
20. Russo-Japanese relations and the security of North-East Asia in the 21st century

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I. Introduction

Since the spring of 1996 Russo-Japanese relations have shown remarkable improvement. At the beginning of 1997, the Japanese Ministry of Foreign Affairs initiated a ‘multi-layered’ approach to Russia, expanding cooperation into the economic and security areas and abandoning the policy of ‘balanced expansion’ which linked the level of economic cooperation with progress on the issue of the southern Kuril Islands. In July then Prime Minister Ryutaro Hashimoto delivered a historic speech at the Keizai Doyukai (the Japanese Association of Corporate Executives), proclaiming Japan’s Eurasian foreign policy and enunciating three principles—trust, mutual interest and long-term perspective—as the guiding principles of Japan’s Russia policy.¹ This was followed by two ‘no-necktie’ meetings between Hashimoto and Russian President Boris Yeltsin, first in November 1997 at Krasnoyarsk and then in April 1998 at Kawana in Japan. At Krasnoyarsk Hashimoto and Yeltsin signed the Hashimoto–Yeltsin Plan for economic cooperation and pledged to conclude a peace treaty by the year 2000, resolving the question of the Kuril Islands on the basis of the 1993 Tokyo Declaration.² At Kawana, Hashimoto reportedly proposed a solution to the territorial issue by proposing the demarcation of the border.³ Hashimoto was scheduled to make a trip to Moscow in the autumn of 1998, at which point Yeltsin was expected to respond to this proposal. The unprecedented speed with which both sides attempted to repair relations that had long been in stalemate gave rise to expectations in both Japan and Russia that it might indeed be possible to conclude a peace treaty before the next millennium.

Then suddenly came two setbacks in succession in the summer of 1998. In July Japan’s ruling Liberal Democratic Party (LDP), which had shown appalling incompetence in resuscitating an economy in deepening recession, suffered a crushing defeat in the election to the Upper House of the Diet. Hashimoto was forced to resign. In August, panicked by the sudden collapse of the rouble,

¹ Japanese Ministry of Foreign Affairs, ‘Address by Prime Minister Ryutaro Hashimoto to the Japan Association of Corporate Executives, 24 July 1997’. Unpublished.

² On the Kuril Islands, see section II in this chapter and note 4 below. The Tokyo Declaration stated that the issue of the Kuriles ‘must be overcome’ on the basis of the ‘principles of law and justice’. ‘Declaration on Japan–Russia relations’, British Broadcasting Corporation, *Summary of World Broadcasts, Far East*, FE/1819, 14 Oct. 1993, pp. D/6–D/8.

³ See section V in this chapter.

Yeltsin dismissed the entire government of Sergey Kiriyenko and attempted to restore Viktor Chernomyrdin, dismissed only five months earlier, as Prime Minister. Chernomyrdin's candidacy was rejected twice by the State Duma, the lower house of the Russian Parliament, before it accepted Acting Foreign Minister Yevgeny Primakov as Prime Minister by an overwhelming majority, thus averting a fateful confrontation with the president.

In November, Prime Minister Keizo Obuchi visited Moscow, becoming the first Japanese prime minister to do so since 1973, for a summit meeting. Although a new committee dealing with border demarcation was created, no progress was made on the territorial issue. Yeltsin was scheduled to come to Japan before June 1999 for final negotiations for a peace treaty. At the time of writing (March 1999), it seemed unlikely that the visit would resolve the territorial issue. It is safe to say that the momentum in a positive direction has come to a halt. If bilateral relations are not actually deteriorating, they are at a standstill.

What will be the impact of this reversal of momentum? Given these setbacks, is it realistic to expect the conclusion of a peace treaty by 2000, as Yeltsin and Hashimoto buoyantly announced at Krasnoyarsk? If they fail to achieve a peace treaty, what will be the outcome? What are the implications of a failure of the Russo-Japanese rapprochement for international relations in the Asia-Pacific region generally?

There are two possible scenarios for the future of Russo-Japanese relations. The first begins from the pessimistic view that the scale of the political and economic crisis in both countries is such that, absorbed by more pressing issues of domestic economic and political stability, neither Japan nor Russia can afford to pay much attention to achieving rapprochement. All previous chances for historic reconciliation have been dashed by the vagaries of domestic politics; their mutual relations are given low priority in both countries and it is fair to assume that once again the need to repair those relations will be sacrificed to issues of higher priority. Not only will Japan and Russia be unable to conclude a peace treaty by 2000, but their relationship will revert to stalemate.

The second, optimistic view is that the logic of international relations in Asia in the post-cold war period, which dictated the improvement in relations between Japan and Russia, has not changed, despite the crises that have befallen both countries, and will mean that sooner or later they will resume their efforts to repair relations. Even if a peace treaty is not concluded by the year 2000, their relations will inexorably move in a positive direction in such a way that they will begin the 21st century on a more friendly, cooperative basis than they have ever experienced in this century.

Which scenario is more likely? What conditions will tip relations towards one scenario or the other? What will be the implications of each scenario for Asian security in the next century? This chapter attempts to answer these questions.



Figure 20.1. Map of Japan, the southern Kuriles and Sakhalin

II. The new power configuration in North-East Asia

In order to assess the likelihood of these scenarios, it is necessary first to examine why, after many years of stalemate, both governments suddenly began the process of rapprochement in the spring of 1996.

Previously Russo-Japanese rapprochement was not given high priority on either country's foreign policy agenda. To Japan the return of what the Japanese call the Northern Territories and Russians refer to as the Kuril Islands was the most important objective in its Russia policy.⁴ It consistently took the position that it had little to gain from rapprochement with Russia except for regaining

⁴ The southern Kuril Islands, termed the Northern Territories in Japan, taken by the Soviet Union in the final days of World War II, consist of Iturup (Etorofu), Kunashir (Kunashiri) and Shikotan, and the Habomai group.

the lost territories and that keeping its relations with Russia in stalemate would in no way injure its vital interests. Thus it stubbornly held on to the inflexible territorial demand—Russia's recognition of Japan's sovereignty over the disputed islands—as the price of rapprochement. If Russia could not accept this demand, it would be its loss, not Japan's. This position was hardly acceptable to Russia. Both former President Mikhail Gorbachev and Yeltsin faced formidable domestic political opposition to any territorial settlement with Japan, and Japan's inflexible position gave them little room for political manoeuvre to find a workable compromise acceptable both to their political opponents at home and to the Japanese negotiators.⁵

What then motivated Japan and Russia suddenly to seek a drastic improvement of their relations? The change stemmed from the realization on both sides that the profound shift in the dynamics of international relations in Asia was such that failure to achieve rapprochement would be injurious to their vital national interests.

The end of the cold war thrust international relations in Asia into a new era of uncertainty. The old order, characterized by the 'strategic triangle' of China, the USA and the USSR, patron-client relations and alliances, has disappeared, but a new, stable order has not yet been created. Among the factors that have contributed to this flux the following are important.

The first is the end of the superpower conflict. The collapse of the Soviet Union was the root cause of the paradigm shift in power relations. The superpower rivalry has disappeared. Russia and the United States are no longer arch-enemies, although this does not mean that they have suddenly become allies. Their vital interests are no longer on a collision course and it has become possible for them to collaborate. The United States actively supports Russia's transition to democracy and a market economy. When the USA pursues a policy that Russia sees as counter to its national interests, such as NATO expansion, the United States and the West must go out on a limb to assuage its apprehensions.

The disappearance of superpower rivalry was accompanied by the tremendous weakening of the USSR's successor state, the Russian Federation, as a world power. Not only did the former Soviet empire disintegrate into disparate independent states, which created the most urgent security problems for Russia, but the reconstituted Russian state was plunged into perennial political and economic crisis, diminishing its influence in the international arena. Although still possessing a formidable arsenal of nuclear weapons, Russia has ceased to be a superpower capable of projecting itself globally. Its status has been reduced to at best that of a declining great power with marginal influence abroad.

The end of the superpower rivalry left the USA as the sole remaining superpower, dominant in world politics. In North-East Asia the two key US regional alliances, with Japan and South Korea, endure and remain important for

⁵ Hasegawa, T., *The Northern Territories Dispute and Russo-Japanese Relations, Volume 2: Neither War Nor Peace* (International and Area Studies Publications, University of California at Berkeley: Berkeley, Calif., 1998).

regional security. With the Asian financial and economic crisis of 1997–98, the USA's military and economic dominance has increased. Nevertheless, even it no longer possesses unquestionable hegemonic power with which to dictate the terms of the new international order to the rest of the world. The post-cold war era is still in turmoil and transition. It is an ambiguous, murky world where the rules of the game have not yet been firmly established, in which even the United States has to seek alliances and partners for its policies to prevail.

Second is the loss of a stable framework and the consequences of that. The end of the superpower rivalry means that conflicts that were previously kept within limits by the framework of the East–West global contest have lost their moorings. Ideology, communist or anti-communist, is no longer the powerful driving force of policies. Instead, nationalism is on the rise. From Japan's perspective this means that the hostility and conflict between Japan and China (over the Senkaku islands), between Japan and South Korea (over the issues of the World War II 'comfort women' and Takeshima Island) and between Japan and the United States (over the US military bases on Okinawa) that were kept within limits during the cold war have the potential to develop out of control. Japan's territorial conflicts with China and South Korea can no longer be separated from the Kuril Islands problem. Nor can Japan any longer complacently continue to justify its claims over the southern Kuriles without re-examining its responsibility for the Pacific War.

The third factor is the end of the Sino-Russian conflict that characterized international relations in Asia for more than a quarter of a century. Since the collapse of the Soviet Union, China and Russia have intensified their cooperation. As Russia distances itself from the West and as China's conflict with the USA continues to irritate its leaders, Russia and China are being drawn closer.

The fourth is the 'Chinese factor'. Independently of the collapse of the Soviet Union, China has an important dimension. With its dynamic economic growth, increased military power and revisionist foreign policy, China has emerged as an important geo-strategic force that is qualitatively different from what it was in the 1970s and 1980s. Its future direction and relations with China will have momentous implications for Asian security in the next century.

The fifth factor is the continuing danger on the Korean Peninsula, which is still the greatest threat to the stability of North-East Asia. South Korean democracy under the new President, Kim Dae Jung, must be rebuilt on the ruins of the recent economic collapse. While millions of North Koreans are suffering from starvation, their unpredictable leader Kim Jong Il chose to test an intermediate-range missile over Japan on 31 August 1998, reminding the Japanese that they are living in a glasshouse vulnerable to nuclear attack from North Korea. This incident more than anything else awakened urgent security concerns in Japan.

The final factor is the absence of primary adversaries and uncertain relations. On the positive side, after the collapse of the Soviet Union, none of the four powers in North-East Asia, China, Japan, Russia and the USA, faces a primary adversary that threatens its security in the immediate future. This gives a great

opportunity, unprecedented in history, to forge a new international order based on the cooperation of them all. On the other hand, none of them can take any other for granted as natural allies, which gives future international relations an element of uncertainty.

III. The response of the major powers to the new international configuration

How can a major power fashion its new foreign policy in the new environment in order to enhance its national interests?

In a perceptive essay on Russia's security predicament, Steven E. Miller lists three broad strategic options for Russia: (a) a 'go-it-alone' strategy; (b) great-power balance-of-power games; and (c) omni-directional friendliness. If Russia is disillusioned with the West, it can choose to go it alone by re-establishing its dominance over the 'near abroad' and restoring its military strength, most likely relying on its still awesome nuclear arsenal. It will reassert what it conceives to be its national interests, often countering and ignoring the West's interests and security concerns. Alternatively, in order to avoid isolation, it may opt for balance-of-power games by pitting one power against the other in pursuit of its own national interests, or it might choose the third option, to avoid creating enemies and forge good relations with all the other major powers in order to maximize its engagement with the outside world.⁶

Of these three options, Russia no longer has the luxury of going it alone. The economic weakness that will undoubtedly continue to plague it for years to come will limit its foreign policy options; its leaders will have to devise ways to enhance Russia's national interests within the constraints of economic weakness. The go-it-alone policy would be suicidal. It would certainly mean not only the end of the West's economic aid but also the end of economic relations with the advanced capitalist world, into which the Russian economy has already been deeply integrated. For this reason alone this policy would probably alienate not only the powerful economic and regional elites but also the emerging middle class who have benefited from the open economic policy.

There will be ample opportunity for Russia to play the balance-of-power game, however. The emergence of China as a major geo-strategic power will make Russia a critical player in the reconfiguration of power in North-East Asia. Positioning itself between China and the United States, Russia could play a crucial role in tipping the balance. Closer relations with China will provide

⁶ Miller, S. E., 'Russia's national interests', eds R. D. Blackwill and S. A. Karaganov, *Damage Limitation or Crisis: Russia and the Outside World* (Brassey's: Washington, DC and London, 1994), pp. 103–105. Ambassador James Goodby proposes: (a) hegemony; (b) balance of power; (c) collective security; and (d) concert as possible options for the security arrangement in East Asia. The first 2 correspond to Miller's 'go-it-alone' option and the balance-of-power game. Later on in his article, Goodby introduces the concept of multilateralism, which is similar to Miller's 3rd option, omni-directional friendliness. Goodby, J. E., 'Cooperative security in Northeast Asia', eds J. E. Goodby, V. I. Ivanov and N. Shimotomai, *Northern Territories' and Beyond: Russian, Japanese, and American Perspectives* (Praeger: Westport, Conn. and London, 1995), pp. 299–304.

anti-Western conservative political forces in Russia with an attractive alternative. Russia will also find it advantageous to opt for a balance-of-power policy designed to isolate Japan by exploiting US–Japanese economic friction and/or by courting favour with China.

It would clearly go against Russia's national interests to seek an alliance with China as the only alternative for its foreign policy. It is not ready and it cannot afford to sever its ties with the West entirely: on the contrary, although it follows foreign policy goals that are different from those of the West, it finds it advantageous to seek accommodation with the West whenever it can. Within the political elite and the foreign policy establishment there are many who view China as a potential security threat to Russia.⁷ To balance the tilt towards China and pressure from the West, Russia has also found it advantageous to improve relations with Japan.

In the end, Russia has pursued omni-directional friendliness. Although it has made attempts to jockey for marginal advantage in the balance-of-power game, its fundamental orientation has definitely been to seek friendly relations with all three major powers.

The strategic choices outlined by Miller are common to all four great powers in Asia. The go-it-alone option cannot be entirely ruled out for the United States, although it is the most unlikely scenario. Theoretically the mounting cost of foreign commitment could force the United States to withdraw from engagement in Asia, or, conversely, it could pursue a hegemonic role unilaterally to enforce stability in the region, but no responsible politicians advocate the former, while the latter is not feasible purely for economic reasons. Russia has ceased to be the United States' number one security problem in the region. This means that the United States has the option of playing a balance-of-power game by cooperating with Russia against China or Japan. President Bill Clinton's visit to China in July 1998 was taken by some Japanese as a manifestation of the USA playing the balance-of-power game. Clinton spent nine days in China without bothering to stop by Japan. Furthermore, at the press conference in Beijing, to the horror of many Japanese, Clinton and Chinese President Jiang Zemin both criticized Japan's economic policy.⁸ In its dealings with China and Russia, however, there has been little trace of the United States wilfully playing off these powers against Japan.

The most likely policy that the United States might pursue, and which it has in fact pursued, is the third option, omni-directional friendliness. The ultimate goal of this policy would be to forge an international order designed to ensure stability and prosperity in the region based on the restraint and cooperation of all the major powers.

⁷ E.g., Alexei Arbatov, quoted in Kuchins, A. C., 'The Russian Federation: the "sick man" of Eurasia', Paper for the SIPRI Conference on Russia and Asia–Pacific Security, Tokyo, 19–21 Feb. 1999, pp. 10–11.

⁸ Akihiko, T., 'Shinseiken wa Ko Takumin o do mukaerunoka: "genryoku seiji jidai no nihon gaiko"' [How will Japan welcome Jiang Zemin under the new government? Japanese foreign policy under diminished power politics], *Chuokoron*, no. 9 (1988), p. 61.

As for China, in sharp contrast to Russia, its economic performance has been remarkable until recently. In the 21st century, if it can weather the Asian economic crisis of 1997–98, an economically and militarily strong China will be a decisive factor in international relations. This has both positive and negative aspects. On the one hand, in order to sustain continuing economic growth China will have to follow a foreign policy designed to maintain stability in the region by avoiding conflict. On the other hand, economic power breeds military power. One of four modernizations China has undertaken is military modernization. Nationalism is tending to supplant ideology in the post-cold war world, and militant nationalism complemented by increased military power may pose a serious threat to stability in the region. This threat cannot be discounted when it is borne in mind that, unlike Gorbachev's perestroika, Chinese modernization has not been accompanied by 'new political thinking' about the use of force in international politics. With the reversion of Hong Kong now realized, China's next target is obviously Taiwan, which it views as a renegade province. The use of force by China to achieve reunification cannot be ruled out and for this reason it cannot be discounted that China will choose the go-it-alone option. This would, however, be likely to provoke an international outcry, risking China's becoming once again an international pariah state.

To maximize its international position and to avoid isolation, therefore, China will probably rely on the balance-of-power strategy, just as it has unabashedly exploited the divisions among major powers in the past. If Russia feels excluded from the West, China will find a willing partner to counterbalance the USA and Japan. Nevertheless, even China is beginning to see the advantage of omni-directional friendliness. In fact, if China wants to protect itself from the impact of the Asian economic crisis, it has no choice but to collaborate multilaterally with other economic powers and international economic organizations. Even in security, China is slowly moving to accept multilateralism.

Japan also faces a challenge with its foreign policy options. Like Russia, it is surrounded by neighbours which basically distrust it or with which it has serious historic and economic conflict. The most disadvantageous and therefore the most unlikely scenario is for Japan to adopt a go-it-alone policy. This could conceivably happen only if the US–Japanese security alliance were to collapse.⁹ If Japan is forced out from under the US nuclear umbrella it will almost definitely develop formidable military force with a nuclear capability. No one, neither its neighbours nor Japan itself, favours this option, at least at present.

Japan cannot afford to go it alone for another reason. Its survival depends on the prosperity of the global economy. Cooperation with other powers is therefore fundamental to its foreign policy. To Japan more than any other country security cannot be merely military but must be comprehensive, encompassing economic aspects.¹⁰ A go-it-alone option would be more suicidal for Japan than for Russia. Nor does Japan have the luxury of a balance-of-power option. Its

⁹ The 1960 Treaty of Mutual Cooperation and Security between the United States and Japan.

¹⁰ Shinkichi, E. and Yoshinobu, Y., *Sogo Anpo to Mirai no Sentaku* [Comprehensive security and Japan's choice for the future], (Kodansha: Tokyo, 1991).

economic and security ties with the USA are so fundamental to its well-being that it can ill afford to play either China or Russia off against the USA, and as long as the stalemate of Russo-Japanese relations is a permanent fixture of Asian international relations Japan will not be able to use Russia to balance its relations with China either. To the extent that its future is tied to the continuing stability and prosperity of the region, Japan's interests will be best served by a policy of omni-directional friendliness. As long as the Kuril Islands issue is left unresolved, however, it will not be able to follow this policy.

It is no accident that all these powers must opt for omni-directional friendliness in the post-cold war period. This reflects the reality that, while no one power can dominate and enforce its vision of order on others, none has any choice but to cooperate with others to protect and enhance its own national interests. This is partly the result of globalization and the interdependence of the world economy. When China and the United States criticize Japan's handling of its economic recession, they are not necessarily engaged in Japan-bashing for the balance-of-power game but they are genuinely concerned that Japan's economic ills will eventually spill over into their own economies.

One important factor that adds complexity and ambiguity to the current situation is that within all four countries there are significant divisions of opinion as to how to craft policy towards Asia. In the United States, there is a conflict between the China school, which considers that friendly relations with China should be the central pillar of US policy on Asia, and the Japan school, which takes the view that the US–Japan alliance should be. In Russia there is a division between those who advocate a closer Sino-Russian alliance to challenge US global hegemony and those who regard China as a potential threat to Russia. In Japan, the question whether it should go for rapprochement with Russia without a satisfactory resolution of the Kuril Islands question remains a divisive issue, as does the question how to modify the security alliance with the USA. In China, achieving a balance between progress towards multilateralism and the jealous protection of independent action is bound to generate fierce internal debate among the country's leaders. All these internal tensions and divisions are a part of the broader process of the search for a national identity. Foreign policy debates therefore cannot be divorced from domestic politics.

IV. Omni-directional friendliness and interlocking bilateral dialogues

In Asia, in contrast to Europe, omni-directional friendliness is not based on any multilateral institutions. The most important mechanism for North Asian security at present is the interlocking of six sets of bilateral relations between pairs of the four major powers. There has been unprecedented traffic between their leaders since 1996.

In April 1996 Clinton and Hashimoto met in Tokyo, signing the US–Japanese Joint Declaration on Security, in which they pledged to strengthen the security alliance for the 21st century and agreed to draft new guidelines for US–

Japanese defence cooperation.¹¹ Significantly, by issuing this declaration they also emphasized the importance of cooperation with China and the need to normalize Russo-Japanese relations.¹²

A few days later, Hashimoto attended a summit conference on nuclear energy safety in Moscow, where he met Yeltsin. A week later, on 25 April 1996, after a summit meeting in Beijing, Jiang Zemin and Yeltsin issued a joint communiqué pledging to strengthen the 'strategic partnership' between China and Russia.¹³ Yeltsin also succeeded in mobilizing Jiang's opposition to NATO expansion. The Sino-Russian strategic partnership may at first glance be construed as a classical balance-of-power game, with two weaker powers attempting to provide a corrective to the emergence of a unipolar world order dictated by the United States. Nevertheless, it is not an alliance aimed at any other state. Yeltsin stressed: 'Russia considers not a single state of the region as a potential opponent'.¹⁴ In this sense, the joint communiqué has a common thread with the Clinton–Hashimoto declaration on the US–Japanese security alliance.

In March 1997 Clinton and Yeltsin met to discuss the NATO expansion issue, which led to the NATO–Russia Founding Act in May.¹⁵ In April 1997, Jiang visited Moscow. The resulting joint statement by Jiang and Yeltsin confirmed their commitment 'to promote the multipolarization of the world and the establishment of a new international order'. Strongly opposed to the development of a 'unipolar world' dominated by the United States, they nevertheless emphasized that the disappearance of bipolarity gives great opportunities for cooperation among the major powers.¹⁶

Immediately after the Yeltsin–Jiang summit meeting, Hashimoto and Clinton had a summit meeting in Tokyo and reaffirmed the continuing presence of US troops in Japan, after the Okinawa base crisis. While strengthening Japan's ties with the USA, Hashimoto embarked on creating better relations with China and Russia. Already in January 1997 the Ministry of Foreign Affairs had announced the initiation of the 'multi-layered approach' to Russia. In June Hashimoto and Yeltsin met again at Denver, establishing a strong personal relationship. Hashimoto's historic speech of July 1997 pronounced Japan's initiative for a Eurasian foreign policy and enunciated three principles of Russo-Japanese relations.¹⁷ In September Hashimoto unveiled a four-point policy—deepening mutual understanding, expanding dialogue, promoting cooperation and creating

¹¹ The 1978 Guidelines for US–Japan Defense Cooperation were revised in Sep. 1997.

¹² *Asahi Shimbun*, 17 Apr. 1996.

¹³ UPI, 25 Apr. 1996, URL <<http://russia.shaps.hawaii.edu>>.

¹⁴ Reuters, 22 Apr. 1996, 25 Apr. 1996; UPI, 25 Apr. 1996; Kyodo, 25 Apr. 1996; and Xiong Changyi, 'Chinese–Russian relations embark on all-round development', *Liaowang*, 13 Jan. 1997, URL <<http://russia.shaps.hawaii.edu>>.

¹⁵ Rotfeld, A. D., 'Europe: the transition to inclusive security', *SIPRI Yearbook 1998: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 1998), pp. 143–45, and (for the text) pp. 168–73.

¹⁶ Reuters, 23 Apr. 1997; and Xinhua, 23 Apr. 1997, in Foreign Broadcast Information Service, *Daily Report–China (FBIS-CHI)*, FBIS-CHI-97-079, 23 Apr. 1997, URL <<http://russia.shaps.hawaii.edu>>.

¹⁷ See note 1.

a common order—to improve Japan's relations with China.¹⁸ In Beijing, Jiang and Hashimoto called Sino-Japanese relations a 'constructive partnership'.¹⁹

October and November 1997 saw the busiest top-level traffic among the leaders of the four powers. Jiang visited the United States. In Washington, Jiang and Clinton declared that both countries aimed at 'constructive strategic partnership'. While Jiang was in Washington, Yeltsin and Hashimoto had a 'no-necktie' meeting in Krasnoyarsk, immediately followed by Yeltsin's visit to China. While Yeltsin was meeting Jiang, China's Prime Minister Li Peng was visiting Japan. Li told Hashimoto that China welcomes improvement in Russo-Japanese relations. It was also noted that Li Peng's criticism of the new Guidelines for US–Japan Defense Cooperation became less strident.²⁰

This rapid pace continued in 1998. In April 1998, Yeltsin and Hashimoto had their second 'no-necktie' meeting in Japan. In July Clinton's nine-day tour of China took place. Clinton also went ahead to meet Yeltsin in the middle of the political crisis in September. This was intended to be followed by a visit to Washington and Moscow by Hashimoto in the autumn and a visit to Tokyo by Jiang.

Japan's political crisis in July and Russia's economic and political collapse in August did not slow down the pace of interlocking bilateral summit meetings. On 1 September 1998, President Clinton visited Moscow and on 22 September he held a summit meeting with Obuchi in New York. A lull in October was followed by a busy November. On 11–13 November Obuchi and Yeltsin held a summit meeting and signed a joint communiqué defining Russo-Japanese relations as a 'creative partnership'.²¹ On 20 November Clinton met Obuchi in Tokyo; three days later Jiang Zemin held a summit meeting with the hospitalized Yeltsin. Jiang then came to Tokyo on the first official visit of a Chinese head of state to Japan. He and Obuchi signed a declaration which stated that China and Japan are working for 'friendly and cooperative partnership'.²²

These meetings and other consultation processes between prime ministers and others represent a new forum in Asian international relations through which the major powers are adjusting to the emerging geopolitical reconfiguration. This is not a formal multilateral institutional mechanism such as exists in Europe, but meetings are no longer confined to discussion of bilateral issues. In fact, the most important objective is to adjust bilateral relations to changes in international relations elsewhere. It is possible to observe the contours of the emerging international order in Asia in this system of interlocking bilateral meetings and contacts.

First and foremost, all the major powers have opted for omni-directional friendliness. No fundamental factors divide the major powers. Although they

¹⁸ *Japan Weekly* (Kyodo), 5 Sep. 1997, URL <<http://russia.shaps.hawaii.edu>>.

¹⁹ *Asahi Shimbun*, 4 Sep. 1997.

²⁰ *Asahi Shimbun*, 11 Nov. 1997; and Kyodo, 11, 12 Nov. 1997, URL <<http://russia.shaps.hawaii.edu>>.

²¹ *Diplomaticheskii Vestnik*, Dec. 1998, p. 11.

²² Japanese Ministry of Foreign Affairs, 'Japan–China Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development' (provisional translation), 26 Nov. 1998 (in English), URL <<http://www2.ntca.com:8010/infomofa/region/asia-paci/china/visit98/joint.html>>.

occasionally jockey for marginal advantage at the expense of others, none is playing a blatant balance-of-power game. No state is an enemy of any other and every power is the partner of others, although the adjective attached to 'partner' may be 'strategic', 'constructive' or 'creative'. Thus, international relations in the post-cold war period are fundamentally different both from the bipolar superpower conflict and from the balance-of-power politics of pre-World War I international relations.

The most important reason for this omni-direction is globalization and the interdependence of the world economy. The fate of all national economies is now integrally connected with the health of others. In this global economy, the zero-sum game cannot function and all are forced to cooperate.

Globalization is by no means a smooth process. In fact, as the Asian economic crisis has amply demonstrated, it involves economic and political pain. One country's economic mistake can no longer be confined within its borders but affects others. Especially grave is the responsibility of major economic powers such as Japan and the USA. As the Asian economic downturn led to the collapse of the rouble, Japan's continuing recession might bring down the Chinese yuan, derailing Jiang Zemin's ambition to propel China into becoming an economic powerhouse in the next century; it might even trigger a US recession.

Globalization, interdependence and multilateralism are less pronounced in the area of security than in economic matters. Nevertheless, even here a trend towards omni-direction is a distinct feature in Asia. Redrafting the Guidelines for US–Japan Defense Cooperation, Japan and the United States made it clear that the redefined security alliance is inclusive, not exclusive. Unlike its reaction to NATO expansion, Russia welcomes the revised guidelines as contributing to Asian security and has resisted China's attempts to mobilize Russian support in criticizing it. China has been the country most reluctant to accept multilateralism in Asian security. It has criticized the guidelines. However, this criticism is largely a function of its sensitivity to the Taiwan issue. The major difference between China and the United States is not over whether or not a new order based on omni-directional friendliness is desirable—China also accepts the desirability of such an order—but rather over the question how this order should be established and who should be the dominant players. China will resist US dominance in creating this order and wants to carve out a corner where it itself plays an important role. There is a strong chance that, sharing the same goal, China and the United States will be able to resolve their differences over the process and cooperate towards forging a new international order based on omni-directional friendliness. Japan and Russia can be crucial players in mediating this.

V. Japan's multi-layered approach

Japan's new multi-layered approach emerged as a reaction to the new configuration of international relations. There is no doubt that, of the six

bilateral relationships described, Russo-Japanese relations represent the weakest link. For a long time Japan's relations with Russia were treated separately from its relations with others. Japan treated its relations with Russia in cavalier fashion as having little to do with its own vital national interests.

This view began to change. Japan can no longer take the US security alliance for granted. It became clear that if the alliance were to survive it would have to be adjusted to the new post-cold war reality. The speed with which China and Russia forged a 'strategic partnership' alarmed Japan and the partnership will inevitably be strengthened unless Russo-Japanese relations are repaired, posing a formidable threat to Japan's security. Russia's military exports to China will destabilize the military balance. Moreover, the stalemate in Russo-Japanese relations will give China the leverage to put pressure on Japan on contentious issues. It has finally dawned on the Japanese political leadership and the Ministry of Foreign Affairs that keeping Russo-Japanese relations in a state of continuing stalemate will not serve Japan's best interests. In order to prevent a Sino-Russian entente in opposition to the US-Japanese security alliance and further to entice China out of its isolationist shell in security matters and into a security dialogue, Russo-Japanese rapprochement is essential.

It is not necessary to describe in detail how the new orientation of policy towards Russia has been implemented since the spring of 1996.²³ Here it will be enough to give a few salient features of the new phase in relations.

The most important change is the disappearance of mutual distrust. On the Japanese side, policy makers no longer harbour the lingering suspicion that unless they settle the territorial dispute first Russia might 'eat and run'. Russia, for its part, trusts that Japan is eager to develop closer economic cooperation, not as leverage to extract territorial concessions from Russia, but for its own sake. Another important element was the close personal relationship between the top leaders. Hashimoto personally took the initiative to steer Japan's policy towards Russia in a positive direction. Beginning with his Moscow trip in April 1996, Hashimoto met Yeltsin five times. No other prime minister in Japan ever established such close and personal relations with a Russian leader in the long history of Russo-Japanese relations.

The improvement in relations is not limited to leadership and psychology alone. It is supported by concrete developments in security and economic relations. The most striking is the speed with which the two sides have stepped up defence cooperation. For the first time in history their defence chiefs of staff exchanged visits. They signed a document to initiate bilateral security dialogue.²⁴ In 1996 Japan's defence White Paper altered its negative approach to Russia. There was an exchange of visits by warships.²⁵ The then Russian Defence Minister, Igor Rodionov, officially welcomed the Guidelines for US-Japan Defense Cooperation as contributing to Asian security and suggested a

²³ On this subject, see, e.g., Hasegawa (note 5), chapters 13, 15.

²⁴ Kyodo, 29 Apr. 1996; and AFP, 29 Apr. 1996, URL <<http://russia.shaps.hawaii.edu>>.

²⁵ *Hokkaido Shimibun*, 25 Oct. 1996; Kyodo 23, 26 July 1996; and TASS, 29 July 1996, URL <<http://russia.shaps.hawaii.edu>>.

trilateral defence exchange between Japan, Russia and the United States.²⁶ The Russian military leaders, once staunch opponents of any territorial concessions, now openly advocate a compromise solution to the territorial dispute.²⁷

Russo-Japanese defence cooperation reflects a dramatic shift in security priorities in both countries. According to Japanese military expert Maeda Tetsuo, Japan now ranks Russia third as a potential threat, after North Korea and China.²⁸ The annual defence analysis issued by Japan's Defense Research Institute, *Strategic Survey in East Asia*, takes the position that there is emerging in East Asia a strategic regime based on the balance of power in which each power combines efforts to improve relations with attempts to hold others in check.²⁹

This view seems to miss an important dimension of the security environment—a distinct trend towards multilateralism which Japan and Russia, once the most reluctant to espouse multilateralism, are leading. Russia, as mentioned above, refused to accept China's denunciation of the US–Japanese defence guidelines, emphatically stating that they promote stability and security in Asia. At the beginning of 1997 the Japanese Ministry of Foreign Affairs began to study the possibility of a trilateral security 'dialogue' involving China, Japan and the United States in the effort to convince China to create a stable security environment envisioned in the guidelines.³⁰ Not only did the ministry discover that Russo-Japanese security cooperation could exert effective leverage to bring China into this dialogue, but the initial idea of a trilateral dialogue was also now expanded to a quadrilateral dialogue including Russia. Interestingly, Japan calls this 'North Asia Trust Orbit' an Asian version of NATO.³¹ The growing assertiveness in Japan's push towards multilateralism is almost palpable. Nor is Russia's support for multilateralism necessarily for negative reasons—that there is no alternative to the 'US system of regional alliances'—but actively promotes a multilateral mechanism as the most desirable system where its voice is assured.

The Japanese concept of an Asian NATO is not limited to security. True to its traditional concept of comprehensive security, it includes economic cooperation. In economic relations as well, Russo-Japanese relations have entered a new stage. At the end of June and the beginning of July 1997, a large Japanese delegation, led by the LDP's Obuchi, visited Russia and four Central Asian countries. At the meeting with Russian representatives, Foreign Minister Taro Nakayama proposed large-scale Japanese economic aid to develop the energy sector in Siberia and the Russian far east and to construct a pipeline from Irkutsk to China. Although the pipeline would eventually benefit Japan, the

²⁶ *Japan Times Weekly News Roundup*, 26 May–1 June 1997; *Hokkaido Shimbun*, 17, 18 May 1997; *Asahi Shimbun*, 17 May 1997; and *Nezavisimaya Gazeta*, 17, 20 May 1997, cited in *Nautilus Daily News*, 13 May 1997.

²⁷ UPI, 30 May 1996, URL <<http://russia.shaps.hawaii.edu>>; and *Asahi Shimbun*, 28 Nov. 1996.

²⁸ TASS, 13 June 1996, URL <<http://russia.shaps.hawaii.edu>>.

²⁹ *Yomiuri Shimbun*, 19 Feb. 1998.

³⁰ *Asahi Shimbun*, 3 Nov. 1997. See also Obuchi's foreign policy speech on 16 Feb. 1998, *Hokkaido Shimbun*, 17 Feb. 1998.

³¹ *Hokkaido Shimbun*, 22 Apr. 1998.

immediate beneficiaries would be China and Russia.³² This was one novel example of Japan demonstrating omni-directional friendliness.

The Hashimoto–Yeltsin Plan of November 1997 specified six areas of economic cooperation. These items are not merely promises on paper. Within a year various projects were initiated.³³ Nor is cooperation confined to interaction between Moscow and Tokyo. Various regional projects have been also developed in tandem. Hokkaido and Sakhalin have concluded a friendship and economic cooperation agreement.³⁴ The Japanese Ministry of Foreign Affairs has encouraged contacts between the Japanese prefectures along the Sea of Japan and the Russian far east by sponsoring the annual Japan–Russia Far East Governors’ Conference since 1993.

Finally, Japan has begun small-scale aid to the Kuriles. Breaking its self-imposed ban on contributing to infrastructure, it extended 100 million yen for the construction of a modern clinic and a school on Shikotan. After lengthy negotiations an agreement to allow Japanese fisherman to fish around the disputed islands was finally signed in February 1998. After the Kawana meeting, Japan provided the islands with diesel generators to alleviate their chronic power shortage and undertook repairs to a pier in Yuzhno-Kurilsk on Kunashir.³⁵

At Kawana Yeltsin requested Japan’s participation in large-scale development of the canning industry in the Kuriles, including the construction of airports, roads and harbours. Since a project such as this involves complicated questions of property rights, legal jurisdiction over criminal and civil cases, and taxation, Japan intends to consider this request in conjunction with the territorial question.³⁶

VI. Russo-Japanese relations and Asian security: future scenarios

It can be argued that, despite the recent economic and political turmoil in Japan and Russia, the basic logic that dictates their bilateral relations has not changed. The trend for omni-directional friendliness is fundamental and no major power can deviate from it without danger to its national interests.

Even so, a stable and successful security regime based on omni-directional friendliness is by no means assured. A number of factors militate against it.

³² Obuchi, K., ‘Tairoshia, chûo ajia taiwa misshon oete (shikan)’ [Ending the mission to Russia and Central Asia: my personal impression], July 1997. Unpublished.

³³ The Hashimoto–Yeltsin Plan contained 6 items, but the 7th area, cooperation in space, was decided at Kawana. It is not necessary to describe here in detail what projects have been undertaken. Some of the most important developments include Japan’s support for Russia’s membership in the Asia–Pacific Economic Co-operation forum (APEC), a feasibility study for modernization of the Trans-Siberian Railway and a joint project to modernize Russian electric power stations by reducing carbon dioxide emissions. *Mainichi Shimbun*, 19 Apr. 1998; *Hokkaido Shimbun*, 29 Jan., 25 Mar., 11 Apr. 1998; and *Yomiuri Shimbun*, 20 Apr. 1998.

³⁴ *Hokkaido Shimbun*, 28, 30 May 1998.

³⁵ *Hokkaido Shimbun*, 23, 24 June 1998; and *Sankei Shimbun*, 11 July 1998.

³⁶ *Yomiuri Shimbun*, 20 Apr. 1998 (evening edn); and *Hokkaido Shimbun*, 20 Apr. 1998.

A weak domestic basis

All four major powers in North-East Asia have weak domestic political bases. President Clinton's effectiveness was greatly damaged by the impeachment process. In Japan, few believe that the new government of Prime Minister Obuchi will take a bold initiative to restore the health of the Japanese economy. In Russia, having reduced the economy to unprecedented collapse, Yeltsin has exhausted his credibility. Jiang Zemin's China is only beginning to chart the post-Deng Xiaoping era, without the charisma of Deng. The fragility of domestic politics is not conducive for strong leadership to emerge and chart a new course in North-East Asia.

To the extent that much of the positive trend relied on the personal relationship between Hashimoto and Yeltsin, Hashimoto's resignation and the erosion of Yeltsin's political prestige are without doubt a major setback for Russo-Japanese relations.

A weakening economic basis

Japan and Russia are undergoing severe economic crises. The Japanese economy, the locomotive of the other Asian economies, has suffered the most serious recession in recent years. Once the envy of the world, it is now in shambles with no recovery in sight. Japan's gross national product (GNP) is seven times that of China and equal to 60 per cent of the combined GNPs of the East Asian countries. A further deepening of the economic crisis there will delay the recovery of the whole region, derail China's economic growth and eventually trigger a global economic crisis. It is imperative, therefore, that Japan finds its way to recovery. The most difficult task for it to tackle is drastic financial reform, but it still has considerable staying-power. Even in this transitional stage, Japan enjoys considerable wealth with which to continue economic cooperation with Russia. Realistically, however, large-scale economic assistance from Japan will be possible only when the territorial issue is settled.

Russia's economic situation is more troubling. With its foreign currency reserves almost exhausted and foreign investors fleeing from the Russian market, and faced with reluctance from the International Monetary Fund (IMF), the World Bank and creditor nations, it is difficult to imagine how Russia will be able to reconstruct its shattered economy. It is difficult to predict at this point what Russia's continuing economic crisis will mean for its relations with Japan. One possible answer is that it will slow down their economic cooperation. Russia will not be able to implement all the promises it made for specific projects under the Hashimoto–Yeltsin Plan; certainly it will not be able to guarantee the loans Japan has extended. There is another possibility, however: given the reluctance of Western nations to extend economic assistance, Russia might seek Japan's help as the only hope of survival.

The continuing territorial dispute

It is true that an improvement in their relations is dictated by the broader geo-strategic needs of both Japan and Russia. Moreover, goodwill, mutual respect and a trust that never existed before now prevail on the part of their negotiators. However, this improvement must be carefully shepherded by strenuous efforts on both sides so that unpredictable events do not destroy the fruit of their hard work, as has happened many times in the past.

At Kawana, Hashimoto reportedly made a startling proposal on the territorial issue that might have broken the deadlock. The details are not public, but it is generally assumed that it contained two elements: (a) a demarcation of the border should be drawn; and (b) for the time being Russia should have administrative rights over the disputed islands.³⁷ The second proposal has some similarities with the Hong Kong formula: the disputed islands would be leased to Russia for a specified time. *Mainichi Shimbun* reported that the line of demarcation proposed by Hashimoto was between Kunashir and Iturup, leaving Iturup to be negotiated later.³⁸ This was denied by officials of the Japanese Ministry of Foreign Affairs, and it is more likely that the original proposal by Hashimoto was to draw the line between Iturup and Urup, that is, to include all the disputed islands in the Japanese jurisdiction.

Yeltsin expressed interest in this proposal and promised to give his answer at the Moscow summit meeting scheduled for the autumn of 1998. However, the double political crisis dashed all hope of a resolution of the territorial question. When Obuchi visited Moscow in November, Yeltsin proposed the conclusion of a peace treaty without a territorial settlement, which would be postponed for future negotiations. This virtual rejection of the proposal shocked the Japanese Government, which had expected some signs of compromise, if not acceptance of the Hashimoto proposal in full. Both sides attempted to salvage what might have been a total disaster by creating a border demarcation committee to work out a compromise solution in time for Yeltsin's expected visit to Japan in the first half of 1999. Its first meeting in January 1999 and a foreign ministerial conference in February have revealed how wide the remaining differences are.

It was reported that, having finally come to the grim realization that insistence on the Hashimoto proposal would virtually ensure not only failure to conclude a peace treaty by the year 2000 but also the return of bilateral relations to stalemate, the Japanese Government was considering the option of proposing an intermediate treaty on the basis of the return of Shikotan and the Habomai group.³⁹ If this is correct, it is the first time in the history of territorial negotiations since 1956 that the Japanese Ministry of Foreign Affairs has entertained

³⁷ Shinjiro, M., 'Nichiro shuno "Kawana kaidan" no butaiura: "kokkyo kakutei" teian no imisurumoto' [Behind the scenes of the Russo-Japanese Kawana meeting: significance of the border demarcation proposal], *Sekai*, June 1998, p. 128.

³⁸ *Mainichi Shimbun*, 10 May 1998.

³⁹ *Yomiuri Shimbun*, 23 Jan. 1999.

the 'two-island solution' as a realistic measure.⁴⁰ In this author's view, if a territorial settlement is possible at all, the two-island solution is the most realistic and probably the only possible solution.

For two reasons, however, it appears highly unlikely that the territorial question will be resolved by 2000. There are two problems with the two-island solution. First, the premature leaking of the information that the Japanese Government was contemplating it might be construed as a pre-emptive move on the part of the opposition within the Ministry of Foreign Affairs to this solution. A powerful group within the ministry and among political groups with substantial influence on Japan's Russia policy consider Russian acceptance of the return of all four islands as an article of faith. They have used the tactic of leaking information to the press in order to silence those who hold such a heretical view. The leak therefore augurs ill for the solution proposed by the government. It also required strong leadership outside the ministry to venture into a new, bold policy. Obuchi, who is known as a consensus builder, is unlikely to do this.

Second, even if the Japanese Government adopts the two-island solution as an interim measure, there is no guarantee that it will be accepted by the Russian Government. Russia is now preparing for the next presidential election, and any proposal that includes the transfer of territory to Japan is anathema. Its adoption would require an even greater degree of courage and leadership on the part of Russia's leaders than of Japan's. Yeltsin is unlikely to take the bull by the horns and face the expected outcry.

In retrospect, both sides made egregious errors of judgement at Krasnoyarsk. Yeltsin, in proposing the conclusion of a peace treaty by 2000 resolving the territorial question, was carried away by enthusiasm. The Japanese side, forgetting that this president was notorious for making promises that he could not fulfil, threw away caution and decided to gamble everything on Yeltsin's political prestige. The multi-layered approach—the policy of de-linking the territorial question from the rest of bilateral relations, which had provided the major force behind the positive momentum—was at this point reversed and the territorial issue was pushed to the front line of negotiations. If Japan bet all on Yeltsin, it has now become clear that this gamble has failed.

Political predictions are dangerous and unexpected things might happen. It seems clear, however, that without some kind of resolution of the territorial dispute there will be no peace treaty. It is also unlikely that either side will be able to narrow the differences and come up with a workable compromise in time for Yeltsin's visit to Japan, if indeed it takes place. Failure to conclude a peace treaty by 2000 will be a devastating blow to bilateral relations and is bound to provoke a backlash.

It is therefore imperative for both countries to take all possible measures to insulate the positive trends of recent years from the failure of a territorial settle-

⁴⁰ In 1956 the Soviet Union and Japan signed the Joint Declaration in which the Soviet Government pledged the return of Shikotan and the Habomai group to Japan after the conclusion of a peace treaty.

ment. For Japan it is imperative to return to the pre-Krasnoyarsk multi-layered approach, developing the other aspects of relations, especially in economic and security cooperation, independently of the territorial question. In this respect the joint economic development of the Kuriles will symbolize the new era of Russo-Japanese cooperation. Both countries must develop a forward-looking vision of future relations.

Lack of vision

The Asian security environment is clearly moving in a positive direction but, beyond the need for a multilateral framework of security dialogue involving the four major powers, specifically what kind of security regime should be created has not been formulated. The most pressing need is an agreement by the four powers to defuse tension on the Korean Peninsula. Further, the US–Japanese security alliance must be adjusted to the new environment, especially in the context of creating a new security regime. The reduction in the numbers of US troops in Japan, especially the marines stationed in Okinawa, might be a step in the right direction. In connection with the ratification of START II⁴¹ and the possible withdrawal of the Russian nuclear-powered, ballistic-missile submarines (SSBNs) from the Sea of Okhotsk, denuclearization of the Sea of Okhotsk might be taken up.

Despite the deep economic and political crises that Japan and Russia are going through, the security environment in North-East Asia is not as bleak as it appears. In fact, both Japan and Russia are now taking the lead to create a truly multilateral security system to assure stability based on omni-directional friendliness. The resolution of the territorial dispute will further boost this process, but its failure will not necessarily derail it. Japan and Russia alone, however, are not enough to forge a new stable security regime in Asia. For this the most crucial role is that of the United States, which has thus far demonstrated a regrettable lack of initiative and creative imagination.

There appears to be a gross contradiction between US policy towards Russia seen across the Atlantic and its policy towards Russia seen across the Pacific. When the United States was working to achieve the expansion of NATO, defusing Russia's displeasure was a paramount concern, yet when it approaches Asian security Russia is completely dropped from its strategic calculations, as if it believes that since Russia does not at the moment pose a threat it can afford to ignore it. It is a wrong policy.

Now is the golden chance to create a new security order involving all the major powers. What is required is leadership. Can Japan, Russia and the United States provide such leadership?

⁴¹ The 1993 Treaty on Further Reduction and Limitation of Strategic Offensive Arms between Russia and the USA.