From an Asian perspective, the Russia of today is radically different from the Soviet Union of the Cold War period. For the Soviet Union, the Russian Far East region, as an interface with East Asian and Pacific countries, used to be of vital importance strategically. To cope with the United States’ military presence in South Korea and Japan, the Sea of Okhotsk was one of the two major sanctuaries for her strategic nuclear submarines with SLBMs [Submarine Launched Ballistic Missiles] targeted at the mainland of the United States. With the Cold War over and Sino-Russian reconciliation in place, the strategic value of the Russian Far East region has declined drastically. For Asia, Russia has changed. It is no longer perceived as a military or ideological threat, as in most other parts of the world. Russia is less interested and less involved in Asian affairs and is still in search of its place in Asia. Moscow is less interested in the welfare and development of the Far East region of Russia or it is financially incapable of promoting its development.

At the same time, the good news is that Siberian oil and natural gas reserves are being increasingly considered as a major supply source for Asian and Pacific neighbours to meet their increasing energy requirements and to lessen their excessive dependence on Mid-East oil. For example, the Japanese oil dependence on the Middle East is as high as 85%.

For Russia, an emerging strong and prosperous China poses major challenges and provides major opportunities. The Sino-Soviet conflict, which was on the verge of producing war in the late 1960s, is now history, and President Yeltsin and President Jiang Zemin declared their relations as strategic partnership in the mid-1990s. Sino-Russian border disputes have been virtually settled and confidence-building measures around the border areas have been instituted. Russia, China and three Central Asian nations—namely, Kazakhstan, Kyrgyzstan and Tajikistan—have formed the so-called Shanghai Five. Now joined by Uzbekistan, it holds annual summit meetings. For Russia, China is a major customer of advanced weapons, fighter planes and missiles and increasingly oil, gas and timber. For China, Russia’s Far East is a good market for textiles and other consumer goods. Thus, last year Sino-Russian trade exceeded $ 20 billion.

That said, the fact remains that Russia’s Far East region has long been suffering from a state of stagnation and its population, once counting 8 million, is now down to under 7 million. While to the south there is a population of more than 120 million teeming in three northeast Chinese provinces and it is increasing. The centre of gravity of Russian politics and economics lies to the west of the Ural mountains, where the bulk of its 140 million population resides, and if Moscow finds itself, as seems to be the case so far, ill afforded to take care of the Far-East region, demographic and economic realities might well lead to the region to fall under the influence of its emerging southern neighbour, with an increasing number of Chinese traders and workers crossing into the region and Chinese entrepreneurs investing in real estate and natural resources. Like the western provinces of Canada, goods are increasingly flowing between north and south, rather than between east and west. The people in the far east region seem to be benefiting from the increasing flow of goods and investment from China and are much more relaxed about its implication than they used to be. The position of Moscow is not clear.
Japanese-Russian relations are improving. Personal rapport between Prime Minister Koizumi and Putin is good. Both are in agreement on the strategic importance of maintaining a partnership and strengthening political, security, economic and cultural relations, which was enunciated in the so-called Action Program in January 2003 when Koizumi made an official visit to Moscow. Politically, Japan and Russia share common interests in virtually all major international issues, including anti-terrorism and the non-proliferation of weapons of mass destruction (WMD). The two are cooperating on North Korean nuclear issues in the framework of the Six Party Talks. Japan recently launched its assistance for the denuclearisation of retired Russian nuclear submarines in the Pacific fleet. In the security field, the Japanese defense minister visited Moscow last year and Japanese naval vessels participated in Russian naval exercises off Vladivostok. Economically, Japanese-Russian trade increased by 32% last year, and the Sakhalin oil and gas projects, in which Japan is investing several billion dollars, started producing oil and LPG plants are being constructed by Japanese engineering firms. Major Japanese manufacturing firms have, though belatedly, begun started exploring investment opportunities in Russia, though mainly European Russia. Culturally, the Russian ballet and opera are constant features in Tokyo. Last year, the Japan cultural festival 2003 took place in Moscow and a series of cultural of events were held, including a Kabuki performance, which received overwhelming praise in Moscow. It is said that there are more than 150 Japanese sushi restaurants in Moscow alone.

To be sure, Japanese-Russian relations are still less than the potential warrants, particularly in trade and investment. Its trade volume of $6 billion last year is less than one-twentieth of Japanese-Chinese trade and the cumulative amount of Japanese direct investment in Russia is around $2 billion, placing it eighth among countries investing.

As I previously said, the centre of gravity of Russian politics and economics lies to the west of the Urals and Russia’s Far East regions are less populated, less developed and less cared for by Moscow, hence the state of social infrastructure is of much lower level and the rule of law very poorly observed. In the early 1990s, many Japanese small and mid-sized enterprises went into Primorski, Khabarovsk and Sakhalin for investment joint venture. But with very few exceptions, they had to withdraw, receiving what they regarded as unfair treatment, a totally bitter experience that has long discouraged follow-up investment from Japan.

The northern territorial issues are still unresolved, the only outstanding issue in Japanese-Russian relations. The issue must be resolved since in Japan it is considered a major issue of sovereignty, and hence affects negatively efforts aimed at enhancing our relations into a true partnership based on mutual trust and confidence. It is most encouraging to note that President Putin recently seems to be sharing this concern and has expressed his commitment to resolve the issue in view of the strategic importance he attaches to the partnership with Japan.

At this juncture I would like to mention that I’m very glad to see Grigory Yavlinsky because he was the only one Russian politician who stood up openly for a resolution of the Four Island issue, more specifically to return the Four Islands to Japan. That was very courageous.

The feasibility of the project of establishing a trans-Siberian oil pipeline from eastern Siberia to the Pacific coast is being studied among expert groups from both countries. If approved, the project will become the most significant joint venture between the two countries. However, it is by no means a settled issue since there is a competing project to lay the pipeline from eastern Siberia to Daqing in northeastern China, a project promoted by Yukos, owned by Mr. Khodorkovsky, the famous oligarch now in jail in Moscow. The pipeline to the Pacific coast would be more expensive, not only because it would be a longer one than that to Daqing, but also because it would require development of new oil fields for sending more oil than the one to Daqing. While Japan wishes to see the project be adopted most strongly
and is reported to be willing to undertake major portions of the financing, the final decision will have to be made by Moscow on the basis of highly geo-strategic as well as commercial considerations.

Throughout Mr. Putin’s presidency, the dominant role played by Mr. Putin himself in defining Russian foreign policy appears inescapable. This was most noteworthy in the case of Russian policy towards the United States after 9/11. With his overwhelming victory in the presidential election in March this year and backed by the big majority of support in the newly elected Duma, it is hoped that he will put in place a more active and positive policy towards Asia and pay more attention to the welfare of the people in far eastern Russia.

In each capital of East Asia, one idea is gaining increasing attention and support, that is, East Asian community building with the so-called ASEAN Plus Three, namely, China, Japan and the Republic of Korea, as the core. Seminars, workshops and symposia are being held frequently on the East Asian regional cooperation concept. However, in these discussions, rarely is the role of Russia being mentioned or referred to. Russia must have a stake in East Asia, as is evidenced in the participation in the Six-Party Talks on North Korea nuclear issues. If Russia on the other hand opted to become exclusively a European state, I’m afraid she might regret it.

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