RUSSIA AND NORTHEAST ASIA: RUSSIAN FOREIGN POLICY BETWEEN CONFLICT AND RAPPROCHEMENT

■ ANALYSIS
  The Northern Territories and Russo–Japan Relations
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  Russia’s Policy Toward North Korea
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Abstract
The recent talks between Japanese Prime Minister, Shinzo Abe and Russian President, Vladimir Putin, indicated an improvement in Japanese–Russian relations, most notably in the fields of trade and energy. However, the territorial dispute over the “Kurile Islands/Northern Territories” continues to overshadow the relationship. This article traces the history of this dispute and considers the prospect for a solution to the issue in light of the upturn in relations in other fields.

Momentum Injected by the Abe-Putin Meeting
The Liberal Democratic Party’s (LDP) return to power and Shinzo Abe’s “miracle” comeback seem to have generated momentum for Russo–Japanese relations. Indeed, the recent Abe-Putin bilateral talks in Moscow produced various results: setting up a “two-plus-two” framework for dialogue between the foreign and defense ministers to discuss issues including counterterrorism and antipiracy measures; promoting cooperation on developing the Russian Far East’s abundant crude oil and natural gas reserves; creating a fund to facilitate the involvement of Japanese firms in projects in Russia with investment and loan programs.

This enthusiasm is supported by the fact that the volume of Russian–Japanese trade in 2012 reached more than thirty billion dollars, up from eleven billion in 2005. Japan’s currently relies on Russian crude oil for ten percent of its oil imports, up from one percent in 2006. Japanese imports of liquefied natural gas (LNG) from Russia has increased considerably to 8.3 million tons in 2012, from 6 million tons in 2010 after the Sakhalin 2 project began exporting LNG to Japan in 2009. In the economic and energy fields, bilateral relations are undoubtedly reaching a new stage of positive development, most likely passing a point of no return.

The talks on territorial issues also appear hopeful: Abe and Putin declared in a joint statement that they would instruct their foreign ministries to accelerate negotiations to work out a “solution acceptable to both sides.” In a joint press conference, Abe stated, “I was able to build personal trust” with Putin so that talks could be resumed on the possible “return to Japan” of the islets, called the “Northern Territories” in Japan and the “Southern Kuriles” in Russia. Since Junichi Koizumi and Putin met in Japan in November 2005, negotiations on territorial issues have been in deadlock, with both sides criticizing each other and no progress made towards a solution. The recent joint statement was the first in a decade by Japanese and Russian leaders, and represents an excellent chance to move forward on the issue.

Backdrop of the Territorial Disputes
The disputed islands consist of “four islands,” Etorofu (3,200 square kilometers), Kunashiri (1,500 square kilometers), Shikotan (250 square kilometers) and Habomai (100 square kilometers), which were seized by Soviet forces at the end of World War II from late August to early September of 1945. After Japan renounced all right, title and claim to the Kurile Islands following the signing of the San Francisco Peace Treaty of 1951, Japan and the Soviet Union started negotiations on a bilateral peace treaty. However, negotiations were halted following disagreements on the territorial belongings of the “Southern Kuriles.”

Bilateral talks in 1955 and 1956 were very important. The former was particularly critical because the Soviet Union suddenly proposed that Shikotan and Habomai be transferred to Japan, a proposal that Japan could have accepted. However, pressure from the US and pro-US wings in the LDP strongly criticized the deal, forcing Japan to change its position to demanding a “four islands return,” which included Etorofu and Kunashiri. Japan’s new stance on the Northern Territories infuriated the Soviet side.

A joint declaration on these islands was last issued in 1956, which stated that the Soviet Union agreed to hand over the islands of Habomai and Shikotan to Japan after the signing of a peace treaty as a sign of goodwill. However, Japan claimed that the peace treaty would come only after the Soviet Union/Russia had returned the “four islands.” Tokyo emphasized that “no mention of Etorofu and Kunashiri” meant further negotiations on the territorial issue for the peace treaty should continue.

Japan then began to claim Etorofu and Kunashiri were not a part of the Kurile (though they themselves called them the “Southern Kurile”), but an integral and inherent part of Japan. Japan also began to refer to the four islands as the “Northern Territories,” and maintained their return was a necessary condition for the signing of the peace treaty. A national movement for the “Return of the Northern Territories” has been extensively promoted since the 1960s up to the current day. The movement peaked in the early 1980s when US
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The gap created by the claims of both countries was not bridged during the years of Mikhail Gorbachev’s perestroika in the Soviet Union or Boris Yeltsin’s new Russian foreign policy of the 1990s. Although the new Russia recognized the existence of the territorial issue with Japan and identified the four disputed islands, they failed to confirm the validity of the 1956 agreement, at least, officially.

Putin’s Impact on the Territorial Issue

The inauguration of Vladimir Putin as President of Russia changed the situation. Possessing an eagerness to resolve border disputes, Putin, along with his Chinese counterpart, finally resolved the historical Russo-Chinese border disputes on Heixiazi/Bolshoi Ussuriisky Island in the Amur River near Khabarovsky. This island, which Russia had controlled since 1929, was famous for having caused the military clash over Zhenbao/Damanski Island in the Ussuri River in 1969. The solution of dividing the islands in half was an amazing development that went beyond conventional thinking about “law and justice.” Indeed, according to spokespersons from both countries, it could possibly be used as a model for territorial solutions on a “future-oriented basis.”

Putin also moved toward solving the territorial issue with Japan. He was the first leader of the Soviet Union/Russia to declare the validity and standing of the 1956 agreement since 1960. When Putin met Prime Minister Yoshiro Mori in Irkutsk in 2001, he announced that Russia had an obligation to reinforce the agreement and would transfer Shikotan and Habomai to Japan. Nevertheless, this fell far short of Japan’s expectations. To extend the reach of the agreement to cover the four islands, Japan proposed the “two plus two” format to discuss an agenda for the transfer of Shikotan and Habomai and for consultations on the status of Kunashiri and Etorofu. Unfortunately, the format did not work well, particularly owing to a political scandal involving diplomats and politicians who had supported the idea. They were portrayed as traitors who had discarded the “four islands return” policy. Their critics suggested that Russia would not give up Etorofu and Kunashiri after signing the peace treaty and that the negotiations were in practice being ended with the return of only the two small islands. As a result, the negotiations stalled and broke down. Japan readopted its previous position of a “four islands return,” while Russia pressed Japan to recognize the results of World War II. Dmitriy Medvedev, who succeeded Putin as president, caused a worsening in relations between Russia and Japan when he visited Kunashiri in 2010. There was furious protest against his visit throughout Japan. Against the background of Medvedev’s visit to the islands, most Japanese took the view that they missed Putin’s more moderate position, most notably his acceptance of the 1956 agreement. Thus, while Europe and the US referred to Putin as a kind of anti-human rights dictator, Japan celebrated Putin’s return to power as president in 2013.

With the return of Putin, a rosier picture for a solution also returned. Last October, on the eve of the Russian presidential election, when Yoshifumi Wakahama, the then editor of the Asahi Shimbun, a leading newspaper in Japan, met with Putin, and he himself touched on the “Northern Territories” issue, stating that if he were president he would call a “Hajime” (a start in Judo Wrestling) for both foreign ministries and seek a “Hikiwake” (a draw in Judo) by a way of a solution. Although he never detailed a clear program to realize this solution, the Japanese media responded positively to his statements, seeing them as proof of his desire to find a solution.

After his inauguration as president, he did not clarify his message, but again made similar suggestions to former Japanese Prime Minister Yoshiro Mori at a meeting in Moscow last February. Mori has made the joint statement with Putin in Irkutsk in 2001. Putin mentioned the significance of the 1956 joint declaration and explained that a “Hikiwake” was a mutually acceptable solution. He also added that identifying a “Hikiwake” was very difficult.

Realities of the Territorial Issue and Future Cooperation

The term “mutually acceptable solution” is archaic, and has been often repeated even in the Koizumi period. No fruit has yet come from the term itself. Abe himself, after a recent meeting with Putin, recognized that both countries differ greatly in their perceptions of the territorial issue. Putin, however, did comment that they sincerely hoped to solve the problem.

Most Japanese are likely to overestimate Putin’s move. Though he sincerely emphasized the importance of the 1956 promise, Russia intends to hand the two islands over to Japan only as a gesture of goodwill.
From Russia’s point of view, there is no basis for Japan’s claims over Etorofu and Kunashiri. For Putin, there is no sense in accepting a “three islands option,” including Kunashiri as well as Shikotan and Habomai, or for cutting the disputed areas into halves as he did with China. Under the latter option, Japan would get the three islands and one-fourth of Etorofu Island. Some Japanese politicians such as vice premier Taro Aso still have hope that such a solution can be realized, though Putin clearly distinguishes Russia’s situation with Japan from their situation with China.

Even if the two sides agreed on the “two islands transfer,” Putin would most likely not let the transfer be unconditional. The 1956 declaration does not touch on the format and details of the factual transfer to Japan. On one hand, the islands could be transferred to Japan under Russia’s sovereignty. On the other hand, Japan could take over sovereignty immediately, in which case how and when should further negotiations proceed? Probably, Russia would urge Japan to compensate them for the period of Russian management of the two islands and to cover the necessary costs for moving facilities and people back to other Russian territories. In this sense, the current difficulties are just the tip of the iceberg, and many more problems would appear once both parties started substantial discussions on Shikotan and Habomai. However, Japan still retains its old official position of a “four islands return.” A famous former Russian diplomat who had conducted negotiations in the 1990s commented that Japan was essentially asking Russia to play a soccer game with the result of “4–0” in favor of Japan already agreed. Nobody wants to participate in a game in which the result has been decided beforehand.

A new trend may be evident from a recent Japanese opinion poll. According to a recent Mainichi Shimbun poll, 67 percent agreed to a more flexible approach in Japan’s policy on the “Northern Territories” issue, while only 29 percent favored the official government line on the “four islands return.” During the Koizumi period, all of the polls showed that the majority of people supported the official policy. This drastic change of opinions could cause a big change in the policy preference of Japan on the territorial issue in the future. Nevertheless, the roadmap for a final solution is still vague and even if Japan’s current policy is revised, the results of the game cannot be predicted.

In conclusion, Russia and Japan go back and forth at the entrance of substantial negotiations, sharing a common hope for an unforeseeable future. We should not count on a rosier perspective over the issue emerging. Probably, without Japan jettisoning its traditional position on the four islands, no progress can be made. Even if Japan were to change its approach, many challenges would follow. This is a long story that awaits an ending, either happy or unhappy.

The bottom line is that Russia and Japan have kept the same lines for a long time. Both countries repeatedly feature the territorial negotiations as a foreign policy issue, but fail to make any progress. In contrast, relations are gaining momentum towards further interaction and cooperation in the fields of energy, economy and strategy. It is not yet known whether the deepening ties between Russia and Japan will pave the way for a territorial solution. Russo–Japanese relations may well reach a new stage of cooperation regardless of the existence of the territorial issue. This is a probable consequence of the latest Abe-Putin summit.

About the Author
Akihiro Iwashita is a Professor at the Slavic Research Center, Hokkaido University, Japan. His publications include Toward a New Dialogue on Eurasia: The Shanghai Cooperation Organization and Its Partners (Slavic Research Center, 2007); and Eager Eyes Fixed on Eurasia: Vol. 1 Russia and Its Neighbors in Crisis and Vol. 2 Russia and Its Eastern Edge (Slavic Eurasian Studies No. 16-1, 2, Slavic Research Center, 2007).
Russia’s Policy Toward North Korea

Alexander Fedorovskiy, Moscow

Abstract

An important priority for the Putin administration is to expand Russia’s role in the Asia-Pacific. This article considers how Russian policy on North Korea fits within this strategy. It is outlined that Russia favors multilateral dialogue and cooperation to manage the insecurity on the Korean peninsula and to avoid an escalation in tension, seeing continued insecurity as an obstacle to Russia’s wider economic policy in Northeast Asia.

Russia and the Political Environment in Northeast Asia

One of the primary priorities of modern Russia is to elaborate and realize a new economic, political and security strategy towards Northeast Asia (NEA) and the Korean Peninsula, in order to diversify its foreign political and economic policy in favor of Asia-Pacific countries.

To this end, it is important to stress that Russia, as well as other regional powers, has to take into account the specific political reality in NEA: new administrations in its neighboring countries, including China, Japan, the Republic of Korea (ROK) and the Democratic People’s Republic of Korea (DPRK). Moreover, it is important to also remember that all of these governments, as well as the United States under the Obama administration, are attempting to support the national modernization of the countries of NEA. Furthermore, all regional powers intend to revise their foreign policy towards the NEA region, in order to both minimize the political and security risks within the region, and upgrade their cooperation with these large-scale and dynamic economies on both bilateral and multilateral levels. It is thus necessary for Russia to adapt economically, politically and in its security capability to these new realities in NEA.

Territorial and regional political disputes in NEA are no longer latent, but have become a real international problem. Russia, as well as the ROK and China, have territorial disputes with Japan. There are different views among NEA countries on regional history, approaches to the victims of previous wars and conflicts, and on the military programs of their neighbors. It is unlikely that these differences will be resolved in the foreseeable future. Taking this into account, it is necessary for the new administrations in regional powers to minimize political conflicts between one another and other NEA countries, and postpone discussions on territorial disputes in order to focus on more prominent areas of regional cooperation. As a result, the possibility of regional security cooperation, economic integration, humanitarian and cultural exchanges are among the key issues within international discussions and negotiations on NEA.

Within this context, it is important for Moscow to be involved in regional cooperation both at a bilateral and multilateral level. As for the new Russian administration’s policy towards NEA, one can assume that it will be keen to support inter-Korea cooperation, as well as regional dialogue on security issues and broad-scale economic exchanges with NEA countries.

The main features of Russia’s policy towards NEA are also determined to a large extent by modern trends within Russia’s own domestic economic and political life.

Russia’s Economic Priorities in NEA and on the Korean Peninsula

The Putin administration is focused on the development of Siberia and the Russian Far East. As part of this approach, Moscow intends to significantly expand its political, economic and humanitarian exchanges with its Eastern neighbors, such as China, Japan, and two Korean states.

Modern Russia’s economic policy can be briefly characterized by the following key issues:

Firstly, and inevitably, the energy sector will increasingly become the core of both internal and international efforts within moves to develop Russian economic interests in the East, as energy resources are one of the few ‘cards’ Russia has to advance in Asia. Secondly, a focus on developing domestic resource industries, which should adapt to the new demand in the region and which can adequately meet the future trends of economic modernization in NEA countries. Thirdly, integrate its educational and innovation industries into the regional hi-tech cooperation of NEA. Fourthly, the recent attempts to put an end to the criminal quasi-business nature of the Russian fisheries industry, reflects the federal centre’s desire to lift the economic development of the Russian Far East towards a healthier basis.

The state gas company, Gazprom, and the leading state oil company, Rosneft, have declared that Eastern Siberia and the Russian Far East will become a primary area of business activity as a new strategic energy export base and that NEA is seen as a prominent new export market. The Russian government is also trying to support the regional expansion of other Russian energy companies. Construction of modern energy infrastructure and new production facilities, including new pipelines and LNG factories, are currently on the agenda.
Meanwhile, modernization and development of infrastructure ought to be connected with the main regional economic dynamics and networks in NEA.

Russia also has the opportunity to become an important exporter of electric power to NEA (including the Korean Peninsula) if regional transit and distributing infrastructure are constructed.

The development of transport infrastructure and the realization of regional energy projects in NEA will be accompanied by joint ecologic programs and by more efficient regional emergency rescue infrastructure. Taking these priorities into account, Russia hopes to integrate itself into the regional infrastructure network.

However, instability on the Korean peninsula is an important obstacle to the realization of Russia’s strategic programs to develop its economic role in NEA. In addition, it is a cause for concern among the citizens of the Russian Far East. The regular escalation in threat-levels relating to ecological incidents, nuclear tests or distributions of weapons of mass destruction on the Korean peninsula generate feelings of insecurity within the Russian Far East.

Given this, any serious incidents, such as missile launches or nuclear tests initiated by DPRK, are an obstacle Russia’s policy towards the Asia-Pacific and in particular the Korean Peninsula. Accordingly, Russia’s reaction to recent North Korean policy has been negative. At the same time, it is difficult to envisage Russia’s policy towards the Korean peninsula changing radically anytime soon. Any new Russian strategies or policies towards NEA will be pursued slowly, on a step-by-step basis, because Russia is concerned about it actions contributing to a possible unpredictable political, economic and social destabilization in North Korea and, consequently, in NEA.

Bilateral trade and economic exchanges between Russia and the ROK are expanding after the slowdown during 2008/2009 crisis: trade turnover increased to more than $25 billion, while South Korean total investment reached $3 billion. At the same time, prospects for further Russia–South Korea strategic cooperation on a larger-scale depend on inter-Korean relations.

It is necessary to stress that Russia–North Korea bilateral trade is unstable and fluctuates annually between $100 and $300 million. Moreover, it is impossible for Russia to reinvigorate bilateral trade and investment exchanges significantly, because of the non-market nature and inflexibility of North Korea’s economy.

Some Russian experts believe that the Russia–North Korea agreement on debt in 2012, in which Moscow agreed to write-off 90% of Pyongyang’s $11bn Soviet-era debt to Moscow as part of a debt-for-aid plan, was an attempt by both sides to improve their bilateral cooperation. It appeared to be a gesture by Kim Jong-un’s administration to increase bilateral exchanges, by taking into account market laws and practices. However, North Korea’s economic situation remains very gloomy. There is no evidence to suggest that economic reforms will be implemented. As a result, for Russian government institutions and private businesses to initiate significant business projects in North Korea, it would be necessary to reassure them that they will be able to control their business operations in North Korea, and guarantee that Russian investors would be able to integrate themselves within the North Korean economy or take part in any inter-Korean cooperation.

**Russia and North Korea: Multilateral Cooperation on the Agenda**

Russia’s policy priorities with regard to North Korea were outlined by President Putin in his article at the beginning of 2012, during his election campaign. The first thesis was: a nuclear North Korea is unacceptable to Russia. The second: give the new Pyongyang administration the opportunity to layout its priorities. Putin opposed the idea of politically isolating Pyongyang or applying economic sanctions on the North Korean regime. Moreover, at that time, according to the Kremlin’s point of view, as well as that of both Korean states and neighbor countries, a more prominent issue was North Korea’s involvement in processes of international cooperation in Northeast Asia. In line with this, Putin noted in this article that Russia was interested in working to establish a stable and predictable political dialogue with Pyongyang, and has sought to identify opportunities to increase bilateral economic exchanges with North Korea and triangular cooperation between Russia, the ROK and DPRK. These priorities set out by Putin in early 2012 contained no surprises, and can be characterized as a consistent with Russia’s policy towards North Korea during the last decade.

However, North Korea’s aggressive political rhetoric during 2012 and the first half of 2013, and its decision to initiate a missile launch and nuclear test hardened Moscow’s policy towards Pyongyang. Moscow, together with Beijing, Washington, Seoul and Tokyo, supported a UN Security Council declaration strongly opposing North Korea’s missile and nuclear activity. On these issues, the Putin administration’s policy towards DPRK is very close to the views of other regional powers. This situation differs radically from Russia–USA disputes on political and security issues in Middle East.

The threat of a North–South conflict and political instability are real obstacles to Russian economic expansion on the Korean peninsula and in the wider North-
The Russian National Strategy: ROK-Russian Strategic Partnership in the 21st Century

About the Author
Professor Alexander Fedorovskiy is Head of Section for Pacific Studies, Institute of World Economy and International Relations (IMEMO), Moscow. Since 2008 he has been a member of Editorial Advisory Board of International Journal of Korean Unification Studies(Seoul). He is an expert on the Pacific regional economy, Northeast Asian affairs, the Korean economy, and Russian–Korean relations. His works include “North Korea after the Third Nuclear Test”, SERI Quarterly, vol. 6, No. 2, April 2013; (editor) DPRK: main economic, social and political trends (In Russian), Moscow: IMEMO, 2012; (editor) Twenty Years of Russia–ROK Diplomatic Relations: Main Results and Prospects for Bilateral Cooperation (in Russian), Moscow: IMEMO, 2010; (co-editor with Jung-Ho Bae) Russian National Strategy: ROK–Russian Strategic Partnership in the 21st Century, Seoul: KINU, 2010.
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