that a breakthrough has not yet been reached solely as a result of Japan's refusal to offer anything in return for its demands for Russian territorial concessions. At the same time, Russians acknowledge that their own poor investment climate, especially in the Russian Far East where Japan's role is eagerly sought, accounts for the still inadequate level of economic cooperation.<sup>31</sup>

Given Japanese concerns about China's rise and its recurrent obsession with the territorial problem, some Russians contend that Japan needs Russia more than the other way around.<sup>32</sup> Such an argument only leads to a dead-end. Fearing loss of leverage over the territorial dispute, neither side has shown much interest in explaining to its own people the importance of a compromise solution and a bilateral breakthrough.

The emotional backlash against Japanese tactics in the early 1990s, as well as against perceived U.S. disregard for Russian interests, keeps skewing the debate away from objective analysis of how Russia can benefit from greatly improved relations.

Since Japan backtracked from its compromise approach to the territorial dispute in 2001, Russia has struggled to put relations on a forward-looking track. For a time, the best hope was that Japanese leaders, as Prime Minister Junichiro Koizumi seemed to indicate in 2003, would set the territorial issue aside in order to join in building an oil pipeline to the Pacific coast. It was assumed that Japan was driven by geopolitical goals no less than energy security in striving to outflank China. From 2006 to 2008, another cautious upswing in relations put emphasis on all-around economic ties, as trade rose rapidly and Japanese firms looked to the Russian market optimistically. Yet, sensitivity over Japan's pursuit of four problematic islands was never far below the surface, encouraging minor irritants to balloon into major impediments.

On September 17, 2009, Yukio Hatoyama began his tenure as Prime Minister by making Medvedev the object of his first call. Given this symbolic move and the presence of one of Hatoyama's sons at Moscow State University, some expected a new Japanese initiative toward Russia.<sup>33</sup> In bringing back into the top leadership Suzuki Muneo, who had been castigated for pursuing a compromise approach with Russia in the talks in 2000-01 and then sent to jail for misuse of funds before being reelected to the Diet, Hatoyama brightened the prospects for quickly addressing the concerns of the displaced Kuril islanders surviving on Hokkaido. Yet, as seen in negotiations in 1986-93 and 1997-2001, the negotiating process takes considerable

time to gain momentum. Hatoyama felt himself to be in no position to press ahead, unsettling the bureaucracy with his insistence that now politicians, including Suzuki, would take charge but failing to forge a unified cabinet and to provide clear directions.

Waiting for the Democratic Party of Japan (DPJ) to clarify how Russia fits into Japan's new Asian-centered diplomacy, Russians look back to Foreign Minister Yasuo Fukuda's visit on April 25-26, 2008, when an earlier prime minister was also exploring broadened ties in Asia. Trade between the two states had already been booming for several years, and Putin's November 2005 visit was recalled as an impetus for intensified economic cooperation. In November 2006 he and Prime Minister Abe had upgraded ties to a "strategic dialogue," but that had not led to progress on the territorial issue. Fukuda's interest in Russia was seen as much weaker than in China, but after Medvedev was elected, Fukuda supported a move beyond the "Russia-Japanese Action Plan" toward a more strategically oriented understanding, including gaining Russian support for Japan's initiative on climate change at the 2008 G-8 summit on Hokkaido.<sup>34</sup> Yet, doubts about Japanese perceptions of Russia remain strong, ranging from negative images of its historical conduct (the 1905 war) to entrenched negative public opinion on its "unlawful" occupation of the disputed islands. Without a more positive vision of how they are perceived and what might be achieved together, Russians remain reluctant to explore a compromise.<sup>35</sup>

Former Foreign Ministry Director General Togo Kazuhiko, who led the bilateral talks to 2001 before they were interrupted by an internal Japanese dispute, recently gave his views on how to revitalize negotiations. He first noted that messages from Russian lead-

ers for several years have had a more upbeat tone about prospects for resumed talks, especially Medvedev's stress at the G-8 meeting in Hokkaido in July 2008 on a dramatic change in relations followed by his remarks to Prime Minister Taro Aso on Sakhalin in February 2009, plus Putin's remarks to former Prime Minister Mori in May 2009. Togo suggested returning to the Irkutsk agreement of March 2001, when both sides agreed to intense negotiations. Seeing improved Russo-U.S. relations as positive for broadening the scope for Russo-Japanese talks, Togo argued that the international environment is now favorable. Moreover, even as Sino-Russian relations are proceeding well, Russian concerns about the imbalance due to China's rise leads it to value Japan as a reinforcer of balance. In the new economic conditions where Russia is anxious to broaden its energy clientele, Japan's economy has greater appeal. Yet, Medvedev made clear at the July 2009 G-8 that parliamentary bombast from both sides interferes with the quiet talks that are needed. Setting the stage for his active involvement, Hatoyama in September in their first meeting at the UN recalled his grandfather's regret at not signing a peace treaty and noted that this had had negative consequences for both states. In trying to normalize diplomatic relations, Ichiro Hatoyama had even contemplated abandoning claims on all four islands Having recounted as many as five missed opportunities in negotiations since the mid-1980s, Togo addressed doubters in Japan in appealing for a sixth chance.

His logic raised hopes in Russia too that a new opportunity awaits;<sup>36</sup> yet, on November 24, 2009, an official Japanese response to a parliamentary query by Suzuki used the term "unlawful occupation" (*fuho senkyo*), and a December meeting of foreign ministers

from the two countries suggested to the Russians that Hatoyama was not preparing a strategy to move forward. There was little optimism at year end, as Togo also lost hope.<sup>37</sup> Yet, with the DPJ still at an early stage of its incumbency, Russians could benefit by toning down their anger and preparing for another round of negotiations. Given the Russian goal of diversification of partners amidst an upswing in Russo-U.S. relations, its seizing upon two offensive words ill consorts with a serious strategy of treating Hatoyama as a prime instrument in Medvedev's pragmatic foreign policy of repositioning Russia in Asia.

Japan's failure since 2001 to negotiate in earnest over a compromise short of four islands in a batch does not mean that Russia must set aside hopes of a breakthrough. Now in flux, Japanese politics are likely to produce more surprises. Signs of improving Russo-U.S. and Russo-South Korean relations would send an unmistakable signal that Japan can benefit from its own Russian initiative. After all, the DPJ is likely to be frustrated in its contradictory China-centered diplomacy and marginalized in dealing with North Korea. If it does not want simply to fall back on the U.S. alliance, as its rival the Liberal Democratic Party (LDP) kept doing, Russia offers a promising option for a symbolic breakthrough. Both sides would have to provide frequent reassurances through careful diplomacy after years of disappointment.

## **THE U.S. ROLE IN NORTHEAST ASIA AND RUSSIAN REPOSITIONING**

For nearly 2 decades Russians were attracted to zero-sum logic in reasoning about U.S. power in Northeast Asia. Only by containing or reducing this power



could Russia find its own niche. The opposite viewpoint, i.e., that the two former superpowers are natural partners, was advocated by many Americans, but it had trouble gaining traction. Not only has the rise of China and the U.S. decline in 2008-09 given cause for further reflection, a debate on how to pursue Russian modernization—a favorite theme of Medvedev—has led some to cast doubt on the relevance of the Chinese model and to renew attention to how closer ties with the United States and other Western countries would facilitate the domestic transformation of Russia as well as its foreign policy.<sup>38</sup> The limits of the former model of growth in Russia were more clearly exposed, as doubts about the applicability or desirability of the Chinese model were highlighted. Yet, this discussion of comparative development options could not easily be divorced from a simultaneous debate about the merits of continuing a foreign policy that had alienated Russia from Western nations. Moreover, misgivings about the vulnerability of the Russian Far East in the shadow of China's relentless rise were not abating. The potential is growing for Russia to shift Westward, but it is unlikely to make a sudden or sharp about-face.

From the Russian perspective, weighing the United States against China has a far-reaching historical component. It is linked to assessments of 1989-91 on why the Soviet Union collapsed, how China dealt with challenges to communist rule, and what were U.S. intentions after the end of the Cold War. Looking further back to the 70th anniversary of the outbreak of World War II, the debate recalls how Stalin delayed the Soviet Union's entry into the war and his legacy as war-time leader and central figure in the building of socialism. Moreover, it refers to the meaning of

the Bolshevik Revolution with its parallels in China. Medvedev's wary response to Putin's nostalgic recollections of the Soviet era has reignited discussion, while association of China with this legacy means that the tradition of viewing China through the lens of the struggle between rival camps in Moscow survives.<sup>39</sup> As confusion over Russian national identity continues, China and the United States will keep being invoked either as a promising model or detested antithesis, by those intent on shaping domestic politics and defending vested interests in ways that take many years to resolve. Outsiders must avoid a rush to optimism, as in the 1990s.

In the George W. Bush administration, there was a U.S. strategy toward Japan, which proved myopic, and toward North Korea, which reached an impasse in 2008. Ad hoc policies dealt with China in myriad arenas and with South Korea in difficult times before 2008. There was no strategic vision of Russia's proper place in Asia nor was one possible given Putin's priorities and the challenges faced by Bush. In 2009 Obama was preparing for a regional strategy guided by Kurt Campbell, Assistant Secretary of State. Given the intensification of China's challenge, the uncertainty of DPJ Asian policies, and the seriousness of the North Korean threat, there is a new logic for including Russia in a regional strategy. This could occur through the 5 + 1 nature of the Six-Party Talks, which might well entail U.S.-led consultations with the other four states to the extent China agrees to proceed without North Korea involved. It also can occur through intensified three-party talks with Japan and South Korea that create an amicable opening for Russian cooperation. Of course, Russo-U.S. talks will be tested by other priorities. Only if they cross these hurdles can we anticipate

a follow-up agenda in Asia. The principal arena for repositioning in this region is bilateral talks with the United States. This was the case for Gorbachev and Yeltsin, and it remains true for the Medvedev-Putin tandem if they are prepared to make some tough decisions.

## CONCLUSION

In 2007-08 conditions favoring a Russian China-first strategy peaked. Among them were animosity toward the Bush administration, alarm about the color revolutions, optimism about energy prices, opportunism regarding the Korean peninsula, and pessimism about Japanese political ties mixed with newfound confidence about economic ties. The result was not a well-considered, long-term strategy, but exaggerated hopes such as that Russia would rise to become part of a G-3 and that Vladivostok would emerge as one of the few cities that serve as regional centers in North-east Asia. By early 2010, conditions favored a different Russian strategy toward the region. Among them were cautious trust toward the Obama administration, signs that leaders associated with the color revolutions had lost popularity at home, subdued sobriety about energy prices and economic prospects, more realism toward the destabilizing impact of weapons of mass destruction (WMD) in North Korea as well as Iran, and new prospects for normalization with Japan, the latter now recognized as a necessary prelude for a new approach to economic ties. Thus, for balance of power reasons, as well as economic growth and reform, a different strategy was being explored by Russia. This did not mean reversing engagement toward China and containment of the United States, but it could signify a balanced triangle of the three powers.

Standing in the way of a new Russian strategy is more than a decade of reflexive demonization of the United States, drawing on residual assumptions rooted in Soviet thinking. A worldview was revived centered on a putative U.S. quest for world domination. After a period of self-criticism focused on revelations about the falsehoods of Soviet historiography, Russian national pride became closely associated with the defense of Soviet foreign policy in Asia as elsewhere. In the second half of the 1990s, "Atlanticism" was discredited, while various versions of a vague notion known as "Eurasianism" gained prominence. Despite recurrent references to devious Chinese motives, the tone toward China perforce grew more respectful in the new decade, while that toward the United States became hostile, not only for its "nefarious" maneuvers from Ukraine to Iraq, but also for its seemingly perverse strategy in Asia. Full reversal of this outlook is unlikely; a gradual buildup of trust is increasingly possible.

Hopes for a Russian breakthrough with Japan or South Korea lack a strategic rationale. The idea that one or the other would turn to Russia in pursuit of a multipolar balance, energy security, or a check on China proved unrealizable. So too did the prospect of gaining leverage over them through closer ties to China or North Korea. The enduring reality is that these two states remain reliable U.S. allies, even when individual leaders strive to demonstrate a degree of independence. At the same time, the two have fast become closely integrated with China's economy in ways that prevent overt balancing. In order to improve relations significantly, Russia must first strengthen ties to the United States as a sign it is overcoming security mistrust or join in regional economic integration through

long-term projects. Its nationalist inclinations under Yeltsin and Putin eliminated those choices, but Medvedev may offer hope. As Northeast Asia increasingly becomes a contested arena between the United States and China, aspirations for a balance of power based on improved ties to the middle powers require shifting away from the China-first strategy adopted by Putin. This means a regional strategy in pursuit of increased globalization and multilateral cooperation.

Russian repositioning in Northeast Asia would be best realized through at least four steps undertaken with U.S. cooperation: (1) continued attempts at engagement through close consultations centered on Medvedev's moderate goals, building trust but not sacrificing essential U.S. objectives; (2) three-way alliance cooperation in building bridges with Russia, as Japan and South Korea benefit from U.S. encouragement to forge an Asia-Pacific community and, within it, to appeal to Russia to proceed with improved relations, which were set back after the early 1990s and again after the early 2000s; (3) a strategy combining carrots and sticks toward North Korea, which accepts Russian ties to the North as long as they are consistent with the overall denuclearization strategy; and (4) a U.S.-led strategy toward China that puts no pressure on Russia to contain its partner and shows the sincerity of the U.S. strategic economic and security dialogue, but also presses China on each challenge of globalization and denies its designs for sinocentrism while seeking Russian understanding. Suggestions that Russia may be part of any containment of China or weakening of the Sino-Russian strategic partnership are likely to be counterproductive. Russian repositioning is most likely if it combines the strength of recent ties to China with the additional strength of improved ties to the three allies in the region.

While no dramatic leadership change in Russia is anticipated, such as occurred in 1985, 1992, and 2000, the decade of the 2010s is likely to bring some surprises in policy toward Northeast Asia. This is due to far-reaching shifts in the regional context as well as profound concern in Russia about its interests in the region. U.S. attentiveness to Russian interests and dialogue can facilitate such a transformation. South Korea is a promising partner in this endeavor. Japan has an interest too, but both its pragmatism and its coordination with the United States and South Korea remain to be tested. Above all, the evolution of the old strategic triangle of Sino-Russian-U.S. relations will shape Russian thinking. Only with a multilateral strategic logic that appeals to Russia's own worldview is it likely that a common understanding will pave the way to a mutually beneficial regional strategic realignment.

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