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Where In East Asia Is Russia? Implications for Regional Integration

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Introduction

Geographically, Russia is very much a part of East Asia. In other dimensions, however, Russia's position in this region today is not as definite. Politically, Russia has more or less normal relations with all East Asian countries, both small and large, both developed and developing, although the depth, the scope, and the nature of those relations vary widely, ranging from the "strategic partnership" with China and rather nominal ties with many of the Southeast Asian countries. Russia's bilateral trade and economic relations in the region also vary from somewhat significant, as with China and Japan, to virtually negligible, as with most Southeast Asian countries. Russia's impact on the international relations of the region has long been based largely on its ideological and military interests vis-à-vis the other major contenders for a sphere of influence in Northeast Asia, i.e., Japan in the first half of the 20th century and the United States and China during the second half of the 20th century. However, with the end of the Cold War and the demise of the Soviet Union came the end of the major-power ideological and military rivalries in the region. As a consequence, post-Soviet Russia virtually disappeared from the U.S. strategic radar in East Asia. Today, none of the big powers in the region considers Russia a major security factor, positively or negatively, Moscow's wishes to the contrary notwithstanding.

One area where Russia is an important and growing factor is the energy sector. The nation can translate its energy resources – namely oil and natural gas – into economic power and political influence. The energy sector is no longer simply an economic asset of the nation but holds important implications for its strategic position in the world. With some of the world's largest oil and natural gas reserves within its territory, Russia has developed an active

energy diplomacy wooing foreign partners into energy trade and foreign investment in the exploration and exploitation of those rich reserves.¹ Elsewhere Moscow has also used its energy supplies and foreign partners' dependence on them as an instrument of foreign policy.² Today, one cannot describe Russia's role in international relations without reference to the energy dimension. One may go even further to suggest that energy has become an essential part of Russia's self-definition and identity.

In this brief analysis, we will locate Russia in East Asia in terms of the main elements of its relations with the region's major powers in political, economic, and military-defense fields. Our objective will be to provide an overview, raise some questions for us to consider, and posit some speculations as to Russia's role in regional integration in East Asia.

Key Indicators of Russia's Power

One of the indicators of a nation's relative power is its population size. At 140,041,247 in 2009, Russia's population was the third largest among the East Asian countries, after China (1,338,612,968) and the United States (307,212,123), and ahead of Japan (127,078,679). Demographic trends in Russia (along with Japan) indicate a declining vitality, with the population growth in 2009 estimated at -0.47 percent, compared with the rates of growth of 0.98 percent in the United States, 0.66 percent in China and -0.19 percent in Japan. (See Table 1.)

Table 1. Key Indicators for Selected NEA Countries

	Population ^a	Pop growth ^b (%)	GDP (PPP) ^c (in trillions on US\$)	GDP per capita (PPP) ^b (in US\$)	Military budget (In billions of US\$)
Russia	140,041,247	- 0.47	2.27	16,100	50.0 ^d
China	1,338,612,968	0.66	7.97	6,000	65.0 ^e
Japan	127,078,679	- 0.19	4.33	34,000	41.8 ^f
DPRK	22,665,345	0.42	40 billion	1,800	5.0 ^g
ROK	48,508,972	0.27	1.34	27,600	21.1 ^h
USA	307,212,123	0.98	14.26	46,900	623.0 ⁱ

Notes:

^a July 2009 estimate;^b 2009 estimate;^c 2008 estimate;^d 2008, CIA, SIPRI provide no estimates;^e 2004;^f 2007;^g FY02;^h 2003 estimate;ⁱ FY08 budget

Source: CIA World Factbook, 2009 (online; accessed September 16, 2009); military budget figures are from <http://www.globalsecurity.org/military/world/spending.htm> (accessed May 10, 2009).

Russia's GDP in PPP (purchasing power parity) terms in 2008 stood at \$2.27 trillion, far smaller than that of the United States' \$14.26 trillion, China's \$7.97 trillion, and Japan's \$4.33 trillion. Russia's GDP per capita at \$16,100 compared favorably with China's \$6,000 but lagged far behind the United States' \$46,900, Japan's \$34,000, and South Korea's \$27,600. (Table 1)

Russia's weight in East Asia, particularly in Northeast Asia, has long rested on its military might and its military presence in the region, and the nation still remains a formidable military power. Its defense expenditures, at \$50.0 billion in 2008, were the third largest in Asia, after

the United States (\$623 billion in FY08) and China (\$65.0 billion in 2004) and exceeded Japanese defense spending (\$41.75 billion in 2007) and South Korean military spending (\$21.1 billion in 2003).³

Russia's Political Relations with the Major Powers of East Asia

Russia's most important political partner in East Asia is China.⁴ However, the relationship, defined as "strategic partnership," has its limits.⁵ Moscow and Beijing share a common interest in deflecting or denying the United States dominance, not to mention monopoly, on regional political agenda. Since 1991, they have resolved their long-standing border dispute; they have enjoyed frequent reciprocal visits by their leaders; and they have been united in opposition to U.S. attempts at dictating policies at the global level, such as with respect to the US-led invasion of Iraq and global war on terror.⁶ The generally strong bilateral political ties are limited, however, by a number of bilateral issues. One such issue is the much slower pace of bilateral trade expansion than their leaders have hoped. A related problem is Moscow's ambiguous position on the issue of oil and gas pipeline slowing being constructed to ship production sites in Eastern Siberia to destinations in China and Japan.⁷ The presence of Chinese traders, workers, and tourists in Russia's Far Eastern territories has also complicated bilateral policy coordination, exposing different interests and priorities between the two countries' central governments and their regional leaders.⁸ Although earlier fears of China's "creeping expansion" or "peaceful invasion" into the Russian Far East have dissipated with the improvement of bilateral migration management between Moscow and Beijing, such fears may

be easily rekindled if the two countries fail to develop a sustainable border regime that accurately reflects the dramatically shifting balance of economic power between the two countries in China's favor.⁹

Russia's political relations with Japan are potentially as important as its relations with China, but it has been impossible to realize the potential because of the territorial dispute over the southern Kuriles/Northern Territories.¹⁰ The long-lasting conflict has prevented Moscow and Tokyo to sign a peace treaty and normalize their political relations. Although the territorial issue is the only outstanding problem between the two countries, its intractability stands in the way of building a relationship of mutual trust. The two countries have expanded their bilateral trade to its highest level since the end of the Cold War, but they are far from realizing the full potential of development indicated by their geographical proximity and the complementarity of their economic assets and needs.¹¹

Russia's relations with the United States are important both on their own merit and for the influence they exert on Moscow's relations with both Beijing and Tokyo. During the early years of the Cold War Russia and China were allies ideologically opposed to the United States but the political rift and border disputes between the two socialist giants led to the split in the socialist camp and paved the way for Sino-American rapprochement in the 1970s. The end of the Cold War seemed to remove any ideological sources of division between Moscow, Beijing, and Washington, but the emergence of the United States as the sole superpower after the demise of the Soviet Union brought the former socialist allies closer in their opposition to the U.S. dominance in the region and in the world. The resolution of Sino-Russian border disputes

in the 1990s also brought these two countries closer.¹² Russia's ideological conflict with the United States defined its political relations with Japan during the Cold War, but the end of the superpower conflict slowly led to the development of Russo-Japanese relations defined on their own merit. This raised hopes for a territorial resolution but, ironically, it elevated the political salience of the island dispute in Japan, preventing bilateral political normalization even two decades after the end of the Cold War.¹³ The Korean crisis, namely North Korea's nuclear weapons and missile development has brought Moscow, Beijing, Washington, Tokyo, and Seoul closer. Until North Korea's repeated nuclear weapons tests and missile launches in 2009, Moscow and Beijing rejected Washington and Tokyo's call for sanctions against Pyongyang. Following North Korea's threatening behavior – and its declaration not to return to the Six-Party Talks, however, Russia and China have come to accept the need to use sanctions to induce a more conciliatory policy from Pyongyang. All said, however, Moscow's influence in the Six-Party Talks is very limited, especially in comparison with that of the other participants in this multilateral process.¹⁴

With new administrations in both Washington and Tokyo, there is a strong likelihood that both bilateral and multilateral relations in Northeast Asia, including the United States, will improve in the immediate to near term, enabling them to counter the defiant North Korea with both carrots and sticks. This will be in Russia's interest as Moscow needs a stable political and security environment in this region to avoid distraction from its more pressing domestic agenda and foreign policy issues vis-à-vis the United States (strategic arms control and nonproliferation issues), Europe (NATO and EU's eastward expansion), and Russia's southern neighbors (Georgia and Central Asian republics).

As noted at the outset and further elaborated in the concluding section of the paper, Russia's relations with Southeast Asian countries lack the depth and scope of involvement seen in Chinese, Japanese, or US cases, where their political, economic, and security interests and concerns overlap in some areas and compete in other.

Russia's Place in the East Asian Economy

How important is Russia as a trade partner in East Asia? In 2005, Russia's trade with the other countries of the region amounted to barely 2 percent of the entire trade within Northeast Asia. In contrast, China (excluding Hong Kong), Japan, the United States, and South Korea represented 33 percent, 26 percent, 12 percent, and 12 percent, respectively, of the total intraregional trade.¹⁵ This picture does not change at all even if we look at exports and imports separately, with Russia's exports and imports vis-à-vis other Northeast Asian countries, including the United States, amounted to only 2 percent of the region's total.¹⁶

Trade in Northeast Asia is significantly more important to Russia than Russia's trade is to the other countries within the region. In 2005, Russia's trade with its Northeast Asian neighbors, including the United States, constituted around 12 percent of its worldwide trade. Clearly, Russia finds most of its trade partners elsewhere in the world. By contrast, China's trade within the region represented around 60 percent of its global trade and Japan's intraregional trade amounted to about 62 percent of its total international trade. South Korea conducted over 55 percent of its global trade with the other Northeast Asian countries.¹⁷ (See Table 2.)

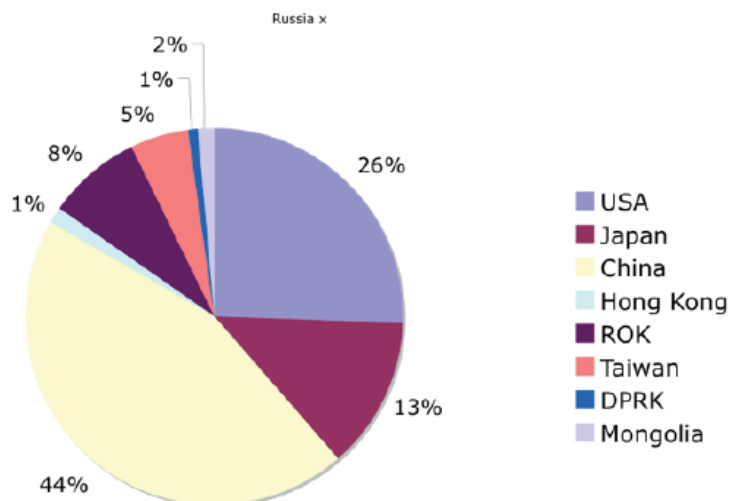
Table 2. Northeast Asian Countries' Intra-regional Trade as % of Their Global Trade, 2005 (%)

China	57.52
Taiwan	60.50 ^a
Japan	61.98
South Korea	55.47
North Korea	70.80 ^b
Mongolia	44.16
Russia	11.96
USA	18.44

Source: Calculated from data in International Monetary Fund, *Direction of Trade Statistics Yearbook, 2006*.

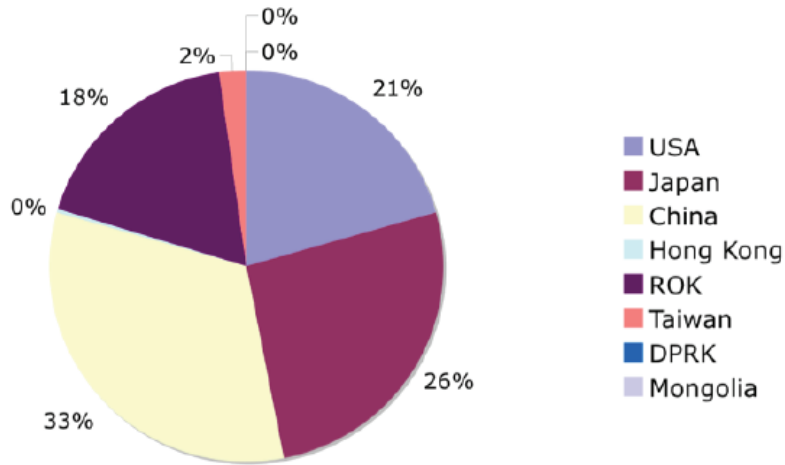
Among the Northeast Asian countries, Russia's most important trade partners in 2005 were China, with 44 percent of Russian exports in the region going to China and 33 percent of Russian imports from within this region coming from China. The second most important trade partner of Russia was the United States (26% of Russia's exports and 21% of Russia's imports) and Japan (13% and 26%, respectively).¹⁸ (See Figure 1 and Figure 2. See also Table 3.)

Figure 1. Russia's Exports to Northeast Asian Countries, 2005



Calculated from data in International Monetary Fund, *Direction of Trade Statistics Yearbook, 2006*.

Figure 2. Russia's Imports from Northeast Asian Countries, 2005



Calculated from data in International Monetary Fund, *Direction of Trade Statistics Yearbook, 2006*.

Table 3. Russia's Trade in Northeast Asia, 2005

(In millions of US\$)

	Exports to:	Imports from:	Total
USA	7,475	4,571	12,046
Japan	3,768	5,841	9,609
China	13,049	7,239	20,288
Hong Kong	349	19	368
ROK	2,365	3,997	6,362
Taiwan	1,446	490	1,936
DPRK	228	7	235
Mongolia	443	22	465
Total	29,123	22,186	51,309

Source: International Monetary Fund, *Direction of Trade Statistics Yearbook, 2006*.

In short, Russia is the least integrated East Asian economy vis-à-vis the other economies of the region. Even among the Northeast Asian countries, Russia is a small, if not an insignificant trade partner.

However, Russia's potential role in regional trade is substantial, particularly in the energy sector. As noted at the outset, Russia holds huge reserves of oil and natural gas. In 2006, Russia was in 8th place among the countries with the greatest proved oil reserves. Russia (with 60.0 billion barrels) followed Saudi Arabia (264.3 bb), Canada (178.8 bb), Iran (132.5 bb), Iraq (115.0 bb), Kuwait (101.5 bb), United Arab Emirates (97.8 bb), and Venezuela (79.7 bb). Its proved natural gas reserves (1,680 trillion cubic feet) ranked Russia in first place on the list of the countries with the largest natural gas reserves, ahead of Iran (971 tcf), Qatar (911 tcf), Saudi Arabia (241 tcf), United Arab Emirates (214 tcf), the United States (193 tcf), Nigeria (185 tcf), Algeria (161tcf), and Venezuela (151 tcf).¹⁹ If successfully developed, these resources can boost Russia's economic profile to unprecedented levels. This has several implications.

First, to the extent that Moscow relies on its ability to develop and export its energy resources for pursuing some of its foreign policy goals, the global energy price of will have a major impact on Russia's ability to leverage those resources. Second, the development of the resources requires sustained investment in infrastructure development, including pipelines and other transportation facilities as well as refineries and petro-chemical production facilities. This in turn calls for investment from foreign partners. Third, the nation's energy reserves may also be exploited to fuel political rivalry between their potential importers, such as China and Japan.²⁰ Indeed, there is already much written on this aspect of Russia's international behavior.

Fourth, while Russia enjoys unprecedented energy export revenues, the nation also needs to diversify its economy, gradually reducing its dependence on that very lucrative sector. Does Moscow have the wisdom and the political will to allocate a growing portion of its revenue to non-energy sector? Finally, does Russia want to define itself as mainly a natural resource exporter, the typical portrait of developing countries? This takes us back to the question raised at the outset, the question of Russia's identity. In contrast to the modern and postmodern economic structures of its East Asian neighbors, does Russia want to remain largely an exporter of primary commodities and importer of high-value-added products? President Medvedev answered this question in the negative when he stated in his speech "Go Russia" in September 2009:

The global economic crisis has shown that our affairs are far from being in the best state. Twenty years of tumultuous change has not spared our country from its humiliating dependence on raw materials. Our current economy still reflects the major flaw of the Soviet system: it largely ignores individual needs. With a few exceptions domestic business does not invent nor create the necessary things and technology that people need. We sell things that we have not produced, raw materials or imported goods. Finished products produced in Russia are largely plagued by their extremely low competitiveness (emphases added).²¹

The Russian leader went on to point out that contemporary Russia is plagued by three "social ills" and that the nation needed to overcome and move beyond them if it is to regain its great power status in the increasingly competitive world. One of the "social ills," as he put it, is

“[c]enturies of economic backwardness and the habit of relying on the *export of raw materials*, actually exchanging them for finished products (*emphasis added*).”²²

We will return to this question when we discuss the role of the Russian Far East in the nation’s relations with the other Northeast Asian countries.

The Military Dimension

As already noted, Russia’s weight in East Asia, particularly in Northeast Asia, has long rested on its military might and its military presence in the region. The nation still remains a formidable military power.

Military power is less significant as an integrative factor in East Asia because military security policy divides some countries of the region while it unites others. Moreover, although Russia’s military power is an important factor in Russia’s growing defense cooperation with China, it is highly unlikely that the two countries’ militaries will reach the level of integration seen among the NATO allies, or even the level of defense cooperation and coordination that exists between the United States and its allies in East Asia, namely Japan and South Korea. Given the strong – if not trouble-free – security ties among the latter three countries, Russia’s ability to affect the overall alliance pattern in the region is very limited unless Russia and China form a clear alliance against the U.S.-led alliances in the region, which is not likely if not impossible in the foreseeable future.

On the contrary, the North Korean problem is likely to sustain – even elevate – the level of bilateral and multilateral consultations seen among the four powers. This is clearly in Russia’s interest, for a failure to remove or contain North Korea’s nuclear and missile threats will likely trigger a very destabilizing arms race between Japan, the country that feels the most threatened by North Korea, and China, which stands to gain from Japan’s self-constrained defense policy within the U.S.-Japan alliance.

In the meantime, Russia is gradually expanding its defense cooperation with Japan, primarily as a confidence-building measure and for limited joint rescue operations at sea.

Russian Views

Culturally and civilizationally, Russia is a “distant neighbor” to most East Asian societies and most Russians are oriented more toward Europe. The post-Soviet search for national identity among the Russian elite says much about their ambivalence toward the international community, including East Asia. This does not necessarily mean that there is no possibility of Russians developing social and cultural ties with other peoples of the region. The presence of Asians in Russia, including in its Far Eastern territories, as well as the growing number of Russians resident in the neighboring Asian countries will no doubt contribute to the growth of transnational networks of individual and professional linkages involving Russian nationals. For the networks to become a significant integrative force in East Asia, however, tens of thousands of Russians or even hundreds of thousands of Russians need to join those networks, but this is not a likely prospect in the foreseeable future. On the contrary, the small and shrinking population in the Russian Far East, largely a result of the emigration of Russians to European

Russia in the post-Soviet years of economic stagnation and social instability in the region, has diminished this possibility.

How do the Russians themselves view their own country and its relations with the neighboring countries of Asia? Some recent public opinion polls in Russia offer interesting answers to this question.

According to a 2009 public opinion survey by Levada Center,²³ most Russians do not want to return to the experience of the Soviet period (Table 4-A). A substantial majority also believe that a more effective economy will bring about a freer and more democratic society (Table 4-B). At the same time, however, over two-thirds of Russians believe that most compatriots look to the state rather than themselves for solutions to their problems (Table 4-C). Having survived the chaos of the sweeping reform attempts in the 1990s, many Russians remain cautious about the speed of reforms. For example, 70 percent of Russian respondents indicate preference for stability over the highest goals of society, presumably such goals as promotion of freedom and democratic values (Table 4-D).

Table 4-A. Answers to the question: *Do you agree or disagree with the opinion that Russia should develop not the way it did during the Soviet period but democratically? (%)*

Full agree/tend to agree	57
Tend to disagree/completely disagree	25
Difficult to answer	18

Source: <http://www.levada.ru/press/2009092402.print.html>

Table 4-B. Answers to the question: *Do you agree or disagree with the opinion that the more effective our economy will be, the more freedoms and democracy there will be in our country? (%)*

Full agree/tend to agree	70
Tend to disagree/completely disagree	16
Difficult to answer	13

Source: <http://www.levada.ru/press/2009092402.print.html>

Table 4-C. Answers to the question: *Do you agree or disagree with the opinion that people in Russia are accustomed to relying on the state rather than themselves when trying to resolve problems?* (%)

Full agree/tend to agree	63
Tend to disagree/completely disagree	31
Difficult to answer	5

Source: <http://www.levada.ru/press/2009092402.print.html>

Table 4-D. Answers to the question: *Do you agree or disagree with the opinion that we have no right to sacrifice stable life even for the highest goals?* (%)

Full agree/tend to agree	70
Tend to disagree/completely disagree	17
Difficult to answer	13

Source: <http://www.levada.ru/press/2009092402.print.html>

Together, the above data point to a strong support among the Russian people for a state-led development of a stable, prosperous, and democratic society.

Russians also tend to view their own political evolution as a unique experience and not readily comparable with the experience in the West (Table 4-E). Nor do they have any illusions about their state of economy, with one-third of the people thinking their country is a backward country with a primitive raw material-based economy (Table 4-F), echoing President Medvedev's concern noted earlier. As well, an overwhelming majority of Russians agree with President Medvedev that one of the most serious problems facing Russia today is corruption (Table 4-G).

Table 4-E. Answers to the question: *Do you agree or disagree with the opinion that Russian democracy should not copy Western examples?* (%)

Full agree/tend to agree	72
Tend to disagree/completely disagree	17
Difficult to answer	11

Source: <http://www.levada.ru/press/2009092402.print.html>

Table 4-F. Answers to the question: *Do you agree or disagree with the opinion that Russia now is a backward country with a primitive raw material economy?* (%)

Full agree/tend to agree	36
Tend to disagree/completely disagree	60
Difficult to answer	4

Source: <http://www.levada.ru/press/2009092402.print.html>

Table 4-G. Answers to the question: *Do you agree or disagree that one of the most serious problems in Russia is chronic corruption?* (%)

Full agree/tend to agree	88
Tend to disagree/completely disagree	9
Difficult to answer	3

Source: <http://www.levada.ru/press/2009092402.print.html>

Russian people have a realistic view of their country's economy and level of modernization. Levada Center's surveys of Russian people in 2009 show low levels of access to such modern communications technology as the internet, e-mail, and the mobile phone (Table 4-H). The poll results also show that people still suffer from lack of trust in their nation's banking system and remain reluctant to use credit cards (Table 4-I). This state of affairs clearly constrains the scope of Russian people's financial transactions and limits their purchases to the local currency and domestic markets. However, there is a steady growth in such indicators and this points to a more modern and internationally-connected population in Russia.

Table 4-H. Answers to the question: *Do you have your own mobile phone?* (%)

	Jan. 01	Jan. 02	Jan. 03	Jan. 04	Jan. 05	Jan. 06	Jan. 07	Jan. 08	Jan. 09
Yes, I do.	2	5	9	19	32	45	58	71	78
No, I do not.	98	95	91	81	68	55	42	29	22

Answers to the question: *Do you have a computer at home?* (%)

	Jan. 01	Jan. 02	Jan. 03	Jan. 04	Jan. 05	Jan. 06	Jan. 07	Jan. 08	Jan. 09
Yes, I do.	4	6	9	10	14	17	20	28	33
No, I do not.	96	94	91	90	86	83	80	72	67

Answers to the question: *Do you personally use e-mail at home, at work, or any other places? If yes, how often do you use it?* (%)

	Jan. 05	Jan. 06	Jan. 07	Jan. 08	Jan. 09
Daily, several times a week	5	6	8	9	12

About once a week	2	2	3	5	6
2-3 times a month	2	1	1	2	3
About once a month	1	1	1	2	2
Less than once a month	3	1	1	2	3
Never	87	89	86	80	74

Answers to the question: *Do you personally use internet (other than e-mail) at home, at work, or any other place? If yes, how often do you use it? (%)*

	Jan. 01	Jan. 02	Jan. 03	Jan. 04	Jan. 05	Jan. 06	Jan. 07	Jan. 08	Jan. 09
Daily, several times a week	2	3	2	3	5	7	7	12	16
About once a week	1	1	2	2	4	3	6	6	8
2-3 times a month	1	1	1	1	2	2	2	4	4
About once a month	<1	1	1	1	2	1	1	1	2
Less than once a month	1	1	2	1	2	2	2	2	3
Never	95	93	92	92	85	85	82	75	67

Source: <http://www.levada.ru/press/2009080701.html>

Table 4-I. Answers to the question: *Do you have a credit card? If not, do you plan to obtain one? (%)*

Responses	Nov. 01	Sept. 02	Sept. 03	Sept. 04	Nov. 05	Nov. 06	Nov. 07	Oct. 08	Jul. 09
Yes, I have one.	5	6	10	13	17	24	26	36	38
No, but I plan to obtain one.	7	6	6	8	13	11	11	14	11
No, and I don't plan to obtain one.	88	88	84	79	70	65	63	50	51

Answers to the question: *Do you have a bank account now? If not, do you plan to open one? (%)*

Responses	Oct. 08	Jul. 09
Yes, I have one	29	32
No, but I plan to open one.	14	12
No, and I don't plan to open one.	57	56

Source: <http://www.levada.ru/press/2009072703.print.html>

Turning to Russians' views of their relations with their neighboring countries, we will highlight their views of China, Japan, and the United States.

Not only is China seen by the Russian government as the most important Asian partner, as observed earlier, but the Russian people also think of China as the closest friend of their country in East Asia. According to Levada Center’s nationwide public opinion poll in 2009, China is the first country beyond the brotherly Belarus and Kazakhstan of Russia’s near-abroad that appears on the list of closest friends and allies of Russia (Table 4-J). In comparison, Japan is in 17th place on the same list. The United States does not appear among the top twenty countries on the list but is considered the second most hostile and unfriendly country toward Russia, after Georgia, with which Russia fought war in August 2008. Japan appears in 12th place on the list of hostile and unfriendly countries – no doubt a result of Tokyo’s ceaseless and persistent demand for the return of the disputed islands.

Table 4-J. Answers to the question: *Name five countries you consider closest friends and allies of Russia and most hostile and unfriendly toward Russia. (%)*

Closest friends and allies of Russia		Most hostile and unfriendly toward Russia	
Belarus	50	Georgia	62
Kazakhstan	38	USA	45
China	18	Ukraine	41
Germany	17	Latvia	35
Armenia	15	Lithuania	35
India	12	Estonia	30
Cuba	11	Poland	10
Azerbaijan	10	Afghanistan	7
Kyrgyzstan	9	Iraq	5
Uzbekistan	9	Iran	3
France	9	Germany	3
Tajikistan	9	Japan	3
Bulgaria	9	Israel	3
Venezuela	8	China	3
Italy	5	Romania	3
Finland	5	Azerbaijan	2
Japan	5	Belarus	2

Source: <http://www.levada.ru/press/2009061001.print.html>

Another Levada Center poll in 2009 indicates that Russians' interest in their country's cooperation with Japan relates to technological and economic aspects, although their interest in the role of bilateral relations in the overall political balance in Asia-Pacific is not negligible (Table 4-K). This somewhat contradicts Japan's focused attention on bilateral cooperation in the energy sector and the territorial dispute. While they are strongly opposed to territorial concessions to Japan, they pragmatically see the need to find some solution to this problem for bilateral relations to grow (Table 4-L, Table 4-M).

Table 4-K. Answers to the question: *Do you think Russia should strengthen its ties with Japan now and if yes, which areas of cooperation should be identified as priority? (%)*

	Aug. 05	Aug. 09
Energy (extraction, pumping of oil and gas)	16	20
High tech	69	58
Joint development of territories of the Russian Far East and Eastern Siberia	28	24
Political balance in Asia-Pacific Region	24	21
Other	0	1
Should not strengthen ties with Japan	3	7
Difficult to answer	10	15

Source: <http://www.levada.ru/press/2009090402.html>

Table 4-L. Answers to the question: *Perhaps you know that after World War II, Russia and Japan did not conclude a peace treaty. How important do you think it is for Russia and Japan to conclude a peace treaty? (%)*

	Aug. 05	Aug. 09
Very important	27	16
Somewhat important	46	39
Not very important	12	19
It does not mean much	7	11
Difficult to answer	8	15

Source: <http://www.levada.ru/press/2009090402.html>

Table 4-M. Answers to the question: *For many years the territorial dispute has been a stumbling block in relations between Russia and Japan. In principle, are you for or against Russia transferring these islands to Japan? (%)*

	Nov. 91	Aug. 92	Apr. 93	Oct. 98	Dec. 02	Nov. 04	Aug. 05	Aug. 09
For	11	11	8	8	7	6	4	8
Against	67	71	77	78	85	87	87	82
Difficult to answer	22	18	16	14	8	8	9	10

Source: <http://www.levada.ru/press/2009090402.html>

The Role of the Russian Far East

If Russia is to be integrated with East Asian countries, bilaterally or multilaterally, the nation's Far Eastern territories will be an essential link.²⁴ Russia's Far Eastern territories represent both an opportunity and a burden for Moscow. They are an opportunity as the territories' geographical proximity to Russia's neighboring countries promise closer trade and economic ties with them. The Far East also serves as an entry point for capital, technology, services, and labor from the dynamic East Asian economies. During the Soviet period, however, Moscow failed to develop the necessary infrastructure and industrial structure in the Far East to take advantage of these complementarities with the neighboring countries. Although post-Soviet Russia appears eager to engage China, Japan, Korea, and the United States in economic transactions based on market principles, its behavior has been characterized by unpredictability and ambiguity. The "stop-and-go" offshore energy development projects off Sakhalin are the most visible example. The numerous pipeline projects in Eastern Siberia and the Far East have also suffered from the lack of consistency and stability in Moscow's economic strategy vis-à-vis the potential partners of development, namely China, Japan, and South Korea.

The following lists indicate the real and potential opportunities as well as liabilities that Russia's Far East represents for Moscow:²⁵

Advantages

- Abundant natural resources: As noted above, the rich natural resources in the region are an important part of the complementary relations between the Russian and East Asian economies.

- Proximity to Asian markets: The geographical proximity of the Russian Far East offers Russian exports an advantage in accessing Asian markets. The export of value-added products in Russia stands a good chance of improving the nation's balance of trade vis-à-vis the Asian economies.
- Proximity to Asian investment capital: The Russian Far East needs large investment capital for its industrial modernization and infrastructure development and Asia's high savings and capital accumulation might be exploited if Russia could substantially improve the investment climate in the Far Eastern region.
- Proximity to Asian technology: As with investment capital, the rich technological base of Asian economies offers substantial promises for industrial modernization in the Russian Far East.
- Proximity to Chinese labor: The problem of labor shortage in some economic sectors in the Russian Far East, namely agriculture, construction, and services, can be ameliorated by the importation of cheap and abundant Chinese labor, provided Moscow and Beijing can develop a sustainable bilateral migration regime that does not pose a perceived threat to the social, economic, and political future of the Far Eastern territories.

□ Disadvantages

- Small and declining population: The small and declining population of the Russian Far East limits the vitality of the region's economy in terms of economic output and consumer market. After peaking at around 8 million in the late 1980s, the region's population has been declining due to emigration to the western part of Russia and natural population losses due to economic dislocation and social problems in the region. The population in the Far East is estimated at around 7 million today, with further declines expected beyond 2010.²⁶
- "A raw materials appendix"?: The abundance of natural resources in the region is also a source of its weakness to the extent that Moscow defines the Far East's role as a source of raw materials, for domestic use or for export and the infrastructure development in the region is limited to that which relates directly to the exploration and development of those resources to the neglect of modern industrial and social infrastructure needs. A related problem is the harms the development of natural resources has done and continues to do to the region's natural environment and the health of the local populations.²⁷
- Huge infrastructure needs: The transportation, communication, and other basic infrastructure of the region needs substantial improvement and expansion if it is to support the level of economic activity and population growth required to sustain the region's viable future in the context of regional integration with the neighboring territories of East Asia.

- Little local investment capital: The seriously strained economic development in the region means there is very little indigenous investment capital. Therefore, the region continues to depend on the “subsidies” from Moscow and investment from foreign sources.

- Distance from Russia’s center: Given the continuing dependence of the Russian Far East on financial injections from Moscow, it is crucial that Russia improve the efficiency of transportation between the eastern and western parts of the country. However, the sheer geographical distance and the long neglect of the Far Eastern region’s infrastructure needs will keep the transportation costs quite high. As noted below, foreign investment in infrastructure development in the region would lighten the burden on Moscow but large-scale investment is not likely unless and until Moscow shows unequivocal commitment to the economic development and modernization of the region and stable supply of raw materials export to foreign partners.

- Disparate Center-region priorities: The strategic partnership between Moscow and Beijing has not been translated into a stable relationship between the Russian Far East and China’s northeastern provinces. On the contrary, the visible infrastructure development and the continuing migration pressure on the Chinese side of the Sino-Russian border have been a source of serious concern among the political elite in the Russian Far East.²⁸

Does Russia have the political will and commitment to invest the necessary financial resources to advance the advantages and reduce the disadvantages of its Far Eastern territories? What is required is a transformative reorientation of Russia's priorities toward its Far Eastern territories. Will Moscow translate its recent public pronouncements about mounting investments for the development of modern infrastructure and facilities in the region in anticipation of the 2012 APEC summit into a sustained development program long after the photo opportunities at the international meeting are over? It is reported the event might attract \$100 billion in investment to the Russian Far East and that spending on summit-related activities has already boosted the region's economy.²⁹ Skeptics who have watched Moscow's numerous past plans for the region's development and modernization fail may well be justified with their continuing doubts. On the other hand, will the neighboring countries, namely China, Japan, and Korea, commit their public funds into the infrastructure development required even to realize the existing pipeline projects in Eastern Siberia and the Far East? For this to happen, Moscow must be unequivocal and fully committed to develop and deliver the promised oil and natural gas supplies to its East Asian neighbors. Unfortunately, there are as many international skeptics as there are domestic doubters in this regard.

Implications for Regional Integration in East Asia

Regional integration may proceed along economic, political, security, and social-cultural dimensions. As seen above, Russia's economic link to the region is underdeveloped and the nation's impact on the rest of the regional economies is limited. However, the region's

integration as a whole is progressing faster and more deeply along the economic dimension than any other dimension. In this sense, Russia's limited economic presence in East Asia constrains its integrative role in the region.

Bilateralism has characterized the international relations of Northeast Asia over the postwar decades and Russia's relations in the region are no exception. Politically, Russia's relations with the regional powers have indeed developed mostly bilaterally and even today, with one major exception, Russia's regional relations are driven largely by the logic of bilateralism. The exception is the Six-Party Talks over North Korea's nuclear development, in which Russia has been participating since the inception of the multilateral framework.

Turning to Southeast Asia, however, Russia's engagement with the multilateral institutions in Southeast Asia has lagged behind other major regional powers, namely China and Japan.³⁰ This is largely due to Russia's limited economic ties with Southeast Asian nations and also because of Moscow's loss of sustained interest in the region in the aftermath of the Cold War. During the Cold War, Russia viewed Southeast Asia as a theater of ideological rivalry with Beijing and was deeply engaged in the region, particularly through its support of Vietnam. The end of the Cold War and the Sino-Russian rapprochement spelled the end of Russia's active engagement in this part of Asia. It took nearly a decade before Moscow began to undertake diplomatic efforts to regain its influence in Southeast Asia. In 1996 Russia became an ASEAN dialogue partner and in 2004 Moscow signed the Treaty on Amity and Cooperation. The Putin administration recognized the growing importance of this region and made serious efforts to develop diplomatic and economic ties with Southeast Asian countries, particularly Vietnam,

Malaysia, and Indonesia. Russia has been holding annual summit meetings with ASEAN since 2005. Russia now participates in the ASEAN Regional Forum. Russia has also expressed an interest in joining the movement toward the formation of an East Asian regional framework anchored on the ASEAN, but it has not yet succeeded in joining the East Asia Summit, one of the key mechanisms moving the regional integration agenda forward.

Russia gained membership in the broader regional framework of APEC (Asia Pacific Economic Cooperation) in 1998, but this forum's diminished relevance to regional and global trade severely limits Russia's gains (or losses) from multilateral engagement in this mechanism. With bilateral and minilateral approaches to trade negotiations gaining momentum over APEC and other multilateral processes, Russia will not be able to leverage its APEC membership for significance gains in trade. Furthermore, the major trading powers in the region do not see Russia as a promising partner for bilateral FTAs (free trade agreements) or EPAs (economic partnership agreements). Can Russia change these trends by successfully hosting the 2012 APEC summit in Vladivostok? Much will depend on whether the United States, the EU, Japan, China, and other global economic powers can re-invigorate the WTO and turn the tide of trade negotiations away from bilateralism and minilateralism toward global talks. Also important will be whether APEC members can revive its "open regionalism" approach to develop regional trade liberalization and expansion in support of global trade rules.

Elsewhere in Asia, Russia has enjoyed a privileged position. One such area is Central Asia, where the Soviet-era ties to the region continue to keep the economies of former Soviet republics connected, not to mention the presence of Russian populations and personnel and

cultural ties in the region that have survived the demise of the Soviet Union.³¹ The Shanghai Cooperation Organization provides an important multilateral mechanism through which Moscow exercises a significant degree of influence, although China also has been more active in the SCO. Russia and China share the anti-terrorism consensus and the trade expansion agenda of this organization, although how far the group can move forward on military cooperation remains to be seen because Moscow and Beijing's strategic interests overlap but are not identical. Russia also continues to enjoy a close relationship with Mongolia, the Soviet-era ally with whom Russia shares a common concern about the growing power of China.

In East Asia or in Northeast Asia, regional political integration remains a long-term possibility at best and an uncertain prospect at worst. Historical legacies, continuing sovereignty disputes, and likely future rivalries are likely to sustain the unilateral and bilateral proclivities of the regional powers when it comes to sensitive political issues. The regional powers are not likely to surrender their sovereignty to an EU-like supranational authority in the foreseeable future. There is great uncertainty about the prospect of the Six-Party Talks resolving the North Korean nuclear crisis. Even though Moscow has been advocating a peaceful resolution to the crisis and development of permanent regional security architecture in post-crisis Northeast Asia, its influence in realizing these goals is very limited. The future of the North Korean nuclear crisis will depend, first and foremost, on US policy – whether Washington will be willing to commit itself unequivocally to a non-military resolution of the problem and also recognize the current regime in Pyongyang in return for the denuclearization of North Korea – and whether Pyongyang will accept these terms and fully implement its pledge in a verifiable manner. The post-crisis security environment in Northeast Asia will depend on the

strategic interests and priorities of the United States and China, more than on Russian interests or capabilities.

Culturally and civilizationally, Russia remains a “distant neighbor” to most East Asian societies. The perennial search for national identity among the Russian elite says much about their ambivalence toward becoming a full-fledged member of an East Asian community, sharing a sense of common destiny with the other countries of the region.

In conclusion, Russia is geographically located in East Asia, politically engaged mostly through bilateral channels, and economically disadvantaged and lagging behind. Although Russia remains a formidable military power, regional integration in East Asia is much more likely to be driven by economic and political factors than by developments in the military security field.

Notes

¹ <http://www.infoplease.com/ipa/A0872964.html> (accessed May 15, 2009).

² For Western analyses of Russia’s energy diplomacy, see A. Jaffe and R. Manning, “Russia, Energy, and the West,” *Survival*, Vol. 43, No. 2 (2001), pp. 133-152; Edward L. Morse and James Richard, “The Battle for Energy Dominance,” *Foreign Affairs*, Vol. 81, No. 2 (Mar. - Apr., 2002), pp. 16-31; Lyle Goldstein and Vitaly Kozyrev, “China, Japan, and the Scramble for Siberia,” *Survival*, Vol. 48, No. 1 (2006), pp. 163-178. See also Shoichi Itoh, “Russia’s Energy Diplomacy toward the Asia-Pacific: Is Moscow’s Ambition Dashed?” in *Energy and Environment in Slavic Eurasia: Toward the Establishment of the Network of Environmental Studies in the Pan-Okhotsk Region*, Sapporo: Slavic Research Center, Hokkaido University, 2008, pp. 33-65; Shoichi Itoh, “Chu-Ro enerugi kyoryoku kankei” (Sino-Russian Energy Cooperation), in Hiroshi Kimura and Shigeki Hakamada, eds., *Ajia ni sekkinsuru Roshia* (Russia Moving Closer to Asia), Sapporo: Slavic Research Center, Hokkaido Daigaku Shuppankai, 2007, pp. 98-117; Tadashi Sugimoto, “Roshia no enerugi shigen to gaiko” (Russia’s Energy Resources and Diplomacy), in Shinji Yokote,

ed., *Higashi Ajia no Roshia* (Russia in East Asia), Tokyo: Keio Gijuku Daigaku Shuppankai, 2004; pp. 225-253; Hongchan Chun, "Russia's Energy Diplomacy toward Europe and Northeast Asia: A Comparative Study," *Asia Europe Journal*, Vol. 7, No. 2 (2009), pp. 327-343.

³ <http://www.globalsecurity.org/military/world/spending.htm> (accessed May 10, 2009).

⁴ For recent analyses of Russia's relations with China, see "Russia-China Relations Lose Momentum," Oxford Analytica, April 23, 2009

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⁵ Weitz.

⁶ For a balanced analysis of Sino-Russian relations in the early 21st century, see Akihiro Iwashita, "9.11 jiken igo no Chu-Ro kankei" (Sino-Russian Relations since the 9/11 incidents), in Hiroaki Matsui, ed., *9.11 jiken igo no Roshia gaiko no shin tenkai* (Post-9/11 Evolution of Russian Diplomacy), Tokyo: Nihon Kokusaimondai Kenkyujo, 2003, pp. 207-230.

⁷ Itoh, "Russia's Energy Diplomacy toward the Asia-Pacific." See also Peter Rutland, "Roshia no Ajia ni okeru yakuwari" (Russia's Role in Asia), in Kimura and Hakamada, eds., *Ajia ni sekkinsuru Roshia*, pp. 31-48.

⁸ Elizabeth Wishnick, "Migration and Economic Security: Chinese Labor Migration in the Russian Far East," in Tsuneo Akaha and Anna Vassilieva, eds., *Crossing National Borders: Human Migration Issues in Northeast Asia*, Tokyo: United Nations University Press, 2005, pp. 68-92.

⁹ See Kim Iskyan, "Selling off Siberia: Why China Should Purchase the Russian Far East," posted July 28, 2003, <http://www.slate.com/id/2086157/> (accessed November 13, 2009).

¹⁰ For recent analyses of the Russo-Japanese territorial dispute, see Akihiro Iwashita, *Hoppo ryodo: 4 demo 0 demo, 2 demo naku* (The Northern Territories Problem: Neither 4 Nor 0, or 2), Tokyo: Chuko Shinsho, 2005; Akihiro Iwashita, *Kokkyo: Dare ga kono sen wo hiitanoka* (National Borders: Who Drew Them?), Sapporo: Hokkaido Daigaku Shuppankai, 2006; Hiroshi Kimura, "Hoppo ryodo henkan ni ojinu Roshia" (Russia Refusing to Return the Northern Territories), in Kimura, *Gendai roshia kokkaron: Puchin gata gaiko towa nanika* (The Contemporary Russian State: What Is a Putinesque Diplomacy?), Tokyo: Chuokoron Shinsha, 2009, pp. 263-293.

¹¹ Valeri O. Kistanov, "Higashi Ajia shokoku to Roshia no keizai kankei" (Economic Relations between East Asian Countries and Russia," in Yokote, ed., *Higashi Ajia no Roshia*, pp. 203-224, particularly pp. 209-214.

¹² Iwashita, *Hoppo ryodo*.

¹³ Among the numerous studies of the post-Cold War Soviet/Russian-Japanese relations, the following are the most comprehensive treatises: Hiroshi Kimura, *Japanese-Russian Relations under Gorbachev and Yeltsin*, Armonk, NY: M.E. Sharpe, 2000; Tsuyoshi Hasegawa, *The Northern Territories Dispute and Russo-Japanese Relations*, 2 volumes, Berkeley: University of California, 1998; James E. Goodby, Vladimir I. Ivanov, and Nobuo Shimotomai, eds., *Northern*

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¹⁴ For a similar assessment, see Hiroshi Kimura, "Roshia no Chosen hanto seisaku" (Russia's Policy in the Korean Peninsula), in Kimura and Hakamada, eds., *Ajia ni sekkinsuru Roshia*, pp. 212-244.

¹⁵ Hong Kong's intraregional trade represented 15 percent of the region's total trade in 2005.

¹⁶ These statistics are calculated from data in International Monetary Fund, *Direction of Trade Statistics Yearbook*, 2006.

¹⁷ International Monetary Fund, *Direction of Trade Statistics Yearbook*, 2006.

¹⁸ These statistics are calculated from data in International Monetary Fund, *Direction of Trade Statistics Yearbook*, 2006.

¹⁹ <http://www.infoplease.com/ipa/A0872964.html> (accessed May 10, 2009).

²⁰ See, for example, Goldstein and Kozyrev; Shoichi Itoh, "Russia's Energy Policy Towards Asia: Opportunities and Uncertainties," in Christopher Len and Alvin Chew, eds., *Energy and Security Cooperation in Asia: Challenges and Prospects*, Stockholm: Institute for Security and Development Policy, 2009, pp.143-165.

²¹ Dmitry Medvedev, "Go, Russia," *President of Russia Web Site*, http://eng.kremlin.ru/speeches/2009/09/10/1534_type104017_221527.shtml (accessed November 13, 2009).

²² Ibid.

²³ The English website of Levada Center is available at <http://www.levada.ru/eng/>.

²⁴ For an earlier exploration of this topic, see Tsuneo Akaha, ed., *Politics and Economics in the Russian Far East: Changing Ties with Asia-Pacific*, London: Routledge, 1997. See also Tsuneo Akaha, ed., "Proceedings: Workshop on US-Japan Cooperation in the Development of Siberia and the Russian Far East," Center for East Asian Studies, Monterey Institute of International Studies, Monterey, California, June 12-13, 1992.

²⁵ For a fuller examination of the advantages and disadvantages of the Russian Far East, see Tsuneo Akaha, "The Russian Far East as a Factor in Northeast Asia," *Peace Forum* (Kyung Hee University, Korea), No. 25 (Winter 1997/98), pp. 91-108. See also Pavel Minakir, Kunio Okada, and Tsuneo Akaha, "Economic Challenge in the Russian Far East," in Akaha, ed., *Politics and Economics in the Russian Far East: Changing Ties with Asia-Pacific*, London: Routledge, 1997, pp. 49-69; Akaha, ed., *Politics and Economics in the Russian Far East*.

²⁶ Vladivostok News online, Issue No. 560, Special Reports, March 15, 2007, http://vn.vladnews.ru/issue560/Special_reports/Russias_Far_East_population_continues_to_dwindle (accessed November 6, 2009).

²⁷ For comprehensive survey of the natural resource base of the region and its environmental and developmental implications, see Josh Newell, *The Russian Far East: A Reference Guide for Conservation and Development*, 2nd edition, McKinleyville, CA, Daniel & Daniel, 2004.

²⁸ See Victor Larin, "Chinese in the Russian Far East," and Wishnick, "Migration and Economic Security," in Akaha and Vassilieva, eds., *Crossing National Borders*, pp. 47-67 and pp. 68-92, respectively.

²⁹ "Russia's Far East Seizes the Moment Ahead of APEC," Russia Today online <http://russiatoday.com/Business/2009-10-12/russias-far-east-apec.html> (accessed November 6, 2009).

³⁰ For a succinct analysis of Russia's presence in Southeast Asia since the end of the Cold War, see Leszek Buszynski, "Roshia to Tonan Ajia" (Russia and Southeast Asia), in Kimura and Hakamada, eds., *Ajia ni sekkinsuru Roshia*, pp. 245-268.

³¹ For a nuanced study of Russia's diplomacy in Central Asia in the 21st century, see Takeshi Yuasa, "Roshia no tai-Chuo Ajia seisaku" (Russia's Policy toward Central Asia), in Matsui, ed., *9.11 jiken igo no Roshia gaiko no shin tenkai*, pp. 123-148.

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