

“Japanese-Russian Relationship in a Frame of Northeast Asian Integration”

Introduction:

Здравствуйте!(means hello)

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Good Afternoon, everyone. I am honored to be a member of the Japanese-Russian Student Forum 2008, and I greatly appreciate the privilege to give my speech which I hope will help each of you to realize how important the bilateral relationship between these two countries is in terms of building peace and prosperity in Northeast Asia. Unfortunately, we have not seen much improvement in the bilateral relationship for the past decade, mainly due to the territorial dispute. The current exchange between the two countries in economic, political, and socio-cultural fields is limited to an unsatisfactory level despite the potential interdependent partnership we can enjoy. In my speech, I would first like to address the potential interdependent relationship that Russia and Japan possess, particularly from an economic point of view, and then I will make a brief remark on the positive role this bilateral relation can play in Northeast Asian regional cooperation in response to some cross-border threats, as well as, on diplomatic relations with the other two great powers in this region: the United States and China.

Economic Interdependence between Russia and Japan:

There is much talk these days about the resurrection of Russia as a great power. The nationalization of the energy sector and the conflict with former USSR republics on natural gas are recognized as clear indications of Russia's energy diplomacy, which happens to be a topic of my discussion group. What I would like to pronounce here, is that the energy diplomacy that Russia seems to be pursuing does not necessarily go against Japanese long-term interests. Japan is largely depending on crude oil from the Middle East for its energy demands and for security reasons Russian natural gas will help Japan meet its strategic need to diversity its energy suppliers. Also, the entry of government-backed Russian energy giants such as Gazprom and Rosneft into the Japanese market, with possible acquisitions of some Japanese companies, can reconstruct and reenergize Japan's gas market, which is composed of rather small companies and can benefit Japanese consumers. Most importantly, by serving as Russian pioneers, these publicly owned enterprises can facilitate other Russian firms to come into the Japanese market. At the same time, the operation of Russian companies

in Japan can have a similar impact on Japanese enterprises and encourage them to look into Russia since it will increase the level of information access to Russia dramatically through deepened interactions.

However, Russia is not the only giver of benefits. In terms of the economic interdependence between the two countries, Russia has a great demand for Japan's much more active role. Frankly speaking, Russia needs to go through a very intensive stage of modernization in which the use of the boosted national budget and foreign direct investment to build up-to-date infrastructure and an environmentally sustainable business that help Russia move out of its commodity-driven economy. Even though Japan's FDI to Russia only accounts for 0.3% of the total FDI flowing into Russia in 2007, the sky is the limit for the Japanese private sectors to contribute to the Russia's economic modernization. Japan is the leading nation in high-tech and energy-conservation fields and also, Japan's abundant experience with "bullet trains" will be particularly helpful for renovating the Trans-Siberian Railway, which is the key infrastructure to boost up Russian economy, especially in its Far East territory.

From the local perspectives of two sides of Sea of Japan, the bilateral economic interdependence is even more significant and essential. The Russian Far Eastern Federal District, covering an area which is 16 times as large as Japan, has less than 7 million inhabitants and the number is dropping by 20,000 per year. Its backward infrastructure and harsh environmental condition have left this part "decoupled" from the recent economic growth that other parts of Russia have enjoyed. Located along Sea of Japan, this subregion, represented by its largest city, Vladivostok, can be a hub of "the Sea of Japan-Rim Economic Region". Similarly, the other side of Sea of Japan is a relatively underdeveloped and under-populated area in Japan. For some of prefectures within this region, Russia has already been the largest trade partner; mainly exporting used cars and importing aluminum and timber. In order to dramatically increase an economic interaction in the Sea of Japan-Rim Region, a synergistic use of Russian natural resources and value-added production from Japan is optimal. For example, with crude oil supplied in Russia, Japanese petrochemical companies such as Mistubishi Chemical can manufacture highly value-added products and then export them through a joint exporter between Russian and Japanese companies. The economic interdependence between the two nations can deepen only if its benefits are shared in the local communities in the unprivileged Sea of Japan-Rim Region.

Northeast Asian Integration:

As new emerging threats posed by a nuclear North Korea and environmental

degradation to human security transcend the boundaries of nation-states, the traditional concept of sovereign independence no longer provides effective solutions for Northeast Asia. As a former British diplomat, Robert Cooper has noted in his well-received publications, “post-modern states” can be separated from “traditional states” in three aspects: the breakdown of the distinction between domestic and foreign affairs, mutual interference in domestic affairs and mutual surveillance, and security that is based on transparency and mutual openness. His analysis is rather Eurocentric and it is not plausible to apply it to the current Northeast Asia, where traditional conflicts such as the territorial dispute and the divided state still exist. However, as we are witnessing the beginning phase of regional cooperation in the Six-Party Talks and other attempts, the notion of regional institutionalism as an operative response to supra-national policy demands has been increasingly shared in this region. The ultimate dilemma comes down to who initiates the regional integration.

Ever since the concept of the East Asian Community was introduced by former Japanese Prime Minister Koizumi in 2003, a debate over “who is leading” has arisen, derived from historical animosity among the nations in the region, and well represented by the constant tension between Japan and China, the two economic powers being in mutual distrust.

Russia in contrast, has a free hand in Northeast Asia. Not to mention its economic incentive to accelerate the regional cooperation, Russia is politically motivated to build a balance of power in Northeast Asia and also a multilateral scheme which gives Russia a bargaining chip against the EU and the U.S. In the Post-Cold War period, Russia originally sought its presence in Northeast Asia through maintaining a strategic partnership with China. However, the limitation of Sino-Russian strategic relations is visible these days in the trade imbalance and dispute on military hardware trade between the two nations. The real vulnerability in the bilateral relationship, however, is that their economies are not mutually complementary: the two rising powers are both seeking for capital-intensive industry and competing. Recent high global energy prices have left a space for Russia to pursue a more independent position in the region and Russia has turned to the so-called “Rediscovery of Japan” in which, as I mentioned earlier, the Russian economy finds Japan’s knowledge-intensive industry very beneficial for Russia’s modernization.

Japan, on the other hand, is also facing a diplomatic shift as the current financial crisis has devastated its long term ally, the United States. The influence of the U.S. in this region will eventually decrease as its interest is shifting towards the Middle East and more domestic issues. The American unilateral dominance gives way to multi-polar

trends; Japan will be in need of redefining its diplomatic dependence on the alliance with the U.S. The independent as diplomatic players Russia and Japan become in Northeast Asia, the higher probability the will be for their bilateral reciprocal relationship to be a driver of Northeast Asian regional cooperation.

Conclusion:

Ironically, Russia and Japan are two countries located in Northeast Asia that have the least number of people who identify themselves as “Asian”. This fact characterizes the outline of Northeast Asian integration with accuracy. Unlike Europe, this region contains cultural, political, and religious diversities, and moreover, the notion of “Asia” itself is a western-made, contemporary concept. Consequently, we do not have any common foundation but the reality to define this region. Seeing that any attempt to integrate Northeast Asia has to begin with practical cooperation, Russian-Japanese economic reciprocity possesses a great potential for institutionalizing the regional cooperation.

In conclusion, what regulates diplomacy is essentially the preference of people. Therefore, it is ultimately up to each of us to make a change in Japanese-Russian relationship. I am deeply grateful to both the Japanese and the Russian governments for opening up their borders and providing a chance to interact with Russian students and exchange our opinions with them. I hope this forum will be the beginning of our life-long friendships.

Thank you very much for listening.

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