

## Analysis

# Russia's Resurgence in Northeast Asia: Views from the Region

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### Abstract

With its current energy strength and renewed self-confidence, Russia is reasserting its position in Northeast Asia. Of the countries in the region, the Chinese are most interested in developing their strategic partnership with Russia. After making considerable progress in areas such as demarcating the border, the Chinese are now worried that Russia's state-centered expansion will slow the growth of economic ties between the two countries and create tensions for Sino-Russian relations vis-à-vis Central Asia and North Korea. Japan remains focused on the return of the four islands lost to the Soviet Union in WWII. However, it sees Russia as part of a larger strategy to contain the rising influence of China. South Korea is mainly interested in Russia's role in a possible reunification with North Korea, but South Korean-Russian relations depend heavily on the Korean presidential elections in December 2007. All three countries are reevaluating their relations with Russia.

### Russia Asserts Itself in Asia

As Russia looks ahead to a presidential transition, Northeast Asia faces a changed environment through the invigorated Six-Party Talks addressing the North Korean nuclear weapons program and some reshuffling of great power relations. Present at these talks and a force determined to shape the balance of power in the region, Russia has emerged from marginalization in the 1990s to become a serious factor in the calculations of the other states in Northeast Asia. Not only do the United States and North Korea—the two states locked in a perilous struggle through the nuclear crisis—pay greater attention to Russia's position in the Six-Party Talks, but China, Japan, and South Korea—the three regional centers of diplomacy—also show growing interest in Russia's intentions of influencing the region, unilaterally, bilaterally, and multilaterally.

After Mikhail Gorbachev's Vladivostok and Krasnoyarsk speeches and Boris Yeltsin's visits to Northeast Asia in the process of setting new priorities, Russia faded from view. In the first nuclear crisis of 1993–94, when the United States first considered a preemptive attack on North Korea's nuclear reactor and then compromised on the Agreed Framework, it was a resentful nonentity. Subsequently, one could observe China wooing it from 1996 to develop a strong strategic partnership, Japan beseeching it from 1997 to reach a deal that would return four islands the Soviet Union occupied at the end of WWII, and South Korea enlisting its good offices from 1999 as part of the Sunshine Policy to reassure North Korea; yet, all of these moves proved to be limited. The Sino-Russian partnership gave Russia a chance to reassert

its influence in Asia, but this arrangement soon was suspect for leaving Russia as a junior partner and was never allowed to realize the full potential envisioned by Beijing. Tokyo's "Eurasian diplomacy" was scorned as nothing more than a strategy for stripping Russia of territory, which was well confirmed when Vladimir Putin refocused talks on a compromise approach and Tokyo lost interest. Finally, Putin's personal courting of Kim Jong-il may have been welcomed by Kim Dae-jung, but it proved futile as a second nuclear crisis arose and Russia's role did not expand beyond that of the least significant player in the Six-Party Talks. Emboldened by the new energy clout of Russia along with an image of revived state authority buttressed by renewed strategic military might, Putin is pressing for a more significant role in the region.

The agreement on July 1 between Pyongyang and the International Atomic Energy Agency (IAEA) on the inspection of the Yongbyon reactor after it is shut down ushers in the critical Phase 2 of the February 13 Joint Agreement at the Six-Party Talks, in which the five working groups acquire new importance. As chair of the group focused on establishing a multilateral regional security framework, Moscow has a chance to realize an oft-declared dream, but achieving this goal depends on others. What do policy elites in Beijing, Tokyo, and Seoul want from Putin? Each has fresh concerns about where Russia is heading along with emergent thinking about how Russia can serve their national interests anew. China counts on Russia the most, valuing a deepening strategic partnership. Japan retains its suspicions, considering relations still to be less than normal, but recognizing that Russia's growing clout requires reconsideration. Finally, South Korea is

eager for some sort of multilateralism balancing various powers, and it is also prepared to include Russia as conducive to any engagement of North Korea, but the stronger Russia appears, the less it fits the image of a convenient middle power.

If Putin's legacy in Northeast Asia remains incomplete, further bold moves cannot be ruled out. He has made several such moves in the past. In July 2000 he made a stunning entrance at the Okinawa G-8 summit after stopping in Pyongyang, where he secured Kim Jong-il's promise to extend his moratorium on missile testing, reinforcing a mood of regional transformation only one month after the historic inter-Korean summit. In January 2003 the Russian leader agreed in principle to build a proposed oil pipeline to the Pacific coast rather than Daqing, thereby breaking an agreement with China's leaders to direct Russian hydrocarbons straight to China, while encouraging Japanese Prime Minister Koizumi Junichiro to compete for advantage in receiving Russian energy supplies. Most recently, in June 2007 he broke the impasse over transferring North Korea's frozen funds that had put the Joint Agreement on hold by arranging for them to go to a Russian bank after the U.S. Federal Reserve received them from Macao. In this light, the July 1–2 summit in Kennebunkport, Maine with George W. Bush shifted the tone from his confrontational rhetoric earlier in the year and added to his stature as a world leader.

As seen within the region, Putin may have time in office to leave his further mark in Northeast Asia in five areas. First, after the declaration in December 2006 of a new development program for the Russian Far East and Eastern Siberia followed by Putin's visit to Vladivostok in January 2007, he can clarify its contents and set the direction for the limited integration of this area into the surrounding region. After the false starts over the past twenty years of other such development programs, Putin has the revenue, the control, and the energy prospects to establish a long-term plan that Russia's neighbors would have to take seriously. Second, following years of equivocating, a final decision on the route of construction of the oil pipeline from Taishet is expected, perhaps prioritizing the Pacific route and leading to a scramble among states for access to and development of first oil and then gas resources tightly controlled by the Russian state. Uncertainty about pipeline plans has left in limbo Russia's regional strategy. Third, in the wake of the new Sino-U.S. understanding on how the Six-Party Talks should proceed, Putin can seize this opportunity for championing a regional consensus insistent on Pyongyang's compliance in return for the benefits

promised to it. Fourth, as talks advance for a visit by Japanese Prime Minister Abe Shinzo to Russia in the fall, Putin may strive for a breakthrough in relations on the basis of security as well as energy multilateralism. Finally, in the year of China in Russia, Putin could complete his presidency by repositioning these bilateral ties within an enduring regional framework. These varied options are on the minds of regional actors.

### China's Expectations for Russia

After realizing its primary strategic objectives through Russian partnership ties—border stability, arms imports and licenses, partnership against U.S. unilateralism, and an independent pole to achieve a degree of regional multipolarity—China is awakening to a new security environment in which Russia's role is more problematic. However much a new Russian assertiveness against the U.S. may have been welcome, it may be trailing in its wake potential for regional instability or even renewed Soviet-style thinking that may backfire against China. While the Shanghai Cooperation Organization (SCO) served to keep rivalry in Central Asia under control, Russia's limited interest in it and advancing ambitions for dominance in Central Asia, including control over the disposition of energy resources, may pose a threat to stability. Moreover, despite the much lower costs of constructing a pipeline to Daqing that could absorb all of Russia's exports of oil to Asia from existing fields of Western Siberia, Chinese are preparing for a negative decision. Most likely Russia will build a pipeline to the Pacific coast so that it will benefit from a diversity of customers for its oil and gas and not be dependent on Chinese purchases.

Confident that Moscow is no longer inclined to side with the West politically, Beijing has shifted its gaze to economic ties. While it welcomes the operation of normal market forces, it suspects that Moscow is intent on state-driven economic decisions. On the one hand, it observes Russia's intensified restrictions on entrepreneurial activities—shuttle trade, foreigners doing business in outdoor markets, planned industrial parks, imports by non-registered organizations in fishing and other sectors—which hit Chinese business hard. Centralization in the hands of Moscow ministries seems to have brought little reduction in corruption, but much tightening over market-oriented activities. On the other hand, China faces recurrent pressure to make heavy investments in processing industries across the border that would keep raw materials now heading to China inside Russia, creating jobs there instead. Many regions of the Russian Far

East have their own wish list, whether a pulp mill, a furniture factory, or a mineral processing plant. Given the high transportation costs for reaching other markets, Russian regions do not have other options, but some are playing hardball to try to force investments from China. Rather than continued growth in trade from the \$30 billion range to \$60 billion or even \$80 billion, in accord with Chinese calculations based on unrestricted market openings, there is concern that another period of stagnation is coming, such as occurred in the late 1990s.

Beijing's greatest concern may be that a newly confident and assertive Russia may no longer adhere to the stabilizing arrangements along the border and in areas of potential rivalry that were reached in the 1990s. In Central Asia China agreed to defer to Russia, but not on the empire-building terms that Moscow may be contemplating now. At the same time, Russia accepted China's primacy in dealing with North Korea, especially after its bold move to become the intermediary failed in January 2003. Yet, flexing its energy clout in Central Asia, Russia has already marginalized the U.S. and may intend to do the same with China, and as the Sino-U.S. accord of 2006 in managing North Korea passed recent tests, Russia has shown some signs of restlessness. With memories still alive of the great costs from the Sino-Soviet split, Beijing remains intent, whatever the wavering may be on the Russian side, on keeping relations moving along a forward-looking track.

### Japan's Expectations for Russia

Long preoccupied with the return of four islands, Japanese have found it hard to prioritize other objectives. Since Koizumi's signature proposal was the oil pipeline to the Pacific, this remains Japan's goal despite a lack of concrete information from Putin on the extent of supplies and the likelihood that plans will go forward. New fear of isolation may finally, under Abe Shinzo (or a successor should he be blamed for his party's suffering a setback in the July elections to the upper house of the Diet) raise the profile of Russia as a strategic partner. The Joint Agreement undercut Japan's trust in the United States, as policies toward North Korea openly diverge. Alarmed over the North's nuclear weapons and missiles, which reinforce their obsession with the abductee issue, many in the Japanese political elite remain intent on countering the North as well as limiting the rise of China. The alliance with the United States is essential, but may no longer appear to be sufficient. Interest in Russia says more about Japan's concerns about China, even in the wake of Abe's October 2006 healing visit to

Beijing and Premier Wen Jiabao's April 2007 public relations success in Tokyo, than about any indication of trust in Putin.

Some Japanese leaders would welcome a new tone of cooperation, including in the Russian Far East, accompanied by a message from Moscow that downgraded claims for Sino-Russian relations. A clear-cut decision to construct the pipeline to the Pacific (with no certainty that the spur line to Daqing would be built) would be taken positively as would overtures in favor of Japan's greater involvement in the development plans for the Russian Far East. Local enthusiasm in Hokkaido could easily be aroused, even after the Russian government pressured oil and gas companies to transfer controlling rights over the Sakhalin-2 project. Moreover, as the two marginal players with reservations about the Joint Agreement, Tokyo and Moscow may look for common ground over North Korea. Yet, they approach this possibility at opposite extremes in thinking about the role of pressure on the North and far apart in reasoning about the merits of the U.S. alliance system versus a multilateral security framework. Having previously shown a dearth of strategic logic for strengthening ties to Russia apart from regaining the islands, Japan is unlikely, after a rise of nationalism and under leaders with a weaker political base, to give priority to Russia in the near future. The Japanese would prefer zero islands to a minimal compromise giving them the two tiny islands that were long ago promised, and one-sided reliance on the United States to a weak linkage to Russia that would not seriously undermine its partnership with China and its nationalist assertiveness.

### South Korea's Expectations for Russia

If Beijing wanted to build on normalization of relations to reestablish strategic balance in the world and Tokyo sought to recover the "northern territories" to emerge from the shadow of wartime defeat, Seoul desired to gain the edge in the reunification process through "nordpolitik." Its success led, however, to the first nuclear crisis, and later, in a more limited manner, to a second try at enlisting Moscow, but this time to reassure Pyongyang: to make it feel secure, to entice it with energy pipelines and a new railroad line along the vertical axis of Khabarovsk-Vladivostok-Busan down the entire peninsula, and to serve as a voice of moderation in regional circles that eventually became the Six-Party Talks. Progressives led by Roh Moo-hyun are largely satisfied with Russia's contribution, looking back to Roh's visit in the fall of 2004 to Putin's dacha as an upbeat convergence in thinking. Yet, conservatives, who are well-positioned to regain the presi-

dency in the December 2007 election, are inclined to see Russia as coddling Kim Jong-il and unlikely to support the more conditional aid that they would require or the tougher line in the Six-Party Talks that they may take.

Having remained wary of Russia since the dual financial crises of 1997 and 1998, South Korean investors are little disposed to make large commitments. Only economic ties appealing to North Korea, for instance its pursuit of energy security free of outside control, would likely draw Russia and South Korea closer. As a middle power, South Korea might have appreciated a modest Russia aware of its limited influence far from its heartland in Europe, but Putin's assertive bearing may diminish the prospects for the two to find common cause against the powers that throw their weight around in the region. Much depends on the elections and how the Six-Party Talks proceed in the coming year.

### Conclusion

Leaders in the three diplomatic centers of Northeast Asia all had high hopes for Moscow in the late 1980s, turned to it again at some point in the 1990s for more limited goals, and are rethinking their strategies in light of recent events. Moscow's unilateral pursuit of security, total control over energy resources, and renewed influence in Central Asia and North Korea has added an element of wariness in all three capitals. Yet, doubts about the strength of Moscow's bilateral ties with Beijing leave open the possibility for other bilateral moves, especially if energy security acquires new importance in Russian strategizing. Finally, as the search for multilateralism accelerates, with Moscow poised to lead in this aspect of the Six-Party Talks, all parties have reason to take a fresh look at improved Sino-U.S. coordination and how Moscow serves their interests: Beijing through partnership, Tokyo through balancing, and Seoul through reassurance to Pyongyang.

#### About the author:

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## Documentation

### Key Economic Indicators for Selected Countries

	Population	Population growth	GDP (PPP)	GNP per capita (PPP)
Russia	142,893,540 <sup>a</sup>	-0.37% <sup>b</sup>	\$1.723 trn <sup>b</sup>	\$12,100 <sup>b</sup>
China	1,313,973,713 <sup>a</sup>	0.59% <sup>b</sup>	\$10 trn <sup>b</sup>	\$7,600 <sup>b</sup>
Japan	127,463,611 <sup>a</sup>	0.02% <sup>b</sup>	\$4.22 trn <sup>b</sup>	\$33,100 <sup>b</sup>
North Korea	23,113,019 <sup>a</sup>	0.84% <sup>b</sup>	\$40 bn <sup>c</sup>	\$1,800 <sup>b</sup>
South Korea	48,846,823 <sup>a</sup>	0.42% <sup>b</sup>	\$1.18 trn <sup>b</sup>	\$24,200 <sup>b</sup>

<sup>a</sup> July 2006 estimate; <sup>b</sup> 2006 estimate; <sup>c</sup> North Korea does not publish any reliable National Income Accounts data; the datum shown here is derived from purchasing power parity (PPP) GDP estimates for North Korea that were made by Angus Maddison in a study conducted for the OECD; his figure for 1999 was extrapolated to 2005 using estimated real growth rates for North Korea's GDP and an inflation factor based on the US GDP deflator; the result was rounded to the nearest \$10 bn (2006 est.).

Source: CIA World Factbook