

RUSSIA'S ROLE IN ASIAN SECURITY

A U.S.-JAPAN DIALOGUE

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Russia's Role in Asian Security: A U.S.-Japan Dialogue

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INTRODUCTION

In contrast to the last decade of the twentieth century, Russia's experience in the first decade of the twenty-first century has generally been that of a rising power. Notwithstanding the ongoing economic crisis, the new century has largely been a period of economic expansion and political stabilization. This has in turn contributed to new assertiveness and even aggressiveness in Russian foreign policy.

Russia's self-confidence was to a great extent a function of economic growth rates that averaged close to 8% from 2001 to 2008 and a perception that Russia could become an energy superpower in a new era of scarcity and competition. During this period, Russia's currency reserves ballooned to \$600 billion—the world's third largest—and Moscow's claim to a role as a leading economic power gained considerable, if somewhat narrow, justification. Russian leaders embraced their new status with zeal, asserting after the onset of the American mortgage crisis in 2007 that their country's energy reserves had transformed it into an "island of stability" whose economic success was independent from that of the United States and the West. Russian leaders likewise enthusiastically welcomed analysis suggesting that the BRIC countries, Brazil, Russia, India, and China, would eventually eclipse the combined economic power of the G8.

This mentality was increasingly manifest in Moscow's foreign policy, especially vis-à-vis the United States, Europe, and Eurasia, each of which Russians have long used in differing ways as a yardstick to measure their country's international status and role. In relations with Washington, then-President Vladimir Putin appeared to signal in his 2007 speech to the Munich Security Conference a new readiness to confront the United States, fuelled by an expanding stockpile of grievances and resentment. In Europe and Eurasia, Russia sought to use its energy exports for political leverage, especially in dealing with other former post-Soviet states and former Soviet bloc nations in Central Europe. A central Russian goal was to avoid the consolidation of regimes it perceived to be hostile along its periphery, such as those in Poland, Ukraine, and Georgia. Russia was simultaneously stabilizing its eastern frontier through unprecedented improvement in its relations with China.

This project was initially conceived during this period of growing Russian assertiveness, with a view to consulting experts in Japan, a key U.S. ally in Asia, to share perspectives on the implications of Russia's evolving foreign policy for East Asian security. This consultation took the form of two workshops, one in December 2008 in Washington and the other in November 2009 in Tokyo.

Russia's August 2008 invasion of Georgia, which took place after the project was developed but before it was launched, crystallized concerns shared by many in America and Japan about Moscow's potential disruption of the global security environment. Nevertheless, the invasion was quickly followed by the rapid expansion of the global economic crisis, including a collapse in energy prices that led to a nearly 9% contraction in Russia's GDP in 2009 and shattered Russian assumptions about the international system.

As these dramatic events occurred at the international level, Russia was also evolving internally, with former President Putin orchestrating the election of Dmitry Medvedev as his successor and, after a period of extended uncertainty, taking the post of Prime Minister. While some in the West and particularly the United States have tended to discount the significance of the transition—correctly arguing that Mr. Putin remains dominant in Russian politics—Russia’s elite appears unwilling wholly to discount Mr. Medvedev. More important, the “tandem” arrangement is historically unique and appears unlikely to last long, which raises further questions about Russia’s future.

The United States and Japan have of course both also undergone major political transitions since this time, with the election of President Barack Obama and Prime Minister Yukio Hatoyama, each of whom has repudiated key components of his predecessor’s foreign policy strategy—including, in Mr. Hatoyama’s case, some aspects of the U.S.-Japan alliance—and each of whom has taken a new approach toward Russia.

Despite the new uncertainty in Washington’s relationship with Tokyo, the experts involved in the project’s two dialogue sessions expressed broadly similar views of Russia and its foreign policy in most respects and saw continued strong overlap in U.S. and Japanese security, political, and economic interests. As a result, there is a strong basis for U.S.-Japan cooperation in dealing with Russia on a wide range of issues, from energy to regional security and cyber security. Russia’s relationship with China, and the four-way relationship involving Moscow, Beijing, Tokyo and Washington, will be especially important in the years ahead.

DOUBLE RESET?

By the time of the American presidential elections in November 2008, the U.S.-Russian relationship had reached its lowest point since the collapse of the U.S.S.R. In fact, one could argue that Washington's ties to Moscow had not been weaker since the initial breakthroughs in U.S.-Soviet summits between President Ronald Reagan and Soviet President Mikhail Gorbachev. After the Russian invasion of Georgia, America and Russia came close to open conflict, dialogue utterly broke down, and any remaining mutual trust evaporated.

The war and its aftermath were likely more shocking in the United States than in Russia, where tension with Georgia had been escalating for some time, and provoked a reassessment of American policy toward Moscow—at least in the sphere of public debate—even before Mr. Obama's election. Soon after the new president assumed office, Vice President Joseph Biden called for a “reset” of the U.S.-Russian relationship at the same Munich forum that Mr. Putin had used to assail American foreign policy two years earlier.

Crucial to assessing the U.S. reset policy is an understanding of its motives. One American participant in the dialogue sessions described the overarching goal of the reset as “derivative” of the administration's true foreign policy priorities in the greater Middle East. Rather than seeking to improve the U.S.-Russian relationship because of its intrinsic

value to American national interests, this participant argued, the Obama Administration is instead seeking to “avoid unnecessary confrontations with other great powers” while focusing on Iran, Afghanistan, and Iraq.

Despite Washington’s focus elsewhere, the reset does have its own agenda, this participant continued, though it differs little from the U.S.-Russian agenda throughout the post-Soviet period. In fact, key elements of the current U.S.-Russian relationship are quite similar to those defined in the Bush Administration’s April 2008 U.S.-Russia Strategic Framework Declaration, signed by Presidents Bush and Putin in Sochi. They include strategic arms control, nuclear proliferation, regional security in the Middle East and Central Asia, and energy and other economic matters.

Unfortunately, U.S. and Japanese participants agreed, the reset policy faces many challenges and its future is quite uncertain. First among these, an American noted, is the profound mistrust that remains despite the considerably improved tone of U.S.-Russian relations. As a result, many in America continue to insist that there is no real reset, but rather only “deception” and “public relations” that conceal a minimal desire to work together—particularly on the Russian side. Others in the United States suggest that Moscow sees the reset essentially as a one-way street, in which Russian leaders and elites expect the Obama Administration to correct and atone for the mistakes of its predecessors without particularly changing Russian conduct.

A Japanese participant echoed this view, stating that Russia is nothing more than “a big North Korea” and that Moscow’s behavior “will be decided by what they will get from you [Americans]”—suggesting that Russia would essentially seek to sell any concessions it eventually makes at the highest possible price (and possibly more than once). This participant further argued that Russia’s leadership needs to

play “an anti-American card” in order to maintain domestic stability, though an American differed with that view, asserting that Prime Minister Putin is sufficiently popular within Russia—even during the economic crisis—that Russia’s leadership does not need anti-Americanism domestically. On the contrary, he argued, Russia’s anti-Americanism is more useful to Moscow vis-à-vis Washington, in that Russian leaders can “turn it on and off” to provide justification for action or inaction on any particular issue.

U.S. and Japanese participants agreed that Russia’s improving economic conditions also limit the prospects for the reset. An American argued that one key factor in Moscow’s initial interest in improving relations was its dire economic condition in the last quarter of 2008 and the first quarter of 2009. Once oil prices rebounded to the level of \$70-\$80 per barrel, however, Russia faced considerably less internal and external economic pressure.

Americans saw the tension within U.S. policy as another challenge. One participant outlined what he described as “the two main vectors” in a “schizophrenic” American foreign policy: the idealistic and transformative vector and the pragmatic or realist vector, each of which he described as part of the DNA of American foreign policy. Another U.S. participant described a different tension, the one between the Obama Administration’s desire for a reset with Russia and its desire to reassure U.S. allies, particularly those in Central Europe, that the reset will not undermine their security. Efforts in either direction undermine the other goal, he said.

Finally, U.S. and Japanese participants saw significant U.S.-Russian differences on key issues. American participants in the November 2009 dialogue session were optimistic that the United States and Russia would conclude a new strategic arms reduction agreement to extend and deepen the START Treaty, though Washington and Moscow have since failed to

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meet two deadlines (the December 5, 2009 expiration of the START Treaty and a subsequent expectation that they would reach a deal by the end of the year).

More serious are the apparent U.S.-Russian differences on Iran, which one American participant stated could derail the reset by reducing congressional support for improving the relationship. Another American pointed to sharp differences in approach toward Afghanistan, where Moscow is deeply concerned about drug trafficking—which directly affects Russia—and Washington is reluctant to act too assertively for fear of undermining Afghanistan's already weak and unstable political system.

Japan-Russia relations

While Japanese participants expressed concern about Russia's invasion of Georgia, they argued that it did not significantly affect existing negative views of Russia in Japan. One participant stated directly that "Japan dislikes Russia" and said that some 80% of Japanese view Russia as unfriendly, largely as a result of the still-unresolved dispute over the Northern Territories, controlled by Moscow (which calls them the Kuril Islands) since the end of World War II and preventing a final Japan-Russia peace treaty.

With this in mind, this participant explained, many Japanese viewed Russia's war with Georgia as conduct unsurprising from an undemocratic government that continues to occupy Japanese territory. Still, Japan's Foreign Ministry did not assign blame for the conflict and avoided the Bush Administration's excessive praise of Mikheil Saakashvili and Georgia's weak democracy.

The "territorial issue" dominated discussions of Japan's relations with Russia; many Japanese participants saw resolution of the dispute as a political condition for deeper

ties to Moscow. However, while one Japanese participant argued that President Medvedev and Prime Minister Putin had signaled a new commitment to the issue, most in the Japanese and American groups were skeptical of near-term prospects for progress. One Japanese participant argued strongly that it was in fact improvement in Japan-Russia relations that could resolve the matter rather than progress on the islands helping bilateral ties.

Some Japanese participants also tended to see resolution of the territorial dispute on Japanese terms—meaning the eventual return of all four islands to Japan—as being in Russia’s interest. They suggested that Moscow had produced few successes in developing its Far East and, as a result, faced ongoing political instability in the region. Ceding the islands to Japan could open the region to substantial Japanese investment that would in turn help Russian leaders to stabilize the Far East. Implicit in this argument was that this Japanese investment would also be better for Moscow than Chinese investment, in that some Russians have expressed concern over Beijing’s potential economic annexation of the region.

More broadly, Japanese participants saw Russia as a relatively low priority for Tokyo, except with respect to energy issues. During the first dialogue session (which took place while the Aso government was in power), one Japanese participant specifically complained that Japan did not have an adequate strategy for its relations with Russia or its broader foreign policy. One American agreed with this view, suggesting that a more assertive Japanese approach to Russia—and to the country’s international role—would likely be more successful.

Prime Minister Minister Yukio Hatoyama’s August 30, 2009 election appeared to have little impact on these views, though one Japanese participant claimed that President Medvedev made a special effort to reach out to the new Japanese leader and even sought to be the first foreign leader to congratulate

him by telephone, with the Kremlin contacting Mr. Hatoyama's staff on his first day in office and arranging a conversation the following day. For his part, the new Japanese leader told Diet members in an October address that he would "vigorously work" to resolve the islands issue and sign a peace treaty with Russia. This did not appear substantially different from the position of previous Japanese governments, however, in that Mr. Hatoyama also said that Tokyo's political and economic ties to Moscow would be "two wheels on the same axle". That was a clear statement that economic cooperation, which Japan views as its main source of leverage, would not move ahead any faster than the islands-driven political relationship.

One Japanese member of the group was especially struck by the Democratic Party of Japan's decision—presumably at the direction of party leader Ichiro Ozawa and/or Prime Minister Hatoyama—to install party member Muneo Suzuki as the new Chairman of the Committee on Foreign Affairs in the Shugin, the lower house of parliament. Mr. Suzuki had earlier left his post as Deputy Chief Cabinet Secretary under former Prime Minister Junichiro Koizumi in disgrace after a bribery conviction related to bid-rigging for the construction of the "Japan-Russia Friendship House" on Kunashiri Island, one of the four disputed islands. Apart from his tarnished reputation, this participant suggested that Mr. Suzuki is seen as friendly toward Moscow and that his appointment could be indicative of plans to seek a warmer relationship. Other Japanese participants expressed concern that the Hatoyama government might overestimate Russia's willingness to make real concessions and take a "naïve" approach toward Moscow.

RUSSIA'S POLITICS AND POLICY

The relationship between Russia's domestic politics and its foreign policy has been a contested one in the West since the collapse of the Soviet Union and Russia's emergence as an independent state. Nevertheless, American and Japanese participants generally shared their assessments of Russia's internal politics and foreign policy. Domestically, this included considerable uncertainty regarding the relationship between President Medvedev and Prime Minister Putin, though the group clearly saw Mr. Putin as dominant. This uncertainty appears to play out in Russian foreign policy as well, where participants saw the camps around the two leaders holding somewhat different views.

The group agreed that Russia's political system was semi-authoritarian and corrupt, with many key decisions resulting from the dual roles of senior officials as leaders of major Russian companies—especially in the country's large and tightly-controlled energy sector. However, one American argued that Russians themselves—including senior officials in the Medvedev and Putin inner circles—do not fully understand who is in charge of foreign policy. As a result, both the Medvedev and Putin groups are nervous. Actions by the President and Prime Minister further confuse the situation by muddying their constitutional division of labor, which gives Mr. Medvedev clear control over Russia's foreign policy and Mr. Putin responsibility for the economy. This is especially confusing when President Medvedev gives public

instructions to economic officials subordinate to his Prime Minister and when Mr. Putin makes definitive-sounding pronouncements on foreign policy issues.

Operationally, one American said, the U.S. has no choice but to deal with the Prime Minister as well as the President on bilateral issues and wider foreign policy matters. Mr. Putin's influence is sufficient to block important initiatives and Foreign Minister Sergei Lavrov, while widely respected, lacks a sufficiently powerful independent policy role to sway internal processes. Moreover, officials in the Presidential Administration visit Washington rarely in comparison with their counterparts in government ministries.

During the first dialogue session—when the global economic crisis was deepening and its impact on Russia rapidly expanding—several participants suggested that prolonged low energy prices (meaning oil prices under \$40 to \$50 per barrel) could affect Russia's political stability. They attributed Moscow's costly defense of the ruble during the fall of 2008, during which the Russian Central Bank spent at least \$150 billion (one quarter of its reserves), to a strong desire to avoid social discontent. Some also suggested that the crisis could moderate Russian foreign policy.

By the November 2009 session, however, oil prices had rebounded considerably, reaching over \$75 per barrel and remaining above \$60 per barrel for five months. An American participant argued that this had significantly reduced internal pressure on the Russian government and that Moscow's more accommodating foreign policy tone could well fade away.

However, this American continued, this is still a topic of internal debate within Russia between the Putin and Medvedev camps. While both groups agreed that the global financial crisis damaged the United States severely and that

America is in decline—in contrast to China, which they see as relatively undamaged and continuing its ascendancy—they differed in their evaluation of Russia’s circumstances and therefore their policy goals.

The Putin group generally sees Russia as having weathered the economic crisis and returning to growth and international influence. As a result, they do not feel particular pressure to pursue the “reset”, though they are more than willing to accept American foreign policy concessions. In fact, he asserted, Mr. Putin and his supporters essentially believe that they “got away with” war with Georgia and now have an opportunity to “push the envelope,” “test” the West’s resolve, and likely pick up additional successes. Another American argued that this group tends to be more skeptical of the U.S. as well, seeing more continuity than change in American policy toward Moscow under President Obama.

Medvedev’s supporters, an American suggested, remain quite concerned about Russia’s economic future and believe that their country’s mid-to-longer-term economic decline could actually be steeper than what they expect in America. Thus if Moscow does not address Russia’s fundamental economic problems, the country could be in a notably worse internal and external position even five to ten years from now. Because of this, they are reluctant to “waste resources on competition” with America and are more interested in rebuilding ties to Washington. The Medvedev camp is simultaneously more optimistic that the United States is genuinely seeking a new relationship with Russia and that the “reset” might succeed.

Despite this, some American participants expressed concern that Moscow still tended to view the “reset” as being “one-way,” in that many Russian officials appeared prepared to accept U.S. foreign policy concessions without making any particular adjustments to Russian policy. The United States

and Russia will not succeed in developing a successful new relationship on this basis. As one American said, members of Congress are quite skeptical toward Moscow and it will be difficult for the Obama Administration to win approval even for measures in the U.S. interest—such as new arms reductions or a deal to bring Russia into the World Trade Organization—without a concrete demonstration that Russia's leaders are prepared to assist Washington with priorities like Iran and Afghanistan.

RUSSIA AND CHINA

From the perspective of the U.S.-Japan alliance, Russia and China are the two major powers in Asia whose decisions have the most impact on the regional security environment. Understanding the Russian-Chinese relationship is therefore a priority for Washington and Tokyo in assessing Asian security. This in turn required discussion of China, including its bilateral relations with America, Japan, and Russia as well as its regional security role and the implications of its status as a major energy consumer. However, the group's principal interest was in understanding the implications of China's growing international role for the complex four-power relationship between Washington, Tokyo, Moscow, and Beijing.

Evaluating the strategic implications of changes in the global economy, one American noted that while the American and Japanese shares of the international economy remain roughly similar to their shares in 1980, Moscow and Beijing have more-or-less switched places. At the beginning of this period, the USSR represented about 8% of the global economy and China just 2.5%; today, China's share has climbed to over 7% and Russia's is about 2.7%.

A Japanese participant agreed with this perspective and further argued that Chinese leaders had foreseen their country's evolving position vis-à-vis Moscow in the aftermath of the Cold War. Expecting Russia to reemerge from its

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post-independence crisis to become a major power, Beijing was determined to be the senior partner in their twenty-first century relationship—a goal that appears to have become a reality.

The U.S.-Japan-China Triangle

Broadly speaking, U.S. and Japanese participants shared the same general concerns about China's rise in the Russia-Asia context. First and most important, Americans and Japanese each expressed some anxiety that the other's relationship with China could come at their nation's expense. This view was particularly pronounced among Japanese participants, who were concerned that China's economic allure (and expanding leverage) would prove irresistible to America and could weaken the U.S.-Japan economic and security relationships.

Nevertheless, some Japanese participants simultaneously asserted that Tokyo had failed to place its policies toward China and Russia into the larger strategic context in Asia and that doing so could create important opportunities for U.S.-Japan relations—implicitly in managing if not containing China's rise. An American endorsed this view, stating that Japan had “made itself irrelevant” for the United States because of its cautious foreign policy in recent years and should not be surprised if American policy emphasizes China. Another Japanese participant suggested an alternative explanation for Washington's attention to China, asserting that Beijing “requires a lot of attention” because “it is an unreliable partner” and that the lack of public focus on Japan by senior American officials and diplomats reflects the strength of U.S.-Japan bilateral relations.

Japan's 2009 elections raised questions about Tokyo's policy toward China among both Americans and Japanese. U.S. participants sought clarifications of the new Hatoyama government's intentions with respect to China, while a

Japanese participant said that it might mishandle Tokyo's relations with China if it is too "naïve". All saw Mr. Hatoyama and key political allies such as DPJ Secretary General Ichiro Ozawa as rhetorically courting China. Mr. Ozawa subsequently led a remarkably large delegation—over 600 members on five airplanes—to China in December 2009. He also provoked a political backlash in Japan after pressing government officials to violate established diplomatic protocol to arrange a meeting between Emperor Akihito and Chinese Vice President Xi Jinping.

Prospects for Russia-China Relations

American and Japanese participants agreed that the bilateral Russian-Chinese relationship has improved considerably in recent years. However, they also generally concurred that Moscow-Beijing ties had peaked in 2005, when the two nations finally demarcated their 2,000-plus mile long border, resolving longstanding differences that contributed to their 1969 war. Few saw strong prospects for the further development of Russia-China relations due to divergent interests and enduring mutual suspicion.

Both U.S. and Japanese participants saw Russian and Chinese interests in their bilateral relations concentrated in three main areas: energy, arms sales, and regional security. Although energy issues will be addressed separately in the following section, the fact that Russian and Chinese energy interests are complementary does not make them identical. As one American pointed out, energy exporters like Russia have inherently different interests from major consumers like China—especially on price, which has been a key stumbling block in Russian-Chinese negotiations.

The difference between complementary interests and common interests is similarly reflected in the Russia-China arms trade, a Japanese participant said. In the past, Moscow

has been a major source of weapons and technology to support China's military modernization. This is beginning to change, according to this participant, because of Russia's deepening anxiety about Chinese power—and the purposes for which Beijing may ultimately use its expanding military capabilities—and because of frustration over China's tendency to duplicate and re-export Russian weapons systems, undercutting Russian exports elsewhere. No less important is the fact that Moscow has already sold China most of its major systems, leaving little room for new deals, especially since post-Soviet Russia's defense establishment has thus far produced few substantially new weapons systems.

The wider Russia-China trade relationship also appears to have slowed, though this is probably in no small part a result of the collapse in energy prices in late 2008. Still, one American described recent Russian crackdowns on informal traders as both an irritant in the bilateral economic relationship and an illustration of underlying tensions. During the summer of 2009, Russia's Federal Migration Service detained dozens of Chinese traders in raids at Moscow's Cherkizovsky Market and eventually closed the market entirely, seizing an estimated \$2 billion in contraband that the Russian press described as largely Chinese in origin. Russian officials stated that up to 40% of the one hundred thousand workers at the market were Chinese nationals—and Moscow Mayor Yuri Luzhkov said “All those remaining must leave.... Chinese, Vietnamese, whoever, will leave Moscow.” China strongly protested the move, dispatching a vice minister of commerce to Moscow and criticizing the Russian authorities' “irresponsible behavior” in the official press.

Russia and China may have more in common in their regional security interests, including in the Shanghai Cooperation Organization, where the two are dominant. Nevertheless, their shared interests in the SCO are predominantly negative rather than positive, in that Moscow and Beijing each focus

on limiting America's presence in the Central Asia (and one another's) to a greater extent than addressing key regional challenges like Afghanistan, drug trafficking, and extremism beyond the declarative level. With respect to East Asia, the region has been and remains a relatively low priority for Moscow, a Japanese participant said, and Russia has generally focused its East Asia policy on China.

As an American noted, the attention to the U.S. presence is in turn a reflection of common concern over the possible spread of what both see as American-sponsored "color revolutions" into Central Asia after large-scale protests contributed to changes of government in Georgia, Ukraine, and Kyrgyzstan even as the Bush Administration attempted to use its interventions in Iraq and Afghanistan to establish friendly regimes there. This concern has since ebbed.

Another American described the limits of shared discomfort over the U.S. role by noting China's reluctance (and that of that of other SCO members) to offer diplomatic support for Russia's position in its war with Georgia. China and others in the region were too troubled by Russia's use of force and its *de facto* acceptance (despite earlier rhetorical opposition) of the Kosovo precedent for unilateral declarations of independence by ethnic minority provinces within larger states.

Perhaps the greatest obstacle to closer Russia-China cooperation is the two countries' considerable legacy of mutual distrust. One Japanese participant emphasized Chinese assessments of Moscow as an unreliable partner, influenced by memories of the Sino-Soviet split of the 1960s, while another pointed to Chinese suspicion of Moscow's political aims in Central Asia. An American cited Chinese fear of Russian nationalism and xenophobia, claiming that many Chinese who visit Russia return home with stories of discrimination, harassment, and in some cases even physical attacks.

American and Japanese participants agreed that Russia is troubled by China's new economic and political power and, as a result, reluctant to become too dependent on Beijing as an export market for energy or arms. Russia is also wary of Chinese investment in Siberia, fearing that the population imbalance between the Far East and northern China could lead to "creeping annexation" of its territory.

An American participant cited a recent statement by General Sergei Skokov, the Chief of Russia's Ground Forces, describing the military threats Russia faces in the twenty-first century, as an example of Russia's wider concerns about China. In addition to highly mobile and technologically advanced forces and irregular guerrilla fighters (clear references to the United States and to Islamic extremists like those in Chechnya and elsewhere in the North Caucasus regions of Russia), Skokov also cited "multimillion armies", which seemed to refer to China's large but thus far relatively poorly equipped force. A Japanese participant similarly noted Russia's inability to reduce its strategic nuclear force too steeply in its arms control talks with the United States because of its need for a strong nuclear deterrent vis-à-vis China.

American and Japanese participants agreed that Russia and China have essentially hit a "ceiling" in their relations, as one Japanese participant put it, and that they are highly unlikely to develop anything resembling a military alliance. In fact, one American said, their relationship was more likely to be a rivalry than a partnership, though it will probably have elements of each.

Despite this, an American argued, both Moscow and Beijing have concluded that their split in the 1960s and 1970s was a "deep strategic mistake" and "a strategic gift" to the United States that allowed America to play the two off against one another. Each wants to avoid allowing this to happen again,

though as a Japanese participant argued China may be in the strongest position in the U.S.-Russia-China triangle today because of Washington's still-poor relations with Moscow. This reluctance to allow their relations to deteriorate too much might help to establish a floor under Russia-China relations, providing greater predictability in this critical global and regional relationship.

RUSSIAN ENERGY IN ASIA: HOPES AND REALITIES

Russian leaders have routinely called for expanded energy exports to Asia and have announced ambitious goals. Moscow has taken some steps to fulfill its stated objectives, working with China to build new pipelines and even shipping some oil by rail to its Pacific coast. Yet, American and Japanese participants generally agreed that Russia is unlikely to play a major energy role in Asia anytime soon, despite Moscow's claims and hopes. Still, some Japanese participants argued, Russia could play an important part in Japan's energy strategy by helping Tokyo to diversify away from the volatile Middle East.

Participants saw the impact of the global financial crisis on Russia's energy role in Asia as mixed. On one hand, an American argued, the severe impact of the crisis on Russia in comparison with many other countries could encourage Moscow to pursue a more cooperative approach in its international energy relations to raise needed revenue. This participant noted the generally conciliatory tone of early 2009 remarks by Prime Minister Putin at the World Economic Forum in Davos and by President Medvedev at Sakhalin Island's liquefied natural gas (LNG) facility as well as Mr. Putin's September 2009 meeting with executives from ExxonMobil, Shell, Total, and other major energy firms in Yamal to discuss investment in gas production there.

Specifically with respect to Asia, a Japanese participant asserted that the decline in European demand for Russian natural gas exports due to the economic crisis would put greater pressure on Russia to sell its gas to China. The 2009 gas framework agreement between Russia and China could be an indicator of this, he continued, though an American was quite skeptical that the agreement would be implemented because of other constraints on greater Russian energy exports to China and Asia.

Both Japanese and American participants pointed out in this context that the considerable reductions in energy prices during the economic crisis might make it easier for Moscow and Beijing to reach an agreement but could make it more difficult for China—or anyone else—to invest in new production in Siberia, where costs are relatively high and major projects are less likely to be profitable in a low-price environment. An American described Russia's complex tax system, under which some energy exporters actually lost money at the low point of the financial crisis in late 2008, as another challenge.

Over the longer term, an American suggested, there are many obstacles to Russia's stated goal of exporting 20-30% of its oil and gas to Asia by 2030, both politically and internationally. Politically, this participant said, Moscow has been highly reluctant to relinquish control over big energy projects, which is in turn a deterrent to foreign (and domestic) investors, who are wary of unpredictable government interference. The government's reluctance appears to be driven both by a statist view that Russia's federal government should define and lead the country's overall modernization strategy as well as the current regime's dependence on its control of the distribution and use of the country's energy wealth.

Internationally, this American continued, Russia is likely to remain heavily focused on the European market. One

Japanese participant disputed this, arguing that Asia would be the most important source of demand growth in the coming decades. However, while rates of demand growth may be higher in Asia, Europe's overall gas market is much larger. Thus by 2030 China's projected total gas import needs will reach only the level of Europe's current imports from Russia (approximately one third of Europe's overall gas imports).

American and Japanese participants generally agreed that notwithstanding their interest in diversifying away from Europe, Russian leaders are leery of excessive dependence on China's energy market. From the perspective of international politics, Russia is in a much better position to employ energy leverage in dealing with Europe—where governments are usually unable to agree on a common response to Moscow's foreign energy policy—than in dealing with a single customer in Beijing. In this context, Russia's interest in the Asian market could strengthen its position vis-à-vis Europe whether or not it ultimately succeeds.

Underlying the issue of Russian policy, participants differed over Eastern Siberia's actual potential as a source of oil and gas exports to Asia. Western Siberia is Russia's main energy-producing region and is much more highly developed. Russian officials and companies insist that Eastern Siberia also holds very considerable reserves, but the region has not been explored to the same extent.

One Japanese participant argued that Eastern Siberia probably does not have the reserves that Moscow claims; however, another was more optimistic. This latter participant acknowledged that the lack of information about Eastern Siberia is a problem that deters private investment. However, he pointed out, Japan's government-run energy firm, JOGMEC, is becoming increasingly involved there and will provide reports on its experiences to Japan's private companies. An American concluded that the main challenge

in Eastern Siberia is less with Russia's reserves than with high production costs in an undeveloped territory with an extreme climate.

Despite broader questions about Russia's ability to be a major oil and gas exporter in Asia, some Japanese participants saw Russia as extremely important to their country's energy security. Japan is excessively dependent on the Middle East for its oil imports, one participant said, relying on that unstable region for 89% of its imports in 2008 and 87% in 2009. The slight decrease in Tokyo's dependence on the Middle East is due to growth in Russia's share of Japanese oil imports from 1% to 4%; some Japanese hope that Russia could supply as much as 8% of Japan's oil imports in 2010, decreasing the Middle East's share to 83%. According to this participant, Russian oil from Sakhalin is particularly attractive because it is only three days away—versus twenty days travel time for Middle East oil, through seas threatened by pirates—and can be especially helpful in managing short-term demand fluctuations.

Russian gas is similarly important to Japan, this participant said, especially in view of declining LNG imports from Indonesia as that country's natural gas consumption increases in an effort to reduce new oil imports through substitution. This is the reason for Tokyo's focus on LNG imports from Sakhalin.

One Japanese participant provided a striking perspective on Russia's handling of its Sakhalin projects and Gazprom's controversial acquisition of a controlling stake in the Sakhalin-2 project. While Western and Japanese media have accused Moscow of fabricating environmental objections to pressure Shell, Mitsubishi, and Mitsui to dilute their own shares in the project and to accept Gazprom as the majority owner, this participant asserted that the three firms were actually interested in a new partner after the withdrawal of

U.S. partners McDermott and Marathon in the 1990s increased their financial commitments and exposure to risk. In addition, he said, journalists did not pay sufficient attention to the timing of Russian government environmental moves within this broader process. Several American and Japanese participants were not persuaded by this argument, however.

Separately from oil and gas, Japanese participants were quite interested in opportunities for commercial nuclear cooperation with Russia. One Japanese participant explained that Tokyo was avidly pursuing a government-to-government agreement on nuclear cooperation with Moscow, but that the talks were held up by Washington's failure to ratify its so-called 123 agreement with Russia (a bilateral agreement on civilian nuclear cooperation under section 123 of the Nuclear Non-Proliferation Treaty). The Bush Administration withdrew this agreement from Senate consideration after the August 2008 Russia-Georgia war.

A Japanese participant argued that nuclear cooperation with Russia could be important to U.S. and Japanese firms in improving their international competitiveness. According to this participant, the four main internationally competitive suppliers of nuclear power plants are France's Areva, Toshiba-Westinghouse, GE-Hitachi, and Russia's Rosatom. However, this participant said, Areva enjoys a considerable competitive advantage due to government subsidies. The two U.S.-Japanese alliances would benefit importantly from opportunities to work with Russia, which has the world's largest surplus capacity for nuclear fuel enrichment and is also more easily able to take back fuel from Soviet-origin reactors for reprocessing. At the same time, Russia could benefit from such a partnership because of weaknesses in its reactor technology. In fact, Toshiba has already signed a Memorandum of Understanding with Tenex, a subsidiary of Rosatom, to cooperate in the nuclear fuel business—but

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cannot proceed further until the U.S. and Japan finalize their 123 agreements with Russia, something likely now politically intertwined with complex and difficult U.S.-Russian talks on Iran's nuclear program.

CENTRAL ASIA, AFGHANISTAN, AND THE SHANGHAI COOPERATION ORGANIZATION

Central Asia has been a top American priority since 2001, when the U.S. invaded Afghanistan to combat al Qaeda and the Taliban. Russia's attitude toward the conflict has been complex, due to an awkward combination of shared interests and enduring suspicion of U.S. aims. More broadly, American and Japanese participants generally saw Russia as facing considerable pressure from rivals in Central Asia, including not only the United States—because of its presence in Afghanistan and establishment of supporting bases elsewhere—but also China and Turkey, which one American described as pursuing “a new Ottoman strategy” in the region. A Japanese participant described the region as a “buffer zone” that could help to prevent conflict between the region's major powers.

Despite rhetoric often focused on Washington, and competition with the U.S. over access to bases in Kyrgyzstan, participants in both groups tended to see China as Moscow's principal long-term concern. In fact, one Japanese participant argued that the Shanghai Cooperation Organization had more to do with Russia's effort to monitor China's expanding influence in the region than with the United States. An American noted that while some had once described NATO's

mission as keeping the U.S. in, the Soviet Union out, and Germany down, Russia now saw the purpose of the SCO as keeping Russia in, the U.S. out, and China down.

In this context, an American asserted that Russia assigned much higher priority to Central Asia in its hierarchy of interests than East Asia, with particular interest in regional security and stability vis-à-vis the threats of terrorism and drug trafficking. A Japanese participant supported this view, adding that Moscow is considerably more interested in the Collective Security Treaty Organization, where it plays a dominant role, than in the SCO. Still, an American commented, it is notable that even in the CSTO Russia must contend with many constraints; for example, despite its own strong interest in a CSTO-level agreement, Moscow eventually signed a bilateral agreement with Kyrgyzstan to establish a base for rapid-reaction forces at Osh. Uzbekistan blocked consensus on a multilateral agreement, expressing the view that no additional bases were needed.

Americans and Japanese saw China's predominant interest in Central Asia as an economic one: namely, access to the region's oil and gas reserves. A Japanese participant suggested that Moscow had supported the creation of the SCO Business Council in 2006 in part to try to use the new organization to monitor Chinese investment and trade. Moscow faces stiff competition from China in Central Asia that could undermine its influence there.

Similar to their assessment of Russian-Chinese relations, a number of participants believed that the SCO had essentially peaked in its activity and also in its antagonism to the United States. While many SCO members did not favor a major American role in Central Asia, one Japanese participant argued, the group has given less priority to the U.S. presence than to other issues in recent meetings. Another Japanese participant asserted that Russia treated SCO military exercises

in 2005 and 2007 as major political events while more recent exercises have been organized with little fanfare. An American confirmed this, noting that Russian state television broadcast very prominent news coverage of the 2005 SCO exercises, the first joint Russian-Chinese exercises.

A Japanese participant likewise highlighted the limits of the SCO as an instrument of Russian policy by pointing out the group's unwillingness to endorse Russia's military intervention in Georgia in August 2008. This appeared to reflect a combination of China's discomfort with the South Ossetian and Abkhazian declarations of independence and well as Central Asian concerns over the use of Russia's armed forces against one of its neighbors.

An American participant suggested that the SCO was taking a growing interest in Afghanistan. However, another American pointed out, while Russia and the United States have a common interest in stability in the country, their perspectives on specific issues often differ sharply. Thus, one American said, despite their shared interest in combating drug trafficking in Afghanistan, Moscow has pressed the United States to assertively confront the country's drug lords. Washington has been very reluctant to take on Afghanistan's drug traffickers while simultaneously fighting a broad-based insurgency and has focused instead on finding alternative sources of income for the country's poor farmers.

A Japanese participant argued that his country's prospects for a major role in Central Asia were quite limited in the absence of a "more favorable strategic environment" between Japan and Russia, the lack of which could block Japanese efforts to engage there. Fortunately, this participant said, Japan does not really have any vital interests at stake in Central Asia either. Another Japanese participant suggested that Tokyo's main priority was not access to oil and gas, like China, but rather access to Kazakhstan's deposits for nuclear fuel.

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Kazakhstan was the second-largest global uranium ore producer in 2008 and became the largest in 2009. The country holds 15% of the world's known uranium reserves and may supply up to 40% of Japan's uranium imports. Additional uranium imports are especially important to Tokyo in view of the growing role of nuclear power in the country's energy security and climate change strategy.

NORTH KOREA AND IRAN

Notwithstanding North Korea's prominence as an East Asian security challenge for the United States and Japan, dialogue participants focused much more intensely on Iran. This was less a reflection of the dangers to regional security from a nuclear-armed North Korea than it was a consequence of a shared assessment that Moscow is likely to play a relatively limited role in addressing the North Korea problem, especially in comparison to its part in international talks on Iran. Thus American and Japanese participants saw China's positions toward North Korea as much more significant.

In addition, some Americans argued in the first session that the Obama Administration was unlikely to make North Korea a major policy priority—a prediction that appears to have been validated by subsequent events. One speaker argued that simply replacing a few key officials on the U.S. side during the change of administrations would somewhat reduce the level of animosity between Washington and Pyongyang. More broadly, American participants expected the United States to pull back from efforts at regime change in the North and instead to concentrate on building consensus in the region, especially with China, Japan, South Korea, and Russia.

Though American and Japanese participants alike were troubled by Iran's nuclear ambitions, their perspectives differed in important respects. For most American

participants, preventing Iran from becoming a nuclear-capable or nuclear-armed state was a paramount international priority and efforts to improve U.S.-Russian relations were derivative of this larger goal. Because the Obama Administration's "reset" with Russia is largely an instrument to deal with Iran, it could be dramatically undermined if Washington does not win Russian support for tighter sanctions or other measures to address the nuclear threat.

In contrast, a number of Japanese participants saw resolution of the Iranian nuclear issue as the instrument rather than the goal. Their broader objectives appeared to include stabilizing the Middle East, from which Japan imports the vast majority of its energy, pursuing additional investment in Iran (especially in the energy sector), and paving the way to Japanese-Russian or Japanese-U.S.-Russian civilian nuclear cooperation. (Iran is Japan's third-largest source of imported oil, after Saudi Arabia and the United Arab Emirates, and the two countries had a \$13 billion trading relationship in 2007.) One Japanese participant argued that this collaboration was increasingly important because of expanding global interest in nuclear power and the large number of "newcomers" seeking nuclear energy. However, another added, Iran is not the only obstacle; Russia's reluctance to accept IAEA monitoring at its Angarsk nuclear reprocessing facility—required for the Japan-Russia 123 agreement, because Japan is not a nuclear weapons state under the NPT—has also been an issue.

Nevertheless, Japanese participants acknowledged the risks posed by a nuclear Iran. And Japanese official statements about Iran's nuclear program clearly state Tokyo's insistence that Tehran observe its obligations under the NPT. One Japanese participant described Iran's nuclear efforts in depth, generally agreeing with Western assessments that Iran could have sufficient highly enriched uranium to build a nuclear weapon within a fairly short time frame. He also reviewed the history of Iran's interest in nuclear technologies—and

varying U.S. and international attitudes toward it—mentioning that when he was a nuclear engineering student at MIT in the 1970s, there were some 20 Iranians in his class.

This participant sharply disagreed with the idea that Iran is following “the Japan model” in its nuclear program, meaning that Iran is seeking to develop advanced nuclear power technology in order to have the ability to produce nuclear weapons quickly if necessary. Japan’s model is fundamentally different, he argued, because Tokyo has fully accepted and complied with stringent monitoring by the IAEA—something that Iran has regularly sought to avoid in developing an indigenous nuclear fuel cycle.

Another Japanese participant asked whether the United States would seriously consider proposals for a nuclear-free Middle East as a means to stop Iran’s nuclear program. Americans saw this approach as very unlikely to succeed in light of Israel’s significant existing nuclear arsenal. Nevertheless, one American added, Washington is deeply concerned about potential further proliferation in the region if Iran develops nuclear weapons, particularly in Saudi Arabia and Egypt.

Interestingly, to the extent that American participants saw a resolution to the Iranian nuclear issue as a means to increase trade, they focused less on U.S.-Iran relations than on potential Iranian natural gas supplies to Europe. Thus, unlike the Japanese participants who hoped for cooperation between Japanese, U.S., and Russian nuclear firms, Americans focused on Iran’s possible role as a commercial competitor to Russia that could strengthen Europe’s energy security through diversification of supply. Because of this tension between longer-term Russian and Iranian interests, a number of U.S. participants were skeptical that the two nations could form a natural gas export cartel or “gas OPEC”.

More generally, American participants tended to see Moscow as facing difficult dilemmas in its Iran policy. Russia does not want a nuclear Iran, they said, but is even more troubled by possible U.S. or Israeli military action that could destabilize a currently non-threatening country along its southern periphery (though some in Moscow also see a possible silver lining to otherwise undesirable air strikes in higher global energy prices). Yet while seeking to avoid a total breakdown in the nuclear talks, Russia also does not really want them to succeed—especially if the success leads to Iranian gas exports to Europe and a U.S.-Iran grand bargain that could deprive Moscow of its last remaining partnership in the region, however tentative. A pro-U.S. Iran would eliminate the only remaining gap in a belt of states from Turkey to India that are either U.S. allies or partners.

Worse from Moscow's perspective, the current Iranian regime is hardly trustworthy; as one American pointed out, Tehran had concealed its enrichment activities at Qom from Moscow as well as the United States, Europe, and the IAEA. A Japanese participant agree with this, asserting that Russia was quite disappointed by Iran's rejection of a fall 2009 proposal to enrich fuel for a medical reactor in Russia that Moscow saw as reasonable and even favorable to Tehran. Many Americans and Japanese saw the Russian-Iranian relationship as predominantly one of mutual convenience rather than broad strategic agreement.

CONCLUSIONS AND RECOMMENDATIONS

Turbulence in the U.S.-Japan relationship—including over American military bases in Japan—is in important respects directly related to Russia. The principal objective of the U.S.-Japan alliance was for decades to contain the Soviet Union, a country that no longer exists. Notwithstanding its eagerness for a leading global role, today's Russia does not want to lead a worldwide revolution and isn't trying. Moreover, Moscow's priorities clearly lie to its west and south rather than its east, where Russian leaders have generally taken a back seat to China, a predominant regional power with which they have a constructive if complex relationship.

The wider challenge for Washington and Tokyo—much like that faced by the U.S. and its European allies—lies in defining new terms for their relations that take into account the evolving realities of the last two decades, including changing economic conditions. This is a different task in Europe, where Moscow's conduct is more dangerous and its role is more significant. But it is no less important in Asia, where regional security is essential to economic growth that powerfully affects American and global prosperity.

Changing perceptions of U.S. and Chinese power create a particular risk to which Russian foreign policy could contribute if it leads to or results from miscalculations. With

this in mind, the United States and Japan clearly share a vital interest in maintaining stability and successfully managing their relationships with Russia and China in a manner that protects U.S. and Japanese security interests while minimizing the chances of serious conflict.

In this context, improvements in Russian-Chinese relations—within limits—are entirely constructive. Hostility between Moscow and Beijing could be deeply destabilizing for Asia and would be damaging to America and Japan. Conversely, a true strategic alliance between Russia and China could also be quite dangerous, aligning the world's largest and perhaps most naturally wealthy country with its most populous. This appears unlikely in the foreseeable future, however, in view of considerable and probably almost inherent mutual suspicions that allow tactical cooperation but appear to foreclose a strategic embrace.

Still, the recent warming of Russian-Chinese relations is an important challenge in that it seems to have sharply limited the ability of the United States and Japan to practice “triangular diplomacy” vis-à-vis these two key powers either individually or jointly. And tactical alignments between Moscow and Beijing can have strategic consequences for America and Japan, whether in dealing with the Iran problem, energy security, or other important interests.

While the Shanghai Cooperation Organization clearly issued unhelpful statements about U.S. bases in Central Asia, it does not so far appear to be a serious strategic challenge to American or Japanese interests. This is not only a result of the ambiguous Russian-Chinese relationship, but also a consequence of the reluctance of the group's other members to submit themselves to diktat from Moscow, Beijing, or both. In fact, if the SCO should expand, Russia and China may learn—like the United States and Europe—that enlarging a security organization might or might not add to its

capabilities but almost certainly adds to its organizational and political complexities and challenges.

Although new energy opportunities in Russia for the U.S. and Japan appear limited, both countries have a clear interest in increasing Russia's overall energy exports. Japan's interest in Russian energy is clearly more sharply focused on increasing imports from Russia to diversify the country's overall energy mix. Because Japan is a close ally, America shares an interest in improving its energy security. More generally, the United States has a general interest in increasing the amount of oil and gas available in global markets to stabilize and contain prices.

With respect to nuclear power, American and Japanese interests seem different but not contradictory. Tokyo appears overwhelmingly focused on commercial opportunities in the nuclear area. Still, given that Japan's economic power is its principal asset in the international arena, this could be considered a strategic interest. The United States clearly also could benefit from commercial nuclear cooperation, but has overlaid this economic concern with multiple security interests, including employing Russian nuclear scientists to limit proliferation, offering nuclear cooperation to Moscow as an inducement to Russia in the context of arms control and talks on Iran, and converting Russian nuclear warheads into fuel for power plants.

Broadly speaking, American and Japanese assessments of Russia and interests in dealing with Russia do not seem to differ too greatly. Each sees strategic advantages in closer relations with Moscow and is pursuing greater engagement, though neither is too optimistic about the outcome. To the extent that differences exist, they appear to relate predominantly to other issues and to have less to do with Russia's role than with perspectives on Iran, for example. The U.S. and Japan have similar views of the Russia-China

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relationship, for example, and what tension exists has more to do with discomfort that each has over the other's relationship with Beijing. Likewise, U.S.-Japanese differences with respect to Iran are driven by their respective interests there rather than their broadly similar assessments of Russia's role on Iran.

Recommendations

Because the author is an American, the recommendations that follow are recommendations for U.S. policy toward Japan and Russia. The author will not attempt to offer policy recommendations for Japan.

U.S.-Japan Bilateral Dialogue

That American and Japanese perspectives on Russia are broadly congruent is very constructive. However, when combined with a shared sense that Moscow has not been playing a major independent role in Asian political, security, and economic matters, there is a risk that Washington and Tokyo could become complacent in discussing and managing Russia in Asia. This is a special danger because of Russia's uncertain domestic conditions over the next few years and evolving power dynamics in Asia.

Because of these changing circumstances, continued and expanded bilateral U.S.-Japan dialogue regarding Russia is quite important, both on a government-to-government basis and involving non-governmental experts. One key topic in these discussions should of course be regular discussion of each nation's efforts to improve its relations with Moscow. In view of the centrality of the Japanese-Russian dispute over the "territorial issue", which in turn blocks a peace treaty, this will be an important topic too—though it is difficult to see what contribution America can make to resolving the matter.

While it is natural for officials and experts who focus on Russia to lead many of these U.S.-Japan discussions, it could also be useful to broaden participation, for example by structuring a dialogue on great power relationships in Asia that would include those who focus on both Russia and China. This model is much more common in non-governmental dialogue programs than inside government, where bureaucratic structures (and rivalries) can limit participation.

Many important topics also remain poorly explored in U.S.-Japan dialogue regarding Russia and wider security concerns. Cyber security in particular is a critical issue for advanced and highly interconnected economies—and open societies—like those in America and Japan. Russia and China appear to be major global sources of these attacks, which at their worst can threaten critical infrastructure, economic institutions, and public confidence. The United States and Japan could play a leading role in discussing and addressing these dangers, at first through bilateral security cooperation and hopefully later through wider global dialogue to establish broadly-accepted rules.

Multilateral Engagement on Key Issues

Another important goal in U.S.-Japan discussion of Russia should be to assess existing formats for multilateral engagement with Moscow and to seek creative new approaches to working with Russia in Asia, whether trilaterally, through existing institutions, or by creating new multilateral agreements or organizations.

Regional Security

In the security area, many have already recommended broader, permanent consultations built on the model of the Six-Party Talks (but excluding North Korea). This seems like

a potentially important format to discuss regional security issues, especially topics like missile defense that have already proven controversial in Europe and could be even more destabilizing in Asia, where missile arsenals are growing and the danger of a regional arms race seems much greater. It could also be a useful way to discuss the related issues of maritime security and proliferation security.

The United States and Japan should also discuss how to engage with the Shanghai Cooperation Organization. The fact that the group does not appear too dangerous at present is not a reason to pretend that it does not exist. Nor is the fact that it is not led by the United States or an American ally a reason to act as if the SCO is somehow not a legitimate international organization, as some have suggested. The size and scope of the SCO's activities is growing, and whatever its success the group appears likely to endure because it attempts to address a real need for multilateral security consultations. In this sense the SCO's existence partially reflects a failure of American policy in the Clinton and Bush Administrations to recognize that need and to understand and accommodate the priorities of both the key players in the group and its other members. Washington should work with Japan and other relevant allies to address that failure.

Energy Cooperation

Bilaterally, the United States should engage more deeply with Japan to discuss investment conditions in Russia and to improve coordination of U.S.-Japanese efforts to work with Moscow to improve access to Russia's energy market and protections for foreign investors. This will be challenging in view of the Russian government's attitude to foreign investment in its energy sector, which is clearly shared by major Russian firms like Gazprom, Moscow's more benign attitude toward less politically-sensitive Japanese investment, and Japan's greater interest relative to the U.S. in energy

imports from Russia. Over the longer term, however, American, Japanese, and Russian interests will suffer if the current environment does not change.

Washington should also explore with Japanese officials the concept of an East Asian Energy Consortium to expand Russian energy exports to Asia and contribute to wider development in Eastern Siberia. In view of Russian sensitivity toward American proposals, Japan would ideally lead these discussions with Russia rather than the United States. A consortium approach could in principle serve the interests of all parties—potentially including China as well—by developing resources in Eastern Siberia that might not otherwise be developed, expanding Asian and global energy supplies, spreading risk more broadly, and diluting mutual suspicions that could be more intense in bilateral contexts (e.g., Russian-Chinese, Russian-American, Japanese-Chinese). Also, because Eastern Siberia's reserves are largely undeveloped, such an effort would not inherently be at the expense of European energy needs (unless Russia fails to develop new exports westward as its existing production declines, and recognizing that exports from Eastern Siberia to Europe are less cost-effective than other options in Russia).

Non-Proliferation and Nuclear Power

There is an inherent tension between national security interests in non-proliferation and commercial (and climate-driven) interests in promoting nuclear power. In the case of the interaction between the U.S., Japan, and Russia specifically, this tension is exacerbated by political differences over where the development of nuclear power is seen as desirable or even acceptable.

Still, at the broadest level, the three countries do share an interest in developing global nuclear power within a tighter system of rules to prevent nuclear proliferation. In view of

the global interest in and need for nuclear power, the U.S. and Russia as the two leading nuclear weapons states have a special interest in preventing proliferation. Japan, as a leading builder of nuclear plants and the only nation to have suffered the devastation of nuclear weapons, shares this interest.

The United States should seek to work with Japan and with Russia to strengthen the international non-proliferation system to allow for the safe expansion of nuclear power on a global basis. Developing an internationalized nuclear fuel enrichment and waste management regime is probably the most important component of that effort. This is essential in avoiding future iterations of the Iran problem and may well help in managing Iran too.

More narrowly, Washington should pursue joint U.S.-Japanese commercial nuclear cooperation with Russia. This may take some time, however, as it will require the Obama Administration to win Senate ratification of the U.S.-Russia 123 agreement, which in turn is unlikely to occur without a more successful U.S.-Russian relationship.

It should not be too difficult for close allies like Washington and Tokyo to intensify their bilateral dialogue about Russia and to develop shared strategies to manage Russia's impact on their key security, economic and political concerns in Asia. Engaging with Russia will not be easy, because of both Moscow's sometimes troubling foreign and domestic conduct and growing uncertainty inside the country as the 2012 presidential election approaches. But we have little choice.

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