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**Regional Cooperation in Northeast Asia: new  
opportunities for the Russian Arctic?**

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# International Northern Sea Route Programme (INSROP)

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## FOREWORD - INSROP WORKING PAPER

INSROP is a five-year multidisciplinary and multilateral research programme, the main phase of which commenced in June 1993. The three principal cooperating partners are **Central Marine Research & Design Institute (CNIIMF)**, St. Petersburg, Russia; **Ship and Ocean Foundation (SOF)**, Tokyo, Japan; and **Fridtjof Nansen Institute (FNI)**, Lysaker, Norway. The INSROP Secretariat is shared between CNIIMF and FNI and is located at FNI.

INSROP is split into four main projects: 1) Natural Conditions and Ice Navigation; 2) Environmental Factors; 3) Trade and Commercial Shipping Aspects of the NSR; and 4) Political, Legal and Strategic Factors. The aim of INSROP is to build up a knowledge base adequate to provide a foundation for long-term planning and decision-making by state agencies as well as private companies etc., for purposes of promoting rational decisionmaking concerning the use of the Northern Sea Route for transit and regional development.

INSROP is a direct result of the normalization of the international situation and the Murmansk initiatives of the former Soviet Union in 1987, when the readiness of the USSR to open the NSR for international shipping was officially declared. The Murmansk Initiatives enabled the continuation, expansion and intensification of traditional collaboration between the states in the Arctic, including safety and efficiency of shipping. Russia, being the successor state to the USSR, supports the Murmansk Initiatives. The initiatives stimulated contact and cooperation between CNIIMF and FNI in 1988 and resulted in a pilot study of the NSR in 1991. In 1992 SOF entered INSROP as a third partner on an equal basis with CNIIMF and FNI.

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## INSROP project IV.2.3. Regional Cooperation in Northeast Asia: new opportunities for the Russian Arctic?

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## 1. Introduction

What is the connection and implication of the Northern Sea Route for the Russian Far East and this region's relationship with the rest of Northeast Asia? What are the stumbling blocks to increased cooperation in the Russian Arctic between Russia and its Northeast Asian neighboring states? These are the two perspectives that form the basis of this study.

Russia is clearly a European-based power even though it for a large part is located in geographic Asia. Non-Russian Asia does not border on the Arctic and has no tradition for "looking" north. This working paper will none the less take a "northern" view of Northeast Asia, with the perspectives of the state of Russia, the Russian Far East (RFE), and the Northern Sea Route (NSR) in focus.

Keeping the above in mind I will ask the following three questions in this study:

- 1) What are the main (threat) perceptions that exist between Russia/RFE and its Asian neighbors?
- 2) How do these perceptions hinder enhanced cooperation between Russia/RFE and its Asian neighbors?
- 3) Does cooperation in the Russian Arctic, including the Northern Sea Route, between Russia/RFE and its Asian neighbors have any kind of viable future?

The structure of this study will be as follows: After specifying my thoughts on the agenda more specifically the concepts *region*, *security complex* and *perception* will be briefly introduced and applied to the region. The security complex levels will be used to organise the analysis into domestic, regional and extraregional arenas. Based on this analysis the concluding chapter will discuss the prospects for regional cooperation involving the Russian Far East, in particular the Russian Arctic and specifically the NSR.

### 1.1. The Agenda

The Post Cold War political situation at the European end of the NSR seems "clearer" than at the Asian end. The development of the Euro-Arctic Barents Region<sup>1</sup> cooperation (conceived

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1 The Euro-Arctic Barents Region consists of the Norwegian counties of Nordland, Troms, and Finnmark; the Swedish county of Norbotten; the Finnish county of Lappland; and the Russian "oblasts" (regions) of Murmansk and Arkhangelsk as well as the Republic of Karelia. For more

in 1992 and implemented in 1993) and the focus on NSR development as an important part of the Barents Region transport and infrastructure concept has heightened European awareness of the NSR. No concept quite similar to the Barents Region is being focused on at the Eastern end of the NSR. The concept of a *Beringian Heritage International Park* encompassing the Bering Land Bridge National Preserve in Alaska and the Chukotkan raiony (districts) of Providenskii and Chukotskii has been discussed since 1990, but is far from any concrete institutionalization (Schindler 1996, pp.59-60), and is definitely not even similar to the Barents Region concept.

The end of the Cold War and the demise of the Soviet Union lowered the thresholds for economic, political, military and cultural cooperation and dialogue between East and West in Europe, but seemingly not to the same degree in Northeast Asia, where the remnants of the Cold War still endures on the Korean Peninsula.

This study will focus on the eastern part of Russia called the *Russian Far East* (RFE)<sup>2</sup>, and its role as an actor in the region of *Northeast Asia*. But when focusing on the RFE it is not possible to avoid examining and discussing the center-periphery relationship between Moscow and the RFE. Likewise the state of Russia will be drawn into my discussion in the analysis of Northeast Asia. Because of Russia's European identity, analysts<sup>3</sup> often seem to overlook the Russian Far East as an actor in the region when analysing (North) East Asia<sup>4</sup>. Maps of East Asia list the names and major cities of all the other states in the region, but often let the Russian Far East remain a dark unnamed mass of territory in the north, often cutting the map

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information see the book *The Barents Region - Cooperation in Arctic Europe*, edited by Olav Schram Stokke and Ola Tunander, Sage Publications, 1994.

- 2 The Russian Far East is an "economic region" in Russian terminology. It consists of the Sakha Republic, Khabarovsk Krai (Territory), Primorski Krai, Amur Oblast (Region), Sakhalin Oblast, Magadan Oblast, Kamchatka Oblast, Yevrey (Jewish) Autonomous Oblast, Chukchi Autonomous Okrug (Subordinate Autonomous District), and Koryak Autonomous Okrug. All these 10 administrative units are subjects of the Russian Federation, but at least historically they had somewhat different status. A republic is slightly more independent of Moscow than oblasts and krajs, which are at the same level. The Jewish Autonomous Oblast was earlier a part of Khabarovsk Krai, while Koryak Aut. Okrug is in a kind of subordinate position to Kamchatka Oblast. The Chukchi A. Okrug received independent status from Magadan Oblast in 1992 (Schindler 1996, pp.25-26). It is quite a complicated picture, and even knowledgeable Russians have problems in explaining what the differences really consist of.
- 3 I am aware that the term "analysts" is not very precise, but I do not intend to present a list of "offenders" here. I am just pointing out a personal observation that has not been verified statistically in any way.
- 4 On the other hand, the powerful Russian military presence is never overlooked.

north of Japan<sup>5</sup>. The Soviet/Russian tradition of closely controlling outlying administrative units from the capital is of course an important explanation for this systematic "oversight". The RFE entities themselves are used to looking to Moscow for economic support and policy direction. They do not yet have a clear perception of being a part of a Northeast Asian region. Likewise, Russia's easternmost neighbors do not yet perceive the RFE administrative units as being very independent of the Kremlin.

For our purpose, the RFE itself can be divided into three areas: 1) the southern belt with most of the population and industrial infrastructure; 2) the immense north with a very sparse and small population and largely inaccessible natural resources; and 3) the easternmost 50-60% of the Arctic coastal waterway that the Russians call the *Northern Sea Route* (NSR). Existing and potential economic interest in the RFE from the neighboring Asian states naturally focuses and will continue to focus on the southern belt, with forays into the southern parts of the northern area that have relatively accessible natural resources. However, an expansion of regional cooperation in the southern parts of the RFE will necessarily spill over into the more northerly areas as well. And an important key to transport in the northernmost areas of the RFE (as indeed in the whole of the Russian Arctic) is the combination of river transport and shipping along the NSR in the summer season. Therefore, increased regional cooperation and development in the southern belt of the RFE will inevitably lead to activity in the more inaccessible north, which again will have implications for the main focus of the INSROP programme, the Northern Sea Route.

There are a host of structural and cultural obstacles to overcome before the RFE and its Asian neighbors can in fact reach a level of mutual trust high enough to ensure dynamic cooperative development in the region. The underlying agenda for this report is the effect that cooperation in Northeast Asia can have on the Northern Sea Route itself and the nearby coastal areas that constitute the northern part of the Russian Far East as well as Northeast Asia itself.

The Northern Sea Route as the Russians define it stretches from Novaya Zemlya in the west to the Bering Strait in the East, a distance of between 2200 and 2900 nautical miles depending on which of the several alternatives that is chosen (varying ice conditions). The NSR is the shortest sea route (30-40% shorter) for vessels sailing between Europe and Northeast Asia (and Alaska and the northern part of the North American West Coast), as well as being Russia's national transport artery in the Arctic. The severe ice conditions that prevail in this area of the world is the greatest obstacle at present to the NSR being commercially utilized on a year-round basis. However, during 5-6 months of the year it is possible, with varying assistance from ice breakers, to sail the NSR at competitive speeds with ice-strengthened ships. The key

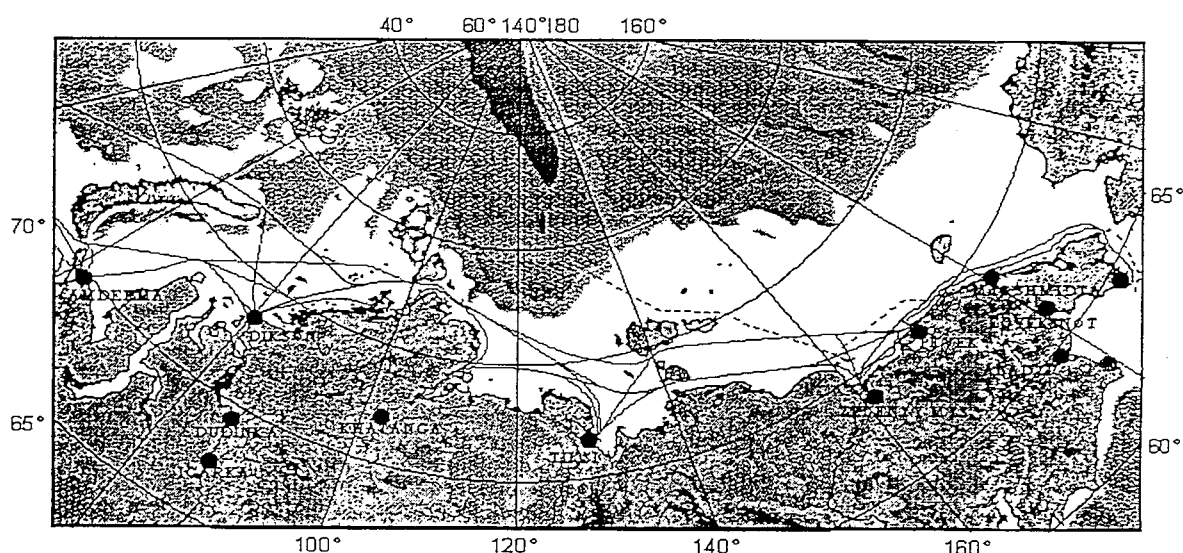
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5 A good example of this is the cover of Harris & Cotton 1990, *The End of the Cold War in Northeast Asia*.



factor for western shipping to start utilizing the NSR as both a transit and regional route is obviously the question of costs compared to the southern sea and railway (and in the case of oil and gas: pipeline) routes.

The Russian transport artery in the Arctic is a vital domestic feature for the northern coastline of the RFE. In fact, the northern coastline of the Russian Far East (Sakha Republic and Chukotskaya Oblast) constitutes more than one half of the geographic NSR. As mentioned above, the population centres in the RFE are located in the southern belt, while the northern areas are remote and quite inaccessible. The eastern part of the NSR, though perhaps not profitable at the moment in a commercial sense, is an important lifeline for the northern coast populations of Sakha and Chukotka. As long as the Russian Federation and Sakha and Chukotka themselves decide to maintain the northern coastal settlements bordering on the Laptev, East Siberian and Chukchi Seas as well as the settlements along the many large rivers that empty into these seas, utilization of the NSR is a necessity. This is the Russian domestic politico-security rationalization for supporting the use of the NSR.



III.1: Historical sailing routes of the NSR. The dotted line indicates the route of the INSROP Trial Sailing from Yokohama, Japan to Kirkenes, Norway 1-28 August 1995. Source: INSROP GIS

The geographical definition of the NSR limits it to the Bering Strait in the east and the Kara Gate in the west, but the functional eastern end of the route from the Russian point of view is in fact Vladivostok<sup>6</sup>, while the western functional end point is Murmansk. If Vladivostok is the functional Russian eastern end point of the NSR, then the neighboring countries Japan, North-Korea, South-Korea and China can easily become Asian functional end points as well.

6 The Far Eastern Shipping Company (FESCO) based in Vladivostok is responsible for organising the ice-breaker service in the eastern sector of the NSR. Vladivostok port and its twin port Nakhodka are the main windows Russia has to the Pacific. Murmansk is the functional end point of the NSR, even though the western end in geographical terms is the Kara Gate (Novaya Zemlya).

Thus, the NSR is the northern transit sea link between Europe and Northeast Asia. It is likewise an important potential regional link between the vast natural resources of northern Siberia/the Russian Far East and the states of Northeast Asia.

Bearing in mind that Northeast Asia is an immense region including the country with the world's largest population (China), the country with the second largest economy in the world (Japan) and (part of) the country with the largest area in the world (Russia), I will limit my analysis primarily to Russia/RFE and its relations with its Asian neighbors in this region. Because of their location as a functional end point of the NSR in Asia, Japan, the Koreas and China are the neighbors that matter to this study. Mongolia, Taiwan and Hong Kong will not be touched upon.

Since Japan is the neighboring country that has been the most active in the RFE over the last 25 years and in addition has shown some interest in the concept of international shipping along and through the NSR it will be the Russia-Japan relationship that will be treated most extensively. However, the Korean and Chinese relationships with Russia/RFE are also necessary to discuss because of their importance both politically and economically in relation to Russia. Likewise, the "inevitable" influence of the USA in the region is not possible to avoid. The discussion of Northeast Asia as a region will therefore not be exhaustive at all, but will focus on the role of Russia, the Russian Far East and regional issues that have implications in this regard.

When studying perceptions and relations between states and regions it is difficult to avoid utilizing the concept of security. The concept will be further explained below, suffice it to say that security in the sense used about the current situation in Northeast Asia is an extended one, encompassing both economic and political issues in addition to the military ones.

## **2. Northeast Asia - A Useful Concept?**

This chapter briefly explains the framework and perspectives that will be used to analyse the case in question and answer the questions posed in the introduction. The idea of a *region* will be discussed, followed by a clarification of the concepts *security* and *security complex*. The overlap between the terms *region* and *security complex* will be briefly examined. How does Northeast Asia fit/not fit into this framework? *Perception* and *threat* are concepts that will be discussed and applied within the framework of Northeast Asia as a security complex. I have no pretension to contributing to any theoretical debate concerning these concepts, but rather intend to use them to illustrate how Russia's relationships with its eastern neighboring states can enhance or hinder the development of the Russian Arctic.

## 2.1. What is a Region?

Conflict between two superpowers is no longer the defining pattern in international relations any more. In my view regions are now emerging, to a much larger extent than during the Cold War, as fruitful units of analysis in international politics. After the end of the Cold War many regional conflicts have broken out in the former East Bloc countries and awareness of ongoing regional conflicts (and not least the conflicts' local origin) in the whole world has greatly increased.

The concept of a *region* has been used in so many contexts<sup>7</sup> that it is necessary each time to have a precise definition. Homogeneity in the economic and social structures, interdependence, geographic proximity, historical development and the loyalty/patriotism of the population are factors that are mentioned in defining what states make up a region (Russett, pp. 182-183 in Falk & Mendlovitz 1973).

Cantori & Spiegel have a definition related to foreign affairs that seems to fit this working paper's agenda:

*"We will consider regions to be areas of the world which contain geographically proximate states forming, in foreign affairs, mutually interrelated units. For each participant, the activities of other members of the region (be they antagonistic or cooperative) are significant determinants of its foreign policy; while particular members of a certain region may have extraregional concerns, their primary involvement ordinarily lies in the region in which they find themselves. Under normal conditions they cannot accomplish successes elsewhere until they have achieved and are able to maintain a permanent position in their own area."* (Cantori & Spiegel 1970, p.1).

It is important to note that according to Cantori & Spiegel the relations between states in a region can both be antagonistic and cooperative.

The term region, however, does not only describe relations between states. A region can be a part of a state (e.g. the RFE), it can be parts of several states (e.g. the Euro-Arctic Barents Region), or it can even be a combination of parts of (larger) states and whole (smaller) states. The second case clearly illustrates the fact that regional interests do not necessarily have to

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<sup>7</sup> *"The notion of a region, either within a single country or a region of the world embracing a number of nations, has provided a venerable tool in the workshed of political and social research...In time different workers refined the tool for particular tasks. While they usually kept the basic name region for what they were working with, the implement became so specialized that, like the innumerable breeds of *Canis familiaris*, one would hardly know that they belonged to the same species."* (Russett, p. 182 in Falk 1973).

be confined to the arena of states, but can just as easily cross state borders. The third case has not (as far as I know) been institutionalized anywhere, but is a natural analytic concept to use for regions where small(er) states border on very large ones (e.g. the RFE as part of Northeast Asia).

The academic literature on regionalism in international relations is large and expanding. However, as stated earlier I will not involve myself in theoretical discussions, but rather pick and choose among terms that have relevance for my chosen agenda<sup>8</sup>. But despite the importance the Russian Far East plays in this working paper I find it definitely most fruitful to talk about regionalism in Northeast Asia with states as the primary units of analysis<sup>9</sup>. The lines of conflict in the region are so many that the transnational interaction on sub-governmental levels is very far from a "European" level of integration. Even with interaction gradually increasing as a result of economic interdependence the cultural differences and historical experiences that the states of Northeast Asia have with each other do in fact preclude a development towards European style integration.

The bottom line in this general discussion is that a region is what the actor/author defines it to be, depending on the criteria chosen<sup>10</sup>. According to Neumann: *"...a region is constantly defined and redefined, as a number of actors engage in a discourse which is never brought to a permanent standstill. Each actor tries to impose a definition of the region which places*

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8 This line of reasoning applies to the following chapters on security and security complexes as well. I rely heavily on the work of Barry Buzan simply because his theory of security complexes is a good framework of analysis for my purpose.

9 *"..regionalism and state strength do not stand in opposition to each other and states remain the essential building-blocks with which regionalist arrangements are constructed."* (Hurrell 1995, p. 354). Another statement supporting my "statist" argument: *In Northeast Asian countries, excluding the Russian Far East, political power is more or less concentrated in the central state, with only limited local autonomy; opposition is tolerated but not actively encouraged; the state exerts varying degrees of power over the private sector and develops industrial policy; the state promotes a fairly strong national identity and loyalty among its people; and the Confucian cultural heritage provides strong foundations on which the statist conception of nation-states is promoted.* (Akaha 1993,p. 27)

10 *"All the authors concerned seem to assume that there exists a neutral analytical ground, a spot above the regional fray to which the sovereign author can retreat. They never acknowledge the inevitable political dimension of their analytical endeavours. Choosing the criteria by which to define a region cannot be a politically neutral act. To the contrary, it can be argued that such acts lie at the heart of the politics of regions."* (Neumann 1992, p. 5).

*"Moreover it is how political actors perceive and interpret the idea of a region that is critical: all regions are socially constructed and hence politically contested. This makes it especially important to distinguish between regionalism as description and regionalism as prescription, that is, as a moral position or a doctrine as to how international relations ought to be organized."* (Hurrell 1995, p. 334).

*the actor as close as possible to its several cores. These cores are both territorial and functional, and the way to take hold of them goes through manipulation of knowledge and power."* (Neumann 1992, p. 6).

### **2.1.1. Northeast Asia - a Region?**

Consistent with the latter line of reasoning Northeast Asia can safely be defined a region even though the criteria used may vary with outlook. Northeast Asia is a concept that is definitely in use, though it is not as common as the concept of its neighboring region Southeast Asia. As discussed above, one of the factors that define a region is that the members (here: member states) have a common perception of belonging to a region. The regional organisation ASEAN<sup>11</sup> (founded in 1967) has been the most important factor behind the emerging Southeast Asian perception (at least at the governmental and elite level) of belonging to a region. In Southeast Asia the regional organisation ASEAN represents the cooperative element, while the antagonistic element till the beginning of the 1990's was symbolised by the dichotomy between the non-communist states in ASEAN and the Indochinese communist states of Vietnam, Laos and Cambodia. The cooperative aspect has been strengthened in the last three years, clearly illustrated by the fact that Vietnam joined ASEAN in July 1995, and that Laos, Cambodia and Burma (Myanmar) are now candidate members of ASEAN (Far Eastern Economic Review (FEER hereafter), December 7, 1995, p. 23).

A Northeast Asian identity similar to the one in Southeast Asia has not yet emerged, both for Cold War reasons and because of crosscutting historical lines of conflict between the states in the region. The continued division of Korea for over 40 years demonstrates the fact that the Cold War seemingly is not over in this region of the world, even though the original Cold War protagonists Russia, USA and China have made their peace. Japan versus Russia over the South Kuriles/Northern Territories is an issue that continues to fester in the post-Cold War period. The historical animosity of the Korean people towards the Japanese is still very much a reality (Akaha 1993, p. 26). The very long border between China and Russia remains a latent fountainhead of conflict. The two governments of China is an unresolved question. Because of all these ongoing lines of conflict, political and cooperative relations in Northeast Asia are still characterised by the many bilateral relations between states in the region, with the United States as the most important actor from outside the region.

How does Northeast Asia fulfill the criteria for being a region? Geographical proximity is definitely fulfilled. The Russian Far East, China, Mongolia, Japan, North-Korea, South-Korea, Taiwan and Hong Kong (till 1997) are the entities that at present make up the region of

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<sup>11</sup> The seven member states of ASEAN are: Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

Northeast Asia. The countries of the region are increasing their inter-regional trade (Financial Times, 15 November 1995), thereby increasingly fulfilling the criteria of economic homogeneity. Barring the RFE, the countries in the region are culturally and historically similar, with societies based on many common Confucian, Buddhist, hierarchic and group-oriented values. The common organisations mentioned by Väyrynen have been lacking up till now on a regional basis, but as we shall see later this is changing, albeit slowly. The region fulfills the criteria set up by Cantori & Spiegel: the states in the region are definitely mutually interrelated and interdependent actors in foreign affairs. The many conflicts in Northeast Asia thus clearly illustrate that regional interrelationship can be defined by antagonism as well as cooperation.

Regarding Russia and its role in the region of Northeast Asia (through the Russian Far East) it has up till very recently been defined almost solely on the military security dimension based on the fact of the presence of the Russian Pacific Fleet in Vladivostok. However, as a result of more friendly state-to-state relations between Russia and its Far Eastern neighbors, the beginning of the 1990's saw a large increase in trade both between these states and more unofficially in the border regions between the Russian Far East and China, Japan and South Korea, even though the total trade between Russia and these countries is not currently on the increase (1995) due to the slump in the Russian economy (Rutland, 1995, pp.38-39).

In conclusion, and perhaps not surprisingly, I choose to consider Northeast Asia a viable region for my purpose, which is to examine Russia's relations with its Asian neighbors from a northern perspective.

## **2.2. Security and Security Complexes**

This section will first briefly discuss the concept of security, including the emerging concept of extended security. This is a prerequisite for outlining the concept of security complexes. How does Northeast Asia fulfill the criteria for being a security complex and what is the relationship between the concepts of *regions* and *security complexes* in the case of Northeast Asia?

### **2.2.1. Security as a Concept**

According to Buzan, states "... are both the framework of order and the highest source of governing authority." (Buzan 1991, p. 22). He holds that the security of states is a deciding factor in avoiding war. To understand what a state's security implies it is necessary to have an understanding of the concept of security as such.

Haftendorn tells us how difficult this is: *"There is no one concept of security; national security, international security, and global security refer to different sets of issues and have their origins in different historical and philosophical contexts."* (Haftendorn 1991, p.3). In any case it seems to involve measuring a sense of security from threat. Haftendorn defines security *"as value and/or system maintenance over time and the absence of threat to it."* (Haftendorn 1991, p. 5). However, "the absence of threat" can of course only reflect a relative and perceived feeling of security: *"the relative freedom from harmful threats."* (Mroz 1980, p. 17 in Buzan 1991). This last definition highlights the fact that there can be no such thing as absolute security, and that in the real world all a state can hope for is the relative security from the surrounding world. Arnold Wolfers has made a contribution that also makes a point about perception in the definition of security: *"Security, in any objective sense, measures the absence of threats to acquired values, in a subjective sense, the absence of fear that such values will be attacked."* (Wolfers 1962, p. 17 in Buzan 1991). Buzan finds it impossible to come up with a definition of security covering all aspects of it; the closest he gets is talking about security as; *"the pursuit of freedom from threat."* (Buzan 1991, p.112).

Having decided upon state security as the highest level of authority in international security at the present level of historical development (anarchy<sup>12</sup>) means that we are landed with national security as our principal unit of analysis. However, having decided on national security does not mean that it is easy to define: *"The concept of national security does not lend itself to neat and precise formulation. It deals with a wide variety of risks about whose probabilities we have little knowledge and of contingencies whose nature we can only dimly perceive."* (Schultze 1973, p. 16 in Buzan 1991). A definition of national security that I find fitting is: *"National security includes traditional defence policy and also 'the non-military actions of a state to ensure its total capacity to survive as a political entity in order to exert influence and to carry out its internal and international objectives."* (Louw 1978, pp. 16-17 in Buzan 1991). This definition of national security encompassing non-military issues leads us to the extended security concept.

In later years the security concept discussion has been extended from concerning purely military issues to include economic, societal, political, environmental, cultural and religious issues (Sergounin 1993, p. 9). Also resource and demographic issues have been pointed out

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12 *"In this usage anarchy means the absence of central government. In the international system, anarchy does not mean the absence of government per se, but rather that the government resides in the units of the system. If those units are states, then they will claim sovereignty, which is the right to treat themselves as the ultimate source of governing authority within the territorial limits of their jurisdiction. Since the claim of sovereignty automatically denies recognition of any higher political authority, a system of sovereign states is by definition politically structured as an anarchy."* (Buzan 1991, p. 21).

as security issues (Mathews 1989, p.162). As one can see the range of issues that influences national, regional and global security is wide, all of them are to my mind very valid.

The primary organising tool of this analysis will be the concept of Northeast Asia as a "security complex". The concept of security complexes has to my knowledge not been applied to this region before and the region probably does not fulfill all the criteria for such a complex<sup>13</sup>. In my view that is irrelevant, as long as the tools at hand, in this case the "security complex", can shed *some* light on the mechanisms of interaction in Northeast Asia. Using this set of tools I can look both at the domestic arenas (levels) of the different regional actors, the important regional level, and at the extra-regional level<sup>14</sup> (includes the USA as an actor in the region). The regional level will be the most important in this analysis, but one cannot describe a security complex satisfactorily without bringing in the two other levels. Under a traditional power-based view of security the focus is on the distribution of resources between states. Buzan's security concept adds factors like historic and geopolitical antagonisms between states in a region as well as these states' perceptions of intentions and actions towards each other and the world at large (Buzan 1983, p. 105).

### 2.2.2. Security Complexes

Buzan's definition of a security complex: "*A security complex is...a group of states whose primary security concerns link together sufficiently closely that their national securities cannot realistically be considered apart from one another.*" (Buzan 1991, p. 190). An alternative definition that tries to avoid subjective notions ("primary", "sufficiently") is: "*A security complex is a political constellation of states which is constituted by their mutual security concerns and aspirations.*" (Kostecki 1994, p. 15).

Neumann voices some valid objections to the security complex concept, more precisely Buzan's. (Neumann 1992, pp. 13-14). He rightly asks *by whom* the "*national securities cannot be realistically considered apart...*". He further points out that "*regions are also imagined communities*", illustrating very clearly that all models of political science are just that; models. As models they are the construction of one or more sovereign authors. The purpose of introducing the concept of security complexes to this paper, however, is not to delve into the

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13 A definition: "*A complex is a social whole...which means more than the sum of its component parts...thus is able to play a modifying role with regard to the actions and interactions of units.*" (Wæver 1994, cited in Kostecki 1994, p. 20).

14 Buzan operates with four levels of security analysis - domestic, regional, super-regional, and global. (Buzan 1989, p. 13 and Buzan 1991, p. 195). In view of the collapse of the Soviet Union, and the fact that Russia has not emerged as a global superpower on the same scale as the Soviet Union, I will make one adjustment of Buzan's framework. This adjustment is to combine the super-regional and the global levels into one: the extra-regional level. (Simonsen 1991, p. 124).



depths of a debate over definitions, but to use the (grantedly man-made) concept as a framework to organise the analysis of Russia's role in Northeast Asia. I am well aware of the imperfections of every theoretical model in the field of international politics, but it is that very imperfection which makes a given model interesting to apply as it so clearly illustrates how unsystematic and unpredictable real life indeed is every time<sup>15</sup>. I therefore choose to continue to explore the use of the concept of security complexes as a main organising tool in this paper.

As opposed to most other attempts at defining region subsystems, security complexes are more often recognized through rivalry and conflict than by shared interests. Northeast Asia fits the bill in both regards. There is extensive cooperation in the form of trade and cultural exchange between for example China, Japan, Taiwan and South Korea; meanwhile a number of bilateral conflicts remain wholly or partly unsolved, such as the Kurile/Northern Territories issue and the two Koreas.

States outside the complex can play a major role inside the complex, without the complex being these states' most important security concern. (Buzan 1988, p. 7). The USA, for example, is an important actor in many central issues within a Northeast Asian security complex, but when it comes right down to it this security complex is not *the* most important security concern for the USA, even though it undoubtedly ranks high on the list.

A security complex can be defined by either 1) cooperation (amity), but is more often defined by 2) a high level of enmity (threat/fear) that is felt mutually among two or more major states in the complex.

There are areas of the world where it is not easy to identify security complexes. One reason may be that the states in a region may be so weak that they do not project any power beyond their own borders. The many small island states in the Pacific are examples of this. Another reason for not finding a security complex may be the existence of *overlay*. Overlay is when local security issues are completely overlaid by one or more outside Great Powers. If defined as a security complex, Northeast Asia definitely experienced overlay by the USA after 1945, but the question to ask now in the mid-nineties is to what degree this overlay has been lifted.

It may be difficult to identify the boundaries of security complexes even if their existence is not in doubt. One reason can be that a boundary is in the process of changing because of a major change in the pattern of regional security dynamics (e.g. Eastern Europe since 1989). Another reason may be that a lower level complex is so influenced by an adjacent higher level complex that the internal security dynamics of the lower level complex is unclear. This does

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15 "Classification becomes valuable, in humane studies, only at the point where it breaks down." (Wight 1991, p. 12 in Neumann 1992).

not mean that this lower level security complex should be ignored, but rather that this interaction between complexes in fact is a fruitful tool for understanding security dynamics in a region and its neighboring regions. A third reason for a region's lack of a clear-cut security complex can be that several different subcomplexes exist within one security complex, making clear-cut analysis difficult (but no less interesting). (Buzan 1991, pp.198-199).

For Northeast Asia as (a possible) security complex all of the above three reasons for not clearly identifying the security complex seem to be at least partly true: 1) Russia's political transformation from totalitarian state to imperfect pluralism has changed both the political and military status quo in the region, though perhaps not to the same degree that many expected; 2) Since a Northeast Asian security complex includes such major powers as China, Russia and Japan, influence from higher-level complexes definitely influences the dynamics of the regional complex to some degree; 3) Within the region there obviously exists a host of subcomplexes that complicate the task of clear-cut analysis of a Northeast Asian security complex as such.

Are cultural and ethnic ties important when defining security complexes? Ethnic ties and conflicts play an important role both domestically and regionally all over the world, not least as part of threat perceptions. After the end of the Cold War in the late 1980's there has been a renewed focus in international politics on regional conflicts. The fact that the same conflicts as during the Cold War still exist in Northeast Asia seems to be a combination of remnants from the Cold War and traditional cultural lines of conflict. The two-Korea issue is for example clearly a Cold War remnant, while the negative perceptions of each other that Koreans and Japanese still harbour is the result of pre-Cold War history and century-old ethnic- and culture-based perceptions.

Finally, economic security is undoubtedly an important factor in international security dynamics. Economic factors are important when determining a state's stability, and are therefore important when determining the same state's influence within a security complex. Even though economic factors do play an important role, they are not as relevant as the patterns of amity/enmity and threat when seeking to define and identify a security complex. The military, political and societal dimensions of security are after all more strongly related to the geographical proximity of states than economic relations are. (Buzan 1991, pp. 201-202). In Northeast Asia Japan is clearly the state that relies the most on economic strength for its security, while old fashioned military security is still the most important factor for Russia. In the end a state's military security is of course dependent on economic means. South Korea is a case in point here. 35 years ago South Korea was inferior to North Korea economically and had to rely on American forces for its physical security. Towards the end of the twentieth century South Korea is an international economic powerhouse and definitely capable of more

than holding its own with North Korea on the military arena (even though 37,000 American soldiers are still stationed in the country).

Of course the question of identifying security complexes is not always easy when looking at the real world of international relations. But I agree with Buzan that it is important for security analysis to have a regional level in between the global and state levels<sup>16</sup>.

### 2.2.2.1. Northeast Asia - A Security Complex?

The demise of the global level of security dynamics means that the historically abnormal situation of two superpowers (bipolarity) is now being replaced with a more traditional structure of an international system dominated by several great powers. (Buzan 1991, pp. 207-208). A good case can be made for these great powers being the USA, Russia, China and Japan. The latter three can be considered members of the Northeast Asian security complex while the USA is the most important external power influencing the complex.

I concluded earlier that Northeast Asia is a viable and realistic region. Is it also a security complex, but at what level? In the following I will apply the criteria introduced above and see to what extent Northeast Asia can be considered a security complex as well as a region.

First of all we have the question of whether there exists a Northeast Asian security complex within which the member states have their primary security links. In my view, Japan, China, North-Korea, South-Korea and Russia are the main actor states in a Northeast Asian security complex, while Mongolia, Taiwan and Hong Kong are minor actors. Russia is a problem in this context, in that it extends geographically all the way from Europe to Northeast Asia, being a member of several regions and security complexes. In a political and military context it does not, however, make sense to keep the Russian central government outside our security complex analysis. In the realm of international "high politics" national security is the prerogative of the national government. The management of Russian actions and policies in the RFE as part of a Northeast Asian security complex therefore necessarily has to originate in the Kremlin. This dilemma illustrates the problem of establishing clearcut borders for security complexes, demonstrating how reality does not always accord with models produced by political scientists. I therefore consider the state of Russia to be a member of a possible Northeast Asian security complex in policy matters, while the Russian Far East represents the physical manifestation of Russia in the security complex.

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16 *"In my view, it is a much bigger analytical error to have no systematic conception of regional security dynamics than it is to have a disputed one...So long as the logic behind contending positions is made clear, there is no harm in controversy about how security complexes are defined."* (Buzan 1991, p. 200).

The importance of the RFE in Russian politics is uncertain. Most of the RFE (including the NSR areas) is obviously not profitable in a commercial sense at present. However, the economic potential of the region remains vast, given the enormous reserves of proven and yet-to-be discovered natural resources. The RFE is not a high priority for the government Moscow at the moment, but from an ultimate military strategic viewpoint the RFE is definitely very important for Russian security as the base of the Pacific Fleet and the frontier bordering on China, Japan and the United States.

The five main actors in Northeast Asia have ten bilateral relationships altogether, all of which are important lines of *amity and enmity* in our definition process:

Russia	-	China	Friendly. Latent border disputes.
Russia	-	Japan	Cordial. Disputed islands.
Russia	-	North Korea	Not as friendly as before 1990.
Russia	-	South Korea	Friendly. Debt payment problems.
Japan	-	China	Friendly. Historic wariness.
Japan	-	North Korea	No official relations.
Japan	-	South Korea	Friendly. Historic animosity.
China	-	North Korea	Friendly. China NK's only "ally".
China	-	South Korea	Friendly. Dipl. relations in '92.
S. Korea	-	North Korea	Enemy perceptions.

China is at the moment on relatively friendly terms with all four of its main neighbors in the complex. Japan does not have diplomatic relations with North-Korea and has not signed a Peace Treaty after World War II with Russia because of the Southern Kuriles/Northern Territories issue (more about this in a later chapter). South-Korea's main foreign(?) policy focus is on the still-to-be-solved relationship with North-Korea, and otherwise the last few years have brought normalization of South-Korea's relationships with both Russia and China. North-Korea is the odd-man-out of the region, having only China as political ally.

Both China and Japan are important actors in Russian foreign relations. Only the USA and maybe Europe rank higher in importance from the Moscow government's point of view. However, from a Russian Far East perspective the Asian neighbors clearly represent the most important foreign relations entities at the present time, and will probably become even more so in the future. Russia has diplomatic relations with all four major regional neighbors, but currently the long-lasting conflict with Japan is the most important unresolved issue.

Of the above-mentioned, what are the most important conflicts or cooperational relationships defining the Northeast Asia security complex? The more than 40 year old Korean conflict is high on the agenda at present. Parts of the very long border between China and Russia have

traditionally been disputed and this too constitutes an important potential for conflict. Japan with its economic superpower status has aspects of both cooperation and of potential threat from its neighbors' perspectives.

Both the states within the Northeast Asian security complex and the neighboring Southeast Asian complex harbour latent threat perceptions of Japan based on Japan's history as an imperialist power in the region in the first part of this century. After 1945 this latent fear has been kept under wraps by the American military presence in Japan and by Japan's pacifist Post World War II Constitution. This brings us to the role of the USA as an external power in relation to the Northeast Asian security complex.

After 1945 the United States projected such a dominant role in Northeast Asia that it clearly can be interpreted as *overlay*. Local security issues based on the history of the region were completely overlaid by the military and political presence of the USA. American military forces are still stationed both in Japan and in South-Korea. Does this mean that the Northeast Asian security complex is still overlaid?

The division of the Korean peninsula came about as an effect of the Cold War. After the end of the Cold War the conflict continues and has established dynamics of its own which can justify it being called a local conflict. The USA's presence can then be defined as a penetrating external power contributing to the amplification of a local conflict. The present penetration<sup>17</sup> of the USA into the Korean issue is therefore arguably not strong enough to be called overlay. Likewise, the continued presence of American troops in Japan is not necessary any longer based, on the security situation in Japan, but is rather a presence with wider implications for the stability of the whole region of East Asia<sup>18</sup> (a function it has filled constantly since 1945). In view of the fact that the overlay of the NEA security complex has been, or is in the process of being, lifted, the membership of Russia, Japan and China in a possible Northeast Asian security complex obviously points to it being a high-level complex. Cultural ties influence both enmity and amity in the complex. China, Japan and the two Koreas have a common history that emphasizes both cultural similarities and distrust. There also exists a long history between these three nations of strong animosity based for a large part on ethnicity. The Japanese and the Chinese may be culturally similar, but they are no more

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17 According to Wæver: *"In short: the phenomenon of penetration occurs when (an) outside power(s) make(s) 'security alignments' with states within a security complex."* (Kostecki 1994, p. 21).

18 The American presence may in fact be desired by Russia and China, even if they would never admit to that officially: *"..a US presence will no doubt continue to be accepted and even welcomed to prevent the rekindling of regional tensions. If it were less provocative and more responsive to the desire for arms control, even the USSR and China may see a US presence as maintaining a stabilising balance of regional power."* (Harris 1991, p. 18).

similar than the French are to the Norwegians, probably even more dissimilar. The population of the Russian Far East is mostly ethnic Russian, and therefore does not have central cultural values in common with its neighboring populations<sup>19</sup>. Instead, the large difference in culture aggravates communication problems across the Asian/European cultural divide in the region.

Economic security is increasingly important when studying security dynamics in Northeast Asia. In the last 30 years South Korea has developed from a poor developing country into a full-fledged industrialized economy. China is experiencing strong economic growth and is steadily expanding its industrial cooperation and trade with the outside world, with South Korea and Japan high on the list. Japan has developed into the world's second largest economy after the USA, but is no longer the only actor in the region with economic impact in the rest of the world. Taiwan and Hong Kong have become strong economic actors. All this points to an increasing economic interdependence in the region in addition to the long-existing political and military interdependence<sup>20</sup>.

Compared to Europe or North America, however, Northeast Asia still has a long way to go before the economic relations within the region take over from the politico-military relations as the defining patterns of the security complex. The unresolved Korean issue, the fact that China traditionally is an unpredictable actor, the still relatively cool relationship between Russia and Japan; these issues are but some that explain the high level of military preparedness in the region<sup>21</sup>. On the other hand, the upgrading of the military forces in most of the states in Northeast Asia may not necessarily reflect increased tension, but rather these states' increased purchasing power.

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19 *"Culturally, Russia does not have much of a claim to a presence in Asia. The more influential Asian-Pacific countries are Confucian, Buddhist, and Muslim, while Russia is Orthodox Christian. Asian cultures are noted for their strong work ethic and efficient business skills; by comparison, Russians have little of either. To be fair, there are some commonalities. Russia, or at least a large segment of the Russian elite, shares with much of Asia an inclination toward mercantilist policies in preference to purely liberal trading practices. Russians and Asians have a tradition of respect for strong government and social order. However, these common values are not sufficient to overcome the barriers currently separating Russia from Asia."* (Ziegler 1994, p. 542).

20 *"Japan's turn towards Asia has been accompanied by a deepening integration between the region's previously disparate economies. 'There is growing interdependence, not just between Japan and Asia, but also, for the first time in their history, between Asian economies themselves,' says Mr. Kazuo Ogura, Japan's deputy finance minister."* (Financial Times Survey Japan in Asia, p.1, November 15 1995).

21 *"The military capacities of the countries of the region are already substantial. The four major powers consist of three countries with the largest military budgets and before the next century China is expected to make up the fourth."* (Harris 1991, p. 19). This assertion obviously includes the United States as an actor in the region. When referring to "largest" I presume that Harris means "in the world".

The Russian Far East is definitely not an economic success story at this point in time. However, trade and economic cooperation with its immediate Asian neighbors is a clear priority in the RFE development strategy. Already a very large part of consumer goods in the RFE is being imported from China, Japan and South Korea, instead of from European Russia. Timber, fish and coal are the three main products the RFE exports to its Asian neighbors. The RFE hopes to develop both its industry and infrastructure with the help of foreign investment from its neighbors. (Takahashi 1993, pp. 85-100).

The deteriorating economic situation in North Korea, with an estimated growth rate in negative figures every year in the 1990's (Kim Hakjoo 1995, p. 82) is a potentially destabilizing factor in the region. It is interesting to note that North Korea clearly is hoping for increased trade with the United States as a result of the atomic reactor agreement entered into in October 1994<sup>22</sup>.

After the above discussion of Northeast Asia as security complex based on the criteria presented in the previous chapter I feel confident in declaring the Northeast Asian security complex to be a viable entity. Because the complex harbours members with important interests also outside the region it is not easy to draw clearcut borders between the Northeast Asian security complex and other security complexes. However, the many important lines of amity and enmity in the region emerging (and reemerging) as American overlay is being lifted from Japan and South Korea makes Northeast Asia a security complex too vital to overlook when analysing international relations.

#### **2.2.2.2. Northeast Asia - The overlap between region and security complex**

Before moving on to threats and perceptions, it is necessary to examine and clarify the overlap between the concepts of *region* and *security complex* when discussing Northeast Asia.

For the purpose of this analysis we have established that Northeast Asia is a viable and realistic region. The term region geographically limits the area of definition. In order to fulfill the condition of a region being defined by the geographic proximity of its members I therefore found it necessary to define the Russian Far East as the only part of Russia "worthy" of membership in the Northeast Asian region. In other words, the RFE has a Northeast Asian regional identity in addition to its identity as a region in the Russian Federation.

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22 According to the agreement "...the U.S. would provide North Korea with crude oil as an alternate energy source, gradually reduce trade barriers and work towards exchanging diplomatic missions." (FEER Oct. 27, 1994, p. 14).

The same operation is not quite as simple in the case of the Northeast Asian security complex. The Russian Far East is clearly the physical representation of the state of Russia in the security complex. However, since a security complex involves "high politics" it is not possible to exclude the state of Russia, or more precisely the federal government in Moscow, as an actor. It can be argued that Russia has three roles in the Northeast Asian security complex: 1) as a regional actor (represented by the RFE), 2) as a national actor, *and* 3) as a penetrating external power. The fact that the security complex model does not quite fit with the reality of present-day nation-state borders in Northeast Asia does not necessarily mean that it is not a fruitful one. The sheer vastness of Russia means that it is an actor in many security complexes at different levels, with Moscow as an important factor in each case.

A region can be defined without including all of the member states' national capitals, but a security complex cannot exist without them. The security complex of Northeast Asia therefore encompasses the whole region of Northeast Asia, *plus* the rest of the Russian Federation represented by the federal government in Moscow.

The central role of Moscow in the security complex system illustrates the issue of center-periphery in regional foreign policy. Later in this report the difference in interests and therefore perceptions between Moscow and the RFE (domestically as well as foreign relations-wise) will be looked into, as well as the same phenomenon in Japan (Tokyo vs. Hokkaido). But first the terms "threat" and not least "perception" must be described and defined in relation to our agenda.

### 2.3. Threats and perceptions

My definition of threat is based on the perception of danger as a passive outcome rather than as an active undertaking. According to Cohen, "*A perception of threat, therefore, should be understood here as an anticipation on the part of an observer, the decisionmaker, of impending harm - usually of a military, strategic, or economic kind - to the state.*" (Cohen 1979, p. 4). The threat that is anticipated (by the "receiving end") does not have to be a conscious threat by the sender, but rather the result of actions, articulations, or some combination of both. A perceived threat can therefore be either *actual*, that is, based on more or less definite signals of intent, or *potential*, that is, based on some state of affairs or even merely on the military capability of the perceived opponent. (Cohen 1979, p.4).

According to the dictionary "perceive" means to understand/realize or "to become aware of through the senses". Consequently misperception describes a situation where the sender's intentions are misinterpreted. Robert Jervis has written a "classic" book about perceptions and misperceptions in international politics. (Jervis 1976). He points to some general reasons for perceptual problems in politico-security contexts:



- Perceptions will vary according to where the observer is standing in relation to that which is being observed. Different states' perceptions can therefore vary according to their ideologies/political systems, geography and historical experiences.
- Perceptions will vary according to the observer's internal condition. The domestic political situation in a state can influence how this state perceives its neighbors in a security complex. A good example of this is Russia's changes in perceptions during the last few years with regard to the Kurile Islands issue and relations with Japan (more about this in a later chapter).

What are the major threat perceptions in Northeast Asia in the post-Cold War period? In a historical perspective China perceives herself as *the* central actor of the region, and there is no reason to believe that the present and future Chinese leadership have/will take a different view. The Chinese economy is experiencing strong growth at the moment<sup>23</sup> and this will probably, if it continues, in turn strengthen the Chinese perception of being the central actor in East Asia. In the next decade, the new Chinese economic power will most likely translate into increased military striking power as well as a probable increased assertiveness in regional foreign policy. China has a history (in this century) of dispute and conflict with both Russia (the Soviet Union) and Japan, and in view of China's increasing might, these two states will continue to monitor Chinese foreign policy very closely.

Japan does not have a political role in international politics or even regional politics that is in any way commensurate with its role as a powerhouse of international economy. Recent Japanese thinking on its own role in international and regional security politics emphasizes that "Japan should extricate itself from its security policy of the past that was, if anything, passive, and henceforth play an active role in shaping a new order." (Advisory Group on Defense Issues, 1993, p. 7). Because of history, the neighboring states in Northeast Asia view a renewed Japanese militarism as a permanently latent threat in the back of their minds. Japan naturally feels that this perception of its intentions is a delusion that stimulates pointless arms buildup in the East-Asia-Pacific region. (Yamamoto 1994, p.3).

Russian military power in the Far East has clearly diminished in the last few years due to the transformation "pains" in the Russian economy and the negative implications that this has had for military expenditure (Clarke 1995, pp.24-27). Russian attentiveness to threat perceptions of its neighbors has therefore had to take a back seat to domestic political conflict and Russia's new foreign policy relations with its ex-Soviet neighboring states. But Russia's Asian neighbors are acutely aware of the Russian military forces that continue to be stationed in the

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23 "China's economic growth rate was 13.4% in 1993, and its target for the 1990's is reported to be 8-9%." (Yamamoto 1994, p. 3).

Far East, including the still-mighty Pacific Fleet. These threat perceptions will be discussed in later chapters covering the regional level of the security complex.

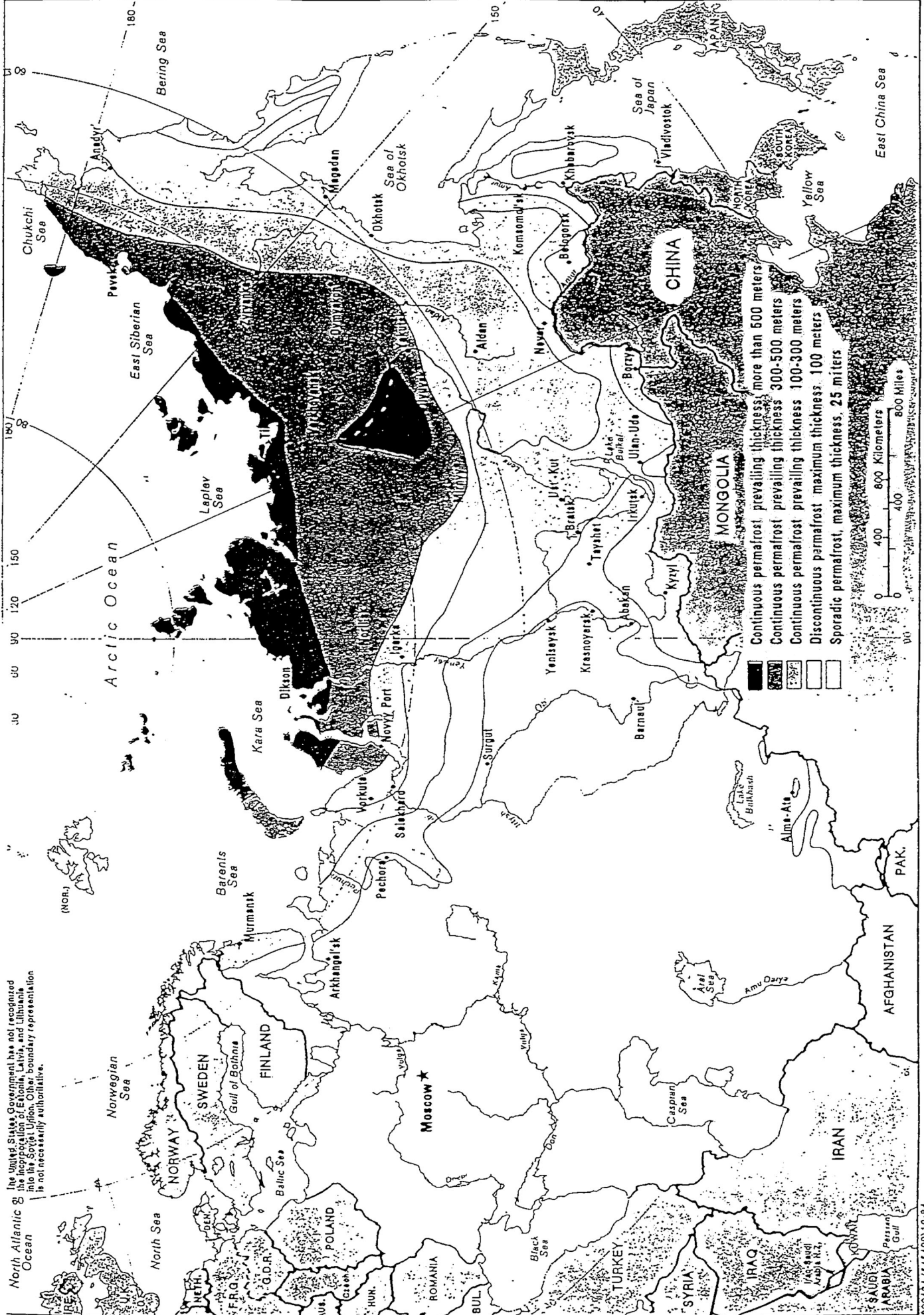
The North Korean nuclear reactor issue represents the most recent threat perception in the Northeast Asian security complex to be internationally highlighted. After tense relations in 1993-94 because of North Korea's refusal to submit to international inspection of its nuclear reactors, an agreement was signed on 21 October 1994 (after lengthy negotiations) between North Korea and the United States. North Korea was offered US diplomatic recognition and technical and financial assistance in replacing its existing nuclear technology. In return North Korea is to abandon its current alleged nuclear weapons programme and submit to international nuclear inspection. The agreement has been criticized for making too many concessions while North Korea does not have to submit to comprehensive inspection of its nuclear plants. According to opinion polls 60% of South Koreans opposed the agreement. (Keesings 1994, p. 40227). In the United States the agreement met with opposition in Congress. (FEER, Oct. 27, 1994, pp. 14-15). A possible North Korean nuclear weapon capability is obviously a threat perception with implications for the whole international community. It puts into perspective what unprecedented influence a small state with an authoritarian leadership can have, irrespective of the reality of the nuclear threat.

### **3. Two Domestic Arenas in the Northeast Asian Security Complex**

I will concentrate on only two domestic arenas in this chapter. The Russian Far East will receive the closest attention, especially the aspects that have to do with its Asian neighbors and the NSR. The relationship between center (Moscow) and periphery (RFE) will also be discussed. The Japanese domestic scene as it relates to the relationship with Russia will be briefly described.

#### **3.1. The Russian Far East - Perpetually Promising?**

The Russian North is an incredibly large area, when defined according to climatic criteria. Enormous areas have continuous permafrost, it even extends as far south as Amursk Oblast. Discontinuous permafrost is found as far south as Primorskii Krai, on the same latitude as France.



The United States Government has not recognized the independence of China, and its position in the Soviet Union, China, boundary representation is not necessarily authoritative.

III. 2: Permafrost Regions in the Soviet Union  
 Source: Directorate of Intelligence, USA, Approx. 1990.

800134 (545499)12-84

The Russian Far East is a vast area of 6.2 million sq. km., covering 36.4 percent of the territory of the Russian Federation. The approximately 8 million people make up a mere 5.4 percent of Russia's total population, while the industrial output nearly matches the population with 5 percent of the national output. (Bradshaw 1994, p. 234).

The region is often divided into South and North. This dichotomy makes clear the large differences between the relatively developed southern belt and the wilderness of the remote northern area. The southern three main administrative units are Primorskii Krai, Khabarovsk Krai, and Amursk Oblast<sup>24</sup>. The northern<sup>25</sup> units are Chukotsk, Kamchatka, Magadan and Sakhalin Oblasts, as well as the Republic of Sakha.

The South has 65.1 percent of the population in the region, but only 21.8 percent of the land area. The North has 78.2 percent of the area, but only 34.9 percent of the people. In 1992 the South contributed over 60 percent of the industrial output (in value), but received under 50 percent of the capital investment in the region. This reflects the strong domination of capital-intensive extractive industries in the North as opposed to the more diversified industry in the South. (Bradshaw 1994, p. 235).

The country's centre of gravity has in fact shifted northeastwards after the dissolution of the Soviet Union at the end of 1991, making the RFE relatively more important for Russia than it was for the Soviet Union. In some areas the RFE is especially important for Russia. Fishing in the RFE comprised 45 percent of the catch in the Soviet period, now it makes up 60 percent of Russia's catch. The RFE supplies Russia with 100 percent of its diamond production, 50-60 percent of its tin and wolfram, 15 percent of its timber production. Of the remaining seven or eight shipping companies (there were 17 in the Soviet Union) four are based in the RFE. For the most part, the natural resources extracted in the RFE are sent out of the region for further processing. There was little concern about this in the Soviet period, but now the regional authorities believe that more of the profits (including taxes) will stay in the RFE if more industrial processing can be done in the region itself. (Baklanov 1994).

The RFE has enormous *energy* reserves. The coal, oil and natural gas deposits and hydro-power sites are numerous and widely dispersed. These great reserves of energy have not been converted into power complexes. Oil continues to be shipped by railroad to the RFE from the regions west of Lake Baikal. A powerful, unified transmission grid is still not completed. As

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24 Krai and oblast are different names for the same administrative unit. They can be compared to provinces and are at a (supposedly) lower level of autonomy than the Russian republics.

25 As one can see from the map, Sakhalin Oblast is in fact geographically a part of the southern part of the RFE. However, in Russian terminology the term northern seems to refer to the most remote parts of the country, and in this respect Sakhalin fits the bill.

for nuclear energy, the only nuclear plant in the whole vast region is a small one in Chukotka in the far northeast. (ZumBrunnen 1990, pp. 84-85). The ambitious plans for nuclear plant building that were announced in 1988 are very far away from being materialized in the post-Soviet period.

In the early 1980's only 4% of the estimated *coal* reserves in the Soviet Union had been explored. A good part of these reserves are located in the Russian Far East, mainly in the Sakha Republic (Far East Lena basins and the South Yakutia basin), but also in Magadan Oblast (Zytyanka basin). However, many of the RFE coal basins are of poor quality, the coal containing high levels of sulphur, ash and water. In addition the coal basins of the region are inaccessible, lie in permafrost areas, very far from the markets. Therefore, despite the vast reserves in the RFE, hard and brown coal have not been exploited at high enough levels to make the region self-sufficient. The region is still dependent on coal originating in the basins west of Lake Baikal. (ZumBrunnen 1990, pp. 85-90).

From the NSR point of view a look at the map shows us that there are large coal deposits near the banks of the Lena River, making the concept of large scale transport of coal to Asian markets via the NSR stand forth as a possibility for the future.

In the *petroleum* sector the Russian Far East has a negligible production of oil and gas compared to the West Siberian Plain. Sakhalin Island is the only oil producing region in the RFE, while some gas is being produced both in the Sakha Republic and in Sakhalin Oblast. There are large proven offshore oil reserves on the Sakhalin shelf, as well as possible ones in Sakha. Sakhalin has some potential for increased gas production, and Sakha has some proven reserves. (ZumBrunnen 1990, pp. 90-94).

According to a recent article in Oil & Gas Journal the present self-sufficiency in the Russian Far East of crude oil, oil products and natural gas is 16%, 47% and 100%, respectively. Khartukov's (optimistic?) projections predict a rise in self-sufficiency to 89%, 61%, and 195% for the same products in the year 2010. (Khartukov 1995, p. 29).

There are a few other minor sources of energy in the RFE. The RFE *hydro-power* resources are modest compared to European and Siberian areas of Russia. The hydro developments are concentrated in three regions; the Amur river basin, the Vilyuy river basin in Sakha, and the Klyma river basin in Magadan. *Geothermal* energy is a potential important source of energy in volcanic Kamchatka Oblast, but has not been developed. *Tidal* power is also a possible energy source for selected parts of the RFE bordering on the Pacific coast, but the costs are prohibitive as of the present. It seems that *fuelwood* is still an important source of energy for winter space heating and year-round cooking in many of the remote parts of the RFE. (ZumBrunnen 1990, pp. 95-97).

Despite the large potential energy resources the RFE is not self-sufficient and relies on "imports" from Siberian and even European Russia. In the short term this situation will prevail. In the medium term it may well become natural to import a part of these energy resources from Alaska and South East Asia through RFE ports on the Pacific seaboard.

The *mineral resources* of the RFE are undoubtedly vast. However, they are located in very scattered and remote locations, and they have not been properly surveyed with regard to commercial potential. The region's known *iron ore* reserves are located in the southern part of the RFE and appear to be enough to supply any as yet unbuilt regional iron and steel complex. But since the main potential export market Japan is buying its iron-ore from Australia and South East Asia the building of a dubiously commercial iron and steel complex in the RFE is not presently viable. (ZumBrunnen 1990, pp.97-103).

There are significant reserves of mineral resources in the northern areas of the RFE. There are large reserves of *zinc* in Chukchi Peninsula and in Sakha. The Soviet Union was probably the largest producer of zinc in the world (ZumBrunnen 1990, p. 104), making the possibility of extraction for export purposes via the NSR a possibility for the future. Most of Russia's *tin* mines and deposits are located in the Far East. Several of these are in the vicinity of the coastal areas in the Chukotskaya Autonomous Okrug and the Sakha Republic. However, it is unlikely that Russia will ever have a surplus of tin, ruling out any significant future exports to nearby Asian neighbors. After South Africa, Russia is the leading producer of *gold* in the world. 59% of the Soviet Union's primary gold production in the beginning of the 1980's took place in the RFE. Since the gold production in Armenia and in Uzbekistan cannot be counted anymore, the RFE share of total Russian gold production may now be higher than that figure. (ZumBrunnen 1990, pp. 104-107). Radio Rossii reported in January that the total gold production in Russia had dropped 12% from 1994 to 1995. In 1994 the gold output dropped by 11% from 1993. (OMRI, 22 January 1996). In the Soviet Union economic activities that resulted in hard currency earnings, such as gold mining, were encouraged even if they were not commercially feasible in a market economy sense. The recent decline in gold output, which is blamed on high production costs, may well be the result of an adjustment to the reality of what gold production really costs.

The most important mineral resource to come out of the Russian Far East is *diamonds*. Russia is the largest single actor in the international diamond trade, and virtually all (99.8%) the diamond production in Russia takes place in the Sakha Republic. Diamonds are probably Russia's largest foreign currency earner after crude oil, refined oil products and natural gas. (Zum Brunnen 1990, pp. 107-108). The income from diamonds (and gold) makes the Sakha

Republic potentially rich, especially if the republic should manage to negotiate a larger share of the total income with the Russian federal authorities<sup>26</sup>.

In the history of Russia the Far East has often been described and defined by its enormous riches, just waiting to be extracted. The optimism has not (yet) proven to be well founded, and there are many sceptics to be found<sup>27</sup>. After the collapse of the Soviet Union, plans for developing the RFE economy are more dependent than ever before on the infusion of foreign capital and technology. Japan and South Korea are obvious candidates in this picture, but show great reluctance. The reasons for this reluctance to get involved in the RFE will be discussed in later chapters. In addition to the lack of foreign will to invest, the physical obstacles to economic development in the RFE are many, one of the most important being the lack of a well developed transport system.

### 3.1.1. The RFE Transport System from a (mostly) NSR Perspective

In a Russian economic development context the three greatest obstacles standing in the way of integration for the RFE are the extreme distances from the urban centres in European Russia, the harsh physical environment and the lack of infrastructure. These physical obstacles to development are much bigger for the RFE than for Siberia further west. (Dienes 1990, p. 269 ).

The RFE transport infrastructure is one of the physical obstacles to development that it is possible to do something about in order to alleviate at least the handicap of extreme distances. However, in the present situation with the Russian economy struggling to adjust to its new role both domestically and in the international system, the ambitious Soviet development plans for transport infrastructure from the 1980's have all but come to a standstill in the presentday

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26 According to a news report in January 1996 the Russian government is in the process of renegotiating its contract with the South African multinational diamond company De Beers. De Beers has up till now bought 95% of Russia's export of rough diamonds. Russian authorities and diamond producers (read: the Sakha Republic government) are now getting increasingly dissatisfied with low prices for their gems. Last year, they (Russia) started to sell some uncut diamonds for higher prices directly on markets in Antwerp and Tel Aviv, causing a 7% drop in De Beers' earnings in 1994. (OMRI Daily Digest 19 January 1996). Higher export earnings may well lead to the Sakha government demanding a higher share of the income.

27 *"Because of vast natural riches, it (Moscow) will also view it (the RFE) as a potential economic asset. Yet in the short, even medium term, economic development here will be very slow and its nature extremely unbalanced. New production centres, even of resource extraction, will be very few. The important position of rivalling other nations on the vast Pacific, a position that Russia has hoped to gain since the nineteenth century has so far become a reality only in the military sense. I do not expect it to change in the forthcoming decades."* (Dienes 1990, pp. 297-298).

Russian reality. In the following the present RFE transport system will be described and discussed.

The literal backbone of the RFE transport system is the Trans-Siberian Railway (TSR) which runs along the southern border with China. It was completed in the beginning of this century and its importance to the development of the RFE can easily be seen by the population density along the railway. Over half of the economic activity and population in the region is located in the vicinity of the Trans-Siberian. The railway system in the RFE has a double backbone in the Baykal-Amur Mainline (BAM) which runs parallel to the TSR, but farther north. The BAM was fully operational in late 1989 (Mote 1990, p. 321), even though it remains unfinished due to construction problems with its longest tunnel. A branch of the BAM, the Amur-Yakutsk Mainline (AYAM), is under construction and has reached some 5-600 kilometers south of the Yakutian (Sakha) capital of Yakutsk. (North 1990, p. 185). Even though the AYAM is a federal infrastructure project, federal funding was completely lacking in 1994. However, the Sakha government has kept the construction work going out of fear that the project will be terminated as a federal project if it stands still for too long. (Castberg, 1996). When completed the AYAM may well take over from the River Lena as the main route in and out of the southern parts of the Sakha Republic. The prerequisite for this is that the current exorbitant railway tariffs are lowered, be it through real competition or federal subsidies.

In the Soviet period the Far Eastern railway traffic was heavily "subsidized" in the sense that the customers did not pay more than a fraction of the real costs. The railway tariffs were based on the average costs of the whole Soviet railway system, and the nominal costs of RFE railway traffic were far below the real costs. (North 1990, p. 193). In the new Russian reality the railway tariffs of the TSR have risen dramatically<sup>28</sup> both due to a new awareness of what transport really costs and because of reduced production in the Russian economy in general. This again has resulted in a decline in traffic which the railway authorities have responded to by increasing the tariffs even more to cover the sinking income. And so on in a continuing downward spiral. (Baklanov, 1994).

If the Trans-Siberian Railway is the backbone or spine of the transport system in the RFE, the principal branch is the river Lena. The river is the primary transport artery of Yakutia (Sakha) and the north east (Magadan and Chukotka), an enormous area 20% larger than western and northern Europe combined. This region can be considered a virtual storehouse of natural resources with a small number of entry points. Because of the vast distances, the majority of

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28 *"In order to carry cargo by rail from Moscow to Vladivostok or vice versa, one must pay 120 million rubles (approx. US\$ 30,000 in the October 1994 exchange rate) per train car in the Maritime Territory. (Matveyeva 1994)*



resources are processed before being shipped out. The ratio between incoming (supplies) and outgoing freight is therefore as much as six to one in weight. The main entry point to this northeastern "storehouse" is Osetrovo port of the town of Ust' Kut on the upper reaches of the Lena where the BAM crosses the river in Irkutsk Oblast (which is outside our defined region of the RFE). The ice-free season average in Osetrovo is 129 days, as opposed to 76-93 days at the mouths of the northern rivers emptying into the Laptev and East Siberian Seas. In 1986 the total amount of dry cargo and oil products dispatched into Sakha was nearly 4 million tonnes, and planned to increase by close to 20% in 1990. (North 1990, pp. 196-198). In line with the general downward curve of the Russian economy the volumes of freight have probably fallen significantly in the first part of the 1990's.

The second entry point is in fact several maritime ones on the northern coast along the Northern Sea Route, with Tiksi near the mouth of the river Lena and Pevek in Chukotka as the largest ones. Before the railway (BAM) the NSR was relatively more important than it is now, but the total quantity of goods transported into the region via the NSR was still as high as 600,000 tonnes in the peak period around 1986. The third and fourth entry points are the truck routes from Never/Berkatit (Amur/Southern Sakha) and from Magadan, both to Yakutsk. The Never/Berkatit route used to be the main one, but even as a minor route 250,000 tonnes a year was carried at the end of the 1980's (statistics for the Magadan route are lacking). The two truck routes are the only year-round surface links to the outside world, but the east-west Magadan route is more erratic than the south-north Never/Berkatit route in the summer season because of the rivers and low standard of the road. (North 1990, pp. 196-197).

At least before 1991 the supplying of Sakha and the Northeast was cheaper through Osetrovo and the river Lena than through the NSR. (North 1990, p. 202). The steady decrease in NSR traffic since the end of the 1980's (Granberg 1995, p. 31-32) indicates that this held true even in the first part of the 1990's as Russia initiated its adjustment to an emerging market economy. North asked this question in 1990: "If the river route is so much cheaper, why do goods still travel by sea?" The answer was in part of a logistical nature, more specifically congestion and delays in Osetrovo. Another reason was the heavy investment in Arctic shipping that Soviet authorities had made in the 1980's and which had to be justified by increased Arctic shipping activity. The Soviet Union clearly aimed at being the first country to completely master the Arctic Ocean. An advanced Arctic fleet could also provide logistic support to mineral exploration and military installations in the northern reaches of Russia. (North 1990, p. 202). Further, one must not forget the ever-present Cold War and its important influence on strategic thinking, an influence that is very important to take into account when analysing Soviet perceptions and actions in the Arctic before (and even after) 1991/92.

However, the non-commercial "socialist" logic of the Soviet economic system is perhaps the main explanation behind the relatively extensive investment in Arctic marine transportation. In the Soviet Union system of transportation the Ministry of the Merchant Marine was paid by the tonne per kilometre of work performed. Long voyages along the NSR were therefore in the interest of the ministry. Shippers and receivers did not mind long roundabout transport routes either, because higher transportation costs were simply anticipated and included in the production costs. In the non-competitive Soviet system a high turnover meant higher "profits", as they were calculated as an added fixed percentage of the production costs. The bottleneck functioning of the port of Osetrovo did nothing to dissuade from long voyages implicating the NSR (as well as expensive air and truck transport). A concrete example of an extra long transportation route was freight sent in 1987 from Krasnoyarsk to Yakutsk via the River Yenisei, sea transport on the NSR around the Taymur Peninsula (with icebreaker assistance), and river transport upstream the River Lena. (North 1990, pp. 202-203).

Another important "systemic" reason for the high investment in Arctic marine transportation in the 1980's can also be found in the Soviet tradition of departmentalism. Soviet departmentalism meant that narrow sectorial interests led to large investments being implemented without being evaluated properly from a national and holistic viewpoint. The building of the expensive nuclear-powered icebreaking barge-carrier "Sevmorput" (a number of successors were planned but not built) was clearly the result of departmental planning that had not compared the costs of building the new vessel(s) with the cost of using existing ship technology. (North 1990, pp. 203-204).

The *road system* in the Far East is not very extensive, and the quality is low. There is no continuous network of highways in the region. There are few all-year roads, but the most common form of roads are winter roads. *River transport* is a traditional form of transport that is crucial to the transportation needs of the RFE. The River Lena has been mentioned as the main transport artery of Sakha and the North East. In addition to the main river there are many important Lena tributaries while the major Yakutian rivers such as the Yana, Indigarka, Kolyma, Olyenyok and the Anabar that empty into the Arctic Ocean are integrated parts of the transport system. Freight from European Russia to the settlements is either 1) transported by rail to Murmansk, transferred onto ships that sail eastwards along the NSR, reloaded once again to river vessels that bring the freight to their final destinations upriver, or 2) by railroad to Osetrovo, up the Lena to the sea, along the NSR to the river mouths, and finally upriver to the settlements. (North 1990, pp. 194-202).

*Maritime transport* is the single most important transportation route of goods to the cities and settlements along the Pacific coast and islands of the RFE. Many of the settlements along the eastern coastline of the RFE are in fact without landward transport links, and are fully dependent on maritime and air transport. This dependency on the sea is illustrated by the fact

that the RFE accounted for 18% of the passenger traffic by sea in the Soviet Union in the beginning of the previous decade. (North 1990, pp. 206-207). The major actor in RFE shipping is the Far Eastern Steamship Company (FESCO) based in Vladivostok. FESCO is the largest Russian shipping company in the Pacific trade and is also an actor in the NSR area (where the Murmansk Shipping Company (MSC) dominates because it operates all the six active Russian nuclear icebreakers). FESCO operates the eastern Marine Operation Headquarter in Pevek and MSC the western headquarter in Dikson, the dividing line of responsibility being longitude 125 degrees East just west of the River Lena delta. The headquarter at Pevek controls pilotage, route assignment, navigational support, organisation of convoys and icebreaker assistance etc. for all traffic originating at the eastern end of the NSR. (Polunin, 1994). *Air transport* is vital to the vast RFE. Passenger transport in and out as well as within the region, general transport to especially remote areas in the north, and relief of surface transport bottlenecks such as Osetrovo are the main tasks of air transportation in this region. *Pipeline transport* is little developed with only two relatively short stretches, one in Sakha and one from Sakhalin Island to the mainland. (North 1990, p. 195).

The emergence of *perestrojka* in the last few years of the Soviet Union prompted tendencies towards new ways of approaching industry and transportation costs in remote areas of Russia. North concluded as follows in 1990:

*In sum, the impact of perestrojka on transport in the Far East is quite likely to be negative, in the sense of slowing down development. National sectoral organisations, both in transport and in the economy in general, may try to minimize their investments, focussing on profits and cutting out those activities which contribute only extra traffic volume. The future of Far Eastern transport will depend on the extent to which national schemes for regional development, the restructuring of transport tariffs, and perhaps a realization by the transport companies of the potential profits in intermodal operations, can counteract such trends.*(North 1990, p. 220)

The development in the five years after this was written confirms these predictions. Nominal transport costs in the RFE have shown a dramatic rise, which again has resulted in much reduced amounts of freight. As we have seen this has happened on the Trans-Siberian Railway, and it has also hit Arctic shipping hard. As Granberg points out, the costs of maintaining the icebreaker fleet and the NSR infrastructure are the same even if the volume of shipments along the NSR has fallen drastically from the alltime high in 1987. (Granberg 1995, p. 34). North points to the potential role of national schemes for regional development to counteract the present negative trend. In the next chapter the regional issue with regard to the RFE will be discussed.

### 3.1.2. The Russian Far East and Moscow - Periphery vs. Center

The economy of the RFE illustrates very well the lack of inter-regional integration that exists in this area of Russia. The regional economy can be described as nodal and linear, in that the cities and settlements in the northern parts of the RFE are characterised by isolated pockets of activity with little contact with each other, unless they happen to lie along the same route to the "outside" world. Yakutia (Sakha) and the Arctic Ocean side of Chukchi Okrug are especially isolated from the rest of the RFE, as their main lifeline to the rest of Russia is up the River Lena and along the Trans-Siberian Railway westwards to European Russia. The fact that there was no air connection between the Sakha capital city of Yakutsk and the southern central city Khabarovsk before 1986 is a case in point. (North 1990, pp. 189-190).

The *Sakha Republic (Yakutia)* has from the very first shown an independent attitude within the framework of the new Russian Federation. The Russian republics are a heritage from the early days of the Soviet Union, when Lenin established them on the basis of the ethnic principle. This means that they are constituted on the traditional territories of the indigenous groups after which they are named and that they are considered by these groups to be the embodiment of their national statehood. The ethnic principle notwithstanding, many of the 21 republics have large Russian populations, 10 of them with Russians in majority. The native Yakutians in Sakha make up approximately one third of a total population of a little over one million. The federal government in Moscow is therefore not all that happy with these administrative units with their latent nationalist aspirations<sup>29</sup>. In 1991 Sakha was one of the first Russian republics to adopt a new constitution which contains laws that according to the republic take precedence over federal legislation<sup>30</sup>. With its "monopoly" on Russian diamond extraction as well as rich deposits of natural resources in general, Sakha has also been a spokesman for letting the republics keep a larger share of the profits from resource extraction. (Sheehy 1993, p. 37-38). Sakha has been the most successful compared to other Russian republics in negotiating this issue with Moscow. The republic now gets to keep some 20% of the diamond revenues. Sakha has also been granted the right to use federal tax collections to meet the needs of federally-funded programmes on Sakha territory. (Asia 1994 Yearbook, p. 199).

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29 *"Ideally they (Moscow) would like to see the disappearance of the republics, which provide a focus for nationalism, and the redrawing of territorial boundaries on economic or other nonethnic lines. But like the Soviet authorities in 1977, when the new Soviet Constitution was being drawn up, they have realized that it would be politically too explosive to try and abolish the republics at this juncture."* (Sheehy 1993, p. 39).

30 *"At least eleven articles of the new Constitution of Sakha, adopted in April 1991, are said to violate the Russian Constitution."* (Sheehy 1993, p. 37).

Despite his goal of making the republic economically self-sufficient<sup>31</sup>, President Nikolayev is enough of a realist to realize that Yakutia cannot make it on its own as a sovereign state. He points out that while the main raw material resources are located in the northern regions, the processing industry is located in the southern and central parts of Russia. In view of the fact that the northern regions are connected to the processing regions in the south by a single federal transportation network, "one must be a very mediocre politician to raise a question on (sic) economic separation under such conditions". (Nikolayev 1994, p. 18).

However, within the limits that the confines of the Russian Federation bestow on him, Nikolayev is eager to establish relations with the world outside Russia independently of Moscow. For example, President Nikolayev and the Sakha Republic are strong supporters of the Arctic regional effort the *Northern Forum*<sup>32</sup>. The Sakha government offices in Yakutsk house and sponsor a secretariat that coordinates the Russian Northern Forum member regions' activity, Nikolayev is a vice-president of the organisation, and Yakutsk has hosted several Northern Forum meetings and workshops. (Nakhodkin 1994).

The Northern Sea Route was originally one of several so-called priority projects within the Northern Forum<sup>33</sup> and the Sakha president is a strong supporter of the concept of the Northern Sea Route:

*"The Northern Sea Route is a key factor for economic, social and cultural development of Arctic and Sub-Arctic regions of Yakutia and of the North of Eurasian continent on the whole. The Sakha Republic (Yakutia) being a coastal state, with two seas (the East Siberian Sea and the Laptev's (sic) Sea) is interested in full exploitation of the Northern Sea Route. The Northern Sea Route is fundamental to our social and economic policy."* (Nikolayev 1994, p. 110).

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- 31 *"The Sakha Republic (Yakutia) possesses such an economic potential that it cannot in principle be a region which needs subsidies. The so called 'currency-bringing branches' - diamond and gold mining ones and fuel and energy potential are able to provide the Republic economic and social prosperity."* (Nikolayev 1994, p. 19).
- 32 The *Northern Forum* is a transnational regional "Arctic" cooperation effort, founded in Anchorage, Alaska, on 8 November 1991. The members (20 or so) are regional governments that regard their regions as "northern" (including South Korea and Leningrad Oblast...). The Northern Forum has established a number of international priority projects that address human health, education, transportation, economic development and scientific innovation in the north. The Northern Forum Secretariat is located in Anchorage.
- 33 However, in the Northern Forum Quarterly Report for September - December 1995 the Northern Sea Route project is not listed. (Northern Forum Quarterly Report September - December 1995, pp. 4-6). This may indicate that the NSR has been deleted as a priority project within the Northern Forum, in spite of being one of the original priority projects from 1991.

No doubt he envisages the NSR as a way for Yakutia to establish independent economic relations with foreign countries:

*"The idea of this project (the Northern Forum NSR project) is to combine efforts of the Northern Community to create international sea route, which would link all the Northern regions of the planet and would provide them access to the world market."* (Nikolayev 1994, p. 110).

Nikolayev and his government officials have also come up with the idea of a "joint-stock specialized shipping company" (registered in Yakutsk), with the participants of the Northern Forum as shareholders. This joint venture shipping company would specialize in transportation through the Northern Sea Route and "would have a number of privileges over shipping companies of other countries of this region". (Nikolayev 1994, p. 128). Personal communication with Sakha Transport Ministry officials revealed that the main reason behind the proposal was to increase regional transport in and out of Sakha and to create work for the idle vessels of the Tiksi-based Arctic Shipping Company. (Gavrilyev 1994).

Nikolayev is very clearly using the Northern Forum (and not least the international NSR concept) as a window to the outside world and as a testing ground for an independent "Sakha foreign policy" of sorts. The Northern Sea Route Administration in the Russian Transport Ministry is located far away in Moscow and Nikolayev therefore wishes to establish a Yakut department of the central NSR administration. He acknowledges the important roles of the Murmansk Shipping Company and the Far East Shipping Company as the primary actors in Russian Arctic shipping, but Nikolayev wants the Sakha shipping company to participate on an equal level. He also puts the issue of foreign shipping company activity in the NSR into a "region vs. Moscow" context, stating that regional Arctic interests should be taken into account when collecting NSR fees. (Nikolayev 1994, p. 128).

The outlying Russian administrative subjects have a long tradition throughout Russian and Soviet history of bowing to directives from Moscow and the Kremlin. No wonder then that in the post-Soviet era calls for a more independent role are being heard from political leaders in the Russian Far East. These signals, however, are in a way contradictory. The calls for less federal taxation and more political and economic independence from Moscow are often accompanied by strong pleas for more federal support (and subsidies) in a number of areas (especially the extreme north). A typical actor in this respect is the "Association of Economic Coordination for the Far East and Zabaykalye". This is a cooperative organisation at regional governmental level consisting of the main nine RFE federation subjects as well as the Buryatia Republic and the Chita Oblast "behind (east of) the Lake Baykal". The council of the Association consists of governors and chief administrative officials. The signals from the Association, asking for more economic support as well as increased economic independence

simultaneously (Matveyeva 1994, Novosyolov 1994), illustrates very well the contradictory signals that are emanating from the political leadership in the RFE to Moscow.

The RFE leaders are well aware that they cannot "make it on their own", but they are systematically pushing the limits of Moscow's patience<sup>34</sup>. Like President Nikolayev in the Sakha Republic, Governor Nazdratenko of Primorski Krai has shown himself to be a balancing artist of note in this political game of challenging and rubbing up to Moscow at the same time. In 1993 the parliament of Primorski voted to turn the territory into a republic, while in neighboring Khabarovsk Krai the parliament debated (inconclusively) for two whole days in August of the same year on whether to restore the independent Far East Republic of 1920-1922. The newly appointed (by Yeltsin) governor Nazdratenko initially supported separatist rhetoric nuturing at the same time contacts with leading "rebels" in the Duma in Moscow. After that uprising in Moscow had been quelled in October 1993 he was quick to return to the Jeltsin fold. (Asia 1994 Yearbook). But already two months later in December Nazdratenko was elected to the upper house of the Duma in Moscow with the largest win of any Russian governor and could continue to push for regional advantages. Nikolayev of Sakha and Governor Ishaev of Khabarovsk Krai, who were also elected to the upper house, have together with Nazdratenko made names for themselves by standing up to Moscow. (FEER, January 13, 1994, p. 21). However, in spite of the leverage that the RFE regions presumably could muster by joining forces, it seems that cooperative organisations like the above-mentioned Association are not capable of coordinating the interests of the members sufficiently to increase the political influence of the RFE in the Federation capital.

In the new economic reality of the Russian Federation the inhabitants of the Russian North have lost the special privileges of the Soviet period such as significantly higher wages than in central parts of the country. The incentives for going and not least staying up north have disappeared. Looking at the population figures for the last few years the tendency is clear; the total population of the Russian Far East is slowly declining, with the remote northeastern regions being abandoned especially quickly.

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34 *"Separatism is only a way to get the central government to pay attention to our problems," explains Vladimir Stegny, the vice governor of Primorsky territory responsible for foreign trade.* (The Economist September 11th 1993).

**RFE Population (in thousands)**

	1980	1989	1992	1995
Sakha Republic	863	1081	1093	1036
Chukotka A. Oblast	136	158	146	100
Magadan Oblast	342	385	363	279
Koryak A. Okrug	35	39	39	34
Kamchatka Oblast	351	427	433	390
Primorski Krai	1995	2260	2309	2273
Jewish A. Oblast	193	216	221	212
Khabarovsk Krai	1397	1608	1634	1588
Amur Oblast	954	1058	1075	1041
Sakhalin Oblast	661	709	719	673
Far East (total)	6927	7941	8032	7626

Source: Population Figures of the Russian Federation, Goskomstat Rossii, Moscow, 1980, 1989, 1992, 1995.

The total population of the Russian Far East declined 5% (406,000) from 1992 to 1995. The most populous and centrally placed region (as seen in relation to the rest of Northeast Asia), Primorski Krai had the smallest loss of population in the same period, with 1.5% (36,000). Oil-rich Sakhalin Island fell 6.4% (46,000), while the figure 5.2% (57,000) for the Sakha Republic is a moderate one compared to the other northern regions in the RFE. This "moderate" decline in population for remote Sakha indicates that its economy is in a better condition than its northeasterly neighbors, as well as being an indication of some success in negotiating some economic independence with Moscow. However, if we take into consideration only the regions of Sakha which border on the Arctic Ocean, the population loss has been dramatic here as well, decreasing as it has by nearly 30% from 83,900 in 1989 to 58,900 in 1994 (Boyakova, Ivanov, Osherenko et.al. 1996, p. 14).

Kamchatka with 9.9% (43,000), Koryak with 12.8% (5,000), Magadan with as much as 23.1% (84,000!)<sup>35</sup>, and finally Chukotka with a stunning 31.5% (46,000) decrease in population from 1992 to 1995 are the primary examples in the RFE of "the escape from the periphery" in the 1990's. As can be seen from the above table, the negative population development started in Chukotka and Magadan before the rest of the RFE, experiencing a downward trend already in the three years before 1992.

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35 In Magadan city the population from 1993 to 1994 decreased from 150 000 to approximately 100 000. (Scershakova 1994).



The Russian Federation has so far failed to find an efficient remedy to correct the new situation in the Russian North. No federal policy has been explicitly formulated. Some centrally placed government officials feel that the ongoing population drain and reduction in industrial output in the far north is a natural development (Pozniakov 1994)<sup>36</sup>, while other experts have a firm belief in a future for a north where the NSR and foreign investment will play an important role (Granberg 1995, p. 47). Sooner or later the federal government will inevitably have to present and implement a realistic policy for the Russian North (and the RFE). In spite of large deposits of natural resources, it is not realistic to expect that the northern areas as a whole will succeed in returning a profit in Pozniakov's terms in the course of the next few decades. However, if (when) the federal government for strategic and national interest reasons decides to maintain a certain level of activity in the North, then NSR-related economic activities may well play a part in reducing the amount of (necessary) subsidies.

This leads us to the issue of the Russian Far East's economic relations with its Asian neighbors in Northeast Asia. A recent article by the Russian energy expert Yevgeny Khartukov focuses on the existing wasteful and non-economic solution to the RFE energy deliverances. The RFE is only self-supported with two fifths of its total oil-product demand, with the remaining three fifths having to be imported from Siberia. Two out of three railway cars that traverse the thousands of miles from Siberia to the RFE are loaded with fuel. This is blamed by Khartukov on the former system of "non-market distribution and all-embracing Moscow-centric political control". Recent forecasts of the most probable development in the hydrocarbon sector in the RFE in the next ten years indicate that the RFE's dependence on crude oil will decrease from 79% (1993) to 11% in 2010. Likewise the deficit in main oil products will decrease somewhat in the next decade, while the RFE in 2010 will have a sizeable exportable surplus of natural gas. All in all the region, while emerging as a gas exporter, will remain dependent on import of crude oil and oil products. (Khartukov 1995, p. 31).

The question that remains to be answered is of course where this necessary supply of crude oil and oil products will come from in the future. Is it not more rational to import these supplies from Asia and the USA through the Pacific ports of the RFE? And what implications

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36 In a brief meeting with Rune Castberg and myself in Moscow 21 September 1994, Deputy Minister Pozniakov in the Ministry for Nationalities and Regional Policy was quite pessimistic about the current development in the Russian North. He said that the North, even the gas-producing areas in Siberia, were running at a loss. In the Soviet period the North had received subsidies on strategic grounds. He underlined the fact that transport costs to the north were very high, doubling or tripling the costs of foodstuffs in the North compared to the South. He made the point that one must "get rid of the dreams", and accept activity in the north at a lower level than before, including a significant decrease in the population. With regard to the NSR. Pozniakov was of the opinion that the process of privatization (of the ships, icebreakers, ports, warehouses etc.) had destroyed a uniform and well-driven system. (Pozniakov 1994).

could such a choice have for the RFE and its relations with its neighboring states on the Pacific seaboard? As Khartukov puts it:

*"And it would be safe to assume that the region's political and economic choice between fairly distant and rather poor relatives in Russia and much closer and certainly richer neighbors will depend upon a clear answer to the very important question: "Who will provide the Russian Far East with the missing oil supplies?" ....The political dissolution of the former U.S.S.R. (as well as the Russian Federation itself), dwindling oil supplies from Siberia, and energy price decontrol definitely favor the RFE's "Pacific choice."....If the Russian Far East dares (or is compelled) to cut the umbilical cord of its oil dependence on Moscow and throws wide its doors to foreign investments, this will surely facilitate not only economic but also political solutions to the region's energy security problems. ....A virtually unavoidable U.S.-Japanese-Korean rivalry over their influence on an independent RFE will offer the region wider choices of concerned and well of benefactors." (Khartukov 1995, p. 31).*

The arguments put forth here are also relevant for a whole number of issue areas apart from the petroleum sector, such as the import of coal and various food products<sup>37</sup>. RFE "foreign relations" with its neighbors in Asia (and with the USA and Canada) will depend on to what degree the RFE can manage, with or without the support of Moscow, to develop working relations both economically and politically with these neighbors.

As several bureaucrats and researchers in the RFE personally communicated to me in September 1994, their perception is that the federal government in Moscow seldom considers the interests of the Far East. A typical statement:

*"Every time Yeltsin plans to go to Japan a paper is issued about the importance of developing the Russian Far East. When the trip is cancelled this development is suddenly not so important any more." (Mikheeva 1994).*

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37 *"Cut off from the internal Russian Market, the Far East could trade with foreign countries. Today this is much more profitable than trading with partners at home. The South Korean firm Yu Kong has promised to provide Kamchatka with every kind of fuel at acceptable price. Canada offers the Far Easterners wheat which is twice (sic) as cheap as that from the Stavropol Territory. The Chukchi Peninsula has bought food products for the first time in the United States....Australia is ready to supply inexpensive high-quality coal, and Vietnam is positioned to sell oil in the Far East. In exchange, the countries of the Asia-Pacific Region would like to buy timber, fish, ore, and other raw materials as well as some finished (sic). It also hopes to cooperate in the development of minerals and in the production of food. (Matveyeva 1994).*

These Far East views explain why the inhabitants and regional authorities in the RFE to a much larger degree than Moscow are looking to their immediate Asian neighbors as partners in their future development. This "new-found" proximity to Japan, China and the Koreas is clear to see on the streets of Khabarovsk and Vladivostok. Used Japanese cars are in the majority in the city streets, and Chinese and South Korean foodstuffs are readily available in shops and sidewalk stalls.

Perceptions in the RFE of its neighbors are not strictly positive, however, with especially Chinese traders and guest workers being regarded with suspicion in the border regions. After the appointment of Yevgenii Nazdratenko to governor in March 1993, the Primorski Krai administration started an anti-Chinese propaganda campaign designed to discourage trading with the People's Republic. Television programmes portrayed the Chinese products being sold in Vladivostok as being sub-standard, while Chinese workers were supposed to be taking work away from Russians as well their work being unreliable and shoddy. This campaign was a reaction to what was perceived as a virtual flood of Chinese traders and workers into the krai. (Burns 1995, p. 22). But since the Chinese workers are willing to work for lower wages than their Russian colleagues, there are still close to 200,000 Chinese working in Primorski Krai alone in 1995 (Zagorsky & Romanenko 1995, p. 2).

Nazdratenko's animosity to China was further demonstrated in the winter of 1993-94, when he actively opposed a federal decision to grant China some small sections of Primorski territory in connection with shifts in the course of the Tumen and Ussuri border rivers. Russian foreign minister Kozyrev was obliged to go to Beijing and explain to Chinese authorities that it was he, and not Nazdratenko, who directed Russian foreign policy. As a direct result of the conflict, the officially recorded imports from China fell from US\$ 320 million in 1992 to 24 million in 1994. (Burns 1995, p. 22).

The Russian perception of Japan is closely connected with the over fifty-year-old dispute over the four islands in the southern Kuriles, or Northern Territories as the Japanese call them. This issue will be treated in more detail in the chapter dealing with Russo-Japanese relations. However, as opposed to his difference of opinion with Moscow on the border issue with China, Governor Nazdratenko in Primorski Krai is very supportive of the non-budging stand of the Russian Foreign Ministry on the Kurile question. Regarding the RFE (i.e. primarily Sakhalin, Primorski and Khabarovsk as the closest regions) perception of Japan, it is quite

positive, with relatively practical and pragmatic relations economically<sup>38</sup> and culturally with Hokkaido and the Japanese prefectures facing Primorski on the Sea of Japan coast.

Since the beginning of the 1990's annual exchange visits have been organised to the disputed islands for earlier Japanese residents (and their descendants) and to Hokkaido for the Russian population on the islands. In May and June 1993 (after the first exchange visits had been carried out in 1992) the Japanese conducted an opinion poll among the Russian residents, revealing what the Hokkaido government believes to be changing attitudes as a result of the exchange visits. 78.7% were in favour of developing and improving the relationship between Russia and Japan. 33.7% would accept a return to Japanese sovereignty if the rights of the Russian residents were guaranteed. 38.1% were in favour of returning the Habomai islets and Shikotan Island (the smallest islands) to Japan without any conditions. (Shibuya 1994). The Hokkaido authorities (and probably the Tokyo government as well) obviously see the usefulness of exploiting these polls politically in the ongoing conflict with Russia. The Russian Foreign Ministry is in favour of the exchange visits on humanistic grounds, but is "against using these trips for political purposes" (Frolov 1994).

The Russian residents of the disputed islands are, as elsewhere in outlying areas of the RFE, leaving in significant numbers for more central parts of Russia. According to local authorities some 800 residents left in the first half of 1994 because of the worsening economic and social conditions (Foye 1994(a)). Several hundred local residents are even supposed to have requested financial aid to finance their return to the Russian mainland from the Japanese government in an open letter to the Japanese prime minister (Foye 1994 (b)).

Modern RFE perceptions of South Korea are so far probably based mostly on the trade that has developed quite rapidly over the last few years. South Korean foodstuffs and other consumer goods have partly taken over from Chinese, having a reputation for high quality as opposed to Chinese imports. In Russia, Korean home electronics products have even managed to achieve an image of quality on par with Japanese counterparts (Russian Far East Update, February 1996).

In the next chapter the domestic aspects in Japan of relations with Russia/RFE will be discussed.

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38 When asked how the Kurile issue and the stand-still in relations between Japan and Russia influenced the region's foreign trade with Japan, a senior Primorski government official stated jokingly: *"I am a marxist, therefore I believe that Japanese capital will find ways to go around political obstacles."* (Zagumyonov 1994).

### 3.2. Japan - looking north?

For Hokkaido Prefecture, Japan's largest and northernmost island, looking north is not only synonymous with looking to Russia. Hokkaido considers itself an integral part of an international northern community, with similar interests to countries and regions that have "northern" climates and living conditions<sup>39</sup>. In 1974 Hokkaido hosted an international conference in order to create the "Northern Regions" concept. This conference later developed into the Northern Forum, founded in Anchorage, Alaska in November 1991. In 1987 the Northern Regions Center was established in Sapporo by the Hokkaido government and the private sector with the aim of carrying out research and promoting human exchange related to the northern regions. (Hokkaido Government 1992, pp. 53-55).

The answer to the question posed in the chapter title is probably a moderate affirmative when applied to Japan as a whole. In spite of Hokkaido Prefecture's enthusiastic holistic northern perspective the main northern focus in Japan is neighboring Russia. The state of Japan as such sees Russia as an important actor to keep an eye on in the larger strategic picture, but is less engaged than it was in the 1970's with the challenge of economic possibilities for Japanese industry in utilization of the natural resource potential in the RFE and Siberia (Ogawa 1987, p. 172). The prefecture of Hokkaido is the Japanese region with the most interest in developing contacts with the neighboring RFE, as we will see below.

For ordinary Japanese citizens, especially outside Hokkaido, perceptions of Russia are usually very vague compared to the high profile role that East Asia, USA and Western Europe have in the public consciousness.

Japan keeps a wary eye on political and economic developments in Russia. Economically, trade with Russia does not mean much to Japan (even though trade with Japan means a lot to the RFE), and Japanese industry and commerce do not have any great expectations with regard to Russia in a short and medium term perspective. Politically, Japan keeps a close watch on developments in Russia that may have a bearing on Russo-Japanese relationships. And the unavoidable issue that lies under every Japanese evaluation of events in Russia is the territorial dispute over the Northern Territories/southern Kurile Islands.

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39 Even though Hokkaido is north in Japan and only has Russian territory between itself and the Arctic Ocean, it is in fact located quite far south. A look at a world map tells us that Hokkaido is located on the same latitude as southern France (!). However, when comparing the climate in Hokkaido with European climate, Hokkaido has more in common with the Nordic countries than with the Mediterranean ones.

Japan and Russia have not yet signed an official peace treaty after World War II, and have therefore not put an end to the formal state of war between them<sup>40</sup>. This is due to the unresolved issue of sovereignty over the Northern Territories - the Habomai group of islets and the islands of Shikotan, Kunashiri and Etorofu just north of Hokkaido. The Soviet Union established physical control over the islands a few weeks after the end of World War II<sup>41</sup>. The Northern Territories question is of high priority with both the prefectural government of Hokkaido in Sapporo and the central government in Tokyo. And in the public arena right wing groups use the issue as a rallying point and as an argument for a renewed nationalist state policy<sup>42</sup>.

The Japanese Foreign Ministry is quite rigid and inflexible in its official stand on the Northern Territories issue in relation to a development of the political as well as economic relations with Russia<sup>43</sup>. This is understandable in light of the fact that any "soft" statements would be pounced upon and used by the Russian Foreign Ministry as bargaining chips in any ongoing and future negotiations.

On the other hand, the governmental Hokkaido Development Agency in Tokyo as well as the Hokkaido Prefecture government differ from the Foreign Ministry in their approach to relations with Russia in the present situation. Hokkaido focuses on how to prepare for the situation - both on the disputed islands themselves as well as the relationship to neighboring Russian regions - in the future when a solution (or at least a change of status quo) to the Northern Territories question has been reached.

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40 *"Even the standard Soviet textbook, International Law, edited by the Institute of Law of the USSR Academy of Sciences, holds this view, stating that 'a peace treaty legally ends the state of war between the two signatory states, thereby establishing political and other relations'. Both the Soviets and the Japanese appear to assume that a peace treaty would include a clause on the settlement of the territorial or border question."* Note that the term "border" in this context reflects the Soviet (Russian) perception of the issue, while "territorial question" represents the Japanese view. (Kimura 1989, p. 2).

41 The islands were not occupied at the end of World War II, as is most often recounted. In fact, the Soviet Union occupied the islands on 28 August to 3 September 1945, two weeks after the Japanese capitulation of 15 August. (Skaara 1993).

42 I personally observed a demonstration against Russian occupation of the Northern Territories outside the Shinjuku railway station in Tokyo on Sunday 30 October 1994. The black-clothed demonstrators did not seem to arouse much attention among the passing public in spite of spirited slogans and messages that were broadcasted through large speakers on top of a truck.

43 Mr. Kuninori Matsuda of the Russia Division in the Japanese Foreign Ministry was quite clear on the question of how much the Northern Territories issue influences Japanese investments in the RFE: *"We are ready to go 60-70% now, and 100% of the way upon a satisfactory Northern Territories solution."*(Matsuda 1994).

After the "perestroyka" period and later the collapse of the Soviet Union, the population of Hokkaido clearly has changed its perceptions with regard to neighboring Russia from a "hardline" attitude to a cooperative one. The exchange visits between the Russian population on the disputed islands and the old Japanese islanders and their descendants have been mentioned earlier. Furthermore, ferry and air connections (NRC Newsletter, 1994) are becoming more numerous, a sure sign of increased contact on a practical level. There even exists an Hokkaido-based "Association to Promote Construction of Bridges to Connect Hokkaido to the Eurasian Continent" which has managed to get regional officials from Hokkaido and Sakhalin to sign a memorandum of understanding promoting the concept (Russian Far East Update, 1994). The private sector in Hokkaido is buying fish, crabs and other products from the Russians on the disputed islands. Since the fish and crabs from the Northern Territories are not marked as Russian, the Ministry of Trade and Industry (MITI) in Tokyo turns a blind eye to this politically sensitive trading. (Arai 1994).

Following an agreement in 1990 between Hokkaido and the Russian Federation an economic working group was set up. The Japanese side was represented by Hokkaido government and industry representatives while the Russian participants were local government representatives from Sakhalin Oblast and Primorski and Khabarovsk Krai as well as representatives from the Russian federal government. The goal of the group was to institute regional cooperation projects in a wide variety of sectors including fisheries, agriculture, forestry, tourism, the financial sector, and basic infrastructure. In 1992 the working group was upgraded to a "Joint Committee on Economic Cooperation". This committee has developed an Economic Exchange Cooperation Program. The most concrete results of this program in the short term (1992-97) are 32 projects in the fields of trade/transport/tourism/ communication, agriculture, fisheries, forestry, and development of infrastructure. (Yamaya 1994).

It is interesting to note that while the Russian federal government is part of the Joint Committee, the Japanese government is not directly involved in the effort. The Japanese government is afraid that its participation in cooperative schemes with Russia, especially cooperation involving the Northern Territories can be construed as an implicit acceptance of Russian sovereignty over the disputed islands. The Hokkaido government, on the other hand, sees closer contacts with its Russian neighbors as beneficial in general, and ultimately also as instrumental in reaching a solution in the Northern Territories issue. The bottom line is that Japan as a whole is pursuing a "two-track" Asian style policy that implies doing two basically incompatible things at the same time. The Foreign Ministry in Tokyo is very consciously tolerating the Hokkaido approach towards its neighboring Russian entities, while at the same time upholding the strict foreign policy stand in relation to the Russian government in Moscow.

Speculating somewhat, the explanation for the federal authorities participating in the Russian delegation to the Joint Committee on Economic Cooperation may well be that Moscow does not trust the Promorski, Khabarovsk and Sakhalin regions to look after national interests before their own regional ones. Moscow may be afraid that these three regions, out of self-interest or even ignorance of federal policy, will agree to cooperative arrangements that will weaken the unflinching Russian stand in the Kurile issue. The explanation for the lack of Tokyo representatives in the Hokkaido delegation can be that in the context of a group oriented society and closely knit political system Tokyo is well aware that Hokkaido will not dare to make any substantial concessions before clearing them with the central authorities.

At the same time as it carries out its mildly independent policy of preparing for the future relationship with neighboring Russia, Hokkaido is a loyal and in fact enthusiastic supporter of the present official Japanese policy on the issue. Every year 7 February is Northern Territories Day in Hokkaido with meetings and speeches as well as signature campaigns. Every year August is Northern Territories Month with five-minute TV spots, extensive media coverage, brochures, newsletters etc. The so-called Enlightenment Campaign tours Japan in August and concentrates on a new city every year (Nagasaki in 1994). All the Japanese prefectures have "Northern Territory Committees". (Shibuya 1994).

Not only Hokkaido among the Japanese prefectures has eyes for Russia. As part of the "Japan Sea Rim" concept (The 1993 Niigata International Forum, 18-19 February 1993), the other Japanese prefectures on the Japan Sea coast are also very aware of the Russian Far East as a potential economic partner even though the RFE is obviously less important to their economic deliberations than China and South Korea. The main idea behind the Japan Sea Rim concept is to trigger economic activity between the regions bordering on the Japan Sea.

#### **4. The Northeast Asian Regional Arena - How Does Russia Impact?**

As discussed earlier, the historical lines of enmity have so far prevented the emergence of any regional forum exclusive to Northeast Asia (or even East Asia) for the purpose of cooperation in the region. Bilateral relationships are therefore the main objects of analysis for our task of examining the impact of Russia on its Asian neighboring states. As shown in chapter 2.2.2.1., the five major states in the Northeast Asian security complex make up 10 bilateral state-state relationships that "matter". Of primary interest in our context are the four bilateral relationships to which Russia is party. Against the backdrop of Arctic cooperation/the Northern Sea Route, the relationship that is most important for Russia is the one with the regional economic powerhouse Japan. If there is to be economic development in the Russian Arctic/NSR area in the years to come, Japan is the Asian neighboring state with the strongest capital base with which to make a contribution. The relationship between Russia and Japan will therefore be looked at from several angles in the following three sub-chapters: 1) the



Northern territories/Kurile issue; 2) the modern history and possible developments of Russo-Japanese trade; and 3) military security and perceptions.

The three remaining regional bilateral relationships of which Russia is a part, will also be described in three separate sub-chapters. Besides Japan, South Korea is a possible candidate as a heavy investor in the RFE, but probably not to the same degree. North Korea's relations with Russia have changed appreciably in the last few years, and North Korea is at present primarily of interest to Russia as a source of cheap labour and as a general security threat because of the nuclear issue mentioned in chapter 2.3.. The Russia-China relationship is a key factor in the Northeast Asian security complex, with security perceptions/relations and border trade relations being the factors relevant to the RFE perspective.

#### **4.1. Russia - Japan - Enduring Wariness**

Since the beginning of the nineteenth century Russia has shown an interest in trading with Japan. Japan was a closed country at the time, and it was not until later in the century that an expanding Japanese empire with the need for raw materials and energy sources became interested in Russia, specifically Sakhalin (fishing rights, coal, and oil). Trade between the two countries amounted to only a small part of Japanese foreign trade, while it was more important to Russia, especially to the Russian population along the Seas of Japan and Okhotsk and to the development of Siberia. During World War I Japan was the largest supplier of materials and food to Russia. In the first years after the Revolution trade continued to flourish, but declined in the beginning of the 1920's when the Bolsheviks had consolidated their power in the whole country. In spite of an increase at the end of the 1920's, economic relations between the two countries in the inter-world war years had the same limitations as after the second World War, with Soviet shortages of foreign currency and disputes over fisheries. (Mendl 1989, pp. 2-3).

Before 1945 the question of sovereignty over Sakhalin was the main bone of contention between Russia and Japan. The South Kuriles "had originally been stepping-stones for the Russians in their search for contact with Japan" (Mendl 1989, p. 3), and did not rise to prominence before the Soviet Union occupied them in August 1945.

The post-World War II relationship between Russia and Japan has been characterised by an enduring pattern of wariness and suspicion, a continuation of a rivalry originating in the nineteenth century<sup>44</sup>. The wariness has continued in the first half of the 1990's, seemingly

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44 In the words of a Soviet foreign policy expert in 1991: *"For the whole history of the Russo(Soviet)-Japanese relations a situation when both sides were totally satisfied with the borderline between them has never come to existence. It was Japan for the first 50 years after the*

unaffected by the major international changes in international politics in the post-Soviet period. The issue of the Northern Territories/South Kuriles seems to be *the* most important obstacle to closer state-state relations.

However, the Northern Territories dispute was not and is not the most important issue in shaping the Japanese public opinion's perceptions of the Soviet Union after 1945<sup>45</sup>. The most important issue by far influencing Japanese public opinion against the Soviet Union in the post-war decades has been the prisoner-of-war (POW) issue. 600,000 Japanese soldiers serving in Korea, Manchuria and southern Sakhalin at the end of World War II were sent to labour camps in Siberia, Mongolia and other places. An estimated 60,000 of them perished, and some of the POWs were not released before 1956 (Makihara 1993). The Japanese public since 1956 waited for and expected an official apology from the Soviet Union, but did not receive one before Russian President Jeltsin apologised all of three times during his state visit in October 1993 (Skaara 1993).

#### 4.1.1. The Northern Territories/Kurile Issue - A Real Obstacle or Just an Excuse?

It must be remembered that neither the Japanese nor the Russians originally populated the Kurile Islands, including the presently disputed islands north of Hokkaido. The indigenous population were the Ainu, a nation that is on the verge of extinction (though Hokkaido has a small unspecified Ainu population). Japan colonized the southern Kurile Islands in the latter part of the eighteenth century, and signed treaties with Russia in 1855 and 1875 confirming Japanese sovereignty over the islands. General Japanese awareness of the islands was not very high before the Soviet occupation of the islands in August 1945, and was not focused in Japanese public opinion or politics in the first post-war years.

The American occupying forces imposed strong censorship on the voicing of Japanese nationalist sentiment. And as opposed to the Okinawa Islands, there was no Japanese population on the northern islands, so claims for a return of the islands were not voiced in the

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*Shimoda Treaty of 1855 that considered its territorial claims were violated. For the next 40 years (after the Portsmouth Peace Treaty of 1905) Russia and then the Soviet Union had certain reasons to blame Japan for the territorial expansion and the violation of the previous arrangements. After the Second World War the roles changed once more. Almost all of the bilateral treaties that either settled or reaffirmed (through the respect of territorial integrity) the borderline between Russia (Soviet Union) and Japan were violated by one of the parties. As a result both sides have formed towards each other negative psychological background while the development of normal relationship appeared to be "a hostage" of the territorial disputes.*" (Tyshetskii 1991, pp.102-103).

45 "The main government issue has been the northern territories," says Haruki Wada, a professor of Russian and East Asian Studies at the University of Tokyo. "The popular issue has been the POWs." (Makihara, 1993)

first post-war years. (Wada, 1994). Japan renounced its sovereignty to the Kuriles in the 1951 San Francisco Peace Treaty. However, which islands that were a part of the Kurile Chain was not specified in the treaty. There was general agreement in Japan that the Habomais and Shikotan were an integral part of Japanese territory and not a part of the Kuriles, while Etorofu and Kunashiri were considered by Japan to be part of the Kuriles<sup>46</sup> (and therefore not part of the post-war Japanese territorial claim), at least until 1955.

In 1955-56 negotiations for normalizing relations between Japan and the Soviet Union were held in London. At the outset of the negotiations, Moscow was prepared to give up Shikotan and the Habomais in return for the signing of a peace treaty. That was also the basic position of the Japanese negotiators when the talks opened in June 1955. However, in August the same year the Japanese Foreign Ministry expanded its claim against the Soviet Union. Southern Sakhalin and the Kuriles were named as historical Japanese territory, and the islands of Etorofu and Kunashiri were especially focused. In the following year or so, the Japanese officials involved in the issue gave very differing signals to Moscow on the Japanese stand, reflecting how the Northern Territory question was primarily an arena for domestic Japanese political rivalry<sup>47</sup>. The negotiations were a failure regarding the sovereignty issue and the Soviet Union later (in 1960) reneged on the promise made in the Joint Declaration of October 1956 to return Shikotan and the Habomais on the signing of a peace treaty.

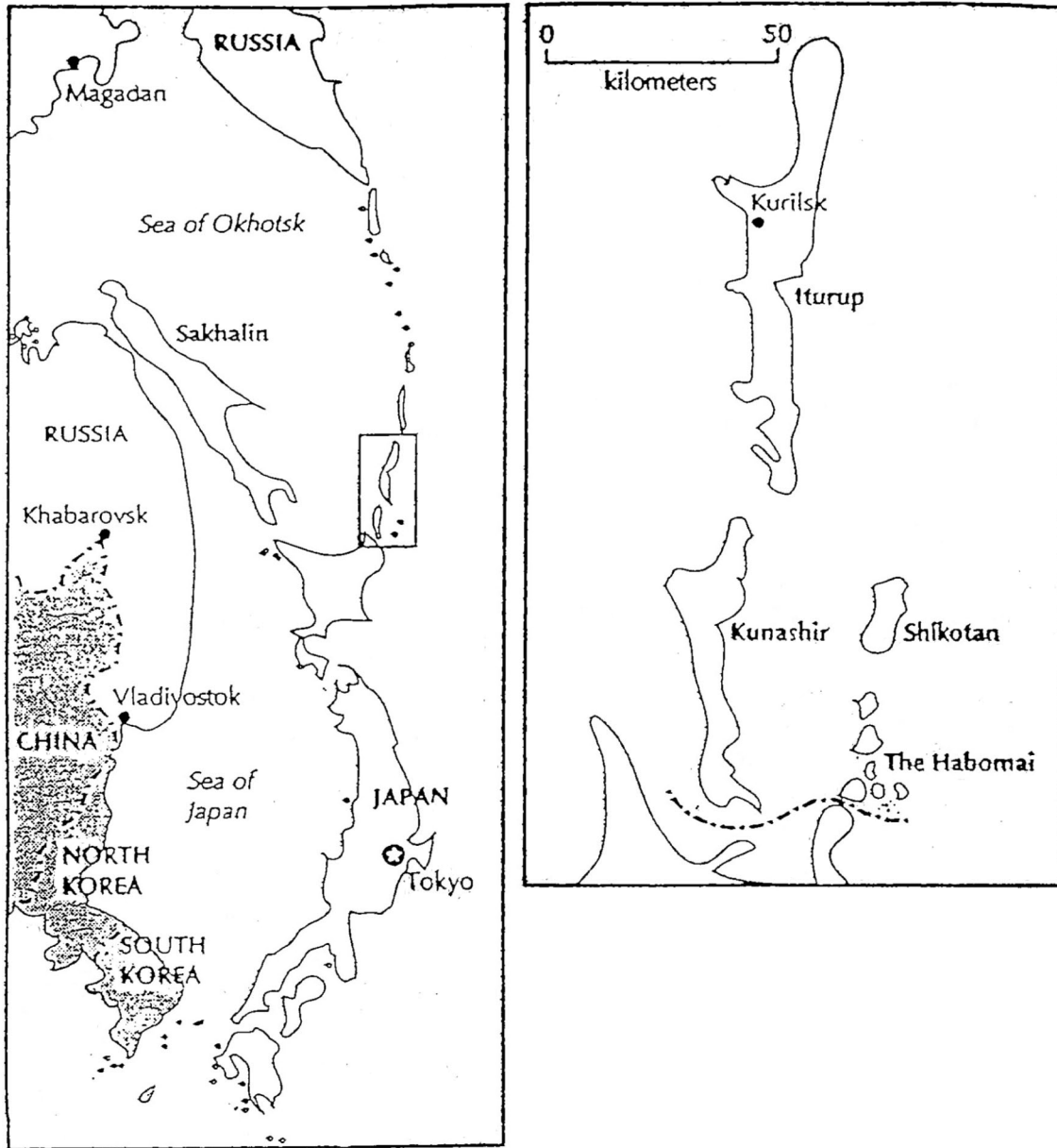
The situation since 1956 has remained basically unchanged. Japan claims sovereignty over all of the disputed islands and has so far not been willing to discuss any compromise solutions. Even more than in 1956, the Northern Territories/Kuriles dispute is so influenced by domestic politics on both sides that neither country can act solely on the basis of foreign policy rationale. In Russia the issue is a symbol for nationalist political forces, and even the return of Shikotan and the Habomais would be very difficult in the present political situation. The dissolution of the Soviet Union and the vast loss of territory that that upheaval entailed makes it very difficult, if not impossible, for the Russian leadership to even suggest disposing of any Russian territory at all. And nationalist rhetoric regarding the Kurile issue is not limited to the Russian President's political opponents. Prime Minister Chernomyrdin made it difficult for

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46 *"In 1951 Prime Minister Yoshida stated that Etorofu and Kunashiri were part of the Kuriles - a position also clearly stated in the Foreign Ministry's August 1955 pamphlet 'The Northern Islands.' The Japanese did not claim that Etorofu and Kunashiri were not a part of the Kuriles at any time during the negotiations with the Soviets, and did not assert their historical rights to them prior to August 1955."* (deVillafranca 1993, p. 611).

47 *"Japan was out-negotiated by the Soviets in 1955-56, mostly because the focus of Japanese attention and energy was on the evolution of domestic politics and only secondarily on the international issues involved. The origin of each diplomatic move by Japan over the two-year negotiation.....can be traced to developments in conservative party politics in Tokyo."* (deVillafranca, p. 618).

Yeltsin and his forthcoming visit to Japan when he visited the Russian Far East (including the islands) in August 1993 and promoted a hard-line attitude in the Kurile question. Chernomyrdin told reporters that Russia would never give up the islands and that the dispute with Japan was a "non-issue". In speeches held in Khabarovsk and Vladivostok he vigorously voiced the same views (The Economist, August 28, 1993).



III.3: The disputed islands. Source: Foye 1993, p. 28.

The Japanese hosts had been hoping that President Yeltsin would signal some concrete will to compromise on the Northern Territories issue during his state visit in October 1993, but all he said was that Russia would honour all Soviet-era treaties and agreements. He indicated, without saying it in so many words, that this included the 1956 Joint Declaration (that links a peace treaty with the return of Shikotan and the Habomais). (Walsh 1993, p. 38).

Apart from the sovereignty symbolics involved, the disputed islands are of interest to both contending states because of the natural resources. The seabed around the Habomais and Shikotan is in all likelihood rich with manganese and barite nodules. Kunashiri and Etorofu have large deposits of sulphur, metallic sulphides, titanium, magnetite, chromium, vanadium and niobium. Vanadium, niobium and titanium dioxide are important for the production of steel used both for scientific and military purposes. Furthermore, the fisheries around the islands are among the most productive and intensive in the world. (Spicer 1991, p. 42-43). Japanese fisherman regularly fish in the disputed waters of the islands and were during the summer of 1994 shot at by Russian Border Guard vessels in several incidents, even resulting in physical injuries to fishermen and sinking of vessels (Foye 1994(c)). The issue seemed to have been on the way to a working solution by the end of 1994 with the planned negotiation of a fisheries pact that would allow Japanese fishing boats to operate in the waters of the islands (FEER, December 8, 1994). However, these negotiations have not resulted in any agreement, the Japanese side declining to accept fishing rights in the area fearing that "the granting and acceptance of fishing rights could be interpreted as recognition of Russian sovereignty over the islands" (Monitor, 1 September 1995). And the Japanese fishermen are still clashing with Russian border forces (Economist, October 7th 1995; Clarke 1996).

All in all, analysts all seem to agree that the Northern Territories/Kurile Islands issue is not about to be solved in the near or medium-term future. In Russia the motivation for a solution in the foreign policy establishment is probably quite high because of the expectation of (and hope for) a steep rise in Japanese investment once a solution is reached. However, compromise solutions are not possible at present because of the domestic political situation that precludes showing any weakness in sovereignty issues. In Japan there are speculations that the government has been (and is?) using an uncompromising stand in the Northern Territories issue as an excuse to avoid getting involved too closely with Russia in what is generally seen

as a politically unstable state<sup>48</sup> and an extremely risky and unsafe investment arena (Arai 1994 and Kikuchi 1994).

The Northern Territories/Kurile Islands issue is regularly mentioned also by international analysts as an explanation for the slow nature of Russo-Japanese economic relations (e.g. in Monitor, 15 March 1996). At least at governmental level that seems to hold true, but it can also be asked the issue is simply a very convenient excuse for Japanese investors to avoid involving themselves in the RFE and Siberia, the real reasons being lack of confidence in the present political, legal and economic situation in Russia.

#### 4.1.2. Russo-Japanese Fisheries and Ocean Relations

Japan acquired fishery rights and land bases for their crab, herring and salmon operations in the RFE following the Russo-Japanese war in 1905. As late as 1935 there were 395 Japanese fishing-related installations on Soviet Territory, especially in Kamchatka. In the Post-World War II decades Japan expanded its activities and became a leading actor in long-distance fishing. The international introduction of 200-mile exclusive economic zones in 1977 did not at first impact negatively on Japanese fishing operations in what was now Soviet waters (Sea of Okhotsk, Bering Sea). Because of the practice of exchanging fish quotas the effect of the new Soviet EEZ for Japanese fisheries was not felt until in the 1980's, when it became clear that the Soviet Union would not allow the continuation of extensive Japanese fishing within their EEZ. However, the reduction in Japanese distant water fishing activity in northern Pacific waters is not only due to political developments. Increasing cost pressures and a steady decline in the market value of fish products are important reasons as well. (Stokke 1991, pp. 233-234).

The introduction of the Soviet EEZ in 1977 (on the same date as the new US EEZ) had political implications for the territorial dispute over the Northern Territories/Kurile Islands, as the new Soviet fisheries zone included the sea areas around these islands. The Japanese government protested and tried negotiations, but the final result was that Japan had to establish its own EEZ<sup>49</sup>. Another ocean-related issue between Russia and Japan is the dumping of solid

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48 *"...Tokyo is extremely sensitive about political instability in other countries and is therefore hesitant to invest in or donate funds to Russia. The Japanese are using the issue of the islands as a convenient excuse for their unwillingness to pursue deeper economic involvement with Russia. According to various experts, the Japanese are far more concerned about political stability in Russia than are the Americans or the Europeans, who emphasize democratization. Authoritarian trends in Russia have provoked less dismay in Tokyo than in Washington or European capitals, since Japan, which is not as Westernized as is commonly asserted, is more tolerant than the West of an authoritarian pattern of rule."* (Chugrov 1995, pp.14-15).

49 Even if a 200-mile EEZ posed a problem to fishery relations with China and South Korea and forced these states to establish their own EEZ's. The problem was solved by exempting Korean

and liquid nuclear waste in the seas between the two countries in the period 1959 to 1992. In 1993 Japan and Russia agreed to conduct joint studies of the areas of the Sea of Japan where the dumping had taken place. (Akaha 1995, pp. 176-179).

Japanese ocean policy, like Japanese foreign policy in general, is reactive in nature and designed to protect the status quo. The fisheries relationship with Russia is, like all other Russo-Japanese questions, tied to the issue of the Northern Territories, but is "muddling through" in the usual pragmatic manner. (Akaha, p. 182). And as in the Northern Territories/Kurile Islands issue it does not seem that Russia has significantly changed its oceans-related policies towards Japan as compared to the policies of the Soviet Union. Mutual perceptions and expectations are basically unchanged.

#### **4.1.3. Russo-Japanese Economic Relations**

The Japanese government seemed to change its attitude towards the Soviet Union in the 1980's, linking the Northern Territories issue more closely to economic interaction than had been the case in the previous decade (Murakami 1994). This change in perceptions on the part of Japan may have been the result of adverse experience with Soviet partners in the 1970's, and may also have been the result of negative Japanese perceptions of the Soviet Union due to the increased level of tension in the Cold War in the early 1980's. However, Japanese scepticism in general with regard to Russia and economic cooperation has remained in place in spite of the changed political situation in Russia in the 1990's. This may well be because Japanese commerce and industry perceive few attractive business and investment opportunities in Siberia and the RFE at the present time. Furthermore, there is a shared perception on both sides that if economically profitable projects emerge in the RFE, then Japanese capital will find its way (Zagumyonov 1994) and the official Japanese attitude may well become more positive again. (Murakami 1994).

From 1946 to 1956 trade between the two countries was minuscule. After diplomatic relations were restored in 1956 the total volume of trade increased steadily in the next 27 years, from US\$ 40 million in 1957 to an historic high point of US\$ 5.6 billion in 1982. The balance of trade showed a surplus in favour of the Soviet Union until 1975, while Japanese exports to the Soviet Union showed a dramatic upturn in the 1970's, causing a huge trade surplus in Japan's favour from 1976 till the mid-1980's (but declining in total compared to 1982). (Ogawa 1987, 158-162).

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and Chinese nationals from the Japanese fisheries zone legislation and by temporarily maintaining the 12-mile limit in the areas in the sea to the west of 135 degrees East in the Sea of Japan. These provisional measures are still in effect today (1995). (Akaha 1995, pp. 176-177).

Looking at the development in trade volume between Russia and Japan in 1992-94 it is apparently relatively stable with a slight decline from US\$ 3.4 billion in 1992 to US\$ 3.27 billion in 1994. However, the figures hide a marked change in the Russo-Japanese trade compared to the 1980's. While in 1992 the trade was balanced, in 1994 the picture had completely changed, with Japanese imports from Russia being nearly twice as large in value as Japanese exports the other way. Twelve years after the all-time high in 1985, trade between the two countries had decreased by over 40%<sup>50</sup> and a huge Japanese trade surplus had turned into a large Russian surplus. (Goskomstat 1995). However, the type of commodities being traded have remained basically the same in the whole period. Russia's exports to Japan are still natural resources such as timber (logs), coal and fish; while Japan's exports to Russia consist of heavy machinery, steel pipes, trucks etc.

The Japanese reluctance to getting involved in Russia can clearly be seen in the figures presenting the largest foreign investors in Russia in 1995. USA is the largest investor with 27.5% and US\$ 385.6 million, with Germany following at 19.7% and US\$ 276.2 million. Japan is only number 10 on the list (3.2%/US\$ 44.4), with small European countries like Austria (5,4%), Belgium (5,2%) and Finland (3.6%) ahead of it. (Barentsnytt 1996).

The problems of trade and economic cooperation between Japan and Russia seem to a large degree to be rooted in differences in basic cultural perceptions. The Russian economist A. Rodionov, a member of the Russian-Japanese Chamber of Commerce and Industry, has succinct views on what these perceptions consist of on the basis of observations and reflections after a visit to the RFE by a very large official Japanese delegation in July 1994. A questionnaire circulated among major Japanese companies trading with Russia revealed what the Japanese side sees as the main obstacles to increased mutual trade:

*"Basically, ...problems of nonpayments, political and economic instability, legislation unsteadiness, backwardness of the infrastructure. (Rodionov 1994, p. 7).*

Rodionov points out that Japanese decisionmaking is a long process, something that is difficult for impatient Russian businessmen to fully understand. Potential Russian business partners in bilateral meetings with Japanese business actors become impatient and perceive the Japanese as not interested in doing business with them because they are so long-winded and occupied with doing everything formally and in the right order. The Japanese are also very persistent in raising the problems identified above in their meetings with their Russian counterparts. This

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50 It must be borne in mind that the real decrease is probably not quite as large, bearing in mind that Russia only constitutes a (very large) part of the former Soviet Union. I do not have the figures for Japan's trade with the ex-Soviet states, but it is safe to assume that the majority of trade between the Soviet Union and Japan was trade with the Russian Republic.



is perceived by the Russian side as lack of good faith and a general unwillingness to cooperate:

*"But why are the Japanese companies so stubborn in raising these problems, what do (sic) prevent them from achieving their mutual understanding and speediest solution? It seems sometimes that the partners find no common language, and the meetings at which the parties try to ascertain the general truths or achieve a consensus on the further common steps, turn into seminars at which the Russian representatives read the statements prepared in advance, necessarily making mention of the favourable geographic situation (of the RFE in relation to Japan) and rich natural resources. (Rodionov 1994, p.7).*

Russian enterprises as a rule do not go out of their way to acquire specific knowledge about the Japanese economy, the unique Japanese mechanisms of decisionmaking, or even detailed information about potential Japanese cooperative companies. According to Rodionov, the Russians do not go their "half of the way", but expect the Japanese side to do most of the job, since it is Japan that is interested in the natural resources that Russia can offer. (Rodionov 1994, p. 7).

Japanese trade and industry is in many ways centrally coordinated by governmental agencies and such influential economic bodies such as the Keidanren (Federation of Economic Organizations) and the Chamber of Commerce and Industry. These two bodies coordinate the Japanese side of the activities of the Japanese-Russian Committee for Economic Cooperation. A visit to the RFE (Primorskii, Khabarovsk and Sakhalin) by a very large Japanese delegation organised by the latter committee took place in July 1994. This visit put a focus on the lack of coordinative organisation on the Russian side that in some respects might correspond to the Japanese model. During the meetings that the said Japanese delegation had with regional representatives from the three RFE regions it was clear to observe how uncoordinated the positions of the Russian regions were<sup>51</sup>:

*"As a result, the head of the Japanese delegation, when in Khabarovsk, couldn't help making a figurative comparison of the generalized efforts of three regions with the construction of three bridges separately across the same river, each being slightly shorter than the width of the river itself." (Rodionov 1994, p. 8).*

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51 *"At the meetings this found expression in the uncoordinated positions of individual territories on general problems, in the discrepancies observable during the presentation of projects and in the desire to see problems solely within the boundaries of one's own territory." (Rodionov 1994, p. 8).*

The Association of Economic Coordination for the Far East and Zabaykalye is now supposed to have taken upon itself to be the coordinating agency that the Japanese side have asked for. However, it seems that Moscow is still not willing to let the RFE act on its own in external affairs, requiring an active participation from Moscow. In March 1996 the Russian-Japanese commission on trade and economic cooperation held its first meeting<sup>52</sup>. The commission is co-chaired by Japanese Foreign Minister Ikeda and Russian First Deputy Prime Minister Soskovets, illustrating how the two governments clearly both feel the necessity of being represented on a very high level when involved with each other. This again reflects the fact that the issue of the Northern Territories/Kurile Islands is standing very still (Monitor, 15 March 1996).

If one were to speculate on the phenomenon of the general Japanese reserve in economic relations with Russia at the moment, the assertion can be made that Japan actually misses the Soviet Union as a negotiating opponent and business partner, in spite of the relatively low annual total volume of trade. In the Soviet period the Japanese knew that they could rely on the (often large scale) agreements that were negotiated with the Soviet government sector in question. The Soviets might have been inflexible, but once a contract was signed the Japanese party could be sure that a better offer from other foreign actors would not even be considered in the contract period. The Soviet system represented a centralized stability, a quality that Japanese culture highly appreciates. The rough and tumble nature and not least the unpredictability of the modern Russian economy is therefore definitely not to the liking of Japanese business interests and governmental authorities.

There will always be a permanent element of basic military security relations and perceptions between two neighboring countries. In the next chapter we will take a look at the status of this issue area in the Russo-Japanese relationship today.

#### **4.1.4. Military Security Relations and Perceptions Between Japan and Russia**

As an ally of the United States, Japan played the role of front-line state towards the communist Soviet Union in the whole Cold War period<sup>53</sup>. Not only the Soviet Union, but

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52 The commission was established on the basis of an agreement that was reached between the two governments when First Deputy Prime Minister Soskovets visited Japan in the autumn of 1994 (Monitor, 15 March 1996). This indicates that the concept of a commission might well have been influenced by the Japanese delegation's visit to the RFE that was recounted above.

53 There are still 45,000 American troops stationed in Japan (Kikuchi 1994). They are, however, in Japan as part of the American stabilisation role for the whole of East Asia and are not especially focused on the RFE.

also China and North Korea were Japan's ideological enemies during the Cold War, all three states with territory located in the proximity of Japan across the Japan Sea.

In the Post Cold War 1990's it would be natural to assume that military perceptions have changed together with the international political situation. However, the end of the Cold War does not seem to have changed Russia's and Japan's military strategic perceptions of each other very much. The Northern Territories/Kurile Islands issue is to a very large degree the explanatory factor behind also this aspect of the bilateral relationship.

Even though some Russian experts admit that the Kurile Islands are not very strategically important anymore in the new relations between Russia, USA and Japan, the Russian navy firmly maintains the strategic arguments for not considering any concessions to Japan on the island issue. The Russian navy sees the Kurile chain of islands as a "screen of steel" protecting the Sea of Okhotsk. The Sea of Okhotsk is strategically important for the 17 Pacific-based Delta-class strategic missile submarines, of which two or three are located at any given time in waters nearby their main base, Petrapavlovsk on the Kamchatka Peninsula. Giving up the disputed Kurile Islands to Japan would mean giving up control over three entry channels into Okhotsk Sea waters, entry channels which are easily monitored and which are potential sites for enemy anti-submarine bases. (Desmond 1993, p. 42). In an international environment of arms reductions of land based weapons systems, submarines with nuclear missile capability are all the more important for Russia's defence capability (Sakurai 1994(a)).

The Soviet view of Japan as a potential threat to its security was closely linked to its position as USA's closest Asian ally. The Japan-USA relationship is still the mainstay of Japanese military policy, but since the Cold War is over Russia does not perceive Japan or American forces in Japan as a military threat in the foreseeable future. Russia has in fact reduced its military presence on the disputed islands by 50% since 1992, from 7,000 to 3,500 troops with further reductions planned (Parrish 1996), indicating that it does not believe Japan will resort to military measures to gain control over the islands. However, the immense Russian Pacific Fleet secures basic Russian security interests in the whole region of East Asia, even if it has been feeling the brunt of a deteriorating Russian capability to maintain the armed forces at the same high level as it used to have.

The present Japanese perception of Russia is undoubtedly based more on perceptions of threat than vice versa. But the end of the Cold War has changed the Japanese perception from one of preparedness for Russian attack to one of regarding Russian military intentions as a "factor of instability" (Sakurai 1994(b)). From a Japanese point of view Russia is still the largest potential military threat to Japan (Kikuchi 1994). Some Western analysts hold that simplistic Japanese perceptions of the Soviet Union still linger, and that this tradition hampers Japanese policy towards Russia (Skak 1993). In my view, the Japanese perception of the "Russian

threat" is based on two primary factors, 1) the physical presence of large Russian military forces in Japan's immediate neighborhood<sup>54</sup>, and 2) uncertainty as to how developments in Russian domestic politics will influence the security situation between the two countries<sup>55</sup>.

The Pacific Fleet is the Russian military unit with the most relevance in a conflict scenario with Japan. The fleet is indeed big, it used to be the largest of the four Soviet fleets with an immense operating area. However, the actual developments in the fleet over the last few years do not indicate that Japanese military planners need to have any immediate worries about Russian aggressive intentions in the near or mid-term future. The fleet is suffering from an extreme lack of funds, which has led not only to a striking lack of vessel maintenance but also to long periods without wages and even food for the sailors. In August 1995, together with the Northern Fleet and the RFE military district, the Pacific Fleet's food situation was the most precarious in the whole of the Russian military forces (Dragnes 1995). Because of its present sorry state the Pacific Fleet has practically been reduced to staying close to home<sup>56</sup>.

Drawing a parallel, the Russian Northern Fleet, based in Murmansk, is in the same dire situation as the Pacific Fleet, leading to a build-up of military forces, ships and submarines at the military bases close to the Norwegian border. The present Norwegian perception of threat from the Kola Peninsula, however, is not primarily based on the presence of the Russian military forces nearby, but is instead based on the grave environmental threat that the accumulating nuclear waste in military harbours (as well as at the civilian nuclear power plant) represent for the region. Japan is in much the same situation in relation to the Pacific Fleet as Norway is to the Northern Fleet. The fleet is staying close to home due to lack of funds, but does not represent any real military threat to Japan just because Japan is the closest potential opponent.

In spite of such arguments and comparisons, the Japanese perception of threat from Russian forces stationed in the RFE is still very present in the minds of Japanese defence policy makers. These policy makers acknowledge the serious problems that the RFE military forces

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54 *"Russia and China - two nations that are geographically proximate to Japan - each retain enough military power to be capable of threatening Japanese territory, or at least to apply serious political and military pressure."* (Yamamoto 1994, p. 2).

55 *"As Russia democratizes (and we have already seen the recent emergence of hegemonic attitudes)....., uncertainties abound. These uncertainties render problematic longer-term predictions...."* (Yamamoto 1994, p.2).

56 *As opposed to the enormous geographic areas covered during the 1980's: "Its submarines and intelligence-gathering ships could be found off the American west coast, it provided a permanent flotilla of surface combatants in the Indian Ocean (the 8th Eskadra), and it maintained a regular contingent of warships and combat aircraft in the South China Sea (the 9th Eskadra) using the former American base at Cam Ranh Bay in Vietnam. All that has changed."* (Clarke 1995, p. 27).

are experiencing, but point out that the arms reduction agreements in Europe have led to a transfer of considerable amounts of advanced Russian military hardware to the Russian Far East, where their existence together with an unpredictable domestic political situation "*constitutes an unstable factor for the safety of this region*" (Defence Agency 1994, p. 37).

What the Japanese Foreign Ministry and the Japan Defence Agency find the most unsettling with regard to Russia is clearly the volatile domestic political situation, which makes it impossible to foresee how Russian security and foreign policy will develop in the next few years, or even in the next few months. The present strong political position of the nationalist parties and movements in Russia (including the revived Russian Communist Party) is not especially conducive to creating a favourable environment for negotiations between Russia and Japan with regard to a peace treaty and the Kurile Islands issue. The nationalist forces are in reality laying down a veto on Russian territorial concessions of any kind towards Japan<sup>57</sup>. The populist nationalist Russian politician Vladimir Zhirinovskiy has even threatened with setting up a Russian military base in Hokkaido if Japan does not drop the claim to the disputed islands. This is clearly an empty threat, but it is the kind of statement that unsettles the Japanese. (Aftenposten, 29 July 1994).

Nationalist rhetoric on the Kurile issue is based on widespread support for such sentiments among ordinary people in Russia. One commentator points out that with the dissolution of the Soviet Union, Russia has suffered "an intense crisis of national integrity", and that it has problems with creating a "modern national identity". Giving up even a tiny part of Russian territory in this situation would mean "great national humiliation" (Chugrov 1995, p. 14). These popular nationalist feelings exert influence on even moderate politicians in Russia. President Jeltsin's remarks last May when he refused Japanese offers of aid following the severe Sakhalin earthquake were clearly intended for the nationalist lobby and the presidential elections in 1996. The reasoning behind this rather abrupt refusal of help was that Japan would use it as an argument for "strengthening its hand in the territorial dispute" (Chugrov 1995, p. 14).

The nationalist perspective on relations with Japan has obviously strongly influenced public opinion, especially the younger generation. In an opinion poll conducted in Moscow in May 1995 among the general population, Japan was considered an enemy by 6.7% of the

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57 *"The idea of striking a bargain with Japan (economic aid in exchange for the return of the islands) only feeds critic's (the nationalists') fears of an anti-Russian conspiracy. The opposition (to Jeltsin) claims that financial assistance is in fact designed to render Russia submissive to external dictates and emphasizes that Japan will make Russia pay a very high political price for economic help by insisting on territorial concessions.....In this atmosphere of bitter struggle, any changes in Russian foreign policy that could be favorable to the resolution of the territorial dispute with Japan are unlikely."* (Chugrov 1995, pp. 14-15).

respondents, after the United States, Iraq, Iran and Libya. Among young people a full 18% considered Japan an enemy. In a poll among graduate students in international relations at two prestigious educational institutions in Moscow, Japan was named by 7% as a potential enemy of Russia, after the United States at 11%. China was only named by 1% of the respondents. The same students were asked about their views on the territorial issue. None of them supported returning all or even two of the islands, 63% were hardliners, 23% favoured joint sovereignty, while 3% wanted to lease the islands to Japan. (Chugrov 1995, pp. 14-15). On the other hand, given the massive public opinion and nationalist rhetoric against the Japanese claim that has dominated the Russian media picture in the last few years (as well as the uncompromising Soviet stand on the issue before that), the fact that nearly a quarter of the future foreign policy elite in Russia is inclined to compromise can also indicate a possible Russian willingness in this direction in the future.

The negative Japanese public opinion perceptions of Russia are for a large part coloured by Soviet actions in the first decade or so after 1945<sup>58</sup>. And the tough official stance of the Japanese government on the Northern Territories issue is supported by a full 86% of the general population (as opposed to 77% support in Russia for the hardline Russian position - both figures from a joint poll carried out in March 1993) (Economist, August 28th 1993).

#### 4.2. Russia and the Koreans

One perhaps not very well known fact about the cultural aspect of the relationship between Korea and Japan is that there is an ethnic Korean population of approximately 110,000 living in Russia today. Stalin's replacement policy in the 1950's sent ethnic Koreans very far away from the region bordering on the Korean Peninsula, spreading the Korean population in the RFE to locations as far away as Uzbekistan (present Korean population: 198,000), Kazakhstan (105,000), Kyrgystan (19,000), Tajikistan (13,400) and the Ukraine (8,700). Though most of the younger generation of these "Koreans" have not retained their Korean language, they are still very aware of their ancestry. Some of them are moving back to the southern parts of the RFE to their original homelands. In 1993 there were 18-19,000 Koreans in the border regions, up from 10,000 in 1991<sup>59</sup>. South Korean companies are more comfortable when dealing with ethnic Koreans in business matters in Russia. Even if they cannot speak the same language,

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58 *"...the circumstances of the Soviet entry into the Pacific War, the cruelties committed by the Red Army in Manchuria, the appalling treatment meted out to Japanese prisoners of war and their long captivity, have powerfully influenced Japanese perceptions of the Soviet Union."* (Mendl 1989, p. 24).

59 *"There are approximately 40,000 Koreans living in Sakhalin. Koreans were forcibly moved to Sakhalin by the Japanese between 1905-1945 when the southern part of Sakhalin was under Japanese control."*(Russian Far East Update, January 1995).

there is a feeling of understanding based on a common cultural background. (Choe 1994). For Russia the existence of ethnic Korean Russian citizens has probably not meant anything either way, but for South Korea the Russian Koreans have probably led to an extra degree of interest in economic cooperation with Russia and the ex-Soviet states that have such populations.

#### **4.2.1. Russia - South Korea**

Soviet President Mikhail Gorbachev started signaling a willingness to establish cordial relationships with South Korea in a speech in Vladivostok in July 1986. The real thawing of the belligerent Cold War relationship between South Korea and the Soviet Union started when Soviet athletes participated in the 1988 summer Olympic Games in Seoul. Trade offices were exchanged in December 1989, consular offices were opened in both capitals in February/March 1990, and at a summit meeting in San Francisco in June of the same year Presidents Gorbachev and Roh agreed to normalize their relations. The normalization of relations led to an agreement over a loan package where Seoul was to provide, amongst other things, a US\$ 3 billion loan to Moscow over three years from 1991. (Lee 1995, p. 28).

This new cooperation boosted the total trade volume between the two countries (South Korea and the Soviet Union) from US\$ 599 million on 1989 to US\$ 1,202 million in 1991. Moscow's primary goal in setting up relations with South Korea was clearly economic cooperation. Seoul's intentions were more diverse. One goal was the enhancement of South Korea's prestige in the international community by having close ties to both the superpowers at the same time. The second goal was to open up the huge Soviet market to Korean economic enterprises. The large South Korean companies were very interested in investing in the Soviet Union at this point, developing ambitious plans for investing tens of millions of dollars, including building of buses, car production and a natural-gas pipeline from Siberia to South Korea (FEER, June 16, 1994). But the third and by far most important goal was that the South Koreans hoped and expected that the Soviets would contain the unpredictable North Koreans. This was a well-reasoned expectation, taking into account the fact that the Soviet Union in 1990 accounted for 51% of North Korea's total trade and that North Korea owed 57% of its debt to the Soviet Union. (Lee 1995, pp. 27-28).

However, South Korea's great expectations of its new friend soon turned into disappointment. Because of the internally unstable domestic political situation in the Soviet Union in 1991 it became clear that the Soviet Union's influence over North Korea was receding quickly. And when the Soviet Union at the end of 1991 was divided into 15 new states and the new non-communist Russia's interest in and leverage over North Korea practically disappeared, South Korea became quite disillusioned with the political results of the new relationship with Russia.

Economically the relationship did not live up to South Korean initial expectations either<sup>60</sup>. Russian tax laws, conflicting government decrees from the Kremlin, and environmental claims put a stop to nearly all the planned South Korean investments in Russia (FEER, June 16, 1994). Promised loans to Russia were halted, and Seoul called for Moscow to pay overdue debt from the Soviet period. The new South Korean pessimism concerning relations with Russia are clear to see in the powerfully reduced trade figures for 1992 (US\$ 859 million). (Lee 1995, 28-29).

It was in this atmosphere of South Korean disappointment that Russian President Boris Yeltsin visited South Korea in November 1992. He went to South Korea in spite of having cancelled his September trip to Tokyo, demonstrating to Seoul that his visit was indeed not a postscript to the Japan visit. The visit helped in restoring some of the lost South Korean expectations in the relationship with Russia. Yeltsin agreed to pay some of the overdue interest on commercial loans and an understanding was reached that South Korea would buy Russian military hardware. Yeltsin also promised to stop supplying Pyongyang with military technology and to try and persuade the North Koreans to accept inter-Korean nuclear inspections. (Asian Security 1993, pp. 75-76).

Since 1992 the South Korean expectations to the relationship with Russia have become more realistic and indeed a lot more positive than during the period of disillusionment in 1991-92. The total trade grew steadily in 1993 and 1994 (US\$ 2,191 million in 1994), but the heavy South Korean investment in the RFE that Russia has been waiting for has still not shown any signs of materializing<sup>61</sup>. The two countries are trying to solve the problem of the overdue debts, and Seoul has promised not to link economic cooperation to the repayment of the debts. Russia has also signalled that it intends to attempt to revive its relationship with North Korea, clearly in an effort to reestablish some of the foreign policy influence in Pacific affairs that the Soviet Union possessed. (Lee 1995, p. 30).

#### 4.2.2. Russia - North Korea

The once comrade-like relationship between the Soviet Union and North Korea chilled dramatically when the Soviet Union established diplomatic relations with South Korea in September 1990. From the beginning of 1991 the Soviet Union insisted that North Korea pay for Soviet imports with hard currency. At the same time it was also made clear that Moscow

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60 *"The prospect of an economic partnership with Russia also proved less than bright. Russia simply did not have the money to buy South Korean products, nor did it have a well-defined infrastructure to facilitate South Korean investment in the Russian economy."* (Lee 1995, p. 29).

61 *"South Korean companies are surveying the potential opportunities, but in the larger picture South Korea is not paying much attention to the Russian Far East at the moment."* (Kil 1994).



would no longer sell offensive weapons or nuclear technology to Pyongyang. During his visit to Seoul in 1992 President Yeltsin furthermore made it clear that Russia would no longer give North Korea financial aid. In 1993 Moscow signalled to Pyongyang that Russia had changed its understanding of the Soviet-North Korean treaty of 1961, especially in relation to the article on Russian military assistance. The revised Russian understanding of the military assistance article was that Russia would only help North Korea if the country was attacked without provocation, as opposed to giving automatic support to any military conflict that North Korea got involved in. During the North Korean nuclear crisis in 1993-94, when North Korea withdrew from the Nuclear Nonproliferation Treaty and refused to allow international inspection of its nuclear power plants, Russia sided with the rest of the international community and supported international sanctions against North Korea. (Lee 1995, pp. 30-31).

North Korea clearly felt betrayed by its one-time mentor communist state, and has since 1990 emphasized its relations with China. But this relationship also received a blow from the North Korean viewpoint in 1992, when China, too, established diplomatic relations with South Korea. North Korea obviously feels it is on its own in the world, and that most foreign states, with the possible exception of China, are plotting its downfall and forced integration with capitalist South Korea. The economic situation in North Korea is critical, with negative growth the last few years. North Korea and its leader Kim-Jong Il may have reached the insight that the country needs to open up somewhat to foreign relations and cooperation if the present regime is to survive. However, the extreme solitariness that the country has practiced for over forty years is clearly an important obstacle to communicating with the outside world. This results in a strange mixture of political signals from Pyongyang, some with invitations to cooperate and some with blatant, blustering threats<sup>62</sup>.

Since 1994 Russia has tried to get its relationship with North Korea back on a more friendly, but realistic, footing. Economic cooperation seems unlikely in view of the failing North Korean economy<sup>63</sup>, but Russia may instead work with North Korea in projects for developing the RFE, such as the Tumen River Project. It is also probable that Russia will use the offer

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62 *"North Korea's intentions are difficult to gauge, and there is disagreement among experts about whether its attacks on the armistice reflect a desire for peace or a readiness for conflict. (Kristof 1995).*

63 The North Korean economy is in such a bad condition that even the economic developments in the RFE seem attractive to North Korea. There are a large number of North Koreans working for a pittance in North Korean-run logging camps in the RFE. In 1994 many of them fled the slave-like camp conditions and tried to get visas to South Korea. In April 1994 about 100 loggers had applied at South Korean consulates for visas. (The Korean Herald, p. 2, April 19, 1994.) In February 1995 a new agreement was signed between Moscow and Pyonyang over the status of the 7000 or so North Korean loggers working in the RFE, granting the loggers the same treatment as Russian workers. However, international allegations of violations continue. (Akaha 1996, p. 103).

of arms sales as a way of increasing its influence with North Korea somewhat. But any friendly moves towards North Korea must be weighed against South Korean reactions and the risk of losing the economic partnership with South Korea.

### 4.3. Russia - China

The reduced Russian ambitions toward significant air and naval power projection capabilities in East Asia has removed a major source of concern for Chinese (as well as Japanese and American) defence planners. The economic crisis and internal problems of the Russian military forces<sup>64</sup> have reduced Russia as a perceived security threat to China. However, the escalating economic growth in China as well as the Chinese military modernization programme is perceived as a potential threat by some Russian officials, but all in all the probability of conflict between the two states is low at present. (Ziegler 1994, p. 532).

Despite the complementarity of the economies of Northeast China and the RFE in terms of natural resources and manpower, respectively, there are problems in developing economic cooperation beyond the level of pure trade. Even though a Russian economist has proposed to invite Chinese peasants to develop agriculture in the RFE instead of "*waiting for the entrepreneurial spirit of Russian farmers to develop*", the Russian scepticism to Chinese immigration effectively puts a stop to that kind of creative thinking. However, both regions have development schemes that need foreign investment, and in the competition for Japanese and South Korean capital the RFE may lose out to Northeast China. (Skak 1993, p. 163).

Compared to the RFE and the vast distance to Moscow, Northeast China has the advantage of relative proximity to Beijing. The three provinces of the northeast have a population of 100 million, an average annual growth rate of 7%, and basic heavy industry (which needs upgrading). There is also a difference between the three provinces that make up the northeast, with the coastal Lianong Province and its large underground resources being the richest, and the inland Jilin and Hei LongJiang provinces (the latter with a 3000 kilometer border with Russia) being more dependent on agricultural production, secondary industries and petroleum

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64 "*Russia's Far Eastern forces suffer from the same maladies that afflict the military overall - poor discipline and low morale, desertations, pilfering of weapons, low pay, inadequate housing, and the refusal of conscripts to report for duty.*" (Ziegler 1994, p. 534).

*"BORDER TROOPS SURVIVING ON CHARITY. Enterprise leaders in the Far Eastern city of Nakhodka have reportedly informed Russian Security Council secretary and Federal Border Service chief Andrei Nikolai that border forces units in the area have received no funding for food since January. The local leaders say that border forces soldiers and cadets are being fed mainly through donations of food, and warn that some could face starvation if Moscow does not resolve the funding problem. (Interfax, July 23). (Monitor July 24 1996, no. 144).*

production<sup>65</sup>. Since the northeast is still dominated by traditional heavy industry and lags somewhat behind the southern coastal regions in China in adapting to the economic reforms, the economic management of the region continues to be conducted centrally from the three provincial capitals and ultimately from Beijing. (Kuribayashi 1993, pp. 50-60).

On a practical trade level, the relationship between China and Russia in the vast border region between the two countries is thriving. There is a "Russian market" in the provincial capital city of Harbin in Hei Long Jiang Province where the wares are items like furs, infra-red binoculars and watches (FEER, January 14, 1995). A corresponding "Chinese market" in Khabarovsk offers a wide range of clothing, shoes and foodstuffs.

However, given the size of the two countries, the trade between them is not extensive. Neither country is in a position to invest heavily in the other, in fact they both need and aim to attract substantial investment from the West and international lending organisations. In the trade figures for 1993 the total trade was at an all-time high of US\$ 7.7 billion, with a large trade surplus in favour of Russia (Russian exports to China were US\$ 4.9 billion, Chinese exports to Russia were US\$ 2.8 billion). The increased trade in 1993 can be explained both by Russian help in renewing outdated Chinese industry and by a marked increase in military equipment sales from Russia to China for the first time since the 1950's<sup>66</sup>. In 1994 the trade between Russia and China fell to approximately US\$ 5 billion, partly because of a new Russian requirement for Chinese visitors to obtain visas to visit Russia<sup>67</sup>. (Ferdinand 1995, pp. 8-9).

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65 Half of China's petroleum is produced in Hei Long Jiang Province, but *"The petroleum industry, however, is in the hands of the national government, and so contributes little to the regional economy."* (Kuribayashi 1993, p. 55-56).

66 Another reason for the increased trade between Russia and China may have been the only large market that the Russians can enter on barter terms. *"Of the rising trade between the two countries, more than 60 percent is in kind (mango juice for passenger aircraft, consumer goods for nuclear power plants)."* (Legvold 1993, p. 14).

67 Bearing in mind the animosity shown by Governor Nazdratenko of Primorski Krai to Chinese workers and visitors as described in chapter 3.1.2. The visa requirement was probably a reaction from Moscow to pressure from especially Nazdratenko, but also to a RFE popular perception of being "invaded" by the Chinese: *"The Russian Ministry of the Interior reports about 1 million illegal Chinese immigrants in Siberia and the Russian Far East. The governors of Russia's eastern Siberian provinces claim the number is closer to 2 million Chinese in the region...The Russian population of Russia's Far East is only too aware of its relatively small numbers and vulnerability...One observer has noted a great deal of Russian anxiety over these new neighbors, especially since many Chinese are taught that the land was China's until 150 years ago and that Russia owes China 1 million square kilometers."* (Ferdinand 1995, p. 11).

The Russian concern over a perceived increasing Chinese presence in the RFE did not lessen, however, with Defence Minister Grachev stating that *"persons of Chinese nationality are conquering the Russian Far East through peaceful means."* As a result of such perceptions by the Russian side three agreements between the Russian Federal Border Service and the Chinese ministries of defence, state and public security were signed in August 1995. These agreements encompassed prevention of illegal migration, illegal trafficking of arms, ammunition, drugs, and poisonous and radioactive materials. (Akaha 1996, p. 106).

The traditional border disputes between China and Russia have found their solution in border agreements, even though the government of Primorski Krai is actively obstructing them, to the embarrassment of the federal government (Ferdinand 1995, p. 68). The once antagonistic military perceptions of each other have now turned quite friendly, and have probably never been better (Clarke 1995, p. 27). Even though Russia is being hesitant about selling offensive weapons to China, as well being careful about supplying a traditional enemy with state-of-art military technology, arms sales are taking place quite briskly (Clarke 1995, p. 27). Even military personnel exchanges, training, intelligence information-sharing and mutual logistic support are part of the new-found understanding (FEER, May 26, 1994). Apart from the nervous perceptions in the RFE border regions, at the level of the central government neither country perceives the other as a security threat at present or in the near future. Aforementioned Defence Minister Grachev visited Beijing in May 1995 and described relations between Russia and China as having reached a *"new stage of fast development."* (Akaha 1996, p. 106).

Present Russia-China harmony aside, the geopolitical conditions between the two countries remain unchanged and will probably lead to conflicts again in the future. As Robert Scalapino puts it:

*"The low level of tension between Russia and China likely to persist in the near term rests not upon any fundamental geopolitical, cultural, or even economic compatibilities but upon the dominance of domestic priorities....We have not seen the end to their rivalry."* (Scalapino, cited in Legvold 1993, pp. 15-16).

## 5. The Extraregional Level

This chapter will briefly touch upon the role of the United States as an actor in the Northeast Asian security complex on the extraregional level. The lack of multilateral organisations in the complex will also be discussed with regard to Russian participation.

### 5.1. A Reduced Role for the United States?

After the Vietnam War ended in 1975 the United States security strategy for East Asia (which includes Northeast Asia) has been to maintain regional balance and stability. In the words of U.S. official William T. Pendley<sup>68</sup>:

*The strategy has rested on four pillars: 1) Maintain the U.S.-Japan security relationship; 2) Maintain effective deterrence on the Korean Peninsula; 3) Establish a viable relationship and open communications with China; and 4) Maintain sufficient U.S. military presence in the region to support deterrence and respond promptly and decisively to crises and contingencies which threaten U.S. interests in East Asian security. (Pendley 1992, pp. 7-8).*

The focus on the Northeast Asian security complex is clear to see from this list of priorities. As we have ascertained earlier, regional relations in Northeast Asia in the Post-1945 period are characterized by a web of bilateral state-state relations, allowing the United States to play a unique but critical role in regional security. The U.S. - Japan security relationship has been the mainstay of the United States' influence. For historic reasons there seems to be a common (but not officially voiced) perception among most North- and Southeast Asian countries that the American influence in the region through the special relationship with Japan is much preferable to a situation with Japan as the dominant regional actor.

In the present Post-Cold War period, with no security threat to speak of emanating from Russia, the United States is interested in maintaining its global influence, but with a lower level of expenditure. From 1990 to 1992 the U.S. forward military presence in Asia was reduced from 135,000 to 120,000 in personnel. This has fostered perceptions in Asia that the United States will withdraw all its military personnel from Asia in the course of the 1990's. Asian leaders regularly encourage the United States to maintain its presence in the region,

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68 William T. Pendley was U.S. Deputy Assistant Secretary of Defense for East Asia and the Pacific within the Office of the Secretary of Defense (International Security Affairs) when this article was published during the summer of 1992. The article referred to was written while he was Director of Strategic Studies and Resource Allocation at the Institute for National Strategic Studies, National Defense University.

fearing a power vacuum without it. In the short and medium term there will in all probability be no drastic change in the U.S. presence in the Northeast Asian security complex. (Pendley 1992, p.12). In the harder-to-predict longer term it may well come to be that the American forces in South Korea and even in Japan will be compelled to leave by their host nations. If that happens it will be the result of a complex set of circumstances, and it is near impossible to predict how this will influence the security balance in Northeast Asia, other than to say that many alternative new constellations are possible.

Speaking of security scenarios for the future: The present discussion on whether to expand the membership of NATO to include Eastern European states has already had implications for Russian security thinking with regard to Asia. The Russian security establishment is preparing its reactions to a highly likely expansion of NATO. In a report presented by the Institute for Defence Research in Moscow in 1995 the Russian government is recommended to refuse ratification of the START-II arms reduction agreement, as well as to search for new allies in the south and in the east. Following up on this note, Russian Defence Minister Grachev said on Russian television in November 1995 that Russia may be forced by an enlarged NATO to look for new military partners in the CIS, Eastern Europe and in East Asia. China is the most likely Asian security partner for Russia at the present moment, given the ongoing military cooperation. But even Japan is reported to have been suggested as a possible Russian ally by the present Foreign Minister Primakov, obviously speculating on the near-permanent trade conflict between the United States and Japan to escalate powerfully and push Japan closer to Russia. (Sneve 1996).

Another development that indicates a movement towards the United States' Asian allies slowly growing more independent of American military protection is the Asian "arms race". Asia is the fastest growing arms market in the world. The earlier Asian emphasis on ground forces and border protection has turned into a focus on modern naval and air forces aimed at supporting new economic and security interests. In Northeast Asia China is the country with the greatest potential for economic growth, which means that the Chinese military capability will increase many times over in the decades to come. (Dibb 1993).

China has security interests in both the South Asian and Southeast Asian security complexes as well as the Northeast Asian complex. Japan does not have the same geopolitical interests and will probably not desire to project its politico-security influence further than its own region in the foreseeable future. In the short term Japan is concerned with the North Korean nuclear situation; in the medium term with monitoring any surge in Russian military power; and in the long term with the challenge of the growth of Chinese economic and military might. (Dibb 1993).

In general, Russia's Asian neighbors are sceptical to the armoury they see in the Russian Far East. They are also sceptical to the Russian military commanders in the area, believing them to be disgruntled by border concessions to China, and not as controlled by Moscow as their colleagues closer to the capital (Economist, February 20th 1993). In an economic sense the extremely thinly populated RFE (eight million people) is not likely to make a major impact on the regional economy in Northeast Asia or be a physical threat to its neighbors by virtue of its large population (Segal 1992, p. 860). Realistically, though, the military forces stationed in the RFE are no threat to anyone at the moment. But they remain a potential one if and when the Russian economy manages to achieve a steady growth or if the nationalist and communist political forces jointly come to power and try to restore the Soviet military might of the past.

On the other hand, Russia has a somewhat contradictory view of the U.S. presence in Northeast Asia. Russia recognises that the United States is a necessary stabilising presence in the region, constraining a remilitarization of Japan, and counterbalancing the Chinese military power. At the same time the Russians actually perceive the presence of American military forces in Japan and South Korea as a threat.

## 5.2. Multilateral Regional Cooperation in Northeast Asia - A Long Way to Go

Northeast Asia has not travelled very far on the road to establishing multilateral regional organisations that can promote confidence building measures<sup>69</sup> (CBMs). The Northeast Asian security complex does not have any regional arenas in which the region's states can meet to discuss economic or security issues. To facilitate an East Asian security dialogue the Southeast Asian regional organisation ASEAN in 1994 made a modest but important effort in connection with their annual summit meeting in July 1994. ASEAN orchestrated the first meeting of the ASEAN Regional Forum (ARF), which apart from the ASEAN member states includes the United States and the major Northeast Asian actors China, Russia, South Korea and Japan. In a written comment South Korean Assistant Minister of Foreign Affairs applauded ARF and voiced the hope that ARF would get Northeast Asian leaders "to play together in their geo-cultural neighborhood: Northeast Asia". (Lee 1994, p. 36). The third meeting of what has the

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69 *"They (CBMs) have various goals: diminishing the possibility of surprise attack; reducing the risk of war or crises caused by accident, misperception or a failure of communication; dissuading the threat or use of force in international politics; and fostering understanding of the forces, activities and intentions of nations.....It is often argued that because nations cannot measure the intentions of their potential adversaries, they estimate military capabilities instead and assume the worst corresponding intentions. Thus, confidence building measures are designed to ensure the correct interpretation of an adversary's intentions in order to reduce the danger arising from unfounded suspicions and misperceptions, often the result of prejudice and miscalculation."* (Kim 1992, p. 16).

makings of a regional security organisation took place in Jakarta in July 1996. ARF has now expanded to include all of 21 states, including newcomers France, Great Britain and India. (Filseth 1996).

Foreign policy and security experts from prominent research institutions in the field of international affairs (from the ASEAN countries, Hawaii, South Korea and Japan) managed at a meeting in Seoul in 1992 to agree on the establishment of a Council for Security Cooperation in the Asia Pacific (CSCAP). The Council is a non-governmental institution, but includes government officials, albeit in their so-called private capacities. CSAP is working on how to include China (and Taiwan). (Ball 1994, pp. 169-172).

Proposals for building multilateral security cooperation in Northeast Asia have been voiced not only from South Korea, but from the Soviet Union/Russia as well<sup>70</sup>. However, especially Japan has been reluctant to endorse initiatives of this kind. In my own modest experience, Japanese foreign policy scholars and government officials reflect this basic scepticism to Northeast Asian cooperation in their reluctance to even admitting that the Northeast Asian region as such exists, preferring to speak about "the countries near Japan". The Japanese "dragging of feet" is probably an expression of the reactive nature of Japanese foreign policy in general, and of an anxiety towards changing a stable status quo. In the 1970's and 1980's Japan opposed Soviet participation in Asian multilateral economic organisations (PECC, APEC etc.), and it cannot be said that the Japanese are very much more enthusiastic about Russian participation in these organisations today, even though Japan does not actively oppose Russian participation any more. (Legvold 1993, p. 18).

There is concern that effective multilateralism in East Asia - including its northernmost sphere - will be impossible unless Russia and Japan find a way to "constitute a normal and full relationship" (Legvold 1993, p. 20). Once again the stumbling block in Northeast Asia identified as being the most difficult to move is the Japan-Russia relationship and the unresolved and festering Northern Territories/South Kurile Islands issue<sup>71</sup>.

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70 One fairly recent example: *"Speaking at the inaugural meeting of the ASEAN Regional Forum in Bangkok on 25 July, Russian Foreign Minister Andrei Kozyrev proposed the "step-by-step" construction of a security Mechanism for the Asia-Pacific region, AFP reported. Specifically, Kozyrev was quoted as calling for the establishment of 'one or two working groups' to explore ideas generated at the forum to prepare the agenda for the next meeting, with the ultimate goal being the formation of a 'regional security mechanism' and greater cooperation throughout Asia. Russia has made similar proposals in the past."* (Foye 1994 (c)).

71 *"In the Soviet era, Moscow's policy toward Japan suffered, first, because foreign policy in EAST Asia was essentially only a national security policy and, second, because policy toward Japan had no independent content, absorbed as it was by the U.S.-Japanese relationship. Both of these disabilities have been shed, but the Russians are still unable to devise a policy engaging the Japanese. In turn, during the Soviet period, Tokyo's policy toward the Soviet Union also suffered*



In the arena of practical economic cooperation there is one concrete project involving practically all the regional actors<sup>72</sup> that stands out; the Tumen river project. In brief, this project entails complex international development of the Tumen River basin as a hub of regional economic cooperation with an international sea port and airport. This proposal for an economic zone at the mouth of the Tumen River that constitutes the short 15 km border between Russia and North Korea is originally a Chinese proposal<sup>73</sup>. The upper part of this river is part of the border between China and North Korea, and in the case of the implementation of an economic zone China would get access to and use of a port on the Japan Sea through the river and the proposed new port infrastructure. However, the practical implementation of the project has not materialized on a large scale, basically due to differences between the potential cooperating states (and within the states) on how and where to concentrate their efforts. (Skak 1993, pp. 156-57, Kanamori 1993, pp. 19-23, Asia 1994 Yearbook, p. 198).

Another potential economic cooperation project in the region is the concept of a Northeast Asian energy regime proposed by South-Korean energy specialist Keun-Wook Paik. He points to the fact that the gas deposits in the RFE and Eastern Siberia are well suited to be transported to Russia's Asian neighbors through a regional pipeline grid. However, the prerequisite for such energy cooperation is a region-wide energy regime, a *Northeast Asian Energy Forum (NAEF)*. At present there is no official apparatus to handle energy issues in the region. The only governmental-level organisation in the Asia-Pacific area is the 18-member APEC (Asia Pacific Economic Cooperation). As Russia is not yet a member of APEC, a regional energy grid involving Russian gas resources is not immediately imminent. Paik also points to the unresolved territorial dispute between Russia and Japan as an obstacle to regional energy cooperation. (Paik 1995, pp. 263-272).

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*shortcomings. Japan, in fact, did not have a Soviet policy, only a Northern territories policy. This hole in the doughnut has survived into the post-Soviet era.*" (Legvold 1993, p. 16).

72 Russia, China, North and South Korea, Japan and even Mongolia.

73 "At the North-East Asia Economic Development Conference at Changchun in August 1990, China announced its plan to reopen the Tumen River and to promote economic development of its basin under the "Gold Delta" project. The Chinese plan prompted Russia to announce its plan for the Greater Vladivostok Free Economic Zone, and induced the Democratic People's Republic of Korea to announce that it would establish a free economic zone around Rajin and Sonbong area. UNDP conducted research on its own and published a report on the Tumen River Development Project." (Wada 1993, p. 19).

## 6. Concluding Remarks

Have the three questions asked in the introduction been answered? I will summarize the main answers in the following.

The first two questions were: 1) What are the main (threat) perceptions between Russia/RFE and its Asian neighbors? 2) How do these perceptions hinder enhanced cooperation between Russia/RFE and its Asian neighbors?

**Moscow vs. the RFE:** First of all we have the domestic arena in Russia, where one can observe some differences in perception between the RFE and Moscow with regard to the "Asian dimension". The RFE regional leaders and populations feel that the federal government does not have RFE interests very high on its priority list. The RFE seeks economic independence from Moscow, but at the same time expects most of the RFE's economic and infrastructure problems to be solved by federal intervention and subsidies. A mere glance at a map clearly illustrates that imports from and exports to RFE's closest neighbors must be cheaper for the RFE than being solely linked to European Russia. The RFE regions therefore have started looking to Japan, South Korea and the USA for trade and investment, but are finding that business interests in these countries are reluctant to buy anything but natural resources and weapons, while avoiding long term investment altogether.

In the important Russia-Japan relationship the RFE shares Moscow's hardline view on the Kurile Island conflict with Japan, while at the same time hoping that Japan will de-link investment in the RFE from the Kurile issue. Moscow perceives Beijing as a friend at the moment, while the RFE is afraid of illegal Chinese immigration into their sparsely populated territory, and therefore strongly opposes the small territorial concessions along the border that the federal government has made. This fear of China has resulted in a perception that Chinese consumer goods are of a much lower quality than South Korean ones, which are increasingly being preferred by RFE consumers.

**Russia - Japan:** The Japanese government links the issue of the Northern Territories very closely to the Japanese reluctance to increasing trade and investment in the RFE and Siberia. However, this may be just an excuse to avoid a country with a political and economic system that the Japanese perceive as unstable, unsafe and not least unpredictable. The Japanese in general view Russians negatively, largely based on the bad treatment of Japanese POW's in the RFE and Siberia in the years after World War II. The Japanese approach to Russia is not all negative, however. Hokkaido has been allowed by Tokyo to develop quite friendly relationships with nearby RFE regions Sakhalin, Khabarovsk and Primorskii in preparation for the day when a solution to the island issue is reached. From a traditional security point of view Japan is very sceptical to the Russian military might in the RFE, represented primarily

by the once so powerful Pacific Fleet. The Japanese defense establishment recognizes that the Russian military forces are run-down at the moment, but are prepared for a future scenario where an unpredictable Russia again will represent a threat to Japan's security.

The present strong nationalist sentiment in Russia does not favour a Russian foreign policy prepared to giving any concessions to Japan in the Kurile issue. At the same time Russia is very aware of the fact that Japan is the only country in Northeast Asia with the economic strength to be able to matter in the development of the RFE. Russia (or at least the military establishment) sees Japan as a potential security threat only in connection with an increased U.S. military presence in Japan.

### **Russia - the Koreans**

Russia has high hopes for South Korean investments in the RFE. Russo-Korean trade is increasing, but after the optimism surrounding the establishment of diplomatic relations between the two one-time enemies in 1990, South Korean economic actors have become sceptical to investing in the RFE for the same reasons voiced by the Japanese. Russia is presently balancing the wish for friendly relations with South Korea with an effort to bettering relations (and regaining some of the old influence) with the communist regime in North Korea. The unpredictability of the North Korean government concerning the nuclear issue is the most important short-term security threat within the Northeast Asia security complex. After the downfall of the Soviet Union, North Korea only has China left as ideological ally and "friend".

### **Russia - China**

On a state-state level Russia and China are at present on friendly terms and neither country perceives the other as a security threat in the near future. The border disputes have been settled and Russia is selling large volumes of military hardware to China. However, the local RFE perceptions of threat from Chinese illegal immigration illustrates how the geopolitical realities will always represent a potential for conflict between the two countries.

### **Culture as a hindrance**

The Russian perceptions of their Asian neighbors that hinder cooperation are mainly the perceptions that represent cultural differences. The Russians have problems understanding the Asian cultures, while the Asians on the other hand are unable to fathom the Russian way of thinking, causing innumerable communication problems. The communication gap existing between a European Slavic ex-communist Russian culture and the Asian cultures (i.e. capitalist, market socialist, authoritarian, totalitarian etc.) must be understood to a greater degree by the parties involved. However, these are problems that can be solved, at least to the degree that working political and economic relations can be established.

The third question was: 3) Does cooperation in the Russian Arctic, including the Northern Sea Route, between Russia/RFE and its Asian neighbors have any kind of viable future?

The Northern Sea Route in its geographical sense lies completely in the Russian Arctic. The NSR and the river system is the primary mode of transportation in this remote part of the world apart from airborne transportation. Nearly all human activity in the Russian Arctic is in some way dependent on the NSR. In the Soviet era the NSR area was out of bounds for all foreigners. In the last few years the Russian Arctic has slowly been opened up to non-Russian scrutiny, which the existence of an international research programme such as INSROP is an example of.

Utilization of the Northern Sea Route has two dimensions, regional and transit. From a regional perspective the western part of the NSR has so far attracted the most foreign interest, because of the potential for oil and gas exploitation in the area. From a Northeast Asian point of view, the western part of the NSR may become a source of petroleum products in the future, but that will require an energy supply scenario where it has become commercially viable for example for Japan to import these products from Russia rather than elsewhere.

We have seen earlier that the eastern part of the NSR together with the large rivers Lena, Yana, Indigarka and Kolyma etc. is vital for the existence of human activity in the northernmost part of the Russian Far East. The domestic future of the NSR in the RFE is dependent on the priorities federal and regional governments eventually decide on with regard to the northern settlements. It is hard to see any commercially driven interest from Northeast Asian actors in natural resource extraction activity in the eastern NSR area to be forthcoming in the short or medium term. One commercial activity that actually has the potential to attract wealthy Japanese and perhaps South Koreans is cruise ship tourism along the NSR. The Murmansk Shipping Company has in the last few years, together with the American company Quark Expeditions, been conducting tourist cruises through the NSR (and to the North Pole) in the summer season. Another activity that has the potential to attract Northeast Asians to the NSR area is natural science and technology research.

The NSR is of course of great potential interest to Japan, South Korea and China as the ultimate short cut by sea to Europe. The commercial possibilities of this transit route for Northeast Asians are great, given a scenario for the future where technology in the form of ice breaker capacity has lengthened the present 4-5 month NSR season to nine months or even year-round.

The present level of awareness in Russia's neighboring countries in Northeast Asia concerning the NSR is not very high. In South Korea I have not registered any knowledge or interest. However, since South Korea is a member of the regional circumpolar organisation Northern

Forum, there must be at least some awareness of the NSR in the South Korean Foreign Ministry. Also being a member of Northern Forum, the northern Chinese province of Heilongjiang has knowledge of the NSR and the potential for international shipping. In the few transit trips that Russian vessels have made in recent years, several Chinese ports are the starting point or end goal.

Japan is the neighboring country where the Northern Sea Route has received at least some attention. A Japanese television crew participated on the transit trip carried out in the summer of 1991 by the French ship L'Astrolabe, and in 1993 the Ship & Ocean Foundation (SOF) in Tokyo joined the INSROP research programme. In addition to the normal INSROP activity, the Ship & Ocean Foundation in August 1995 sponsored and carried out a scientific trial test of the NSR as a transit route (from Yokohama to Kirkenes, Norway with the Russian ship "Kandalaksha"), as well as organising the INSROP Symposium Tokyo'95 in October (Kitagawa (ed.) 1996). The northern Japanese prefecture of Hokkaido knows of the NSR from its participation in the Northern Forum, and the Japanese Transport Ministry follows INSROP development closely.

Though not a part of Northeast Asia, next door neighbor Alaska has a very high level of awareness about the Northern Sea Route. Alaska (Anchorage) is the seat of the Northern Forum Secretariat, and has shown considerable interest in developing the NSR as an international transit route. In 1994 U.S. Army Cold Regions Research and Engineering Laboratory, under the U.S. Department of Defence, published the report *Northern Sea Route and Icebreaking Technology* (Mulherin, Sodhi and Smallidge 1994), a sign that the U.S. federal government is keeping abreast of developments.

The final question that must be asked is: What is the answer to the question posed in the title of this report? Are the perceptions and relations within Northeast Asia described in the above pages stumbling blocks to cooperation in the Russian Arctic/Northern Sea Route? Clearly, regional cooperation in the northern areas of the RFE is an issue on the absolute fringe of most of the relations and perceptions in Northeast Asia that I have discussed. For all the stumbling blocks and hindrances (to cooperation in the development of the RFE) described in this paper to be overcome many mutual perceptions and not least realities have to change both in Russia and in Japan, China and the Koreas. This report has shown that the most important stumbling blocks to developing regional cooperation in the northern parts of the Russian Far East region are: 1) Russian domestic development including the relations between the federal government in Moscow and the regional governments and populations in the RFE, and 2) the Northern Territories/Kurile Islands dispute between Russia and Japan. When the Russian Federation starts looking to Asia (or lets the RFE do so more freely), and when the island dispute reaches some sort of working solution, the RFE will in time be integrated to a much

stronger degree into the Northeast Asian region. The Russian Arctic and the Northern Sea Route definitely stand to benefit from such a development.

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Method and sources: The method for this study has been analysis of secondary literature and interviews with scholars and bureaucrats in the Northeast Asia region. Interviews have been conducted in Japan (Tokyo and Sapporo), South Korea (Seoul) and Russia (Moscow, Khabarovsk, Yakutsk, Magadan and Vladivostok). The interviews have been non-structured in that the respondents have not been asked the same questions. In Japan the interview schedule was organized by the Norwegian Embassy in Tokyo, in South Korea by the Republic of Korea Embassy in Oslo. In Russia the interviews were organized as we went along, with one interview often leading to other relevant interviews. For an overview of relevant interviews please see the entries marked "personal communication" in the following reference section.

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## **APPENDIX**

**Reviewers' comments and author's rejoinder**



The

## Institute of Arctic Studies

within the  
Dickey Center  
Dartmouth College

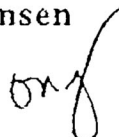
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29 April 1996

Oran R. Young, Director  
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Hanover, New Hampshire 03755-3560  
603 646 1253

FAX: 603/646 1279  
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To: Henning Simonsen

From: Oran Young 

Subject: Project IV.2.3 - Northeast Asia

I have read your paper on regional cooperation in Northeast Asia and am now able to offer you some comments on the analysis developed in the current draft. I hope you find them of some help as you proceed with revisions.

**Chapter 1** - My main concern here is that you adopt a somewhat limited and rather traditional perspective on the idea of regions and regionalism in world affairs. I think it would help to build on some of the new work on regions, much of which incidentally is arising out of the European literature. I am thinking here of the writings of people like Hettne, Hurrell, and Neumann. Also, I would suggest looking at some of the older literature on subsystems in international society. This would give you a somewhat broader conceptual platform from which to examine the case of Northeast Asia and supplement the current discussion which is heavily oriented toward a state-centric/high politics approach.

**Chapter 2** - I am not convinced of the value of the "security complex approach" in dealing with the case of Northeast Asia. At the very least, I doubt the wisdom of operating exclusively within this conceptual framework. It pushes you into a perspective that focuses on states and traditional security concerns. No doubt, those concerns are important. But my fear is that you will miss some of the more interesting things going on in this region if you stick to this framework. For example, you mention the activities of subnational units of government and of the Northern Forum at several points. But

you do not look at them systematically. I would think you should do more with these concerns in a paper of this sort.

**Chapter 3** - I was surprised that you didn't do more with Manchuria - given its historic and probable future role in the politics of Northeast Asia - and with the Manchuria/China relationship. The section on the RFE (pp. 22-31) is full of information but it is long and pretty boring. You need to break out of the mold of conventional geography in this section, especially since there is a lot going on that is politically interesting. I should also say that I felt there is not enough integration of Chapters 2 and 3 in this draft. My sense is that much of what is interesting in this area will involve simultaneous interactions among units at two levels - states and subnational actors. Somehow, you need to capture the dynamic of this development better.

**Chapter 4** - The absence of regional institutions does not mean that multilateral interactions are unimportant in Northeast Asia. As a result, I think you may overdo the dominance of bilateralism in this arena. In fact, your argument raises questions about the whole idea of a regional perspective on Northeast Asia. I do not mean to underestimate bilateralism. But this is not an either/or issue. I also have several more specific comments on this chapter. There is a considerable history of Russia/Japan relations regarding fishing in the North Pacific/Sea of Okhotsk which is missing from your story. The discussion of Russia/China relations in the Far East is skimpy (I read your paper before looking at the weekend accounts of Yeltsin's visit, but this only reinforces my view). Despite your main interest in Russia, I think you cannot avoid some discussion of China/Japan relations and their implications for Northeast Asia. It may well be that this relationship is the most critical of all for the future of Northeast Asia.

**Chapter 5** - I found the discussion of multilateral options for Northeast Asia very thin. As I mentioned before, some serious account of the Northern Forum would be useful here. There is also the issue of possible economic associations in this region (as a kind of counterpoint to the ASEAN cooperation). I am no expert on such matters. But surely there is more to this story.

**Chapter 6** - This brings me full-circle to what I said at the outset. It seems to me your conclusions are limited by the conceptual lens you adopt at the beginning of the paper. You've done a good job

within this limited context. But I can't help thinking that there is more to the story of Northeast Asia than this. Of course, I do not know how much more time you are ready, able, and willing to put into this project. But I would hope you would give at least a little thought to pursuing avenues that would take you outside the politico-security realm.

1) and 2) transcribed from hand-written originals:

1)

From Professor Clive Archer  
Dept. of Politics and Philosophy  
Faculty of Humanities and Social Science  
Manchester Metropolitan University

Henning Simonsen  
INSROP  
Fridtjof Nansen Institute  
PO Box 326  
1324 Lysaker  
Norway

8 May 1996

Dear Henning Simonsen,

Thank you for your fax of 2 May. Indeed I did read your paper - I thought it was one of the best ones. While I did not "review" it, you are welcome to take my note on the paper (which I wrote at the time) and the comments below as a second review. I am sorry I cannot offer anything more but I am a bit pushed for time as it is the exam season. (Also I have to make up for my time away from the office in Cambridge and also in Oslo).

I will add a few more comments to what I wrote:

1. The question of the theoretical discussions. I do not think that you can fully cover these in a limited paper. What you should try to do is show that you are aware of the literature and debate and, more or less, lay out your position (e.g. on security). Otherwise you should take Oran Young's advice and substantially increase that discussion.
2. I agree that the title needs changing. How about something like: "Regional cooperation in Northeast Asia: new opportunities for the Russian Arctic?".
3. I think that you can expand on the Conclusions and possible update it. In particular you might say a little more about Russia-China. Look at a recent book produced by the Royal Institute of International Affairs' Energy and Environmental Programme: Keun Wook Paik, "Gas and Oil in Northeast Asia" (London 1995). Especially look at chapter 9, the concluding chapter, on a Northeast Asian energy regime, and Chapter

2 on the political context. You will find much of it familiar, though there is a lot more economic material there. You might consider the broader question at the end of the energy/security intermix. How might the rise of an energy regime in the area affect political perceptions?

A point of detail: on page 10 of my copy (section 2.2.1.) you maintain that all issues of security in the end are part of the military aspect of security as military conflict is the ultimate form of conflict. This line of reasoning is not clear and, should you wish to keep it in, you need either to extend it and tighten the argument - or refer to where such a view is advanced with some supporting evidence.

I hope that these remarks may be of use - if you feel that they are substantial enough please use them as a second review.

With best wishes,  
Clive Archer

2) (note referred to in the letter above)  
IV.2.3. Simonsen

This is a wide-ranging and thorough estimation of the political factors in the NE Asian region that are of importance for the NSR project.

The author deals with conceptual questions concerning regions and security and examines the attitudes of the main states and regional entities in the area and their inter-relationship. He also considers outside (US) perceptions and the whole issue of regional cooperation.

It is perhaps not surprising that his conclusions are scarcely optimistic but that they nevertheless point to the main stumbling blocks to regional cooperation and, perhaps, to the sort of relationships that may be necessary to provide the correct political and strategic context in which the NSR might flourish.

The paper is well-researched, shows a keen analytical ability and a use of a wide range of sources. Perhaps some more Asia (esp. Japanese and South Korean) sources could have been used, though I suspect these would have changed the conclusions very little, if at all.

An excellent piece of work that helps in understanding the political context of the NSR and therefore provides a necessary insight before a wider appreciation can be pieced together.

3) (excerpt from the International Evaluation Committee report, pp. 23-24)

A particularly strong paper by Simonsen examines the political perceptions and relationships between states in Northeast Asia (2.3) to see whether these provide a stumbling block to regional cooperation in the area. The author covers conceptual questions, the attitudes of the main states in the region (and of the USA) to cooperation, and the existing inter-relationships. Again this is of particular importance for the NSR as the political relationships at the eastern end of the route will provide a constraining or facilitating framework. This Discussion Paper gives a well-informed and sourced overview of the relationships of the states in Northeast Asia and provides insight into the possible political reactions to the development of the NSR in that area. It provides an excellent basis for an appreciation of how the NSR might find political support and the political dangers that it might meet. Indeed, Simonsen points to the political and strategic context within which the NSR could flourish. The next stage of this work could integrate these political findings into the economic studies and draw on wider studies being undertaken, for example, in the energy programme at the Royal Institute of International Affairs in London as well as in Japan and the Republic of Korea.

Answers to reviewers' comments:

**Oran Young:**

I thank Prof. Young for his comments. They served the very useful purpose of confirming to me some of the weaknesses of the approach I have utilized, as well as making me all the more sure that I have chosen a perspective that I can stand firm on.

Chapter 1 - I recognize and am aware of the theoretical and empirical movement towards a concept of regions and regionalism, partly independent of state borders. I have added some references to Neumann and Hurrell. However, the goal of this working paper is not to contribute to the theoretical debate, but to look at Russia's role (from a northern NSR perspective) in a region which in fact is commonly known as Northeast Asia. In this region political state-state relations are very important, which is why the paper has turned out having a state-centric/high politics approach (even though the Russian Far East is an important factor in the analysis).

Chapter 2 - The security complex is used as a framework to organise the paper, and is not intended to shut out other perspectives on the region. Relevant subnational actors are described and related to the national foreign policy levels in chapter 3. The Northern Forum (which is not a specifically Northeast Asian organisation) has not yet reached a level that puts the organisation in a position to seriously influence on inter-state relationships in the RFE.

Chapter 3 - The main agenda of the paper is to identify the main stumbling blocks to regional cooperation in the Russian Arctic between Russia/RFE and its Asian neighboring states. The main obstacles found were the two relationships Moscow-RFE and Russia-Japan. The Russia-China state-state relationship is friendly at the moment and is not an imminent obstacle to cooperation. However, regional Russian scepticism to the Chinese is described. I have added a small section on the economic geography of Northeast China, but I admit that more could have been done if I had chosen to widen the scope of the paper.

Chapter 4 - Bilateral relationships (with the USA in between) is the prevalent form of regional interaction in Northeast Asia at present. Multilateralism has not come very far, even though Russia seems to favour regimes of this type (perhaps as a means to reduce American influence in the region). Some more material has been added to the Russian-Japanese relationship (fisheries). The Russia-China

chapter has also been added to. I agree that the Japan/China relationship is important to the region as such, but it falls outside my chosen agenda for a limited paper.

Chapter 5 - I have added some discussion to this chapter. However, that the chapter on multilateral relations is short simply reflects the political reality of international regional relations in Northeast Asia.

Chapter 6 - Again, it is not this paper's aim to supply a comprehensive analysis of the entire complex of Northeast Asia. The politico-security obstacles are the most relevant ones, thereby the focus of this paper. However, cultural and historical stumbling blocks are also very relevant as underlying explaining factors, and this I hope to have conveyed.

**Clive Archer:**

I thank Prof. Archer for his positive comments as well as for his constructive proposals. I have made the following additions:

- I have tried to make my stand on the theoretical issue clearer (see my comment to Prof. Young). I have deleted some material in the first section and added some perspectives and qualifications.
- The title has been changed.
- I have added a reference to Keun-Wook Paik in the discussion on multilateral cooperation.

Lysaker, September 1996

Henning Simonsen



## The three main cooperating institutions of INSROP



### **Ship & Ocean Foundation (SOF), Tokyo, Japan.**

SOF was established in 1975 as a non-profit organization to advance modernization and rationalization of Japan's shipbuilding and related industries, and to give assistance to non-profit organizations associated with these industries. SOF is provided with operation funds by the Sasakawa Foundation, the world's largest foundation operated with revenue from motorboat racing. An integral part of SOF, the Tsukuba Institute, carries out experimental research into ocean environment protection and ocean development.



### **Central Marine Research & Design Institute (CNIIMF), St. Petersburg, Russia.**

CNIIMF was founded in 1929. The institute's research focus is applied and technological with four main goals: the improvement of merchant fleet efficiency; shipping safety; technical development of the merchant fleet; and design support for future fleet development. CNIIMF was a Russian state institution up to 1993, when it was converted into a stock-holding company.



### **The Fridtjof Nansen Institute (FNI), Lysaker, Norway.**

FNI was founded in 1958 and is based at Polhøgda, the home of Fridtjof Nansen, famous Norwegian polar explorer, scientist, humanist and statesman. The institute specializes in applied social science research, with special focus on international resource and environmental management. In addition to INSROP, the research is organized in six integrated programmes. Typical of FNI research is a multi-disciplinary approach, entailing extensive cooperation with other research institutions both at home and abroad. The INSROP Secretariat is located at FNI.

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