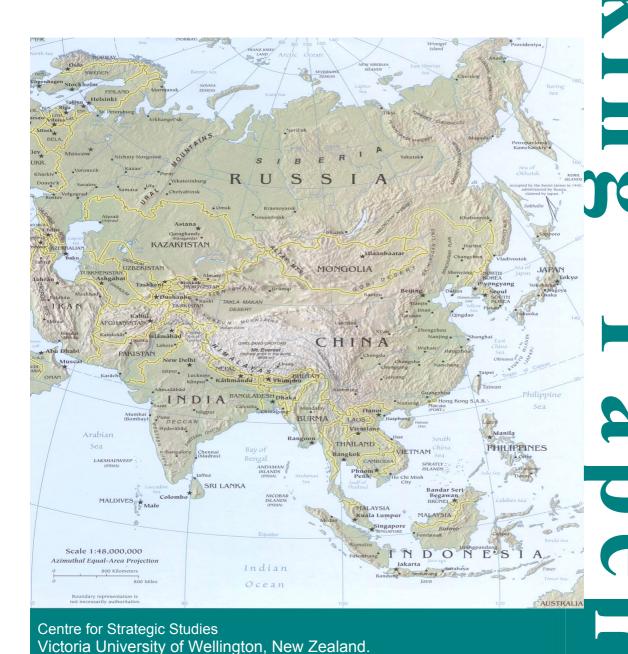
RUSSIA IN ASIA:

Unwelcome Intruder Or Accommodative Player?

Rouben Azizian



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Abstract

Russia's policy in the Asia-Pacific has been an object of criticism both in Russia and outside for more than a century. It is widely accepted that apart from brief periods in history Russia has largely ignored and been ignored in the region. It has become common to refer to Russia as a "sickman" of Asia, and it is not unusual to write Russia off as a great regional power. And yet Russia has been admitted to APEC even earlier than predicted, is visible in the activities of the ASEAN Regional Forum, and has been successful in forging closer ties with Beijing. Moscow has opened new avenues in its relations with ASEAN, preserving at the same time traditional cooperation with countries like India. Even Tokyo is prepared to broaden the agenda of its contacts with Moscow, earlier limited to the single territorial issue. Russia's new president, Vladimir Putin, has signalled his intention to advance further his country's Asian interests. He has visited North Korea, becoming the first Russian leader to do so. But it is unclear if Moscow will be consistent in its current Asian dynamism since the factor of its rivalry with the West continues to be strongly present in its Eastern strategy, impeding the genuine appreciation of the long-term opportunities and risks in the region.

About the Author

Rouben Azizian is a senior lecturer in the Department of Political Studies at the University of Auckland. In 1972-1994 he was a member of the Soviet and Russian diplomatic service, including postings in Nepal, Sri Lanka, and New Zealand. His publications include *Strategic and Economic Dynamics of Northeast Asia, Ethnic Challenges Beyond Borders* (with Yongjin Zhang), as well as articles in various journals on Russian and Asian security.

Introduction*

Russia's policy in the Asia-Pacific has been an object of criticism both in Russia and outside for more than a century. It is widely accepted that apart from brief periods in history Russia has largely ignored and been ignored in the region. Gorbachev's enthusiastic policy of turning the country towards the region was short-lived and was followed by Yeltsin's initial neglect of the Asia-Pacific altogether. Russian and foreign experts have commonly explained the country's failure to appreciate the economic and political importance of the region by a variety of reasons, including traditional euro-centrism, ideological constraints of the Soviet foreign policy, and the deadlock in the territorial dispute between Russia and the region's leader - Japan. While the above reasons have certainly contributed to Russia's weakness in the region, insufficient attention has been paid to the analysis of the underlying trends which have been shaping Russia's internal and external aptitude for the region. Very little has been written about the changing perceptions of Russia in the region in view of new dramatic developments in the Asia-Pacific.

This has led many commentators in the West to believe that Russia is simply incapable of restoring her power and prestige in the region. It has become common to refer to Russia as a "sickman" of Asia; it is not unusual to write Russia off as a great regional power. And yet Russia has been admitted to APEC even earlier than predicted, Moscow has been successfully forging ties with Beijing, and has opened new avenues in its relations with ASEAN while preserving at the same time old ties with countries like India. Even the icy relations with Japan are starting to melt down. Russia's trade with Asia grew from US\$21.4 billion in 1994 to US\$31.5 billion in 1997.

There can be several interpretations of this phenomenon. The first and currently the most popular notion is that Russia's enhanced activity in the region is tactical rather than strategic; it has been prompted by anti-Westernism, as well as immediate economic needs, rather than genuine long-term appreciation of the region. The second view implies that Russia's entry and integration in the region is helped by the general unpredictability of the situation in the region, widespread fears of China, as well as growing anti-Americanism. The third source of change could be a qualitative shift in the socio-economic conditions and policies in Russia itself pushing the country towards the region. Unquestionably, it is this last factor that is the most potent for dramatically altering Russia's long history of failure in the region. This paper analyses all the above factors and interpretations through Russia's bilateral and multilateral ties in the region.

Correcting the False Start

In spite of the fact that the disintegration of the Soviet Union objectively shifted the geo-strategic centre of Russia to the east, initially there was a marked decline in Moscow's interest in the Asia-Pacific region. There were several reasons. First, the liberal pro-Western government of independent Russia made relations with the United States and Europe its first priority, proclaiming the goal of establishing alliance-type relations with the West. Second, the Russian government hastened to sever its relations with former close Asia-Pacific friends - North Korea, Vietnam, India – without replacing them with tangible co-operation with other countries in the region. Third, given the prevailing attitudes in the foreign policy leadership of Russia at that time in favour of ending the dispute with Japan by virtually returning the disputed Kuril Islands, it was perceived that a new era in relations with Tokyo would make Russia's integration in the region easy and almost automatic.

Faced with the bitter realities of its declining international weight, with caution and continuing suspicion on the part of the Western countries, and with growing domestic dissatisfaction over the

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^{*} The author thanks Associate Professor John Beaglehole of Waikato University for valuable comments and suggestions.

results of its economic policies, Moscow declared, between late 1992 and early 1993, its intention to correct the pro-American and pro-European tilt in its foreign policy and launch a more active diplomacy in the Asia-Pacific region. The view was becoming prevalent among the Russian leadership that both the Asian part of Russia and the Asia-Pacific region were of increasing importance for the development of Russia. Boris Yeltsin declared during a visit to Seoul in November 1992 that "Russian diplomacy must follow the spirit of the old Russian emblem on which a two-headed eagle is depicted looking both westwards and eastwards".²

The Russian Security Council's document of May 1993 stated that the country's foreign policy priorities included the development of balanced and stable relations with all countries, especially the US, China, Japan and India. The paper also stressed the urgency of consolidating the breakthrough achieved in relations with China - "the region's most important state in geo-political and economic terms". According to Peter Shearman, foreign policy was no longer being influenced by new political thinking academics in ivory towers, but by practitioners reacting to real world events on the ground.⁴

The main directions and principles of Russia's new foreign policy in the region were stated by Foreign Minister Andrei Kozyrev in his speech at the Chinese Association of People's Diplomacy on 27 January 1994. According to Kozyrev, Russia's first priority was going to be an active development of business relations with member-countries of this economically fastest growing region in the world. As the Minister indicated, one-third of total Russian foreign trade is already with Asia-Pacific states. Secondly, Russia's Asia-Pacific policy was to be based on the understanding that Moscow does not regard its contradictions with any regional country as irreconcilable, and it will work consistently in favour of having stable and balanced relations with them all. Thirdly, the possibility of a major military conflict in the region was now regarded as being greatly diminished, thus reducing the importance of military factors in international relations. However, because of still remaining challenges to regional security, there is a need to respond to them on a collective, coordinated basis. Elaborating further on the problem of regional security, Kozyrev spoke in favour of creating, stage-by-stage, a collective or co-operative security system, a so-called 'security community' open to every regional country to join. It might be built-up by starting with relatively simple forms of co-operation (exchange of information, adoption of confidence building measures, etc) and proceeding further to more complex ones (such as joint resolution of conflict situations). For these purposes, Russia proposed to establish an Asia-Pacific centre for conflict prevention as well as an Asia-Pacific research institute on security problems.⁵

President Yeltsin's Address to the Federation Council on National Security in June 1996 referred to the Asia-Pacific region as Russia's third priority after the CIS and Western Europe but before the United States. It emphasised the need for maximizing Russia's involvement in regional political, economic and military bodies, including joint activities aimed at developing Siberia and the Far East. Priority was given to strategic partnership with China. The document called for more strenuous effort in order to conclude a peace treaty and establish cooperation with Japan.⁶

The aims and priorities of Russia's Asian policy were further elaborated in new Foreign Minister Yevgeny Primakov's address to the ASEAN Post-Ministerial meeting on 24 July 1996. He stated that, firstly, Russia is keen to establish mutually beneficial and, where possible, partner-like relations with countries of the region; secondly, is anxious to ensure security on its Far Eastern borders; and, thirdly, will continue to create favourable conditions for the economic development of the Far Eastern regions.⁷

Russia's inability to impede the eastward expansion of NATO and its frustration over NATO's unilateral military action in Kosovo have forced Moscow to elevate further the level of its activity in the Asia-Pacific and to seek closer strategic understanding with China and India. While Yevgeny Primakov's controversial reference to a "strategic triangle" between Russia, China and India might not materialise, it is a fact that each of these states are involved in a somewhat similar dynamic.

Each is consolidating its relationship with each other, while also broad-basing its relations with the United States. In terms of strategic payoffs, this partnership will yield them, at a minimum, enhanced benefits of bilateral cooperation with each other and, at a maximum, it can serve to circumscribe US influence.

In February 2000, Deputy Foreign Minister Grigory Karasin outlined the three main goals of post-Yeltsin Russian foreign policy vis-à-vis the Far East. First, Moscow seeks "maximum participation in international security structures" to help ensure "stability and predictability" in that region. Second, it aims for the security of its borders and the introduction of long-term confidence-building measures. And third, it wants to establish political and economic relations with all countries of the region that would help promote the development of Russia's Far East. With regard to the latter goal, Karasin pointed to the realisation of projects in the energy, transport, and high-technology sectors.⁸

According to Foreign Minster Igor Ivanov, two of the advantages of the Asia-Pacific are the absence of Euro-Atlantic solidarity and of confrontational and ultimatum-like approaches. The consensual Asian approach to security appeals to Russia. The region's multipolarity is seen as a desirable pattern to be followed globally.⁹

However, some experts warn that Russia should not choose between Asia and Europe but follow a balanced Eurasian approach to security similar to the one followed by the US and recently initiated by Japan. Karen Brutents notes that a Eurasian approach objectively strengthens Russia's central geographic position and physical presence in both Europe and Asia. ¹⁰

Meet the East to Beat the West?

Moscow's gradual reorientation towards Asia-Pacific has been perceived by many in Russia and overseas as purely tactical. As one Russian commentator wrote, the Kremlin pursues an old objective, i.e. to rouse the West's interests in Russia in order to get more from it. Nothing came of one-sided pro-Western orientation, so here comes a second try.¹¹

NATO enlargement, as well as the West's renewed strategic interest in the southern republics of the former USSR, became a new powerful catalyst for Russia's move eastwards. In November 1995, Defence Minister Pavel Grachev warned that in response to NATO's planned eastward expansion Russia would seek new allies in the East. ¹² It was conceived in Moscow that the strengthening of China would lead to the formation of a new balance of power in Asia that could be advantageous to Russia. Plans were made for a strategic partnership not only with China but also with India and Iran. One of the goals of such an alliance would be to prevent the West from gaining a foothold in Central Asia and the Caucasus.

There are signs that Russo-Chinese partnership is acquiring stronger anti-US undertones. While China is becoming more vociferous in its opposition to NATO expansion, Moscow has toughened its attitude to the US military presence in the region and the US-Japan security alliance. During Russian Defence Minister Igor Sergeev's visit to China in October 1998, Moscow and Beijing stressed their common approach to three international issues: they "categorically" objected to NATO expansion to the East, denounced the use of force in the Kosovo settlement, and disapproved the US-Japan plans of establishing an anti-missile defence system. This is a departure from the earlier situation when China was rather indifferent to NATO enlargement, while former Defence Minister Igor Rodionov used to say that US-Japan security interaction "does not cause concerns".

China has been disturbed by the involvement of Central Asian countries in NATO's Programme for Peace and their joint military exercises. Another cause of concern has been Mongolia's intent to establish ties with NATO. Similarly, Russia has become more critical of US-Japan security plans.

It has called their close-range anti-ballistic missile system project a destabilizing factor for the existing balance of forces that could impede the process of the reduction in strategic arms. Both China and Russia argue they have no choice but to draw closer to counterbalance US dominance. "NATO is being turned into a global organization. So it is necessary to turn other countries into our allies", says senior Russian diplomat Yuli Vorontsov. Some US officials admit that closer ties between Moscow and Beijing are cause for concern. They say, at the very least, debates are more complicated now on the UN Security Council, where Russia and China frequently make common cause against interventionist initiatives favoured by the United States and Britain. Deadlock on the UN Security Council reminiscent of the Cold War era is becoming a regular occurrence. Is

China: Friend in Need or a Friend Indeed?

The progress reached in Russo-Chinese relations in the past years cannot be attributed purely to their joint opposition to a uni-polar, US dominated world. Such an approach would have been simplistic and would underestimate the great potential for complementary ties - economic, political and cultural, between the two giant neighbours sharing more than four thousand kilometres of common border.

Over the past decade, Russo-Chinese relations have developed steadily. Seven summits were held during this time. President Yeltsin made his first visit to China in December 1992, during which both sides affirmed that "the two nations regard each other as friendly countries". When President Jiang Zemin visited Russia in September 1994, the two countries announced the forging of a "constructive partnership" between Russia and China oriented toward the 21st century. During President Yeltsin's second trip to China in April 1996, the two countries announced the development of a "strategic co-operative partnership" of equality and trust oriented toward the 21st century. During Jiang Zemin's trip to Russia in April 1997 the two sides signed a joint statement on the multi-polarisation of the world and the establishment of a new international order. The demarcation of the eastern section of the Sino-Russian border was the major achievement of Boris Yeltsin's third visit to China in November 1997. Jiang Zemin and Yeltsin had their first informal summit (without neckties) in Moscow in November 1998. China was the last foreign country Boris Yeltsin visited in December 1999, a month before he quit his post.

The demarcation work along the Russo-Chinese border has been completed. For the first time in the history of Russo-Chinese relations the common border is becoming clearly designated on the ground. Compromise solutions have been found over certain disputed islands in border rivers, and the signing of an agreement on the joint economic utilisation of these islands has become possible.

Following the signing of an agreement in April 1996 in Shanghai by China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan on confidence-building measures regarding military activity in the border areas of the five states, China, Russia and the above Central Asian states also reached an agreement in April 1997 on mutual reductions of military forces along their borders.

Economic and trade co-operation between Russia and China has made remarkable headway. China has become Russia's third largest trading partner and Russia the seventh largest source of imports by China. The two countries are aiming at increasing the trade volume to US\$20 billion.¹⁶

Food and consumer goods that flow into Russia via the border trade with China are essential to residents in Siberia and the Far Eastern region. On the other hand, abundant oil and gas resources in Russia are very attractive to China, which has come to depend on imported oil.

At the Yeltsin-Jiang summit in November 1997 the two sides initiated an estimated US\$12 billion gas-pipeline project to transport Russian natural gas to the growing Chinese energy market. It was decided in Beijing to concentrate on two gas projects:

- a pipeline from the Kovytkinskii gas field in the Irkutsk Region to China (the so called Eastern Project); and
- a gas pipeline to China from Western Siberia (the so called Western Project).

Russian Fuel and Energy Minister Viktor Kalyuzhnyi visited Beijing in March 2000 to discuss building an oil pipeline from Angarsk, Irkutsk Region, to the Chinese capital. Heads of practically all the Russian oil companies went with him for the talks. Under current plans, the 2,400-kilometre pipeline would be completed by 2004 and have an annual throughput capacity of 30 million tons.¹⁷

In the foreseeable future China will not become self-sufficient in oil and gas. Its reserves are 30 to 40 times smaller than those of Russia. China's inordinate dependence on coal, which constitutes 75 percent of the country's energy balance, causes serious atmospheric pollution and dictates the need for installation of hydropower and nuclear power plants and also for the provision of China with gas facilities. Natural gas currently caters for just 2-3 percent of China's energy consumption. Being a capacious and dynamic market China also presents the shortest transit route for Russian fuel to Japan, South Korea, Taiwan and other Asia-Pacific countries.

Russia is also assisting China in the construction of nuclear power stations. About 200 Russian companies are involved in the US\$3 billion Lianyungang nuclear power station in China's Jiangsu province. In the last five years Russia's nuclear exports to China have grown from nothing to US\$150 million, and are expected to double in the next few years. China's potential nuclear market is estimated to be worth between US\$40-50 billion. 20

Arms supplies continue to dominate Russia's exports to China. Over the past five years the scale of Russian arms exports to China has more than tripled and now accounts for up to one third of the annual trade turnover - that is almost 70 percent of China's arms purchases in the foreign market.²¹ For Russia, China is the largest weapons market with 30-40 percent of Russia's total arms sales going there.²² In 1991-1997 China purchased arms from Russia for a sum of US\$6 billion.²³

In 1992-1997 China purchased 48 Sukhoi Su-27 fighter-bombers, 8 S-300 air defence missile systems, and four Kilo-class submarines from Russia. After the March 1996 conflict in the Taiwan Straits, China ordered two Russian Sovremenny class guided missile destroyers as well as KA-27 and KA-28 class helicopters. It is also interested in constructing or acquiring an aircraft carrier and in-flight refuelling tankers. During Russian Defence Minister Igor Sergeev's visit to Beijing in October 1998 the Chinese side expressed interest in more weapons purchases, including a large number of "Shmel" reactive infantry flame-throwers, "Nona" self-propelled artillery guns, BMB-3 armoured vehicles, and 152 mm Meta-S self-propelled howitzers.²⁴

In 1999 Russia signed a contact to deliver several dozen Su-30 warplanes. More arms contracts are in the pipeline. Moscow's plans to double its global arms exports from the current US\$3.4 billion to about US\$5-6 billion in the next few years are dependent to a great degree on future Chinese purchases.²⁵

Beijing now depends on Moscow for the maintenance and repair of the most sophisticated submarines and fighter-bombers it possesses. Chinese officers undergo training in Russia's military establishments. At the present, 177 Chinese officers study there while 5205 Russian military advisers and experts have been assigned to the Chinese army.²⁶

Russia and China are planning to develop a joint missile defence system if the United States ignores their objection and goes ahead with a national anti-missile shield. The possibility of developing a joint regional missile shield was discussed during the January 2000 visit to Moscow of the Chinese Defence Minister Chi Haotian and Russian Deputy Prime Minister Ilya Klebanov's talks in Beijing

in February 2000. Russia has offered to help China develop a manned space programme and has allowed Beijing to use its Glonass global satellite navigation system for various purposes, including the pointing of high precision weapons.²⁷

China is not perceived by the majority of Russian experts as an immediate military threat because it is not expected to close the gap with Russia in nuclear and conventional weapons anytime soon.²⁸ The two countries are now coordinating their defence doctrines and staging joint military exercises. Russia and China staged joint exercises in October 1999 as part of celebrations to mark the 50th anniversary of the founding of the PRC.

Russia and China have sympathised, supported and cooperated with each other on international and regional matters. Russia supports China on the issues of Taiwan and Tibet, refusing to back Western pressure on China with regards to human rights. China, for its part, supports Russian efforts to contain domestic separatism, including Moscow's actions in Chechnya, and recognizes, for the time being at least, Russia's leading role in the Commonwealth of Independent States. Russia and China underscore their common interests in the Central Asian conundrum. As multiethnic states, both nations are concerned about prospects of growing ethnic nationalism and Islamic fundamentalism in the region. For Russia, Central Asia has become a volatile southern perimeter and home to ten million ethnic Russians. For China, Central Asia is now an unpredictable zone from which Turkic nationalism and Islamic ideology could radiate into Xinjiang. Russia and China now see NATO and radical Islam as more of a threat than each other. At their meeting in Astana on 30 March 2000 the defence ministers of the Shanghai Five (Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan) addressed the issues of separatism and international terrorism in the context of developments in Chechnya, Xinjiang and Afghanistan, which Russian Defence Minister Igor Sergeev called "a headache" for all five states.

The Russia-China partnership has clearly helped to foster bilateral relations after more than two decades of tension and hostility. This partnership has also enhanced the international standing of both countries. While China's support has been crucial for Russia's aspiration to participate in the economic and political processes of the Asia-Pacific both through bilateral links with Beijing as well as through becoming a member of APEC, Russia's opposition to a unipolar, US dominated world and support for a multipolar international order plays into the hands of China, more than it serves Russia's own interest, since it is China, already an established regional power, that is more likely to seriously challenge US hegemony. So it can be said that while China has backed Russia's bid for tangible regional role, Moscow has reciprocated by blessing Beijing's evolving ambition to become a global player.

At the same time, however, economic cooperation between the countries seems to be stagnant and political trust is still rather weak. More and more Russian commentators, including the military, are worried about the consequences for Russia of arming China with sophisticated Russian weapons while the Russian army itself cannot afford to have them.

Russia's growing political, economic and military dependence on China has provoked certain alarm and anxiety in Russia's academic and political circles. Alexei Bogaturov believes that in spite of impressive rapprochement, Russia and China continue to be historically conflicting countries and that the geopolitical source of such a conflicting relationship has not been removed or reduced. It is simply better managed today by "more mature governments" on each side and thanks to a more liberal political system in both countries. Hence, his objections are against attempts to pick China as an ally or key partner in the region. Such views are not rare in Russia, even among government officials in spite of general official euphoria and an informal taboo on anti-China comments. It is believed that common views towards US politics and close military cooperation are not enough to sustain and enhance the "strategic partnership" between Russia and China. To make them complete the two countries have to get rid of traditional suspicion of each other and engage in a stable and long-term economic cooperation. As Dmitri Trenin puts it, Russia's China problem stems from the

fact that, today, China already significantly surpasses Russia in aggregate national power. Such a radical change from previous patterns of relations based on Russia's strength and China's weakness necessitates a fundamental rethinking of all aspects of Russian-Chinese relations, from economic to demographic to defence policy.³¹

In spite of the two sides' grand plans, bilateral trade has been declining in the last five years. The volume of trade dropped from US\$6.8 billion in 1996 to US\$6.12 billion in 1997 and around US\$5.5 billion in 1998.³² It slightly increased by some four percent in 1999 to reach US\$ 5.7 billion.³³ Moscow is facing increasing competition in China from foreign, particularly Western, companies. In the last few years Russia did not sell a single aircraft to China while the United States secured a US\$3 billion contract for 50 Boeing aircraft during Jiang Zemin's October 1997 visit to the US. Moreover, the US decision to clear the way for American sales of civilian nuclear technology to China dealt a blow to Russia's chances of expanding its sales in this area beyond existing deals. Moscow is starting to realise that the time when "politics helped economic relations" has passed. Russia got the first warning when, contrary to expectations based on the "sentimental spirit" of relations, a Russian consortium lost a tender for the construction of the Three Gorges hydroelectric power station. According to the Russian trade office in Beijing the results of the tender came as "a complete surprise" as all the preceding high-level statements by the Chinese side had "predicted a positive outcome for Russia". 34 Construction of the Siberian gas pipelines is delayed both for funding reasons as well as contradictions regarding their route. Russia insists it should take the shortest route, through Mongolia, while China is adamant no third country should be involved.³⁵

The prospects of the arms trade between Russia and China remain uncertain too. Some Russian military analysts and Foreign Ministry officials are concerned that Russia's defence industry's desperate need to earn hard currency has relegated security considerations to a secondary priority. They are worried that while Moscow's military presence in the Asia-Pacific region is rapidly shrinking, Russian arms transfers are helping China to enhance its power-projection capability in the region. Optimists in Moscow, however, believe that China's defence capabilities are still modest. In this situation, it can seem better to sell arms to China than not to sell them. There are also hopes of "domesticating" the Chinese military, making them dependent on Russia for spare parts and ammunition, and creating within that key constituency a kind of positive psychological predisposition toward Russia. Even in case of a downturn in the relationship, Russia will feel doubly confident: China will have arms which can hold no secrets from the Russians.

The expansion of trade and economic links between Russia and China, particularly between the border regions, has led to a considerable growth in the size of the Chinese diaspora in Russia and provoked an alarmist mood in Russia over what is perceived to be a "creeping Chinese expansion". Russian newspapers have often written on the subject of illegal Chinese immigration to Russia, putting the aggregate number of Chinese people in the Russian Federation at up to 2 million, of whom between 0.3 million and 1 million have settled down in the Russian Far East. According to Russia's Ministry of Nationalities, every year about half-a-million Chinese enter Russia, most of whom are trying to stay there permanently.³⁸ By the middle of the 21st century Chinese could become the second largest ethnic group in Russia after Russians. ³⁹ There are concerns in Russia that Moscow's control will snap under the pressure of demography. Russia's population east of Lake Baikal is under 8 million. China's northern provinces that border the Russian Far East are home to 110 million people. In 1998 the Maritime Region's parliament funded a program to encourage Cossacks to build a string of hamlets along its border with China to help defend it against illegal immigrants. The Governor of the Maritime Region recently called for 5 million people from the central regions of Russia to move to the Far East in order to create parity in population with the northwestern provinces of China.⁴⁰ The number of Russians living in the regions bordering China is decreasing annually by one hundred thousand people.⁴¹ At the same time, Russia's growing dependence on foreign labour is likely to increase immigration, particularly from China.⁴²

The border problems have not been resolved completely and continue to cause concern in Russia. Some believe the Chinese only temporarily agreed to the border status quo and have not relinquished their territorial claim for about 1.5 million sq. km in Siberia and the Russian Far East. They believe China's agreement to the current border arrangement is tactical and that Beijing may "return" to this question at a more appropriate time in future. China sceptics also refer to the tendency of the border being pushed more and more to the north since the border negotiations started at the end of the 1980s. There are doubts whether the Chinese will abide by their promise to allow joint economic activity in the areas acquired from the Russians as a result of the agreements. The border agreement on the eastern section defers the decision on two islands near Khabarovsk on river Amur and one island on river Argun. This could rekindle tension in future.

Russia and China may agree on a number of international and regional issues but there is no evidence of serious co-ordination of foreign policy actions. Indeed, there is no likelihood of a Moscow-Beijing security arrangement similar to the US-Japan relationship. China's rhetorical support of Russia's leading role in the CIS cannot be taken for granted. Beijing's growing economic might is already attracting considerable interest in Central Asia and may seriously undermine Russia's economic, and subsequently political, influence in the former Soviet republics. In the Asia-Pacific region China's support of Russia's integration and membership of APEC is not supplemented by attempts to involve Russia in the settlement of the region's most prominent conflict, the Korean problem. China is not taking kindly to Russia's attempts to gain influence in North Korea and Vietnam. Russia and China continue to favour opposite sides in the India-Pakistan rivalry that has now acquired a dangerous nuclear dimension. Indeed, China was not pleased at Russia's confirmation of a contract to supply nuclear reactors to India.

To avoid Russia becoming too dependent geopolitically and geoeconomically on China, as well as to avoid possible temptation by China to take over the underpopulated area of the Russian Far East, Alexei Bogaturov has suggested that the following foreign policy actions be taken by Moscow:

- remove obstacles for full normalisation of Russian-Japanese relations;
- promote flexible multilateral security arrangements in the region which could become formalised and provide coalition support to Russia in case of Russo-Chinese alienation;
- enhance Russia's relations with Vietnam and other ASEAN countries;
- re-establish Russia's influence in North Korea to prevent an uncontrolled merger between the two Koreas; and, continue to force relations with South Korea so that in case of eventual unification the new Korean state is no less friendly to Russia than is China now; and
- support the status quo in the Taiwan straits avoiding open confrontation with China but at the same time not backing China's efforts to isolate and weaken Taiwan.⁴⁴

The analysis of Russia's recent diplomatic actions in the region shows that the above recommendations are not dismissed by Moscow who is making efforts to diversify its regional ties.

Progress in Russia's Relations with Japan

The China factor has become one of the serious motives for a rapprochement between Russia and Japan. Although China is still viewed in Japan more as an unconventional than a conventional military threat, this perspective is beginning to change. There is increasing Japanese concern about China's territorial ambitions, its willingness to use force, and its potential to emerge early in this century as a serious conventional threat.⁴⁵ According to Shigeki Hakamada, Russia specialist at

Aoyama Gakuin University of Japan, better relations with Russia can act as leverage to improve Japan's ties with China. 46

Russia's Foreign Affairs-Defence Policy Council, a think tank, which comes under the direct control of the Russian president, prepared in 1997 a new policy proposal. The package states that Japan does not pose a military threat, but that China has the potential of creating a serious security confrontation in the medium term. Accordingly, the package proposes the need to strengthen security partnership relationships with Japan, South Korea, and the United States in the Asia-Pacific region. According to Alexei Arbatov, Deputy Chair of Russian Duma's Defence Committee, "the present slant in favour of China" could put Moscow in a position of one-sided dependence on Beijing. Resolution of the problem with Japan over Kuril Islands would provide Russia with a much more advantageous political position and greater freedom of manoeuvre in the Western Pacific.

Neither Moscow nor Tokyo openly admits the existence of a "China threat". But Moscow and particularly the Russian Far East are clearly worried that the further economic decline of that region will lead to its abandoning and even Chinese occupation. At the same time, Japanese investments could boost the economy of the Russian Far East. As Izvestiya newspaper put it, in view of the growing economic and political ambitions of China, sacrificing small islands to win over Japan could be a "lesser evil".

In 1996 the Hashimoto Government in Japan began taking a more positive approach toward Russia, which was reciprocated by Moscow. In a speech before the Japan Committee for Economic Development, Prime Minister Hashimoto announced three principles concerning Japan's new diplomatic policy towards Russia: trust, mutual interests and a long-term perspective in assuming a constructive approach concerning the Northern Territories (Southern Kurils) issue, and economic relations. The approach promoted a "multifaceted or multilayered approach". ⁵⁰ The "multifaceted approach" envisages comprehensive, encompassing cooperation in the areas of security, environmental issues, cultural-academic-technical cooperation, people interchange, and global issues. The new approach is based on the awareness that the old policy precluded a break from the stalemate in the Japanese-Russian situation, while a considerable change took place in the atmosphere within the Japanese Ministry of Foreign Affairs.⁵¹ Japan's new Ambassador to Moscow, Minoru Tamba, a long-time hawk on the territorial dispute, agrees that the territorial problem should be considered in a broader geopolitical context. According to him, in the Japan-Russia-US-China quadrangle the Russia-Japan link is the weakest, which is detrimental to the interests of both Moscow and Tokyo.⁵² At the same time he suggested that given Russia's difficulties with NATO and Islamic threats in the South, Russia's future lies with the Pacific where Japan was ready to help, under certain obvious (territorial flexibility) conditions of course.

The "Yeltsin-Hashimoto plan" unveiled in Krasnoyarsk in November 1997 involves cooperation between the two sides to encourage investment and facilitate the fundamental integration of the Russian economy into the world economy, increased assistance for Russia's reform, the training of personnel, and collaboration in the sphere of power engineering and the peaceful use of atomic energy.⁵³

In April 1996, Russia and Japan signed a document in Tokyo on the reinforcement of bilateral security dialogue during the first-ever meeting between top Japanese and Russian defence officials. Under the agreement, Tokyo and Moscow will notify each other of plans for massive military exercises, allow their naval vessels to visit each other's ports and launch joint communications drills, and will open dialogue between their military officers to enhance high-level bilateral security talks. In August 1998, Russia and Japan had their first joint naval exercises, which took place in the Sea of Japan. In August 1999, Russian and Japanese defence chiefs signed a memorandum on boosting ties between the two countries' defence agencies. The Japanese tried to appease Russian

concerns about Japan's decision to carry out research with the US on setting up an "umbrella" to protect US troops and allies in Asia against missile attacks. ⁵⁵

In the economic area, broad agreement has been reached on the US\$1.1 billion private sector debt issue, which had been an obstacle to Japanese-Russian economic relations, and heightened Japanese interest has been exercised in Russian energy projects. Progress is also being made in Japanese-Russian cooperation concerning the improvement of the investment climate. An agreement on encouragement and protection of investments was signed in November 1998. Moscow was impressed by the fact that Japan became the only Western country prepared to extend financial assistance to Russia, after the latter's August 1998 default, not conditioned to Russia's financial policies or IMF terms. In February 2000, Japan pledged US\$120 million to assist in the decommissioning of old Russian nuclear submarines. ⁵⁶

After many years of opposition Japan finally supported Russia's membership in APEC, as well as Russia's admission into the G-7. One motivation for this new Japanese policy of encouraging economic relations with Russia is a desire to increase support in Moscow and the Russian Far East for resolution of the northern territorial dispute. For example, the decision to expand participation in visa-free exchanges and to sanction joint economic activity on the disputed northern islands is intended to win over the local population and to overcome resistance to a territorial concession by local authorities.⁵⁷

At the Krasnoyarsk summit in November 1997 the leaders of Russia and Japan for the first time announced a time frame for the two countries to conclude a peace treaty before the year 2000. The Japanese cannot imagine a peace treaty without a final resolution of the territorial issue. Tokyo has been demanding a reversion of the four islands as a prerequisite for the conclusion of a bilateral peace treaty.

Japan and Russia have made three unsuccessful attempts in the past to resolve the territorial dispute. The 1956 Japan-Soviet declaration mentioned the return of the two Southern Kuril islands but was later abandoned mainly because of US opposition. Second, Prime Minster Tanaka's visit to the USSR in 1973 confirmed that the territorial dispute was among the pending issues between the two countries. And third, the Japan-Russia Tokyo Declaration during President Yeltsin's visit in 1993 promised continuing consultations on the territorial issue. The fourth chance was brought about by Yevgeny Primakov, who visited Japan and proposed at a meeting with Japanese Foreign Minister Yukihiko Ikeda on 15 November 1996 a plan to undertake the "joint economic development" of the Kuril Islands. Ideas about joint development of the Kuril Islands came out earlier. However, the joint development activities proposed by Primakov were of slightly different nature. According to him, this idea should "not infringe on the stand points of the two sides", and that "it will not replace discussions on settling the territorial dispute, nor impede such efforts". Second, Prime Kuril Islands but was along the territorial dispute, nor impede such efforts.

In a clear departure from past approaches, Japan agreed to consider Primakov's proposal for joint development of the Kuril Islands. At the bilateral summit in Kawana on 18-19 April 1998, Prime Minister Hashimoto suggested that in exchange for Russia recognizing Japan's sovereignty over the islands the actual transfer of the islands to Tokyo's possession could be deferred indefinitely while Japan would proceed with joint economic development of the islands. Judging by Russia's veiled responses the suggested formula is not acceptable because of the sensitivity of the sovereignty issue. Instead, Moscow has been advocating the idea of recognizing Japan's special economic rights on the islands while the border delimitation could be deferred as has been the case of three islands on the Russo-Chinese border.⁶⁰

According to Konstantin Sarkisov, a leading Russian Japan expert, there are three conceivable alternatives for drawing the border between Japan and Russia. The first would be to stick to the border agreement of 1855 whereby all the four islands return to Japan. The second would be to return two islands (Habomai and Shikotan) on the basis of the 1956 Soviet-Japanese joint

declaration, and continuation of negotiating for the other two islands. The third would be demarcation of that part of the border where markers can be placed, leaving the remainder to be decided later.⁶¹

The Russian public opinion is unlikely to accept the first option, both Russia and Japan have reservations about the second, while the third will probably be rejected by Japan if it is seen as "shelving" the issue. In a recent poll conducted by ITAR-TASS and the Japanese newspaper "Asahi Shimbun" most Russians polled said the four disputed Kuril Islands should not be given back to Japan under any circumstances, while most Japanese favoured gradual transfer of those territories. If the islands were to be handed over to Japan, 49 percent of the residents on the islands said they would move to the Russian mainland. According to one study, if the Southern Kurils are transferred to Japan, Russia will lose about two million tons of sea products a year, or more than a third of Russia's entire annual catch - roughly US\$2 billion plus the already surveyed mineral resources estimated at US\$45-50 billion. According to some sources in the Russian oil industry, the Southern Kurils contain large reserves of oil and gas.

Between Iturup and Kunashir lies the deep water (500m) and broad strait (20 miles) through which Russian nuclear submarines sail on tours of combat duty. With the loss of this strait they will have to cross the Sea of Japan or use shallower straits that are subject to freezing. The Russian military is particularly concerned about protecting its strategic nuclear submarine bastion in the Sea of Okhotsk. The importance of nuclear weapons as a deterrent against conventional as well as nuclear attack has been reaffirmed by Russia's new military doctrine which modified Moscow's previous no- first-use pledge. The potential threat posed by US and Japanese forces to Russia's Sea of Okhotsk SSBN bastion is one of the reasons for Russian military opposition to any territorial concession to Japan. 66

Thus, no simple solution to the territorial problem is foreseen; the outcome of things to come will depend on the legal formula that will be found for the territorial problem. The negotiators from both sides will have to show inventiveness, both conceivable and inconceivable, in order to reach a compromise that will not be rejected by their own parliaments. The decision in November 1998 during Prime Minister Keizo Obuchi's visit to Moscow to establish two bilateral subcommittees under the existing Peace Treaty committee, one on border delimitation, the other on joint economic activity, is a clear attempt to find a new and innovative approach to the matter. However subtle the legal formula might be, it will work only in a favourable economic, political and social context: Japanese investments and the creating of a proper environment for them before rather than after the conclusion of the peace treaty; intensive political contacts at all levels; regular informal dialogue between the political elites of the two countries; and broad public contacts at all levels. All these are obviously needed. At present, Russia accounts for 0.8 percent of Japan's foreign trade while Japan accounts for around 3 percent of Russia's foreign trade.

Russia-Japan trade has declined from US\$5.9 billion in 1995 to US\$3.86 billion in 1998.⁶⁹ Japanese investment in Russia as a whole has lagged behind that of the United States, Great Britain, Germany and many other countries. Through the end of September 1998, Japan invested a total of US\$356.8 million in Russia of which US\$137.3 million was in the form of direct investment.⁷⁰

Apart from discussing the territorial problem on a bilateral basis, Russia and Japan are in clear need of a more favourable international and regional environment that would be conducive to the territorial settlement. The United States has changed its basic stance toward Japan-Russia relations. During the Cold War era, the United States consistently opposed settlement of the territorial dispute by compromise, but recently has indicated it favours an early resolution. According to Alexei Bogaturov, a Russo-US-Japanese accord on subregional security would be a highly desirable next step towards a more benign regional environment. Krasnoyarsk region's Governor, Alexander Lebed, proposed in September 1997 a compromise formula according to which the Southern Kurils would be transferred to Japan in exchange for Japan's commitment not to militarise them, to allow

unrestricted passage of Russian navy (including the submarines) through the island straits, as well as to guarantee Russian's involvement in the economic activities on the islands and their continental shelf. A prerequisite for this arrangement should be a trilateral US-Japan-Russia agreement on security in the North Pacific.⁷²

The new Japanese Prime Minister, Yoshiro Mori, was one of the first foreign leaders to meet with Russian president Vladimir Putin in St. Petersburg in April 2000. The Japanese were hopeful of taking advantage of Putin's domestic political strength in order to reach a breakthrough on the territorial issue. But Putin, who owes his victory in the presidential elections to a tough stance on Russian territorial integrity, is unlikely to rush any deal with Japan involving the surrender of land. Russia also fears re-igniting old territorial claims by other neighbours, from Finland to China.

The Korean problem seems to be the most likely regional irritant to both Moscow and Tokyo, which could lead to increased security cooperation between them, particularly since Russia and Japan have been sidelined in the current four-party talks on Korea. Although Moscow and Japan continue to publicly support the four-party talks on Korea, their pessimism over their future is growing. As a clear indication of their concern to see the current talks developing to a more comprehensive format, Russia and Japan stated in their joint Moscow Declaration of 1 December 1998 that they "appreciate the importance of creating in future a negotiating mechanism with the participation of all interested parties, including Russia and Japan, on maintaining security and confidence building in Northeast Asia".⁷³

Regaining Influence in the Korean Process

Moscow argues that it has justifiable interest in the Korean process. First, it is a neighbouring country to the Korean Peninsula. Second, a dispute on the Korean Peninsula would threaten the security of Russia. Third, Russia seeks favourable ties with both North and South Korea.⁷⁴

In 1990, Moscow's Korea policy experienced a dramatic reorientation from Pyongyang to Seoul. While Moscow hoped to gain economically, Seoul wanted Russia to use its political influence with Pyongyang. Since then, the euphoria has evaporated, and the constraints of the relationship have become more visible. Since the establishment of diplomatic ties in 1991, South Korea has invested a meagre US\$160.7 million in Russia, which is 0.5 percent of total foreign investment in Russia. Russia is not happy at being left out of both the Korean nuclear energy project (KEDO) and the regional peace talks, which it believes happened because of hasty and short-sighted severance of its relations with North Korea.

Moscow now wants to reopen its lines of communication with Pyongyang, hoping that this would help Russia regain some influence on the Peninsula. North Korea has been lukewarm to Moscow's increased interest in mediation, and a weak Russia cannot easily resume its role of major donor to the North. However, in the long run, Russian-Korean relations could become an important element of regional balance. Unlike China, Russia cannot dominate the Peninsula; unlike Japan, there are few bitter memories from the past. As the weakest of the bigger countries in Northeast Asia, Russia could give Korea a geopolitical opening. Pyongyang is already concerned about China's growing acceptance of the South Korean formula of direct North-South talks, and this prompts North Korea to solicit support from Russia.

As for South Korea, it looks to the Russian connection as a counterbalance to American and Japanese influence in the region. Seoul is also demonstrating concern regarding the future of China. According to the Director of South Korea's Institute of Defence Studies, in view of the evolving reduction of the US and Russian presence in the Asia-Pacific, China's influence is objectively growing. As a result, China will be the only East Asian country with strategic nuclear weapons, the most powerful armed forces, and could thus play a decisive role in Asian politics. It is

more often China than Japan (a traditional enemy) that is seen by South Korea as a major geopolitical and military threat. ⁷⁸

The new Russian strategy towards the Korean peninsula is aimed at correcting the imbalance in Moscow's relations with Pyongyang and Seoul. Russia and North Korea signed a new treaty in February 2000, to replace the outdated 1961 Treaty of Peace and Friendship between the Soviet Union and North Korea. The new accord does not have a mutual defence pact, a key part of the 1961 treaty. Moscow and Pyongyang share concern about US plans for missile defence.⁷⁹ Vladimir Putin made a surprise announcement of a visit to North Korea in July 2000, the first ever trip to Pyongyang by a Russian president. Russia encouraged North Korea to join the ASEAN Regional Forum. It has made a strong effort to revive trade ties with North Korea in order to manage the repayment of Pyongyang's debt to Russia. In 1996 the Russo-North Korean commission on economic, scientific and cultural cooperation resumed its work. Russia proposed a number of directions for bilateral cooperation including the continuing use of North Korean workers in the Russian timber plantations, and the restructuring of plants and factories in light industry, machinery, metallurgy and other sectors in North Korea built with Soviet aid. However, the work of the commission has been unsuccessful, since Russia and North Korea do not have the economic potential to promote cooperation.⁸⁰

Seoul was interested in buying the Russian S-300 air defence system but had to back down under US pressure. Russia has supplied South Korea with advanced T-80 tanks and Igla anti-aircraft missiles. As a part of a deal to pay off its debt within the next 10 years, Russia has agreed to step up its provision of military equipment (T-80 tanks and advanced helicopters) and also provide enriched uranium for South Korean nuclear power plants. South Korea has already purchased more than 30 KA-32 Russian helicopters. Russia is hoping to sell South Korea mid-sized Kiloclass submarines with a total price tag of about US\$2 billion. In April 2000, Russia and South Korea conducted their first-ever joint naval manoeuvres. As a result of Korean National Defence Minister Chon Yong-taek's visit to Moscow in May 2000, a hot line between the two defence ministries will be established, and the number of South Korean officers undergoing training in Russia will be increased. Seoul has assured Moscow that it will not take part in a regional missile defence project.

Russia publicly supports Korean unification but in practical diplomacy proceeds from the problematic outcome of developments on the Korean Peninsula. Unlike China, who may be interested in keeping Korea divided since it sees in unified Korea a stronger American presence in the region, or Japan, who is concerned about the continued anti-Japanese sentiments of Koreans, Moscow does not have much to lose in a unified Korea. Russia views the following positive sequences of Korean unification:

- disappearance of a potential threat of war near the Russian border;
- reduction of armed forces of two large Korean armies and withdrawal of American troops from a strategically important Far Eastern region;
- end of Moscow's diplomatic manoeuvring between Pyongyang and Seoul which has not brought many benefits to Russia;
- creation of more opportunities to solve regional security problems in cooperation with unified Korea including nuclear security, ecological security, terrorism, illegal migration, army trafficking; and
- Korean unification would create good opportunities to develop economic cooperation with a large Korean economy. 84

According to a senior Russian Korea expert, Russia can accept any scenarios and formulas for Korean unification, provided they rule out foreign intervention and any forms of violence or the use of force, satisfy the people of the North and the South, and are based on a democratic, evolutionary, negotiating process that is respectful of national and universal human values. Although Moscow agrees that the Truce Agreement signed in 1953 after the Korean war has become obsolete, it insists that the efforts to replace it by a peace treaty should not be too hasty, because, as of today, this agreement is the only internationally recognised document then ensures peace in Korea. Russia prefers South Korea's approach to the signing of the Korean Peace Treaty based on a bilateral agreement between the South and the North and not North Korea's suggestion that it be signed between North Korea and the US. Moscow wants to prevent further growth of US influence on the Peninsula. 66

Although Russia has softened its approach to the four-party talks on Korea and recognises their usefulness, according to V. Denisov, Russia's Ambassador to North Korea, Moscow's proposal of 24 March 1994 for an international conference on Korea involving eight parties - the US, Russia, China, Japan, South and North Korea, the UN and the IAEA-is still valid.⁸⁷

Befriending ASEAN

The Soviet Union viewed Southeast Asia as a region divided into two ideologically distinct camps – the pro-Western ASEAN and Communist Indochina. It was only natural for a more economic and less military oriented post-Soviet Russia to appreciate the growing weight of ASEAN economies in the region as well as to concede to non-threatening ASEAN the leading role in multilateral security.

There are both opportunities and constraints in Russia's pursuit of relations with ASEAN. The opportunities are largely the result of a Vietnamese withdrawal from Cambodia, which removed Vietnam as a potential security threat, as well as the concern of many ASEAN members regarding China. ASEAN member states view the Russian presence in Southeast Asia as a counterweight to China. They have reviewed their demands of Russian withdrawal from the Cam Ranh Bay base in Vietnam. At the same time Moscow-ASEAN relations are objectively constrained by geographic distance, weak infrastructure of bilateral trade, and the legacy of past mutual hostilities.

Russian participation in ASEAN affairs began with Foreign Minister Andrei Kozyrev's attendance at the twenty-sixth meeting of the ASEAN Foreign Ministers held in July 1993. Kozyrev declared that Russia was interested in economic expansion into ASEAN, something that would not happen until Russia's status was upgraded from "invited" to "full partner in the dialogue". At the July 1994 annual conference of ASEAN held in Bangkok, Russia was offered an agreement on full partnership.

The ASEAN countries have shown interest in Russian weaponry and technology. Russia signed a contract with Malaysia for the delivery of eighteen MIG-29s and thus gained a foothold in one of the fastest growing arms markets in the world. In December 1999, Russia and Malaysia signed a deal on building in Malaysia a production line for portable Igla anti-air force systems. ⁸⁹ In August 1999, Malaysian Prime Minister Mahathir Mohamad visited the Russian Far East and toured the Komsomolsk-na-Amure aircraft plant, which produces Sukhoi fighter jets and bombers, and accounts for one third of the region's military-industrial potential. ⁹⁰

Despite the Indonesian crisis, Moscow has been trying to reactivate its ties with Jakarta in military and economic fields. In March 1999, Russia's First Deputy Prime Minister, Yuri Maslyukov, visited Indonesia and discussed Russian supplies of nuclear technology, and oil and gas excavation equipment. Possible projects also include upgrading the navy vessels purchased by Jakarta from the GDR, upgrading Soviet military equipment supplied in the 60s, such as floating tanks, as well as sales of Russian armoured vehicles and anti-air force systems. Indonesia's economic collapse has

deferred the purchase of SU-30 aircraft and MI-17 helicopters. ⁹¹ Russia has agreed to participate in tapping the Natuna gas fields in the South China Sea and has offered to supply small-scale floating nuclear power stations to the Indonesian islands.

With the complications surrounding Sino-Russian relations, the importance for Moscow of Southeast Asia in the Asia-Pacific's geo-strategic balance becomes apparent. The recent revival of Russian-Vietnamese relations is symptomatic. Russia's Defence Minister Igor Sergeyev visited Vietnam in October 1998 to sign a new agreement on military cooperation and discussed among other things the future of the Cam Ranh Bay base. Under the treaty of friendship, Moscow is entitled to the Cam Ranh Bay naval facilities until 2003. Both countries have confirmed their interest in preserving the naval facilities and the Russian presence there. While for Moscow, its presence in Cam Ranh is mostly of political significance and is perceived by regional countries as a stabilising factor, for Vietnam, Cam Ranh has a military value being the main base supporting the Vietnamese Navy deployed on the Spratly Islands, which are claimed by China and other countries in the region.

Russia and Vietnam are expanding cooperation in the oil and gas industry. Vietnam's gas reserves are estimated at 700 to 800 billion cubic metres. A joint Russian-Vietnamese oil venture, Vietsovpetro, which controls up to 90 percent of Vietnam's oil reserves on the continental shelf, is expected to produce 13 million metric tons of crude oil in 2000. Russia's participation in Vietsovpetro brings about US\$200 million to US\$250 million a year to the state budget. 93

At the annual meeting of ASEAN in Singapore in July 1999, Russian Foreign Minister Igor Ivanov proposed that Russia and the Association establish a barter trade mechanism in order to avoid mutual foreign exchange constraints. By way of example, he proposed that ASEAN countries offer food supplies to Russia's Far East regions in exchange for Russian machinery and equipment. Ivanov also called for boosting cooperation in science, technology, and space exploration. He offered a number of cutting-edge technologies in the area of civilian use of nuclear power. 94

Whence the Threats?

The new geostrategic realities of Russia pose a problem for the military about possible future threats. In this context, the Asia-Pacific area keeps second place in Russian threat perceptions, with predominant attention given to the situation on the Korean Peninsula, and border disputes with Japan and China, as highly hypothetical security issues. European issues have slipped to the third place, but with an expanding NATO still a major issue. ⁹⁵ It is Central Asia and Trans-Caucasia that are perceived by Moscow as the major source of threats requiring a significant military presence. ⁹⁶

While the CIS is officially recognised as a distinct direction of Russia's foreign policy, along with the West and Asia-Pacific, there is a tendency to include Central Asia into the analysis of Russia's policies in the Asia-Pacific region. This is consistently done by Gennady Chufrin, for example, a leading Russian specialist on East Asia with close connections to government and the military. The inclusion of Central Asia has its own logic. Firstly, it tends to emphasize the Eurasian nature of Russia with Central Asia being an indispensable and challenging part of the Eurasian geopolitical and geoeconomic space. Secondly, it suggests that the threats to Russia emanating from Central Asia are not "indigenous" but are "imported" from outside countries, such as Pakistan. Thirdly, it is believed that the Central Asian conundrum poses threats not only to Russia but other Asia-Pacific countries as well, including China, and therefore requires a common response.

Russia's response to the Central Asian challenge is multidimensional. In the military area, Russia continues its controversial involvement in the Tajikistan communal conflict through the presence of its border guard troops, as well as cooperation with other Central Asian states, such as Uzbekistan and Kazakhstan, both apprehensive of the spread of Islamic radicalism. In the economic sphere,

Russia is promoting the reintegration of CIS economies. Politically, Moscow is encouraging Central Asian states to continue cooperation and foreign policy interaction with Russia rather than drift into the Turkish or Iranian spheres of influence. Although Central Asian states seem to have re-evaluated and rejected their initial intention of nearly rupturing ties with Moscow, Russia continues to mistrust them and is concerned about the stability of governing regimes in Central Asia.

This has prompted Moscow to look for allies in restraining the Islamic resurgence in Central Asia. India and China are perceived by Moscow as the two most like-minded partners with regard to the emerging Islamic challenge. The proposed Russia-India-China strategic triangle is therefore targeted not only against Western dominance but has a strong anti-Islamic dimension as well. Not surprisingly, South Asia, still perceived in Moscow primarily through the prism of India, continues to be part of Russia's broader Asian policies.

According to a senior Russian diplomat, the place South Asia holds in the external political priorities of Russia is clarified by the proximity of this region to the southern boarders of the CIS. Russia is interested in the development of cooperation between India and the Central Asian states, as a means of counterbalancing the influence in Central Asia of neighbouring Islamic countries, as well as that of the US and other Western countries. India, for its part, is concerned to counter the influence of its arch-rival, Pakistan, in Central Asia, believing that Islamabad's close links with Central Asia would enable Pakistan to acquire strategic depth in any future war against India. 98

The renewed Russo-Indian strategic partnership, fuelled by common concern regarding Islamic revivalism, has thwarted Moscow's initial intention to follow a more balanced policy in South Asia, improving in particular its relations with Pakistan. Instead, Moscow-Islamabad links have further deteriorated especially because of the latter's pro-Taliban role in Afghanistan. Moscow's strategic interest in India motivates Moscow to promote India's inclusion into the leading forums and institutions of the Asia-Pacific. Having become a member of APEC, Moscow is now backing New Delhi's bid for membership in this regional body. During consultations with the Indian Foreign Ministry in November 1998, Russian Deputy Foreign Minister Grigory Karasin noted that "Russia will try its best to help India develop ties with APEC and eventually to join the organization". 99

Although Russia and India have renounced an openly anti-Chinese policy, both countries continue to share suspicion and fear towards China. In spite of Moscow's public denunciation of India's nuclear tests in 1998, Russia appreciates India's concern about adequate military preparation in case of Chinese aggression. Moscow supports India not only morally but also through the resumption of arms supplies, which, after a brief pause in early 90s, have been steadily increasing.

During 1990-1996 India's arms purchases from Russia totalled US\$3.5 billion; the average annual arms trade approximates US\$800 million. Russia has recently committed itself to supplying India with 50 SU-30 multi-functional fighters and has agreed that a modified version of the plane would be produced by an Indian enterprise. India will also be receiving advanced T-90 tanks, three frigates, a submarine, the S-300 anti-missile air-defence system, as well as a heavy aircraft carrier. Moscow seems to be more relaxed about offering military technologies to India than China. An idea of the staggering Russian influence on Indian defence procurement is provided by the following statistics. About 60 percent of the Indian army's military hardware is Russian-made, while 70 percent of naval hardware and 80 percent of air force hardware is Russian-made or of Russian origin. Russian origin.

Advancing Multilateral Security

Russian forces stationed in the vast region of Eastern Russia, with their long supply and communication lines, have been particularly hard hit by the meagre defence budgets of recent years. The ground forces in the four Siberian military districts are, on average, more severely undermanned than their European counterparts. Russian troops in the Far East numbering 560,000 are smaller in size than China's (2,930 000), as well as North (920,000) and South Korea's (690,000). With the Russian armed forces in the region relatively weak, a multilateral approach to security is in Russia's interest. Such a system could even out the more extreme fluctuations that occur in international relations in the region. It could defuse bilateral disputes involving Russia before they grew so intense that they forced Moscow to add to its military forces in Asia, a step it can ill afford.

During his address to South Korea's Parliament on 14 November 1992, President Yeltsin called for a mechanism for multilateral negotiations in the Asia Pacific region as well as its sub-regions. He also proposed a system of conflict resolution and regular discussions between regional security experts as a conflict prevention measure. ¹⁰³

At the ASEAN Regional Forum meeting in June 1994, Foreign Minister Andrei Kozyrev proposed that a centre for the study of conflict be established and called for greater transparency in arms sales and military doctrines. Kozyrev complained, however, that reaction to his proposals were restrained, if not sour, as though they were intended for propaganda purposes. Part of the problem has been that Russian representatives act according to a policy framework and continue to table proposals as though Russia were still a superpower. Russia's multilateral approach does not work well because relations with Japan have not been normalised while closer Russian relations with China have not helped to overcome Beijing's preference for a bilateral format. It was mainly due to China's negative response that Russian Defence Minister Pavel Grachev's proposal in May 1995 for a Northeast Asian collective security system, to include Russia, the US, Japan, China and the two Koreas, never took off the ground. 105

This also explains the softening of Russia's enthusiasm regarding the formation of new security mechanisms. The emphasis is more often made on a stage-by-stage approach, evolutionary process. According to Defence Minister Igor Sergeev the process of forming up the security system in the Asia-Pacific should develop on the basis of the existing infrastructure of bilateral and multilateral co-operation, without "abrupt breaking" of mutual military-political obligations of individual states and groups of states. This goal should be advanced stage-by-stage, at different speeds and with many options, from local subregional agreements to regional, from simpler confidence-building measures to more complex ones. ¹⁰⁶

The ASEAN Regional Forum is viewed by Russia, a member of this group from 1994, as a useful and promising security mechanism. According to Grigory Karasin, Deputy Foreign Minister, it is an important factor enhancing the trend for multi-polarity. Russia favours informal discussions, does not support proposals for institutionalising the Forum, particularly because it does not want to antagonise China. It avoids human rights debates such as regarding Myanmar. Russia has expressed interest in participating in UN-led peacekeeping in the region, and calls for more active involvement of military representatives in the Forum.

At the same time Moscow believes that the Asia-Pacific may need more than one security mechanism in the region. It would rather be a set of complementary security mechanisms providing combined and cooperative security. The need for complementing security mechanisms can be explained by Russia's apprehension that its voice could be diluted in one security forum with distinct and established authorities.

The Economic/Security Nexus

Moscow believes that its larger involvement in regional security issues as well as military ties should enhance its economic opportunities, while its current military and strategic weakness discourages regional countries from motivated trade and economic policies towards Russia. Russia accounts for 0.4 percent of Asia-Pacific trade and 0.8 percent of Asia-Pacific imports. 110

The Executive Secretary of the powerful Security Council, Sergei Ivanov, indicated recently Moscow's intention to deepen military cooperation with China, India and Vietnam, as well as with Japan, Malaysia and Indonesia. Arms and technology supplies are to become an important element of such cooperation. The importance of arms exports for the survival and operation of the Russian defence industry can not be overstated. While domestic defence procurements comprise between 10-15 percent of all Russian defence production, China and India together make up 75-80 percent of all Russian arms exports. Russia not only gains commercially from major arms transfers, but also acquires a "leverage" regarding future arms sales as well as larger politico-strategic engagement with the recipient states.

Russia's economic ties with the region are not limited to arms sales. Exports of oil and gas to the region are another promising area of cooperation. Individual Northeast Asian countries dependent on external sources of energy supplies are looking for economically rational, diversified, and reliable means to support their growing needs. In this context, the energy resources of Eastern Russia are attracting attention from both the governments and the end users in Northeast Asian countries. The 5th International Conference on the Northeast Asian Natural Gas Pipelines held in Yakutsk on 25-27 July 1999 demonstrated a considerable interest that the economies of Northeast Asia share with regard to the huge deposits of natural gas in Eastern Russia, including the Sakhalin, Yakutia, Irkutsk and Krasnoyarsk regions.¹¹³

In Russia, also, the long-term "look east" approach to energy resources development has gained momentum. Sakhalin oil and gas, as well as Magadan's gold and silver, have already attracted considerable foreign interest and direct investment.¹¹⁴

Losses in transit of Russian oil and gas via Ukraine and the Baltic states lower effectiveness of Russia's exports. Russian companies need to diversify their destination. Moscow is promoting the idea of a Northeast Asian forum on energy cooperation. Moscow is promoting the idea of a Northeast Asian forum on energy cooperation.

Russia's aerospace industry is emerging as another competitive force capable of capturing and developing market opportunities in the Asia-Pacific.

Summary

Russia's performance in the Asia-Pacific in the 1990s has been characterised by both notable achievements as well as continuing failures and difficulties. The evolving "strategic partnership" with China has helped Russia to regain some influence in the region, advance trade and economic ties on the eastern front, and join regional organisations. However, Moscow does not want Beijing to be its sole close partner in the region and is concerned about becoming too dependent on China. This objectively prompts Russia to enter the next stage of its integration into the region by following a more diversified approach and by improving relationships with economically attractive Japan, South Korea and ASEAN. Although both Moscow and Washington remain apprehensive about China, this has not led to any meaningful regional interaction between them. NATO enlargement, Kosovo intervention, US plans for missile defence are objectively impeding a cooperative relationship between Russia and the West in the region. The huge US economic interest in China, as opposed to insignificant level of economic interdependence with Russia, is another reason. Without progress in Russia-US cooperation in the Asia-Pacific, Moscow's

integration in the region, both in economic and security terms, would be incomplete. It will also hamper the logical transformation of Russia's regional security perception from a military to a more economic oriented one.

Vladimir Putin's assurances about normalising relations with NATO could help improve the general climate in Russia's relations with the West leading to better understanding at global and regional levels. Russia's objective difficulties in maintaining strategic parity with the US should inevitably sober Moscow's geopolitical ambitions and acceptance of the inevitability of balanced relations with both the West and East, and the fruitlessness of playing one against the other. Domestically, Vladimir Putin's emphasis on rationalising relations between the centre and Russia's regions could advance Russia's real integration in the region. Foreign investors in Russia are tired of clashing federal, regional and local laws and regulations, and are frustrated with local barons who have used decentralisation for personal gains. Foreign investment in the Russian Far East dropped from US\$94 million in 1997 to US\$40 million in 1999.

However, it remains to be seen whether Russia's domestic scene will be harmonised in a civilised manner or through a Chechen style brutal campaign in case the current reorganisation of Russia's regional scheme is boycotted in practice. The Asian countries have been reserved about Russia's actions in Chechnya. Some of them face their own separatist challenges. But in the long run they will not gain if Russia continues to resolve its ethnic conflicts and regional challenges by force. This could destabilise not only Russia but also the neighbouring countries of the region, particularly in view of interconnected ethnic grievances in the border areas.

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