

A Paradigm Shift in Russo-Japanese Relations

TSUNEO AKAHA

Russia and Japan are in a position to contribute, individually or jointly, to the establishment of a post-cold war world or regional order. The two countries' national identities as great powers compel them to play global and regional roles commensurate with their enormous power, both potential and real. Their failure to do so will be a major source of frustration to them and an important factor in instability in the post-cold war world. Further, as geographical neighbors of global importance, each country is in a position to facilitate or frustrate the other's global aspirations and regional interests. For example, Russia could support or veto Japan's effort to obtain the coveted permanent seat on the United Nations Security Council, and Japan could facilitate or frustrate Russia's bid to become a full-fledged member of the Group of Seven (making it a Group of Eight). Tokyo could endorse or deflect Moscow's efforts to join the Asia-Pacific Economic Cooperation (APEC) forum or the World Trade Organization (WTO), and Moscow could respond favorably or negatively to Tokyo's call to limit the proliferation of arms in East Asia.

Against the background of their expanding ties with the United States and China, Russian and Japanese leaders have acknowledged the need to put an end to the "abnormal" state of their bilateral relations. There are clear signs that the leaders in Moscow and Tokyo have accepted a new premise upon which to build relations between the two countries. In 1997, there was a dramatic turnaround. Japanese Prime Minister Ryutaro Hashimoto put forth a new Japanese policy toward Russia: In his speech to *Keizaidoyukai* (the Association of Corporate Executives) on 24 July 1997, the Japanese leader stated that Japan and Russia should improve their relations on the basis of trust, mutual interest, and long-term perspective. He also called for the development of a "Eurasian policy" in which Japan would expand ties with Russia, China, and beyond. Moreover, Hashimoto and Russian President Boris Yeltsin met in an informal summit in Krasnoyarsk

Tsuneo Akaha is director of the Center for East Asia Studies at the Monterey Institute of International Studies, California. An earlier version of this paper was presented at the annual meeting of the American Association for the Advancement of Slavic Studies, 20–23 November 1997, Seattle, Washington.

in November and agreed to do their best to conclude a peace treaty by the year 2000 on the basis of the 1993 Tokyo Declaration, which had committed Moscow and Tokyo to settle unresolved bilateral issues, including the territorial dispute, through peaceful negotiations.

What are the sources of the remarkable turnaround in the Russo-Japanese relations? This is the central question of this brief analysis. I will first place the bilateral relationship in the broader context of changing relations among the major powers in Asia-Pacific. Second, I will discuss Russia's and Japan's interests vis-à-vis the other. I will then briefly examine domestic factors that impinge on bilateral relations. Fourth, I will review the current state of Russian-Japanese cooperation. Fifth, I will discuss some areas that require further cooperation, namely, Russia's economic reform and development, environmental and resource protection, bilateral military confidence building, and nongovernmental contacts between the two peoples.

The Global and Regional Context

In describing recent global trends, many analysts have referred to "the end of history," "the end of the Cold War," and "the end of geography."¹ It is asserted that the end of the East-West ideological conflict has marked the victory of liberal capitalism over socialism and communism and that the disappearance of the Soviet threat has ushered in an era of global cooperation. It is also claimed that the logic of liberal economics and the imperatives of modern technology are creating a borderless world economy. Unfortunately, however, northeast Asia—the region of immediate concern to both Russia and Japan—has been slow to adjust to the global changes. The regional powers remain suspicious of each other politically and unable to remove national barriers to international economic transactions. Russia's political system is in a period of uncertain transition from a Communist dictatorship to a fragile democracy, with authoritarian tendencies remaining strong at the national and regional levels. In Japan and South Korea, political corruption continues to hamper efforts toward administrative reform and economic liberalization. On the economic front, Russia is mired in the contradictory and disintegrative forces of transition from a planned economy to a market economy. The successful market economies of Japan and South Korea remain integrated with the global economy, with only limited, although gradually increasing ties with the other northeast Asian economies. Their domestic economies are in recession, and the necessary cure, further liberalization and greater internal competition, requires more painful adjustments than most politicians are ready to accept. China is experimenting with a "socialist market economy," with the state sector occupying a major, albeit shrinking, role in the nation's economy. Its dramatic growth since the late 1970s is both a welcome sign of the opening of the previously closed economy and a source of uncertainty for political and security calculations in the neighboring countries. North Korea continues its autarchic path to economic development despite the visible signs of failure of that system.

The end of the cold war has raised the specter of major power shift and realignment in northeast Asia and consequently heightened the level of uncertainty sur-

rounding Russian and Japanese roles there. Declining U.S. hegemony, rising Chinese power supported by its growing economy, Japan's preoccupation with its domestic agenda and regional ambivalence toward its greater role in regional security, and the uncertain transformation of Russia all complicate the structure of international relations in northeast Asia. The continued division of China and Korea also represent explosive possibilities.²

Russia has a deepening concern over its declining influence in the region since the dissolution of the Soviet empire and is attempting to shore up its regional profile through bilateral improvements with China, Japan, and South Korea. Russia's economic assets are seriously limited, frustrating Moscow's attempt to establish itself as a legitimate and credible Asian-Pacific power.³ Nonetheless, Russia remains a major military power and a potential security concern to Japan.⁴ Japan watches Russia's improving relations with its northeast Asian neighbors with a mixture of hope and anxiety.⁵ Japan's own future is a source of growing uncertainty to its neighbors. Central to this uncertainty, in addition to the history of Japanese aggression, is the imbalance between Japan's aggressive economic policy and its passive defense policy. Following the adoption of the new Guidelines for U.S.-Japan Defense Cooperation, regional concern is now turning toward the question of unspecified geographical perimeters of Japan's military role within its bilateral security alliance with the United States.

There is a conspicuous gap between Russia's and Japan's economic presence in the world and in the Asia-Pacific region. Japan's exports represent almost 10 percent of the world's total, and it accounts for 6.5 percent of global imports. The importance of regional trade to Japan is evident in the fact that the nation's trade with the other major Asia-Pacific economies represents over 70 percent of its worldwide trade. In contrast, Russia is conspicuous by its negligible presence in the world economy. Its world exports in 1994 amounted to a mere \$49,935 million, or 1.1 percent of the global total, and its imports from the rest of the world stood at \$28,135 million, or 0.7 percent of the world's total imports, and Russia's exports and imports have both become smaller since then. Russia's trade with the other Asia-Pacific economies is growing but represents only 15 percent of its global trade. As Asian-Pacific economies continue to deepen their interdependence, Russia's economic presence remains marginal.

The global context of Russo-Japanese relations has changed dramatically in the aftermath of the cold war, but their regional environment remains uncertain and complicates the two countries' policy options. Russia's impact in the Asia-Pacific region stems primarily from its geostrategic position and its military power. To the extent that the end of the cold war has diminished the importance of global military power in determining the political structure of the Asia-Pacific, it has also reduced Russia's regional influence. On the other hand, Japan's regional influence continues to grow, both as a result of its enormous economic power and as a consequence of the increasing U.S. reliance on Japanese cooperation in maintaining its regional military presence. The disparate foundations of Russian and Japanese national power do not create a common strategic calculus. Naturally, therefore, differences abound between their domestic, regional, and global priorities.

Bilateral and Domestic Factors

Although ideological conflict is no longer a factor in Russo-Japanese relations and Russia's military power no longer poses a serious security threat to Japan, there are a number of asymmetries in their relations that can frustrate the development of a strong, stable relationship between the two countries. As the legacies of prewar history and the impact of the global cold war wane, as they eventually will, domestic structures and processes will become a more dominant influence on the external behavior of Russia and Japan. It is important, therefore, that in exploring the possibilities of bilateral cooperation, we pay closer attention to the differences and similarities in the two countries' internal development.

One of the most important asymmetries appears in the perceptions Russians and Japanese have of each other. The Russian view of Japan is informed by the memory of their humiliating defeat in the Russo-Japanese war of 1904–05 and the resulting loss of the southern half of Sakhalin Island and the entire Kurile Islands, as well as by Japan's intervention in Siberia in 1918–20, and the U.S.-Japanese alliance against them during the cold war. Most Russians continue to believe that Japan's claims to the southern Kuriles are unjustified in view of Japan's unconditional surrender in 1945. In spite of this, many Russians, particularly those in the Far Eastern regions, hold a generally favorable view of Japan. For example, a 1992 survey of public opinion in southern Primorye indicated that after the United States, Japan was the country with which the local residents most wished to establish close and friendly relations. The same survey also showed that almost half of the respondents named Japan as the country from which they wished to receive experience and assistance in economic development.⁶ A more recent survey of residents of Vladivostok and Khabarovsk confirms the Russian people's generally favorable view of Japan, particularly in the area of economic achievements and cultural traditions.⁷

On the other hand, most Japanese hold negative views of Russia. The sources of unfavorable views include the Soviet declaration of war against Japan in violation of the Soviet-Japanese neutrality pact of 1941, Soviet/Russian occupation of the Northern Territories since 1945, the inhumane treatment of Japanese prisoners of war in Siberia after the Second World War, and the Soviet military threat during the cold war era. According to a survey conducted by the Japanese prime minister's office in October 1995, only 9.9 percent of Japanese had friendly or somewhat friendly feelings toward Russia, in comparison with the 86.4 percent who felt either somewhat unfriendly or unfriendly.⁸

Until the demise of the Soviet Union, another major difference existed in the two countries' political systems. The Soviet Union was a dictatorship with a centralized power structure, and Japan was and continues to be a parliamentary democracy with a durable, if not always effective, system of multiparty competition. Today, Russia is a nascent democracy dominated by a powerful president and an unruly opposition, often unleashing drastic policy shifts, both domestically and internationally. There is a great deal of uncertainty and unpredictability in its foreign policy. Japan, on the other hand, is a bureaucracy-driven democracy with a weak political leadership, oriented toward consensual policymaking.

Its policy is characterized by a stable and predictable trajectory. Its foreign policy behavior is generally conservative, passive, and reactive.

Third, there are myriad differences in the two countries' domestic economic structures and performance. Russia is a transition economy struggling to introduce market principles in its basic operation. Its industrial production has plummeted since the dissolution of the Soviet command economy. The state still controls much of the nation's strategic industries, but the private sector is growing fast, albeit in a rather chaotic manner. Russia's fiscal system is unstable, and its tax system is unevenly developed; its financial system is volatile, with regulatory power unevenly applied; its legal system is also underdeveloped, and law enforcement remains ineffective. There are serious problems with the legal and administrative mechanisms for foreign trade and investment. Japan, on the other hand, is a global capitalist superpower with a highly developed market and a very efficient productive capacity. The country's fiscal, tax, and financial systems are well developed, as are its legal and administrative structures. In terms of the performance of the two economic systems, Russia and Japan are moving farther apart. The real GDP growth rate for the 1991–95 period was 1.3 percent for Japan and minus 9.1 percent for Russia. The two countries' per capita GDP in 1995 stood at \$40,897 and \$2,461, respectively.⁹ Despite the recent economic downturn and financial market problems in Japan, its economy is likely to regain its vigor following the ongoing financial liberalization and market deregulation.

Fourth, it is often observed that the differences in Russian and Japanese economic capabilities and needs, as well as their developmental gaps, render the two economies complementary to each other. Russia is indeed a source of energy and other natural resources, and Japan a source of capital and industrial technology.¹⁰ However, the complementarity has not created an economic interdependence between the two. The growing trade between the Russian Far East and Japan is due largely to the former's natural resource exports to, and consumer and capital goods imports from, the latter, and the exchange is not contributing to the modernization of industrial production or economic restructuring of the Far Eastern regions.¹¹

Russian-Japanese economic relations are a very small part of either country's overall trade activity. The \$3,490 million in Russian exports to Japan in 1994 represented about 7 percent of Russian exports to the world and less than 1.3 percent of Japanese global imports totaling \$274,742 million. Russian imports from Japan amounted to \$1,104 million, or 3.9 percent of the nation's global imports, and less than 0.3 percent of Japan's worldwide exports totaling \$395,600 million. Even within the northeast Asian context, the \$4,594 million in two-way trade between Russia and Japan in 1994 represented a mere 3.9 percent of intraregional trade totaling \$118,109 million. As a result, Russian-Japanese economic relations have little or no impact on the overall structure of regional trade and investment. As Khabarovsk Krai's governor acknowledges, "Without question, integration of the Russian Far East into the Asian-Pacific region is in the early stages of development."¹²

Fifth, Japan's postwar economic growth took place in an entirely different international environment than that which Russia faces today. Japan's export-driven economic growth could be sustained only because of the United States'

strategic assistance and its open market, and the liberal international trade regime. Japan's membership in the General Agreement on Tariffs and Trade, the International Monetary Fund, the World Bank, the Asian Development Bank, and other multilateral institutions was very important in the nation's postwar economic development. In contrast, Russian exports continue to be severely restricted by export controls carried over from the cold war era, and Russia's membership in international economic institutions is conditioned on the pace of its domestic economic reform. Moreover, Russia today faces a much more competitive international market. The global market is much more demanding in terms of cost, product quality, and environmental, safety, and other requirements. There are serious doubts that Russian products can successfully meet those demands.

There are a number of parallel tendencies in Russia and Japan today. They share a degree of similarity in the overbearing power of their central administrative bureaucracies. In both countries there are marked disparities in economic development between the highly industrialized and urbanized centers of economic power and relatively neglected provinces. There are growing local and provincial initiatives for bilateral and regional economic cooperation. However, the historical orientation in both countries toward a powerful center is likely to bring their national priorities to the forefront of bilateral economic relations, overshadowing local and provincial interests.¹³

Russia's liberalization of trade and investment policies and consequent exposure to external economic processes is reminiscent of Japan's postwar economic development in which international trade and foreign investment played a crucial role. Post-Soviet Russia is discovering the growth potential of export activities in its strategic industries, including primary commodities and military production, and becoming dependent on foreign investment and capital goods imports, not to mention the important role international economic assistance plays in stabilizing Russia's economy. In this respect, Russia can learn much from Japan's experience in postwar economic development. Following its disastrous defeat in World War II, Japan consistently and persistently followed an industrial policy focused on public investment in basic and strategic industries and export-driven growth. The lesson has not been lost on Moscow, which in February 1997 adopted a "development budget" of over \$3 billion and established a Federal Economic Development Agency for the purpose of developing basic and strategic industries.¹⁴

Given the absence of economic forces strong enough to bring Russia and Japan closer together, it is obvious that major incentives for closer bilateral relations, if they exist at all, must be found in the political-strategic interests of the two countries. In other words, efforts to develop closer economic ties are likely to be driven more by political calculations and strategic motivations in Moscow and Tokyo than private-sector business interests.

Political and Strategic Interests

During the cold war, Moscow saw Tokyo in the context of its strategic rivalry and ideological conflict with Washington. From Moscow's vantage point, Tokyo was a docile ally of Washington and Japan's economic power was of only limited use

to Russia's overarching strategic policy against the United States and its allies. Gorbachev's priority in Asia during the last years of the Soviet Union was rapprochement with China. The last Soviet leader was preoccupied with his domestic political agenda and with the redefinition of the strategic relationship with the United States.

Behind Moscow's policy, during the Gorbachev years and since, has been the need to maintain a stable international environment so that Moscow may continue to focus on its domestic reform. When Gorbachev found Tokyo unwilling to bend on its territorial claims to the southern Kuriles, he quickly turned to Seoul for political rapprochement and economic exchange. However, Moscow soon realized the limits to Russian-South Korean economic opportunities, particularly in the area of infrastructure development that would require enormous capital infusion. More important, its mishandling of its relations with Pyongyang gave Washington an opportunity to replace Moscow as one of the two major influences on the Korean peninsula, the other being Beijing. Moscow's relations with Pyongyang had deteriorated precipitously following Gorbachev's decision abruptly to reach rapprochement with South Korea, leading to the establishment of diplomatic ties between Moscow and Seoul in 1991, and to terminate the favorable trade terms Pyongyang had enjoyed during the cold war years, including the "friendship" prices on Soviet exports to North Korea. Those decisions contributed substantially to the virtual political and economic isolation of North Korea. Equally important was Moscow's notification to Pyongyang in 1995 that it was no longer bound by the agreement to render immediate military and other assistance in case of an armed aggression against the other party.¹⁵

The U.S.-DPRK Agreed Framework and the four-party peace talks have left Moscow lamenting aloud its loss of influence over the Korean peninsula's political future. On 21 October 1994, Pyongyang agreed that it would forego nuclear weapons development in exchange for Washington's pledge that it would secure international assistance to replace graphite-moderated nuclear reactors in North Korea with light-water reactors. In March 1995, Japan joined the Korean Peninsula Energy Development Corporation (KEDO), the international agency set up to provide nuclear energy assistance, and pledged support toward the estimated \$4 billion in implementing the project. The United States, in close consultation with Japan and South Korea, rejected Russia's well-publicized attempt to have its nuclear reactors used to replace the North Korean reactors and instead secured North Korea's agreement to accept South Korean-made light-water reactors as part of the KEDO project.

Yeltsin's Asian policy basically has been a continuation of Gorbachev's policy, with further removal of bilateral barriers at the top of his priorities vis-à-vis Beijing. The culmination of this policy has been the establishment of a "strategic partnership" between Moscow and Beijing. This notwithstanding, Moscow found itself in the unenviable position of having little or no influence over the course of events in the Korean peninsula.

Russia wants to prevent U.S. monopoly on regional political and security agendas. Its establishment of a "strategic partnership" with China is aimed in large

measure at limiting U.S. dominance in Asia-Pacific, particularly in northeast Asia. Russia is also looking for economic opportunities in its improved relations with China but is aware of the limits to such opportunities. Moreover, China's economic development and its growing trade and labor flows into its Far Eastern regions have posed and will continue to pose serious problems for the two countries' political relations, as well as, potentially at least, for Russia's territorial integrity.

Moscow is now turning its attention to improving relations with Japan. During the cold war, Moscow was adamantly opposed to the increasing defense cooperation between Japan and the United States, inasmuch as the defense pact was

targeted against the Soviet Union. Moscow now views the U.S.-Japan security alliance as contributing to the stability of the region and expressed its support for the new Guidelines for U.S.-Japan Defense Cooperation announced by Tokyo and Washington on 23 September 1997. The new guidelines spelled out areas of defense cooperation within the

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framework of the U.S.-Japan security treaty. The envisaged cooperation included contingency planning and operational cooperation in peacetime, in case of an armed attack against Japan, and “in situations in areas surrounding Japan that will have an important influence on Japan’s peace and security.” The last of these terms is believed to include the outbreak of hostilities on the Korean peninsula and across the Taiwan Strait.

Moscow’s support of the new guidelines contrasts sharply with China’s critical comments about the unspecified geographical perimeters of Japan’s military role under the new guidelines. Russia also sees Japan as potentially an important factor in the evolution of North–South Korean relations, particularly if further U.S.–North Korean improvements lead to the opening of the North Korean economy to foreign trade and investment. Moscow believes that Tokyo has a legitimate interest in the resolution of the Korean conflict and has called for the expansion of the four-party peace talks to a six-party framework that will include both Moscow and Tokyo.

To Russia, Japan’s economic assets—its rich capital, advanced technology, and proven industrial and commercial know-how—are very attractive. Russia also needs Japan’s cooperation to enter the dynamic Asia Pacific economy and to join the World Trade Organization. Russia is aware of Japan’s prominence in APEC, its leading role in the Asian Development Bank, and its dominant presence in the ASEAN economies, as well as the important role Japan’s official development assistance and direct investment have played and continue to play in the economic development of China and Southeast Asia.

Japan also finds a good deal of value in improved relations with Russia. Following the dissolution of the Soviet Union, Tokyo continued to see its relationship with Moscow primarily from a bilateral perspective. However, Tokyo has recently adopted a more regional view of its relations with Moscow, and this has led to the adoption of a more flexible approach to the territorial dispute over the Northern Territories. Tokyo is also visibly more interested in expanding economic ties.

Tokyo had long insisted on progress on the territorial dispute with Moscow as a precondition for improved bilateral ties. This position was known as *seikei fuk-abun*, or the inseparability of politics and economics. As the international community has become increasingly supportive of Russia's participation in the management of global issues, such as nonproliferation, UN peacekeeping, and global environment, Tokyo has softened its stance on the territorial issue. It did so first by adopting the policy of *kakudai kinko*, or expanded equilibrium, whereby progress would be sought on both political and economic fronts. Most recently, following Russia's joining the Group of Seven meeting in Denver in 1997, Tokyo has shown an even greater flexibility by announcing the policy of *jusoteki kankei*, or multilevel engagement. The new policy implies that Russian-Japanese ties in economic and other fields may be allowed to grow ahead of progress on the territorial issue. If such an interpretation is correct, this represents a paradigm shift in Japan's policy toward Russia.

The new policy was articulated by Prime Minister Hashimoto in his speech to the Association of Corporate Executives in July 1997, as noted earlier. Many observers believe that Hashimoto's initiative represents a psychological breakthrough in hitherto strained Russian-Japanese relations.¹⁶ Indeed, Russia's first deputy prime minister, Boris Nemtsov, hailed Japan's new policy toward Russia.¹⁷ As well, during his meeting with Japanese Foreign Minister Yukihiko Ikeda in Kuala Lumpur, Russian Foreign Minister Yevgeny Primakov said, "Prime Minister Hashimoto's new policy toward Russia is quite positive."¹⁸ Russian Ambassador to Japan Alexander Panov told the *Yomiuri Shimbun* that he hoped to see a Japan-Russia peace treaty signed during his term, which was supposed to end in five years.¹⁹

Hashimoto took his initiative directly to President Yeltsin when the two leaders met in a "summit without ties" in Krasnoyarsk in November 1997. They agreed to do their utmost to conclude a peace treaty by the year 2000 on the basis of the Tokyo Declaration. They also agreed to hold another informal summit in Tokyo in the middle of April 1998. The Russian and Japanese leaders announced a "Hashimoto-Yeltsin Plan," calling for expanded cooperation in the areas of high technology, trade expansion, transport infrastructure development, Russia's preparation for membership in the WTO, private enterprise development and management, energy development, and peaceful use of nuclear energy.²⁰ Hashimoto also pledged his government's support for Russia's membership in the APEC. Yeltsin said that Russia supported Japan's bid to win a permanent seat on the UN Security Council. Yeltsin and Hashimoto agreed to promote bilateral dialogue on the security of Asia-Pacific.²¹ Finally, the two leaders indicated that Moscow and Tokyo would conclude an agreement on Japanese fishing in the

waters surrounding the disputed islands before the year was out.²² After thirteen rounds of negotiations, the two sides indeed reached agreement in December. Although the details remained unavailable at this writing, the accord would allow Japan to catch up to 2,252 metric tons of fish in the waters around the disputed islands in exchange for a payment of 20 million yen toward the protection of resources in the Russian waters, as well as private aid of equipment worth 15 million yen. In addition, the Japanese government will extend humanitarian and technical assistance worth several hundreds of thousands of yen to Sakhalin Oblast in 1998.²³

It remains to be seen whether the two countries can conclude a peace treaty before their territorial dispute is fully resolved. Following the Krasnoyarsk meeting between the Russian and Japanese leaders, Prime Minister Hashimoto publicly denied Russian press reports suggesting that Tokyo had agreed to separate the peace treaty from the territorial issue. A Japanese foreign ministry spokesman was also quoted as saying that the endeavor to conclude a peace treaty would be based on the 1993 Tokyo Declaration and that the declaration left no doubt that the territorial issue must be resolved before conclusion of a treaty.²⁴

There remains in Russia strong opposition to territorial concessions to Japan. A member of the Our Home Is Russia Party expressed hope that the improving relations would encourage large Japanese investment in his country but maintained that resolution of the territorial dispute would require compromise on both sides. Another moderate member of the Duma said that the opinion of the two peoples must be accurately assessed. A nationalist Liberal Democratic Party member maintained that the two countries should establish a joint investment zone in the disputed islands. Community Party General Secretary Zyuganov asserted that the conclusion of a peace treaty should not harm Russia's territorial integrity.²⁵ The Sakhalin Oblast government has harshly criticized the proposal by Valery Zaitsev, vice rector of the Institute of World Economy and International Relations, to place the four islands under direct presidential rule and subsequently under Russian-Japanese joint administration.²⁶

Bilateral Cooperation

If Russia and Japan are to develop their relations on the basis of the three principles put forth by Prime Minister Hashimoto—trust, mutual interest, and long-term perspective—it is necessary to identify areas where their cooperative efforts must be focused. There are at least four such areas: Japanese assistance with economic reform and development in Russia, bilateral cooperation in environmental and resource conservation in the Russian Far East, enhancement of bilateral military confidence-building, and expansion of nongovernmental contacts between the peoples of Russia and Japan.

Japan has been criticized for a seeming lack of interest in assisting Russia in its economic reform. It is rather obvious that Tokyo's interest has been substantially dampened by the lack of progress on the Northern Territories issue. Nonetheless, Japan's assistance to Russia is by no means negligible, nor is its slow process to be blamed entirely on the Japanese side. By January 1996, Tokyo

had pledged \$4.4 billion in total assistance for Russia, making it the third-largest provider of aid after Germany and the United States. Tokyo has pointed out that the absence of legal and institutional infrastructure and accountability for the disbursement of international assistance in Russia are important obstacles to a more effective and timely transfer of Japanese assistance.

Goals and objectives of Japanese assistance programs are stated as (1) support of Russia's transition to a market economy, (2) support of its democratization, and (3) establishment of diplomatic relations based on "law and justice," a reference to the settlement of the dispute over the Northern Territories.²⁷ Immediately after the dissolution of the Soviet Union, Japan's assistance was primarily in the form of emergency humanitarian aid. Since then, its focus has shifted toward technical aid for human resources development in support of market economy development. Japan has earmarked \$1.2 billion for loans through the Export-Import Bank for various projects to develop telecommunications, energy supply, and small-to-medium enterprises, as well as to privatized corporations. Japan has also pledged \$2.9 billion for trade insurance to cover major Russian industries. These loans are designed both to assist Russia's effort to modernize its primary industries and to promote trade between Russia and Japan. Japan has also provided assistance for building facilities to store the nuclear materials removed from warheads. In Vladivostok, a plant is being constructed with Japan's assistance for processing liquid radioactive waste.

Russia's Far Eastern regions receive priority attention in Tokyo. In November 1993, Japan opened consulates-general in Vladivostok and Khabarovsk, and in 1996 it announced that it would open a branch of its Khabarovsk consulate general in Yuzhno-Sakhalinsk. Tokyo has pledged \$500 million in Export-Import Bank loans in this region, another \$200 million in Export-Import Bank loans to support the modernization of communication links between Moscow and Khabarovsk, and \$50 million for the establishment of a regional enterprise fund for small- and medium-sized enterprises in Eastern Siberia and the Russian Far East. In addition, Tokyo supports the expansion of local contacts between the two countries. In this context, since 1993, the Japan-Russian Far East Governors' Conference has been meeting annually. In November 1992, local governments and major industries in the Japanese prefectures facing the Sea of Japan set up a Liaison Council for Japan Sea Rim Regional Cooperation with the support of the government in Tokyo. A year later, the council hosted a Japan-Russian Far East Governors' Conference. The governors of sixteen Japanese prefectures and five Russian Far East regions who attended the conference agreed to meet annually to discuss ways to promote economic and technical cooperation between the two countries with a focus on the development of the Russian Far East.

In addition, Tokyo has disbursed or committed funds for humanitarian assistance in this region. About 60 million yen in humanitarian aid was extended to the residents of the Northern Territories in the aftermath of the earthquake off the Pacific coasts of the islands on 4 October 1994. Tokyo provided additional humanitarian assistance, including setting up a temporary clinic on the island of Shikotan in October 1995.²⁸ Tokyo also extended 125 million yen in humanitar-

ian assistance to Sakhalin in the wake of the devastating earthquake in the northern area of the island territory on 27 May 1995. In 1996, Japan began technical assistance programs for the governments of Khabarovsk and the Primorsky region, with a focus on the development of stock markets, local industry, public housing, municipal finance, and energy resources.

Japan has also been willing to extend cooperation and assistance to Russia in curbing environmental problems in the Russian Far East and in the ocean area between the two countries.²⁹ The most visible program concerns the disposal of radioactive wastes in the Sea of Japan. Following Moscow's acknowledgment in 1993 that from 1959 to 1992 the Soviet Union had dumped radioactive wastes in the North Sea and the Far Eastern seas and that the Russian Pacific Fleet had also dumped radioactive waste material in the Sea of Japan in 1992, Russia, Japan, South Korea, and the International Atomic Energy Agency (IAEA) jointly studied the environmental impact of those activities.³⁰ Japan is cooperating in the construction of radioactive material treatment facilities in Bolshoi Kamen near Vladivostok, as part of bilateral cooperation in nuclear weapons dismantlement. The facilities will have the capacity to dispose of 7,000 cubic meters of liquid radioactive wastes. The need to expand bilateral cooperation in the environmental field was made amply clear by the oil spill by the Russian tanker *Nakhodka* off the coast of Shimane Prefecture on the Sea of Japan in January 1997.³¹

Third, in the area of military confidence-building, Russian-Japanese cooperation is at the very beginning stages. In 1992, Japanese defense officials began participating in Russian-Japanese policy planning consultations organized by the two countries' foreign ministries. A defense research exchange began in 1993. During President Yeltsin's visit to Tokyo in October 1993, the two countries concluded an agreement on maritime accident prevention. President Yeltsin also announced that Russia would withdraw all military troops other than border troops from the four disputed islands. In March 1996, Foreign Minister Primakov explained to Foreign Minister Ikeda that the current number of Russian military troops on the island territories was 3,500 and that there were no military troops on Shikotan Island. Bilateral defense dialogue also began in April 1996, when the Japanese Defense Agency director general visited Moscow, an event unprecedented during the entire Soviet period and the post-Soviet years. In July 1996, a Japanese Maritime Self-Defense Force escort, the *Kurama*, called in Vladivostok for the first time in seventy-one years. This was reciprocated by a Russian destroyer's visit to Tokyo in June 1997. Another event of note was Japan's advance notification to Russia of the joint U.S.-Japanese military exercise in the Sea of Japan in November 1996. Moreover, Russian Defense Minister Igor Rodionov visited his counterpart, Fumio Kyuma, in Japan in May 1997. Rodionov called for expanded defense exchanges with Japan and gave Moscow's blessing to the new Guidelines for U.S.-Japan Defense Cooperation. He even suggested that there should eventually be a mechanism of defense cooperation that included all three countries.³²

Finally, increased people-to-people contact is an essential part of the equation. In this context, the growing interest in mutual communication and cooper-

ation among many local and provincial communities on both sides of the Sea of Japan is encouraging. Also welcome are the Japanese government's various technical assistance programs, for example, the establishment of five Japan Centers since 1994, the founding of the Regional Venture Fund in cooperation with the European Bank for Reconstruction and Development for small-to-medium private enterprises in the Far East and Eastern Siberia, the dispatch of Japanese experts and training for Russian experts in Japan in human resources management since 1991, and the initiation of the Ministry of International Trade and Industry's Support Plan for Russian Trade and Industry in 1994, the so-called Hashimoto Plan.³³ Not only will these programs facilitate technology transfer from Japan to Russia, they will also promote the expansion of contacts between professionals of the two countries.

Another indication of bilateral interest in promoting human contact is the agreement announced in March 1997 to expand non-visa mutual visits by the citizens of both countries. By 1996, more than 2,300 people from both sides had participated in the program. The expanded program would involve not only former Japanese residents of the Northern Territories and reporters but also technical experts in agriculture and education.³⁴ These and other Japanese government assistance programs will contribute to expanded human contacts between Russian and Japanese people, as will private technical cooperation and nongovernmental humanitarian assistance. It is likely that, following the second informal summit between President Yeltsin and Prime Minister Hashimoto, the programs will be expanded.

“A mutually compatible Russian-Japanese relationship will be a minimum requirement for stability of the Asia Pacific region.”

Summary and Conclusions

The foregoing analysis points to many sources of change in the relations between Russia and Japan. They are found at global, regional, bilateral, and subnational levels. First, the end of the cold war has thrust the major powers into an uncertain global and regional environment. Neither bipolar nor multipolar, the fluid configuration of major power relations forces Russia and Japan to take initiatives to reduce uncertainty by improving bilateral relations with the other major powers, including the United States and China. Second, there is growing consensus among the major powers that improved Russo-Japanese relations will contribute to the stability of the region. The serious nature of remaining obstacles, including the territorial dispute, probably helps to reduce exaggerated expectations on both sides and also allays other regional powers' fears that closer Russo-Japanese relations could threaten their security. Third, Russia wants to establish itself as a credible Asia-Pacific power, but it is painfully aware of its limited resources

and sees Japan's economic power as a source of support for its transition to a market economy. Fourth, Japan increasingly wants to play a credible and influential international role, commensurate with its economic capacity, but realizes that its strained relationship with Russia is a liability in the post-cold war world in which the international community accepts Russia as a legitimate partner. Fifth, there is a coincidence of Russian and Japanese interests in developing the Russian Far East, a liability for capital-scarce Russia and an opportunity for resource-poor Japan. Sixth, there is growing local and provincial interest in international cooperation between Russia's Far Eastern communities and their counterparts in Japan.

A new paradigm is emerging. A mutually compatible Russian-Japanese relationship will be a minimum requirement for the stability of the Asia Pacific region. A mutually supportive relationship will represent an even greater contribution to the construction of a peaceful Asia-Pacific. What is minimally required is bilateral cooperation, not in the sense of "harmony of interests" but in the sense of "mutual adjustment" of policies based on each country's basic interests.¹ Short of reciprocal admiration and overflowing friendship, Russia and Japan must develop a mutually compatible relationship. This will be possible if and only if Russia becomes a democratic society with a market economy. Russia's successful transformation into a market democracy will enable the two countries to develop bilateral relations at socioeconomic levels, beyond official ties that remain limited. Russia, with an open market economy, will be able to take advantage of its natural resources and of advanced technology as sources of export earnings, as well as Japan's capital and technological inputs for the economic development and modernization of Russia.

The most important test of the paradigm shift in Russo-Japanese relations is the extent to which the two countries can cooperate to facilitate each side's attempt to develop a legitimate and credible regional role. There remains a great deal of uncertainty in Asia-Pacific, but improved Russo-Japanese relations will help remove some of it. Russia and Japan finally appear ready to free themselves from the shackles of history and to develop a compatible relationship.

NOTES

1. The "end of geography" refers to the emergence of a borderless world economy through transnational interdependence of national and regional economies.

2. For a detailed exploration of the uncertain balance of power in Asia, see Paul Dibb, "Toward a New Balance of Power in Asia," Adelphi Paper 295 (London: International Institute for Strategic Studies, 1995).

3. See Tsuneo Akaha, "Russia and Asia in 1994," *Asian Survey* 35 (January 1995): 100-10, and Tsuneo Akaha, "Russia and Asia in 1995," *Asian Survey* 36 (January 1996): 100-08.

4. Wolf Mendl, *Japan's Asia Policy* (New York: Routledge, 1995), 61.

5. For Japanese defense analysts' view of the changing Sino-Russian security relations, see *Higashi-ajia Senryaku Gaikyo, 1996-97* (Tokyo: The National Institute for Defense Studies, 1997), 102-03 and 114-18.

6. The survey was conducted by the Institute of History, Archaeology, and Ethnography in Vladivostok. Nikolai G. Shcherbina, "The Reaction to the Foreign Presence in the

Primorsky Region,” a report prepared for the Monterey Institute of International Studies’ Center for East Asian Studies, 1994, 7–9.

7. Tsuneo Akaha, “Contemporary Perceptions of Japan in the Russian Far East: A May 1997 Field Survey,” paper presented at the conference on Russian-Japanese Relations, 6–10 September 1997, Princeton University, Princeton, New Jersey.

8. Sorifu Kohoshitsu, ed., *Seron Chosa* (Tokyo: Okurasho Insatsukyoku, 1996), 27–34.

9. *Japan 1997: An International Comparison* (Tokyo: Japan Institute for Social and Economic Affairs, 1997), 17.

10. See, for example, Kazuo Ogawa and Kinji Hishiki, *Kan-nihonkai Keizaiken to Roshia Kyokuto Kaihatsu* (Tokyo: JETRO, 1994); Kazuo Ogawa and Takashi Murakami, *Mezameru Soren Kyokuto: Nihon no Hatasu Yakuwari* (Tokyo: Nihon Keizaihyoronsha, 1991); Yevgeny B. Kovrigin, “Problems of Resource Development in the Russian Far East,” in *Politics and Economics in the Russian Far East: Changing Ties with Asia-Pacific*, Tsuneo Akaha, ed. (London and New York: Routledge, 1997), 70–86. For a more cautious view, see Tsuneo Akaha and Takashi Murakami, “Soviet/Russian-Japanese Economic Relations,” in *Russia and Japan: An Unresolved Dilemma between Distant Neighbors*, Tsuyoshi Hasegawa, Jonathan Haslam, and Andrew C. Kuchins, eds. (Berkeley: University of California International and Area Studies, 1993), 161–86.

11. Tsuneo Akaha, Pavel A. Minakir, and Kunio Okada, “Economic Challenge in the Russian Far East,” in Akaha, ed., *Politics and Economics in the Russian Far East*, 49–69.

12. Viktor Ishaev, Foreword, in *The Russian Far East: An Economic Survey*, Pavel A. Minakir, ed., Gregory L. Freeze, ed. and trans. (Khabarovsk: Institute of Economic Research, 1996), 7.

13. For an exploration of this theme more generally in the entire Northeast Asian region, see Tsuneo Akaha, “Northeast Asian Regionalism: State-directed Economic Interdependence?” *The Sejong Review* 3 (November 1995): 81–112.

14. *Asahi Shimbun*, 15 February 1997, 12.

15. The obligation was provided for in Article 1 of the 1961 Soviet-DPRK Treaty of Friendship, Cooperation and Mutual Assistance. Since 1968, Moscow had interpreted this provision to apply only in cases of “unprovoked attack,” but the 1995 notification made Moscow’s intentions unequivocal and unmistakable.

16. “Japan and Russia in Northeast Asia: Building a Framework for Cooperation in the 21st Century,” report of the workshop in Tainai, Niigata, 29–30 July 1997 (Niigata: Economic Research Institute for Northeast Asia, 1997), 2–3.

17. *Yomiuri Shimbun*, 27 July 1997, 2.

18. *Nikkei Shimbun*, 29 July 1997, 1.

19. *Yomiuri Shimbun*, 8 August 1997, 2.

20. *Asahi Shimbun*, 2 November 1997, 1.

21. *Asahi Shimbun*, 3 November 1997, 1.

22. For a background to this issue, see Nobuo Arai and Tsuyoshi Hasegawa, “The Russian Far East in Russo-Japanese Relations,” in Akaha, ed., *Politics and Economics in the Russian Far East*, 177–81.

23. *Asahi Shimbun*, 31 December, 1997, 1.

24. Itar-Tass, Kyodo, 3–4 November 1997; UPI, 3 November 1997; cited in *Jamestown Monitor* 3 (5 November 1997).

25. *Asahi Shimbun*, 5 November 1997, 2.

26. Vasily Golovnin, “Yeltsin Waits for the Japanese Dragon,” *Izvestia*, 28 October 1997, 3; *Asahi Shimbun*, 3 November 1997, 3.

27. For a full description of Japanese assistance programs for Russia, see “Japan’s Assistance Programs for Russia,” available at the Japanese Foreign Ministry’s home page: <http://www.2.ntta.com:8010/infomofa/jr/assist/index.html> (15 November 1997).

28. In the aftermath of the October 1994 earthquake off the Northern Territories, Japan set up a temporary medical facility in Shikotan to treat the wounded in the devastating quake. Japan sent medical supplies, staff, and tents as part of the humanitarian relief aid.

29. For an examination of the environmental situation in Russia's Far Eastern regions and its implications for international cooperation, see Tsuneo Akaha, "The Environmental Challenge in the Russian Far East," in Akaha, ed., *Politics and Economic in the Russian Far East*, 120–34.

30. Ministry of Foreign Affairs, "Investigation of Environmental Radioactivity in Waste Dumping Areas of the Far Eastern Sea Areas: Results from the First Japanese-Korean-Russian Joint Expedition 1994," Tokyo, July 1995.

31. It was reported that the tanker was exploded in order to hide the traces of oil products worth about \$3 million that had been stolen. Denis Dyomkin, Aleksandr Maltsev, Vadim Bratukhin, and Leonid Berres, "'Nakhodka' Has Left Many Spots," *Kommersant-Daily*, 4 February 1997, 6.

32. *Asahi Shimbun*, 17 May 1997, 1. *China Daily* reported that Rodionov even suggested holding tripartite military exercises between Russia, Japan, and the United States as a way to establish military cooperation among the three countries in the Asia Pacific region. *China Daily*, 19 May 1997, A11.

33. Ministry of Foreign Affairs, Secretariat of the Cooperation Committee, "Japan's Assistance to the New Independent States," Tokyo, March 1996, 5.

34. *Asahi Shimbun*, 30 March 1997, 2.

35. For this definition of "cooperation," see Joseph Nye, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, N.J.: Princeton University Press, 1984), 12.