RUSSIA'S POLICY TOWARDS EAST ASIA: THE CHINA FACTOR, 1996 - 2014

Thesis submitted to Jawaharlal Nehru University

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DOCTOR OF PHILOSOPHY

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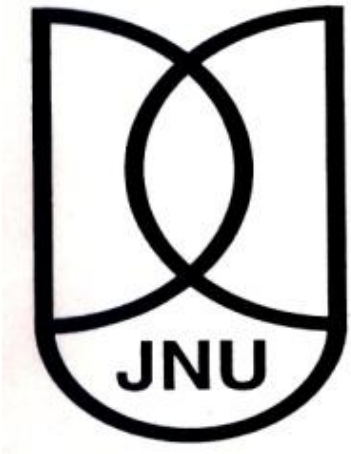

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DECLARATION

I declare that the thesis entitled "**RUSSIA'S POLICY TOWARDS EAST ASIA: THE CHINA FACTOR, 1996 - 2014**" submitted by me for the award of the degree of **DOCTOR OF PHILOSOPHY** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.

Nivedita Kapoor

CERTIFICATE

We recommend that this thesis be placed before the examiners for evaluation.

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ABBREVIATIONS

ABM	Anti-Ballistic Missile
ABMI	Asian Bond Market Initiative
ACFTA	ASEAN-China Free Trade Area
ADIZ	Air Defence Identification Zone
ADMM	ASEAN Defence Ministers Meeting
AEM	ASEAN Economic Ministers
AIIB	Asian Infrastructure Investment Bank
AMRO	ASEAN+3 Macroeconomic Research Office
APEC	Asia-Pacific Economic Cooperation
APR	Asia Pacific Region
APSC	ASEAN Political and Security Community
APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEM	Asia–Europe Meeting
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CARAT	Cooperation Afloat Readiness and Training
CICA	Conference on Interaction and Confidence-Building Measures in Asia
CIS	Commonwealth of Independent States
CMIM	Chiang Mai Initiative Multilateralization
CNPC	China National Petroleum Corporation
CPC	Communist Party of China
CPSU	Communist Party of the Soviet Union
CSCAP	Council for Security Cooperation in the Asia Pacific
DOC	Declaration on the Conduct of Parties in the South China Sea
DPRK	Democratic People's Republic of Korea
EAEG	East Asia Economic Group
EAEU	Eurasian Economic Union

EAS	East Asia Summit
EASG	East Asia Study Group
EDCA	Enhanced Defence Cooperation Agreement
ESPO	Eastern Siberia–Pacific Ocean
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
G7	Group of Seven
G8	Group of Eight
G20	Group of Twenty
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
JCC	Joint Cooperation Committee
LNG	Liquefied Natural Gas
MoU	Memorandum of Understanding
NAPCI	Northeast Asia Peace and Cooperation Initiative
NATO	North Atlantic Treaty Organisation
NDB	New Development Bank
NEA	North East Asia
NGO	Non-Government Organisation
NSR	Northern Sea Route
NTS	Non-Traditional Security
PPP	Purchasing Power Parity
PRC	People's Republic of China
RCEP	Regional Comprehensive Economic Partnership
RFE	Russian Far East
RIC	Russia, India, China
RIMPAC	Rim of the Pacific
SCO	Shanghai Cooperation Organisation
SCS	South China Sea

SDD	Seoul Defence Dialogue
SDF	Self Defence Forces
SEA	South East Asia
SIPRI	Stockholm International Peace Research Institute
SLOC	Sea Lines of Communication
TAC	Treaty of Amity and Cooperation
TCS	Trilateral Cooperation Secretariat
THAAD	Terminal High Altitude Area Defence
TMD	Theatre Missile Defence
TPP	Trans-Pacific Partnership
TTX	Table Top Exercises
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNSC	United Nations Security Council
USA	United States of America
USSR	Union of Soviet Socialist Republics
VFA	Visiting Force Agreement
WTO	World Trade Organization

1. INTRODUCTION

The early years of post-Soviet Russia were dominated by a Western tilt in the foreign policy, as the Boris Yeltsin administration pursued its aim of improving relations with the United States of America and Europe. However, as early as 1992, the perception that the above policy was not yielding desired results was slowly gaining prominence.

By 1996, Yevgeny Primakov had taken over as the foreign minister, declaring the main goal of Russian foreign policy as maintaining good relations with both East and West. This also resulted in Moscow and Beijing announcing a 'strategic partnership' in 1996 besides reorienting attention of policy makers towards Asia-Pacific and its various regional mechanisms (Buszynski 2006). The foreign policy concept of 2000 also reflected this slow shift in thinking, giving China 'special status' in both 'geopolitical and geoeconomic terms' (Kuhrt 2007).

While the first few years of Vladimir Putin's presidency saw a pragmatic, balanced policy of dealing with the West, Russia remained dissatisfied with actions of US that were perceived as impinging on its interests in its immediate neighbourhood. The Yugoslavia intervention, withdrawal from ABM treaty, missile defence, NATO enlargement, war in Iraq and colour revolutions all made Russia wary of continuing its cooperation with the West. This led Moscow to re-evaluate its position, leading to an increased interest in dealings with China (Carlsson et al. 2015).

Putin early on announced his focus on multipolarity, a sentiment that has been echoed by the Chinese leadership as well. The two countries have also increased their economic interaction, with energy and arms trade being the main focus. The overall balance of trade is tilted heavily in favour of China. The nature of goods being traded is also a concern for Russia, who is in the danger of becoming a raw material appendage to its bigger neighbour. Meanwhile, Russia needs Chinese help to develop its Far East but at the same time is wary of the neighbour's excessive influence. The cross border trade in this region remains weak.

Another component of the bilateral relationship is the security one, where Moscow has been a crucial arms supplier to Beijing, especially in the years after the Tiananmen Square massacre that led to Western sanctions– in turn helping Russia save its industries during difficult economic times of the 90s. However, as analysts point out, cooperation in

the sector is only one part of the story in this case. Russia has always had qualms about supplying China with the latest military technology, fearing it would upset the balance of power in Asia-Pacific as well as between the two countries itself (Bolt 2014).

Also, China is increasingly interested in boosting its own domestic arms manufacturing industry and has thus focused on indigenous production. In recent years, Asia-Pacific has gained a focal point of interest in world affairs, with both China and US racing to expand their influence. Russia has slated the region as the 'fastest developing geopolitical zone' (Foreign Policy Concept of Russian Federation 2013), looking to balance its ties with the West and justifying its position as a Eurasian power (Carlsson et al. 2015).

The focus on East Asia is important for Russia for developing the Far East and Siberia, besides being an important part of its aim to be recognized as a 'great power.' With the geopolitical and economic 'centre of gravity' shifting towards East Asia, it today occupies a central position in Russian foreign policy thinking (Kireeva 2012). It also contributes to Russia's declared aim of following a multi-vector foreign policy (Foreign Policy Concept of Russian Federation 2013).

China forms an integral part of this movement of Russia towards East Asia. The two permanent members of the Security Council hold a significant pull in international affairs, despite their varying power positions in the world hierarchy. The region is also vital for Russian security, given the regional disputes surrounding North Korean nuclear issue, Taiwan Straits, East China Sea, South China Sea and Kuril Islands in particular.

The region presents a challenge for Russia because it has not traditionally been an Asian power and does not have close ties with many states in the region. The presence of other powers including US, China, Japan, India only further complicates the equation for Moscow here. East Asia forms an integral part of the broader Asia-Pacific, making Russian foreign policy in the region vital towards reinforcing its position in world affairs while following the multi-vector approach towards international relations. China has a large, looming presence in this region, which is why Russia's partnership with this rising power becomes critical in East Asia.

The following review will therefore analyse components of this strategic partnership and examine how it has shaped the implementation of Russian foreign policy in East Asia, besides analysing the overall impact of this bilateral partnership on the region.

1.1 LITERATURE REVIEW

The literature review will be analysed under the following themes: basic contours of Russia-China bilateral relationship, East Asia in Russian Foreign policy, Geopolitics of East Asia and relevance of the China factor for Russia, impact of Russia-China strategic partnership on Russian foreign policy in Northeast Asia, impact of the China factor on Russian foreign policy in Southeast Asia and impact of Russia-China ties on the regional organisations in East Asia.

1.1.1 Russia-China Bilateral Relationship

Power equations in the bilateral partnership

Russia and China declared their intention for closer ties in 1996 when they upgraded their bilateral ties to the status of a strategic partnership. This was further reinforced through the Treaty of Good Neighbourliness, Friendship, and Cooperation of 2001. The settlement of the border dispute in 2004 was followed by a 'new world order' idea in 2005 as well as a joint initiative on improving security in Asia Pacific in 2010 (Kireeva 2012). Both the countries have since reiterated their commitment towards a multipolar world which is based on respect for mutual sovereignty and does away with unilateral actions by any one state.

Their bilateral ties stem both from areas of mutual cooperation as well as a common dissatisfaction with what is seen as a western dominated state of the world. In a way, China acts as a 'force multiplier' for Russian foreign policy and allows it to follow its multi-vector foreign policy. For China, it is easier to deal with a state that is less powerful than itself and the strategic partnership rationale rests on following two factors: 'counteracting US influence in Asia' and 'securing arms supply from Russia,' with the focus of Chinese foreign policy being firmly on US (Carlsson et al. 2015).

On the other hand, Kireeva (2012) notes that there is a 'divergence of opinion' about whether the strategic partnership is aimed at curbing US power or is it just a 'pragmatic' relationship that would ultimately work alongside the West. Kuchins (2007) says Russian view of China is dependent on its ties with the US, with both looking at the other as a balancing factor vis-a-vis the West. Garnett (2001) believes that both the states are wary of US and want to preserve their respective zones of influence, the partnership helping the process.

Iwashita (2010) however cautions against using the traditional balance of power concept to explain the strategic partnership, pointing out that at various points in time, an improvement in relations with the US have not necessarily resulted in deterioration of Russia-China ties, indicating that the traditional realist approach is not enough to explain the phenomenon. Chang (2014) argues that despite what many analysts contend, both China and Russia are weak states and their current growth can easily turn towards a decline. He also points out that despite the claims made for a 'strategic partnership' in the 1990s, their bond was weak and both were more interested in making west a partner. High energy prices fuelled Russian ambitions as Putin declared plans for a Eurasian Union and a vision of the world where China was just another pole among others. The subsequent mellowing of Russian position towards China has been attributed to the former's economic decline which makes Moscow turn to Beijing with few other options in hand.

The resolution of border dispute, a commitment at the top to improve ties, arms and defence ties and a 'system incentive' have contributed to improvement of the partnership. China believes that US will try to contain its rise and is hence looking at new partners that reinforce its world view. China can now look at Russia as a partner in Asia, since the end of the Cold War means it is no longer an enemy. Russia, on the other hand, has seen a significant decline in its power and is looking at allies who can aid its ambitions.

Chang (2014) argues that despite the rise of China eclipsing that of Russia, the former will continue to find the latter a valuable ally. He contends that with US announcing its pivot to Asia marking China as its geopolitical opponent, Beijing is more than ever looking for like-minded allies, with Russia making the perfect fit. Arguing from the other side, Kireeva (2012) points out that for Russia, China is a 'safeguard' against its low level of influence in East Asia. Ong (2009) believes that as long there is a prospect of one superpower dominating international environment, the two will stay close.

Russia-China economic ties

Overall, economic ties between the two strategic partners are not very diversified, with energy and arms trade being the cornerstones of exports from Russia to China. China is clearly in the lead as far as balance of trade is concerned and despite the strategic ties has not become overly dependent on energy supplies from Russia. There are still fears of

Russia becoming a ‘raw material appendage’ to China instead of being able to use energy as a strategic weapon due to an inability to set the rules of the game (Kuhrt 2007). Russian arms sales to China have also caused concerns about bolstering the rising power’s might and the potential to cause an arms race in the region. Theissue of reverse engineering by China and a weakening of Russian defences versus the rising power hasalso been noted.

A potential area of economic cooperation is the Russian Far East, where Russian distrust has hampered development (Carlsson et al. 2015). The key to defining Russia’s entry into East Asia – Russian Far East and Siberia – continue to lag behind in developmental goals, indicating a lack of clear government policy regarding the area despite repeated Kremlin claims to the contrary. The possibility of a collision between the two powers in Eurasia and fears of a yellow peril scenario in Far East have also complicated matters (Kozyrev 2014). The issue of demographics has been a constant concern for Russia due to a steadily declining population in the Far East and a ‘107 million and rising’ population in the Chinese provinces that border the region (Lo 2008). There was a sudden rise of migrants in the years immediately following the collapse of the Soviet Union that provided valuable economic impetus but raised concerns among local residents due to unregulated migration. However, beginning from 1994, strict controls were imposed and the situation was brought under control (Sullivan and Renz 2010), with scholars pointing out that fears of large scale Chinese migration in the present day have been found to be exaggerated (Lukin 2003). While Lo (2008) notes that China has encouraged migration to other countries, there is little evidence of a Chinese takeover of the Far East, particularly since Russia is considered a much less attractive option when compared to Europe or other Asian countries in terms of living standards or economic development.

Despite concerns, the viewpoint that dominates Russian foreign policy thinking believes that the benefits of the strategic partnership with China outweigh the concerns (Garnett 2001). Also, Russia has made it clear in no uncertain terms that it has no intention of jeopardising its ties with China just so that it can benefit from getting closer to the West (Kozyrev 2014). Bolt (2014) however disagrees with the positive assessment, remarking that despite the claims of a strategic partnership, Russia is ‘being marginalised’ and that is not in its ‘best interests.’

Pragmatic Partnership or a Strategic Alliance

Bolt (2014) points out Chinese power has been outstripping Russia, even 'eclipsing' it in Asia-Pacific and a disparity in relative power would lead to a 'divergence' in views on the world order regardless of shared values. Ong (2009) focuses on China's interest in maintaining its ties with the US and also highlights several areas where Russian and Chinese national interest may not converge, leading to conflict between the partners. Considering various factors before the corrosion of Russia's ties with the West, the author calls the strategic partnership a 'normal relationship' without 'excessive dependence.' Meanwhile, other scholars note that the more assertive nature of China under President Xi Jinping has coincided with Russia's swing from west to east (Trenin 2015). He adds that Russia's turn to Asia is broadly an 'embrace of China' as it lacks other partners.According to Lukyanov (2015), Russia and China have an 'intimate' relationship but neither is interested in forming an 'alliance' that would restrict their space for movement. In the same vein, Carlsson et al. (2015) explain that for all its rhetoric, the Russian leadership sees the relationship with a 'pragmatic approach' as both parties understand the limits, allowing for both 'cooperation' as well as 'divergence' as the need arises. Garnett (2001) calls for a policy where Russia enhances its ties with other powers in Asia to prevent the 'partnership' turning into a 'burden,' adding that China's interests are more towards the south and east, thus needing nothing more than stability from Russia. Christoffersen (2010) believes Russia's expectations are on the one hand to expand its bilateral ties with other Asian countries while using this strategic partnership to enhance regional presence.

1.1.2 East Asia in Russian Foreign Policy

The East Asian vector in Russian Foreign Policy has occupied the imagination of policymakers for quite some time, after several years of disenchantment with the West and the appreciation of a rising Asia, with the pivot being described as 'real and serious' (Liik 2014). The fact that two-thirds of the country lies in Asia makes Russia even more interested in enhancing its presence in the region (Ignatov 2005). The author points out that with Asia slowly becoming the economic centre of the world and gaining increasing importance in international affairs, it is natural for Russia to become more involved in its political and economic affairs, with focus on maintaining balance of interests,

rejectingzero-sum games, reducing chances of conflict, increasing participation in multilateral forums and prioritizing Far Eastern development. Since coming to power, Putin has worked towards establishing cordial relations with all states, demonstrated by his overtures to the US coupled with several visits to Asia in the first six months of taking power in 2000 (Rozman et al. 2006). Moscow then renewed its efforts to reassert control in Northeast Asia in particular, using six-party talks and China-Japan tussle over energy routes to its advantage. Johnson (2015) points to the desire in Russia to find new export partners for its energy resources. The need to attract investment to the Russian Far East, seen as the window to East Asia, has led Russia to host the Asia Pacific Economic Cooperation (APEC) summit in Vladivostok, but as Cohen (2012) argues, the region remains beset with lack of a clear policy, corruption and absence of rule of law.

The economic growth as well as political stability of various regimes in the region, unconstrained by 'European values' has also attracted Russia towards East Asia. This was reflected in Moscow pushing for a seat at the East Asia Summit, especially to enhance its influence in Southeast Asia (Rozman et al. 2006). Others like Stegyn (2014) believe that turning to Asia does not mean rejecting the West and that the policy turn towards the East is driven by geostrategic imperatives created by a rising region rather than plain animosity towards the West.

While taking an overall view, few experts are sanguine about the prospects of a Russian powerhouse in East Asia. Gabuev (2015) argues that Russia has received a 'chilling reception' in Asia when it comes to investment from the region, except in the case of China. Lo (2014) argues that Russia does not really have a vision for East Asia and its dreams of becoming a power here will take a long time to be realised. Rozman et al. (2006) contend that Russian policy decisions point to the desire to 'gain leverage without becoming dependent on China' but the goal of boosting'Russia's influence in Asia in the absence of an understanding with US and Japan' is a 'daunting task.'

1.1.3 Russia-China Bilateral Ties and Geopolitics of East Asia

Russia believes that in future, China and US will dominate world affairs, each trying to 'balance and contain' the other with the aid of other lesser powers (Carlsson et al. 2015). This is why, Russia was careful not to be too dependent on any one power, at least till the Crimean annexation and Ukrainian crisis emerged on the scene in 2014. However, Chang

(2014) believes that Asia is one region where Russia and China are acting in closest cooperation with each other, with the Chinese President Xi Jinping for the first time calling on Russia to come together to ensure 'security and stability in the Asia-Pacific region.' While this gives Beijing an all-weather ally, Moscow welcomes the gesture at a time of relative decline in its power.

Balance of power in East Asia

Samuel Huntington (1998) argued that the rise of China in Asia will prompt other states to 'either bandwagon' with the dragon to deal with the new power on the block or 'balance' it with others to contain Chinese influence.

Lo (2008) points out that East Asia historically has had a great number of powers but without any overarching regional identity. The result has been a region dominated by conflicts in the pre-Cold War period followed by the superpower rivalry till 1991. Through the Cold War, the balance of power in East Asia was maintained through the 'hub-and-spoke' security system of bilateral military alliances between the US and some regional states' including Japan, South Korea, Thailand and Philippines. The Sino-Soviet split further reduced the influence of Soviet Union on the region and made US the central power here.

Now, the economic rise of China, which has made it the largest trading partner of Asian states makes US pivot to Asia increasingly tricky, while also making a balance of power difficult (Atanassova-Cornelis 2015). As China reasserts its position in the region, prompting others like US and Japan to shore up political, military and economic alliances to preserve the existing balance of power, China too has been on its own ally-making spree, building diplomatic and economic ties through bilateral and multilateral forums.

Ling (2013) argues that what began in the US as a cooperative exercise with China has slowly turned into 'competing spheres of influence' in East Asia, leading to the pivot to Asia. This scenario puts ASEAN in the spotlight, which does not want to take sides with either power, and instead looks to manage relations with all regional powers. As the author also points out, with coming of initiatives like Trans Pacific Partnership and East Asia Summit, ASEAN is looking for ways to maintain its centrality amidst a sea of major powers, as the region grapples with an 'unbalanced' balance of power here.Till now, China has focused on a peaceful rise to promote economic development but in recent

years has asserted its power on territorial issues like the South China Sea and East China Sea. Also, it has made attempts to keep US out of regional bodies like APT, arguing that it should only have Asian nations (Atanassova-Cornelis 2015) though when the idea failed to take off, it pushed for entry of its partners like Russia. Russia continues to frame its policy around China, its closest ally in the region, while at the same time being wary of its excessive influence (Lo 2008). Bolt (2014) looks at the concept of hedging, arguing that US, China and Russia are all hedging against each other in order to prevent anyone from getting too close to the other. Douglas (2016) on the other hand believes the solution to this is to create a regional balance of power in which no one state would be the dominant one, presenting it as the best way to avoid a US-China confrontation.

Role of US in East Asia

Especially in Asia-Pacific as a whole, Russia sees US as a guarantor of stability, counterweight to China and a check on Japanese ambitions (Lo 2008). In this sense, its understanding concurs with that of several regional states who see the presence of US power as 'critical to their own freedom' (Garnett 2001).

Realising the importance of Asia-Pacific in its foreign policy, United States declared that it was 'of necessity,' rebalancing towards the region and redirecting focus on 'existing alliances' and 'emerging partners' besides maintaining its military capability and presence. It identifies China as a factor that will affect 'US economy and security' in the future. At the same time, it talks of building a 'cooperative bilateral relationship' as both have a stake in peace and stability in East Asia. The US also admits that there needs to be more clarity with regards to its 'strategic intentions' (Department of Defence 2012).

The US recognises the challenge a rising China poses to its interests in East Asia and has revitalised its cooperation with allies bilaterally as well as through various ASEAN forums besides shoring up military deployments in the region. It has also shown interest in making regional organisations stronger to help with the security dimensions of a rising China. The economic ties have also seen a resurgence with the focus on TPP (Cook 2014), competing with RCEP.

The StrategicPartnership in a changing East Asia

The treaty between Russia and China establishes that the two countries would hold joint consultations on all controversial international issues, devise a common foreign strategy

and support each other during territorial conflicts (Fenenko 2013). Kireeva (2012) calls the Russian-Chinese relationship the 'axis' of Russia's East Asia policy. While some experts see Russia as primarily a European power, others point to its geography that places it both in Europe and Asia. However, as Kireeva notes, Russians refuse to identify themselves solely as an Asian power even as a minority sees the country as a Euro-Pacific power. Along with China, it shares an interest in working to reduce the influence of United States but does not envision an anti-US alliance. The rise of China also gives a further impetus to the idea of a multipolar world (Bolt 2014). Kuhrt (2007) however points out that China is the main power in Asia-Pacific with Russia only playing a nominal role. Similarly, the author examines how Moscow and Beijing's interests do not always coincide in the region. Thus there is the duality of the importance of China as a counterweight to the US when it is still unclear as to how it will develop.

The strategic partnership has the potential to 'alter regional military balance' as Russia increases its arms sales to China, affecting US interests in East Asia including in the Taiwan Strait (Garnett 2001). Also, Russia's presence in East Asia gives China the opportunity to better reduce US influence and create a more 'positive and manageable negotiating environment in the region' (Kozyrev 2014).

Garnett (2001) argues against seeing the Russia-China strategic partnership as being necessarily against US interests, pointing out that this overestimates the strengths of the relationship given Russia's declining power. Also, he adds, it undermines a new strategic environment where multiple powers dominate the region instead of it being a bipolar or triangular arena. The author believes that both Russia and China need US at different points despite their strained ties and that the strategic partnership does not fundamentally alter state behaviour since Moscow and Beijing are looking at separate areas of interest – Europe and Asia respectively.

Also, as Russia wants to be a power in the region, the US has only to gain from rise of a strong Russia in the region to prevent any one power from dominating. It can play its part by encouraging closer Russia-Japan and Russia-South Korea ties, opening a sea of opportunities for the countries here (Cook 2014).

Kireeva (2012) believes that new geo-political realities mean Russia has been welcomed into the region, as East Asia needs a balance between two major powers. Kuhrt (2014)

quotes a think tank close to the Kremlin on the matter, which pointed out that Russian interests 'cannot be harmonised with either US or Chinese ambitions' while calling for exercising caution to avoid being seen as containing China. A lack of coherence within Russian policy circles over what is the basis for Russia's interests in the region and how to deal with multiple international organisations in the fray continues to negatively impact Moscow's power to influence decision making in East Asia (Richardson 2014). It has had only a limited influence in multilateral bodies of the region, with its ambitions of being a major power belied by its weak presence (Christoffersen 2010). Wishnick (2013) contends that Russia will become a major power in the region not on the basis of its strategic partnership with China but instead through 'counterbalancing' the rising dragon. That might be some way off, as Kireeva (2012) observes, Russia is still to become a great power in East Asia and its strategic partnership with China is still evolving.

The US-China dichotomy in East Asia and role of Russia

Kozyrev (2014) agrees with the idea of US-China duality in East Asia, arguing that Russia acts as the 'third force' to 'weaken polarization between other powers' and can act as a 'mediator and facilitator.' The author believes that Russia has the capacity to contribute as a player that can strengthen existing regional institutions and create a congenial atmosphere in East Asia. In fact, Russia has been formally collaborating with China since 2010 to bring about a multilateral security mechanism in Asia-Pacific without being too vocal about it. Even China has been positive about Russia becoming more active in the region, believing this would prevent ASEAN states from all allying with the US, and help its own cause by taking help of its strategic partner (Kozyrev 2014). Kanaev and Pyatachkova (2015) believe Russia can play the role of a stabilising influence – especially in the case of South China Sea.

Carlsson et al. (2015) looks at the post-Ukrainian crisis position where Russia has had no option but to increase its ties to China. The latter has taken the opportunity to 'advance its position' and helped Beijing in using Moscow to 'counteract US rebalance' while making clear that its interests in the region must be respected. Russia on its part sees US presence as a stability factor here.

Lo (2008) argues that this benign response to Russia in East Asia is due to China's belief that Russia's influence in the region would never be enough to tip the balance of power.

As Buszynski (2010) points out, Russia while claiming to be a great power in East Asia lacks real power to match its rhetoric. Russia is deeply aware of these issues and understands that in the post-Ukrainian crisis world, its Asia policy is key to its 'great power status' (Kozyrev 2014).

Now, the Obama administration has taken a proactive lead in engaging with East Asia, once again bringing back the alliance dynamic (Rozman 2014). Meanwhile, even as some experts see Japan as trying to increase its presence in Southeast Asia due to its interest in sea lanes of South China Sea and its commitment to alliance with US, it is also seen by some others as a measure to 'contain China' or prevent any 'encirclement' by Beijing (Rozman 2014). He adds that there is also a difference of opinion about the direction of the regional order, with Japan focusing on unity of ASEAN, rule of law and multilateralism on contentious issues, even as Southeast Asian states wait for US to clearly state its position regarding pivot to Asia.

Russia's pivot to the East – geopolitical dimension

Russian foreign policy has steadily evolved, slowly making its goals apparent – increasingly focusing on its Eurasian identity and a greater Asia from Shanghai to St. Petersburg. It seeks to increase economic cooperation and military presence but as of now, the pivot is shaky (Fattibene 2015) and it is yet to develop a comprehensive Asian strategy (Martynova 2014). The foreign policy concept of 2013 declared Russia's intention to strengthen itself in the Asia-Pacific. It wants to develop the Far East, 'boost its presence in the Pacific, bridge the yawning gap between its own policies toward Asia and Europe, and figure out a way to work with China and other regional players' (Hill and Lo 2013). President Putin is aware of the importance of integrating Russia into Asia for future development of the country, focusing now as much on economic ties as the earlier military-strategic ones (Kuchins 2014). It wants to diversify its presence in the region, especially in area of energy supply besides shoring up ties with other states to ensure US and China do not marginalise it here. Over the years, Russia has abandoned efforts to be a part of the west. Both China and Russia see US influence declining as the former tries to claim its position and the latter seeks to re-establish its 'centre of power in Eurasia.'

Russia's desire to be an equal in the partnership with China is going to be difficult in Asia. However, it cannot be denied that the bilateral ties bolster China and also reduce Russia's isolation (Trenin 2015). It is also argued that Russia has the potential to play a critical role in political and security architecture if it defines its policy clearly. It can use the geopolitical competition between US and China to increase its partnership with Asian states (Martynova 2014). However, Fenenko (2013) argues that Russia's attempts to shore up ties with the region have not been very successful and an active US policy in response to China has complicated Russian position that is struggling to establish close economic and political ties with major powers in East Asia, even as it worries about Chinese reaction to its initiatives.

1.1.4 The Chinese Factor in Russian Foreign Policy in Northeast Asia

The need for development of the Russian Far East has led Northeast Asia to become critical for Russian diplomacy, focusing on trade ties with China and Japan in particular (Kuhrt 2014). It has already focused on energy as a means to gain an entry into the region for the purpose of tapping into the energy deficient region and also open up means to pursue additional instruments for 'active foreign policy' (Shadrina 2014). However, the idea of diversifying away from China has been difficult due to presence of US allies Japan and South Korea. The region comes with its share of conflicts, including the North Korean nuclear issue, Taiwan Straits issue, Senkaku/Diaoyu island issue and East China Sea dispute complicating the security structure here (Young 2013). In the absence of any strong institutions to keep peace in the region, rise of China and the US security alliance system with Japan and South Korea, have complicated Russian policy here due to fears of a bipolarised conflict. A SIPRI (2011) report argues that China has wanted to develop ties with Russia in order to 'develop China's role as a regional power in Northeast Asia' but the latter fears that its influence in the process in the region will be 'neutralised.'

Russia-Japan

Despite earlier hopes of an improvement in ties between Russia and Japan in 1990s, the progress has been slow (Kireeva 2012). The territorial dispute between Russia and Japan has had a dampener on bilateral ties. To add to it, the Russia-China rapprochement pushes Japan further towards the US, with the historical disputes between Beijing and Tokyo still straining their bilateral partnership. Recently, Russia has stepped up

construction activity on the Kuril Islands, prompting a strong reaction from Japan, already battling with China over East China Sea and the Senkaku/Diaoyu Islands. Tokyo has extended its support to ASEAN states against China over South China Sea (The Guardian 2015), even as both Moscow and Beijing have maintained a studied silence over each other's territorial disputes with other states. However, despite their reluctance to take sides on various disputes, due to their collective opposition to increased presence of US, it has made improvement of ties with other US allies tricky for Russia (Kaczmarski 2015).Despite this, Japan does have an interest in engaging Russia, reflected in Tokyo's endorsement of Russia for APEC (Kuhrt 2007). This has however been hampered by weak economic linkages, with trade slowly picking up pace only in the last couple of years. While Japan mostly exports cars to Russia, the latter supplies the former with mineral resources. The sanctions imposed post annexation of Crimea have again dampened the slow growing economic ties, as the country lags behind both China and South Korea in this domain. Meanwhile, China is pleased with declining Russia-Japan ties and believes this strengthens its common front with Moscow to build peace in North East Asia (Trenin 2015). On the other hand, Russia has made it clear that its ties to Japan cannot come at the cost of that of China, with most players in the region looking at the Kremlin as an ally of the dragon and arguing that the closeness of ties is only expected to grow (Kaczmarski 2015). The arms sales from Russia to China also make Japanwary. It is aware that Russia-China strategic partnership in the region works as a balance against Japan-US alliance (Iwashita 2010), making ties between and among these states crucial.

Russia - Koreas

When it comes to North Korea, Russia has been a partner since the days of the Soviet Union, and was a member of six-party talks to resolve the North Korea nuclear issue. This was after the second Korean nuclear crisis, where Russia's membershipwas seen by experts as recognition of its ability to balance both US and China (Kireeva 2012). Russia had been using these talks to 'reassert its influence in Northeast Asia' and generally agrees with China on the need for lighter sanctions to prevent any rash moves from the North, while US and Japan have been on the other side of this view (Council for Foreign Relations 2013). The talks have been stalled since 2009 and while Russian influence over North Korea has been helpful, it has 'limited leverage.'

It agrees with China that US' interpretation of the threat from Pyongyang is excessive and does not consider missile defence necessary (International Crisis Group 2015), but has been unable to put pressure along with China on North Korea to return to talks or abandon its nuclear program. Russia has worked to improve ties with South Korea and has presented itself as an 'active mediator' on the nuclear issue. It wants to supply energy to the country to diversify its exports, gain a strategic foothold and increase investment for the RFE (Shadrina 2014). While the bilateral trade has been increasing, it remains at one-tenth of South Korea's trade with China, with Russia attracting a mere $1.9 billion in investment from the country in 2013.

Russia - Taiwan

Russia does not want the Taiwan issue to spiral out of control as it might mean unpredictable consequences for the region. It has been a supporter of 'One China' policy since 1992. For China, Russia's support on Taiwan is crucial due to reasons of geopolitics, since it is more of an 'international issue' than a 'domestic' one (Hu 2007). Despite Russia's decline in power, China would feel isolated if it were to follow at pro-Taiwan policy. In case of any conflict over the issue, the ties with Russia would become crucial. In case of Russia, China is clearly more important compared to Taiwan while Russia prefers to maintain 'benign neutrality' on the subject of taking sides during any conflict, believing it to be in its best interests and help in a future role of a peacemaker. Mostly, Russia-China in Northeast Asia have seen their ties be neither 'competitive nor co-operative,' with former's presence posing no threat to the latter. A lack of clear policy direction from Moscow has meant it is still unclear whether it is willing to collaborate with other middle powers to maintain regional balance of power or will it follow a Sino-centric policy (Kaczmarski 2015).

1.1.5 The Impact of a Rising China on Russian Policy in Southeast Asia

Southeast Asia had generally been a neglected area of operations for Russia until the 21st century. In recent years, the latter has sought to make its presence felt in the sectors of arms sales, energy, innovative technologies and multilateral cooperation. However, this late entry into the region has also given rise to problems including a miniscule trade turnover as it is limited to a few commodities. It is now realised that cooperation with the

region is important for the development of Russian economy, in particular the Russian Far East (RFE) and for the furtherance of its influence in East Asia.

Expansion of bilateral ties through trade

In Southeast Asia, Russia has been expanding its bilateral ties with Malaysia, Indonesia and Vietnam in the areas of arms sales, aviation and energy. Burma and Thailand too have limited military cooperation with Russia. The dependence of the region on oil imports also increases the potential of Russia in the region, especially with the operationalisation of ESPO pipeline, shipping oil to Singapore, Malaysia, Indonesia, South Korea besides China and Japan. It is also collaborating with Vietnam to develop oil and gas fields in South China Sea, a development that has ruffled feathers in Beijing (Wishnick 2013). The free trade agreement of Eurasian Union with Vietnam is expected to pave the way for a broader Russia-ASEAN FTA (Torres 2013). However, Lisovolik (2010) argues that for now, it is best for Russia to have trade alliances with individual member states and slowly involve other states based on an analysis of the 'level of trade restrictions' and 'extent of complementariness of trade.' The level of trade remains dismally low, with only 0.6 per cent of ASEAN trade represented by Russia while others like China, Japan and US is 14.5, 9.1 and 8.4 per cent respectively, indicating that the country has a long way to go before it can assert itself through economic means in SEA.

Impact of the partnership on Russia's position in the region

ASEAN has actively worked a strategy in order to maintain good ties with an emerging China 'while preventing Sino-Japanese conflict and locking in the United States' (Buszynski 2006). In fact, the states here are looking for an 'external balancer' due to a rising China and US has filled that role (Cho and Park 2013). However, Wishnick (2013) believes that excessive focus by Russia on its partnership with China has led it to neglect Southeast Asia, costing it a strong presence in the region. On the other hand, Russia believes that this only helps balance the disproportionate US power (Rangsimaporn 2009). Another view is that Moscow has been concerned that an increased Chinese power in the region will have a negative impact due to a commensurate increase in US military activity in Southeast Asia (Wishnick 2013).

In Southeast Asia, conflicting interests often put China against US and Japan (Cook 2014). Due to this, Russia's aim of 'redistribution of power' rather than US and China's

'rebalancing of power' will find many takers (Chongkittavorn 2012). Explaining various positions held by scholars regarding role of Russia in the region, Buszynski (2006) elucidates how Putin brought together the twin approaches of an 'Asian great power' alongside cooperation with regional institutions. In the early years, the logic was that Southeast Asian states were looking to counter a rising China and Russia could play an important role in helping maintain a regional balance. However, this optimism was in stark contrast to the material capabilities that Moscow possesses, especially given China's strength here. On its part, China has been on a peace offensive in the region, combining bilateral diplomacy with multilateral ties and using its economic presence to boost political leverage. China poses a challenge to both US and Japan in the region, with US divided on whether China wants to rule the region or is simply working in its own national interest. While the US is trying to woo Southeast Asian states, some of those states are cooperating with China (Sumsky 2007).

Countries in Southeast Asia see the rise of China as a 'mixed blessing.' While the benefits in economics are evident, the new found assertiveness of Beijing has brought about a negative sentiment in the region, especially after the strategically important South China Sea was included as a 'core national interest' by the rising power (Cho and Park 2013). Its military preparedness has fuelled further anxiety, prompting ASEAN to keep US engaged in the region (Kanaev 2007).ASEAN needs new partners and is looking to Russia, with the latter being interested as well (Sumsky 2007). In such cases, Russia comes in as a balancer, promoting ties with China as well as the regional states, leading experts to conclude that it is an attempt by Moscow to diversify ties besides China to position itself as an 'independent force' despite current closeness in ties between the two (Kozyrev 2014). Meanwhile, others like Kuhrt (2014) believe Russian focus for the near future will remain on Northeast Asia due to economic and logistical reasons.

1.1.6 Russia and Regional Organisations in East Asia

Russia, China and ASEAN

The region is important to Russia for several reasons including due to the former's vital role in East Asian regionalism, its place as a centre of power in a multipolar region and individual importance of different countries for expanding Russian influence. Also, as opposed to Northeast Asia, the Southeast Asian region sees Russia as a 'partner in high

technology projects' (Kuhrt 2014). ASEAN also sees Russia as a 'counterweight to other regional powers' (Rangsimaporn 2009). Russia has captured the attention of Southeast Asia since climate change made the possibility of opening the Northern Sea Route and 'providing new supplies of oil,' posing an alternative to the narrow Straits of Malacca that today provides the corridor for most of world's oil supplies. In the case of heightened tension in South China Sea, the Arctic route around Russia is the region's best bet for energy security (Wishnick 2013).

Russia itself defines its aims in the region to be the following: 'to provide favorable external conditions for modernizing Russia, to further friendly relations with the countries in the region, to take an active part in regional affairs, and to join integration processes.' It has stated that Russia 'does not aspire for military superiority' and 'has no intention of deploying military bases in the Asia-Pacific' (Lavrov 2010).

Disaster relief, terrorism, space, biotechnology are other areas of cooperation that are envisaged by Russia with ASEAN. The one advantage is that Russia is not perceived as a threat by ASEAN. Russia believes that the regional organization will not be able to implement its mandate without 'participation of major powers,' including Russia (Lavrov 2010). Despite its pronounced intentions, analysts believe ASEAN will 'always mean much less to Russia than China or Japan.' But an increasingly tense relationship with the West has made the Kremlin more appreciative of Southeast Asia. Improving ties with ASEAN was seen in policy circles as strengthening the military-political balance in the region with China and Japan (Rangsimaporn 2009). ASEAN has been divided on the role of Russia with states like Singapore pointing out the low level of interaction but being countered by Philippines and Malaysia, who support Russian involvement in the organization and its various affiliates.

For the foreseeable future, the region is likely to see an increased conflict between US and China, 'curtailing Russia's freedom of manoeuvre.' Even Russia is still in the process of defining its interests in the region, further hampering the positive development of ties (Amirov and Kanaev 2010). Additional problems of an underdeveloped Far East and inability to export high-end goods only add to the list. However, Sumsky and Kanaev (2014) list causes for optimism including participation in APEC, focus on Far East

development that needs ASEAN support and an improvement in people-to-people contact.

Presence of Russia in other regional organisations and the China factor

Since the end of Cold War, East Asia has seen a rise in the number of multilateral organisations being set up. The rapid rise of China, strategic rivalry between the likes of China and Japan, strategic distrust between China and US, South and North Korea, China and Vietnam as well as fear of 'big power dominance' among ASEAN states complicate the relations between various constituent members (Foot 2011). This makes the presence of Russia in bodies like ASEAN Regional Forum (ARF), Asia-Pacific Economic Cooperation forum (APEC), ASEAN Defense Ministers Meeting Plus and East Asia Summit (EAS) a positive development for its presence in the region (Kozyrev 2014). As mentioned above, some scholars argue that the presence of competing states in these various bodies increases the value of observers like Russia who are not seen as a stakeholder in the conflict, enhancing their role as a balancer.

However, Foot (2011) believes that the 'underlying conditions of distrust and preference for state autonomy' with regional organisations not playing a primary role in resolving conflicts has led to matters being deferred to global and individual state governance. Russia depends on the regional organisations to pave the way for Russian Far East development, as was seen in its hosting of 2012 APEC summit in Vladivostok, where it looked to expand economic links with all major states in Asia-Pacific, and not just China, given the dynamism the region has displayed economically.

This desire was also seen in Russia's active lobbying to get a seat at the EAS, where Foreign Minister Lavrov (2011) asserted his country's presence in the region not only due to its unique geography but also as an identity that has 'significant foreign policy and economic dimensions,' stressing on ASEAN being the agenda setter for the organisation and calling for links between APEC and EAS to expand regional cooperation. China supported Russia's inclusion into EAS, after getting over its aversion to expansion of APT. Meanwhile, Russia looks upon its entry to EAS also as a way to mitigate the strong Chinese presence in the region and revive its window to East Asia (Irish 2013). Babones (2015) in fact argues that Russia is wary of its ties to China in East Asia and is not willing to side with it openly to resist American power in the region, indicating its desire

to keep its options open with all players as the situation develops. The scramble for economic ties too has an important role, with the East Asia Summit of 2012 launching the Regional Comprehensive Economic Partnership (RCEP) negotiations, contrasting with the US-led Trans Pacific Partnership (TPP). Given the current political situation and the volume of Russian trade with China, it is believed Kremlin will lean towards RCEP, which however does not preclude joining TPP at a later stage as it becomes politically palatable (Irish 2013).

Russian policymakers believe the trend of increased integration will continue in the region and the heterogeneous nature of states will continue to fuel this process in the absence of an overarching institution to address regional issues. They also assert that Russia has the potential to solve problems in the region through participation in various Asian integration processes, without playing a 'US or a China card' (Lavrov 2006). As Lukin (2009) points out, Russia's increased presence in regional organisations helps balance its lop-sided relationship with China as these bodies form an 'essential structural element in a world of real multipolarity,' reinforcing a basic tenet of Russian foreign policy.

As we have seen in the literature review, a strategic partnership between Russia and China, one that has been in force since 1996, has over the years resulted in an incremental, stable relationship. However, its impact has been under-appreciated and research on the matter remains limited. At a time when the regional balance of power is in a flux, this old relationship has the potential to play a crucial role in several critical issues facing East Asia. This research will try to bridge this gap in understanding Russia's foreign policy in East Asia through the prism of its strategic partnership with China, examining how it abets or constraints, stabilises or destabilizes the conduct of Moscow – and how it ultimately reflects on the policies in the region.

1.2 RESEARCH METHODOLOGY

This research, which is qualitative in nature, will be primarily analytical. The case study of Russian foreign policy in East Asia, with regard to its strategic partnership with China, will make use of small-n analysis to answer the research questions and reinforce/falsify the hypotheses.

A careful study of sequence of various developments in Russian foreign policy with regard to East Asia will be conducted and a detailed description undertaken to identify causation and change in the policy decisions taken by Moscow in the light of its relationship with China. Both causal and descriptive methods of inference would be used extensively to explain various hypotheses.

The primary sources for the purpose will include personal interviews with experts, official policy documents, as well as direct speeches and articles from the top political leadership of the various countriesalongside their respective foreign policy establishments.

The secondary sources include books, articles, reports of international organisations and news reports to understand the Russian foreign policy in East Asia.

1.3 DEFINITION, RATIONALE AND SCOPE OF THE STUDY

The study seeks to understand the impact of Russia-China strategic partnership on the Russian Foreign Policy responses in East Asia. With the next century posited to be one of Asia, it has been a natural response of major players in world affairs to turn their attention to the region. In the immediate years following the collapse of USSR, Russia's presence in East Asia was limited.

However, that is slowly changing as Russia insists on its role as a Eurasian power, bolstering its alliance with China and reasserting itself on the international front. In spite of the obvious political, economic and military limitation when it comes to Russian engagement in Asia, its growing partnership with China makes it an important player in a region where the balance of power is shifting and is hence, unstable.

The Russian policy towards East Asia and the impact of its strategic partnership with China on the region is an under-researched topic. It is crucial to understand the various geo-political dynamics at work to gather how Russia would frame its future policy so as to keep East Asia from becoming unstable. Its role is bound to attract attention in the region, which is working hard to lock in major world power so as to promote cooperation and prevent any outbreak of major conflict.The period of study would focus mainly from 1996 onwards to 2014, covering a period of roughly twenty years, right from where the two countries first declared their relationship as a strategic partnership to the decisive

break in Russia's relations with the West over Crimean annexation and the Ukrainian crisis.

1.4 RESEARCH OBJECTIVES

- To examine the dynamics of Russia-China strategic partnership.
- To study how Russia-China strategic partnership has impacted Russian foreign policy in Southeast Asia and Northeast Asia.
- To examine whether the strategic partnership has been beneficial, detrimental or neutral in securing Russian interests in East Asia.
- To examine whether the strategic partnership has altered the multilateral balance of power in East Asia, looking at the US pivot to Asia in particular detail.

1.5 RESEARCH QUESTIONS

- How has the Russia-China strategic partnership evolved since 1996?
- How has the strategic partnership impacted the conduct of Russian foreign policy in Southeast Asia and Northeast Asia?
- Has the strategic partnership been beneficial, detrimental or neutral in securing Russian interests in East Asia?
- Has the strategic partnership altered the multilateral balance of power in East Asia, especially in the light of US pivot to Asia announced in 2012?

1.6 HYPOTHESES

- The rapid rise of China in Southeast Asia has led Russia to diversify its ties with ASEAN states and regional organisations.
- Russia's relations with Japan, Koreas and Taiwan have not been impacted due to Russia's strategic partnership with China.
- Russia-China strategic partnership has not altered the multilateral balance of power in East Asia.

1.7 CHAPTERS

Chapter 1: Introduction

The chapter will dwell on the broad overview of the study to be undertaken in the thesis, consisting of a comprehensive literature review, research questions, research objectives, research methodology and hypotheses among others in order to set the framework for the rest of thesis. It examines in detail the ongoing

debates on the subject in order to undertake a comprehensive study; before identifying the research gap for further examination.

Chapter 2: History of Russia-China Bilateral Relations

This chapter will look at the historical development of Russia-China bilateral relationship from the Soviet period up to its current status as a strategic partnership, putting it in the context of a new post-Cold war world order.

Chapter 3: Russia and Geo-politics of East Asia

The chapter will analyse the East Asian Factor in Russian foreign policy. It will also look at the broader balance of power in East Asia, taking into account the US pivot to Asia and rise of China, both of which have the potential to create imbalance in the region like never before. In the light of the presence of several powers, it will examine how the strategic partnership has the potential to either stabilise or destabilise the broader region and how has Russia reacted to these changing dynamics in the region.

Chapter 4: Russia, China and Strategic Alignment in Northeast Asia

The chapter will look at how the Russia-China Strategic Partnership has affected Russian policy in Northeast Asia, whether it has had a tangible impact or not in helping Russia reassert its position in the region. It will specifically study the bilateral relations of Russia with Japan and the two Koreas to examine the impact of China on its policy in this region.

Chapter 5: Russia's Policy Towards Southeast Asia

The chapter will study how the Russia-China Strategic Partnership has affected Russia's dealings with various states in Southeast Asia. All the ten regional states are studied to give a comprehensive picture of the Russian policy making in Southeast Asia.

Chapter 6: Russia and Regional Organisations in East Asia

Tracking regionalism in East Asia through the development of regional organisations (ASEAN, ARF, ADMM, EAS, 6-party talks), this chapter will examine the steady rise in number of multilateral organisations in the region and the role Russia sees for itself in these bodies, analysing how its various actions are affected on account of ties with China.

Chapter 7: Conclusion

The chapter will examine whether the hypotheses stated above are valid or not. This chapter will also contain suggestions for Russian policy making towards East Asia, looking at steps it can take to assert its presence in the region as it balances its relations with China and other major powers present in the region.

2. HISTORY OF RUSSIA-CHINA BILATERAL RELATIONS

2.1 HISTORICAL BACKGROUND

The earliest recorded attempt by Imperial Russia to contact the Chinese Empire can be traced back to 1567 when two Cossacks made an unsuccessful attempt to meet the emperor in Peking, but were refused audience for failing to bring gifts for the occasion (Sladkovskii 2008). However, it was not until the middle of the next century that China looked closely at Russia and that too only when the latter's expansion across Siberia brought it to Amur Basin. To settle the territorial dispute that had gone on for so long, the Treaty of Nerchinsk[1] was signed as a result in 1689 between the two empires. As Yeung and Bjelakovic (2010) point out, this allowed Russians to initiate trade activity in China and also led to establishment of the diplomatic mission. In turn, China's territory was preserved for about the next century and half.

However, as the Chinese empire weakened, Russia once again established settlements in Amur Basin by 1850s without active push back from the Asian empire (Maxwell 2007). As the author explains, Russia then asked for a new agreement which led to the signing of Treaties of Aigun (1858) and Peking (1860), which the Chinese have argued were unequal treaties that gave Russia control over areas of Central Asia, Siberia and Far East that were earlier under Chinese rule. They also ceded territories north of Amur river and east of Ussuri river. The Chinese discontent over these treaties formed the bedrock of the Sino-Soviet boundary dispute alongside other territorial issues that were added over the years.

As Bolsheviks took control and pulled Russia out of World War I, they promised to repeal these tsarist era treaties as well as a return of the Chinese Eastern Railway in 1919.However, instead of adhering to their declaration, the new government rescinded the announcement in 1920. Subsequently, these treaties were not renegotiated by the Soviets and they also gained control of the Chinese Eastern Railway, when Joseph Stalin[2] invaded Manchuria briefly in 1929 to preserve the Soviet position. As Wishnick (2001)

[1] Treaty of Nerchinsk (1689) was signed between the Qing Empire and Russian Empire, according to which Amur's control was handed to China while Russia was not to have access to the sea of Okhotsk.

[2] Joseph Stalin (1878-1953) was the General Secretary of the Communist Party of the Soviet Union from 1922-53 and after the death of Vladimir Lenin in 1924 came to govern the affairs of the party alongside Lev Kamenev and Grigory Zinoviev. By 1928, however, he had sidelined other leaders and assumed complete control.

notes, the Soviet Union admitted that it had 'unilaterally occupied many of border islands belonging to China' in 1930s including Damanskii (Zhen Bao) islands[3]. The Sino-Soviet Treaty of Friendship and Alliance, 1945 led the Soviets to receive a 30 year lease on Dairen and Port Arthur and joint ownership of the eastern railway. While it was signing this treaty with the nationalist government in China led by the Kuomintang, it was also extending support to the Communist Party of China (CPC) covertly. However, it must also be noted that Stalin was not always steadfast in its support of the communists in China, unsure if the Mao[4]-led army would be able to defeat Chiang Kai-shek[5].

2.2 THE SINO-SOVIET TIES

2.2.1 Bilateral relations till 1960

When the CPC announced victory and proclaimed People's Republic of China (PRC) on October 1, 1949, the Soviet Union recognized it the very next day. The next year, this led to an alliance between the two communist states with the signing of the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance in 1950. Meanwhile, as the CPC sought to rebuild the war-torn country after decades of unrest, it looked for economic and political help from the Soviet Union that was its best hope of consolidating its rule. In order to not plunge the country into more unrest, the Chinese government steadfastly declared its intent to only use peaceful means to address all border issues (Maxwell 2007).

The 1950 Sino-Soviet Friendship Treaty led to Chinese regaining Port Arthur and Chinese Eastern Railway by 1952 but Dairen was sought to be returned pending a peace deal with Japan. The alliance was critical to the Union of Soviet Socialist Republics (USSR) for both 'political and psychological reasons' (Gittings 1964). As the author explains, the importance of having a major country like China join voluntarily into an

[3] This was revealed in 1995 by head of the Russian delegation to the Sino-Russian border demarcation commission Genrykh Kireev to the State Duma. These islands formed the center point of 1969 border clashes that revealed the full extent of Sino-Soviet rift.

[4] Mao Zedong (1943-1976) was a founder member of the Communist Party of China (1921) and the founder of the People's Republic of China (1949), established after defeat of the Kuomintang (Chinese National Party) leader Chiang Kai-shek in the civil war that followed after the end of the Second World War. He ruled PRC as the Chairman of the Communist Party of China from 1949 till his death.

[5] Chiang Kai-shek (1887-1975) was the leader of the Kuomintang (Chinese National Party) who served as the leader of Republic of China (1928-75). He came into conflict with the Communist Party of China over control of the government, which led to a purge of the communists in 1927. The CPC rebuilt its strength in the hinterlands and finally assumed control in 1949, which led him to flee to Taiwan, where he remained president of the Republic of China till his death in 1975.

alliance would not only enhance the position of the communists but also make Soviet Union feel safe about its eastern frontier. The involvement of China in the Korean War (1950-53) on insistence of Soviet Union brought it closer to the latter both politically and economically. The Chinese worried about insufficient Soviet aid even though the importance of USSR to the Chinese cause remained as important as ever (Jun 1998); and despite troubles, the two allies maintained good terms.

The potential of the alliance was immense with Westad (1998) calling it the 'greatest antisystemic power' since the Ottoman Empire that had the capability to challenge the Western capitalist ideas, covering a huge landmass and population. Meanwhile, as China stabilised internally, it maintained cordial relations with USSR but also took steps towards its own independent policy as demonstrated by its participation in the Bandung Conference of Afro-Asian nations. The 'destalinization' after Nikita Khrushchev[6] took charge at the helm of affairs also had the potential to be advantageous for China owing to increased freedom.

Soon after Khrushchev's secret speech denouncing Stalin at the Twentieth Party Congress of Communist Party of the Soviet Union (CPSU) on 25 February 1956, the Chinese press commented in April on 'USSR's cult of the individual' and also chastised Stalin for 'an excess of zeal in eliminating counterrevolutionaries, lack of vigilance before World War II, failure to develop agriculture sufficiently, mistreatment of Yugoslavia's apostasy--and, most notably, crudely applying his directives concerning China' (Ford 1999). In other words, China 'openly contested' how the USSR was dealing with the international communist movement, taking a dissenting stand of matters of ideology, security and foreign policy (Yeung and Bjelakovic 2010). In turn, Soviet leadership also had its apprehensions about the Great Leap Forward[7] and China's commune system.

[6] Nikita Khrushchev (1894-1971) was the First Secretary of the CPSU from 1953-64 and succeeded Stalin in leading the Soviet Union at the height of the Cold war.

[7] The Great Leap Forward was a policy introduced by Mao Zedong led communist government in China in 1958 and continued through till 1961 with an aim to transform the rural economy into an industrialized one at a rapid pace through collectivization. The sudden diversion of labour towards industrial works had devastating impact for agriculture. It created conditions for a famine, worsened by adverse weather conditions that led to death of an estimated 30-40 million people.

On the two crises that erupted in 1956 for the communist movement in Poland and Hungary[8], China adopted the role of the mediator. In Poland, PRC backed the reformist leadership that had emerged and prevented an armed intervention. On Hungary, it backed Soviet intervention – both the events enhancing its position among the communist states (Gittings 1964). A major area of contention between the two communist states was on Chinese nuclear capability where Beijing opposed Soviet idea that spread of nuclear weapons should be avoided. China wanted to acquire nuclear weapons as early as 1957 even as Soviet Union disagreed – and it was perceived that the ideological connection had been downgraded to be of 'minor importance' (Ford 1999).

China was also insistent on focusing on its own experiences in the economic realm instead of following the Soviet experiment, leading to disputes. The Soviets in turn were critical of Mao's policy of the Great Leap Forward. Also, Khrushchev's proposal of peaceful co-existence was met with opposition by China who wanted to maintain a tough policy versus the West. In fact, China feared a detente with the West would 'leave it isolated' (Gittings 1964). During the first Taiwan Straits crisis in 1954, China was particularly peeved at what it perceived as insufficient support from USSR. Thus, differences cropped up on critical issues like policy within the communist bloc, military help and economic aid. The fact that China was acting aggressively versus Taiwan and India at a time when Soviet Union was talking about peaceful coexistence caused rifts as the latter took it to be undermining its leadership of the communist movement.

The 1960s were also characterised by the two nations debating on the 'true nature' of communism and which party is best poised to lead the movement (Guang and Jian 1995). While Soviet Union wanted to preserve its position as the leader of the communist movement, sharp differences arose over China not following the Soviet model of development. In the end, it was a mix of foreign policy, economic and military issues (Westad 1998) combined with ideological differences on the direction of communism

[8] In June 1956, workers in Poznan went on strike against government's refusal to accept their demands regarding salary and better work conditions. The workers received support from the local population and riots erupted soon after. As a way of resolving the crisis, a new moderate leadership took charge of Poland under Władysław Gomułka, with the promise that the country would remain part of the Warsaw Pact. The same year saw student protests erupt in Hungary, discontented over the Soviet control, and spread rapidly. The new leader Imre Nagy, appointed to appease the protestors, called for free elections, withdrawal of Soviet troops and for Hungary to be released from the Warsaw Pact. This led to Soviet military action that led to Nagy being killed and the uprising being crushed.

that led to the Sino-Soviet split. The strain was evident in 1966 when the Chinese did not send any representatives to the twenty third Party Congress of the CPSU, worsened by the Cultural Revolution[9] unleashed by Mao. The Chinese leader in the 1960s had also criticised Soviet Union for betraying the revolution and deviating from Marxism-Leninism. The border clashes that in 1969[10]that saw exchange of fire sealed the split and 'Soviets and Chinese maintained a Cold War of their own for another fifteen years' (Wishnick 2001).

2.2.2 Bilateral relations after the Sino-Soviet split

The Sino-Soviet split led to a situation where China started to be seen as a military threat and as a challenger to the leadership of the world communist movement. This led to a strengthening of Soviet military strength vis-a-vis China, leading to security dilemma for the latter, pushing it to even closer ties with US (Wishnick 2001). The reformist voices in the Soviet Union, who saw China's policies as a response to its domestic situation and believed that better relations with US would also be helpful were sidelined by the conservatives who saw everything in terms of ideology, of Soviet position in the international communist movement and as a way to maintain status quo domestically.

The 1972 visit of US President Richard Nixon[11] to China, the first one by an American President to the country, revealed the extent of the impact of Sino-Soviet rift. Whiting (1984) has argued that the visit was a demonstration of China preserving its national interests and proved that ideology occupied a second place in its decision making process. Also, as China focused on promoting economic growth, its requirement of resources and technology from outside made it amenable towards improving ties with

[9] In May 1966, Mao Zedong launched the Cultural Revolution in China to re-establish his control over the CPC that lasted a decade. It turned into a persecution of CPC officials, intellectuals and other so-called 'bourgeois' elements labelled class enemies who were purged, killed or sidelined. As the death toll rose, led by students who responded to Mao's message (Red Guards), the army was sent in to control them and eventually resulted in millions of students being sent to the countryside to deal with the situation. It is commonly estimated that about a million people dead and several more million faced persecution. This phase came to an end with the death of Mao in 1976.

[10] In March 1969, Soviet troops and Chinese troops clashed on the disputed islands of Ussuri River, which used to serve as the boundary between the two states as per the Treaty of Peking, 1860. The clash on Zhenbao (Damansky) Island in 1969, in which Chinese troops attacked the Soviets, was also a symptom of the deterioration of the Sino-Soviet ties led to a further escalation and several battles were fought over the coming days. Boundary negotiations began in October 1969 to contain the threat of spiraling of the conflict and the event had an overall dampening effect on the relations between the two Communist states.

[11] Richard Nixon (1913-1994) was the 37th president of the United States of America and served in the position from 1969-74.

non-Communist western states (Whiting 1984). The year 1979 saw US granting full diplomatic recognition to China and accepting the one-China policy[12].

Meanwhile, the heavy placement of Soviet troops on the border with China, intervention in Afghanistan and its support for Vietnam's occupation ofCambodia were all sore points for Beijing. The increase in Soviet troop presence on the border was followed by a similar action on the Chinese side, locking the two sides in a confrontational position. At the same time, Yeung and Bjelakovic (2010) argue, China decided to open up to the world at a time when it was worried about armed confrontation with Soviet Union. The authors also point out that the death of Mao in 1976 had led to a more pragmatic policy being followed by Chinese leaders. In this situation, the new leadership rejected proposals made by Moscow to improve ties and insisted on a resolution of border disputes first. By 1980, China had pulled out from the alliance treaty with Soviet Union. In this case, both the states were worried about the other. While the USSR was concerned about the 'Beijing-Tokyo-Washington' axis, China worried about a Soviet invasion and saw the communist superpower's naval base in Vietnam and relations with India as its 'encirclement' (Yuan 1998). This led to further amassing of troops at the border.

The coming to power of Ronald Reagan[13] saw the beginning of differences between US and China as well, especially on the issue of Taiwan. The Reagan administration issued six assurances to Taiwan which included the promise that it would adhere to the Taiwan Relations Act, not mediate between Taiwan and China, and declared that arms sales to Taiwan would not have a fixed time for termination. At the same time, it reaffirmed one-China policy and signed agreement to sell military equipment to Beijing. This 'one China, one Taiwan' was seen as nothing more than 'a slightly camouflaged version of the old concept of two China' (Lukin 1984). The US and China were also clashing over trade policies that made long term cooperation uncertain. Lukin (1984) ascribes this ebb and flow of the bilateral relationship to 'primarily subjective incentives for rapprochement' and 'radical differences in their socio-political system.' This led China to proclaim its

[12] The One-China policy refers to the position adopted by the US declaring that there exists only one Chinese government, which means that the western nation maintains formal relationship with the PRC and not Taiwan, with which it has unofficial ties. The policy was adopted in 1979 when US established formal diplomatic ties with PRC and cut off ties with Taipei. However, it continues to support the latter through the Taiwan Relations Act.

[13] Ronald Reagan (1911-2004) was the 40th president of the United States of America and served in the position from 1981-89.

'independent foreign policy' in 1982 that marked a change in how China was handling Sino-Soviet relations (Yuan 1998).

The first steps towards rapprochement were also taken by USSR in 1982, when the then Soviet General Secretary Leonid Brezhnev[14] in a policy statement in Tashkent on China declared that 'Soviet Union was not threatening China' and that it was ready to resume border talks (Radchenko 2014). Brezhnev also recognized that China had sovereignty over Taiwan and offered talks without preconditions. As the author points out, despite this only being a reiteration of official policy, after the low reached in 1980, this was by far the 'friendliest' statement to come from a Soviet leader.

Around the same time, China reassessed the meaning of Maoism, focusing on the 'moderate and pragmatic elements of Maoist ideology' and re-established party ties with west European communist parties (Segal 1984). Both sides had stronger armed forces on the border but the clashes were declining, with no incident having been reported for four years by 1984. Even trade ties started to look up from their lows of 1960s.

The ideological and personnel changes brought about due to Mikhail Gorbachev's[15] reform program in mid 1980s eased tensions as multiple paths to socialism became an acceptable idea even as China implemented its economic modernisation plan. In his speeches in Vladivostok (July 1986) and Krasnoyarsk (September 1988), Gorbachev signalled the desire to work towards normalizing ties with China. At the same time, as a 'goodwill gesture', he announced 'the plan to withdraw six regiments from Afghanistan and expressed intention to withdraw 'a substantial part' of Soviet troops from Mongolia' (Yuan 1998). As the author explains, even more encouraging was his willingness to consider Chinese position on the border line between the two countries, a major concession from the past. Deng Xiaoping,[16] who was now leading China, also concluded that the threat of a land invasion from USSR had declined and it was decided that China could move towards 'peace-time defence modernization in subordination to economic development' (Yuan 1998). They also declared their intention in 1986 to resume border

[14] Leonid Brezhnev (1906-82) was the general secretary of the central committee of CPSU and led the Soviet Union from 1964-82.

[15] Mikhail Gorbachev (1931) was the general secretary of the CPSU from 1985-91, and in this position also had the title of the leader of the Soviet Union.

[16] Deng Xiaoping (1904-97) was the leader of the PRC from 1978-89 and presided over wide-ranging economic reforms in the country.

talks, the first time in nine years that these negotiations took place with a 'major breakthrough' coming in 1987 over the method of resolving the long-standing dispute. The arms control agreements between US and USSR and improvement of ties between the two superpowers also led to a changed environment.

The other remaining contentious issues that China put forth(besides the high number of troops along the Sino-Soviet border), Soviet troop presence in Afghanistan and Vietnam's occupation of Cambodia that was backed by Soviet Union were also resolved as Gorbachev's new thinking in foreign policy took shape. Trade relations grew and the improving climate set the stage for a summit meeting between Xiaoping and Gorbachev in 1989 that restored both party and state ties between the two communist states. The imposition of western economic sanctions and arms embargo following the Chinese crackdown on student protesters in TiananmenSquare[17]in 1989 made it dependent on Soviets for fulfilling its military needs.

2.3 RUSSIA-CHINA BILATERAL RELATIONS

2.3.1 1991-1995

In the initial years of Yeltsin[18] administration, the Kremlin followed a distinct pro-Western policy. Combined with a situation where the Chinese had sided with the Soviet leaders involved in the 1991 coup which impacted their relations with the Yeltsin-led government and a new Russian state still attempting to define its policies, both the parties were unsure of how to deal with each other. However, the beginnings made under the Gorbachev administration meant that even though the pace of progress in relations with China remained slow, it was never completely abandoned. It soon became apparent in light of the sustained economic crisis and marginalization of Russia at the international front that the policy of focusing on the West needed to undergo change.

China was also willing to mend ties with the former superpower and the instability in Central Asian states bordering China provided an opening, leading to the eastern border

[17] The 1989 Tiananmen Square protests in China were a student-led movement in which the protestors demanded a more democratic system, political reforms and human rights. The protests began in April, triggered by the death of liberal CPC leader Hu Yaobang and led to thousands of students coming out on the streets on Beijing in a pro-democracy protest. A hunger strike began at Tiananmen square in May 1989 and protests spread to different cities in China. The protests ended with PLA troops firing on the protestors in the Square and killing several, with estimates ranging from 800 to thousands.

[18] Boris Yeltsin (1931-2007) was the first president of the Russian Federation, serving in the position from 1991-99.

agreement.[19] The parliaments of Russia and China ratified the deal which laid down the eastern border between them legally in February 1992 (Wishnick 2001). The surest signs of course-correction in Russian policy came in December 1992 when President Yeltsin visited China. This direction was further strengthened by the appointment of Yevgeny Primakov[20] (replacing Andrei Kozyrev[21]) as the foreign minister in 1996, who focused on the idea of pragmatic Eurasianism.

Voskressenski (2012) explains that the Russian strategy here was to ensure security of the newly formed nation by maintaining good relations with the West as well as its largest neighbour, China. For the Chinese, a stable relationship with Russia strengthened its position vis-a-vis the West. The potential of economic and trade ties was also a factor in the improved ties between Moscow and Beijing. The fact of a 4300 kilometre long shared border that was yet to be settled even as local insurgencies erupted made both countries realise the importance of cooperation. The two also needed each other in the defence and energy sector. China was under pressure from West over Tiananmen Square uprising that had led to imposition of tough sanctions. It was also dealing with Britain over Hong Kong and with US and France over Taiwan. These conditions made it opportune to improve ties with Moscow.

The 1992 visit by President Yeltsin to China has come to be known for a 'historic breakthrough in relations,' (Rozman 1997b). Over 20 agreements were signed during the visit 'in a wide range of areas.' The most significant of these was the 'Joint Statement on the Foundation of Mutual Relations between the People's Republic of China and the Russian Federation' that laid the foundation of bilateral relations in the post-Soviet era. Also, the 'Memorandum of Understanding on the Guiding Principles for the Mutual Reduction of Armed Forces and the Strengthening of Trust in the Border Region' was signed, which led the two sides to declare their mutual understanding on reducing 'armed forces along the border to the lowest level commensurate with friendly relations' (Yuan 1998). Economy, trade, science, technology and culture were the other areas in which

[19] This agreement, signed by Soviet Union and China in 1991, resolved the issue of the eastern border of USSR (covering an area from Mongolia to North Korea). It was ratified by both the parties in 1992.

[20] Yevgeny Primakov (1929-2015) was the prime minister of Russia from 1998-99. He also served as the foreign minister (1996-98) and director of SVR, Russia's foreign intelligence service, from 1991-96.

[21] Andrei Kozyrev (1951) was the first foreign minister of the Russian Federation and served in the position from 1991-96.

agreements were signed. In the same year, Russia affirmed its support of one-China policy and recognized Taiwan as an integral part of China.

Wishnick (2001) quotes Mikhail Titarenko on the improvement in Russia-China relations, explaining that both sides did not 'threaten the other, and could provide each other with welcome support.' Bilateral trade too started improving and in 1993, China became Russia's second largest trading partner after Germany, with Russia at the fifth position when it came to China's trading partners.

With the two states opposing the actions of US as a hegemonic power, the relationship between them grew closer. Other issues of mutual concern included NATO expansion, national missile defence in Asia-Pacific, US intervention in Iraq and Kosovo. Wishnick (2001) also argues that despite 'seeing their global role in different terms and often having divergent interests,' Russia and China were able to forge common ground. They also agreed on non-interference in each other's internal affairs and the relations were imbued with 'respect regardless of ideological, human rights, and other differences' (Rozman 1997b).

This led to signing of two important documents, in 1994 and 1996, which laid the foundation of post-Soviet Russia's relations with China. In fact, Jiang Zemin[22] in 1994 was the first Chinese president to visit Russia since 1957, wherein Sino-Russian ties were raised to level of 'constructive partnership.' This happened despite concerns raised by regional governments in the Russian Far East, who were worried about poor economic conditions and population drain on its own side while the Chinese side grew by leaps and bounds. The huge population disparity and opening up of businesses by the Chinese in the Far East led to fears of a 'yellow peril.'This view was not shared by the federal government in Moscow where these views were seen as alarmist and indeed, official statistics proved that no large scale Chinese migration to the Far East had taken place and that the region needed all the help it could get from its neighbour to sustain itself.

The two sides also signed the declaration on 'No-First-Use of Nuclear Weapon and Mutually No-Targeting the Opposite Side with Strategic Nuclear Weapon' as well as the agreement on western sections of the Sino-Russian border. In 1995, during

[22] Jiang Zemin (1926) was the general secretary of the CPC from 1989-2002 and served as the president of PRC from 1993-2003.

Kozyrev'svisit to China, it was acknowledged that the two had common interests in opposing hegemonism and a unipolar world (Rozman 1997b).

The series of high level visits continued and the two states supported each other on crucial issues like Taiwan and Chechnya, signalling the steady improvement in the bilateral sphere. Since 1994, regular prime minister level visits have taken place and now regular meetings between the heads of states of the two countries take place in an institutionalised manner. On the Russian side, the continued economic crisis, rise of nationalism, tensions in relations with Japan, need of resources for development of the Far East and NATO expansion set the stage for further closeness with China.

2.3.2 1996-1999

The third Sino-Russian summit in 1996 produced a joint declaration in which the two parties announced 'their resolve to develop a strategic partnership of equality, mutual confidence and mutual coordination for the twenty-first century' (Joint Declaration by the People's Republic of China and the Russian Federation 1996). Under this declaration, the two sides agreed to honour past resolutions on the eastern and western border, continue talks on remaining boundary issues, reiterated above mentioned positions on Taiwan and Chechnya, decided to further increase bilateral trade and military cooperation.

In the international sector, both sides highlighted the role played by them in defeating fascism during World War II and noted the current trend towards the development of a multipolar world. The 'principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence' were called upon for a 'just and equitable international political and economic order' (Joint Declaration 1996). There was also considerable focus on arms reduction, disarmament, enhancing the efficacy of the UN, establishment of a new world economic order among others. It was an opportunity for both sides to gain a partner vis-a-vis the West. What is notable in this document is the specific topic of 'security and cooperation in the region of Asia and the Pacific,' which forms a separate heading in the Joint Declaration (1996). As part of this, Russia and China committed to involving themselves politically and economically in the region. Predicting that the region would play a 'significant role' in the coming century, the two states agreed to engage in both bilateral and multilateral dialogues on security matters

while working towards stability and economic cooperation in both northeast and southeast Asia. Thus, between 1992 and 1996, the bilateral relationship moved from 'good neighbourly relationship' to 'constructive partnership' to 'strategic partnership' (Yeung and Bjelakovic 2010). Followed by the 1997 summit, the parties decided to reduce the number of forces deployed all along the border between the two sides, marking a positive step forward on an issue that had been a major sticking point since the Sino-Soviet border clashes of 1969. In 1997, the two signed the 'Russian-Chinese Joint Declaration on a Multipolar World and the Establishment of a New International Order,' in which they declared their intention to strive towards setting up such a world system. Noting the end of the Cold War, rise of regional economic organizations and a dislike of hegemony among states, Russia and China stressed the establishment of relations between states on the basis of 'mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual advantage, peaceful coexistence and other universally recognized principles of international law.' The two also agreed to cooperate and coordinate positions on international affairs (Russian-Chinese Joint Declaration 1997).

The developments in Europe too pushed the two closer, as Russia expressed its dismay with the West over NATO expansion, which in 1997 came to include former Soviet allies Czech Republic, Poland and Hungary. This gave further impetus to Russian desire to improve ties with China. Rozman (1997b) argues that as China slowly gains ground in the region on account of its expanding economic influence, a stable relationship with Russia will help it in building a counter to the US as the need arises. But concern remains regarding weak Russian economy and military that would hinder its ability to exercise significant influence on events. Despite these concerns, the bilateral documents reveal a common understanding between the two in their desire to resist what they see as US push for 'universal values' while insisting on their traditional values, including on issues of democracy, human rights and minorities. China and Russia also recognized each other's importance in their spheres of influence (Rozman 1997b). As US decided to set up the missile defence systems in Eastern Europe and Korean peninsula, both Russia and China saw threat to their security interests. They were also worried about US not fulfilling its obligations under the Anti Ballistic Missile (ABM) treaty and were united in their stand

on NATO campaign against Yugoslavia. After the deterioration of Sino-US relations due to the Chinese embassy being bombed in Yugoslavia, the two countries took a strong position together, cutting off military ties with the West. It was Russia, under diplomacy undertaken by former Prime Minister Viktor Chernomyrdin[23] that later mediated between US and China to deal with the prevailing crisis. This period also saw the establishment of Shanghai Five[24] which included Kazakhstan, Kyrgyzstan and Tajikistan apart from Russia and China. At this point, economic relations lagged and by the end of Yeltsin's term in office, the bilateral trade turnover remained at around $5.5 billion, despite the set target of $20 billion by the end of the 20th century. Wishnick (2001) believes that despite the rocky start of Yeltsin's China policy, he was instrumental in establishing the strategic partnership and laid the foundation for future strengthening of bilateral ties.

This balanced Russian foreign policy and allowed the two to coordinate international response to situations where their interests converged even as economic ties lagged behind and several issues remain unresolved. Regular interactions at the highest levels were put in an established framework and a 'common understanding of almost all major international issues' further helped the bilateral ties (Yeung and Bjelakovic 2010). Given the rapid rise of China and the challenges inherent for Russia therein, Mankoff (2009) has called the maintenance of this bilateral relationship as being among the 'most critical tasks of Russian foreign policy in the next century.'

2.4 STRATEGIC PARTNERSHIPIN THE 21ST CENTURY

2.4.1 2000-2008

The rapid development of bilateral ties can be gauged from the Foreign Policy Concepts in 2000, 2008 and 2013. In 2000, the foreign policy concept noted that:

'The concurrence of the fundamental approaches of Russia and the PRC to the key issues of world politics is one of the basic mainstays of regional and global stability. Russia seeks to develop mutually advantageous cooperation with China in all areas. The main

[23] Viktor Chernomyrdin (1938-2010) was the prime minister of Russian Federation from 1992-98.

[24] The Shanghai Five consists of China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan, and emerged from a series of border demarcation and demilitarization talks which the four former Soviet republics held with China. Since 1996, when the group held its first presidential summit meeting in Shanghai, the five-country group has held annual summits. The grouping focuses on security matters besides dealing with trade among other issues. There has been a steady increase in conducting joint military exercises and training and exchanging information about peacekeeping operations. Uzbekistan joined the group in 2001 which made it the Shanghai Cooperation Organisation.

task is, as before, bringing the scale of economic interaction in conformity with the level of political relations.'

The 2008 foreign policy concept stated that:

'Russia will build up the Russian–Chinese strategic partnership in all fields on the basis of common fundamental approaches to key issues of world politics as a basic constituent part of regional and global stability. Bringing the scope and quality of economic interaction in line with the high-level of political relations constitutes a major task in the field of bilateral ties.'

By 2013, this had changed to:

'Russia will further build up comprehensive, equal and trustful partnership and strategic collaboration with China and actively develop cooperation in all the spheres. Russia regards the fact that the two countries share the same fundamental positions on key global issues as one of the core elements of regional and global stability. Thereupon Russia will promote foreign policy cooperation with China in various areas, including in seeking ways to address new threats and challenges, finding solutions to urgent regional and international problems, cooperating within the UN Security Council, G20, BRICS, EAS, SCO and other multilateral formats.'

So from developing a 'mutually advantageous relationship' where economic ties were to be the focus area of improvement, Russia had moved towards increased cooperation with China on all levels. As it sought to expand its presence in regional and international affairs, coordination with China on regional and international forums became central to the relationship and concerns about unequal economic partnership were pushed to the background, at least in the Foreign Policy Concept. During this time, Russia started to see Chinese market as vital for its energy and military technology exports with bilateral trade achieving new growth levels. The year 2001 saw a friendship treaty being signed between the two as well as the formation of Shanghai Cooperation Organization. President Putin[25] (2000) himself noted that 'Russia and China are firmly on course to build an equal and trusting partnership, which has become an important factor of global stability.' Apart from reiterating the strategic partnership and validity of all documents signed in the post-Soviet period, the treaty also expressed opposition to any use of force by an outside power and called for respect for non-interference in affairs of sovereign states. They also

[25] Vladimir Putin (1952) is the current president of the Russian Federation, having assumed office in 2012. He had earlier served in the position from 2000-2008 and was the prime minister of the country from 2008-2012.

resolved to increase cooperation in the UN Security Council so as to reaffirm its position as the premier body for maintaining international peace and security (FMPRC 2001).

There were still concerns in the Far East regarding excessive dependence on China leading to loss of control over the territories. In fact, as late as 2002 a Russian military document 'On Main Directions of Maintaining National Security in the Far Eastern Federal Districts' declared that while any short- to medium-term direct military threats in the Far East were unlikely, there was a long-term threat of a strong and emboldened China.

Putin's presidency coincided with a firm control over regional governors who exaggerated fears of the so-called 'yellow peril' and brought them in line with the national foreign policy (Lukin 2003). It was clear that Chinese and other foreign investment was necessary for development of the Far East while at the same time making efforts for domestic rejuvenation to prevent dominance by foreign powers within the eastern territories.

The coming to power of Vladimir Putin also began a period of increased push for cooperation with China. The energy sector also received attention during this, leading to Yukos Oil Company proposing the Eastern Siberia Pacific Ocean (ESPO) pipeline in 2001 with a plan to bring oil from Angarsk in eastern Siberia to Daqing in northern China. The actual project, as will be discussed in following sections, began its supply only in 2011 after a long series of negotiations.

2004 was a momentous year for bilateral ties as the long-standing border dispute was finally resolved. Secret negotiations were held and the two sides announced that they had finally reached an agreement on remaining border issues. Both sides gave up some territorial claims and carefully balanced the interests of their respective regional populations – finally demarcating the entire border and making it legitimate (Maxwell 2007) – paving the way for a peaceful time ahead. The same year saw Gazprom and China National Petroleum Corporation (CNPC) signing a strategic partnership deal for further cooperation.

There were marked developments on the ground as the year 2005 saw the first ever joint military exercises (called the Peace Mission) held between the two states alongside other members of the Shanghai Cooperation Organisation (SCO). However, Yeung and

Bjelakovic (2010) caution against ringing any alarm bells, pointing out that China has been increasingly engaging with other countries for joint exercises and Russia is not an exclusive partner in that regard. While Russia has been careful to note that the exercises are not against any third party and use them as showcase events for military technology, states in the region have been concerned about this new development.

The same year witnessed the signing of the 'Joint Declaration of the Russian Federation and People's Republic of China on International Order in the 21st Century' after a meeting between Putin and Hu Jintao[26], coming soon on the heels of resolution of the border issues. Noting the significance of the declaration, Putin (2005b) said that the 'declaration reflects the consonant approaches of Russia and China to the fundamental issues of international politics...we will continue our cooperation both at bilateral level and on a multilateral basis.' These bilateral documents signed over the years have been a reflection of the unease regarding US unilateralism while also staying away from forming an alliance. In fact, Lukin (2003) notes that Putin has in these years attempted to build a balanced foreign policy where an enhanced partnership with China does not mean an anti-American bloc.

It has now become routine to have annual meetings between the heads of states twice a year and other official visits at various levels number about a hundred each year. Between 2000 and 2008, Russia and China witnessed an increase in bilateral trade to the tune of 30 per cent, which reached $68 billion by the end of 2008. The economic relationship continues to be unbalanced and Russia remains a primarily oil and gas supplier to China, which in 2006 constituted 47 per cent of its exports to Beijing. This only translated to a market share of 11 per cent in the Chinese market. In addition, Russians have been hesitant to engage Chinese investment in this sector domestically and the Chinese companies only had limited presence in production partnerships with Russian state energy companies during this period.

The years also coincided with a steady rise in Russia's discontentment with the West. The uptick in the relationship immediately following the 9/11 terror attacks during Putin's first term in office gave way to dissatisfaction over further NATO expansion, US

[26] Hu Jintao (1942) was the general secretary of the CPC from 2002-12 and was the president of PRC from 2003-13.

withdrawal from ABM treaty, US war on Iraq and colour revolutions in Russia's neighbourhood. President Putin's speech in Munich in 2007 where he spoke against US unilateralism and held the latter responsible for creating conflicts around the world, triggering arms races and imposing its values on other nations is often seen as marking the return of an assertive Russia. In this context, it is not surprising that it has focused on building ties with China, which is often seen as an 'alternative' to the West both in terms of economic model as well as for geopolitical alignment. As Lukin (2003) points out, Russia's attitude towards China depends strongly on 'the state of Russia'srelations with the West, especially with the United States.'

Over the years, it has become an important trade partner and a key towards fulfilling Moscow's idea of a multipolar world. However, the partnership has been strained at several points as they share a 'wary' relationship in Shanghai Cooperation Organisation (SCO), try to manage their competing interests in Central Asia and cooperate over restricting US unilateralism. The declining Russian demographics in the Far East and China's economic predominance in the region remain areas of deep concern for Moscow (Mankoff 2009).

In terms of bilateral partnership, this period, according to Voskressinski (2012) has led to the bilateral relationship being 'conceptualised in full detail.' Russia concluded that it needed China since it helped 'psychologically' to deal with the former's tenuous situation in Eurasia as well as 'the relative weakness of its foreign policy standing.' At the same time, the author argues, the strategic partnership helped China to 'bolster its efforts to transform itself into a global power' through Russian support in political as well as military and technological fields. This also mitigated the possibility of US and Russia teaming up to prevent the rise of China as it worked towards expanding its power base in the international arena.

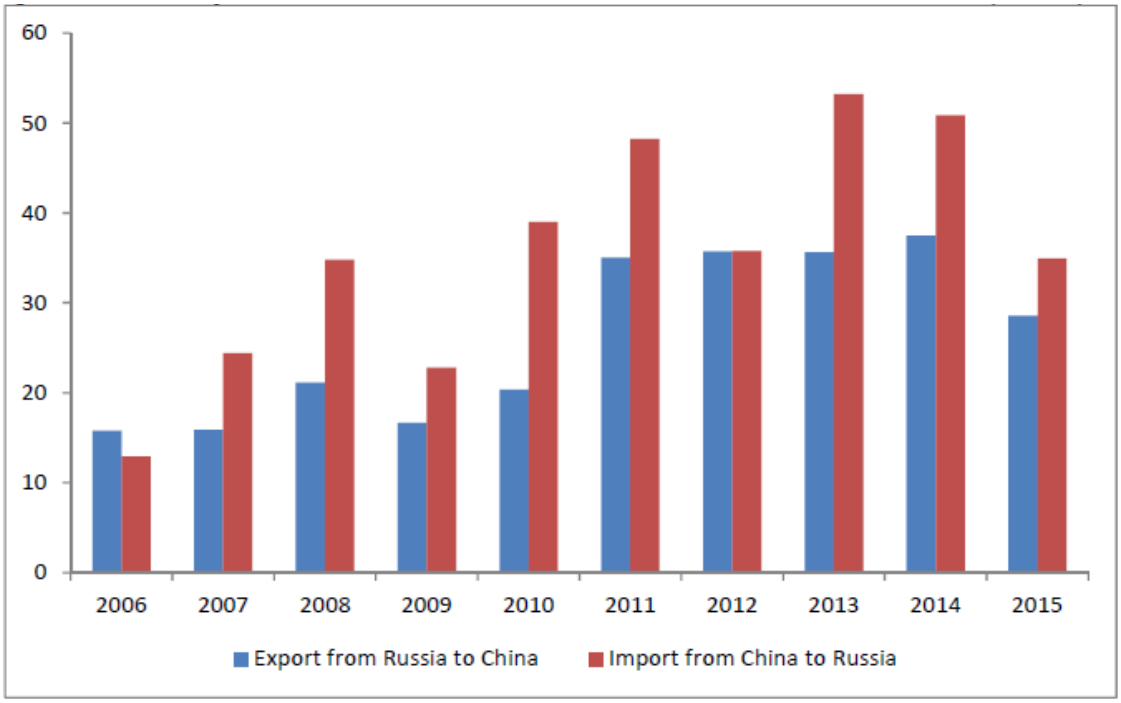
2.4.2 2009-2014

China has been steadily rising in profile as one of the most important trade partners for Russia. In 2010, it surpassed Germany as the top most trading partner and by 2014 was Russia's second important partner after European Union. However, the reverse is not true for Russia as it ranks at the far away 15th position – behind United States, Hong Kong, Japan, South Korea, Germany, Vietnam, India, Netherlands, United Kingdom, Singapore,

Taiwan, Malaysia, Thailand and Australia. While China's share in Russian trade is at a high of 10.2 per cent, in the reverse Russia constitutes a mere 2 per cent of total Chinese trade.

In the meantime, Russia's share of export of finished products i.e. machinery and equipment fell dramatically to reach less than two per cent of the total with focus shifting primarily to raw materials – energy, wood, timber, iron ore and coal (Henderson and Mitrova 2016). On the contrary, China has begun exporting finished products to Russia. The balance of trade is in China's favour – with Russia importing a large quantity of manufactured goods from China while the latter mostly imports raw materials.

Figure2.1: Bilateral trade between Russia and China, 2006-2015 (in US $ billion).



Source: Henderson and Mitrova, 2016.

Since the western sanctions imposed on Russia, it has increasingly looked to China to overcome economic troubles. In this process, Moscow has pushed for bilateral projects that were earlier facing delays and has even eased informal barriers for investment for the Chinese (Gabuev 2016). As the author points out, in order to circumvent western sanctions, China's newly established financial institutions like Asian Infrastructure

Investment Bank (AIIB)[27] would be helpful to the Russians. This has meant that China is becoming an increasingly important source of credit for Russia. China was already becoming a major credit provider for the state energy companies (Trenin 2012) and that trend is now expected to see an escalation.Russia is an important partner for China when it comes to supply of energy, where it can offer lower rates for oil and has huge reserves of both oil and natural gas.

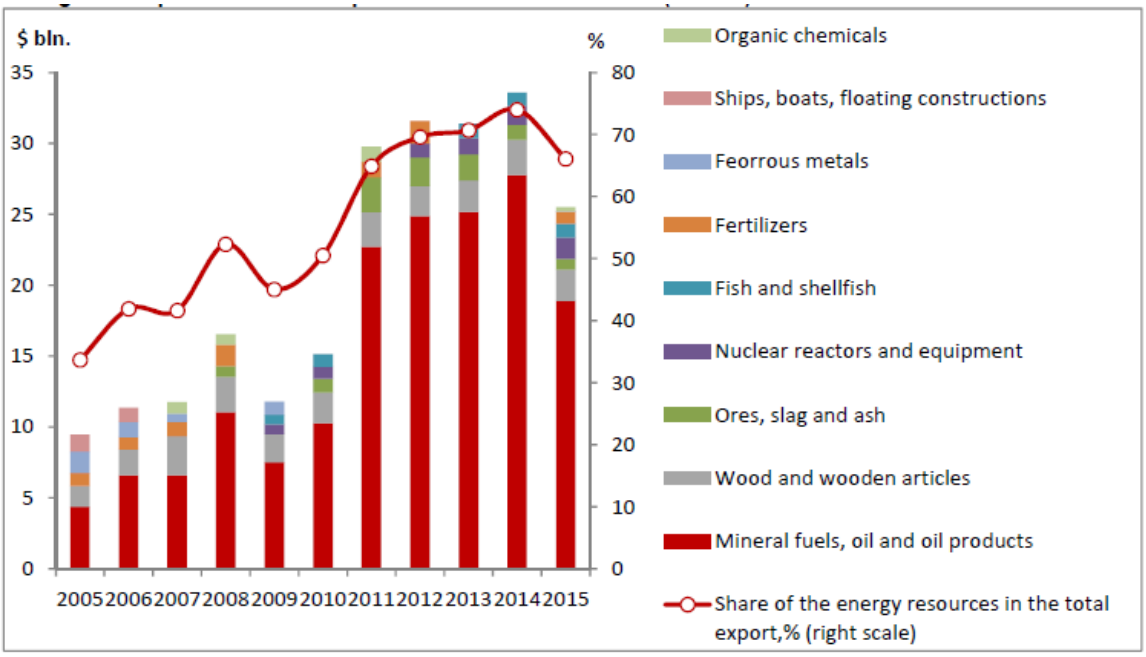
It must be noted that Russia is the largest producer of crude oil and second largest producer of dry natural gas in the world. It also has the largest natural gas reserves in the world.In the first quarter of 2014, China surpassed US as the largest net importer of crude oil. In terms of crude oil, China imported 16 per cent of its crude oil from Saudi Arabia (Middle East constitutes 52 per cent in total) followed by Angola and Russia with 13 per cent and 11 per cent respectively (EIA China 2015). The Russian share is expected to surpass Saudi Arabia's in the coming years. For Russia, Asia as a whole accounted for 26 per cent of crude oil exports in 2014 while 72 per cent of it went to Europe. Out of the 26 per cent, 14 per cent went to China, 6 per cent to South Korea and 4 per cent to Japan, leaving the remaining 2 per cent for other Asian countries.

It must be noted that this is an increase from 2011, when figures for China, South Korea and Japan stood at 9, 4 and one per cent respectively (CEIC 2015), still however tilted in favour of China with a negligible presence in Southeast Asia. By 2020, Moscow expects the Asian number to go up to 30 per cent, banking on expected production from East Siberia and the Far East.

At the moment, meanwhile, China continues to grow in importance as far as Russian oil and gas exports are concerned. In 2014, the energy exports comprised 74 per cent of all exports to China (Henderson and Mitrova 2016) as can be seen from figure 2.2. The Eastern Siberia–Pacific Ocean (ESPO) oil pipeline was the first major pipeline deal negotiated between Russia and China where delays were experienced first for a period of over two years due to differences over volume and pricing.Government intervention finally resolved these issues but the supply once again got stuck over transportation cost.

[27]Asian Infrastructure Investment Bank (AIIB) – headquartered at Beijing - began its operations in 2016 and was the brainchild of China. The multilateral development bank, which has 70 members at present, aims to finance the development of infrastructure and other sectors in Asia and outside.

Figure 2.2: Russian exports to China by commodity, 2005-2015 (in US $ billion)



Source: Henderson and Mitrova, 2016

In the end, it is believed that Rosneft lowered the final oil price, leading to concerns that China had the upper-hand in the negotiations as the 'oil-for-loans' contracts had made Rosneft and Transneft 'heavily indebted to their Chinese partners' (Shadrina and Bradshaw 2013). Agreeing with the analysis, Henderson and Mitrova (2016) also point that in addition to increasing dependence on Chinese finance, Rosneft has also committed a significant amount of oil to China – limiting its ability to diversify to other Asian customers. The 2014 sanctions further give an opportunity to the Chinese to sell their equipment and technology. Russia, meanwhile, remains worried about 'monopsony' in which there 'is only one buyer but many potential sellers' especially after pipeline from Kazakhstan to Xinjiang was completed (Brækhus and Øverland 2007).

In 2014, 90 per cent of Russia's natural gas exports went to Europe while the remainder went to Asia. However, a 'flat and declining' trend of natural gas consumption in Europe has already prompted Russia to start looking at Asia to diversify its exports as well as focus on Liquefied Natural Gas (LNG) instead of only dry natural gas (EIA Russia 2015). The sanctions imposed in 2014 have only given momentum to this process. It must be noted that China's demand for natural gas has increased only in recent years, which was

being catered to till 2008 by domestic production, resulting in China importing a very marginal amount of natural gas from Russia even a few years ago. The focus on clean energy has prompted a slow shift towards natural gas as opposed to use of coal, leading to new opportunities being created for the Far Eastern gas resources.

As Henderson and Mitrova (2016) explain, Russia can help China meet its demand but the timing of this rising demand has not been very advantageous to the former, having to contend with factors like competition from Central Asian gas, LNG from US and Australia and slowing Chinese growth. This could be seen in the negotiations process when the gas deal with China was pushed only due to intervention at the highest level by Putin. The imposition of sanctions in 2014 further complicated the situation for Russia as China drove a hard bargain and did not give any special concessions to its strategic partner as a political or commercial favour in the 'Power of Siberia' deal. Despite the challenges, however, the pipeline was a major relief for Russia facing western isolation in financial and business sectors. The Power of Siberia pipeline deal was struck between Gazprom and CNPC to supply gas to China, through the Russian Far East. At $400 billion, the 30-year gas deal is 'the biggest contract in terms of sale by volume to any one country in the sector's entire history, whether the Soviet period or modern Russia' (Putin 2014d). The deal was finalised in the backdrop of worsening relations with the West and concerns regarding the final price still remain, especially since there has been no clarity on the exact details. However, for Russia, this represented a breakthrough at a time when it faced financial isolation from the west due to the tough nature of sanctions over its annexation of Crimea and the Ukraine crisis. Initially, Gazprom was interested in pursuing the western route (Altai pipeline) where the infrastructure for gas supply already existed – leading to lower cost and faster delivery. However, China saw this route as enabling supplies to both Europe and Asia, and saw it as a positive leverage for Russia – leading it to insist on the eastern route. Another reason for Chinese reluctance to pursue the western route was that gas supply for its interior regions – as would be served by the western route – was not in high demand in contrast to the eastern region (Shadrina and Bradshaw 2013). As the authors also point out, Gazprom has received loans from China for this pipeline, again making the situation unfavourable but the prospect of diversifying supplies to others in the Northeast Asian region can help mitigate the risks. As of now,

Power of Siberia would divert a large part of Russian gas to China while also making the Russian companies indebted to their partners. As Shadrina and Bradshaw (2013) point out, it remains to be seen who benefits more from the deal. Apart from the Altai route that has been put on the backburner, another proposal of opening up the Far Eastern route to Northeast China has also been shelved.

Till recently, Sakhalin LNG was Russia's only LNG export facility and most of its supply abroad went to Japan and South Korea. However, since 2013, when the government opened up the sector to other companies besides Gazprom in the natural gas segment – several new pipelines are now on the anvil with Yamal LNG project already under construction in Yamal Peninsula, notably with the participation of CNPC alongside Novatek and Total. The LNG from this pipeline will be focused on the Asian markets (EIA Russia 2015), primarily Northeast Asia. Despite these developments, projections undertaken believe Russia will have no more than 15 per cent of the Asian LNG market by 2050 due to uncertainty of prices, production and demand (Fortescue 2016).

Russia realises the lopsided nature of its Asian exports; even as China has secured its own imports from a variety of sources, Russia has been unable to carry out export diversification in Asia and courts high risk by being over-dependent on one export destination. It can be seen that while energy remains an area where China does depend on Russia for securing its energy needs, Russia's ability to secure favourable deals and exert pressure has been diminishing – especially since its exports, as Henderson and Mitrova (2016) explain, depend heavily on changing Chinese demand based on domestic needs as well as its economic growth. Also, since China is aware that Russia's eastern resources need Chinese market to be profitable, it has been willing to use this to its advantage for bargaining deals.

In recent years, Russia has sought to improve the situation by raising exports to both Japan and South Korea by utilizing production from the Far East (Reuters 2016b) – seeking to achieve twin goals of developing the Far East and diversifying its crude oil exports in the Asia-Pacific.

Due to their mutual dependency, it has been natural that despite various concerns, the energy relationship between the two powers has flourished. President Putin has described it as a 'strategic energy alliance.' However, as is clear from the above discussion, it

cannot be denied that China is slowly becoming the dominant partner and Russia today depends heavily on the former to sustain its exports to the east.Thus, based on the above analysis and the high level of competition among various energy producers to secure access to Chinese market, Henderson and Mitrova (2016) believe that it would be very difficult to build a true strategic partnership between the two states in this particular sector.

In terms of cooperation in refining and petro-chemicals, the progress has been slow. The export of coal from Russia to China witnessed a sharp rise in 2009 –38 times compared to previous year – mainly due to local mines in China shutting down due to stricter domestic environment enforcement rules coming into force (Henderson and Mitrova 2016). By 2013, China was the largest importer of Russian coal but the decline started soon after as the former looked to promote clean energy and took steps to reduce its dependence on coal based energy. As a result of these changes, while Russia has found other Asian alternative markets, its hold on the Chinese market in this sector is no longer available. Also, while cooperation has been enhanced in the area of nuclear energy, Chinese desire to establish its own nuclear power technology will pose its own challenge in the future in this sector.

The development of Far East is an important goal of Russian government's policies and it has the potential to benefit a great deal from improved relations with China, given that the sparsely populated and under-developed Russian region abuts large, growing Chinese cities. Endowed with rich natural resources, the Far East covers 36 per cent of Russian territory but only contributes 5.6 per cent to the overall GDP (Lee 2012). The region has suffered from federal neglect for a long time and despite its potential has not become the leading supplier of hydrocarbons to the Asia Pacific, which has seen its demand grow by leaps and bounds in the 21st century on the back of strong economic performances by several economies. In fact, Trenin (2012) has described it as Russia's 'most serious geopolitical challenge,' stressing the urgent need for Russia to develop the region to further lead to integration with the Asia-Pacific. The exploitation of natural hydrocarbon resources – primarily oil and gas that the region is abundant in – forms the bedrock of Russian policy for improving the local economy and in turn, making it a central point for its pivot to Asia. Titarenko (2008) has argued that development of the region remains key

to its economic growth and by extension, to its 'proper position in the changing world.' This, he believes, can be realised only through integration with the Asia-Pacific region. The ESPO pipeline has been billed as the trigger that would kick-start other projects in eastern Siberia, already leading to a significant increase in oil exports to China. Russia sees the market to its east as the best way to develop the Far Eastern region and in the process has committed a lot of production of oil and gas from the region to China. As noted earlier, this has limited Russia's ability to diversify its supply to other countries of Northeast Asia. China is aware that the eastern oil and gas resources will remain 'stranded' in the absence of its domestic demand and has used it to secure better deals (Henderson and Mitrova 2016). This situation is in marked contrast to Russia's policy in Europe where energy has been effectively used as a foreign policy instrument in the past and the latter's dependence used to its advantage. Without an effective, urgent diversification by Russia within Asia, it would find it difficult to take full advantage of the strengths of its energy resources in its bilateral dealings with China. Also, if it is unavailable to find the best way to be a competitive force in the Chinese energy market, Russia will 'suffer worse consequences' as compared to China (Henderson and Mitrova 2016).

As Trenin (2012) points out, Russian efforts to develop the Far East have not been very successful till recent times, increasing the danger of the region becoming a raw material appendage to China. Against a promised investment of $800 million in 2004, by 2008 the Chinese had invested less than $30 million – which comes to a mere 0.5 per cent of all FDI flowing into the Far East (Trenin 2012).In an effort to retain some control, Russia has been reluctant to let China secure equity stakes in its upstream sources of supply (Henderson and Mitrova 2016). In a region that has always had exaggerated fears regarding 'the yellow peril,' the economic backwardness has only fuelled the concerns. At a time when 130 million Chinese inhabit the regions across the Far Eastern border, there are a mere six million Russians on their side of the border. Even this figure is on the decline due to low birth rates and migration of people to other parts of Russia in search of better livelihood. However, concerns about illegal Chinese migrants taking over the region have proven to be unfounded as very few foreigners have decided to settle permanently in the Far East and most are content to travel back and forth for trade. In

fact, as per the Federal State Statistic Service, less than 2000 Chinese applied for permanent residency between 2008 and 2012 (Ostevik and Kuhrt 2018). The immediate threat here is not from Chinese settlers but in fact from Chinese domination of the economy and trade.

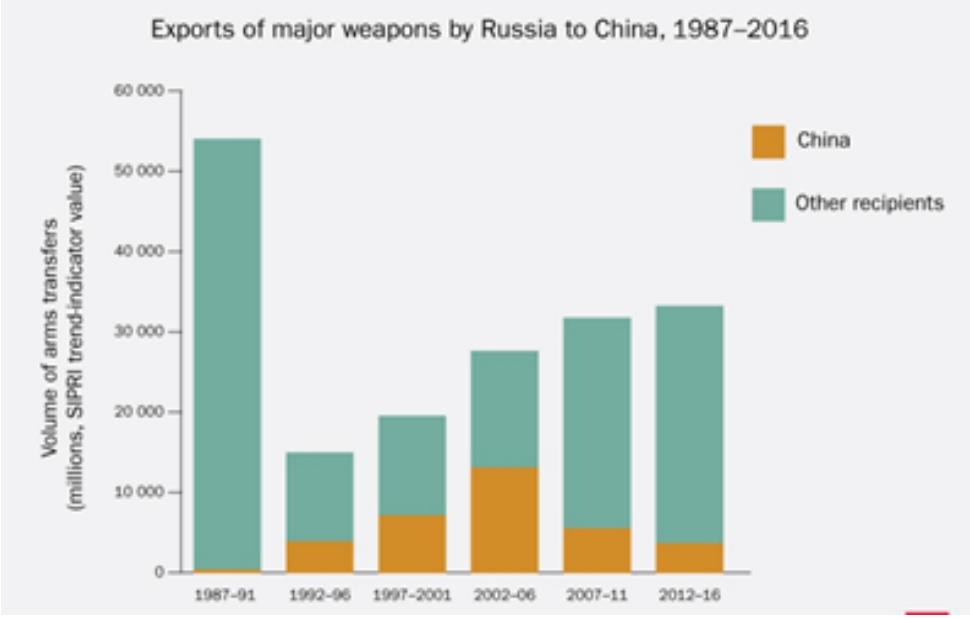
Experts have also pointed out that China is bound to play a key role in the development of RFE and that remains the situation on the ground (Lee 2012). It remains an important destination for metals, coal, timber, electronics, clothes among other things produced in the region. In fact, as Lee points out, the 'Program of Cooperation between the Regions of the Far East and Eastern Siberia and the Northeast of the People's Republic of China, 2009-2018' signed between the two countries in 2009 ensures that China's development of its region would play an important role in the RFE as well. The program in itself seeks to use Russian resources in the region to push for industrial development in Northeast China. The old pattern of Russia focusing on natural resource extraction and China utilizing it to process and manufacture can also be seen in this case (Lee 2012). This has once again led to concerns about Russia losing its edge and becoming a mere natural resource supplier to China – particularly in the light of failure of federal policies to revitalize the region. An increased presence of South Korea in various districts of RFE (apart from border regions where China dominates) as well as the potential of Japan to be an effective partner in the future have been identified as possible solutions to this problem.

The Far East has been touted as the route for transportation of Chinese cargo from production centres to Russian ports onwards to other parts of the world, seeking to capitalize on the fact that Beijing does not have a port on the Sea of Japan (Zuenko 2017). Primorye 1 and Primorye 2, the two international transportation corridors under consideration, were first proposed in mid 2000s and are yet to become operational to capacity. Also, the cumbersome border controls on Russian side and poor quality of infrastructure hinders transportation from border to the port and increases overall costs. These major hindrances are yet to be addressed despite tall promises made by the Kremlin.

Since the crushing of pro-democracy protests at Tiananmen Square in 1989 led to international sanctions on China, Russia has been its key arms supplier. China embarked

on a major military modernization program in the 1990s, with SIPRI data indicating that military expenditure has increased every year since 1989. In a decade, it was spending second only to US, surpassing Russia whose own expenditure had suffered on the back of Soviet disintegration and a collapse of the economy. In fact, the Chinese orders were the key to survival of the Russian defence manufacturing industry during this period.

Figure 2.3: Exports of major weapons by Russia to China, 1987–2016



Source: Wezeman, 2017

As the figure reveals, China was the major destination of Russian arms from mid 90s to middle of the 2000s. In fact, China was its biggest customer between 1999 and 2006 with as much as 34 – 60 per cent of all exports of major weapons from Russia going to China (Wezeman 2017). During this period, there were concerns that arming China could come back to haunt Russia, especially insome areas in the Far East which were under Chinese control till the 19th century.Reverse engineering by Beijing had also caused bad blood between the two countries as China embarked on domestic arms manufacturing industry with a view to both supply its own needs as well as become an exporter. Some in Russia were of the view that 'no offensive or strategic power projection systems' should be sold to China in order to prevent a competition with Moscow in Asia. However, others argued that these systems in Asia can't be used against Russia (Yeung and Bjelakovic 2010). As the two scholars point out, there is a threefold impact of these sales to China – on Russia's security, on US-Russia relations and security in Asia.

However, the resolution of the border issue brought a new comfort to the bilateral partnership and the market logic of earning profits from such a huge market outweighed the concerns. There is a belief that as of now, China is not interested in engaging in active conflict with Russia and even if that were the case, Russia would benefit from knowing the status of weapons with China. Also, the huge Chinese market would be catered by other players if Russia did not fulfil the demand, overriding concerns of those who fear the increased military strength being used for political gains in bilateral partnership (Rangsimaporn 2009a). In fact, the doing away of an earlier reticence on part of Russia to supply its partner India with more advanced weapons as compared to China (post-Ukraine crisis) has resulted in some of its most sophisticated weapons being delivered to Beijing. In the 1990s, China had expressed dismay over Russia selling its technologically less sophisticated weaponry. The latter also took care not to alter the regional balance of power between US and China by restricting supply of any such weapon system (Yeung and Bjelakovic 2010). These issues have slowly been addressed over the years.

But making profits and benefiting domestic arms manufacturing is not the sole reason for Russia promoting the sector and pushing for new deals. As Blank and Levitzky (2015) argue, these sales are crucial in several ways, including 'critical part of its relationship with states in Asia, central element in its defence and security agreements and an essential component of its ability to obtain and maintain access to influence and resources in regions of interest.' Quoting Putin, the authors explain that the president has himself noted that 'active military technical cooperation' is considered by the Russian government as an instrument to advance its political and economic national interests.

Slowly, the overwhelming dependence the two have on each other has come down, as SIPRI data notes, due to factors like China's improving domestic manufacturing, more demand from Russian armed forces for weapons and diversification of export destinations (Wezeman 2017). The pace of Chinese domestic manufacturing has been fast and hence, the author expects that in the future owing to increasingly sophisticated Chinese technology, vast resources and manpower, their military technology will be able to surpass the Russians. The success of domestic efforts has resulted in Russian arms exports to register an eight per cent drop from 2007 to 2008. In fact, Trenin (2012) notes that the sale of any major arms has not taken place since 2007, a situation that has since

changed with Russia selling its most advanced weaponry including the Su35 fighter planes and the S400 Triumph missile defence system to China, in the aftermath of western sanctions imposed after the Ukraine crisis. This has been seen not only as an effort to boost sales but also to counter the isolation that has been the result of western sanctions. Also, more importantly, as will be discussed in chapter 3, the S400 has the capacity to alter military balance in favour of China especially in the South China Sea and have negative consequences for security of Taiwan – making the sale as geo-politically crucial as the profits generated from the deal.

The two countries have also engaged in joint military exercises (since 2005) and joint naval drills (since 2012), a sign of growing closeness in the relationship that has caused nervousness among other states in Asia Pacific. In fact, the 2012 naval exercise was conducted at the same time as the US amphibious exercise with Philippines (Kim and Blank 2013).The first joint war games began even earlier in 2005, a sign that both sides were looking for partnerships while at the same time not explicitly entering into a military alliance with each other.

Russia has been for some time working towards pivoting to Asia, accelerating this process in recent years as policy differences with the West increased. To a large extent, this has resulted in a deepening engagement with China while attempting to reach out to other players in East Asia. China occupies a central position in Russian policy towards Asia, with Putin praising the relationship as an example of 'new type of relations' between the two where relations were 'free from prejudices and stereotypes' making them 'stable and not subject to short-term considerations' (Putin 2010). The president of Russia has also underlined the similarity of positions of the two states on issues like strategic stability, organised crime, disarmament, non-proliferation of WMDs, terrorism, separatism and illegal migration.

In the light of increasing tensions with the West and the focus of Russian policy shifting towards the much-neglected Asia, Putin has labelled the bilateral Sino-Russian ties as 'advancing to a new stage of comprehensive partnership and strategic interaction' to reach 'the highest level in all its centuries-long history' (Putin 2014f). The two countries have also been calling for the establishment of a security and sustainable development architecture in Asia-Pacific.

While Russia had already been considering a shift towards Asia for a few years for a more balanced foreign policy and the processes regarding it were already underway, the Ukraine crisisand the subsequent events have given it a sense of urgency, abandoning its earlier caution in building closer partnership with China.Considering its heavy dependency on western capital, technology and markets for its hydrocarbon exports – the sanctions led Russia to immediately search for alternatives. It had hoped, according to Gabuev (2016) that China would fill in the void created and lead to an increased Chinese import of energy, more investment, infrastructure building etc. He notes that China welcomed this shift towards Asia, as it diminished chances of Russia and US coming together against its interests. However, a slowdown of Chinese economy and decline in oil prices deeply affected the energy partnership in 2014, revealing the pitfalls of the current bilateral trade situation.

In addition, China has implemented western sanctions stringently, which has meant that Russian expectations of Chinese finance, loans, investment have not been met and remain far from enough to replace the western credit. Thus, Gabuev (2016) concludes that any hopes of Chinese finance compensating for loss of western capital 'appears exaggerated.' However, the proposals for trade in national currencies and use of 'political banks' by China to route investment to Russia holds the potential for building a mechanism to overcome any such western sanctions in the future. In either case, China has the upper hand over Russia – a situation that is likely to persist.

Russia has been cognizant of this overdependence and has made efforts to explore opportunities in the region with Japan, South Korea and ASEAN states. It has sought Japanese and South Korean investment into the Far East and is also looking to diversify its energy exports to these two Northeast Asian countries. This is also meant to increase its 'negotiating space vis-a-vis China' (Kim and Blank 2013).Yet, the closeness between the two strategic partners cannot be ignored. In 2010, they jointly came up with a proposal on Asia-Pacific security, which called for 'for a new security order in Asia is based on "mutual trust, mutual benefit, equality and cooperation' (Kim and Blank 2013).

Russia China bilateral partnership still remains an important factor at the international level. The two countries cooperate both at international and regional level with President Hu Jintao declaring the intention of two states to 'pay special attention to cooperation

within the UN, SCO, BRICS and G20' on account of 'the complex and rapidly changing international and regional situation' (Kremlin 2012). The two partners share concerns about US unilateralism, interference in internal affairs of states, focus on democracy and human rights and seek to promote development of a multipolar world.

Putin (2010) has already noted that Russia and China share similar views on crucial international affairs, in particular noting situation in Iraq, Syria, Afghanistan, North Korea and Iran. The two countries also have compatible views on important issues facing the world community including 'separatism, Islamism, terrorism, democratization and stability' (Brækhus and Øverland 2007). When the format was under operation, the two countries were active members of the six-party talks on the North Korean nuclear issue. While both the parties might compete over Central Asia, they are also looking warily at the US presence in the region and looking for ways to prevent the superpower from establishing a stronghold. Both the permanent members have also found common cause on several issues in the UN Security Council.

The centrality of China in Russian policy can be gauged from the President characterising the relationship as playing an 'effective part in strengthening regional and global stability.' The two countries continue to come closer to each other and the partnership may turn out to be 'more meaningful than thought earlier' (Gabuev 2016). Even though the economic relationship remains decisively in China's favour and future trends indicate the pattern will sustain, the rising power finds Russia of crucial importance in terms of raw material supplier and a partner in power politics (Brækhus and Øverland 2007).

While China has refrained from publicly making remarks about Russia's annexation of Crimea, it has taken care not to take sides in the conflict. It has wanted to carefully navigate this sensitive topic while also exploiting the situation to achieve new favourable commercial deals without antagonizing Russia (Gabuev 2016).

The US plays a very 'complex' role in the bilateral partnership as the relationship between the two biggest world powers has become the 'most important bilateral relationship in global politics' (Trenin 2012). China does not want to jeopardize its relations with the US and has made it clear that the partnership with Russia is not an anti-West alliance. At the same time, as Gabuev (2016) notes, Russia is also reluctant to get involved in the US-China rivalry, especially in Asia-Pacific or the territorial disputes

therein. However, as the author points out, Russia's 'tendency to see conflict through anti-American lens' might lead it to take China's side on issues it would otherwise have stayed away from, especially due to its increased dependence on the rising Asian nation. Also, on its own, the strategic partnership 'undercuts US global interests on an unprecedented scale' (Brækhus and Øverland 2007). Both Russia and China have expressed their disavowal of spread of American values and have stressed on the uniqueness of their civilizations. It thus seeks to counter 'Western monopoly and protects the basic rights of the non-Western world' (Kim and Blank 2013).

All of this has brought the two countries closer than ever before. This sentiment was also reflected by Putin (2014e) in his analysis of the bilateral relationship as being one where 'our relations have reached the highest level of comprehensive equitable trust-based partnership and strategic interaction in their entire history.'

2.5 ANALYSIS OF THE BILATERAL RELATIONSHIP SINCE 1996

2.5.1 The bear and the dragon – how Russia and China see each other

In the 21st century, the bilateral relationship has undergone one crucial change – from a point where Soviet Union used to be the more powerful of the two partners, it is now China that is in the position of strength. Beijing no longer looks to the former superpower for economic aid or ideology nor does it see Moscow as a rival, marking a clear break from the days of the Cold War. In a broad sense, the economic and military balance has already shifted in favour of China while energy remains one area of mutual dependency (Henderson and Mitrova 2016).

As China's economy grows exponentially while that of Russia drags behind, the power asymmetries between the two continue to rise. As China's economy has raced to become the second largest in the world, its military ambitions have also grown commensurately, making it the second biggest spender on defence budget in the world behind the US. Thus, apart from Russia maintaining a strong nuclear presence vis-a-vis China, the cold war power equations between the two are decidedly in the process of being upended.

Russia acknowledges the growing global power of China and believes that 'no major global economic or financial issue' can be addressed without engaging the latter. Apart from US, Russia assigns more importance to China than to any other country (Trenin 2012) with cooperation in 'energy and global governance' considered to be most vital.

Cognizant of the changes underfoot, Russian governments have steadily worked towards establishing cordial relationship with its neighbour – as is evident from policies followed by every post-Soviet president. In the light of deteriorating relations with the West and a need to have a balanced foreign policy, improving ties with China has acquired a renewed importance in Russian foreign policy goals. The fact that China's rise has not been seen as a threat by Russia is not only due to the fact that the latter is still focused on the West but also because China has never sought to impose its ideas on Moscow (Trenin 2012). As the author points out, China did not treat a weakened Russia with disdain in the years following collapse of the Soviet Union. Russians also believe that Beijing for now, in its geopolitical ambitions, is focused 'eastward and southward' and hence feel safe as far as near future is concerned. Also, as discussed above, China is an important link for development of Russian Far East, a priority with the Kremlin.

Meanwhile, Russia continues to exercise its influence as a permanent member of UNSC and through its military and technological capacities besides using its energy resources to spread its influence. It uses these advantages to have a voice in international affairs and further its stated aim of seeing a multipolar world established so as to prevent dominance by a single power. Over the years, Russia has come to see China 'as a natural ally to balance the United States' (Trenin 2012) as it sees the rise of a new power as a factor in mitigating the post-Cold War American dominance. As the author adds, Moscow also values Beijing as a 'political partner and a global balancer' whose influence is on the rise. China also finds a strong, friendly Russia important in Asia-Pacific, a region which has a string of US-led bilateral alliances. Putin's active foreign policy has further gained appreciation from the Chinese (Yeung and Bjelakovic 2010).

On issues of top priority for China like Taiwan, Tibet and Xinjiang – Russia has 'long accepted Beijing's position' and it is expected that it will remain neutral on contentious issues like China's territorial dispute with Japan in East China Sea and with others in South China Sea (Trenin 2012). On the North Korean nuclear issue, Russia and China have carefully calibrated their positions and remain in opposition to the sanctions imposed by the West as counter-productive. Both would like to see a peaceful resolution of the crisis and do not want to see either a US-dominated unified Korea on their doorstep or a breakdown of the communist regime leading to refugees fleeing to the borders.

The two permanent UNSC members have found common ground in their desire for sovereignty, non-interference in international affairs and centrality of UN in the world system. Both countries also favour the establishment of a multipolar world order where the dominance of one state would not be possible. President Putin has called the two countries 'natural partners, natural allies' (Putin 2014c). Both the countries are also learning from each other about how to best contain western influence (Gabuev 2016). In fact, on several issues both at the world and regional level, Russia and China follow 'parallel but independent policies.'

As Brækhus and Øverland (2007) argue, both Russia and China are at present 'unfinished international actors.' While the former is still recovering from its loss of superpower position and is in the process of 'redefining its post-Cold war identity,' the latter is 'industrializing, urbanizing, growing rapidly and opening to the outside world.' In such a scenario, a partnership can be to the benefit of both the powers.

Also, Putin (2014e) believes that the two countries have positions that are very similar (in some cases even being the same) on certain issues facing the world and this can help them pursue 'efficient cooperation on various multilateral platforms' to help establish 'a just, harmonious and safe world order.' Continuing with its pragmatic foreign policy, Russia has steadily strengthened the bilateral partnership. The resolution of the border issue has further reduced the threat of a military confrontation. In fact, President Putin has himself noted that the two countries do not have any 'political issues left which could impede the enhancement of our comprehensive cooperation' (Putin 2014f). Also, Trenin (2012) argues that Russia is confident in its nuclear deterrent and believes China will not risk a war since it would adversely affect its economy. Both the countries have insisted that they are strategic partners but are not in an alliance with each other against any third country.

Western actions have also played a role Russian foreign policy towards diversifying its relations with China, especially after the expansion of NATO eastwards and more recently in the light of stringent sanctions by US and EU. The 2014 sanctions imposed by the West on Russia have led to a 'fundamental shift in foreign policy' (Henderson and Mitrova 2016) with Russia increasingly looking to Asia, particularly China – giving a further impetus to its policy of 'Pivot to Asia.' The Kremlin has been hoping that Beijing

would step up and compensate for the loss in financing and technology due to the western sanctions in order to tide over the isolation.

At the same time, China remains concerned about future potential for conflict with the US as the rising power ambitions clash with those of the established power. In such a situation, having Russia as a partner is of immense help to China. Already, the announcement of US' Pivot to Asia – in response to the rise of Asia Pacific in general and China in particular – has led to concerns in China about American efforts to contain its rise. As US increases its military presence in the region and strengthens economic and political alliances, China has taken steps to do the same. With regard to its immediate neighbourhood in East Asia, China has close economic ties to regional states but is dealing with territorial disputes with several countries in Southeast Asia. Relations with Japan, India and North Korea too remain complicated – all in the midst of a region where US remains a major power on its own as well as through its network of bilateral relationships. In Asia, Russia remains important for China strategically. The continued territorial dispute between Russia and Japan helps keep them from establishing close partnership – in turn, benefitting China – while also keeping Japanese forces from converging completely towards China. A situation in which Russo-Japan relations normalize would increase Chinese fears of encirclement. In addition, Russia has a role to play in the North Korean issue and remains an important arms supplier to the entire region. In terms of economics, Russia retains an important place for China for diversifying its energy import sources, which still to a large extent depend on narrow waterways, especially the Straits of Malacca. Given that Beijing is worried about the possibility of US blocking the sea lanes of communication in case of a conflict, getting access to direct piped energy supply from friendly neighbours remains a priority for the Chinese (Henderson and Mitrova 2016).

Hence, as causes for bilateral disputes or rivalry decline, it is only logical that China sees Russia as its strategic partner. Both countries have seen the leadership ride on sentiment of national pride and revival of a glorious past. The state media in both countries are under instruction to not criticize the leadership of either country and the approval rating for China among the Russian population has witnessed a sharp rise since the western

sanctions of 2014 (from 55 per cent positive rating in November 2013 to 77 per cent in May 2014).

Also, the two powers share common concerns on a whole host of world issues as discussed in the earlier section. Thus, while China remains a rapidly growing power, it has enough challenges from various quarters, giving a new light to relations with Russia.

2.5.2 Russia-China Strategic Partnership

Titarenko (2008) argues that Russia helps China in consolidating the latter's 'independent and autonomous foreign policy.' At the same time, Russia too deeply values the partnership with China. While the author acknowledges the concerns about bilateral trade issues and the need to integrate regional interests of the two, he is of the belief that these issues do not make the main point of the strategic partnership irrelevant. This is because he believes that the current concerns can be dealt with through talks because they are not 'antagonistic' in nature.

As Trenin (2012) points out, Russia plays an important role in China's relations with major powers in East Asia. He adds that 'if Russia tilted too much to the US, China's overall strategic position would worsen dramatically.' Any such rapprochement in the region between US and Russia would create fears of a 'strategic encirclement' in China, as the latter sees Russia as a 'strategic rear.' Thus, the current pivot towards China has been a positive for the rising power, strengthening Chinese military and strategic position in the region with negative consequences for the West in East Asia.

This would also help Russia finally move towards realisation of its much publicised multi-vector foreign policy that had been tilted heavily in favour of European partners till the disruption occurred over the Ukraine crisis. While China provides Russia with economic benefits and also makes pronouncements acknowledging the latter as a great power, Russia adds to Chinese growing power through its supply of natural resources and support at international organisations (Gabuev 2016).

Trenin (2012) argues that while Russia might not be 'central' to the formation of Chinese foreign policy, the latter does realise the importance of having a productive relationship with the former superpower as a support for its global power ambitions. For China, Russia is helpful as a 'strategic cushion, to strengthen its hand in opposing Western-led liberal interventionism.'For instance, Russia has steadfastly supported China's position

on Taiwan, Tibet and Xinjiang since 1949 – a fact that has not gone unnoticed in Beijing.In fact, both the countries benefit from supporting each other in their agendas at the global level. For instance, at the UN the two permanent members have quoted similar positions on Kosovo, Iran, Iraq, Sudan, Libya and Syria. As Trenin argues, this 'presents an alternative to US and its closest allies and demonstrates Sino-Russian solidarity.'

Russia still for the most part focuses on the West, especially US, when it comes to foreign policy and has in the past years relied on China as being a 'counterweight' to the US and what it sees as the latter's world dominance (Trenin 2012). Thus, he argues that the relationship between Moscow and Beijing is of a practical nature that keeps their national interests intact in the presence of a looming power like the US. Despite the pragmatism, the partnership has been seen as strengthening 'domestic and international elements that oppose liberalisation and democratisation' (Voskressenski 2012).

Both countries have made it clear that they are not in an alliance with each other, a situation Russia has particularly wanted to avoid due to its weaker position versus China. As Yeung and Bjelakovic (2010) add to this their interpretation for Asia, neither of the two states want to alarm Asian states by announcing any alliance that would result in the latter going over to US in order to strengthen their position. Even at the global level, the two authors argue that there is 'no evidence of an effective, sustained, diplomatic coordination by the two countries.' Henderson and Mitrova (2016) also agree with this analysis, pointing to major threads in the strategic partnership as being that of pragmatism and US factor. There is also a certain element of lack of political trust, wherein while China wants Russia as its partner and would prefer it not to get too close to the US, it does not want its own relationship with the leading world power to be negatively impacted. Russia meanwhile remains worried about possible over-dependence on China as both countries try to find a balance for the future. There is no desire in the Kremlin to be in a situation where it would be a junior partner of China (Trenin 2012). In this scenario, the author notes, the interests of two countries are 'partially identical, partially overlapping and partially diverging.' Kireeva (2012) too argues that given the current balance of power between the two, Russia would only be able to undertake a subordinate role in an alliance, which is not considered to be in its own interests.

Due to several challenges in the strategic partnership, including historical mistrust, lopsided trade balance, rising inequality in the bilateral ties and competition in Central Asia, Gabuev (2016) believes that 'inequality between the two preclude any meaningful partnership.' However, this does not mean the relationship isn't serious. With Russia deciding to sell advanced weapons to China and removing barriers to the latter's investment in different sectors of the economy, the post-2014 dealings are set to have a long-term impact on the strategic partnership. Gabuev believes it has put Russia on the path of an 'increasingly asymmetrical relationship' where it would be a junior partner. Despite these challenges, as discussed earlier, there is evidence that 'overlapping interests of the two powers may outweigh their differences.' After all, they both agree on the vision of a region with reduced western influence, authoritarian political systems, no outside interference, respect for sovereignty, conservative traditional values, great power ambitions and limiting any major conflict (Gabuev 2016). Cheng (2017) points out that in the partnership, there are elements of both 'asymmetric symmetry' and 'symmetric asymmetry.' This means that while economically China is miles ahead of Russia, on other crucial standpoints like military power and global governance, Russia's influence is rather large. As far as symmetric asymmetry is concerned, while their bilateral cooperation is not symmetric in different sectors, they do regard each other as partners. Particularly after the situation resulting from the Ukraine crisis and estrangement from the West, the unequal relationship might not create hindrance in an increased cooperation between Russia and China due to lack of viable alternatives for the former in the short term and mutual benefits accrued to each other.

2.5.3 Concerns regarding the Strategic Partnership

There still remain issues of contention between the two strategic partners on matters relating to energy, Central Asia, immigration among others. The most immediate concern in the foreign policy community remains on the issue of over-dependence on China as the relations with the West hit a post-Cold war low following the annexation of Crimea. The threat of Russia ending up as just a raw material supplier to feed the rising Chinese demand has been voiced repeatedly. The squeeze on finance and business following Western sanctions has further pushed Russia into Chinese arms, raising worries about over-dependence.

Apart from being reduced to a raw material supplier to China, Russia has also found itself disadvantaged when it comes to negotiations. Given the intense competition among suppliers for getting access to the lucrative Asian market, China knows it has an upper hand when it comes to price negotiations. Also, given the Russian imperative of pivoting to Asia, Beijing has a 'strong bargaining position' and is 'keen to exploit this position' (Henderson and Mitrova 2016). As a result, Russia has not received any special consideration or favours in its commercial operations with China.

Despite the obvious mutuality of interests on a whole host of issues, it has been noted by several experts that China has been very careful not to openly jeopardize its relations with the US in building its ties with Russia[28]. In fact, both China and Russia have expressed their desire to have a normal, mutually beneficial relationship with the West. Also, Russia is still to a large extent focused on the West in its foreign policy activities. It was only the rupture that came with the 2014 crisis in Russia-US ties that the former decidedly turned its attention east to look for new partners. Henderson and Mitrova (2016) have also found evidence of energy deals being delayed not only due to the Chinese desire to drive a hard bargain, exploiting Russia's weaknesses but also because it has been attempting to find the right 'balance of its relationship between Russia and West.' This has also given rise to the view that this is a sign of China not being as invested in the strategic partnership as Russia.

The continuous rise of Chinese influence in Central Asia has been a particular sore point for the Russians. Analysts believe that Moscow sees SCO as a way of handling China through a multilateral forum and has engaged in a policy of improving ties with other regional players as well. Its invitation to New Delhi to join the SCO, much to the consternation of China, was also seen as a way to balance the rising dragon and its inability to do so on its own. While China has been careful not to antagonize Russia overtly while building ties with Central Asian states, its steadily rising economic influence is a cause of concern for Russia in an area where it has had influence

[28] For instance, the four big Chinese banks have complied with western sanctions imposed on Russia following the 2014 Ukraine crisis while funding for various projects has instead been routed through the Chinese Development Bank, Silk Road Fund and the EXIM bank of China – China's 'political development banks' whose terms have proven to be very costly for Russia.

historically. Also, there is a chance of tensions between the two strategic partners if China tries to extend its security role in the region (Gabuev 2016).

2.6 CONCLUDING REMARKS

The entire strategic partnership has been established in the backdrop of a changing world order, where China's power is on the rise while Russia has gone in the other direction. This means that at the global level, Russia 'finds itself uncomfortably placed between two larger power centres' (Trenin 2012). This can be seen most starkly in international organisations largely dealing with economic matters[29].

Even on multipolarity, while both have a 'shared commitment,' their interests are often divergent which limits 'China's receptiveness of Russian overtures' (Mankoff 2009). The rising power has also been less willing than Russia to disregard the rules of the game and has taken steps to become part of the prevailing world system and modifying it to suit its interests from within.

In fact, Henderson and Mitrova (2016) believe that this is indicative of a conscious Chinese policy which seeks to exploit Russian weakness vis-a-vis China even as it pursues its 'broader geo-political agenda' that 'should not be undermined by unique needs of a useful but far from essential northern neighbour.' Over the years, as the above discussion reveals, China's position has steadily grown stronger vis-a-vis Russia and it now remains to be seen whether Russia can truly build a strategic partnership of equals. At the same time, the success of the policy for Russia will depend on whether it can 'leverage this relation to strengthen its political and economic position in international arena' (Henderson and Mitrova 2016).

Trenin (2012) argues that Russia 'lacks a serious strategy towards China' and predicts that Russia's decline vis-a-vis China would continue in the light of existing conditions. Gabuev (2016) agrees with this analysis, pointing out that the 'growing inequality' in the relationship can't be ignored as the asymmetrical interdependence has been deepening, steadily strengthening the Chinese position.

[29] In the G20, China has steadily risen in profile while Russia has been unable to be an agenda driver. While the two countries do take similar stance on reform of international financial institutions like other developing countries, they have not formed a common front in international economic organizations, as Trenin explains.

Shearman (2014) has argued that China looms especially large in the economic sector and remains ‘essential’ for Russian strategy to succeed. Hence, according to the author’s analysis, Russia has no other option but to cooperate. Not only is China its most important trade partner but also becomes especially important when it comes to development of the Far East. However, Russia is ‘not vital for China in a similar way,’ especially when it comes to East Asia.In other words, as Kireeva (2012) points out, China has been seen in Russia as both ‘a sea of potentials and an ocean of fears.’

3. RUSSIA AND GEO-POLITICS OF EAST ASIA

3.1 THEORETICAL UNDERSTANDING OF POST-SOVIET RUSSIA IN EAST ASIA

The immediate post-Soviet years were marked by a dominance of 'westernist' perspective in foreign policy, leading to a distinct affinity towards the West and a neglect of Russia's relations with the East in the early 1990s. At this time, those in power insisted that Russia was an 'organic part of Western civilization' (Tsygankov 2013). As the author explains, this meant improving relations with the western nations and international organisations led by them instead of the East that was associated with 'backwardness and authoritarianism.'

This idea soon came under criticism, as Russia felt its expectations from the West had not been met and the 'statists' argued that while there was a need for economic cooperation with the West, the focus should remain on restoring its great power status. Tsygankov (2013) has noted that the 'notion of Eurasia' was important for statists because it embodied the 'special geopolitical location and multiethnic nature' of Russia.

As Yevgeny Primakov took over as the foreign minister, the idea of Eurasianism gained ground steadily. Tsygankov quotes Primakov in his first press conference as stating that 'Russia has been and remains a great power...Russia is both Europe and Asia and this geopolitical location continues to play a tremendous role in formulation of its foreign policy.' In fact, the 1997 National Security Concept called Russia a 'European Asian Power' (Rangsimaporn 2009a) while Titarenko (2008) labelled the country as being a bridge between Europe and Asia, in line with the statists who saw Russia as a 'political bridge' between western and non-western civilizations (Tsygankov 2013).

Thus, this ideology formed an important theoretical foundation in presenting the country as a natural partner in the region on account of its geography. It is key to Russia's ambitions of being seen as a great power (*derzhavnost*) in world affairs even after the collapse of the Soviet Union, while calling for closer geostrategic and economic relations with countries like China, India and those in the Middle East. Instead of identifying itself as a European nation, Russia proclaims it is separate from it; with Eurasia being 'invoked as the label for civilizational self-identification' (Cheng 2017). This was also seen as an

important step towards forming a multi-vector foreign policy that would involve balanced ties with countries from both the West and the East.

Eurasianism was also used to emphasize that as a great power, Russia had its interests spread across the globe. It also presents Russia as having interests distinct from that of the West (Mankoff 2009). This was manifested in Russia's insistence on primacy of the United Nations and development of closer ties with powers like China and India to promote idea of a multipolar world (Tsygankov 2013). This vision of the world would be a form of 'concert arrangement among great powers' which implies 'a world of states more or less equal...at least in their entitlement to shape the international order' (Mankoff 2009). Russia believes that it would be one of the powers in such a multipolar world. Mankoff quotes Putin in this regard who has argued that in such a system global stability will be established by leading powers possessing nuclear weapons and military-political influence.

In fact, as early as 2000, the foreign policy concept expressed concern about the 'establishment of a unipolar structure of the world' and expressed Russia's intention to 'achieve a multipolar system of international relations' (Foreign Policy Concept of the Russian Federation 2000). However, at this stage, the relations with the West were stable, as is evident from the G8 being considered 'directly related' to Russian interests. It also acknowledged the 'growing importance' of Asia in Russian foreign policy and sought to 'invigorate' its participation in regional organisations.

By 2008, the foreign policy concept was stressing Russia's position as the 'largest EuroAsian power' that strengthens its status 'as one of the leading states of the world.' At the same time, it was not willing to give up on its European identity wherein the same concept also talks about creation of an open, democratic system to ensure unity of the 'EuroAtlantic region' from 'Vancouver to Vladivostok.' Russia also reasserted its identity as the 'biggest European State with multinational and multi-confessional society' with a role to play in Europe (Foreign Policy Concept of the Russian Federation 2008). Thus, the desire of Russian state to establish its multi-vector foreign policy by enhancing ties with both the East and the West can be seen clearly in the 2008 foreign policy concept. The document further sheds light on the evolving priorities by adding BRICS

and RIC to Shanghai Five and G8 as venues for dialogue and making Russia more engaged.

The 2013 concept further explains this shift, as Russia moves from being concerned about a unipolar world order in 2000 to noting the diminishing ability of the West to 'dominate world politics and economy' with the 'global power and development potential shifting to the East, primarily to the Asia-Pacific region' (Foreign Policy Concept of the Russian Federation 2013). While it notes that Russia is an 'integral and inseparable part of European civilization,' it also observes the 'increasing importance' of strengthening Russia's presence in Asia Pacific because it is 'an integral part' of this geopolitical zone. For the first time, it expresses its intention to 'actively contribute' to building peace and security in Northeast Asia 'as a regional element of the new security architecture in Asia-Pacific.' In addition, Russia declared that it wanted to be part of 'creating a transparent and equitable security architecture in the APR and cooperation on a collective basis' (Foreign Policy Concept of the Russian Federation 2013). This is a clear upgrade in priorities from 2000 and 2008, when the concept simply noted that Asia is 'steadily growing' in Russian foreign policy priorities and that it will focus on revitalization of 'main integration structures of the Asia-Pacific region' (Foreign Policy Concept of the Russian Federation 2000).This was a definitive sign that even as Russia straddled the east and the west in its foreign policy; it intended to play a more engaged role in Asia. This was also reflected in the increased number of East Asian regional organisations that find mention in the concept, more than ever before – including East Asia Summit, APEC, ARF, ASEM, CICA, ADMM, ASEAN-Russia dialogue among others – revealing the steps Russia had taken in the past years to become members of these regional bodies with an eye on increasing engagement with the region. The reasons for this shift over the years will be discussed in detail in the sections that follow.

3.2 RUSSIA IN EAST ASIA – A BROAD PICTURE: 1996-2014

As discussed in the earlier section, Russia, with its unique geographical location that extends into both Europe and Asia, has crafted its own distinct 'Eurasian' identity – one that has gone beyond being a mere expression of an idea but has instead also served as a geo-political tool since the time of the Tsars (Rangsimaporn 2009a). The fact that close to 75 per cent of Russian land mass is in Asia (even though today it is inhabited by only 22

per cent of the total population) has been used as a means to assert the legitimacy of its presence in Asia.

As Russia rebuilt itself in the 1990s, in East Asia it followed a policy of 'equidistance' from the two central players in the region – China and US (Rangsimaporn 2009a). During this time, the idea was to improve relations with different powers in the region in an attempt not to upset the regional balance of power. Over the years, this attempt to strike balance has been impacted due to a complex mix of domestic, regional and international factors, which will be discussed through the length of this chapter.

In order to enhance its influence and presence in the region, Russia relied on building bilateral relations as well as participating in multilateral institutions. As we have seen through the foreign policy concepts, the signs of an increased awareness on the part of Russians about the importance of improving relations with East Asia were many. The appointment of Yevgeny Primakov as foreign minister signalled the end of western-centric policy and led to the implementation of what has come to be knows as Pragmatic Eurasianism. The veteran diplomat was very interested in the Asia Pacific region and described ASEAN as 'an influential centre of the developing multipolar world' (Tsygankov 2013). Thus, his policies finally led to an increased focus on improving ties with the Asia Pacific.

Russia noted the rapid growth of East Asia and its increasing centrality in world affairs. Arguing that it had always been part of the region – both historically and geographically – it now sought to broaden its existing relations. The Eurasian ideology has been combined with ideas of multipolarity and the belief in Russia being a great power with interests across the world. It is also interested in getting involved in the regional integration processes that are ongoing via a string of multilateral organisations.

A more decisive shift came over in the 21st century with signs of change on the ground evident in the mid-2000s, prompted by both internal and external factors. A major reason for this was the need to develop the Far East and strengthen Russian position as a great power (Cheng 2017). It was clear for quite some time now that the development of Eastern Siberia and Russian Far East depended to a large extent on attracting investment from its Asian partners, without which the region would continue to lag behind and with it, Russia's chances of exploiting its window to Asia. It was also concerned about the

rising Chinese influence in its Far Eastern territories and would prefer to balance it with a sustained presence from other regional parties.

The pivot to Asia was confirmed to the world in 2012 when Russia decided to host the APEC summit in the city of Vladivostok in the Far East, looking to project the move as its commitment towards turning to Asia and creating new economic opportunities. Alongside the rest of the world, Russia also believes that in the coming years, East Asia would become a major driver of world economic growth, a development from which it cannot remain isolated.

Another key domestic reason for this push was the need for economic modernization as well as finding new markets for its energy and arms sales. The security and stability of East Asia is also a concern for Russia, where it is worried both about excessive US influence in the region as well as its own dependence on China. In fact, it has even talked about developing a multilateral security framework for the region and has played an important role in talks on the Korean nuclear issue.

Various areas of concern have been listed by Moscow when it comes to East Asia including the Korean issue, territorial disputes, drug trafficking, terrorism, piracy, cybercrimes etc. while being aware of the rising importance of the region in international affairs – both economically and politically (Lavrov 2013).It has decided to use arms sales not for mere profit making but using them as an instrument of 'Russian prestige and influence' (Rangsimaporn 2009a). The Russian ambition to improve its position in the region, according to Kaczmarski (2017), also seeks to offer regional states an alternative apart from US and China. Sutter (2003) points out that several governments in East Asia have 'welcomed Russia's more active role in regional security affairs.'

Another factor in the pivot to East has been a steady deterioration of relations with the West brought on by differences that have accumulated over the years. The eastward expansion of NATO, colour revolutions in Ukraine, Georgia and Azerbaijan that Russia blamed on US, proposed Missile Defence System in Europe, withdrawal of US from the Anti-Ballistic Missile treaty, rejection of the Russian proposal for a new security framework in Europe, US war on Iraq and its actions in Libya led to disenchantment in the Russian foreign policy establishment about futility of trying to engage the West. These series of events also prompted a rethink about trying to balance the western vector

of the policy and find new partners in other regions of the world whose vision was in line with that of Russia. The Ukraine crisis of 2014, Russia's annexation of Crimea and the subsequent sanctions proved to be the death knell for Moscow's ties with the West – leading to an acceleration of the process of its pivot to Asia.

Alongside these developments, post-Soviet Russia has been simultaneously also searching for a new role in a world following end of the Cold War and has in these past years remade itself in the image of a 'great power with recognized interests in Eurasia' as it sees opportunities for a geopolitical role (Shearman 2014). In short, according to the author, the rebalance towards Asia has happened due to the need for increased economic ties with Asia, the need to balance relations with Europe and the fear of losing its Eastern territories.

3.2.1 Russia in East Asia during Yeltsin period

In the years following the collapse of Soviet Union, Russia had a low presence in East Asia and the pattern continued to be so throughout the presidency of Boris Yeltsin. Rangsimaporn (2009a) lists several reasons for this, including a weak Russian economy especially in the Russian Far East, a policy tilt towards the West and fear of becoming a raw material appendage to the region. In addition, the low level of trade with various players in the region made for a weak Russian presence there. As the author points out, in the 1990s, Russia's trade with the region was a mere one-fifth of its total trade turnover.

The Russian Far East, its supposed gateway to the East Asian region was also in disarray. With a weak economy that was still adjusting to the new ways of doing business in a post-Soviet world, the economic conditions were not conducive for it to attract investments. There was also a lack of initiative from the authorities in Moscow to develop the RFE despite its geopolitical and geo-economic significance. The differences between federal and regional governments, especially with regard to Chinese presence in the Far East, further worsened the situation. The latter were apprehensive about large scale Chinese migration, fears that were magnified due to the presence of a large Chinese population on the other side of the border. Despite the fact that actual numbers of Chinese immigrants was significantly low and that the Far East needed manpower to compensate for its low population were not reasons enough to overpower the strong local government sentiment of seeing workers from its eastern neighbours as a threat.Other concerns

included low quality of Chinese products, excessive export of raw material from Russia and the consequences to the local economy due to unregulated trade on the border (Wishnick 2001). This situation was sought to be rectified through encouraging Japanese and South Korean goods but the trade figures remained rather insignificant despite the positive sentiment. Given that Russian trade with Southeast Asia was also rather low, the above mentioned conditions contributed to a low level of overall Russian economic presence in East Asia.

In terms of geo-political presence, Russia was again at a loss after the collapse of Soviet Union. It had to rebuild its presence in Southeast Asia and as part of the beginning, became a dialogue partner with ASEAN in 1996, but the real push forward only started after signing of the Treaty of Amity and Cooperation in 2004. The bilateral relations were also limited for post-Soviet Russia due to a legacy of the Cold War period where there was a strong American presence and Soviet Union had limited allies in the form of communist ruled states of Vietnam and Indo-China. These ties were also weakened in the wake of Russia's economic and political decline following collapse of the Soviet Union. In fact, the economic and political turmoil within Russia in the nineties led to a severe curtailment of its global influence – political, military, economic and strategic – and by 1998, Russia had 'lost its erstwhile role and almost all influence in East Asia' (Kireeva 2012).

The one partnership where things were looking up for Russia in the region was the one with China where the strategic partnership deal was signed as early as 1996 followed by the Russian-Chinese 'Joint Declaration on a Multipolar World and the Establishment of a New International Order' in 1997, as has been discussed in detail in chapter 2. Such decisive moves in improving ties with any other state in East Asia were not seen from the Russian foreign policy establishment at the time. It has been argued that Yeltsin looked towards China in order to produce a more balanced foreign policy primarily because it did not have any other powerful partner in the region, especially on account of its strained relationship with Japan which have been frozen since World War II due to the disputed Kuril Islands. As the Japanese insisted 'on linking political and economic issues,' it dampened prospects of any progress, leaving Russia the sole option of China in East Asia (Wishnick 2001).

The economic and political stability that has come about in Russia during the presidency of Vladimir Putin has now allowed for the former superpower to once again focus its attention on expanding its influence in the region. Apart from the obvious potential for Russia to benefit economically from an active participation in East Asia, the strategic and geo-political reasons to expand its influence are no less significant, as will be seen in the coming sections.

3.2.2 Russia in East Asia since 2000

There has been a steady rise in Russian interest towards East Asia in the 21st century. The clearest evidence for this can be seen through various foreign policy concepts issued by the Russian government, which offer concrete support of the thinking within the establishment regarding the goals to be achieved. The Foreign Policy Concept of 2000 noted the steadily growing importance of Asia Pacific and its multilateral bodies in its foreign policy but the focus remained heavily on China, as has been discussed in detail in chapter 2. The similarity of positions of two countries on several global and regional issues was noted while seeking to increase economic cooperation. It may be noted that such detailed wide-ranging goals with any other East Asian state are missing from the concept, revealing the priorities at the beginning of the 21st century for Russia in the region. While necessity of invigorating relations with ASEAN is mentioned, the individual states of Southeast Asia find no place in the document. At the same time, the concern about the imbalance on the economic front is apparent.

The 2008 document is slightly more detailed when it comes to goals of Russian policy in the region noting its 'important and ever-increasing significance.' It identifies Russia as 'belonging' to the region and declares its intent to use its rise to aid in the economic development of Siberia and the Far East. (Foreign Policy Concept of the Russian Federation 2008). The Southeast Asian states also find mention here declaring the intent of Moscow to 'develop strategic partnership with Vietnam' while also noting the need to further ties with other regional states like Indonesia, Thailand, Philippines, Malaysia, Singapore and others to promote 'multifaceted cooperation.'

The earlier section already details how the 2013 Foreign Policy Concept makes a remarkable move towards the Asia-Pacific by noting the shift of world political and economic axis towards the region. There is again a focus on relations with China at the

bilateral and multilateral level (see chapter 2) In contrast, the language about relations with other states like Japan (Russia is willing to promote dynamic development of good-neighbourly and multidimensional relations with Japan) and the Koreas (Russia seeks to maintain friendly and neighbourly relations with the Democratic People's Republic of Korea and the Republic of Korea) is largely neutral. Here, the individual Southeast Asian states fail to find mention except Vietnam and are clubbed under the rubric of ASEAN states. The importance and impact of this thinking as reflected in the official document will become clear in the following sections revealing the way Russian policy has shaped up in the region.

3.2.3 Development of the Russian Far East and East Asian engagement

Russia has clearly stated that engagement with East Asia is critical for economic development of the Far East, noting in its official document that its interest in the region is to use the 'possibilities offered by the APR to implement programs meant to boost Siberian and Far Eastern economy' (Foreign Policy Concept of the Russian Federation 2013). There is a growing sense that if Russia is unable to come up with a coherent policy response, it will be left behind as the region moves towards greater integration. Mikhail Titarenko (2008) has noted that nothing less than the 'full-fledged integration of Russian Asian territories – especially the Far East and Siberia' is of critical importance in consolidating Russia's position in the world economy. The 2009 announcement of 'Strategy for the Socioeconomic Development of the Far East and Baikal Region until 2025' gave rise to hope that the economically backward region will see a change in existing conditions and attract investments, especially for development of infrastructure (Hoon Jeh and Kang 2013).

In fact, the Far East has always been a key component of Russia's East Asia policy, being projected as Moscow's window to the region. Prime Minister Medvedev (2011) admitted as much when he said that 'Russia's future and our efforts to modernise Siberia and the Far East are intricately linked to the Asia-Pacific region for the simple reason that Russia is part of this region too and has an interest in its rapid development.' Any positive developments on this front would help Russia in its goals to develop the local economy, diversify its exports from Europe to Asia, and utilize the potential of the region to be its window to the east. The Minister for the Development of the Russian Far East Alexander

Galushka (2013) in a report to Medvedev pointed out that the Far Eastern market contributed to just five per cent of Russian GDP and attempts to achieve growth in a market of this size wasn't a possibility. He also argued that given the distance between the region and main cities of European Russia, 'it would not be logical to organise production in the Far East to supply goods to the European part.' In fact, the minister argued, it would be a much better strategy for the region to focus on the rapidly growing Asia-Pacific market. Given that the latter imports goods amounting to $6 trillion per year, being able to secure even a small percentage for the Far East would lead to exponential growth for the region. For this purpose, China, Japan and South Korea have been identified as the most crucial partners for Russia. In fact, 80 per cent of total trade of the Far East takes place with these three countries.

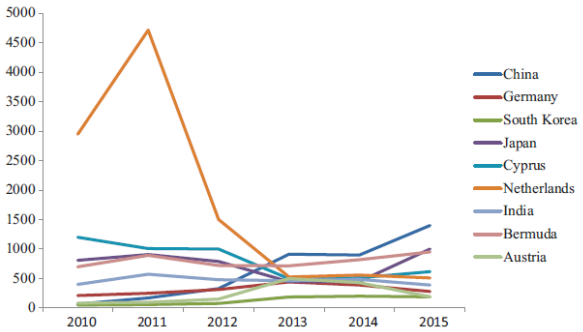
Currently, the vast energy resources of the region - oil and natural gas, iron ore, copper, diamond, gold, and timber - remain its best bet for growth and integration with East Asia. While in the past, most of Russian oil production was concentrated in Western Siberia and Urals-Volga region, by 2013, the Eastern Siberia and Far East were slowly being tapped as new production centres, contributing ten per cent to the total production (EIA Russia 2015). The geographical positioning of the territory is considered ideal in terms of addressing energy needs of the fast growing region in its neighbourhood (Rangsimaporn 2009a). Not only are the states in East Asia major consumers of oil and gas, their demand has also seen a steady rise due to economic growth across the region. Also, these states have been looking for an alternative to the supplies from the Middle East, fearing instability and chokepoints that exist along the sea-route.It is seen as a win-win for Russia where an increase in energy exports to Northeast Asia helps the regional economy in the Far East, in return attracting more investment to the region to push economic growth. Russia has also made this a major agenda at the APEC meetings, arguing that investment from the region into its energy sector and the resultant increased supplies would lead both to economic growth and enhanced security in the region.

The idea also appeals to Russia because it has wanted to diversify its export markets away from saturated markets in Europe and the rising demand from the region makes it a very attractive destination for Siberian oil and gas, where pipeline projects are now going operational. The Power of Siberia deal struck in 2014 and valued at $400 billion,

discussed in detail in chapter 2, will supply gas to China over a period of 30 years and remains one of the biggest deals in Russian history. The extension of ESPO pipeline, as discussed in chapter 4, has also given a boost to the region besides diversifying supplies to other Northeast Asian countries and attracting investment. The export of coal produced in the RFE, majority of which currently goes to China, Japan and South Korea is also considered an important part of the development strategy of the region. In the future, RFE is expected to contribute 46 per cent of all coal exports from Russia to the Asia Pacific.

The development of Russian Far East is directly tied to its increased cooperation with the countries of East Asia. The poor quality of infrastructure, negative population growth, high out-migration, severe weather, insufficiently skilled labour resources, difficult business climate, poor connectivity and a vast geography all contribute to the challenges of economic development in the region. The problems that hamper economic development have gone unaddressed to a large extent with complex bureaucratic structures complicating implementation of policies envisaged at the federal level and a lack of basic infrastructure for attracting FDI, with foreign investment contributing a mere ten per cent of overall investment in the region (Vakulchuk 2018). Also, the author demonstrates, the main FDI contributors remain western (Netherlands, Germany and Austria), while the amounts from Japan and South Korea have remained limited and increased very slowly. This changed in the immediate aftermath of western sanctions, where China registered the most promising growth in terms of FDI in the post-sanctions period.[30] Despite these limitations, as will be discussed in detail in section 3.3, Russia and

[30] Figure 3.1: Main investors in the Russian Far East (amount in US $ million). Source: Vakulchuk, 2018



China have found common cause in cooperating in the Far East, with energy being their top priority.

Vakulchuk also points that in surveys of investment climate of Russian regions, the cities from the Far East have received some of the lowest ratings, with the exception of Vladivostok. Also, Rangsimaporn (2009a) has argued that in the absence of an integrated energy policy, it has become difficult to attract foreign investment. In addition, most of the investment goes for extraction of natural resources with little attention being paid towards diversification with an eye on serving the needs of the East Asian market. Japan and South Korea still remain attractive partners to reduce dependence on China and some movement forward can be seen by governments to push for greater economic cooperation in recent years.

However, as mentioned above, significant obstacles remain due to shortcomings of the Far Eastern region which combined with Russia's own economic woes further complicate its move towards the East. Russia has also attempted to present itself as a land bridge between Asia-Pacific and Europe, where using its territory as a transport corridor would be beneficial for businesses. Here, poor infrastructure and capacity in the Far East have continued to hinder the development of transportation networks. The melting of Arctic ice cap has opened up the potential for exploiting the Northern Sea Route (NSR) and Russia has projected it as an alternative, shorter route for transport of goods to and from Asia-Pacific. With a port-hub in Petropavlovsk-Kamchatsky in the Far East also being planned, the venture holds opportunity for shippers from East Asia to cut the distance to Europe by almost nine days. As Russia develops the capacity to ensure smooth maritime navigation, it has a huge future potential in 'reducing time and fuel costs' for ships moving to and fro Europe from East Asia (Lanteigne 2015).

In the time period under consideration, Vakulchuk (2018) has concluded that the Far East is not significant enough at the world level as far as its 'integration' into the regional or world markets. While some improvements in terms of infrastructure, setting up of special economic zones and government budgetary support have been witnessed in the region but are as yet insufficient to lead Russia's efforts to make the region the window for its pivot to Asia.The revolutionary step of setting up a ministry for the region has not resulted in obvious gains. In fact, the Deputy Prime Minister and Presidential Plenipotentiary Envoy

to the Far Eastern Federal District Yury Trutnev (2013) has gone on record in a report to the President that the ministry needs to be re-formatted as in its current form it is a 'shell ministry which basically lacks real functions.' He went on to add that the Far Eastern Development Fund too is ineffective in its present form. In addition, Galushka (2013) has assessed that the special economic zones set up in the region are not competitive. The lack of adequate human resources and weak transportation links that make exports difficult are other factors keeping the Far East back, delaying Russia's ability to enter the East Asian markets.President Medvedev (2013) himself admitted that the region lacked a 'high capacity market' and that there did not exist 'any substantial internal driving force.' He also called for the business climate to be made 'competitive, transparent and open' in order to tap into the Asia-Pacific region, labelled by him as 'the largest global market.' It has been estimated that the Far East and East Siberia alone would need an investment of over $200 billion for 'geological exploration and development' from 2001 to 2030 and it remains unclear how this would be generated.

The federal funding for the Far East has not always been delivered. In fact, in the period from 2002-2010, less funds were received from the federal government ($3.6 billion) as opposed to the period 1999-2001 ($4.8 billion), indicating 'poor coordination' between the two centres of power (Rangsimaporn 2009a). At the same time, it is not just economic concerns that have brought Russia to focus on the Far East. As Ostevik and Kuhrt (2018) point out, the security policy of Russia 'towards the wider Asia-Pacific region' is intimately tied to the RFE. The lack of development in the region is seen as a threat, particularly due to high levels of economic growth across the border in China and the broader Northeast Asia. The concern over Russia becoming vulnerable due to Chinese economic moves is very real in the Far East. This, according to the authors, has led to securitization of Moscow's policies as is evident from creation of the Eastern Military District to exercise a more effective control over the border in the Far East 'with unusually large amount of troops' on the border with China.

3.2.4 Economic ties with East Asia

Russia's economic policy towards the region has been dominated by sales of natural resources – primarily oil and gas, alongside agricultural products – besides arms export. In turn, Russia imports machinery, electronic equipment, vehicles, consumer

goods,textiles,chemical products,plastics, pharmaceuticals and industrial consumer goods.In 2014, Russian exports to the Asia-Pacific region was 16% of the total exports and imports amounted to 14%. From within the region, China was at the top in terms of source of imports. The main trade partners are in Northeast Asia – China, Japan and South Korea (Kuznetsova et al. 2016). There has been an increased engagement of Russia with not just China but also Japan, Koreas, Vietnam, Thailand and Myanmar. This has resulted in a marked upswing in trade ties of Russia with most states in East Asia, which currently remain unsatisfactory in most cases due to their low volume. As can be seen from the figure below, Northeast Asia comprising China, Japan and South Korea dominates Russian trade with East Asia in that order while Southeast Asian states lag far behind.

Table 3.1: Russia's Total Trade Turnover with East Asia, 1996-2012 (in US $ million)

Country	1996	1999	2000	2005	2012
China	5,724.5	4,495	6,335	20,664	89,008.4
Japan	3,890.7	2,564	3,336	9,581	31,220
North Korea	64.8	55.7	46	233	81
South Korea	1,984	1,142	1,330.8	6,363	24,880.4
Taiwan	568	325.3	492.6	1,931	5,338.2
Indonesia	135.6	57.3	108	551	2,871.8
Malaysia	167.3	475.2	388	823	1,745.6
Vietnam	154	183	204.7	913	3,660.6
Singapore	798.7	220	520.5	626	2,004.1
Thailand	274.8	163	170	998	3,381
Philippines	155.3	77.3	58.4	271	1,647.2
Laos	68.8	2.2	1.6	11	n/a
Cambodia	19.4	n/a	1.5	8	n/a
Myanmar	13.4	n/a	3.8	3	146
Total trade with East Asia	14,019.3	9,760.7	12,997	42,976	165,984.3
Total trade with the World	131,141	102,003	136,971	339,857	837,294.9

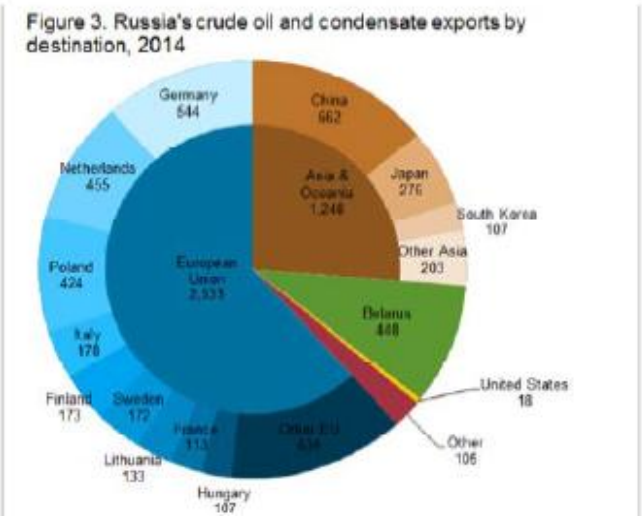
Source: Kireeva, 2012.

With China, Russia's trade touched a record high of $95.28 billion in 2014 with the balance of trade in favour of the former. The Chinese exports to Russia stood at $53.68 billion and 80 per cent of the trade was in crude oil, timber and raw materials. According to official documents, China was Russia's top trade partner and Russia ranked 9th in the

scale with China (TASS 2015). With $33.2 billion trade volume, Russia was at 14th position in bilateral trade with Japan. While Russia's share of the external trade turnover of Japan accounts for 2.2%, the vice versa score stands at 3.7%. This means that Japan isat the 8thposition in the ranking of trade partners of Russia (The Embassy of the Russian Federation to Japan 2014). In 2013, Russia was South Korea's tenth largest trading partner with total trade volume of $22.6 billion and the balance of trade almost equal. Russia mostly imports processed goods, including cars from South Korea while the latter has seen its import basked contain crude oil supply amounting to about 40 per cent of the total (Yeo-cheon 2015). In 2009, South Korea began importing LNG from Russia, furthering the energy relationship. The investment links remain weak and a number of proposed tri-lateral projects (with North Korea) remain stalled.

As compared to this, by 2014, Russia was not in the top ten trading partners for ASEAN and only came in at 13th place. With a share of just 0.9 per cent of the total ASEAN trade, the total trade volume with the whole grouping stood at a mere $22.5 billion (ASEAN 2015). A look into trade patterns of Russia with East Asia reveals a heavy focus on energy – oil, gas, nuclear – and arms sales. Russia has worked to position itself in both the sectors of renewable and non-renewable energy. While over 70 per cent of oil exports in 2014 went to Europe, Asia accounted for 26 per cent of Russian crude exports, with China and Japan leading the growth figures.[31] South Korea and the rest of Asia contribute

[31] Figure 3.2: Russian crude oil by destination, 2014 (in million barrels per day). Source: EIA Russia, 2015



much smaller to the overall export earnings for Russia at present. When it comes to natural gas, by 2014 only about ten per cent of the production was being exported to Asia. The shift towards looking to Asia as a natural gas destination has only started in recent years as demand in Europe has flat lined.

Soon after taking charge as president, Putin (2000) spoke of Russian ambitions to create an 'energy bridge' from Russia to Japan via Sakhalin.' He also envisioned building of'gas pipelines from the Tomsk Region to western China and from the Irkutsk Region to eastern China and further to North and South Korea. There has also been a Russian presence in areas like oil exploration in Southeast Asian countries, space, medicine, alternative energy source research among others. Putin (2005a) noted Russia's presence in the hydro and nuclear energy field while also calling for oil and gas pipeline projects that would provide 'long term and stable raw materials supplies' to ensure energy security in the region. Moscow has banked on the future energy requirements of East Asia as an energy-importer region, where the growing economies will need more energy supplies to fulfil their needs. Also, the states in the region are looking to diversify their import sources away from heavy reliance on Middle Eastern sources, which helps Russia identify itself as an important player in helping them achieve this goal. President Putin has himself declared Russia's commitment towards creation of a 'new and more reliable energy configuration in the Asia-Pacific' by building oil and gas pipelines from eastern Russia to ensure reliable supplies (Putin 2006). The Energy Strategy of Russia (Ministry of Energy of the Russian Federation 2010) made it clear that efforts to the effect were to be expedited. It announced that the proportion of European markets in terms of total volume of energy exports will come down due to 'due to export diversification to Eastern energy markets.'

For the first time, as Shadrina and Bradshaw (2013) note, the energy policy is truly 'Eurasian' with its focus on 'expansion of energy cooperation with the Asian countries,' as Russia attempts to reduce its dependence on European markets and push for local economic development in the Far East.

This process has gained urgency also because the traditional European market for Russian oil and gas have now matured and hold little prospect for growth. Combined with tensions with the West, the diversification of export markets has become a top

priority for the Kremlin (Henderson and Mitrova 2016). The authors also point out that apart from the business logic, Russia sees the states of East Asia as being more amenable towards its policies as compared to US and Europe. While the states in the region might not provide the Kremlin with 'a wealth of new political allies,' they still appear 'open to doing business,' a prospect that has gained ever more attraction since the Western sanctions in 2014. This change can also be seen by comparing the energy strategies for 2020 (unveiled in 2003) and 2030 (adopted in 2010) where the former was dominated by details of energy ties with Europe and Asia had limited importance – primarily with the view to developing the Far East.

The World Energy Council has estimated that by 2050, fossil fuels will still remain dominant (coal, oil and gas). In 2014, Russia – which is the third largest coal exporter in the world – sent 44 per cent of its production to Asia. Here, China, Japan and South Korea were major importers taking a share of 16, 10 and 12 per cent respectively (EIA Russia 2015). While nuclear energy will continue to be in use, 'no renaissance' is expected in its usage. The report also notes that Asia will be the region with the highest economic growth rates, leading to a commensurate rise in energy consumption (World Energy Council 2013).

The success of Russia's plans to increase its oil and gas supplies to East Asia will depend both on the price and demand from regional consumers. Given that transportation costs are high due to longer distances between production fields and ports for export, any decline in world oil price will have an impact on planning. Economic growth is another critical factor where any slowdown will have an immediate impact on demand (Sakai 2016).

For the development of the Far East, a critical factor in Russia's policy towards East Asia, Putin announced setting up of a special 'Ministry for the Development of the Russian Far East' in 2012. This was seen as an unprecedented move reflecting the critical nature of the situation and necessity of the region's development for Kremlin's geo-political and geo-strategic plans. A region rich in natural resources – minerals, oil and gas – is seen as key to Russia's integration into the economic growth picture of Asia Pacific. The exports over the years from the region have risen, with 78.9 per cent of these in 2012 going to three countries of Northeast Asia – China (27.5 per cent), Japan (23.2 per cent)

and Korea (28.2 per cent). As discussed above, while Russia can gain entry into the East Asian market through its significant natural resources base in the Far East and East Siberia, it has been plagued by various problems like lack of proper infrastructure, difficult climate and inadequate levels of investment. The continued weakness of the Far Eastern economy through the 1990s and well into the new millennium also put a dent in Russian plans in East Asia, the causes for which have been discussed in detail in the above section.

Another area of concern is its heavy dependence on natural resources in exports, especially to China with which it has the highest trade volume in the region. In 2006, 70 percent of Russian exports to China were of natural resources while only 1.2 per cent was machinery – leading to fears of it becoming a raw material appendage. In addition, there is the danger of China overshadowing other oil and gas importers in the region by taking over most of the share, hindering Russia's plans to diversify its export destinations (Sakai 2016). This is also part of a larger problem for Moscow as Southeast Asian states are looking less for natural resources and more for finished products and high technology – an issue that Russia has not addressed very successfully.

Thus, as Rangsimaporn (2009a) points out, it has created a paradox for Russia – while it needs natural resources to break into the East Asian market, the same might contribute to it becoming a raw material appendage. There has been a lack of detailed policy position on the region from Russian government, at both economic and political level. In the past years, it has tried to insert itself into strategic matters through its presence in a range of multilateral institutions that exist in East Asia. Here, it has had to deal with the presence of regional powers as well as the US, hindering any desire to become a central player in regional affairs.

Arms sales are another major revenue generator for Russia and China remains the key buyer here. In 2014, Russia was only second to US in arms exports with a 27 per cent global market share. Also, Asia-Pacific 'is still Russia's single most important market' (Bitzinger 2015). If India is included in the calculation, a total of two-thirds of all Russian weapons went to the region. China accounts for 21 per cent of total Russian arms exports while apart from its traditional partner Vietnam, Russia has also seen orders come

in from newer partners like Indonesia, Malaysia, Myanmar, and Thailand.[32] This is due to the fact that Russia is trying to diversify its exports to other markets as well, fearing saturation in the Chinese market. The Southeast Asian players that have traditionally been catered by the West, primarily US, are being wooed by Russia. These states are especially attractive as Russia does not see a security threat to its own interests from these states and new orders are needed to keep the defence manufacturing industry generating much needed revenue.

3.2.5 The 21st century geopolitics of Russian presence in East Asia

As has been discussed earlier, Russia considers itself to be a Eurasian great power following a multi-vector policy that would lead to establishment of a multipolar world order. The announcement of Russia's pivot to Asia was an acknowledgement not just of its own interests but also of the political and economic shift of the globe towards the

[32]Table 3.2: Russian Arms Transfer to Asia Pacific, 2000-14 (in $ million). Source: Bitzinger, 2015.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Bangladesh	-	21	20	-	-	-	28	20	50	9	149
China	3107	2472	1324	1529	1102	636	703	689	1133	909	13605
India	653	923	1785	1555	1503	2332	2553	3913	3742	2146	21103
Indonesia	-	-	-	41	165	191	59	21	351	56	882
Malaysia	-	-	-	408	407	-	-	-	12	-	1235
Myanmar	137	151	127	14	14	38	377	149	60	40	1105
Nepal	-	-	-	-	-	-	-	-	-	14	14
North Korea	5	15	5	5	4	1	-	-	-	-	33
Pakistan			11	22	22	33	33	33	33	-	187
South Korea	86	102	-	-	-	-	-	-	-	-	188
Thailand	-	-	-	-	-	3	20	-	-	-	23
Viet Nam	233	15	2	153	55	151	987	713	439	994	3740
Total Asia-Pacific	4221	3699	3681	3727	3272	3385	4760	5540	5820	4168	42264
All arms transfers	5227	5113	5561	6264	5102	5993	8556	8402	8462	5971	64650
% Asia-Pacific	81%	72%	66%	59%	64%	56%	56%	66%	69%	70%	65%

region. As its relationship with the West has suffered, Russia has recalibrated its strategy as a 'pole in an increasingly polycentric world' (Trenin 2013), focused on maintaining its sovereignty and opposed to US being the dominant power. This process has been aided by a slow decline of the West alongside a commensurate rise of China and other Asian powers, leading Russia to believe it has a geopolitical opening in the region at a time when the established order in the region is in a flux as it grapples with the dynamics of a retreating established power and a resurgent emerging power.

The importance of rise of Asia for Far East has already been noted. As shall be discussed in the coming sections on East Asian balance of power, the region is witnessing something of an unprecedented situation with the rising power and established power deeply intertwined through trade relations. Alongside the two major powers, the region has several rising powers that work in close cooperation with each other bilaterally and through a multitude of regional organisations. It is in this complex web of relationships that Russia is trying to project its influence from a position of relative weakness when compared to other powers in Asia Pacific.

The economic reasons for Russian interest in the region have already been made clear and the importance of the benefits of engaging with the fast growing region cannot be stressed enough – in terms of exports, investment and future growth. An economic breakthrough in the Far East is indispensable for Russia's successful economic engagement with the region. As Amirov (2014) points out, most of Russian trade ties focus on three nations of Northeast Asia, which is why flare up of any dispute between these states is a cause of concern.

It must be noted that the East Asian region has deep inter-relationships with China, Japan, South Korea and rest of Southeast Asia both through economic linkages and bilateral and multilateral mechanisms. In fact, in 2014, more than half the trade of Asia-Pacific was intra-regional. Within Southeast Asia, these links are even stronger and imports sourced from within the region account for 64.8 per cent of the total in 2014 (UNESCAP 2015). This presents a particular challenge for Russia that already has a weak economic presence in the region and primarily only has energy and arms sales on offer to expand its presence – something which might not be enough to make it a decisive player in the face of strong competition from other powers. Under such circumstances, it has to find policy measures

to attract investment from the China, Japan, South Korea as well as ASEAN. These difficulties mean Russia has also refrained from taking a clear stand on either US-led Trans Pacific Partnership (TPP) or China-led RCEP (each of which excludes the other power) in order not to be seen as tilting towards one side (Trenin 2013).

At the same time, Russia is interested in diversifying its foreign policy from its focus exclusively on Europe as well as to preserve its influence over its own eastern territories (Amirov 2014). The security issues arising due to the North Korean nuclear program, territorial disputes involving regional states and Russia-Japan territorial dispute make the region fraught with geopolitical crisis – right on the border with Russia. The strong presence of US alongside its treaty allies is both a stabilizer as well as a cause of concern for Russia.

While some see Japan as possibly a balancer to excessive dependence on China, so far the two countries have not developed extensive bilateral ties so as to demonstrate that either party is interested in such a scenario. Russia does have a growing economic relationship with Japan but it lags behind the one with China significantly (Amirov 2014). Also, the bilateral ties have suffered on account of the Kuril Island/Northern Territories dispute preventing the two from developing close enough ties to aid Russia in navigating the region. As a member of the six-party talks, Russia has secured its position as an important player, using its relationship with North Korea to insert itself into a crucial issue for the region[33]. It has a major stake in using the talks not only to assert its importance in the region but also to ensure a solution that does not go against its own strategic interests. Hence, the stalling of talks since 2009 has not been a positive development for Moscow.

Russia seeks to become part of the multilateral organisations in East Asia, which have become an integral part of the regional balance of power. Moscow has worked hard to join organisations like ASEAN, APEC, ARF, EAS which cover political, economic and security aspects of the region and host almost all major world powers within the region. It believes that these organisations can play an important role in building a 'more balanced international system' (Trenin 2013). ASEAN states have also welcomed the presence of

[33] Since 2009, however, the six-party format has been stalled due to North Korean pullout, as explained in further detail in chapter 4.

various powers including Russia in these forums as a way of preventing conflict by increasing interdependence.

The decision to hold the APEC summit in Vladivostok in 2012 was a signal that Russia was ready to play an active role in the regional organisations and saw the Far East as its gateway to rest of the region. Given that its economic engagement is low, Russia's participation in these organisations is also an attempt to increase political participation (Amirov 2014). However, this has not been easy manoeuvring for a former superpower and Russia has found it difficult to adjust to bodies where it is clearly not the dominant player in terms of setting the agenda. Aware of its 'relative weakness' and complicated regional dynamics, the highest leadership from Moscow has not attended a number of summits of the regional bodies (Trenin 2013).

Arms sales remain a potent weapon in the hands of the Kremlin while trying to gain leverage in East Asia. While China continues to be its leading customer in the region, Russia has been diversifying its supplies in Southeast Asia to expand its export base as well as exercise a certain strategic advantage. The tensions in South China Sea have already led to a dramatic rise in arms purchases in Asia-Pacific since 2012 (CNBC 2017). For instance, Russia has actively invigorated defence ties with old ally Vietnam, which has been pitted against China on the contentious South China Sea issue and will be aided by Russian supplies. The Russian exports will help Vietnam counter China and afford Moscow 'strategic flexibility' as a way to reduce its excessive dependence on Beijing. Its weapons exports to other Southeast Asian states like Malaysia and Indonesia have increased in recent years but are still to witness a significant growth to be able to influence policy. The advantages that Russia offers is lower costs and fewer conditions attached to arms sales as compared to the US (Bitzinger 2015). This in turn helps it to strengthen its ties to countries in the region besides increasing its influence (Blank and Levitzky 2015). In short, Russia uses the arms sales to build up a stronger military and political partnership with regional states.

Russia also wants to be a major military actor in the region (Amirov 2014) and has embarked on strengthening its Pacific Fleet as well as strengthening forces on the border with the formation of Eastern Military District. However, this does not mean Russia is looking to be an offensive power in the region given that even after the current reforms,

its Pacific Fleet would be hard pressed to ‘counter other navies’ due to ‘its limited ability’ (CSIS 2016b). Joint military and naval exercises with states of the region are also another way Russia has demonstrated its revival after years of post-Cold War slump, revealing its willingness to be a pole in what it believes to be is a multipolar region.

Apart from arms sales, supply of natural resources – most importantly oil and gas – remains Russia’s key to increasing its presence in the region. The issue of energy security has received increasing attention in a region largely dependent on imports, as has been discussed in section 3.2.3. Given the precedent of energy having served as a foreign policy tool in Europe, the ‘absence of Asia as a major market for Russian commodities’ has been an ‘anomaly’ that is now slowly being remedied (Henderson and Mitrova 2016). If Russia is able to build profitable energy relations in Asia and form geo-political alliances on that basis, it would lead to a more diversified foreign policy. If Russia is able to secure long-term contracts for supply of energy, it would indeed help its integration into the region and enhance its influence.

In turn, the Eastern Siberia and Far Eastern territories will be able to use oil and gas contracts to improve their economic situation and carve out a space in the lucrative East Asian energy market. Any downturn on this front will further reduce Russia’s already weak trade presence and reduce its ability to diversify its energy exports, harming it both economically and politically – where its goal has been to project itself as a Eurasian power and reduce its dependence on the West.

3.3 RUSSIA-CHINA BILATERAL RELATIONSHIP IN CONTEXT OF EAST ASIA

The earlier section discussed the importance of East Asia and Russian interests involved therein. It is clear that China is Russia’s key partner in the region and one with which Moscow has the closest strategic partnership. For Russia, economic relationship with China is ‘absolutely necessary’ as the ‘economic and strategic interaction is a part of Russia’s posture in Pacific Asia’ (Amirov 2014). As the author explains, the relationship is complex, characterized by ‘cooperation and concern.’ Increasingly, the collaboration between the two strategic partners has been based on a ’shared agenda’ due to ‘significant alignment’ on issues (Ostevik and Kuhrt 2018).

The development of the bilateral relationship has already been discussed in detail in chapter 2. The two partners share similar views on US unilateralism, non-interference, establishment of a multipolar world and national sovereignty. The settlement of border dispute has removed a major irritant in the relationship and allowed Russia to adjust to a partnership where the roles have been reversed. This is important in context of East Asia because as its central ally in the region, the strategic ties would not have been built with Russia feeling threatened. Since that is no longer the case with Moscow, the two powers have moved on to a 'practical and realistic agenda' (Trenin 2013). China believes a peaceful border with Russia allows it to concentrate on other areas of concern.

For China, Russia is an asset when it comes to support on critical issues like US missile defence, Korean nuclear issue and territorial disputes besides being an important supplier of energy and arms. These issues are of critical importance to the Russian foreign policy and have a deep impact on the bilateral partnership. The two have not formed a military alliance and have repeatedly assured others in the region that they have no intention of doing so. Instead, the two proposed 'a framework of principles on strengthening security cooperation in the Asia-Pacific region' (Ministry of Foreign Affairs of Japan 2013b) at the 8th East Asia Summit in 2013. According to Russia, this would be a 'multilateral out-of-bloc security architecture' that will be based on 'principle of indivisibility of security' under which the security of one state would not come at the expense of other (Lavrov 2013).The foreign minister (Lavrov 2010)has also stated that the former superpower is not looking for 'military superiority' and 'we have no plans of deploying military bases in the Asia-Pacific, and are not forming closed defence alliances with countries of the region.'

Politically, on the issue of territorial disputes involving China – South China Sea and East China Sea – Russia has maintained a neutral stance that slightly tilts towards Beijing in order to not jeopardize relationship with any of the parties involved (Trenin 2013). On one hand, it has conducted joint sea naval drills with China leading to concerns among its neighbours. Russia's endorsement of 'non interference of outside powers' in the South China Sea is in direct support of the Chinese position. On the other hand, it has armed other parties in the South China Sea dispute like Hanoi and refused to back down from drilling for oil and gas in the sea off the coast of Vietnam despite objections raised by

Beijing. In other words, Russia is treading carefully while engaging with various parties to the dispute as well as preserving its bilateral relationship with China.

The demand for Russian arms has increased on the back of China wanting to modernize its armed forces as it flexes its muscles in the region and beyond. The major security concern for China is Taiwan and the former wants to be able to meet any eventuality. Besides this, other territorial disputes also exist between China and its neighbours, leading to a higher demand from China for Russian weaponry. Moscow, which has been banking on energy and arms sales to expand its position in the region, has been more than willing to fulfil that demand in order to gain revenue, strengthen its ties with China as well as establish its presence in East Asia.

The arms sales to China have worried other states of East Asia who are worried that its ever increasing military prowess has already altered the regional military balance and Russia's sale of latest weaponry is not adding to mere defensive capabilities of Beijing. In a shift of policy following western sanctions in 2014, Russia decided to sell its most advanced technology in the defence sector to China, something which it had refrained from doing in the past on account of being disadvantaged in a future military conflict as well as over fears of reverse engineering. But with the threat from China diminishing and Chinese domestic defence manufacturing growing stronger, Russia decided to maximise its profits. As the orders from China came in, the S400 Triumph air defence missile system in March 2014 was the first in line. Gabuev (2016) explains the critical impact of this sale on the military balance in Asia Pacific especially in the skies over Taiwan and Diaoyu/Senkaku islands. According to the analysis, the Chinese will be able to ‘control the airspace above these regions’ from the mainland itself. While Taiwan sees this as a game changer wherein its fighter planes would be easily shot down by China on takeoff, Japan will also be in a disadvantaged position while trying to defend the islands. In addition, there are fears that the S400 can be used to establish an ‘air defence investigation zone’ over the South China Sea, further complicating the situation for the Southeast Asian states contesting Chinese claims. The joint drills have also attracted regional attention in Taiwan, wherein the 2005 exercise conducted under SCO auspices was seen as directed against it even though Russian officials repeatedly denied it. For Moscow, it was a demonstration of its latest weapons system and its importance as a

naval power but there were fears of Russia becoming a 'pawn' in China's attempts to pressurize Taiwan (Wilson 2009). While Taiwan-Russia economic relations are at a minimal level, the former worries about the arms sales of latter to China.

The increase in Chinese defence prowess has led other countries in the region to catch up to the changing security situation. Russia has been quite unscrupulous in selling weapons to different Southeast states in the region, making it unclear if it is actively looking to keep the balance in the region through arms sales or simply looking to make profits. Rangsimaporn (2009a) has called Russia's arms export policy 'incoherent' while Russia has argued that its actions have not altered any balance of power and if it does not sell, the weapons will be sourced by the states from one supplier or another. This also reflects a desire on part of Russia to reduce its over-dependence on China by promoting its weapons among Southeast Asian states. As Blank and Levitzky (2015) note, arms trade is the cornerstone of Russia maintaining an independent foreign policy in Asia, looking to build political relationships on the back of military contracts and defence ties. However, the idea of using arms trade as an 'opening in relations with other countries in the region'has not had much success so far in the region (Trenin 2013).

As we have seen in the previous section, economic ties while growing at a steady pace remain in favour of China and Russia has long worried about becoming a raw material appendage. Russia's economic turn to Asia has not taken place, which places it at a distinct disadvantage with respect to China, given the fact that the latter dominates East Asia as the leading economic power.. The Far East is nowhere near leading Russia's charge into the region and remains economically insignificant (Kovalchuk 2018). In Southeast Asia, its bilateral relationships are at a nascent stage with low level of economic penetration.

Also, since a significant portion of its energy and arms supplies in the region are directed to China, Russia has faced difficulties in diversifying its exports. Steps have been taken in recent years to increase energy supplies to Japan and South Korea, which can help Russia reduce its heavy dependence on Chinese market. However, Russia has been unable to use its energy resources strategically to political ends in East Asia, as it has done in Europe. This is due to presence of multiple suppliers, excessive dependence on China as a market and low level of diversification. Due to western sanctions imposed in

2014, the dependence on China has only increased as deals have been struck committing a significant portion of oil and gas produced to the rising power in the coming years. At a time when Russia has felt isolated, these deals have come as a boost both economically and politically, even though there are concerns about their terms and conditions.

The same is the case with development of the Far East. China needs the natural resources that are abundant on this Russian territory, especially since it worries about its supplies from the Middle East and other countries via the sea route that can be interrupted in case of any conflict (Lukin 2015). China also sees the RFE as a component of the Northern Sea Route (NSR) which Beijing seeks to exploit in developing its Eurasian trade (Lanteigne 2015). As Henderson and Mitrova (2016) point out, the underdeveloped region weakens Russia's position vis-a-vis China and rapid economic revival remains its only hope of reversing that weakness. Afraid of the impact of Chinese dominance in economic projects in the region as well as its own demographic problems have led Russia to court Japan and South Korea to balance out the equation - with limited success.

Both China and Russia have repeatedly come together to oppose US plans to set up theatre missile defence in response to North Korean missile program. While US has argued that this is to protect its allies as well as the US mainland from attack by North Korea, both China and Russia believe it is part of a broader American plan to set up national missile defence that would impinge upon security of both of their countries by threatening the nuclear deterrent and being a danger to strategic stability (CRS 2015a).

On the North Korean nuclear crisis, Russia with its old relationship with North Korea and as a permanent member of UNSC holds its own important position on the issue. It has coordinated and aligned its policy with that of China, opposing crippling sanctions that might destabilize the regime. Aware that China has the economic influence over the North Korean regime, Russia has been focused on using its diplomatic manoeuvres to keep its channels open (Gabuev 2017). Given that the North Korean nuclear issue is one of the most pressing security concerns in East Asia, Russia's alignment with China creates a powerful challenge to the US in preventing it from taking unilateral action.

The Russia-China relationship assumes even more importance for the former in the light of its rocky relationship with the other important power in the region – Japan. For Japan, worried about rising China, an improved relationship with Russia can be an asset

alongside its alliance with the US and enhance its security. Russia would also benefit from high technology and investment to develop the Far East as well as gain in multilateral bodies where Japan is an important player – giving it space for much needed diversification of policy in Asia-Pacific. However, the Kuril island dispute has stifled any rapprochement and in turn, negatively impacted Russia's chances of reducing its dependence on China by cultivating another power. Other differences include the one over THAAD missile defence system. Some movement forward has been made on energy exports to Japan as Russia looks to find new customers in the region for its resources. The relations with South Korea, another US ally, have been improving but are yet to achieve enough economic or political strength for them to become widely influential.

In the case of US, scholars like Trenin (2013) and Lukin (2012c) have argued that it can be a balancer for Russia in the region. There is opportunity for Russia to fulfil its national interests by manoeuvring between the two biggest powers. However, its disputes with the US on other fronts have prevented it from enhancing bilateral ties in East Asia, an area where it does not have any major dispute with its Cold War rival and interests remain most compatible.

This works to the benefit of China while limiting Russia's policy options even further at a time when the latter is trying to manage its national interests 'from a position of relative weakness' vis-a-vis both Beijing and Washington. Currently, Russia perceives China as not directly challenging its interests while seeing US as a clear threat (Lukin 2012b). China too desires Russia as a partner on issues of regional and international importance, particularly with respect to territorial disputes and following the announcement of US pivot to Asia in 2012 (Jiang 2015).

Both Russia and China form part of major multilateral bodies in the region but in contrast to the latter, which is deeply embedded in these relationships, the former is a more recent entrant having been first kept out due to Cold War and then on account of its internal focus after collapse of the Soviet Union. Its limited economic influence has meant that when compared to its strategic partner China, Russia has limited influence in setting the agenda at these multilateral bodies and is only slowly adapting itself to the multilateralism of the region.

The Kremlin has argued for the advancement of 'multilateral network diplomacy' (Lavrov 2010) within East Asia. This idea helps Russia which has tried to improve its presence in regional bodies even as it has struggled to establish itself as a separate pole/ power centre in the region. Russia can potentially have an important role to play due to the fact that regional powers do not see it as a threat and that they want to attract all possible stakeholders to create a web of interdependence. However, on account of weak ties with other members of these regional bodies, Russia has been less than successful at driving agendas at multilateral forums, even its partnership with China not having a quantitative impact on its presence. Outside of Northeast Asia, as Trenin (2013) points out, the former superpower has little to offer beyond energy and arms, due to which it remains 'largely invisible.'

While Russia sees East Asia as a region where its idea of a multipolar world can be best implemented due to presence of a wide variety of influential states, it is aware that China is a larger power centre as compared to Russia (Trenin 2012). Since China is its closest partner, it would only be logical for Russia to expect it to help in becoming a 'full-fledged member' of Asia-Pacific's economic cooperation system. However, as Lukin (2012c) points out, China is content to gain natural resources from Russia and has not had a role in helping Russia enhance its economic presence in the region. Sutter (2003), agreeing with the proposition, adds that China does not see any major advantage in increasing the bilateral engagement with Russia beyond current level and hence, Russia would need alternatives to expand its presence regionally. A broader, diversified relationship with other regional players would most benefit Russia in terms of having a fruitful long-term relationship with the region – an idea that has not been implemented very successfully by the Kremlin.

Foreign minister Sergei Lavrov (2010) has listed the following Russian objectives in improving ties with various stakeholders in East Asia: 'to provide favourable external conditions for modernizing Russia, to further friendly relations with the countries in the region, to take an active part in regional affairs, and to join integration processes.' While in line with these statements, Moscow has taken steps towards improved bilateral relationships and become part of international organisations, its dependence on China and consequently its limited influence in East Asia continues to be a reality.

3.4 BALANCE OF POWER IN EAST ASIA: 1996-2014

3.4.1 Theoretical approaches

The end of Cold War and disintegration of the bipolar world order dominated by US and Soviet Union has had a profound impact on the international world order. Nowhere has this been more evident than in the case of the East Asia where the rise of China has led to a 'transition of power' (Shearman 2014) that is still ongoing. In this case, US and China are the two central powers that will determine the nature of international order in East Asia.

Since the 1970s, the stability in East Asia was maintained via a 'hub and spokes' alliance system wherein US was the 'hub.' A series of bilateral military allies (Japan, South Korea, Southeast Asian states) within the region formed the 'spokes' of the wheel (Shambaugh 2005). The focus of American foreign policy then was oriented towards containment of Soviet Union and by extension its communist ally, China.The rapprochement with China, detente with USSR and economic growth was followed by stability in geo-political and geo-economic terms in Asia for US. It also further gave credence to the 'partial hegemonic' order of US in East Asia which provided both security and economic cooperation. In the post-Cold War world, the rapid rise of China alongside other powers like Japan and India has led to a move towards a multipolar order shaped by 'balance of power impulses' (Ikenberrry 2014), where the US is no longer the pre-eminent power. As Ikenberry explains, balance of power refers to 'order built around competition and counter-balancing between two or more major states.' As the author points out, in these changing times, there is a 'dual hierarchy' with an 'economic hierarchy' led by China and a 'security hierarchy' led by US.

At the same time, other regional powers are getting stronger but are not yet powerful enough to form independent poles in the system and give rise to what Ikenberry has called a 'full-scale multipolar competitive great power order.' This prevailing situation in the region does not have precedence in world politics, where the rise of a new power was characterised by such deep economic cooperation with other powers around it in a globalised world.

The realists interpret this situation in classic security terms, looking at military capabilities of various states in the region as the key determinant for maintaining the

balance of power. As Bisley (2014) explains, US presence has kept any conflicts from breaking out between East Asian states owing to its military superiority as well as prevented a regional arms race. Its regional dominance also meant that the regional states followed America's trade and economic vision to a large extent. These economic and security underpinnings were considered as a key to preventing a major challenge to US power in the region.

However, the challenge to US in the region is now increasingly clear from China and the region has also assumed particular importance as the centre point in the 'geopolitical competition between US and China' (Cornelis and Putten 2014a). The changing power dynamics have created uncertainty as questions about how a rising power will act and how the established power will react dominating the discourse. Different strands of realist thought differ widely in how states engage into or avoid conflict. What they do agree on is that the rise of China will upend both the global and regional order and the reaction of other states, most importantly US, will determine questions of war and peace in times to come. An understanding of these views is critical towards analyzing Russian position within East Asia.

While traditional realists focus on drive for power inherent in human nature as being responsible for states aspiring to achieve more and more power, structural realists instead see the way the world system has been built to be behind the state behaviour. The logic behind this is that the international system is characterised by anarchy in which conflict remains inevitable due to the absence of any higher authority (Friedberg 2005). However, even structural realists have divergent opinions – the main strands of thought being dominated by defensive and offensive realists.

While defensive realists argue that there is less incentive for states to maximize their power because the international system 'will punish them if they attempt to gain too much power,' offensive realists believe states stand to gain from acquiring as much power as they can to ensure survival (Mearsheimer 2010a). The anarchic nature of the system, distrust among major powers, possession of military capacity to cause damage to other states, dissatisfaction with status quo are among some of the major causes that compel states to look for more power to ensure their survival. This, as Mearsheimer notes, can lead to security dilemma where steps taken by one state to improve its security

lead to a fear among others and cause them to follow suit, leading to further instability and a state of 'perpetual security competition.'

In case one state starts to become too powerful, defensive realists argue, balancing occurs in the form of other powers coming together against the new power. At the same time, offensive realists argue that such a balancing is inefficient while forming coalitions and the states feeling threatened sometimes prefer other states to assume the burden of checking a powerful opponent while they remain on the sidelines, creating conditions for a conflict (Mearsheimer 2010a).

Offensive realists believe that a rising China would attempt to become a regional hegemon in Asia by wanting to become more powerful than any other state in the region. This would bring it in conflict with the US, who would seek to shore up alliances with regional states (like Japan, South Korea, India, Singapore etc) to prevent a challenge to its power. On the contrary, defensive realists argue that China realises the limits of taking on a US-led coalition and that it can expand its power in the region without going to war. The threat to economic prosperity from any conflict in Asia is also seen as a mitigating factor as is the nuclear weapons possessed by major states in the region (Mearsheimer 2010a). The prospect of other powers steadily increasing their power in the region – leading towards multipolarity – is also seen as a positive move.

While the prospect for a conflict remains open in East Asia, Bisley (2014) points out that the expected behaviour of states regarding balancing, which according to realist theory should have led to formation of new coalitions on account of a new rising power and reduced presence of an established power in East Asia has not happened. Neither have the weaker states bandwagoned with the rising power.

This, power transition theorists argue, is because of the fundamental change in the nature of state power and the dynamics of economic development. The East Asian region has over the years become too deeply interconnected to be understood merely through a security lens. The states of East Asia are deeply connected through an economic web of global supply chains, bilateral and multilateral trade agreements like never before in history. This theory rejects traditional balance of power theories even as it continues to believe in the central role the pursuit of power plays in international politics. It argues that a rising state that is satisfied with its position in the international system would not

lead to conflict with the dominant state but only the 'powerful and dissatisfied pose a threat' (Dicicco and Levy 1999). In the case of East Asia, China is the rising state that has rapidly expanded its economic strength while also steadily enhancing its military and political capabilities. According to power transition theory, if China can be made to feel satisfied about its position in international hierarchy, the so-called 'Thucydides trap[34]' would be avoided. Also, the founder of power transition theory AFK Organski criticized the idea of alliance-formation for power redistribution propounded by balance of power theorists in an industrialised world where the 'increased interdependence of nations' makes alliances 'less transitory' (Dicicco and Levy 1999). Thus, as the authors point out, alliances no longer remain the central means by which states increase their power (unlike balance of power theory where alliances play a critical role). The rise of new regionalism, where local states have taken lead in formation of multilateral bodies that have evolved into cooperative institutions that socialize great powers on their own terms, has also shaped a peaceful regional order (Acharya 2014).

The presence of multiple powers also inhibits conflict, with China being checked by US, Japan and India. While China will certainly be tempted to challenge the US, if it can be co-opted into the order with some modifications to the rules of the game, peace can be maintained. US would require the help of rising states like China, India and Japan to shape Asia-Pacific as it can no longer do so on its own. Also, regional hegemonies haven't emerged but instead there exist a number of powers that make the structure more de-centered and open to local, regional approaches.

The liberal school of thought also focuses on 'economic interdependence, international institutions and democratization' – much like power transition theorists - to bring about peaceful relations between states (Friedberg 2005). The economic ties between the two major powers in East Asia (US and China)[35] and their continued interaction in regional

[34]Thucydides trap refers to the concept that the rise of a new power, as a competitor to an existing superpower, will likely lead to the escalation of political tensions and war.

[35] The bilateral trade between US and China in 2014 stood at $591 billion, with US exporting goods worth $123 billion to China while importing $468 billion worth of goods. In the same year, China was among the top five countries to which US exported (individual ranking – third with a share of 7.64 per cent) while American purchases from China were high enough for it to be the top country from which US imported goods in 2014 (with a share of 20.17 per cent). The only other country from East Asia to make it to top 5 is Japan at fourth position on both import and export count with an average share of 4 and 5 per cent in the export and import categories respectively.

multilateral forums that have exploded on the scene in recent years have led to hopes of a peaceful bilateral relationship and hence a peaceful region. Any hot conflict between US and China in the region will cause immense economic losses to both, the high cost of which is expected to prove a deterrent. The same logic goes for determining peaceful relations between various Asian states. Also, Bisley (2014) points out that such deep economic cooperation has resulted in 'secondary' security benefits. China is today too deeply embedded within the system of political and economic institutions to mount a challenge that will destroy the very same system it benefits from (what power transition theorists have referred to as keeping an emerging power satisfied). Despite its ambition to have a greater say in world affairs, it does not seek to dismantle the existing structure but rather seeks to reform it.

China's increased presence in multilateral institutions is also seen as a sign of its desire to be a part of the international community and be a leader from within. Its active role in various regional and global multilateral bodies as well as setting up on its own initiative multilateral bodies all signal towards an increased acceptance of international institutions that will make it a more responsible power – ensuring a peaceful rise in East Asia. While it wants the rules of the games to be in its favour and not be dominated by a few Western powers, it does not want to be a pariah.The desire of states in the region to create new, expanded multilateral organisations also reflects their faith in institutions' ability to maintain peace – an idea that liberals have long propounded. These multilateral bodies have also meant that instead of all states bandwagoning with one power, they have sought to involve as many players in the region as possible in an attempt to not let one state exercise disproportionate influence over their decision making. Given that emerging powers do not have the power to individually or collectively overthrow the existing system, and remain interdependent, they are more likely to use multilateral bodies to push their agendas. While this might change in the future, depending on actions of the major players, the period under consideration has borne witness to the above mentioned developments.

The rapidity of China's rise and its resultant impact of regional power balance has been unprecedented.The various powers are trying to maintain peace while at the same time expanding their influence in an unstable region, leading to hedging behaviour with regard

to the rising power wherein the policies being followed are a mix of competition and cooperation. The availability of nuclear deterrence has made this transition of power, alongside economic cooperation, a completely different ballgame from earlier transitions. There is no East Asia dominated by China or a South Asia dominated by India or an Asia-Pacific solely dominated by US. A large mix of powers is acting together where Russia will have to work hard to influence policies. Its old superpower status or arms sales alone will not be enough to make it a key player in a region where there are already several emerging powers that are closely interdependent and rely on each other – equations into which Russia does not always figure prominently.

3.4.2 Role of the United States of America in East Asian Balance of Power

The United States is deeply involved in East Asian affairs, with its military and cultural presence extending as far back as the 19th century slowly followed by an increased political presence. The Cold war led to the setting up of a 'US-based alliance system in East Asia' (Cornelis and Putten 2014a), forming a 'hub-and-spokes policy' which has underpinned regional security since then. It is a treaty partnerof both Japan and South Korea – with its forces on the ground in both countries and is closely allied with Philippines and Taiwan. It has been a member of six-party talks on Korea and is a prominent member of the numerous regional organisations that today shape the regional order.

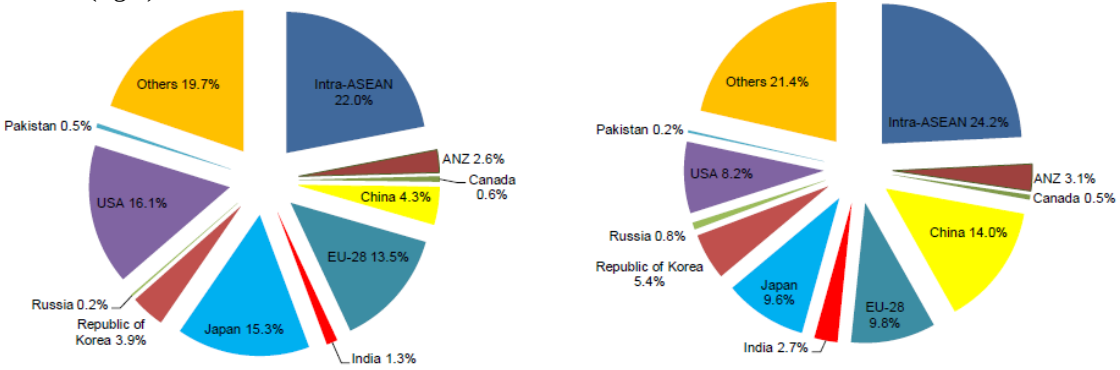
While US was the central power in the immediate post-Cold War period, China's economic growth has positioned it as a direct challenger to the preeminent place US enjoys in the region besides also impacting overall regional alignments. US is deeply embedded in the economic system of East Asia and till early years of 21st century used to be the leading trade partner of most states – a status it has since ceded to China. Even now, it is still the second largest trade partner to ASEAN, behind only China.[36]The

[36] According to US-ASEAN Business Council (2016), US direct investment in ASEAN is at $157 billion, making it the largest in Asia and surpassing Chinese investment nearly three times over. In 2014, China, Japan and South Korea were on the list of top 15 trading countries for US – standing at second, fourth and sixth position respectively. Taiwan came in at tenth position. It must be noted that while annual trade with China was to the tune of $590.7 billion making up 14.9 per cent of the total trade, Japan, South Korea and Taiwan combined come to 9.7 per cent. Hence, the Northeast Asian region contributes 24.6 or nearly a quarter to US trade. On the other hand, the trade deficit with China was at $342.7 billion in 2014. In contrast, the figure for Japan and South Korea stood at a much lower $66.9 billion and $25.1 billion respectively (United States Census Bureau, 2014).

declining trend with regard to US continues when it comes to growth in trade with ASEAN – which has been the case with all developed states dealing with the regional block.[37] Even on the investment front China has been increasing its share.[38] This, as was discussed in the previous section, has led to a situation where economic hierarchy has undergone change while US still leads on the security front. The US is a major security provider in the region and the US-Japan security partnership constitutes a major factor of stability in the region. It has a significant military presence in East Asia[39] that has been credited with ensuring an environment conducive for economic development over the years. The deep economic interdependence between the two largest powers and with other emerging powers has created a situation never before seen in the world. While emerging and established powers have always pitted themselves against each other, they have never done so in such a deeply globalised and interconnected world.

Realising the critical changes underway in the region and noting that the world's political and economic axis was shifting towards Asia Pacific, US announced its own Pivot to

[37] As a report by ASEAN notes, 'China's share in ASEAN trade increased from 4.3% in 2000 to 14% in 2013, while the shares of USA, Japan and EU-28 declined from around 16%, 15% and 14% in 2000 to 8%, 10% and 10% in 2013, respectively.' It adds that since 2011, China has taken over as the largest trading partner for the Southeast Asian organisation (ASEAN 2014). The figure below reveals the changes afoot in the regional trading pattern since 2000, showing the share of major trade partner in ASEAN trade 2000 (left) and 2013 (right). Source - ASEAN, 2014



[38] It has been noted that while US remains a major source of FDI inflow into ASEAN, the trend has shown a downward trajectory since 2010 while the same figure for China has been on the rise. The good news for US is that its partners EU and Japan have also increased their FDI inflow into ASEAN and far surpass that of China (7 per cent) at 22 per cent and 19 per cent respectively.

[39] Japan hosts the largest number of American troops besides also being base to the seventh fleet, which is the 'largest of the US navy's deployed sea forces.' South Korea has the third largest number of US troops behind Japan and Germany and is home to THAAD (Terminal High-Altitude Area Defence system) with an aim to destroy any incoming missile. The US also has some presence in Southeast Asia with five bases in its former colony Philippines and uses runways provided by Thailand. Hawaii, which is close to the Korean peninsula, is home to the US Pacific Command and commands '375,000 US military and civilian personnel, 200 ships and more than 1,000 aircraft.' On Hawaii itself, about 40,000 American troops are stationed (The Guardian 2017a).

Asia in 2011[40]. The US has also worked to improve relations with both of its long term partners in the region – Japan and South Korea. Given the rise of an emerging power like China that is slowly asserting its position, the US is tasked with balancing not just its interests in the region but also with not antagonizing its allies in its attempts to keep the Chinese power in check, focusing on maintaining peace. The situation in the Korean peninsula and Taiwan Straits remains fragile and the fear of a military escalation makes US presence here even more strategically important. The nuclear weapons program of North Korea has prompted US to set up a missile defence system that it says is vital for protecting its allies in the region – leading to opposition from China and Russia (Sutter 2003). The latter two also differ with the US on measures to be taken to resolve the crisis situation[41]. The response of US to set up THAAD missile defence in response to Pyongyang's nuclear and missile tests has led China to argue that its concerns have not been taken into consideration. This can also lead to undue 'military competition' in East Asia (Gabuev and Aixin 2017).

The various territorial disputes in the region between China and Japan, Japan and Russia, Japan and South Korea besides the South China Sea dispute all complicate American presence. Even within its allies, American actions do not always have unanimous support, making it a tricky situation[42]. Similarly, on the contentious South China Sea dispute, the differences among ASEAN states have made it difficult for US to come out with a common policy towards the entire region. Meanwhile, announcing its intent to confront China on the issue, US ships have conducted freedom of navigation manoeuvres to assert free movement on international waters. However, this has not stopped Chinese from carrying out construction of civilian and military architecture on the seven artificial islands it has built in an area under dispute with other Southeast Asian states.

[40] The pivot will entail strategic (armed forces), economic (Trans Pacific Partnership) and institutional (increased engagement with regional actors and multilateral organisations) shift by US towards the region (Ba 2014). The pivot is also important because it was an active policy measure undertaken by the US to reassure its allies in the region about its commitment to East Asian security. It has attempted to do this without riling up China to prevent a 'strategic backlash' (Putten and Cornelis 2014b).

[41] While US has followed the path of stringent international sanctions on North Korea to prevent it from further nuclear proliferation, China and Russia have called for more dialogue to handle the situation. They argue that American actions push North Korea towards further proliferation while US believes the opposite (the issue is discussed in detail in chapter 4).

[42] For instance, South Korea has raised objections to the theatre missile defence while Japan has taken a more conservative position on North Korea as compared to the South. The presence of foreign troops also has raised hackles domestically for these two US allies.

The Trans Pacific Partnership (TPP) that conspicuously does not include China is seen as an indicator of US revealing its willingness to reassert itself as an economic leader in the region. In Southeast Asia, US sees its aims as promoting 'political and economic reform, support nascent democracies, avoid the excesses of authoritarianism, and prevent the spread of criminal syndicates, terrorist groups and other international organisations targeted against US interests' (Sutter 2003). The author believes that on the whole, issues of Northeast Asia comprising Japan, Korea and China have had higher priority in the US administrations as compared to those of Southeast Asia.

In contrast, China has had much deeper and sustained contact at all levels – political, economic, cultural, and military – with the players in Southeast Asia, the results of which can now be seen especially in cases where the consensus of ASEAN has been broken on issues like South China Sea.Sumsky (2007) believes US has broadly characterised China's rise in Southeast Asia through the prism of national security, where it believes China wants to establish the region as its 'zone of exclusive influence.' While the author points to legitimate reasons for China to strengthen its navy here and protect its SLOCs from any blockade due to worsening of relations with US, he also admits that the 'broader geopolitical program' inherently has a 'global dimension.' US has tried to counter this rapid rise of China in Southeast Asia through its own charm offensive, by improving ties with old and new partners including Vietnam, Indonesia, Thailand, Philippines and Singapore. It has even signed a bilateral trade agreement with its former Cold War rival Vietnam. The naval cooperation between US, Japan, India and Australia also points to the superpower's concerns about China's rise and reflects its thinking on how it plans to use other regional powers to maintain its overarching influence. American policy on the region has been to a large extent dependent on bilateral relationships rather than using multilateral institutions to achieve policy goals (Putten and Cornelis 2014b). However, it remains an active participant in regional organisations and in recent times has started to focus on the format to further its aims.

The US has had to contend with several factors, including the rise of China, stagnation in Japan, increased interest in the region by other powers like Russia, India and European Union, regional volatility and economic concerns. The American focus on issues of human rights and democracy in the region, which has at times driven its policy decisions,

has been in stark contrast to Chinese policy that stays resolutely away from dwelling on domestic affairs of individual states.

Analysing the US presence in East Asia as a whole, Sutter (2003) is of the opinion that American power is likely to sustain itself in the region despite the challenges but will now be shared alongside other rising powers where their positions might not always align with that of US. The success of US policy in the region will depend on its ability to gel its interests with those of East Asia – both at bilateral and multilateral level - while the policy with China will be the most crucial piece of puzzle that Americans need to resolve. The policy followed by US with regard to China will be a crucial factor in determining the shape of the changes to regional order in East Asia. While a deteriorating bilateral relationship with China would create tensions across the East Asian region and hamper resolution of outstanding issues that are of concern to the world; a stable, flourishing relationship has the capacity to usher in a long period of economic growth and forward movement on regional disputes and problems of the 21st century.

The states in East Asia realize the importance of American security presence in the region and are not opposed to it. A US withdrawal will have adverse consequences for the region by creating instability due to absence of a dominant power to maintain peace. Regional powers like China and Japan would compete for influence alongside others leading to a rise in instability and upending of positions that have been set for years. This could be even more dangerous in a region where several bilateral territorial disputes exist and any instability could fuel unexpected conflicts. A strengthening of bilateral ties between US allies and a renewed focus on multilateral bodies will also help it maintain its overall position in the region, even if the nature of its dominance undergoes a change.

3.4.3 Role of China in East Asian balance of power

The geographical position of China means that the rising Asian power considers East Asia as a 'high priority area' in its foreign policy, being in its 'immediate periphery' (Yinhong 2014). The leadership of the country wants China to be seen as a leading power in the region besides pursuing its economic, military modernization to 'perpetuate their power' both domestically and internationally (Sutter 2003). The high influence that the US exerts in these areas is also an important factor in how China formulates its strategy, remaining wary of any unilateral behaviour on the part of the former besides keeping a

close eye on policy decisions of American allies like Japan and South Korea in order to calibrate its own foreign policy.

China's East Asian policy can be divided up into two parts – Northeast Asia and Southeast Asia. The former region remains tricky and challenging for China, with the presence of Taiwan as well as US allies - Japan and South Korea. However, both these US allies have been working steadily to improve their ties with China as well as extend their presence in Southeast Asia. This has been seen as part of a broader trend in the region as the rapid development of China has altered old balance of power equations. Taiwan, which receives regular arms supply from the US, remains the key security concern for the communist nation whose independence it wants to prevent. The theatre missile defence represents another area of deep concern for the Chinese. In East Asia, China is also looking to deal with issues arising out of territorial disputes in East and South China Sea, maintain stability on the Korean peninsula, increase its political influence, and enhance its economic position. As Sutter (2003) points out, 'US is central' to each of these priorities and hence the Chinese assessment of American policy becomes important in determining how the East Asian balance of power will pan out.

The active presence of US in the region, its treaty partnership with Japan, close ties to South Korea, arms sales to Taiwan, Theatre Missile Defence all cause concern for China and are seen as a threat to its emerging power. The American pivot to Asia, particularly diverting naval power to the Pacific, also has deep implications for Chinese behaviour especially in military modernization. In fact, the pace of its defence expenditure and acquisitions has made US concerned about erosion of its own superiority in the region. As of now, US remains the pre-eminent military power in the region alongside its treaty allies even though China is expanding its capabilities at a rapid pace. China has deepened its relations with Southeast Asian states at every level – political, military and economic – and has become its topmost trade partner[43]. In fact, China has worked towards improving relations with all its neighbours in an attempt to promote economic growth[44] and has invested heavily in the regional economy. Its economic initiatives like AIIB and

[43] China is now ASEAN's largest trading partner, while ASEAN is China's third largest trading partner. Trade between the two increased 8.3 percent year-on-year to reach $ 480 billion in 2014.

[44] Economic stability of the region is considered by China to be crucial for maintaining the domestic political monopoly of the Communist Party and it remains worried about the adverse impact of any future economic crisis on its future prospects.

BRI reveal an ambitious plan to further expand its trade ties with states in the region and beyond as a major power.

The rise of China has altered economic, military, political and strategic situation in East Asia. Sprawling across the region, the presence of China has been a huge economic opportunity for rest of states in East Asia but has also made them wary of the consequences of its increasing assertiveness and its impact on the balance of power here, which was dominated by the US in the post-Soviet scenario. Throughout the period of its extraordinary economic development, China has insisted that its rise is 'peaceful.' However, words have not always been matched by actions and China's moves in recent years have severely dented the story of its peaceful rise. As Yinhong (2014) points out, China's has never been so 'diplomatically unpopular since the early 1990s.' The increasingly belligerent position over South China Sea and East China Sea has eroded its soft power in the region. It has also resulted in other East Asian states getting jittery over the possibility of instability in the regional balance of power, upsetting established strategic equations and injecting a sense of uncertainty. The positions taken by President Xi Jinping have often shed the earlier Chinese proclamations of 'taking a low profile' as it steadily builds a blue water navy, antagonizes Japan and Philippines over territorial claims and rebuilds the army with advanced weaponry (Yinhong 2014). While such displays of power have unnerved neighbours, China continues to believe that its military modernization plans need more investment if it wants to successfully deal with the issues involved in Taiwan, South China Sea and East China Sea.

The pivot to Asia announced by Obama administration leading to an increased US attention in the region is disadvantageous to China whether in terms of 'geostrategic interests, international reputation or convenience of strategic concentration' (Yinhong2014). However, despite the US pivot and its resulting implications, China continues to push for its interests, even in cases that involve antagonizing its neighbours. It has also sought to advance agenda in the region that does not match with American interests. This has been manifested in US missile defence system installation in South Korea leading to curb in number of Chinese tourists to the country and in the ban imposed by Beijing on fruits from Philippines when it challenged the rising power on SCS. Beijing has also been successful at exploiting differences with ASEAN on South

China Sea. Even as US policy has at times focused on issues of human rights and democracy, China has exploited the resentment thus generated[45].

There is an increasing realisation, as Sutter (2003) argues, that regional states can 'help or hinder' China in pursuing its goals and hence good relations with them have acquired heightened importance.Others argue that China has over the years taken steps to become ever more integrated with the rest of the world. It has joined the Non Proliferation Treaty and WTO besides becoming part of a series of regional multilateral organisations both in East Asia and around the world – where it has an influential presence in setting the agenda. China by being a part of these institutions has created possibilities for dialogue among regional powers to address contentious issues.

In fact, Jinping for all his belligerent rhetoric has called for creating a 'new type of great power relationship' between US and China, signalling desire to have a cooperative future rather than an antagonistic one. The sustained cooperation between the two powers, both of whom are members of UN Security Council, as well as efforts to improve ties with ASEAN neighbours are seen as positive steps towards a peaceful East Asia.

Sutter (2003) has ruled out any break with the US on the part of China or aggressive foreign behaviour unless something unprecedented takes place. The deep economic cooperation between the two major powers is also a mitigating factor[46]. Instead, the focus remains on a long-term plan of increasing Chinese power position and creating a multipolar world. There are also common interests involved for the two big powers in the region including economic interdependence, stability in Asia Pacific and non-traditional security threats.

How US-China relations develop and how China responds to it will be a crucial determinant in the region. Despite its strength, China does not want to get into a conflict with US at this stage in order to focus on its domestic issues and strengthen its international position further. China is yet to figure out a way that will soothe the concerns of its East Asian neighbours regarding its aims in the region as it steadily

[45] For instance, in case of Burma and Cambodia where US has been deeply critical of the regime, China has become their major partner without taking a position on domestic affairs. Even with other states in the region, China has been on a charm offensive through the 90s and this process is now yielding fruit.

[46] The US in 2013 was China's second-biggest trade partner and trade rose 7.5 per cent annually to $521 billion. China's exports to the United States amounted to $368.4 billion, while imports from the country stood at $152.6 billion.

outgrows their collective strengths. The way it chooses to respond will have a deep impact on the established balance of power. While it is clear that its rise will lead to changes in the regional strategic balance, how China deals with it diplomatically, militarily, economically and politically will be the key to how other states respond to it and in turn, shape the emerging regional situation.

3.4.4 Role of Japan and South Korea in East Asian balance of power

As a treaty partner of US, it is clear that Japan occupies a central position in the formulation of American policy towards the region. The 1960 security treaty has enshrined that US will come to the aid of Japan in case the latter comes under attack. It also gives the Americans right to establish military bases on Japanese soil. Given its territorial disputes with China and Russia, Japan keeps a close eye on US policy as any shift has a direct impact on its strategic interests. The close partnership is also vital for Japan to maintain its powerful presence in the region. Due to these factors, Japan has worked steadily towards what Ashizawa (2014) has called the idea of 'keeping the United States in Asia.' Explaining the theory of 'alliance security dilemma,' the author explains the two most common concepts associated with this theory – abandonment and entrapment. While the former refers to a state being afraid that its ally will not come to its aid when needed or opt out of the alliance, the latter refers to a state worrying about being forced to take action alongside its ally that it does not want to undertake. Since US is the more powerful of the two in the alliance, Japan fears abandonment rather than entrapment. Considering the unsettled geostrategic equations in East Asia, Japan realises the importance of US remaining engaged in the region and also understands the cost of an American withdrawal. Its national interests, including security ones and those affected due to a rising China, are met more soundly in a situation where US-Japan alliance remains intact.

Keeping in mind the growing power of China, Tokyo has also increased significantly its economic aid to Southeast Asia, even in cases diverging from US policy like in the case of extending aid to Burma, to maintain its influence. It has slowly indicated its intention to increase the role of its Self Defence Forces, a move that will have wide ranging regional implications, and has the backing of US. Countries like China and former colonies of Japan have expressed their opposition to the move. A decrease in its

economic strength over the past years has had an impact on its political influence but it still remains a key investor in the region.In the meantime, its bilateral trade with China has witnessed a steady rise and reached $270 billion by 2014, making Japan wary of creating any situation that might jeopardize the economic relationship.

In economic terms, the US and Japan are founding members of APEC which has provided for 'trade liberalisation and economic cooperation' (Sutter 2003). Efforts to build up new institutions in the region to keep US enmeshed has been an important policy goal for Japan, one which it began by its enthusiastic backing for the formation of ASEAN Regional Forum in early 1990s. This has since extended to other such multilateral forums which have come up in East Asia, wherein Japan has taken an active lead like the ASEAN Plus Three. This idea of inviting interested powers from beyond the region to be part of multilateral frameworks has been increasingly followed by Japan and other states in the region to balance each other out and maintain peace. Japan believes these systems would supplement the bilateral arrangements and lead to a balanced region.

Currently, Japan remains concerned about regional stability especially due to disputes involving North Korea and Taiwan. The territorial dispute it has with China has made it particularly wary of military advances being made by China. Even in Southeast Asia, any instability will affect Japan adversely due to its close economic ties, impact on critical sea lines of communication and regional security. Both Japan and Southeast Asian states have an interest in managing China's role as well as ensuring US stays on to provide stability (Sutter 2003).

In short, Japan instead of asserting its role as a major power in East Asia alone has sought to present its policy for preserving East Asian balance of power through the lens of its ties with US. It is aware of its actions historically that have made neighbours wary of it and hence works hard to assure them that past actions would not be repeated. The bilateral alliance relationship has underpinned its policy measures in the region even as it has taken steps to improve its individual standing in the region.

South Korea, another treaty partner of US, has seen support for the latter's strong presence in the region rise in periods of North Korea's provocative behaviour through nuclear tests or missile launches. During the period of Bush administration, where the US policy was feared to be provoking North Korea, the South had instead sided with China

in the six party talks. However, it has come to see a weakening of US security commitment as harmful to its interests due to the steadily increasing range of North Korean missiles and its continuing nuclear program (Niksch 2014) and has agreed to the necessity of THAAD missile defence, much to the disenchantment of China. The increase in bilateral trade ($275 billion in 2013) has led to a hope that given both parties will hurt from any disruption; cooler heads will prevail even during disputes.

Like Japan, it has also made attempts to diversify its relations. Due to the pre-eminence of Chinese power in the region, relations with Beijing have also assumed top priority for American allies even as they maintain defence ties with US in an effort to hedge their positions against all possibilities.

For instance, South Korea has steadily improved its relations with both Russia and China while Japan has strengthened itself around Southeast Asia and beyond to India and Australia. This is an acknowledgement of the changing nature of regional balance of power, where US alone can no longer drive the agenda and neither can other powers overthrow the existing order easily. So, in order to manage the changes underway in the regional order, these emerging powers are navigating through a complex mix of bilateral and multilateral relationships to secure their interests.

3.4.5 Role of Southeast Asian states in East Asian balance of power

Currently, the US occupies leading position in East Asia in terms of its military presence, investments, etc. However, due to the steadily rising profile of China in the region, various American allies have become careful of their policy measures and are not willing to antagonize Beijing either, wanting to have good relations with it. For instance, Potapov (2007), basing his analysis of regional balance of power on the rising share of China in the regional GNP predicts a shift of balance from Japan to China.

Southeast Asia has tried to balance itself between China and US for both geo-political and geo-economic reasons. While the US is not present geographically in East Asia, its presence is critical in maintaining regional stability and therefore, ASEAN has sought to secure its commitment to the region through bilateral and multilateral means. The establishment of EAS with an expanded list of countries including India, New Zealand and Australia has been a step in the same direction. The contours of a policy to tackle the change in regional order is slowly emerging, as the Southeast Asian states attempt to

refrain from taking sides openly and instead work with all available powers with an aim to embed them in the region. However, differences within ASEAN states has led to the difficulty in adopting a common policy on contentious issues and weakened their ability as a group to act effectively to maintain regional peace. In this context, as ASEAN states deal with the prospect of a rivalry between the existing and the emerging power, they are looking for outside allies and new forms of cooperation to keep regional peace, leading them to consider a 'livelier relationship' with Russia (Sumsky 2007).

3.4.6 Balance of power in East Asia

The rise of China in East Asia has affected the regional balance of power as it is now in the position to challenge an established power i.e. the US. In such a situation, other players have the option to balance against the rising power, bandwagon with rising power or hedge by developing ties with both (Thayer 2014). As far as the two major powers themselves are concerned, they have seen areas of both 'conflict and cooperation' in the past years (Zhao 2014). The two nations have close economic ties and are deeply interdependent through their trade links. It is clear that the US and China are the two 'most prominent security actors in the region' besides being the 'main geopolitical rival' of each other (Putten and Cornelis 2014b).

As a rising power, China seeks to enhance its presence in East Asia while looking for ways to undermine US in an attempt to further raise its prospects. While maintaining cordial ties with US in order to prevent upsetting economic partnership, China continues to guard against any increase in influence of America or its allies that could prove detrimental to its own interests in the region. Due to its rapid economic growth, China is today in a unique position to provide 'significant public goods' to East Asia. Since it has become the leading trade partner for several states in East Asia, China is in a position to take a lead in the regional economic order to further its influence (Zhao 2014).

Other powers in the region like Japan and South Korea have alongside their alliance with US shored up ties with other states as well, just like ASEAN has followed the same strategy of locking in various powers through multilateral mechanisms to enmesh them in the region closely to act as a buffer against any outbreak of hostilities.

The main concept behind this is that cooperation in economic terms among various powers in the region will give them incentive to resolve any disputes peacefully in order

to avoid upsetting a profitable trade relationship. The fears of a power vacuum due to a US decline have led ASEAN to double down on its efforts to keep the major powers embedded via a network of trade, economic and institutional means. However, divergent policies being followed by different states has prevented formation of a common strategy for the entire Southeast Asian region.

The multilateral institutions are a way to improve cooperation with all the major powers in East Asia which ensures 'commitment of US, facilitates security and indirectly balances against China' (Thayer 2014). Ba (2014) sees these multilateral bodies as 'varied expressions of regional community' that are designed to engage China. This approach is designed to reduce to an extent 'strategic uncertainty' by 'keeping the US in' and since China too participates in all regional bodies encourages both to adhere to common norms being framed around these organisations (Putten and Cornelis 2014b).

Due to the strong presence of two big powers, other states worry about having to choose one over the other in case of any conflict, leading them to display hedging behaviour vis-a-vis the two biggest powers in the region. As Sutter (2003) believes, 'all regional powers are hedging' and are doing this through pursuing a diversified foreign policy that involves cooperation not just with the two big powers but also others with influence. Ba (2014) also agrees with the analysis by arguing that the concept of balancing is not enough to explain how states are behaving in East Asia.

US as a major power remains the key guarantor of peace in the region and an important economic partner, leading to a view that it is likely to remain pre-eminent in the region for the time being (Sutter 2003). Zhao (2014) also has a similar argument that while China is steadily gaining the upper hand in the economic field, US still remains in a hegemonic position as far as political, military and security spheres are concerned. It has wide ranging security arrangements with states from within the region like Japan, South Korea, Philippines, Singapore, Taiwan and Thailand while also engaging with powers like Australia, New Zealand and India from outside who have significant interests in the region. In other words, US policies still 'structure economic and strategic interests' of states in the region (Ba 2014). At the same time, China is at present 'neither willing nor able to underwrite the regional order' (Putten and Cornelis 2014b).

Thus, while China is increasing its influence, it is yet to replace US and it will be some time before its economic influence also translates to political influence at a scale enough to overthrow the established power. Even as it rapidly develops and modernizes its armed forces, it will be some time before it can measure up to US in this particular area. Also, China is yet to address the concerns of its neighbours who are worried about its military ambitions and feel threatened by its increasing expenditure on defence. As Zhao (2014) notes, its charm offensive has not succeeded in removing these suspicions. Despite worries about US unilateralism, the positives of an active American presence at present outweigh the negatives keeping in the mind the volatile East Asian regional situation. This is the reason most states in the region support US engagement and see it as a 'counterbalance' to China's rising influence even as they pursue political and economic ties with both the powers (Putten and Cornelis 2014b).

This, Ba (2014) believes will lead to US continuing to occupy a prominent position in East Asia even as doubts remain about its commitment. At the same time, she cautions that any hope of regional stability would be achieved only through an inclusion of China into the regional system and not through making it an outsider.

Looking at all the factors above, it can be deduced that the balance in East Asia is still evolving. It will be determined by a number of factors including US policy decisions, China's active presence, role of other emerging powers, bilateral ties between US and other states, relations between US allies and China and influence of regional multilateral organisations among others.

3.5 OVERALL ASSESSMENT OF RUSSIAN POLICY IN EAST ASIA

Following the discussion on Russia's actions in East Asia as well as the changing international order in the region, it is clear that the former superpower has a huge challenge up its sleeve as it seeks to become an influential player here. Apart from its own limitations discussed in earlier sections, the region itself is awash with multiple rising powers each determined to increase its own influence. Russia has insisted that it 'has always felt itself to be a Eurasian country,' based largely on the fact that 'the main part of the Russian territory is in Asia' (Putin 2000).

However, Mankoff (2009) argues that the process of establishing a national identity in post-Communist state is still a work in progress, especially since integration with the

West suffered in post-Soviet years due to a combination of western and Russian policies. As a result, Russia's 'fundamental identity' remains ill-defined in terms of the 'lure of West' competing with 'autarkic, imperial past' even as elites remain firm in their belief that Russia is a 'great power.'

Some even argue that Russia does not share an Asian identity, pointing out that the shift towards east is a strategic move in the traditional balance of power sense. This view banks on the deep links Russia has with Europe civilizationally as compared to its superficial engagement with Asia in the past. The proponents of this view argue that even though Russia has proclaimed a pivot to the east, the focus is still on the west and the former is being used as a bargaining tool to mitigate the impact of sanctions (Cheng 2017, Lukonin 2017, Miller 2017).

Despite these concerns, it is clear that Russia does want to play its role in East Asia to further its multi-vector foreign policy and to pursue its ambition of being recognized as a great power. Russia believes that 'the region will always need Russia to deal with issues of preserving stability and security and ensuring the balance of interests of all parties' calling it a 'common home' (Putin 2000). He added that Russia wanted to see an 'overall improvement of the regional situation' that would create a 'stable and predictable situation in Asia and the Pacific.' Putin also promised that the focus on Asia-Pacific will continue under his leadership as Moscow was serious about maintaining an 'active presence in the region' and was ready to play an active role in addressing the problems of the region.

In this endeavour, Kireeva (2012) believes that Russia-China relations have formed the 'axis' of its East Asian policy – as the rising power is most deeply engaged politically, economically and strategically in the region. China too values Russia as a source of energy and arms as well as in terms of a valued partner at the UNSC and its support on international and regionalmatters to 'counter US power' (Sutter 2003).

There are areas where Russia-China partnership has an influence on the regional power relations (Sutter 2003). For instance, China's position is strengthened from Russia lending support to its positions on issues like North Korea, South China Sea, Missile Defence and multipolarity while giving Russia its opening into regional affairs. Still, it is undeniable that Russia needs China much more in the region than the other way around.

In fact, without its strategic partnership with China, Russia would struggle to find any other similar bilateral relationship in the region – economically or strategically.

Russia has taken steps to address this issue and worked to create conditions that have led to economic cooperation with Japan and South Korea seeing a slow uptick. It has attempted to use energy and arms exports as a pathway to build closer relationship with states in the region. It has also lobbied hard to gain membership of myriad multilateral bodies. Prime Minister Medvedev (2011) spoke of the integration processes underway in East Asia, calling for it to be 'comprehensive' and 'extend to all countries' so as not to 'create new dividing lines' and promote economic development across the board. There is still opportunity for Russia as it stands currently because the states are engaging in a hedging behaviour due to uncertainty about changing power balances and want to hem in as many powers as possible.

Kireeva (2012) believes that banking on its relationship with China and given the need in the region for powers that can balance the two giants, Russia can 'influence China by means of bilateral contacts.' Given its weakness as a regional player, Kireeva argues, Russia can cement its position as a 'good power' to counterbalance both China and US in the long run. Sutter (2003) in his assessment also points out that states in East Asia have 'welcomed Russia's more active role in regional security affairs' despite it not being in alignment with American interests due to the fact that it is not viewed as a threat by them. Lukin (2012c) while noting the limited clout exercised by Russia in the region believes that it can still be seen as 'another independent player performing a balancing function.'

However, Kireeva also points out that Russia is yet to spell out its own vision of being a great power in East Asia and goals it seeks to achieve as a part of that and how. As of yet, it cannot be regarded as a great power in East Asia and a 'too strong focus' on China can pose a threat to 'independence of Russia's relations with East Asia' (Kireeva 2012). There is also the danger of regional players becoming wary of Russia if it gets too close to China, hindering improvement of bilateral relationships and reducing Moscow's influence among states looking to maintain the fragile regional balance of power.

Also, in order to accomplish its ambitions in East Asia, Russia needs to substantially increase its engagement with other players in the region through diversifying its political ties, enhancing economic cooperation, finding new destinations for Russian energy and

increasing its overall presence in East Asia. However, with these tasks remaining unaccomplished, the Kremlin has been unable to fulfil its stated goals in the region. In fact, the Russian policy in the region remains largely 'Sinocentric.'

This problem has been compounded by the fact that Russia's natural resources have not been enough to penetrate a deeply inter-connected region whose economy has been growing at a rapid pace. The old strategy of using energy and arms sales to achieve political influence has been of limited success. Lukonin (2017) also does not see any major shift in political influence of Russia in Northeast Asia since the announcement of the pivot, adding that it will take some time before the policy can be deemed as a 'success.' He does point out that there is an unmistakable closeness of ties that has been growing between Russia and China, leading to coining of the term 'pivot to China' by some analysts. It has already been demonstrated that despite the obvious advantages Russia offers to China, this is not a relationship of equals when it comes to East Asia, where Beijing looms large. Trenin (2013) has pointed out that in order to have a long-term effective policy in East Asia, Russia needs to diversify its ties to include fruitful relations with other regional powers and a sustained presence in multilateral bodies.

In fact, Russia does recognize the problems involved and President Putin (2014b) noted that 'a future system of genuine and equal security in Asia should be based on a balance of bilateral mechanisms and multilateral diplomacy that excludes any closed or restricted systems and blocs.' In order to achieve this, Russia will itself have to break out of its dependence on China and build ties across the board. Overdependence without adequate diversification can pose a threat to Moscow's 'independent policy' in the region wherein it would be forced to go along with Chinese priorities (Kireeva 2012).

3.6 CONCLUDING REMARKS

As it stands currently, Russia's security and economic ties with the region remain limited and it is yet to assume a position of pre-eminence in the multilateral organisations. By 2012, Russia still ranked very low in terms of trade and investment in East Asia, even as the region has become ever more inter-connected by means of trade linkages, making China the main partner for the regional states. Russia accounts for a mere 0-1 per cent of exports of East Asian states and 0-3 per cent of their imports (Kireeva 2012). Also, despite ambitions of being seen as a Eurasian power, it has predominantly remained a

European country and Asia does not see it as a part of the region (Cornelis and Putten 2014a).

This has meant, as Miller (2017) notes, that while the relationship with China is going strong, when one looks at the whole region, the pivot to Asia looks shaky.Despite Foreign Minister Sergei Lavrov's insistence that Russia does not need to 'reset' its ties with Asian states or 'return' to the region because it had always been a part of it (Ministry of Foreign Affairs of the Russian Federation 2012), the fact remains that compared to other powers, Russian influence remains limited in East Asia.

Here, the US and Russia can have a coming together of interests where the latter can make use of the power exercised by the former as a 'political and strategic balancer' in the region (Trenin 2013). Given that the two countries are not bilaterally involved in any direct dispute should be of help, not to mention that Russia would benefit from closer relations with American allies like Japan and South Korea. A US policy engaging Russia would help mitigate China's belligerence as well. In turn, as China expands its role across the region and the globe, Russia might find use for better relations with the US. In the short to medium term, such a scenario looks difficult to achieve.

The development of relations with China remains a 'long-term and sustainable priority' for Russia. While Moscow's pivot is not entirely about turning towards China, its 'diminished overall national power' has left it without 'adequate leverage in Asia.' This has led it to rely on 'enhanced cooperation' with China to 'compensate for its limited strategic impact,' a situation that (based on prevailing conditions) looks set to continue for the 'foreseeable future' (Cheng 2017).

Russian policy makers believe that their partnership with China is critical towards arresting their diminishing position in East Asia. Without this partnership and close interaction with China, Russia would be unable to push its vision of East Asia as a multipolar space where a new world order is under construction, characterised by non-interference of outside powers and non-unilateral in nature. However, the same strength of the bilateral partnership can become a liability for Russia, as has been demonstrated in the above discussion.

It is clear the gradual shift of Russian policy to the East has its strengths and weaknesses. The complex political, economic and strategic decisions involved in the process ensure

that while the pivot is ‘more serious in content and nature than past such initiatives,’ (Kireeva 2012) the results of the said move would take a long time to manifest in their entirety.

4. RUSSIA, CHINA AND STRATEGIC ALIGNMENT IN NORTHEAST ASIA

4.1 THE REGION OF NORTHEAST ASIA

Northeast Asia (NEA) as a sub-region wrestles with a whole host of political, economic and strategic complexities. As Kahrs (2004) argues, it is not a 'straightforward area' in terms of analysis and it is not easy to make a clear distinction between the 'regional and global levels.' This is due to the fact that it has the world's 'highest concentration of military and economic capabilities' (Kim 2004). In addition – as the author notes – its constituent members (China, Japan, North Korea, South Korea, Taiwan, Hong Kong) as well as two other major powers (US and Russia) contain world's three largest nuclear weapons states, one semi-nuclear state, three on the threshold of acquiring nuclear weapons, world's largest economies (in PPP terms) and Asia's three largest economies.

Given the challenges before the region – including the North Korean nuclear issue, China-Japan territorial dispute and the Taiwan Straits – the overall strategic situation remains one of concern. At the same time, despite these complexities, economic relationship among the regional states has been growing increasingly closer.

The US wields a huge influence and has been intimately connected with the developments here – with its network of alliances being seen as a stabilizing factor (Swaine 2005). It is a critical party to the North Korean nuclear issue, has military alliances with Japan and South Korea, acts as a security guarantor to Taiwan and has a significant economic interest in the region. Kahrs (2004) believes that the China-US relationship is central to the region as it has a direct bearing on the China-Japan equation, especially since the dynamics of the 'triangle' remain 'a source of uncertainty.' At the same time, the US-Japan alliance has been at the heart of the Northeast Asian order (Yahuda 2005) because it is this relationship that has 'largely underwritten the larger strategic framework' which has over the years provided a 'safety net' to other states in the region to pursue their economic goals. Also, given the crucial role of America in maintaining the status quo on Taiwan (as well as its centrality in handling any future situation) reinforces the predominant position US still occupies in the Northeast Asian order.

However, it is clear that despite the obvious American strength, the regional situation is in a flux leading Choo (2014) to wonder about the impact of the shifting regional order

on the old US hub and spokes policy. During the cold war the 'web of bilateral alliances by US' had maintained the regional balance and provided stability, looming large due to its alliances with Japan and South Korea. The rapprochement with China in 1979 further added to its heft, which at the time was only beginning to move on its development path. In fact, projections for the year 2030 still rate US as the predominant military power in the world despite a decline in its economic strength.

By the same period, China would become the top major economic power at 23.8 per cent of the world GDP (versus 17.3 per cent for US). It is already working towards becoming a leading military power (Acharya 2014) and as it continues to improve its deterrence and defence capabilities it can have unintended consequences, making the rising power 'pivotal in all regional security futures' (Pollack 2005). Indeed, its rising military capacity will increase any potential costs for the US in defending Taiwan militarily in any potential future conflict (Perkins 2007).

Looking at the situation, offensive realists would argue that all states would seek to increase their power in order to survive in an anarchical system, either through an expansion of their economic or military power. Their logic, as explained by Thucydides trap (chapter 3), also argues that an emerging power comes into conflict with an established power as the former tries to expand its influence to the detriment of the latter. The expanding military capacities of emerging powers also give rise to security dilemma where pursuit of security by one state diminishes security of the other. So, realists would argue that this is what will happen in NEA ultimately leading to a balance of power where different states form counterbalancing coalitions to prevent one power from dominating. Following this reasoning, Mearsheimer (2010b) believes that China will seek to dominate the Asia-Pacific, following the same pattern of behaviour that US followed after its ascendancy as a world power. It will also make a move towards 'maximizing the power gap' as compared to other regional powers so that no state in Asia would be able to threaten it. In addition, the scholar foresees that Beijing will try to push US out of the region and set the 'boundaries of acceptable behaviour' for others. This will lead other states like Japan, India, South Korea and Vietnam among others to contain it by joining an 'American-led balancing coalition.' Realists also argue that a multipolar system like

the one developing in the region is inherently more unstable and holds potential for conflict breaking out (Choi and Moon 2010).

But the situation in NEA has not evolved as predicted by realists since the rise of China and its military build up has coincided with increasingly close economic cooperation among states within the region[47] (Swaine 2005). The share of Asia in world GDP has been rising steadily and the 'production networks' are now more often than not focused around China, not Japan (Acharya 2014). Additionally, both the US and China have a deep rooted trade and economic relationship[48]; making them all too well aware of the devastating implications of a conflict on the parties involved, including themselves. Other powers like Japan and South Korea, while engaged closely with the US,also work with China in multilateral bodies. Seoul has already signed a Free Trade Agreement (FTA) with China and efforts are on to negotiate a trilateral FTA among the three NEA states. Even in the case of Taiwan, its economic ties with the mainland have been burgeoning with China taking its place as the top trading partner for the island[49].

There has also been a steady rise in the number of 'policy networks and constant dialogues,' as will be seen below, which have helped in preventing major instability (Choi and Moon 2010). Scholars like Amitav Acharya have criticized the idea of Thucydides Trap as being a 'self-fulfilling prophecy' (Global Times 2017) and one that takes any agency away from the states involved (in this case US and China).Given the complexity of economic and security linkages, Ranger and Gyu Kim (2012) believe that Japan and South Korea will be able to establish complex and 'different linkages with US and China' without 'establishing an integrated regional order' instead of a simple balance of power dynamic; adding to Haggard's (2004) analysis that there is considerable

[47] China is today the leading trade partner and South Korea's exports to China constitute 25 per cent of its total exports, making it the fourth largest trading partner with a bilateral trade volume of $230 billion in 2013 (CNBC 2014). In the case of Japan, its exports to China rose to 18 per cent in 2012 matching that of US (Chiang 2013). By 2014, the bilateral trade had reached $340 billion as China became Japan's leading trade partner. At the same time, Japan became China's second biggest trade partner (Bajpaee 2016). Both South Korea and Japan are fourth largest export markets to each other (China, US and EU being the top three in both cases). Overall, the share of intraregional trade between the three states as a percentage of their total trade increased from 12.3% to 19.1% in 2014 (Park 2017).

[48] China is US' largest trading partner and bilateral trade in 2014 touched $592 billion, making it the second largest trading partner, third largest export market and biggest source of imports (CRS 2015).

[49] The China-Taiwan bilateral trade reached $198 billion by 2014. Taiwan was the seventh in the list of China's top ten trading partners with investment and tourism on the rise.

evidence to believe that increased economic interdependence reduces chances of overt conflict.

There is also hope for a positive outcome based on the presence of multiple powers in the region. As Acharya (2014) argues, instead of multipolarity creating potential for a larger conflict, the opposite might be true. For instance, as the author suggests, while China has the potential to undertake 'significant territorial expansion,' it is checked by both Japan and India.' Along with steadily rising levels of economic cooperation, the situation of multiple powers can, according to the author, contribute to cooperation instead of conflict. Lukin (2012d) echoes this view, citing multipolarity with 'sufficient flexibility,' nuclear weapons and multilateral institutions as the factors that can contribute to peace in a region that at first glance looks prime for conflict.

This means that the classic realist position that states will either bandwagon with the rising power or engage in balancing to prevent the rise of a new power has not played itself out till now in NEA. In the future, any effort by the US to play a decisive role in the region will need effective participation of regional powers and its unilateral power would not be enough. At the same time, neither are regional powers capable on their own to bring about a radical change in the region[50]. Due to this, hegemony by a single power is no longer possible in Northeast Asia, making it more probable that US and China will compete for 'leadership' in the region and not 'hegemony' (Ranger and Gyu Kim 2012). Alongside the presence of two strongest players, there will be other 'poles' which despite their lesser level of influence would still be 'significant enough' (Lukin 2012d).

It must however be noted that despite an increase in economic inter-dependence, a common regional identity has not been forged in NEA and the states remain 'committed sovereigntists' (Kerr 2004) with significant differences over security matters. This has also hindered the creation of multilateral organisations focused specifically on the region – unlike Southeast Asia (Kim 2004). On the contrary, NEA has made efforts to look at cooperation in the broader region alongside ASEAN instead of focusing on institutionalisation in this particular sub-region – with the six party talks on the North Korean issue being an exception. As the regional balance of power undergoes a change,

[50] As Acharya (2014) explains, while concerns have been raised about the rise of a Chinese hegemony in East Asia, the rising power lacks both military might and public goods to exercise a singular control over the region.

the overall situation remains fragile due to the 'complex and volatile' security situation. Given the fact that in NEA several power games can be played in different permutations and combinations (Kim 2004), it makes predictions about the future difficult. Some of the issues that are of strategic concern to Northeast Asia, contributing to its instability, are meanwhile discussed below to better understand the prevailing situation as well as Russian policy options in the region.

4.1.1 North Korean nuclear crisis

The most critical issue facing NEA that threatens its strategic stability is the North Korean nuclear crisis,[51] where any outbreak of hostilities between Seoul/US and Pyongyang can trigger large-scale damage, a factor that has become even more critical with North Korea acquiring nuclear weapons and increasing range of its missiles. While US and its allies have warned that this can contribute to a regional arms race as South

[51]The Korean peninsula was occupied by Japan in 1910, an occupation that ended with the defeat of the latter in the Second World War. While Soviet troops occupied the north, having sensed an opportunity in Japanese withdrawal, US came into control of the southern part of Korean peninsula. Tensions remained high and war broke out in 1950, which ended with an armistice in 1953 – keeping the peninsula divided along the 38th parallel and ending in a ceasefire but not a peace treaty. North Korea joined the Non Proliferation Treaty regime in 1985, which meant it was not allowed to produce nuclear weapons. The end of the Cold War ended the support of Soviet Union to North Korea, its main source of economic, political and military aid. Talks between the two Koreas in 1992 led to pledge for denuclearization of the peninsula but the International Atomic Energy Agency accused the North Korean regime of not complying with provisions of NPT, raising fears that it was enriching Plutonium to make bombs. The US contemplated using force during the first nuclear crisis of 1994 but ultimately decided against it due to fears of civilian and military casualties of up to a million, as estimated by the Pentagon, in addition to the risk of a large scale war. In the end, former US President Jimmy Carter negotiated a settlement and Pyongyang froze its nuclear program and IAEA began its inspections. The South Korean government also adopted a sunshine policy in 1998 to promote economic ties and improve relations with the North to reduce military tensions. In 1999, in return for relaxing US sanctions, Pyongyang declared a moratorium on long-range missiles. The First Korean summit took place in 2000 calling for peaceful reunification, allowing families to be reunited, improving economic ties and continuing talks. However, the Bush administration accused North Korea of having a clandestine nuclear program, named North Korea as part of axis of evil alongside Iran and Iraq and imposed sanctions. North Korea admitted that it indeed had a secret uranium enrichment program in 2002 and withdrew from NPT in 2003 and expelled IAEA inspectors, arguing that the weapons were necessary for its self defence. As the situation got precarious, the six party talks were launched in 2003 (US, Russia, Japan, China, South Korea, North Korea) but it was only two years later that Pyongyang agreed to give up its nuclear program. In 2006, North Korea test fired seven ballistic missiles and later in the year claimed it had tested its first nuclear weapon, leading to UNSC sanctions. A 2007 deal through six party talks led to North Korea agreeing to halt its nuclear program in return for aid. As the new South Korean government took a hard line on the North, further talks broke down in 2008 over refusal to allow full and unhindered access to inspectors; with announcement of a second nuclear test coming in 2009, even as the new Obama administration looked to restart the stalled talks. There are fresh reports of secret uranium enrichment facility in 2010. In 2012, soon after Kim Jong-un took charge, inspectors were allowed in and a moratorium on testing declared in return for which Pyongyang received economic aid. This only lasted for a short time and another nuclear test was conducted in 2013, with US tightening the sanctions hoping to force the North Koreans to talks (CFR 2018a, CNN 2018, BBC 2018).

Korea and Japan seek to bolster their defences in response (causing further reaction from China), North Korea argues it needs the weapons so as to prevent a US-led regime change. The developments also reduce the efficacy of the US nuclear umbrella provided to South Korea and Japan, both of which do not possess nuclear weapons at present, relying instead on America thereby preserving the regional stability.

The United States has been a major participant in the issue as a permanent member of United Nations Security Council (UNSC) that has imposed tough sanctions on North Korea over its nuclear program, a member of six-party talks as well as a treaty partner of Japan/South Korea with thousands of troops stationed therein. As US, China, Russia and Japan all have evinced an interest in being party to any talks regarding North Korea, the communist regime has wanted to use this to its advantage, trying to 'leverage different powers versus each other' (Sutter 2003). It has sought concessions from US and other powers in exchange for curtailing its nuclear and missile development programs.

Apart from this, there have been differences regarding the approach towards negotiations with North Korea between US and China, with Russia's position broadly coinciding with that of China. Both believe that an aggressive US posturing harms the negotiating process and raises regional tensions. The prospect of US setting up theatre missile defence in response to North Korean missile program has China and Russia worried about impact on their security as well as balance of power in the Korean peninsula. As Niksch (2014) notes, China is concerned about prospects of a reunification in Korea that leads to a pro-US government on its borders alongside American troops stationed there in, a concern also shared by Russia. Other concerns like issue of refugees coming in to China in case the North Korean regime collapses or a regional nuclear arms race have also been a factor in Chinese considerations (Kahrs 2004).

Meanwhile, US is worried about North Korean missiles reaching its territory as well as the safety of its soldiers stationed in South Korea and Japan, leading to an active policy of strengthening ties with both its allies. Japan favours a strong US position on North Korea while South Korea has been more cautious. At the same time, the prospect of a war is also unacceptable to either power and despite differences all the parties prefer a 'detente' and despise any 'uncertainty' (Haggard 2004). This has led to efforts towards finding a regional cooperation to achieve a solution and avoid a crisis. In recent years,

another dimension has been added to Pyongyang's strategy with Putin arguing that Iraq and Libya were seen as a consequence of not having a security guarantee in place. 'They will eat grass but will not stop their [nuclear] programme as long as they do not feel safe,' Putin is reported to have said (The Guardian 2017b), a view also shared by analysts pointing out that US unilateralism in other parts of the world has made North Korea feel threatened (Kim 2004), making denuclearization talks that much more difficult.

4.1.2 Taiwan

Another issue that has kept NEA on the edge is that of Taiwan[52] which while maintaining its independence has steadily lost diplomatic support since the 1970s. Currently, only about twenty states still recognize it diplomatically. China has steadily reiterated its firm adherence to one-China policy, which argues that Taiwan is a part of China and PRC is its legitimate representative. On the other hand, Taiwan while agreeing that the island is part of China claims to be the rightful representative.

Taiwan has over the years built deep, mutually beneficial economic links with China while at the same time improved ties with US to bolster its political position against any future unification with the communist nation. Since it has been unable to gain significant international recognition, the position remains precarious. The rapid rise of China as a global power has only complicated matters for Taiwan as its own position at the international stage has been on the decline. As US-China relations improve, it would be difficult for Taiwan to secure concessions in arms deals from the western nation (Littlefield 2014). Also, as the author points out, the increasingly closer economic ties

[52] From 17th – 19th century, Taiwan was ruled by the Qing dynasty but was ceded to Japan at the end of the first Sino-Japanese war in 1895. The Republic of China got control of Taiwan after the Japanese in Second World War. When Chiang Kai Shek was defeated by Mao Zedong led communists, he fled to Taiwan (Republic of China - ROC) alongside the Kuomintang (KMT) government which had been ruling what was now renamed the People's Republic of China (PRC). Till 1971, the ROC retained a seat in the UN Security Council but had to cede to PRC after then. Today, only about twenty countries recognize ROC diplomatically and China sees it as a breakaway province. However, Taipei contends that it is an independent state with a constitution, elections and armed forces. Despite the unclear legal status of Taiwan and dispute with PRC over the issue, economic ties have grown substantially, leading to worries about excessive dependence. The US has supplied Taiwan with modern weaponry through Taiwan Relations Act that accords it a status akin to a sovereign state, but ended diplomatic ties in 1979. PRC has insisted on a one-China policy while Taiwanese political parties are divided between reunification with autonomy and independence. The situation remains fragile and there are fears that any move towards independence by Taiwan would lead to a confrontation, with the involvement of US (BBC 2016a).

between China and Taiwan[53] make it difficult for the latter to be able to balance the former – particularly since US 'can't defend Taiwan's economic security.' At the same time, US does not want to be seen as weak by abandoning Taiwan and has been trying to find a balance in its policy. Littlefield (2014) argues that US support to Taiwan is a 'cornerstone' of regional stability and any change in the status quo would have an impact on the broader regional order.

China has steadfastly held on to its One-China policy and wants to keep up pressure on the Taiwanese to prevent its violation. In fact, China has justified its military modernization programs, undertaken with the help of nations like Russia and Israel, through the lens of events in Taiwan. The decision of US to sell arms to Taiwan was seen by China as a provocation. Apart from the issue of territorial contestation, the strategic importance of Taiwan for PRC cannot be denied. Taiwan is much closer to the Senkaku/Diaoyu islands over which China and Japan have a dispute and critical sea lanes for Tokyo are within striking range from Taiwan (Mitchell 2017).

Even though China wants to prevent Taiwan from becoming independent, it does not want to engage in a long-term combat operation (Sutter 2003). While Beijing is aware that it would be difficult to conquer Taiwan militarily, the recent modernizations of the navy have been done keeping an eye on the situation so as to gain an upper hand in case of any upheaval. This includes weaponry acquired to support 'access-denial, Taiwan-centric naval strategy' (Mitchell 2017). Commensurately, Taiwan's capacity has not risen in tandem with the rapid strides China has made in the defence field, leading to narrowing the gap that existed between US and PRC in this regard – introducing uncertainty into future responses of the states involved in case of a dispute.

4.1.3 China Japan territorial dispute – Senkaku/Diaoyu islands

The dispute[54] finds its origin in contested claims of historical events and treaties but became a significant issue after a UN report in 1969 found that the area could potentially

[53] China is Taiwan's number one trading partner and the trade volume touched $170 billion in 2014 (Reuters 2016a).

[54] The islands (five in number) called Senkaku by Japan and Diaoyu by China are claimed by both countries based on historical evidence. While China has argued that the islands were taken from it during the first Sino-Japanese war in 1894-95, Japan insists no such event took place and it acquired them while they did not belong to anyone. These islands do not find mention in the Treaty of Shimonoseki that was signed after China surrendered in 1895. However, China claims that the treaty gave Japan control over

hold large oil resources, leading to claims and counter-claims by both Japan and China. Both the countries are deeply interested in securing the energy resources, especially given their high demand and dependence on imports.

Despite burgeoning economic ties, the bilateral relationship between China and Japan remains strained. There is always a potential for conflict brewing as was witnessed in 2010 when Japan arrested the captain of the Chinese fishing trawler accused of provocation within the disputed territory. With the US declaring that defence of the islands came under the US-Japan security treaty, it became a full blown crisis for the states involved, with China using economic measures by reducing export of rare earth metals to Japan (Smith 2012). The island situation has worsened since 2012 when Japan purchased three islands from its private owner arguing that this was being done to preserve peace while China established sea baselines to mark their claim. China in recent years has established an Air Defence Identification Zone (ADIZ) that includes the islands and sends its patrol ships and planes in the area (Nakano 2016). The efforts being made by Japan to increase the role of its Self Defence Forces (SDF) has also increased friction between the two states. Given that the disputed islands between Japan and China come under the ambit of US security treaty, South Korea has been worried about the prospect of being called upon to help in case of any conflict (Niksch 2014) as it seeks to strike a balance between its ties with both US and China. The overall competition between the two states has also increased as China's power has grown, especially in the maritime domain, with that of Japan declining in comparison. The alliance with US has, meanwhile, been used as a deterrent against any Chinese manoeuvres militarily.

As Swaine (2005) writes, Japan believes that a greater integration of China into regional processes would be a positive development and reduce chances of an overt conflict – adding that isolation or containment of the rising power would be counter-productive. There are old historical memories that have vitiated the atmosphere (Smith 2012) and at present, the two countries do not have mechanisms to manage any incidents of conflict that might take place over the island issue and can get exacerbated as a result (Osti 2013).

Taiwan and islands that pertain to it, which includes Senkaku. Since PRC claims Taiwan to be its territory, by extension it also claims the islands (Garlicki 2014, Osti 2013, Nakano 2016).

Looking to avoid getting embroiled in any clash in the region, Russia has 'taken a neutral stance' on the issue (Trenin 2012).

4.1.4 Trade

As has been discussed above, regionalism has not been a natural progression for NEA despite a growing regionalisation. However, in recent years, as the three largest economies in the region have seen bilateral trade sky-rocket, South Korea has taken the lead in pushing for a free trade area.

Also, a China-Japan-South Korea free trade agreement is under negotiation since 2013, with several rounds of talks having taken place. South Korea was more interested in a bilateral deal with China due to the similarity of its exports with Japan, with whom it competes (the China-South Korea FTA was signed in 2014). The territorial and historical disputes between Japan and China, and South Korea and Japan created another stumbling block. At the same time, Tokyo is pursuing talks regarding TPP[55], keeping in mind its alliance with the US as well as the tensions with China over territory. China on its part has been engaged in negotiations over another regional FTA in the works – Regional Comprehensive Economic Partnership (RCEP).

Yoshimatsu (2015) argues that apart from economic considerations, political and strategic factors play an important role in the setting up of FTAs. China, which has strengthened its position as the 'economic and trade centre in East Asia,' seeks to further its influence by using 'commercial arrangements that do not include the US' to enhance its political influence and 'hedge against the political influence of US.' On the other hand, Japan has seen its economic influence decline as China's has risen, a situation complicated by an acrimonious history and ongoing territorial dispute. Japan is looking to minimize its losses and improve its 'political and security position' by engaging with

[55] The Trans Pacific Partnership (TPP) is envisaged to be a trade deal that eventually seeks to create a single market. It will improve economic ties among members, cut down tariffs and contribute to overall growth. What started off as an agreement among four states - Brunei, Chile, New Zealand and Singapore in 2006 – it came to include eight more as negotiations expanded. With US, Japan, Malaysia, Vietnam, Australia, Canada, Mexico and Peru joining in, the grouping constitutes 40 per cent of total global economic output. The deal, which pointedly does not include China, is also seen as an attempt by the US to prevent being sidelined in trade in Asia by the rising power and maintain its stronghold as a preeminent power in the region (Kim 2016). The joining of TPP was in line with Obama administration's pivot to Asia but it also gave an added impetus to China to pursue RCEP. There is a provision for other states to join TPP and those who have expressed interest include South Korea, Philippines, Taiwan, Indonesia, India, Cambodia, Thailand and Laos (BBC 2017). The TPP provisions are reported to be stricter as compared to RCEP that has talked about adopting flexible norms.

China to bring the latter within its 'favoured rules and institutional systems.' Its decision to start negotiations on TPP has in fact had a direct impact on China's actions, including pushing for a speedier implementation of RCEP[56] and further improving its ties to Southeast Asian states. This has revealed the political and strategic calculations that have become part of FTA negotiations in Northeast Asia as China has sought to expand its economic power presence while others like Japan are seeking to hold on to their share of influence.

South Korea too over the years has become more economically connected to China and wants to continue to push for its economic growth by securing its position in important markets (Yoshimatsu 2015). The above discussion thus points to a situation where bilateral frictions and broader geostrategic calculations have hindered institutionalisation of trade in Northeast Asia and led to either bilateral agreements or multilateral deals that include the NEA states but within the framework of a broader region like East Asia or Asia-Pacific.

Also, it must be noted that any future economic integration does not necessarily mean a commensurate development in the political field as well, especially since Japan and South Korea are looking to 'offset the risks' (Lukin 2012d) of their growing economic dependence on China by increasing cooperation with other powers including US.

4.1.5 Regionalism

Kim (2004) defines regionalism as 'regional intergovernmental cooperation to manage various problems' which has received a boost in the broader East Asian region post the Asian Financial Crisis of 1998 so as to respond effectively to the challenges posed by globalization and changes to the world order. Dent (2016) defines political regionalism as 'development of transnational policy networks, the expression of shared political interests amongst the regions' leaders, advancements in policy coordination and the creation of region-level institutions to manage any common political space formed between the region's nation-states.'

[56] The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement under negotiation by the ten ASEAN states alongside China, Japan, South Korea, India, Australia and New Zealand (the six countries with which ASEAN has an FTA already). This is being done with an aim to deepen the existing economic relationships among states that together bring in about 39 per cent of global GDP and half of the total world economy. With US not a member in this case, China has been increasingly pushing for implementation of RCEP so as to counter TPP and reinforce its own centrality to trade in the region besides promoting East Asian cooperation.

There have been some efforts made in recent years to bring about a regional institutionalisation in NEA despite the political and strategic differences – in a process led largely by South Korea. Arguing that the region suffers from an 'Asian paradox' i.e. the states here have failed to establish significant 'political and security cooperation despite deep economic integration' (Kim 2015), the South Korean president identified three major reasons for the need for a NEA focussed organisation: to deal with rising competition between US and China, to deal with Japan's legacy with Asian countries and to deal with consequences arising out of inability to settle the relations between North Korea and South Korea (Snyder and Jung-yeop 2015). The need for focused cooperation is also felt necessary since territorial disputes and historical differences make the region volatile.

Some of the steps taken in the direction include the setting up of Trilateral Cooperation Secretariat (TCS) in 2010, Northeast Asia Peace and Cooperation Initiative (NAPCI) in 2013 and Seoul Defence Dialogue (SDD) in 2012. Since 2008, the leaders of the three NEA states – China, Japan and South Korea – meet in annual trilateral summit but saw the process disrupted in 2012 and hadn't been held till 2014.

While TCS has facilitated setting up of trilateral summits as well as foreign ministers meetings, conducted trilateral table top exercises (TTX) on joint response to natural disasters, hosted track two dialogues and published reports; it has been an 'exception' as the secretariat was established before the creation of a 'regional cooperation organisation' because the conditions were not believed to be conducive for setting up such a mechanism (Bong-kil 2014). However, it does hold a promise for the future in building trilateral cooperation. The NAPCI seeks to work towards creating multilateral cooperation in NEA (CSIS 2016a) and technical discussions were held in 2014 regarding possible agenda issues. As Kim notes, NAPCI focuses on non-traditional security issues, seeking to build an incremental level of trust before dealing with more contentious political issues. Also, it does not have specific 'norms and rules' but instead works on building trust through a 'flexible multilateral framework with co-ownership' (Kim 2015). This essentially means that apart from the three NEA states, other countries including Russia, North Korea, Mongolia and US have also been invited. Even ASEAN and EU have been approached to be observers. While it is being projected as 'building

complementary relations' with other existing multilateral forums, it remains to be seen how it will fare if and when it deals with hard security issues as well as how it builds its institutional architecture. It has been welcomed as a necessary step in a sub-region that lacks such multilateral mechanisms but will have to deal with issues of distrust between Japan and China, divergent views between Japan and South Korea over handling of China as well as apprehensions over American presence (Snyder and Jung-yeop 2015).

The Seoul Defence Dialogue, again initiated by South Korea, is billed as the 'region's highest ranking multilateral security dialogue platform' that was attended by 24 countries in 2013 with an aim to build a 'multilateral defence mechanism' on the lines of ARF in Southeast Asia (Hwang 2013). As Pollack (2005) points out, there is a heavy concentration of military power in the region with differences between the two Koreas and China-Taiwan tensions defining the 'primary fault lines of the region's strategic geography.' These differences as well as historical enmities have created a situation where NEA has found it difficult to build 'multilateral security dialogue and forums' (Kim 2004) whereas in Southeast Asia there is a level of comfort even when discussing security issues. Already within a year of its formation, the SDD faced its first challenge when China refused to attend its meeting due to differences over US THAAD missile defence deployment to the region. It must be noted that the above mechanisms are not institutionalised structures as yet and are only at an initial stage of being set up.

4.2 WHY IS NORTHEAST ASIA IMPORTANT FOR RUSSIA

Within the Asia Pacific, the region that is most important for Russia's economic and security interests is Northeast Asia i.e. Japan, China and South Korea (Shearman 2014). As has been discussed in the previous chapters, Russia realises that due to the world's political and economic weight shifting to Asia, its destiny can no longer be tied to Europe. In fact, as Shearman argues, its future lies 'in particular with economic interdependence with Northeast Asia.'

In the aftermath of Ukraine crisis, the relations with the West have reached the lowest level since the Cold War. This marked the culmination of a process that had begun towards the end of first decade of 21st century, when differences over a number of issues since the collapse of the Soviet Union fuelled mistrust and acrimony between Moscow

and the West. All of this has given an impetus to Russia's pivot to the east, a large part of which is driven by its policy towards NEA.

Economic interests and geographic proximity have combined together to make the region of Northeast Asia a crucial geopolitical, geo-economic and geostrategic region for policy makers in Russia. Considering that it is home to three major players in East Asia – China, Japan and South Korea – its strategic significance cannot be emphasized enough. Chapters 2 and 3 have already discussed in detail the opportunities and challenges that NEA presents to Russia.

For Russia, any hope of development of its Far East and Eastern Siberia would entail a close economic partnership with Northeast Asia. As pointed out in chapter 3, eighty per cent of trade of Far Eastern region takes place with China, Japan and South Korea. Considering the vast oil and gas reserves present in the Far East and East Siberia and the growing energy demand from across the border, the ingredients for a long, profitable relationship among the players exist here.

It has been estimated that out of the total energy resources in Northeast Asia, '84 per cent of hydrocarbons and 62 per cent of solid fuel is concentrated in Far Eastern part of Russia' (Potapov 2007). Since the region is not self-sufficient when it comes to natural resources like oil and gas, it imports most of its needs, primarily from the Middle East[57]. Given the instability in the Middle East and fears over supply lines being choked easily over the course of the long maritime route traversed, there has been a growing urgency for diversification of supplies. The demand for oil and gas in Northeast Asia has also been on the rise and the search for a substitute to dependence on Middle East imports is ongoing. In this case, Russia presents an ideal solution as it has the potential to address the above mentioned concerns of Northeast Asian states. Besides, the region is expected to see a steady rise in domestic energy needs of oil and gas[58], fulfilled to a large extent via imports[59]. The development of gas fields in Eastern Siberia and Russian Far East is

[57] China, Japan and Korea import 50, 70 and 80 per cent of oil respectively from the Middle East.

[58] A steady economic growth, rising standards of living, increase in urbanisation, increase in number of cars and rising levels of air transport are all together expected to contribute to this demand.

[59] While natural gas constitutes only 10 per cent in terms of fuel usage among Asian states, estimates suggest the region will witness the 'highest rate of growth in global gas demand' in the coming two decades, estimated to account for 23 per cent of global demand by 2030 (Potapov 2007). The demand for oil in the region has been four times the global average while the equivalent figure for gas was at five times the world average. About two-thirds of the total natural gas supply of the world goes to Northeast Asia. The

expected to give an impetus to supply of resources to Northeast Asia, and further to rest of East Asia.

In recent years, the energy strategy of Russia has focused on Northeast Asia and has called for increasing the share of oil exports to the region from 6 to 25 per cent and of natural gas from zero to 20 per cent by 2030. Currently, China has the most 'diversified range of energy-related economic interactions with Russia' while the latter remains 'a relatively modest player in NEA's energy trade' (Shadrina and Bradshaw 2013).

With regard to ensuring energy security, the regional states have actively sought out energy projects 'individually,' bypassing regional mechanisms. It would be helpful to extend bilateral agreements for energy cooperation to be extended to multilateral level, which would make the system more secure. But as of now, no such mechanism exists in the region but Russia has the potential to contribute towards it since it is stated to be one of the most importance sources of oil and gas here (Potapov 2007).

Meanwhile, Russia has sought to diversify its energy exports to different countries of NEA in an attempt to avoid over-dependence on China. This was most evident in the dispute between China and Japan over who would be the end destination for the ESPO pipeline,[60] a project which is critical for supply of Russian oil to Northeast Asia. Despite the concerns, China appears to have emerged the winner when it was decided that the pipeline branch will indeed reach the Chinese market directly to Daqing, the supplies beginning in 2011. However, Japan has also been a major recipient of the ESPO supply, with Russia seeing the benefits of diversifying its exports as well as lucrative deals for investment in the Russian Far East[61]. This is especially important since Russia is starting off from a very low level of market share in NEA, as discussed in chapter 3. If Russia can

region would also benefit from an assured supply of natural gas that would reduce carbon emissions, a major priority for Northeast Asian states currently (Northeast Asia Energy Forum 2005).

[60] The Eastern Siberia Pacific Ocean oil pipeline seeks to tap into the Asia-Pacific markets with a total capacity slated to be 30 million tons per year. The over 2000 kilometer long pipeline from Taishet in Irkutsk Oblast (East Siberia) to Skovorodino in Amur Oblast (Russian Far East) started shipping oil in 2011 with a spur to Daqing in China. In addition, other markets are supplied through oil tankers via the Kozmino port on the cost of Sea of Japan near Nakhodka, including Japan and South Korea.

[61] As of 2012, China received 31 per cent of the total oil exported by ESPO while Japan's share stood at 24 per cent. Korea at the time received 5 per cent. By 2014, there has been a change in the quantum of ESPO oil reaching China, Japan and South Korea as the figures stood at 36, 24 and 15 per cent respectively (Transneft 2015).

position itself as an energy security provider to the region, its strategic value would be greatly enhanced.

In order to establish itself, Russia will have to stave off stiff competition for the growing market from all the major energy producing states. Besides, its resources alone are not enough to put it in an advantageous position as was evident during negotiation for the biggest oil deal Russia has ever done – Power of Siberia – in 2014. As discussed in chapter 2, the $400 billion deal saw China bargain hard for a lower price tag, knowing fully well that in the wake of tough economic sanctions Moscow was in desperate need to break out of the isolation. For Russia to become an important energy player in the region, it would need increased foreign investment to build the much-needed infrastructure in Eastern Russia to transport the energy to the intended destinations. Russia presently sees rising Chinese influence in the Russian Far East as a challenge, even more so due to the slow pace of development of its own territories in the midst of other rapidly growing states (Trenin 2012). It needs investment and business from Japan and South Korea, as well as China (despite its reservations), if it has to have a chance to improve local economy and access latest technologies to exploit natural resources in the Far East. In case a more diversified energy market emerges in the region, it would help foster long term dependency on each other, alleviate Russian concerns about security to some extent and as Northeast Asia Energy Forum (2005) in its report points out, stabilize the region.

But it is not only in the energy field and development of the Far East that Northeast Asia holds a critical place in Russian foreign policy. The Russian Foreign Policy Concept (2013) states that 'Russia is ready to actively contribute to the efforts to establish effective mechanisms for strengthening peace, security, mutual trust and mutually beneficial cooperation in Northeast Asia as a regional element of the new security architecture in Asia-Pacific.'

This has been motivated to a large extent by the realisation that the 'security interdependence of its eastern provinces' with NEA remains as high as ever (Kahrs 2004). This has been seen clearly in the case of Russia being concerned about the Japanese element of the US missile defence system, which the Russian defence minister has said may lead to 'destruction of the strategic balance of power in the Asia-Pacific region.' It has also called for further talks with Japan regarding deployment of the

defence around South China Sea that will include a new radar in Western Japan (RT 2013). Japan has been increasing its security preparedness fuelled by North Korean threats and rise of China.Russia also has a role to play in critical geopolitical issues discussed in the earlier section that concern the region not just as a stakeholder but also as a permanent member of UNSC with ambitions of being a great power. It is involved in a territorial dispute with Japan, is a member of the six-party talks on North Korea nuclear issue, wants stability on its eastern flank as the region's balance of power shifts and sees the East in a new light as part of its multi-vector foreign policy. In the light of growing non-traditional security threats in NEA, it has been noted that cooperation on issues like terrorism, drugs and arms trafficking, can bring stability to Northeast Asia and provide opportunity for Russia to gain inroads.

There is no denying the unstable balance of power in NEA due to the rise of China, an event that is steadily affecting the policies of all actors involved. In this scenario, Russia has to choose the best path to carve out a space for itself in the region if it wants to truly be a Eurasian power with interests across Asia-Pacific. As the latest Asia Power Index reveals, Russia as a middle level power in NEA still exercises considerable influence due to its military strength and resilience in terms of deterring threats to state stability – even as it remains overshadowed by US and China, both of whom loom large with their disproportionate influence in the region. But its influence and future prospects are being negatively affected due to very low level of economic integration in the region (with only one free trade agreement), lack of defence networks and an overall underachieving performance in terms of cultural influence and economic resources (Lowy Institute 2018). This has a direct bearing on its actions/influence in NEA – where on several critical strategic issues facing the region (Taiwan Straits, Senkaku/Diaoyu, trade relations, regionalism) – Russia is not seen as a rule-setting player. However, it can use its position as a neutral party to insert itself into this important region and improve its standing even as its economic strength declines and its future prospects in NEA remain weaker as compared to other players like US, China and India.

4.3 RUSSIA'S RELATIONS WITH JAPAN SINCE 1996

As has been discussed in chapter 3, the linking of improvement of political and economic issues by Japan, the cancellation of Yeltsin's 1992 trip to Japan and hardening stand over

Kuril island dispute[62] created a difficult situation in bilateral relations. This led to ties being strained in the early 90s. There has been positive movement forward since then, as Japan allowed for Russia's entry into G7 and APEC. The 1993 Tokyo Declaration called for enabling conditions where bilateral ties could be fully normalised. It was decided to deepen political ties and continue talks to work towards 'early conclusion of a peace treaty[63].' The declaration also singled out the Asia-Pacific region, acknowledging that improved relations between the two states were important for the region to be peaceful and stable (Ministry of Foreign Affairs of Japan 1993). In 1997, a new 'Eurasian policy' was unveiled that proposed to work towards improving Russia-Japanese ties (Wishnick 2001).The 1998 Moscow Declaration noted that an improved bilateral relationship between Russia and Japan would improve the situation in Asia-Pacific. With regard to Asia, both sides committed themselves to coordinate with activities of ASEAN and ARF. They also resolved to work towards negotiations on the Korean peninsula, noting that the inclusion of Japan and Russia in four-party talks would bring peace and stability to Northeast Asia (Ministry of Foreign Affairs of Japan 1998).

Russia's energy resources can help it establish an important position since the region's dependence on imports to fulfil its energy needs remains as deep as ever. Japan has been interested in sourcing energy from the Far East, investing in Sakhalin and persuading the Russian authorities to prioritize Nakhodka route, as was done by Foreign Minister Yoriko Kawaguchi during a visit to the Russian Far East in 2003. The Russian side, which is also interested in attracting investment to the under-developed region, sees benefits of Japanese investment in the area and considers a move towards fulfilling energy needs of East Asia as a strategic one (Ministry of Foreign Affairs of Japan 2003a). The joint statement issued at the end of Putin's 2000 visit to Japan included a special mention of

[62] The Kuril Islands (called Northern Territories in Japan) are four islands in Pacific Ocean that have been held under control of both Russia and Japan at various points in history, exchanging ownership based on the prevailing situation since 1855. In the twentieth century, Soviet Union took control of the Kuril Islands as was decided during the Yalta summit. Japan claimed its rights over the islands in 1950s, seeking to take back two smaller islands, even agreeing to a deal with Soviet Union in 1956 about receiving the two in return for renouncing claim over the other two bigger islands. However, US scuttled the deal arguing that it would take control of Okinawa if Japan went ahead with the deal. Thus, the two disputed parties postponed the resolution to a future date when a peace treaty would be signed. However, the 1960s saw a change of position in the Japanese government when they decided to claim all four islands. Peace talks have since restarted in 2013 but no final resolution has yet been reached.

[63] The non-resolution of the island dispute between Russia and Japan has meant that the two states are yet to sign a peace treaty formally ending World War II.

Asia-Pacific and Northeast Asia, asserting that the issue of security in the region is of utmost importance to the two states and a decision was taken to make use of both bilateral ties and multilateral mechanisms to further enhance regional security (Ministry of Foreign Affairs of Japan 2000). The two states in the joint statement also expressed a mutual desire to bring about peace between the two Koreas. Other areas of cooperation included non-proliferation, arms control, terrorism, economic development, environment and drug trafficking.The two countries in 2002 decided to expand cooperation in three areas – increase coordination at the international level, improve economic ties and continue to work towards a peace treaty (MID 2002a). The foreign ministry spokesperson has called the bilateral ties with Japan as a 'priority direction of Russian foreign policy' (RIA Novosti 2002).

In 2002, deputy foreign minister Alexander Losyukov (2002) in his speech at the Russian-Japanese forum reminded the audience about the idea put forth by his country of a 'regional missile defence system' (to be set up by Russia, China, US and Japan) as opposed to the current US-led missile defence plan. Clearly an attempt to prevent an even more increased presence of US in the defence needs of the region, Losyukov warned that a failure to do so would lead to arms race, impacting the economic development of the states involved. There has been added emphasis on energy sector as Russia is looking to expand its exports beyond Europe and seeks to secure investment from countries like Japan to develop oil and gas fields in Eastern Siberia and Far East. Japan in turn is looking for new sources of energy import that would enhance its domestic energy security. Russia has also been interested in involving Japan on the idea of building a regional strategic stock of oil and gas.Bilateral discussions have also centred around the threat of terrorism and the need to improve cooperation on the issue by the two states in multilateral organisations including those in East Asia, namely APEC and ARF (MID 2002b).

The Japan-Russia Action Plan signed in 2003 during the visit of Japanese PM Junichiro Koizumi to Russia laid down a roadmap for the future. Giving a positive assessment of bilateral relations since Putin took charge, the two sides agreed to expand contact at various levels of government. The Japan-Russia Intergovernmental Committee on Trade and Economic Affairs and reciprocal visits in the defence sector find special mention.

Besides striving towards a peace treaty at the earliest, the action plan also expressed desire of both parties to have a more involved role on the Korean issue, calling for a multilateral dialogue so that neither is left out by China and US. The Far East has received special attention in this plan, according to which there are plans to extend economic cooperation between the region and Japan, explore economic exchange between Japan and Sakhalin and encourage private investors to invest in the Far East (Ministry of Foreign Affairs of Japan 2003b). Considering that this region is considered by Russia as its window to the rest of East Asia and the broader Asia-Pacific, the role of Japan also acquires importance.

The intergovernmental committee in 2008, the Far East Subcommittee (renamed the Subcommittee on Region-to-Region Cooperation) followed up on 'Initiative for the Strengthening Japan-Russia cooperation in the Far East Russia and Eastern Siberia.' It noted that in Asia-Pacific, Russia's presence 'is not strong enough in all areas of cooperation' even though the former superpower 'should be an important part of it.' Russia, according to this document, considers the integration of its Far East and East Siberia to the region as essential to maintaining its presence in Asia-Pacific as well as to meet domestic goals of economic development. Japan also proposed areas of cooperation between the two states, namely in energy, transportation, information and communication, environment, security, health and medicine besides improving trade and investment (Ministry of Foreign Affairs of Japan 2007).

The 2009 summit meeting between President Dmitri Medvedev and Prime Minister Taro Aso noted it as an 'important step forward' in the process of establishing a 'strategic relationship between Japan and Russia in the Asia-Pacific region.' Both sides also pointed out that several areas of 'mutual interest' exist between them in the Asia-Pacific region. The two leaders pushed for a speedy resolution of the Kuril Islands/Northern Territories issue within their generation. The Far East and Eastern Siberia once again featured prominently in the talks where it was agreed that public and private sectors will come together for projects in the region. The possibility of collaboration in the RFE and Siberia for producing and supplying oil and gas was also decided to be explored (Ministry of Foreign Affairs of Japan 2009a).

At another meeting between Prime Minister Putin and PM Aso in 2009, the Japanese premiere pointed out that out of the 2003 Action Plan, the peace treaty negotiations had made the least progress, with both sides agreeing that a failure to do so is a hindrance to bilateral relations. The Eastern Siberia-Pacific pipeline was also discussed as was the concern regarding delay in progress in the working group regarding improving logistics between Europe and Asia through use of Trans-Siberian railway. Other important areas of cooperation listed include nuclear energy, aerospace, nanotechnology and telecommunication (Ministry of Foreign Affairs of Japan 2009b). The two sides also reiterated the importance of restarting the six-party talks, of which both Russia and Japan are members.

By 2010, Japan was insisting on improving relations in 'political and economic fields as a whole,' in other words not holding the entire spectrum of ties hostage to the territorial dispute. The Russian side too agreed that the positive developments in security and economic fields enable the creation of an environment to push forward dialogue on the peace treaty (Ministry of Foreign Affairs of Japan 2010a). However, this does not mean that the territorial issue does not regularly create tensions between the two states. In 2009, Japan passed a law stating that Russia had been occupying the islands 'unlawfully.' At the same time, as Russia has regained its footing after the upheaval of the 1990s, it has made it clear that Japan has to recognize Russian right over the islands. A significant economic package for the islands has also been announced by Moscow and military installations strengthened. The islands are important for Russian Pacific Fleet an entry to the Pacific Ocean, an advantage it cannot afford to lose. In addition, the area is a rich source of seafood, mineral resources, precious metals and hydrocarbons (Gorenburg 2012). In 2010, President Medvedev visited Kunashir island, part of the disputed Kuril Islands/Northern Territories, becoming the first Russian leader to do so (BBC 2010). In response, the Japanese lodged a formal representation with the Russian side. Russian ambassador to Japan was summoned by the Foreign Minister Seiji Maehara. Medvedev's visit was termed 'regrettable' and concern expressed that such a move would 'deteriorate' bilateral relations besides putting a question mark on Russian government's pronouncements about improving ties. However, the Russian side pointed out that the visit of their president was a 'domestic matter' (Ministry of Foreign Affairs of Japan

2010c). Also, foreign minister Sergei Lavrov termed Japanese response as 'unacceptable.' According to media reports, he added that 'it is our land and the Russian president visited Russian land' (BBC 2010). Subsequent military drills on the Kuril Islands in 2014 also revealed tensions between the two sides.

Despite this, both countries have shown willingness to improve relations in other areas. Japan seeks to benefit from Russian energy as well use a stronger bilateral relationship to mitigate the influence of a rapidly rising China, something that Moscow is not completely averse to. In fact, as Gorenburg (2012) notes, the Japanese government even called for joint economic programs in the disputed territories to build confidence. Russia is also interested in Japanese market for energy and seeks investment for development of the Far East, even as it seeks ways to reduce over-dependence on China.

Energy remains the main Russian export to Japan, with mineral fuel constituting as much as 75.6 per cent of Japan's imports from Russia. Other items of import from Russia included non-ferrous metal, fish and shell fish, timber and steel. On the other hand, Japan exported mostly high quality finished goods to Russia, out of which 61.7 per cent were automobiles. Other important exports as per Japanese government figures of 2010 included general machinery, electronic equipment, rubber products, steel and chemical products (Ministry of Foreign Affairs of Japan 2010b). Other areas being tapped for cooperation include urban environment, agriculture, medical care, innovation and automobiles. The trade ties leave much to be desired as Japan is only the sixth largest trading partner for Russia (for both imports and exports) while the commensurate ranking for the latter is 12^{th} and 14^{th} (Keidanren 2015).

Besides furthering the existing relationship in the field of energy, cooperation in the security of Asia-Pacific has also been noted as an aim of bilateral ties. The economic relationship, though improving, still remains below potential, as admitted by President Putin at the 2012 summit meeting (Ministry of Foreign Affairs of Japan 2012a). Japan has raised the issue of improving business and investment climate as well as the rule of law with Russia during bilateral discussions to further improve economic ties. It has also expressed desire to cooperate with Russia on the Arctic.

While almost every document released after any kind of bilateral meeting mentions cooperation between the two sides in Far East and Siberia as an important goal, the

ground reality remains rather different. After years of slow movement forward, Japanese Prime Minister Yoshihiko Noda in a summit meeting with President Putin pointed out that there was 'potential' for cooperation between Russia and Japan for development of the region and that the 'potential would become reality' if they enhanced mutual trust, indicating the dissatisfaction at the current level of cooperation (Ministry of Foreign Affairs of Japan 2012b).

The return of Shinzo Abe as prime minister in 2012 led to a policy of 'rapprochement' being followed by Japan (Walker 2017), fuelled by the belief that the territorial dispute can be resolved and that China needs to be contained. It was also the time when Putin announced his country's pivot to Asia. This meant that despite the lingering territorial issue, both sides decided to seek avenues for cooperation. In 2013, Abe became the first Japanese prime minister in a decade to visit Russia, during which it was announced that both sides have decided to renew negotiations on the issue of a peace treaty that had been stalled for a few years now (Kremlin 2013).

A 2+2 meeting of the foreign and defence ministers was first held in 2013, hailed as a milestone for 'enhancing the trusting relationship and building robust cooperation between Japan and Russia in the field of security.' The aim was not only to discuss security policies of both states but also to look at the regional security issues and discuss possible cooperation in the area (Ministry of Foreign Affairs of Japan 2013a). This was seen as an attempt to expand cooperation in the bilateral relations through security cooperation. Japan, which has under Prime Minister Shinzo Abe pushed for 'active pacifism' to increase his country's role in various global and regional issues, sees the talks as an opportunity to further assert this new policy (RT 2013). The two sides also agreed to improve cooperation in multilateral organisations like ASEAN and EAS. It has also been pointed out that Japan has had such a 2+2 mechanism only with US and Australia. In fact, Russia also expressed its appreciation at Japan backing the regional security architecture proposal put forward for consideration by Russia, China and Brunei at the 2013 EAS, arguing that this would be in line with Japanese policy under Abe that has pushed for a more active defence policy (Lavrov 2013). Therefore, while responding cautiously to the change in Japanese constitution on the use of forces outside Japan's borders, Russia hoped this would be a peaceful process in all cases and lead to a more

independent policy by Tokyo in the region. It even welcomed any Japanese participation in the Geneva-2 talks on Syria. The positive momentum seemed to have suffered a setback after Russia's annexation of Crimea and Ukraine crisis, leading to Western sanctions in which Japan has joined its European and US partners. As a result, Japan announced it was suspending talks regarding both reducing visa regulations and a new investment agreement. In addition, negotiations over an outer space cooperation and prevention of dangerous military activities were also stopped (Ministry of Foreign Affairs of Japan 2014). This was followed by an angry response from Russia warning that the sanctions would harm the ties and cause setback in the progress made. Also, it accused the Japanese of only paying lip-service towards improving ties and that their words were simply a 'curtain' to cover up their failure to digress from US policy (The Ministry of Foreign Affairs of the Russian Federation 2014). However, Abe met with Putin on the sidelines of ASEM meeting in October 2014 and a month later had a summit meeting in Beijing during the APEC summit meeting in an effort to continue the dialogue and manage the effect of sanctions. Japan has declared that it will not violate the sanctions but has expressed concern that it will have negative impact on its own economic and strategic needs – seeking to minimize the impact the measures might have on the bilateral relationship (Brown 2017).

Russia has reiterated time and again that it wants to engage with Japan on Asia-Pacific at both the bilateral level and in multilateral frameworks of ASEAN, EAS and APEC among others. Russia is also interested in cooperation with Japan in the Arctic and supported the latter's bid to become an observer at the Arctic Council.

4.4 ASSESSMENT OF RUSSIA'S RELATIONS WITH JAPAN

The most prominent issue that has overshadowed the bilateral relationship is the Kuril Island/Northern Territories dispute between Russia and Japan. Over the years, consensus has been hard to find regarding resolution of the dispute. In fact, as Panov (2006) notes, the dispute is the 'only essential question in which the positions of the two sides are still opposed.'

Both want peace to be maintained in Asia-Pacific and there is potential for mutual benefit as Russia can profit from Japanese investment and the latter can gain energy security and a 'friend' in Asia (Trenin 2006). Overall, there has been a significant improvement in the

bilateral ties in the post-Soviet period and chances of conflict are at a minimum (Trenin 2006) even as the lingering dispute has prevented the two countries from achieving a high level of trust and deep networking with each other (Panov 2006).

Russia has for long been sceptical of a disproportionate rise of Chinese influence in the Far East and has sought to seek investment from the Japanese where the latter have been interested in advancing their presence in the energy sector in particular among others. Japan has taken an active interest in Sakhalin gas production and is the second largest trading partner in East Asia behind China. Its overall rank in terms of investment in Russia stands at eighth (Kireeva 2012).

As has been pointed out in the earlier section, despite these seemingly encouraging statistics and pronouncements of potential for business and trade (particularly since Shinzo Abe assumed power), the ground reality leaves much to be desired[64]. The Japanese investors have been dissatisfied with business conditions in Russia, the economic growth of the latter is considerably lower as compared to other Asian countries – making it a less attractive investment destination and corruption remains rampant with repeated disregard of rule of law. In addition, as the author points out, the Far East (towards which Russia wants to attract most investment from Japan) remains underdeveloped and unattractive for investors. Russia too raises most of its capital in the West. As Trenin (2006) notes, 'no amount of political good will' can help if the business climate is not conducive.

Japan has been focused on forming its policy in the region by keeping China at the center of it, seeking to contain its influence (Kim and Blank 2013). A major factor of its attempts to woo Russia is to cement the relationship in such a manner that Moscow's dependence on Beijing is reduced. This, Japan believes, will weaken China's position (Miller 2017). There are those in Russia who believe that in the long term, building a strong relationship with Japan will help Russia balance its excessive dependence on China. However, as the author notes, it has not been the top priority for the Kremlin based on its actions and China has remained its central ally in the region. Similarly, while

[64] In 2013, the Russia-Japan bilateral trade was at $33.2 billion, while the commensurate figure for Russia-China touched almost $100 billion. Russia only comprises 2.2 per cent of the total trade of Japan and the vice versa percentage is at 3.7 per cent. The sanctions imposed in 2014 sharply brought down this figure (Niquet 2016).

Japan remains deeply concerned about China's rise and looks to US support to deal with the changing regional order – it has not led Tokyo to 'revise its basic stance towards Moscow' (Trenin 2012).US-Japan security relationship continues to be the cornerstone of latter's policy making and hence, Miller (2017) notes that Russia does not believe Japan can act with completely freedom in its foreign policy on account of its security alliance with the US.

As far as the region is concerned, an improved relationship between the two would contribute towards a more stable, peaceful region. While their approaches to North Korea may differ, with Moscow favouring a concessional approach while Tokyo favours a strong response, both would like a peaceful resolution of the dispute. Kim and Blank (2013) add that improving relations with Japan will help Russia in enhancing its status in the Asia-Pacific and help it counter the unbalanced nature of its relationship with China.The Anti-Ballistic Missile defence system has been a point of contention for years and particularly in the light of North Korea expanding its weapons program and US with its allies pushing for the deployment of the mechanism in the Asia-Pacific, differences on the issue continue between Moscow and Tokyo. In the case of territorial dispute between Japan and China (Senkaku/Diaoyu islands), Russia has remained neutral. Given that China is a nuclear power state and the island dispute is covered under the protection of US-Japan security treaty, Moscow would like for peace to be maintained, which would in turn help ensure stabilityon its Far Eastern border.

Titarenko (2008) believes there is a lack of proper balance in this bilateral partnership because even though Russia and Japan share 'almost identical positions' on international cooperation, global and regional peace; their relationship has not matched up to the potential having being hampered by the territorial dispute which does not seem any closer to resolution in the middle-term. As a result, China remains the key ally for Russia in Asia followed by Japan at a 'distant second position' (Trenin 2006).

4.5 RUSSIA'S RELATIONS WITH THE KOREAS SINCE 1996

After decades of close relationship with the communist regime in North Korea, the collapse of Soviet Union led to a downgrading of the ties between the newly formed Russian Federation and its former ally. Choo (2014) sees a 'perceptional change'

regarding North Korea and regional security in Russia's decision to reformat its bilateral alliance.

Instead, South Korea was looked at as a potential source of investment as well as a more suitable partner to the democratic regime under Yeltsin with a west oriented foreign policy. However, it soon became clear that economic gains were slow to come by due to domestic weaknesses in Russia and the breakdown of ties with Pyongyang had cut down Moscow's leverage to influence events in the Korean peninsula. As Russia's relations with the West cooled off, the 1994 Agreed Framework saw Russia left out of the four party talks on the peninsula.

Putin brought about a change of policy soon after he came to power in 2000, marked by a visit to North Korea so as to 'demonstrate its presence in handling Korean affairs' (Mikheev 2006). While Russia might no longer have the kind of economic influence it had during Soviet days over North Korea, it still has personal contacts with the top leadership. While US and China possess greater economic and military leverage, Russia's border with Pyongyang, the UNSC veto, as well as a unique combination of economic, military, and diplomatic interests in Northeast Asia make Russia a power to be reckoned with when framing policy towards DPRK' (Gabuev 2017).

These strengths are in contrast weakened by the fact that North Korea no longer considers Moscow as its security guarantor and the latter has minimum economic leverage. Russia has been worried about the nuclear program right on its border, knowing that any development of nuclear capability will invite a response from US and its allies giving the latter a legitimate pretext to increase security presence near its borders; concerns that were heightened after North Korea withdrew from the Non Proliferation Treaty in 2003. In order to make the best of the situation, Russia supports the six-party mechanism[65] to manage the North Korean nuclear issue (Mikheev 2006). Putin (2000) in the early years

[65] After the breakdown of the 1994 Agreed Framework on North Korean nuclear crisis in 2002 when Pyongyang admitted to having a clandestine nuclear program and withdrew from NPT, the six party talks were initiated in 2003 to restart negotiations to find a solution. The members include US, China, Russia, Japan, North Korea and South Korea. The process has been held intermittently since its initiation, achieving a breakthrough in 2005 where North Korea agreed to give up its nuclear program and allow IAEA inspections in return for right for peaceful uses of nuclear energy. The North would be provided aid and US would not deploy nuclear weapons on the peninsula. The negotiations have been disrupted over missile and nuclear tests by Pyongyang, most notably in 2009 and 2013, leading to tough sanctions on the communist regime (Davenport 2017, Bajoria and Xu 2013) and the six-party framework remains stalled.

of his presidency identified Russia's position on the issue as one attempting to 'help and assist national reconciliation between North and South, and help them to move towards peaceful and independent reunification.' However, Moscow does not want to see the Korean unification happen under US aegis or see the country disintegrate.

Gabuev (2017) identifies Russian national interests in the Korean peninsula in political, economic and strategic terms. These include preventing North Korea from conducting further nuclear tests, preventing any increase in US military presence, 'positioning' Russia as a 'leader' on non-proliferation and promoting trade with the two Koreas. It is also worried about the nuclear weapons falling into wrong hands if the situation is not diffused. He argues that Russia will be ready to back the UNSC sanctions, even though it doubts their efficacy, if it means reasserting its position as an important player besides preventing US from further increasing in presence in the region due to North Korean actions. While Russia does not agree with the Western demands for more sanctions to bring the regime in line - believing it would not deter the regime from further proliferation and fearing it would instead be used to foster regime change - it sees the UNSC resolutions as the best scenario at the moment. In fact, a breakdown of this process would only lead to more chaos and since Russia is not in a position to deliver results single-handedly, it is prudent for it to remain part of the multilateral process.

Sutter (2003) believes that a more active Russian presence in North Korea talks is the result of its desire to undertake a more active role in the wider region, work towards economic development of Russian Far East and prevent setting up of US missile defence system. The progress on the last goal has been impacted by factors beyond Russian control.

In 2014, US proposed the deployment of THAAD in South Korea, after North Korea was revealed to have ballistic missiles and a rocket launch was also conducted. This is an idea that Russia has opposed since the very beginning. While the American logic has been that the missile defence is the best way to protect its allies as well as its troops in the region from North Korean missiles, both Moscow and Beijing view it as a threat to their security and fear the system can be used against them. They also see it as a move by US to reassert its position in the region and bring South Korea closer militarily. In fact, South Korea has been concerned that this move will cause troubles in its bilateral relationship

with China and Russia (ISDP 2016) but has been put in a tough bind due to the advancing North Korean nuclear and missile program. However, as analysts point out, THAAD does not alter the military balance between US and Russia and the radar does not have the capacity to look into any 'sensitive areas for Russian nuclear development.' Despite this, Russia is more worried about THAAD being part of a larger missile defence plan by the US across Europe and Asia Pacific that will affect Moscow's ability to strike against its cold war rival and thus imperil its overall security (Gabuev and Aixin 2017).

Russia's economic relations with Pyongyang have been on the decline. In 2014, total trade stood at $99.2 million, which is less than one per cent of total trade Russia has with the rest of the world. It has also pinned its hopes on projects involving both Koreas and Russia in the field energy, transport and electricity to improve relations between the North and the South. These include linking Trans-Siberian railway to Korean railways, building a gas pipeline and constructing power lines across the two Koreas. The proposals reflect Moscow's desire to build ties and expand influence with both the North and the South while also gaining economic benefits but on account of the sanctions these projects remain stuck. These projects were also billed as part of development of the Russian Far East but that idea did not take off the ground.

South Korea has attempted to improve its economic ties with Russia, becoming its third largest trade partner in East Asia, reaching $22.5 billion in 2012. Agreements on trade, investment, nuclear energy, high technology and fisheries have been signed. Russia is only the 13th in the list of South Korea's trade with other countries. This makes South Korea's share of external trade with Russia at 2.97 per cent. The commensurate figure for Russia is 2.1 per cent (Ivashentsov 2013). As the author points out, most of the economic relationship is concentrated on fuel, raw materials and sea food from Russia while Seoul exports finished products, with 'industrial cooperation' being 'close to zero.' Investment levels are at a similar low level with Seoul investing about $1.9 billion while Moscow's share stands at $148.8 million. Given that the two countries receive an overall investment of $208 billion and $210 billion respectively from foreign sources, it is clear that the economic relationship leaves much to be desired. Efforts are being made to improve the energy trade as Russia sees an opportunity in South Korea being the second-largest importer of natural gas in the world. The 2004 summit sought to work out an agreement

on long-term natural gas cooperation and discussions were conducted regarding Korean Gas Company purchasing a stake in Sakhalin Energy (Northeast Asia Energy Forum 2005). The operationalisation of ESPO oil pipeline has also opened up avenues to sell to the South Korean market. Russia needs South Korean investment and technology to develop the Far East that will also help reducing its dependence on China, but for which to happen it needs to improve the local business climate. Russia has been heartened by the fact that South Korea has not joined the western sanctions (Lukin 2018) with the latter seeking to improve ties with the former superpower. It also wants to court Moscow for talks with North Korea and would prefer not to antagonize it. In terms of politics, Seoul sees Moscow as important for ensuring 'stability and security' in the region, with both the countries not having any outstanding disputes.

4.6 CHINESE INTERESTS IN NORTHEAST ASIA

As the region where it is geographically placed, the region of Northeast Asia is of vital importance to China - whether politically, economically or strategically. It has been steadily working towards expanding its political and economic influence through diplomatic means – using bilateral and multilateral mechanisms. Even as it has advanced its military capacity exponentially, China has attempted to downplay it so as to prevent alarming its neighbours. For instance, in Northeast Asia, it has worked towards increasing its 'political and economic influence' on North Korea while at the same time improving trade ties with South Korea so as to use economic relationship to build political understanding (Gill 2005).

Chinese policy has been focused on achieving three primary goals in terms of its security strategy, as pointed by Gill (2005). These include 'maintenance of a stable environment' in which it can focus on domestic development while ensuring the external environment remains peaceful, expanding its influence without causing consternation among the neighbours and dealing with a hegemonic power without engaging in 'overt confrontation.' In the region, its military policy is guided by a potential of threats for the mainland from 'regional powers…as well as US forces based in Asia' (Swaine 2005). In addition, concerns over conflicts breaking out locally including due to disputed claims over Diaoyu/Senkaku islands, Taiwan and Korean crisis remain.

China has a deep interest in maintaining stability in North Korea. It is worried about influx of refugees in case of any disruption and believes a successful nuclear weapons program by the small communist state will encourage Taiwan to do the same, negatively affecting the balance of power against China. There is also a tacit understanding regarding China helping on North Korea in return for US maintaining its position against Taiwan's independence (Mikheev 2007). The North Korean nuclear crisis represents a major security risk for China, raising the spectre of a regional nuclear arms race (Cheng 2003). Neither does the rising power want to adversely affect its relations with the US over the issue nor does it want the domination of an external power over the peninsula. The increased threat perception will only further entrench US in the region, bring it closer to Japan as well as lead Tokyo to militarize (Kahrs 2004). All these factors have come together to make China invested in the six-party talks, where it has played a positive role (Cheng 2003).

The nuclear crisis has given rise to another issue of a missile defence system being proposed by the US to be stationed in Japan and South Korea. China has been opposed to this as it believes it can be used against it at a future time and also because the north-eastern territory is home to some of its strategic assets (Carnegie 2017). With regard to Japan, even as economic ties have grown, China remains wary of its old rival in the region and its alliance with US. The territorial differences over East China Sea have further muddied the waters and any policy that leads to an increase in strategic advantage to Tokyo is not acceptable to China.

The China-South Korea relationship has seen an upswing even as the latter's alliance with the US has shown some signs of strain. Lampton (2005) identifies the factors responsible for this development as follows: China's growing economic proximity to Seoul, its leverage over North Korea and the distrust in South Korea over American policy towards the North.

As noted above, Taiwan is one of the most critical issues of concern for China in the region. Even though the former is today deeply connected to the Chinese economy through trade, tensions continue to be high. Beijing argues that US has been building 'military alliances' in the region and is the 'root cause of tension across the Taiwan Strait,' adding that the situation remains 'grim' (Gill 2005). The gains made by China in

terms of its military capacity have gone alongside Taiwan undertaking its own modernization of armed forces with American help, leading to a 'offensive-defensive arms race' that has the potential to lead to dangerous consequences (Swaine 2005). Over the years, China has focused on expanding its political and economic influence on Taiwan (as has been its strategy with other states in East Asia) so as to create a situation where the latter is deeply entrenched economically. Here, China remains worried because any conflict would bring it into conflict with the US besides negatively impacting its assurances to the neighbours regarding its rise being peaceful (Lampton 2005).

Situated in the Northeast Asia, China has been keen on furthering the already burgeoning economic relations with the member states. In November 2014, China finalised a free trade agreement with South Korea, which is expected to bring down tariffs on about ninety per cent of traded goods between the two nations eventually to zero. It is estimated that the resulting impetus will take the bilateral trade between the two states from $215 billion (in 2012 when the negotiations began) to $300 billion (Tiezzi 2015), at a time when China is already the biggest trade partner of Seoul. The author notes that it is also expected to give a boost to GDPs of both China and South Korea to the tune of 0.3 per cent and one per cent respectively. However, scholars have noted the limitation of the FTA in that it excludes a huge number of goods from its ambit and also does not seek to bring about policy changes, thus contracting its potential to give a push to growth in the two signatory states (Schott et al. 2015).

In fact, China has been pushing for FTAs not just across Northeast Asia but rest of the region as well to improve economic integration as well as expand its political influence through trade links. It has sought to allay concerns about its rapid rise in the region by employing several measures including conducting joint military exercises with neighbours, downplaying territorial disputes, engaging in active diplomacy on contentious issues like North Korea, focusing on multilateralism and assuring others that it has no plans to militarily push US out of the region (Lampton 2005).Even in the overall region where US continues to have a significant presence – militarily, politically and economically – China has sought to position itself as apart from 'hegemonic' behaviour while calling for 'equality and mutual respect' in relations between states (Gill 2005).

4.7 CONVERGENCES AND CONTRADICTIONS BETWEEN RUSSIA AND CHINA IN NORTHEAST ASIA

The bilateral strategic relationship between Russia and China forms the primary axis of Russian policy in NEA, particularly in the light of steadily deteriorating relations with the West over the past decade. Both Russia and China have been careful in preserving their relationship in the region. The evidence of this could be seen even in 1997 when a successful Russia-Japanese summit took place quite close to the Sino-American summit, the latter of which led to restoration of bilateral ties after the Tiananmen massacre.

In order to not alienate Russia, Chinese president Jiang Zemin declared he would have a 'meeting without coats' in line with the Russo-Japanese 'meeting without ties.' In 1998, after North Korea conducted its missile test, Japan agreed to work towards missile defence with the US. This move brought Russia and china closer, both worried that the system could be used against them if needed (Wishnick 2001). Other developments discussed earlier, including NATO expansion, Americanmilitary campaign against Yugoslavia and bombing of Chinese embassy there brought Russia and China together in cutting off military ties with the West.

China has been steadily trying to reduce its dependence on coal as a source of energy in an effort to control pollution and its carbon emissions as part of its commitment to the Paris Climate Deal. Also, it is making efforts to reduce excessive dependence on oil, creating conditions for spread of use of natural gas across the vast country by creating requisite infrastructure. China has indicated its interest in supply of gas from Sakhalin and in 2014 signed the biggest ever gas deal with Russia valued at $400 billion, reportedly bargaining hard at a time when Moscow was looking for partners in the aftermath of Western sanctions. As discussed earlier, in an attempt to diversify energy supplies, China also imports oil from Russia through the ESPO pipeline.

Due to geography, Northeast Asia remains an attractive destination for Russian supply apart from the obvious symbiosis of supply and demand. There is a symbiotic relationship possible between states of Northeast Asia – particularly China, Japan and South Korea – and Russia for supply of natural gas given that the former three are consumers and the latter a major supplier. However, the governments have not been forthcoming on creating a collaborative network with the parties distrusting each other,

apprehensive of the gas being used ‘for political leverage by either supplier or consumer countries’ (Northeast Asia Energy Forum 2005). A lack of pipelines that criss-cross the boundaries of the states and a lack of institutional mechanism to deal with energy issues in a collaborative manner have added to the problem. This has resulted in Russia striking bilateral deals, with China leading in terms of volume imported. The supply has increased as Russia battles the financial squeeze of western sanctions and looks to find new partners to address the situation.

As Brækhus and Øverland (2007) note, Taiwan issue is not ‘a factor in China-Russia relations,’ unlike China-US and China-EU ties. Russia has consistently declared its support for the ‘one-China’ policy and it has taken great care not to antagonize its strategic partner in the limited interaction it has had with Taipei. Soon after breakup of the Soviet Union, Taiwan moved to establish a relationship with Russia, leading to the formation of Moscow-Taipei Economic and Cultural Coordination Commission. However, despite economic contacts, Russia has remained firmly on the side of China, declaring its support for the one-China policy repeatedly.

When it comes to the territorial disputes in the region (China-Japan, Japan-South Korea), Russia is only a direct party to the island dispute with Japan and otherwise does not have as much ‘geo-economic’ or ‘geo-strategic’ interests in the East and South China sea (Stretslov et al. 2018) – thus choosing not to take sides in disputes involving other states. Russian arms sales to China have through the 1990s and 2000s played an important role in modernization of Chinese armed forces, which laid the foundations for its expanding military prowess as well as domestic defence manufacturing. The defence relationship, while lower in scale as compared to the past, still remains very strong.

The North Korean nuclear issue and theatre missile defence are the major areas of cooperation between the two states in NEA. The US plans to deploy THAAD in South Korea has brought China and Russia together – both of whom share concerns about the impact of the missile defence system on their respective strategic positions, which have been discussed earlier. This raises the possibility of an increased interaction between Moscow and Beijing with a view to scuttle ‘US' plans to develop a global missile defence shield, not only THAAD’ (Gabuev and Aixin 2017). However, the authors rule out a chance of a joint missile defence between the two states since neither wants to be seen as

entering into an alliance with the other against a third party. Instead, the analysts predict, Russia and China will increase their cooperation in terms of information sharing on military issues in Northeast Asia and hold joint exercises to send a message to others in the region. Russia can also deploy more short range missiles in the Far East to deal with the missile defence system.

Given its border with North Korea, it is no surprise that Russia does not want to have instability and wants diplomatic means to be used to address the issue. Also, diplomacy on the matter presents an important venue for Russia to present itself as an influential power. Both Russia and China have similar positions on this issue and in terms of the ongoing talks with North Korea, Russia understands that China has become the more influential of the two. Thus, despite its close ties with Pyongyang, Moscow believes that conforming to Chinese policy while maintaining its own contacts remain the best possible strategy (Gabuev 2017). Titarenko (2008), interpreting the US position, believes that a certain 'level of tension' on the peninsula can be beneficial for its interests by enabling it to continue its military presence as well as enhancing missile defence mechanisms. He argues that the Korean peninsula – at the juncture of borders of Russia, China and Japan – is vital strategically. Russia supports denuclearisation and believes that an end to the crisis will also check militarisation in Japan and South Korea to a certain extent (even as other factors for the same remain). Both Russia and China would prefer a stable backyard, and do not have faith in sanctions leading to change in North Korean behaviour. President Medvedev (2011) has admitted to 'China's authority' on the situation in the Korean peninsula as being 'one of the keys to success' while adding that Russia's long-standing ties make it a good choice for being an important part of the peace process. Backing a multilateral approach to the issue, Medvedev has noted the close cooperation with the Chinese undertaken through 'constant and direct consultations.'

Gabuev (2017) argues that since interests of Russia and China do come together on several points on the Korean issue – including THAAD, presence of US troops, impact of regime collapse – the former has been following the latter's lead. However, Lukin (2012d) believes one should not overestimate the Russian 'commitment' to Pyongyang and argues that China benefits more out of the status quo as compared to Moscow by the continuation of the North Korean regime and any concerns over US influence over a

reunified Korea would affect Beijing more. Trenin (2012) also believes Russia will try to avoid completely aligning its policy to that of China and 'carve out an independent position, more focused on Seoul.' This, he believes, is Moscow's way of building ties with a 'key regional balancer in Northeast Asia' as well as an alternative to Chinese finance and technology. Russia has also steadily worked to build a relationship with the North to exercise some influence on the issue. Since Russia is still in the process of establishing itself in the region, it has taken care to avoid being seen as choosing one side over another in NEA and remained neutral.

Some other contradictions between Russia and China can be seen on certain issues, including concerns experts have expressed about the high level of indebtedness of Russian companies in securing loans from Chinese banks, the pricing disputes that have resulted in favourable deals for China as well as an increasing amount of future production being promised to the rising Asian power. As discussed above, Russia has indeed worked towards balancing the energy relationship by including Japan and South Korea but China still looms large – as is evident from the ESPO pipeline dispute discussed earlier. In this case, China and Japan were competing for a spur to be built to their respective countries, a decision that Russia finally resolved in favour of China while still supplying Japan through tankers.

Even at a time when Russia and China were coming closer in the early 2000s, while China extended its support to Russia for membership to APEC, it did so after putting the conditionality that Russia would have to seek support of other members. In the four-party talks, in order to keep its influence intact, China did not support an expansion of the membership of the grouping to include Russia. Meanwhile, as China grew more wary of US-Japan alliance in view of the revised alliance guidelines, the Russians saw the same as essential to Asian security and of help in mending relations between North and South Korea. This led Wishnick (2001) to conclude that while Russia had high hopes in the 1990s from its partner China to help advance its role in East Asia, the latter has done so only if it was in its own interest or benefitted it in the long run.

However, this does not mean that China does not understand the importance of a strengthened Russia in NEA. As Cheng (2003) argues, China takes Russia 'very seriously' when looking at the balance of power in NEA. This can be seen in its close

working with Moscow on the Korean crisis as well as building consensus over issues of common concern. While Russia admits that the US presence did help in maintaining stability in the region, it is of the opinion that the changes underway means it is no longer adequate for 'regional dynamics' and that a new approach is required that would 'guarantee non-alliance based security' for all the states involved (Streltsov et al. 2018). Also, it believes that in order for such a system to succeed, Russia, US, ASEAN should all be a part of it alongside China, Japan and South Korea. In its attempt to build such a system, Russia has teamed up with China to put forward a proposal to set up a 'security architecture' across the Asia-Pacific in 2010[66] and Moscow reiterated its proposal in the 2013 East Asia Summit, garnering support from China and Brunei but no reaction from other states. This is also in line with Chinese push towards multilateralism, an area where it has started taking a lead only in recent times in order to quell concerns about the possible threat posed by its rapid rise (Cheng 2003).

As Russia seeks to build both bilateral and multilateral relations with other states in the region, it seeks to counter the perception that in the absence of an effective economic presence, it is an 'external player' or an 'absent power' (Streltsov et al. 2018). As opposed to China, which is not only on course towards becoming the largest economy in the world but is also deeply embedded in the regional economic structure, Russia has a limited presence on this front. Russia wants to avoid any kind of 'hegemony' in NEA, whether it is China or US (Lukin 2012d). The advantage it has in NEA is that apart from the territorial dispute with Japan, it is not directly a party to current disputes that threaten to destabilize the region. Also, it is not a 'revisionist power' in NEA and wants to maintain peace in the region so as to be able to focus on development of the Far East besides avoiding any further deterioration of its strategic strength in the region (Streltsov et al. 2018).

4.8 CHINA AND THE RUSSIAN POLICY IN NORTHEAST ASIA

There is no denying that Northeast Asia is of vital importance to Russia – geographically, economically, strategically and politically. Over the years, Russia has worked to improve

[66] In a joint statement released at the end of bilateral talks between Russia and China on September 27, 2010, the two countries proposed setting up of an open, transparent and equitable security and cooperation architecture based on principles of respect for sovereignty, independence, territorial integrity, non-interference in domestic affairs, no use or threat of use of military force and peaceful resolution of disputes.

its position in Northeast Asia. This has meant a focus on economic development in the Far East, improving relations with Japan and South Korea, reinvigorating its old ties with North Korea with an eye on playing a role in the geopolitical development through six-party talks as well as getting a foothold into regional organisations that span across both Northeast and Southeast Asia. Most importantly, as Lukin (2012d) notes, Russia established a strategic partnership with China, both in 'bilateral and multilateral forms.' The development of Russian Far East and Siberia depends to a great extent on its integration with NEA and attracting investment from abroad. The vast oil and gas resources in this region need the Northeast Asian markets to generate profits. The developed economies of NEA offer further opportunity for Russia regarding investment and expanding trade. As the world's political and economic axis shifts to East Asia, Russia does not want to be left behind. It sees NEA as its entry point to the wider Asia-Pacific – banking on its geographical location, UNSC membership, nuclear status, military prowess and diplomatic experience to stay a relevant player as the region reconfigures itself. Also, Russia wants peace to prevail in the region for the stability and security of its Far East, remaining focused on the strategic dimension of regional politics (Rozman 1997a).

In the above sections, we have explored a changing balance of power in NEA marked by the rise of China, the relationship with which forms the central axis of Russian policy in the region. Despite Russian authorities regularly pointing out their concernsabout over-dependence on China in economic terms, the prospects of economic domination of the Far East and its rapidly growing influence in NEA – there has not been a successful policy guideline laid down to ameliorate the situation. As discussed, this has arisen both due to inherent Russian weaknesses in NEA as well as creation of regional and international conditions which have made Russia's close ties to China a preferable policy option.

On geostrategic issues of critical concern to Russia – North Korean nuclear crisis, deployment of THAAD and US hegemonic presence – its position is broadly in line with China. The strategic partnership has led to a deepening security cooperation that is backed up by a similarity in the approach to security challenges. In these cases, Russia has consciously decided to align with China in order to fulfil its national interests. Given

that these issues are of vital importance to Russia and it does not have the influence on its own to drive the agenda – having China on its side is indispensable in preserving its interests. China also gave Russia an opening to the region to revive its position as a 'pole in the multipolar global system' through the strategic partnership that met 'Russian needs best' (Rozman 2006).

When it comes to trade, China remains Russia's top trading partner in NEA, with Japan and South Korea a very distant second and third. The same lopsided nature can be seen in energy exports by Moscow, as has been discussed in the chapter. It is in this area that Russian policy makers have raised most concern about over-dependence on China and becoming raw material appendange to its rapidly growing neighbour. But on account of poor business climate in the RFE, low investment by Japan and South Korea and slow movement in addressing the situation has meant that Beijing has emerged as the pre-eminent trade partner. While Japan did give positive signals in the early 2000s, the results on the ground have been patchy, as noted earlier. The US security alliance with South Korea and Japan have added to Russian mistrust and affected policy making with regard to the two NEA states – again making China the logical choice for a closer partnership.

At a time when Russia is working through long-standing differences in world view and ideology with the West, turning to east has been a pragmatic choice. To have found a partner in China – the one country set to be the decisive factor in the future regional balance of power in East Asia – has obvious benefits for Russia. In other words, as Rozman (2006) notes, Russian policy for the larger part has been about 'rejection of US leadership, wariness of Japan and reliance on China.'

Moscow is not under any illusion about its relative strengths in NEA and needs friends to bolster its position. It does not have an economic plan to regain its status, using personal ties in North Korea is past its prime, a major breakthrough with Japan has been missing and overall, Russia has too few cards to play in the region (Rozman 2006). While wary of becoming a junior partner of China, alternatives are few to come by – unless there is a drastic improvement in relations with the US as well as Japan and South Korea. As Lukin (2012d) notes, Russia has primarily three strategies to choose from – alignment with China, alignment with US or equidistance from both powers. This balance will have to be struck at a time when both the US and China are looking to consolidate and expand their

influence in the region. Alignment with US might not be a bad idea for Moscow in case it feels threatened by China (either in the present or a potential in the future). Based on relative strengths of the states involved, it is clear that US does not see Russia as a threat in NEA (Lukin 2012d) and neither does Russia see any direct threat to its interests from the US. However, this development to a large extent will be guided by the machinations of US-Russia relations in areas other than Northeast Asia. If the two Cold War rivals are in a 'confrontation' over other issues including NATO expansion, post-Soviet sphere, Central Asia etc, then any 'effective alignment' would not be possible.

Since Russia is weak on its own in the region and alliance with the West looks unlikely at present, strategic partnership with China is a very attractive policy option for the former superpower. Having settled bilateral border disputes in 2004, both parties have achieved a certain level of trust and confidence in each other to lay the foundations for a fruitful relationship.

Due to weak level of regionalism in NEA i.e. institutionalised multilateral bodies to deal with specific regional issues, bilateral ties have gained increasing importance. This has been another factor due to which Russia has steadily grown closer to China on account of bilateral ties with other NEA states still being at a lower level as compared to strategic partnership with Beijing. It must be noted that Russia has been careful in manoeuvring around disputes in NEA so as to avoid getting embroiled in regional tensions. Despite conducting joint military and naval exercises with China near disputed territories, Russia has maintained a neutral stand diplomatically in cases where China is involved in conflict with Japan or US on regional issues. This has been done not only to prevent antagonizing other regional powers but also with a view towards future positioning as an independent player who can play role of a mediator in the region. There is also the motivation of not antagonizing US, whose presence it benefits from due to the role America plays in maintaining stability in the region. But Lukonin (2017) cautions that if Russia continues to grow closer to China on important regional issues, its capacity to engage Japan and South Korea may suffer.

Weaker regionalism also presents an opportunity for Russia is certain cases, where an absence of institutionalisation creates space for creating new multilateralism where it can use its diplomatic influence and assets to gain a substantial role in an unsettled region

(Rozman 2006). The author believes that in undertaking this, Russia-China relations will serve as the foundation for a growing role in the region since it is clear that China is Russia's closest partner in NEA.

If Russia is able to develop balanced ties with other regional states as well as maintain its ties with China, it will strengthen its position to a large extent. If it fails to do so, the prospects for other powers overtaking it will increase manifold and Russia will become less relevant in determining the regional balance of power. As the Asia Power Index (Lowy Institute 2018) reveals tellingly, Russia remains an underachiever in Asia given its weak economic integration and is expected to see an alarming drop in its influence in the future (based on projected economic, political and demographic resourced by 2030).

For a weaker power, limiting strategic thinking to one country is not a good idea (Rozman 2006). As the author explains, an excessive balance of power thinking while neglecting economic prowess will prove to be detrimental for Russia. There is definitely space in the region for Russia to operate but without a diversification of ties it cannot be a credible player. This is the reason why Russia needs urgently to improve its economic dynamics and actively pursue bilateral ties with Japan, South Korea and even US in NEA. Otherwise, it risks being overtaken in influence by other states. If that happens, while China might remain its strategic partner, its importance for Beijing will decline (unlike present where Russia remains an important player despite its weakness), truly making it a marginal player.

5. RUSSIA'S POLICY TOWARDS SOUTHEAST ASIA

5.1 THE REGION OF SOUTHEAST ASIA

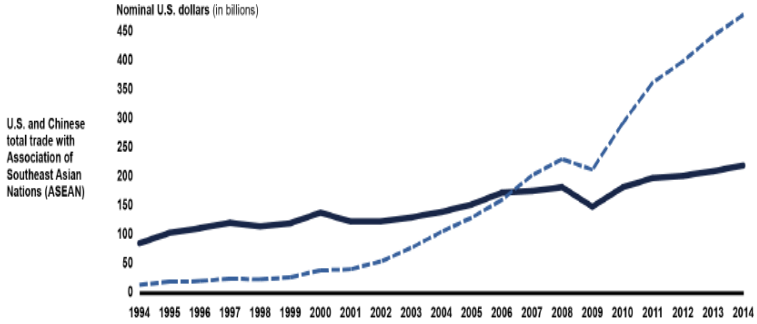
Comprised of the ten states of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam – the region of Southeast Asia (SEA) has been deeply impacted by regional and world events in the past three decades – from the end of the Cold War to the rise of China as well as the emergence of regional powers and multilateral organisations.

While the years immediately following collapse of the Soviet Union were a period of American hegemony in the region, the developments in China have led to a reassessment of that idea. Bordering seven of the ten Southeast Asian states, China has now become the region's largest export destination, its largest source of imports and tourism as well as a growing source of FDI and arms. It has signed an FTA with ASEAN and is looking at increased engagement with SEA and the regional organisations so as to strengthen its idea of a multipolar world order, besides attempting to reassure the world of its 'peaceful rise' (Cook 2014). However, SEA has been wary of these developments, looking at not just China's rise as a double-edged sword but also wondering about the impact it would have on policies of other major powers in the region.

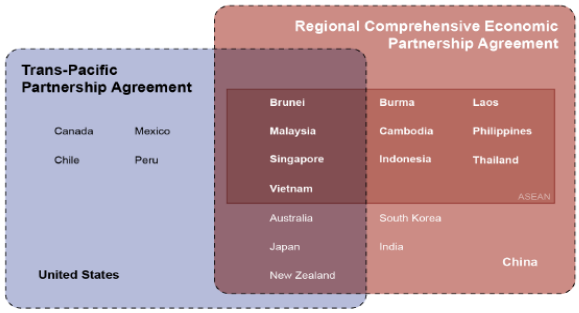
Since the 1990s, a regional strategy to maintain peace, foster economic development and prevent great power clash within the region has slowly emerged. As has been pointed out in earlier chapters, the classic realist assumptions of states balancing against the rising power by forming countervailing coalitions or bandwagoning with the emerging power have been displayed to a lesser extent. Instead, most states have chosen the middle path by focussing on hedging (not choosing sides) – as will be explained in the coming paragraphs. The strategy has involved engaging in economic cooperation with China in order to 'socialise' it into the 'international community' but at the same time using US as a 'security hedge' against China because they are not clear as to the implications of this rapid rise (Chung 2004). The strategy has involved 'engaging China and trying to socialize it as a responsible great power, while helping to sustain US forward deployment and military deterrence in the region' (Goh 2016). This has been clearly demonstrated through the behaviour of states in the region – in economic, political, military and strategic domains. The US has provided stability in the region through the Cold War

years and is also one of the leading trading partnersof the Southeast Asian states. But the fact that China has become the largest external trade partner for Southeast Asian states has greatly increased its strength regionally. Even though the US still invests more in ASEAN states than China, it has made Beijing a critical stakeholder in the region. The most visible of the changes underfoot could be seen in 2007 when China overtook US in terms of goods trade with the Southeast Asian states. In fact, by 2014, the US government noted that 'China's total goods trade of $480 billion was more than twice the U.S. total goods trade of $220 billion' (GAO 2015). The dependence on China is far more pronounced in Laos, Cambodia, Myanmar and Vietnam while the six other more developed Southeast Asian states have a better balance in terms of trade with the two biggest world economies. While the economic dynamics are clearly undergoing a change[67], the regional states have attempted to hedge with both the major powers not only by maintaining deep economic relations, but also by attempting to participate actively in negotiations for both Trans-Pacific Partnership (TPP) led by US and Regional Comprehensive Economic Partnership (RCEP) led by China[68]. In Southeast Asia, Philippines and Thailand are formally US allies who have been accorded the title of

[67] Figure 5.1: Change in ASEAN regional trade from 1994-2014 as China overtook US. Source: GAO, 2015.



[68] Figure 5.2: ASEAN states in RCEP and TPP negotiations
In classic hedging behaviour, most ASEAN states are engaged in talks for both TPP and RCEP. Source: GAO, 2015.



'major non-NATO allies,' translating to increased US military aid and assistance (Goh 2016). Philippines, a party to the dispute over South China Sea[69] (SCS) against China has seen its position in the region weakened by political and economic troubles. It sees Chinese advances in South China Sea as particularly troubling because the former's claims encroach into its exclusive economic zone. Since Philippines decided to take China to the International Court of Arbitration in 2013 over the dispute, bilateral relations have suffered greatly, even resulting in the ambassador being withdrawn from Beijing. In view of the situation, Philippines decided to revitalize its ties with the US and several steps have been taken in this direction.

As Thayer (2014) notes, a mutual defence treaty has been revived, strategic dialogues now take place between the two and 2+2 format for foreign and defence secretaries has been established. A joint vision statement for security cooperation was also signed in 2013. It has a visiting force agreement (VFA) where US troops have been involved in helping anti-terror operations. The 2014 Enhanced Defence Cooperation Agreement (EDCA) will allow Manila to have US forces in a large number on its soil. The other

[69] The South China Sea dispute refers to claims over territorial sovereignty by multiple states which include China, Vietnam, Philippines, Taiwan, Malaysia and Brunei. The competing claims are both over ocean areas as well as two island chains called the Paracels and the Spratlys as well as some other formations like Scarborough Shoal. The South China Sea is a critical transit route with about $3 trillion worth of trade passing through the waters, including vital oil and gas resources. It is estimated that the area is rich in natural resources and mineral wealth besides being a fertile fishing area. China laid its claim to the area in 1947 by releasing a map which showed the Paracels and Spratlys as part of historical Chinese territory. This is disputed by other nations making the entire area contested by overlapping claims. Various parts of Spratlys are claimed by Taiwan, Vietnam, the Philippines, China and Malaysia while Paracels has seen claims by China, Vietnam and Taiwan. Vietnam claims historical claims over both islands dating back to seventeenth century while Philippines has laid claim to Scarborough Shoal citing its proximity to its territory. Malaysia and Brunei have pointed out that Chinese claims infringe on their exclusive economic zones under the United Nations Convention on the Law of the Sea (UNCLOS). While tensions have flared up in the past between China and Vietnam as well as China and Philippines, recent years have been marked by increased contentions as Beijing has engaged in wide-spread artificial island building activity in the disputed waters – both to expand existing islands and create new ones. It has proceeded to build infrastructure – both civilian and military – over these newly constructed islands and even carried out naval exercises. This has prompted protests from other claimants and Philippines took China to the arbitration tribunal under UNCLOS in 2013, proceedings of which have been boycotted by the latter. China wants to carry out bilateral negotiations. ASEAN had brought out a declaration on the conduct (DOC) of parties in the South China Sea in 2002 with the aim of framing a code of conduct to help move towards resolving the situation, but has not been successful so far. ASEAN states have been divided over the issue – split between those who are claimants to the SCS and those who are not. The US, while not a party to the dispute, has carried out Freedom of Navigation exercises in order to emphasize that these are international waters. It has also extended support to Southeast Asian states involved in the dispute while Japan has supplied maritime equipment to Philippines and Vietnam (BBC 2016b, CFR 2018b).

regional states involved in the dispute over South China Sea are Vietnam, Malaysia, Indonesia and Brunei.

Vietnam has actively hedged its relations with China by an incremental improvement in ties with US, shedding its Cold War enmity. US and Vietnam signed a bilateral trade agreement in 2000 and have slowly expanded military ties that include military exchanges. A Memorandum of Understanding in 2011 about US-Vietnam defence cooperation was signed followed in 2013 by a joint statement on comprehensive partnership which led to even greater defence cooperation. The restrictions over sale of maritime security equipments were lifted by the US, besides Hanoi seeking to use Japanese partnership in improving its coast guard, radar and training facilities in the maritime domain. However, this does not mean Vietnam has joined the US camp. It has been careful not to antagonize China, a close ally. This can be seen in the steadfast reiteration of its 3 NOs policy which has determined its defence policy: 'no military alliances, no foreign military bases on Vietnamese territory and no reliance on any country to combat others' (Nguyen 2015). Also, defence ties with China have been improved while dispute over South China Sea has not been allowed to come in the way of other bilateral dealings (Thayer 2014). Russia remains a major supplier of arms and as Sutter (2003) points out, is also seen by Vietnam as a counterweight to China. Having worked towards furthering its close partnership with ASEAN, it can be deduced that Hanoi is attempting to maintain cordial relations with all the parties involved in order to promote its national interests and prevent any destabilizing of the region's power equations. Similar hedging behaviour has been demonstrated by other states in Southeast Asia. Malaysia has engaged in defence cooperation with US, allowing port calls to American aircraft carrier (Chung 2004) and conducting joint training exercises of troops while focusing on working with Beijing in the area of non-traditional security threats. It has been increasingly vocal about what it sees as Chinese encroachment into its territorial waters while at the same time engaging in security dialogue with the latter since 2012 (Goh 2016). While it is engaged in territorial dispute with China, like others in the region, Malaysia has tried to not let it affect other aspects of the bilateral relationship, signing a comprehensive strategic partnership agreement with the rising power. China is today its largest trading partner but Malaysia has also expressed its interest in TPP (Thayer 2014).

Brunei, which is also involved in dispute over territory with China, has improved its defence cooperation with US while at the same time engaging with Beijing in various areas as part of its hedging strategy. In fact, it is the only state involved in the SCS dispute that has entered into an agreement with Beijing to develop the area jointly (Goh 2016). Indonesia has displayed signs of the same strategy in the prevailing scenario and developed bilateral ties with both US and China. Relations with China were upgraded to the level of comprehensive strategic partnership including military-to-military exchanges in 2013 and Jakarta also conducted joint naval exercises with China in the disputed area, engaging in a behaviour that keeps its options open' (Goh 2016). At the same time, it has initiated an active security engagement with US at a brisk pace, including permitting US navy ships to undergo repair work in domestic ports as well as signing a deal for supply of F16s. This was made possible after a ban imposed on military financing and lethal defence equipments by the US in response to Indonesian military actions was lifted in 2005. In order to prevent China from dominating regional multilateral organisations; Indonesia has worked to expand the membership of these bodies to include outside powers besides seeking to enmesh both US and China in ASEAN-centric institutions (Thayer 2014). It has also fostered closer ties with Japan in seeking a defence relationship, securing equipment and focusing on maritime security.

All these developments have however not borne out the fears of an arms race because despite a relatively high percentage increase in the total defence spending in the region (45 per cent from 2005-2014), the rise has been from a low base and a need to modernize forces, particularly after the missed opportunities due to the financial crisis of 1998 (Goh 2016). Also, as a share of overall regional GDP, the spending has remained almost unchanged in almost a decade (Heiduk 2018). At the same time, as the author explains, the acquisitions by maritime regional states have been strategic – both in response to China's defence spending and policies as well as 'the possible impact on regional security of US–China geostrategic competition.' Bitzinger (2010) calls the situation a 'regional arms competition' that has not yet reached the level of an arms race, since the states are proceeding at a gradual rate, are not driven by antagonisms against their regional neighbours, are not seeking dominance over others through their acquisitions and are modernizing in response to an external power – China. Also, in comparison to

other major spenders on arms, Southeast Asia is a relatively minor player and is seeking to maintain cordial relations with the rising power in the region instead of engaging in overt conflict. In addition, the behaviour of states like Malaysia, Brunei and Indonesia also argues against a situation of arms race where they have worked to deal with issues arising out of SCS dispute in a 'quiet manner' (Goh 2016).

Singapore, which is not a party to the SCS dispute, has cordial relations with both US and China. It wants ASEAN to assume a central position in resolving any regional disputes. While it is the only ASEAN state to have a free trade agreement with China, Singapore also entered into a Strategic Framework Agreement with US in 2005 that 'signalled alignment with US' (Thayer 2014) alongside its vocal support of the American pivot to the region. It is also host of one command of the US Seventh Fleet. It conducts joint military exercises with the Western nation alongside Indonesia, Malaysia and Thailand and has offered increased support to US navy. At the same time, it has advocated inclusion of China into regional multilateral bodies for its peaceful rise and has deep economic connections to both the powers. Thailand, which like Singapore is not an active party to the SCS dispute, is a close US partner. It has continued this policy and remains cautious about China; even though it has taken steps to steadily improve the relationship. The military coup in 2006 disrupted ties with US but that has since been overcome with strategic and defence dialogue getting back on track in 2012, so much so that Thailand was given the status of a major non-NATO ally (Thayer 2014). Relations with China became particularly important after the 2006 coup led to sanctions by US. A joint plan for strategic cooperation was thus signed in 2007, which led to an increase in defence ties. Bangkok also advocates presence of other powers like EU in the region and has avoided major contradictions in its policy due to the fact that it has no major security threat.

Myanmar, which saw US sanctions imposed after the military coup of 1988, does not have a very positive relationship with the West and China remains a close partner both economically and politically. Myanmar has in recent times tried to improve relations with US after the Obama administration loosened up some sanctions in 2012 after a civilian parliament was set up in 2011 that introduced reforms gradually and arranged for a presidential visit. However, it is still early days for this relationship even as the Burmese rulers remain heavily dependent on China for political, economic and military support.

Laos and Cambodia have low levels of economic growth and remain under Chinese influence, seeing their ties with US as of being 'secondary importance' (Brown 2012) and hence have taken only limited measures to improve relations with the US. These three Southeast Asian states, which are also not a party to the SCS dispute, have seen their domestic political issues resulting in strained ties with the US. Therefore, they have followed a 'policy of accommodating China's rise through ASEAN's structure and political bandwagoning' (Thayer 2014), diverging from the hedging behaviour evident to a large or small extent among the other ASEAN states examined above. Even on the SCS dispute, the three above mentioned states have broken ASEAN unity in not siding with their regional partners but adhering to the Chinese position. Also, these differences in approaches over South China Sea have revealed that different states have followed varied strategies depending on their national interests and not adhered to a united approach under ASEAN. The consensus format of making decisions by ASEAN has slowed down its decision making on SCS and led powers to use bilateral relations to address their concerns (Ba 2014). Thus, as Cook (2014) notes, the two major problems for Southeast Asia here include an increase in tension among members that disrupts its unity, thus harming the centrality of ASEAN in the region and a fear of 'being forced to choose sides in great power rivalry.'

Since the SEA states do not want China to feel threatened by following containment policies nor do they wish to be caught in a US-China competition, they have taken steps to not be overtly critical of the rising power (Brown 2012) even as they have worked to keep US engaged in the region while also inviting other powers. This policy points to a view in maritime regional states, especially those affected by the SCS dispute that the American presence will act as a bulwark against Chinese ambitions. These developments have taken place alongside what Chung (2004) has called the Chinese policy of 'counter-hedging' which among other measures involves strengthening its ties with the Southeast Asian states in political, economic and military fields while seeking to weaken bilateral ties of US with other states. The behaviour of regional states and China seeks to preserve the economic benefits of stability in the region, a part of which has been ensured due to steady American presence (Brown 2012). However, the author notes that the growing

assertion of China in South China Sea since 2009-10 has resulted in further complicating the delicate balancing act in the region.

In the economic field, Beijing has hugely improved trade ties with individual Southeast Asian states[70], upstaging the US from its position as a leading trade partner. It is looking to act as an 'engine' of economic growth and investment in the region so as to strengthen its position and gain influence in the region. It has also adopted a dogged diplomacy strategy while seeking to prevent use of military means to expand its authority.

The prevailing conditions have led regional states to believe that an over-dependence on the US – like in the Cold War days – will not work in the current scenario (Ba 2014), heightening the regional dilemma. While the states remain worried about any kind of military build-up by US leading to a commensurate reaction from China and its impact on regional stability (Thayer 2014), they also fear the consequences of a US withdrawal, thus feeling reassured by the announcement of US pivot to Asia in 2012. Especially when it comes to maritime states in the region, the US remains 'key security partner and provider' (Cook 2014). The countries do not want to confront either of the two major powers in the region, carefully building 'broad, multi-directional engagement strategies' while at the same time pursuing 'limited alignments with one or more great powers' (Ciorciari 2009). He has termed the strategy 'Balance of Influence' rather than 'Balance

[70] Table 5.1: US and Chinese trade (in $ mln) with ten SEA states in 2014. Source: ASEANstats, 2014

			2014	
Reporter	Partner	HS Code	Export	Import
Brunei Darussalam	China [CN]	00	97,143,099.03	357,739,471.59
Brunei Darussalam	United states [US]	00	19,748,560.97	325,350,570.11
Cambodia	China [CN]	00	356,595,298.22	3,710,084,985.40
Cambodia	United states [US]	00	2,000,173,696.57	217,322,271.88
Indonesia	China [CN]	00	17,605,944,452.00	30,624,335,480.00
Indonesia	United states [US]	00	16,530,102,994.00	8,170,107,724.00
Lao PDR	China [CN]	00	705,208,861.58	575,579,812.01
Lao PDR	United states [US]	00	24,952,882.80	21,685,749.70
Malaysia	China [CN]	00	28,171,813,877.53	35,314,125,289.59
Malaysia	United states [US]	00	19,678,608,843.51	16,010,690,941.43
Myanmar	China [CN]	00	4,026,260,648.88	5,021,558,284.00
Myanmar	United states [US]	00	42,659,706.78	483,166,609.46
Philippines	China [CN]	00	8,467,435,296.00	10,472,223,359.00
Philippines	United states [US]	00	8,660,777,953.00	6,110,633,240.00
Singapore	China [CN]	00	54,646,264,789.60	44,403,371,479.04
Singapore	United states [US]	00	21,700,380,286.07	38,082,140,141.16
Thailand	China [CN]	00	25,084,400,326.04	38,498,344,669.00
Thailand	United states [US]	00	23,891,606,546.60	14,579,598,532.10
Viet Nam	China [CN]	00	14,851,577,275.54	43,721,234,866.78
Viet Nam	United states [US]	00	28,664,223,777.07	6,293,989,648.56

ofPower.' Under this, states use a mix of 'military, economic, institutional and ideational dimensions' with the aim of 'inclusiveness' through inviting 'competing great powers to participate in regional economic and diplomatic efforts.'

The maritime SEA states have tilted more towards the US in varying degrees without balancing China. Philippines and Singapore feel more comfortable with a certain level of American primacy while Malaysia and Indonesia have preferred regional bodies as a way to avoid becoming overtly dependent on the US. In addition, they have brought in other external powers to spin a 'spider-web of defence cooperation' and established 'multiple lines of defence' (Ciorciari 2009). Thailand while maintaining warm relations with China also holds the title of a non-NATO ally. Vietnam, in an attempt to reduce threat from China, has diversified its defence ties through outreach to external powers while trying not to invite any problems with the rising power. China does have disproportionate influence over Myanmar and Cambodia based on their economic dependence on the former.

The US also sees China as its competitor in the region, prompting it to increase its interest in regional organisations, expressed in its joining of groupings US has not had a central role in establishing (EAS, ADMM Plus). There has also been a renewed economic engagement with the region as US has proposed the Trans Pacific Partnership, despite not having signed an FTA with ASEAN. It has been pointed out that since economic relations are of deep consequence when it comes to SEA, the American focus on bilateral trade agreements rather than region wide ones have had a diplomatic cost attached to it. Despite this limitation and the increasing inter-connectedness of Southeast Asian and Chinese economies, the US alongside Japan and EU has remained the leading trade and investment provider taken as a group. As mentioned earlier, some regional states like Malaysia, Vietnam and Brunei are already in TPP (Cook 2014) and others too have expressed interest even as they negotiate the RCEP. Economic ties have been considered crucial in giving various powers a stake in the region's stability and peace, which is why a whole network of interdependent relations have been created. This enmeshing of a number of powers would not only prevent dominance by a single state but at the same time avoid conflict by the threat of economic costs associated with any disruption. This diversification is also taking place so as to 'preserve leverage' with regard to multiple

powers (Ciorciani 2009).ASEAN has called for using its offices to maintain regional stability and resolve any disputes peacefully. This has been done through engaging with US, China as well as other powers in the region through multilateral bodies to enmesh them as deeply as possible with a view to utilizing their power collectively for leverage. As Ciorciani (2009) explains, here the focus of states is to use rules and multilateral diplomacy in dealing with major powers while preventing dominance by a single player, whether established or emerging to reduce chances of conflict.

Not just ASEAN but the creation of a flurry of multilateral organisations to deal with security, economic and political matters linked to it has been another strategy to maintain the Southeast Asian balance of power in context of the broader region. The policy of 'enmeshing' China within regional bodies is being seen as a 'long-term insurance policy of socializing China' (Goh 2016). This has the advantage of China becoming invested in maintaining peace to prevent any negative impact on its growth story.This, the author argues, reveals apprehension about Chinese intentions among the regional players and has strengthened hedging behaviour, which allows flexibility of behaviour with regard to both Washington and Beijing. Ciorciari (2009) also sees a similar strategy being adopted, which he notes has been operating on a dual track – one that involves 'advancing norms, institutions and economic interdependence' while the other involves 'military development and traditional great power alignment.'

The fact that close ties to US are being supplemented through other bilateral and multilateral networks, has led to a renewal of the role of regional players in decision making. Other major regional power - Japan - too has been competing with China in the region by increasing its economic and investment profile in the region. Tokyo sees the region as important due to economic linkages, connectivity and resource availability. In order to preserve its position, it has strengthened ties with 'like-minded states' of Indonesia, Singapore, Philippines, Vietnam and Malaysia (Cook 2014). While it has been careful not to get into any overt conflict with China, Japan has been a source for SEA states looking to improve their maritime surveillance and defence capacities. It also engages in regular military exercises with Southeast Asian states – some of the major ones include Cobra Gold, CARAT and RIMPAC. For Southeast Asia as a whole, Japan is

the third largest trade partner behind China and EU with a total volume of $229 billion dollars, surpassing US, and also being the second largest investor.

As is evident from the above discussion, Thayer's (2014) argument holds ground that apart from Philippines – which is actively balancing against China – other major regional states have followed a mixed policy of engaging with various players to manage regional power equations; enabling them to have political and economic contacts with multiple powers. This is being done with a view towards preventing any one power from exercising 'unwanted dominance' in the region that has become more multipolar, shedding the US primacy of the immediate post-Cold War years and reducing power-balance practices without excluding great powers (Ciorciari 2009). Such a hedging strategy would also maintain a middle ground for the states involved and reduce risks of uncertain behaviour.

This has also meant welcoming other external powers in the region – India, Russia, UK, Australia, New Zealand to name a few apart from the ones already deeply involved in SEA. Since the region is important to these external powers, they have also expressed a readiness to engage with Southeast Asia. This policy being followed by the region has created an opening for Russia as an external power to make its presence felt in Southeast Asia. It will now be examined whether that opening has been exploited and whether it has been enough to help Russia present itself as an important player in the region undergoing critical changes in the presence of these multiple powers and organisations.

5.2 RUSSIAN INTERESTS IN SOUTHEAST ASIA

As Russia looks towards the broader Asia-Pacific in pursuit of a multi-vector foreign policy, it has taken note of Southeast Asia, which as a region is expected to be the fourth largest economy in the world by 2050. It is not the only one making such an assessment, given that US, Japan, China and India among others have already expressed interest in the region (Cook 2014).

In an attempt to forge better ties, foreign minister Sergei Lavrov (2010) has in his writings actively highlighted Russia's historical ties to countries in the region, according to which the contribution of Soviet Union in defeating Japan in World War II brought 'peace and freedom to the peoples of Asia.' He also pointed to the role of Soviet Union in the National Liberation Movements in Asia as well as past relationship with countries in

Indochina. However, as Tsvetov (2016a) notes, Russia can hardly draw on history to build a base for its partnership with the region, particularly since the Cold War was characterised by ASEAN viewing Soviet Union as a major threat –Vietnam, Laos and Cambodia being the exceptions. The years following the end of the Cold War saw a stagnation in Russia's ties to Southeast Asian countries as the former superpower struggled to deal with domestic issues and neglected the region till it could regain its own footing. As Podberezksy (2007) also points out, the Southeast Asian 'direction of Russia's foreign policy is relatively new.' The end of the Cold War has helped allay concerns of the states in the region and Russia is not perceived as a threat any longer. In the current scenario, there are also various areas of non-traditional security threats where the interests of the two entities come together. Russia wants to improve its ties with the regional states, particularly in the light of its focus on building a multipolar world order based on 'pragmatism and transparency' (Kremlin 2012). There is also a focus on development of Siberia and Far East through economic cooperation with Asia-Pacific. As the then President Medvedev (2010) declared, 'Russia...seeks to promote our goods, technologies and investment in ASEAN markets. At the same time we are interested in engaging the modernization capability of the Association's member countries, in particular to advance the economy of Siberia and the Far East. Therefore we consider trade, economic and investment cooperation to be among the top areas of our interaction.' The economic problems in the European Union post the 2008 financial crisis, which highlighted the need for a diversified economic structure, also prompted a focus towards the East in Russia. The post-Ukraine sanctions of 2014 have further driven the point home as Russia seeks to not only reduce dependence on the West but also its strategic partner China, leading it to seek new opportunities in Southeast Asia (Storey 2015).

If one takes the current situation into account, Russian economic interests in the region are based upon its presence in three specific areas: oil and gas, nuclear energy and arms sales. SEA has had a crucial role in the energy markets, especially in the demand and supply cycle. The oil and gas sources in the region have shown signs of depleting at a time when the demand has skyrocketed, leading to apprehensions of potential eruption of conflict. The fears are not all imaginary, for instance, in the case of Spratly Islands which are believed to contain hydrocarbon resources and on which China, Malaysia, Vietnam,

Philippines and Brunei all stake claim. This makes energy security a key element in foreign policies of states of the region (Ernsberger 2006). In this scenario, Russia has sensed an opportunity as regional powers look to achieve energy security and reduce dependence on oil imports via Straits of Malacca[71] that is considered an easy chokepoint. Even China, which has been apprehensive about blockade of the Straits affecting its energy supply, has worked hard to find alternative routes, including involving Russia as an important source.

Russia sees the region of Southeast Asia as an important market for its arms. Apart from the profit motive, it also seeks to use the sales as a means of expanding geopolitical influence by 'reinforcing its reputation' as a leading weapons exporter in the world (Blank and Levitzky 2015). The Russian weapons, despite the problematic servicing issues, do enjoy a positive standing and benefit from being lower in cost as compared to Western weaponry. The sales have been facilitated by a steady rise in defence budgets in SEA, with Storey (2015) pointing out that the total defence spending grew by 37.6 per cent in the period between 2010 and 2014. In fact, arms sales are a major sector through which Russia seeks to expand its influence in the region apart from export of natural resources given that it has had limited success in establishing a high level of economic cooperation. The weapons export and establishment of military-technical cooperation is an important way ensure 'access and influence' in the region (Blank and Levitzky 2015). Also, the authors note, the desire among regional states for diversification of supply gives an opportunity to Russian policy makers to maintain an 'independent foreign policy' in the region besides helping the former superpower establish closer ties with states in a region where it has limited reach in order to further its interests. It has established itself as an important supplier(see table 3.2) in the region by skilfully 'exploiting regional frustrations with the US' as well as by offering competitive prices (Buszynski 2006). Given that SEA states have been worried about China's steady increase in military

[71] The Straits of Malacca, which runs through Indonesia, Malaysia and Singapore, is a critical pathway for trade and sees most of the region's oil supply pass through it, strengthening its reputation as a critical 'choke point.' It is a 'key link' between Pacific and Indian Oceans, reducing the distance between Europe and the Far East Asian region by a third (Hirst 2014). It transports oil from Africa and Middle East to consumers in Asia and in 2011 saw 17 per cent of the total world oil production on a per day basis pass through the straits. In 2010, 'almost half of the world's total annual seaborne trade tonnage' passed through the Straits of Malacca (Hirst 2014), a volume that is slated to rise alongside the economic growth projections for the region as well as increase in demand.

budget and its improved defence capabilities – particularly the decision to modernize its navy and expand the 'borders of its maritime zone of responsibility' – this has created a situation where countries have been willing to spend more on defence acquisitions (Klyuchanskaya 2011). The threat of piracy and terrorism is another factor for increase in weapons purchases, creating an opening for Russia to exploit.

Moscow has also declared its intention (soon after the Ukraine crisis) to expand its military foothold across the world, including Asia. As a first step, it has expressed interest in 2012 in gaining port access to Cam Ranh Bay in Vietnam. A Soviet naval base, Russia closed its operations in 2000 as part of its reduced military presence in the aftermath of the collapse of the Soviet Union. Blank and Levitzky (2015) note that this would help Russia in projecting its power and also help it balance against China to a certain extent. As of now, the two countries are negotiating permits for port visits for maintenance, which the authors also identify as a part of Russia's pivot to Asia. The access to Cam Ranh Bay is important due to its role in helping Russia expand its influence in Southeast Asia (Kim and Blank 2013). The authors also note that South China Sea is significant for Russia strategically as well as in terms of resources.

The melting of the ice around Arctic Sea has opened up the possibility of the Northern Sea Route[72] that when operational will reduce shipping time towards Asia, making Russia an important player. All these possibilities are recognized by the Russian government which can be seen in President Putin (2014a) floating the idea of giving a 'free port status to Vladivostok with an attractive and easy customs regime' while also declaring the necessity of development of the Northern Sea Route to act as a transit route and to promote economic progress in the Russian Arctic territories and Pacific coast. Already, Moscow has worked towards reviving the Pacific Fleet with a view to project its influence in the wider Asia-Pacific but has worked steadfastly to present a positive image and not threaten/undermine regional states (Kucera and Pejsova 2012). This is because it realises that an assertive naval policy would not serve its interests in the region and will

[72] The Northern Sea Route is a maritime trade route between the Atlantic and Pacific Oceans moving along the coast of Siberia and Russian Far East. It is part of the shortest distance between Northeast Asia and Northern Europe. When operational, it would reduce shipping time from Asia to Europe in half as compared to the current route that passes through Suez/Panama canal/Malacca Straits. Already, the route has seen a 53 per cent rise in cargo transportation from 2011 to 2012, bulk of which was made up by energy products. In the short term, the viability of the route would be limited by variations in ice melting as well as a limited number of ports (Wishnick 2013).

only exacerbate any potential conflict, leading it to adopt a policy which is not aimed at changing the 'existing geostrategic status quo' in the maritime domain (Kanaev and Pyatachkova 2015).

When it comes to SEA, Russia neither has any territorial disputes with regional states nor has been engaged in a rivalry with them as a post-Soviet state. The ideological differences of the Cold War are behind them and Russia is no longer feared in the region. This puts it in a unique position of being an independent player who can act as a negotiator in case a need arises. As Blank (1999) argues, this fits in with the regional states' view in which they prefer to bring in powers that 'do not have designs on the area' and only seek to establish a 'general commitment to multilateral security procedures throughout Asia.' Kucera and Pejsova (2012) point out to Evgeny Kanaev's argument that Russia can contribute to peace in the disputed waters by supplying oil and gas to the parties, thus reducing competition for resources. The opening up of Northern Sea Route has the potential to further reduce the concerns over choke points in the Straits of Malacca through which critical trade moves, putting Russia in an important position.

At present, its position in Southeast Asia is constrained by a limited economic presence, a low level of investment and geographical distance. While the last hindrance can be overcome to an extent by using RFE ports to give an impetus to commercial ties, these routes are heavily dominated by Japanese and South Korean companies offering tough competition (Mazyrin 2010).

5.3 RUSSIA'S BILATERAL RELATIONS WITH SOUTHEAST ASIAN STATES SINCE 1996

Rangsimaporn (2009) has pointed out that the region only slowly gained in importance among policy makers in Russia, after Southeast Asia's economic revival post-1998 financial crisis while earlier, most of their attention was focused on Northeast Asia. Recognizing its strengths, Russia has focused on arms sales, oil and gas and nuclear energy in order to make its inroads in bilateral ties, besides trying to establish itself as an important geopolitical player in a region undergoing rapid changes in terms of balance of power.It has long-standing ties with Vietnam, which after a period of drift following the collapse of the Soviet Union have been slowly revived. As a gesture of goodwill, Russia even wrote off 70 per cent of the debt owed by Vietnam in 2000. Today, Vietnam is the

closest partner of Russia in the region with the relationship characterised as 'comprehensive strategic partnership' (and the only such declaration in the region as can be seen from Table 5.2 below). Arms sales constitute an important part of the bilateral equation here, with Russia being Vietnam's largest supplier, meeting 80 per cent of its imports between 1990 and 2010. In fact, in 2010, the two countries signed contracts worth $5.5 billion in arms sales. The tenure of President Medvedev coincided with a revival of the bilateral partnership. Vietnam not only got behind Russia's bid to join the World Trade Organisation (WTO) but also extended support towards its growing role in regional multilateral organisations (Kozyrev 2014).

Vietnam has focused on procuring fighter planes and submarines as it remains embroiled in a dispute with China over competing maritime claims in South China Sea. Other purchases include missile boats and frigates, besides Moscow also building the coastal infrastructure for the submarines supplied. It sees Russia as the key towards modernizing its forces and weaponry (both air and naval capabilities), with an eye on guarding itself against China (Bitzinger 2015). Despite the fact that Vietnam is on a buying spree in the defence sector primarily on account of perceived threat from China, Russia has not had any qualms about supplying both parties with their demands, eyeing not just the profit motive but also keeping communication open with both sides that might put it in the role of a mediator one day based on its cordial relations with the two parties.On becoming comprehensive strategic partners in 2012, Russia and Vietnam cited 'high level of political confidence and trust' besides 'robust military cooperation' as the reason behind the move (Kozyrev 2014). The bilateral defence cooperation was formalised the next year with the signing of the military cooperation pact. As Tsvetov (2016a) notes, Hanoi made it easier for Russian ships to make port calls at Cam Ranh Bay, which used to be a naval base for Soviet Union during the Cold War. This, as Kozyrev (2014) explains, can help Russia make bridges towards the broader region. In addition, it would foster further military ties between the two states as well as fulfil Vietnamese goal of engaging Russia in the regional security architecture (Tran et al. 2013). This also works to Russia's benefit in helping it assert its position as an important player in the region.In terms of economics, out of the total Russian investment of $698 million in Southeast Asia from 2012-14, $420 million went to Vietnam alone. Most of this investment has been in the oil and petroleum

sector with some also going towards heavy and light industries and transportation; underscoring the close relationship the two have in the oil and gas sector.

Russia has been a key partner of the Vietnamese oil sector since the Cold War days, a cooperation that has continued in the post-Soviet period as well. Gazprom has already signed a bilateral deal that would give it a minority stake in two gas projects off the coast of Vietnam. Since 2006, Gazprom and Petrovietnam have signed an agreement to work together on 'exploration, development, transportation and utilization of natural gas, oil and other natural resources' (Kusera and Pejsova 2012). Eventually, this has led to joint exploration and development of oil fields even in the disputed areas of South China Sea, claimed by both Vietnam and China. In fact, the joint venture Vietsovpetro between the two countries in 2004 accounted for 74 per cent of Vietnam's oil revenue and 60 per cent of its total oil production (Buszynski 2006).

Table 5.2: Strategic Partnerships of Russia in Southeast Asia

	COUNTRY	DATE	AGREEMENT
1	Brunei	-	-
2	Cambodia	1995	Joint Declaration on the Foundations of Friendly Relations
3	Indonesia	2003	Declaration on the Foundations of Friendly and Partner Relations
4	Laos	2011	Declaration on Strategic Partnership in the Asia Pacific Region
5	Malaysia	-	-
6	Myanmar	-	-
7	Philippines	-	-
8	Singapore	-	-
9	Thailand	-	-
10	Vietnam	2012	Comprehensive strategic partnership

Source: MID 2018

Moscow is also involved in thermal electricity generation, construction of thermal power plants as well as building of nuclear power plants with Hanoi. Putin has called Vietnam 'a key partner of Russia in the Asia Pacific' (Kozyrev 2014) and based on the heightened

bilateral activity, Blank and Levitzky (2015) believe Moscow sees Hanoi as a 'key to extending its foothold in Southeast Asia.'

Malaysia is situated at the critical chokepoint in Southeast Asia, bordering the Straits of Malacca from which about 80 per cent of global trade passes through every year. The 1990s and early 2000s saw an encouraging trend as Russia was successful in selling its fighter jets (MiG 29s and SU30 multi-role combat aircraft) to a country that had been making use of Western made weaponry since the Cold War days. This development was prompted by a conscious effort on part of the Malaysian ruling elite which wanted to 'rebalance power distribution in the region' by supporting non-Western powers (Kucera and Pejsova 2012). In addition, as the authors note, Russian sale was aided by factors including need for modernization, the military modernization of its neighbours as well as competing claims with China in SCS that required it to bolster its defence forces. The fact that Indonesia's deal with US to buy fighter jets was blocked by an arms embargo made Malaysia wary of relying too much on the west (Buszynski 2006). Russia offered favourable terms of payment, including accepting thirty per cent of the payment in palm oil, a major Malaysian export, which also sweetened the deal. However, as has been reported by other importers of Russian weaponry, it has been afflicted with problems of poor maintenance and delay in spare parts supply. In addition, as Kucera and Pejsova (2012) explain, on a 'technical and military-to-military level,' the relationship between the two is not 'warm.' Till recently, despite its potential, there has been little cooperation in the oil and gas sector between Russia and Malaysia. While most of the exports to Malaysia were of oil and other natural resources, chemicals and aluminium, the total trade volume touched a mere $2.7 billion in 2014. Despite the low volumes, Malaysia is one of the main trading partners of Russia in SEA, revealing its low level of economic penetration. The major imports from Malaysia consist of machines, equipment and agricultural products. Since 2011, regular meetings at the highest level have taken place annually, unlike the earlier years when clear gaps could be seen in top-level interactions. As mentioned, the desire of the ruling elite to include Russia in regional forums as a counter to the West has increased its value, based less on economic heft and premised more on the diplomatic influence it can wield (Buszynski 2006). The area of space has

emerged as an area of cooperation with Russia deciding to launch Malaysian satellites as well as train cosmonauts.

The collapse of the Soviet Union brought an end to the two-and-a-half decade downslide of relations with Indonesia, which had begun as General Suharto took charge after removing the founding president of the nation Sukarno from power. Indonesia, which is rich in oil and gas resources, has seen about 70 per cent of its resources produced by foreigners but has limited Russian presence. Only in 2007 did a Russian company (Lukoil) sign its first deal to extract oil in Indonesia. While Russia has 'failed to make full use of opportunities' that this market offers, the space has been filled by US, China and others (Tarusin 2010). By 2014, trade had shown signs of increasing and in the first six months of the year touched a total volume of $1.3 billion. Among Indonesia's top import markets, Russia stands at 14th place.

Indonesia had followed Malaysia in expressing interest in buying Russian aircraft and weapons in 1996-97, realising the need for modernization, but had to put its plans on hold as the Asian financial crisis broke. Since recovering, it has expressed interest in buying Russian arms – purchasing four Sukhois in 2003 and indicating demand for more. An MoU on improving 'military and technical cooperation in 2006-2010' has also helped the process, leading to the $1 billion arms deal signed between the two countries during 2007 visit of Putin to Jakarta. This included ten transport helicopters, five assault helicopters, twenty amphibious tanks and two submarines – to be paid through a fifteen year loan extended by Russia. This in turn allows Russia to diversify its arms exports beyond the traditional buyers in Asia. The sector has faced budgetary issues preventing Indonesia from modernizing its armed forces to the full extent required, further exacerbated by the 2008 financial crisis (Buszynski 2006, Klyuchanskaya 2011), even as it has taken steps in the direction.

As Gnanasagaran (2018) estimates, Russia supplied 20 per cent of total arms imports of Indonesia between 2000 and 2016, where in recent times the latter has sought favourable terms in return for purchasing from a country under Western sanctions. These supplies, as analysed by Muraviev and Brown (2008) will help Indonesia increase its surveillance and combat capabilities, 'longer-range sea denial' and a better response time within its boundaries – overall adding to its 'geopolitical weight' in the region. The arms deal has

been facilitated by Russian policy of not attaching conditions to the weapons sale, as opposed to the US which imposed an arms embargo on Jakarta in 1999 over its actions in East Timor. Even after the ban was lifted in 2005, the Indonesians were wary of becoming dependent on the West, with Moscow coming out as a reliable supplier. This outreach has also helped Russia to find a way to become an 'active player' in SEA and eventually in Asia Pacific in the long term (Muraviev and Brown 2008). This is especially significant since Indonesia borders both Pacific and Indian Ocean and has a strategic presence in the region. Given that it is also the largest Muslim nation in the world, a good relationship with Indonesia allows Russia to have a better image in the Islamic community. On the other side, the improvement in ties allows Indonesia to avoid becoming overtly dependent on either US or China, even as it maintains good relations with both these powers. Major exports to Jakarta include chemicals, minerals, metal and timber. Indonesia supplies machinery, equipment, transport vehicles, agricultural products and textiles to the former superpower. The two countries have also expressed desire for cooperation in traditional Russian stronghold sectors of space and nuclear energy.

Thailand has steadily improved its position as an important trade partner for Russia in Southeast Asia with the bilateral goods trade touching $4.9 billion in 2014, making it the second largest partner in the region. Russia mainly exports oil and other energy resources (comprising over two-thirds of the total), metals and fertilizers. In recent years, it has started supplying natural gas as well. On the other hand, Russia primarily imports cars, precious stones, machinery and electrical equipments from Bangkok. After the military coup in 2014, while Thailand saw sanctions being imposed on it by US, Moscow adopted a more hands off approach terming it a domestic matter. This has also led to Thailand expressing an interest in securing Russian arms but as of now, no deal has been reached.

Russia has today become the main supplier of arms to Myanmar, despite the fact that the latter forms only one percent of the total arms exports by Moscow. There is opportunity for Russia in this market as China is its only competitor (Klyuchanskaya 2011). The preservation of the current Burmese regime helps the interests of both Russia and China, as they engage in energy as well as natural resources trade apart from arms sales.In the other sectors, progress has been limited. Its oil and gas sector is dominated by American,

French and Chinese presence while the two agreements signed to build nuclear power plants in 2002 and 2007 remain on paper till date.

Through the 1990s, Russia moved away from the nations in SEA with which the Soviet Union had established close ties – including Vietnam, Laos and Cambodia. Instead, the focus was on the economically developed or fast developing states in the region. Slowly, the above policy underwent change as Russia recognized the potential of these states, which after joining ASEAN also witnessed rapid economic growth. Both Cambodia and Laos have seen their debts written off or settled by Russia to a full or substantial degree. Moscow remains an attractive partner to these countries in defence sector as well as science and technology (Mazyrin 2010). Other prospective areas of cooperation include energy, transport and communications sector.

Russia has even sought to establish ties with Philippines, making a bid to sell aircrafts which did not materialise. However, in 2012, for the first time, three Russian warships paid a visit to the SEA country (Wishnick 2013). Philippines has also expressed interest in becoming a hub for onwards delivery of Russian energy to the region and has been looking to diversify its energy import sources.

Diplomatic relations with Brunei were established immediately following the end of the Cold War but the first visit by the sultan to Russia took place only in 2005. The two countries have expressed interest in collaborating in areas of metallurgy, military technology among others but at present the relations remain at a very minimal level.

By 2014, the total trade of Russia with ASEAN countries stood at a paltry $22.5 billion, while at the same time, China and Japan traded goods worth $366 billion and $229 billion respectively with the Southeast Asian states. While ASEAN exports electrical machinery and equipment in large volume to Russia, the latter is a source of mineral fuels, oils and related products for the former, amounting to almost 75 per cent of what ASEAN imports from Moscow. President Putin has claimed that by 2020, 30 per cent of Russian oil will be exported to Asia, up from the current 3 per cent emphasising the crucial role Russia can play in ensuring energy security of the region. But it must be noted that most of this supply is towards Northeast Asia and only a small amount as yet is bound for Southeast Asia – mainly to Singapore, Thailand and Philippines.

The main oil importers in Southeast Asia are Singapore, Thailand, Indonesia, Philippines and Malaysia - in that order. Singapore meets almost 90 per cent of its needs through imports from Middle East – via UAE, Saudi Arabia and Qatar. Most of its natural gas demand is met through imports from neighbouring states of Malaysia and Indonesia. The demand for oil in SEA is the second highest from Thailand and despite being a producer it, meets most of its demand through imports. About 62 per cent of this comes from the Middle East while the rest is from Asian suppliers. It sources its natural gas primarily from Qatar and Myanmar. Russia supplies both oil and gas to Thailand. Indonesia, which is the largest consumer of oil in the region, sources the resource from Saudi Arabia, Nigeria, Azerbaijan, Malaysia, UAE and Brunei while being a net exporter of natural gas. Malaysia is a net exporter of both oil and gas, importing some oil for refineries from mainly the Middle East.

Philippines depends very heavily on oil imports to meet its needs, with the top three sources being from the Middle East i.e. Saudi Arabia, Kuwait and UAE. It also imports from Malaysia, South Korea, Qatar and Russia in that order. This means that Moscow supplies about two per cent of Philippines' needs. While Vietnam is meeting its demand currently from within, as the need for oil increases in the country, it is expected to see an increase in its dependency on imports. While its oil and gas exports to SEA remain limited, Russian state companies have been striking deals with regional states to develop their oil and gas fields as well as refineries with an eye on the future. In the future, it would need to develop its Far Eastern and Eastern Siberia fields so as to cater to and make inroads in the SEA market. But apart from the closeness with the Vietnamese, Russia does not have much to boast about in terms of bilateral ties in SEA.

5.4 ASSESSMENT OF RUSSIA'S BILATERAL TIES IN SOUTHEAST ASIA

In the years immediately following the collapse of the Soviet Union, it was clear that Russia did not have an overarching regional strategy and SEA wasn't sure of its place in the overall Russian foreign policy. The Asian financial crisis meant the region focused inwards towards improving its economic conditions. And it was in this area of economic ties that Russia was at its weakest, leading to its image as 'weak and stagnant' with a low level of influence over major trends in the region (Blank 1999). Apart from arms sales, Russia did not focus on improving overall trade relationship during this period. Its own

economic troubles combined with an unattractive investment market further reduced its attractiveness to SEA states. Even in political terms, as Blank argues, Russia focused on the West, Central Asia, South Asia and Northeast Asia, with Southeast Asia down the list of priorities. Amirov and Kanaev (2010) too make a similar argument that SEA has never been a high priority in Russian foreign policy, hindering the development of a positive relationship between Russia and Southeast Asia (Buszynski 2006).

As a result, in the 1990s and first half of 2000s, Russia could only establish 'peripheral relations' with SEA. Even the 2012 executive order signed by Putin 'On Measures to Implement the Russian Federation Foreign Policy,' which Tsvetov (2016a) credits with listing Asia-Pacific as the third priority behind CIS and EU only mentioned Vietnam in Southeast Asia by name, clubbing the others under the general 'other key nations in the Asia-Pacific region' (Kremlin 2012). While there are detailed instructions with regard to actions that must be taken by the foreign ministry regarding improving ties with CIS, Europe and even US, similar guidance about Southeast is conspicuous by its absence. Similarly, while Russia has declared in its 2013 foreign policy concept that the Asia-Pacific region is vital for the country and that it is an 'integral part of this fastest-developing geopolitical zone,' bilateral relations in Southeast Asia have found scant mention in this crucial document. The only regional country mentioned by name is Vietnam (Foreign Policy Concept of the Russian Federation 2013).

While the situation has improved since Putin came to power with the aim of improving economic ties and increasing participation in Asia-Pacific affairs, the policy is still in its infancy. The current trade situation leaves a lot to be desired with the total volume of trade in 2014 with SEA states amounting to a mere $22.5 billion. This means that Russia ranks 14th in the list of trade partners for the region. As Tsvetov (2016b) notes, this translates to merely one per cent of exports by SEA states that are received by Russia. The situation isn't very encouraging on the other side either, with the share of the region in overall Russian trade at 2.7 per cent. Out of the total outbound Russian investment, only 0.2 per cent of it ended up in SEA between 2012 and 2014. Moscow's main exports to the region include 'minerals (60 percent), machinery and equipment (14.5 percent), and chemicals (13.8 percent)' (Tsvetov 2016b).

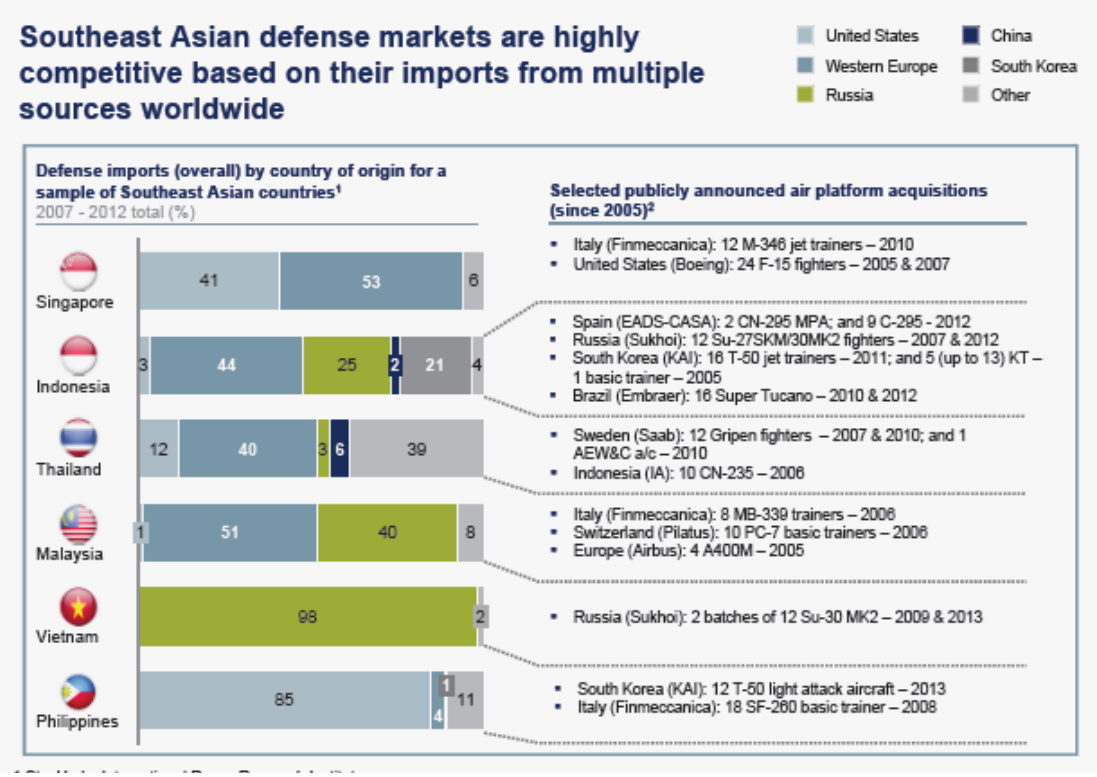
Through establishing defence cooperation and weapons sale links with SEA countries including Vietnam, Malaysia, Indonesia, Thailand, Myanmar, Philippines and Singapore; Russia has established itself as a 'one of the principal providers of military and dual-use technologies' (Muraviev and Brown 2008). The Russian arms have become increasingly better in terms of quality, capability and cost – opening up the SEA market for expansion (Bitzinger 2015), making it a 'sought after partner' in the area. There is the added benefit of SEA not being seen as a threat to Russian interests hence facilitating the cooperation. While Vietnam has been a traditional buyer of Russian weapons, Moscow has had success in approaching Southeast Asian countries including Malaysia, Indonesia and Myanmar in selling arms. Russia has, apart from lower prices, also offered counter-trade agreements as a way to make its deals attractive to the regional states. Meanwhile, it is yet to have a breakthrough in the defence markets of Cambodia, Brunei, Singapore, Philippines and Laos while having a minimal presence in the Thai market. The numbers are still significant, considering Russia increased its market share from six to 15 per cent, leading to a total volume of almost $5 billion in the five year period beginning in 2009-10 (Otto 2016).

The arms sales have acquired a distinct importance in the light of not only Chinese military modernization and expansion but also the ongoing dispute over SCS. As SEA states remain worried about China using Russian weapons against them in the South China Sea dispute, Kim and Blank (2013) point to a situation where Russia is in a position to sell weapons to both sides in the conflict. The 2009 sale of submarines to Vietnam, a party to the SCS dispute, took place despite unhappiness in China. This has also led to charges of Russia supporting a potential arms race. However, Russia has pointed out that its arms industry needs to earn profits and that even if it stops the sale, others will step in to compensate for the demand from the region. The fact that the sales besides being economically lucrative also help Russia maintain a strategic presence is a further bonus. Tsvetov (2016a) points to the increased costs for China in engaging in real conflict with say Vietnam (which has been purchasing Russian arms for modernization) over SCS dispute. Also, as the author suggests, Russia can use its offices to keep open lines of communication during any potential crisis and prevent hot conflict from breaking out – turning arms sales into a strategic avenue.

Kozyrev (2014) notes that Russia remains very close to China – which can help Beijing influence Hanoi as well as prevent it from getting too close to Washington. However, if not carefully handled, Russia can be put into a difficult situation in case of any conflict between China and Vietnam over the issue (Kanaev and Pyatachkova 2015). Also, it can make Hanoi wary, pushing it further into the orbit of other powers like US, Japan and India who could be seen as more reliable (Baev and Tønnesson 2015). Russia cannot afford to be complacent, considering it is in competition with China and US for the regional defence market (Klyuchanskaya 2011) and needs to work on exploiting the desire among states to diversify away from American imports. At present, Singapore, Malaysia, Vietnam, Indonesia and Thailand are among the top defence importers in the world from SEA. While Russia has a significant hold of the Vietnamese market, the others have kept a diversified source of supply – sourcing imports from US, EU, Russia and South Korea[73] (Dowdy et al. 2014).

While China is selling its products at a low price and basing its products on Russian designs, it is starting from a very low market share in the major SEA markets. This can

[73] Figure 5.3: Sources of arms imports for Southeast Asia, 2007-12. Source: Dowdy et al. 2014



be used by Moscow to consolidate its position before itcomes under threat. Similarly, as Klyuchanskaya (2011) notes, Russia can benefit from fears about Chinese dominance and secure deals in its favour. However, China has rapidly emerged as a defence exporter, securing five per cent of the world market in the 2010-14 period, ahead of Germany and France. This makes it the third largest weapons exporter in the world behind only US and Russia. Myanmar, which sources 21 per cent of its weapons from China, is its third largest market after Pakistan and Bangladesh and some of its arms have also made their way to Indonesia (SIPRI 2015).

Russia as an energy partner has also increased its profile (Wishnick 2013). While many SEA states possess reserves of oil and gas, they remain dependent on imports to satisfy about 40-60 per cent of their needs. The completion of construction of ESPO pipeline has opened up Russian shipping of oil to countries like Singapore, Malaysia and Indonesia. The opening up of NSR is the years ahead will provide an alternative to shipping oil through the Malacca Straits, thus 'lessening energy security fears at a time of heightened tensions in SCS' (Wishnick 2013). It is also assisting regional states in oil and gas exploration as well helping them build energy infrastructure. However, the bilateral deals at the moment remain limited and Russia would have to take significant steps to make itself a prominent energy supplier. By 2014, Asia accounted for 26 per cent of Russia's total crude exports but 24 per cent of it was bound for Northeast Asia – China, Japan and South Korea (EIA Russia 2015). This means a mere two per cent of the Asia crude exports makes it to Southeast Asia.

On the South China Sea dispute, Russia has on the whole remained neutral while supporting China in the latter's assertion that the parties involved should be the only ones taking part in its resolution. It has called for resolution of the dispute under UNCLOS and the DOC, while not ruling out playing a role to help involved parties arrive at a solution. As Trenin (2012) notes, Russia has been critical of Vietnam calling for freedom of navigation operations in the disputed area as well as of Philippines taking American help to push its claim. However, Russia did come out in support of Vietnam in its assertions regarding the South China Sea through both arms sales and energy exploration in the disputed area, with China expressing discontent over their energy and defence cooperation (Kim and Blank 2013).

Russian goals also include setting up of regional security architecture with regional institutions as the central pillar of its policy and maintain peace in the region. Meanwhile, Russia has announced plans to strengthen the Pacific Fleet (plans for which suffered a blow as the French cancelled the sale of two Mistral ships after the Ukraine crisis) as it seeks to increase its economic presence in the region, especially in the oil and gas exploration (Kozyrev 2014). Russia has been attempting to diversify its relations in the region so as to maintain its independence, despite its increased closeness with China. As has been discussed in the first section of the chapter, the policy of SEA states to involve different powers to diversify and prevent the dominance of a single one has led to a situation where Russia is being seen with what Wishnick (2013) has labelled a 'renewed interest.' Both Russia and regional states want to avoid a situation where the US and China come into conflict, with Moscow especially worried about an increased Chinese influence prompting America to increase its regional military presence.

This has led Russia to focus on its bilateral relations in the region so as to have a 'strategic diversity' in relationships in the region instead of being dependent only on China in an attempt to preserve its 'independence' (Kozyrev 2014). Russia has developed its status as a reliable partner with two of the leading regional states in SEA – Malaysia and Indonesia – especially in the area of arms sales. The status of Vietnam in the overall SEA equation has also been steadily increasing for Moscow, with encouraging prospects on the horizon in oil and gas sector as well as defence. Thailand and Brunei too hold promise towards becoming important partners, which in the case of the former has been made possible due to a coup that negatively impacted ties with the West. These bilateral relations are also a means for Russia to seek greater relevance in the multilateral organisations as well as the broader region.

Currently, its position has been beset with several problems including low level of trade ties as discussed in the earlier section, miniscule investment and limited ability to contribute to growth in the region. Even with one of its closest partners in the region, Vietnam, the bilateral trade in 2013 was only $4 billion, which is even less than its trade with Taiwan. The dominance of American, Japanese and Chinese companies and now a push by Indian ones has meant Russia has found it difficult to create a space for itself in 'existing production activities and technological chains' (Amirov and Kanaev 2010). The

authors also point that the strategy of SEA states to increase exports holds another problem for Russia as it is not seen as an attractive destination in this respect. The fact that the Russian Far East remains deficient in terms of infrastructure and lags economically further impedes development of improved trade relations. Kucera and Pejsova (2012) too note Russia's reputation in the region as a 'power that participates but does not make a substantial difference.' Criticism has also been levied on Russia's 'overreliance on China' as well as an 'overall lack of balance' in its policy towards East Asia (Tsvetov 2016a).

The above factors severely limit the ability of Russia to position itself as a great power and to seek greater relevance in the multilateral organisations as well as the broader region (Buszynski 2006).As US and China see their competition rise in SEA, it will curtail the space available to Russia for manoeuvre (Amirov and Kanaev 2010).Russia does gain points for not being seen in the region as a threat and not being involved in a direct dispute within SEA. The potential for increased economic ties based on arms sales and oil and gas cooperation can lead to an expanded diplomatic influence of Russia in SEA in the future. In the past decade, important progress has been made to achieve positive results in bilateral relations with SEA states but much work remains to be done for Russia to establish itself as an influential power in the region (Amirov and Kanaev, 2010). Moreover, as the authors argue, the situation for Russia is further complicated by the changes in the regional system compounded by the lack of a clear strategy about SEA from Russia. This can be seen in the fact that despite official pronouncements, there has been no 'qualitative shift' in the relations between the two entities (Sumsky and Kanaev 2014).

5.5 THE RISE OF CHINA IN SOUTHEAST ASIA

After the early period of Cold War, characterised by mistrust between China and Southeast Asia, the detente with the US enabled the communist power to slowly improve its ties with the regional states. The real progress, however, came in the 1990s as China began a concerted effort to improve ties with its neighbours even as the economic benefits of the growing trade within the region accrued benefits for all involved. Beijing's helpful role during the 1997 financial crisis further improved its reputation. Sumsky (2007) argues that the Chinese have since the 90s 'mastered the rules of the regional

game' and successfully presented themselves in Southeast Asia as an 'accommodating partner.'

The region of Southeast Asia is crucial for China, both for economic and national security purposes via access to the sea lanes of communication (SLOCs). The energy supplies to feed its growing demand and raw material supply largely come through states in the region or are transported through waterways around them. Besides this, the region provides a large, growing market of half a billion people for Chinese products. To add to this, China has had a historical presence in the region and its diaspora is spread all across, giving a sense of legitimacy to the dragon's enhanced presence through an assiduous usage of its soft power (Sumsky 2007). In order to broaden its presence, China has managed its relations both bilaterally and multilaterally rather successfully. Its rising economic profile has had a commensurate impact on its political influence, having already become the largest outside trading partner for the region with the goods trade touching a volume of $480 billion in 2014. This has come at a time when the share of trade with US, EU and Japan has been on the decline. While China is today the most important export market for SEA, its share is not distributed uniformly throughout the region. In fact, the export exposure to China has been on the rise for Vietnam, Laos, Myanmar, Cambodia, and Malaysia while that for the overall region has remained largely stable (Yoon Ah 2017). Chinese investment into the region has also risen rapidly to make it the fourth largest investor in SEA even though it still amounted to only seven per cent of the total investment in the period 2011-15. As the author explains, Beijing's influence in this area can be seen less in wealthier economies but remains an overwhelmingly dominant investor in lower income countries. Through a steady program of military modernization, the Chinese naval and air capacities today surpass those of its Southeast Asian neighbours amidst growing worries that its overall economic and military presence will 'fundamentally alter strategic realities and power perceptions in its favour' (Swaine 2005). The South China Sea dispute has vitiated the atmosphere to a certain extent, with analysts taking note of the decidedly aggressive stand that China has taken since 2010 over the issue in declaring South China Sea as part of its core national interests.

It cannot be denied that the rise of China has fundamentally altered the geopolitical and geostrategic terrain of Southeast Asia. Since it is still unclear how the rise of China will

ultimately affect the regional dynamics, most states have engaged in hedging behaviour as discussed earlier in the chapter. This is being done with a view regarding concerns about excessive dependence on the rising power and its commensurate impact on future dealings (Cho and Park 2013). The regional states have decided that engagement with Washington provides a security blanket as well as enmeshes it in the region – making it a stakeholder in regional peace. SEA states have seen improved ties with US across the board including Philippines, Malaysia (in a departure from Mahatir Mohammad's anti-west policies), Singapore, Thailand, Indonesia and in recent years, even Vietnam (Cho and Park 2013).

This has also been helped by the change in Bush-era policies of bilateralism, which made SEA uncertain about American commitment (Ba 2009). The pivot to Asia announced by the Obama administration re-focused attention on diplomatic, economic and defence component of American presence while paying equal attention to bilateral and multilateral mechanisms prevalent in the region (Graham 2013). Japan too has adopted a policy of revitalizing its ties with Southeast Asian states with a focus on Asianism, welcoming the US pivot as it competes with China at the regional level (Rozman 2014). Tokyo has also sought to steadily improve its image in the region through economic aid and assistance, even as it has carefully balanced its contentious relations with China. The actions of these major powers will have a far-reaching impact in shaping the new regional dynamics. Welcoming the presence of varied powers, regional states have also engaged China so as to keep it pacified as well as make use of the opportunities this offers to them.

At the same time, the economic and strategic significance of the region has also led China to engage with SEA in an effort to both expand its influence as well as prevent any outbreak of hostilities against it. Therefore, in order to mitigate the negative implications of the SCS dispute and the resulting apprehensiveness, China has sought to increase its political and economic influence (Gill 2005). Both the parties involved are also cognizant of the benefits of mutual cooperation that have accrued to them in the past decades and do not want events to negatively impact economic growth. This can be seen, as discussed earlier, in the fact that China's military modernization has not sparked off an arms race or a regional coordination of military policies but the regional states have sought to take a

multilateral approach. They have also taken care not to offend China or appear to be engaging in an arms race versus its vast neighbour. Thus, it can be deduced that the states have been careful not to appear to balance against China in its dealings with US – making efforts to engage all powers involved based on both domestic and regional situations – with the aim of minimizing chances of great power conflict.

5.6 CONVERGENCES AND CONTRADICTIONS BETWEEN RUSSIA AND CHINA IN SOUTHEAST ASIA

It must be noted that while Russia has since the 1990s expressed its desire to put forth a multi-vector foreign policy in the post-Soviet period, Asia has acquired a critical position primarily after the Ukraine crisis and the sharp decline in its relations with the West. In this situation, China came out on top, having been Moscow's strategic partner since 1996 and having steadily improved bilateral ties since then. As Wishnick (2013) points out, in a situation where China is rising and US is pivoting towards the region, Russia can 'bring a lot to the table' in terms of arms, energy and an alternative supply route – even as it seeks to bring about a 'redistribution of power' in SEA. President Putin has also pointed out that it would be 'short-sighted' to ignore the potential the region holds in both political and economic terms (Kizekova 2015). The region has acquired renewed importance for Russia in recent yearsin the aftermath of a sharp deterioration in ties with the West.

Apart from this, other factors have determined Russia turning its attention to the region – including search for trade and investment opportunities for domestic economic growth, improving its international standing as well as strengthening its position as a global player (Kanaev and Pyatachkova 2015). A desire to reduce over-dependence on China has also led it to seek diversified ties with different regional states (Dave 2016). Thus, in other words, Russia has turned its attention to Southeast Asia and the broader Asia Pacific driven by domestic, regional and global conditions. This has happened at a time when the region in itself is undergoing changes to its balance of power and is set to acquire a leading position in global affairs.

Dave (2016) explains that the main aims of Russian policy include accelerating development of the Far East, increasing its regional profile and expanding political and economic ties with ASEAN and other multilateral bodies. Moscow believes that the

region offers opportunities for a more engaged role.Given that China is Moscow's closest partner in the region, it will now be analysed as to how their positions converge or contradict in SEA so as to understand the implications – positive or negative – of this strategic partnership for Russia.

In terms of their relative positions in the region economically, Russia remains a 'minor player' (Storey 2015), focusing heavily on natural resources and arms sales but failing to expand towards a diversified trade portfolio. The stark contrast between the trade figures of Southeast Asian countries with China and Russia is evident from the table below.

Table 5.3: Comparative trade figures with Southeast Asian states for Russia and China, 2014 (in $ million)

			2014	
Reporter	Partner	HS Code	Export	Import
Brunei Darussalam	China [CN]	00	97,143,099.03	357,739,471.59
Brunei Darussalam	Russian Federation [RU]	00	167,639.30	0.00
Cambodia	China [CN]	00	356,595,298.22	3,710,084,985.40
Cambodia	Russian Federation [RU]	00	44,916,349.03	1,335,281.36
Indonesia	China [CN]	00	17,605,944,452.00	30,624,335,480.00
Indonesia	Russian Federation [RU]	00	1,052,861,250.00	1,589,806,150.00
Lao PDR	China [CN]	00	705,208,861.58	575,579,812.01
Lao PDR	Russian Federation [RU]	00	35,693.00	318,026.00
Malaysia	China [CN]	00	28,171,813,877.53	35,314,125,289.59
Malaysia	Russian Federation [RU]	00	731,618,379.40	2,070,559,694.14
Myanmar	China [CN]	00	4,026,260,648.88	5,021,558,284.00
Myanmar	Russian Federation [RU]	00	18,149,891.98	17,964,241.17
Philippines	China [CN]	00	8,467,435,296.00	10,472,223,359.00
Philippines	Russian Federation [RU]	00	67,583,335.00	993,592,124.00
Singapore	China [CN]	00	54,646,264,789.60	44,403,371,479.04
Singapore	Russian Federation [RU]	00	566,528,129.70	7,963,165,026.46
Thailand	China [CN]	00	25,084,400,326.04	38,498,344,669.00
Thailand	Russian Federation [RU]	00	1,205,181,486.99	3,708,455,055.64
Viet Nam	China [CN]	00	14,851,577,275.54	43,721,234,866.78
Viet Nam	Russian Federation [RU]	00	1,727,359,011.40	811,537,356.73

Source: ASEANstats 2014

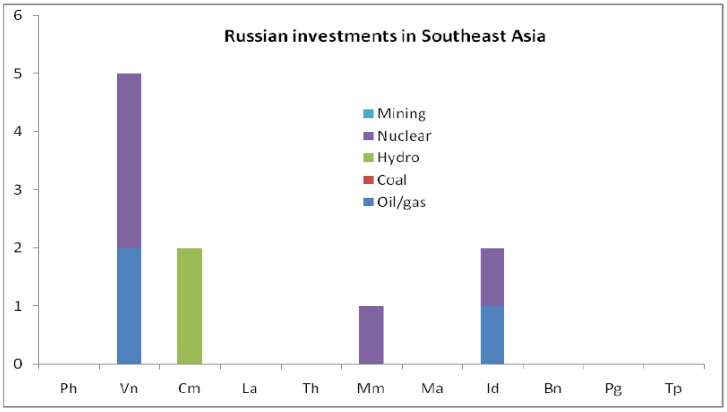
Russia's trade with the ten countries amounted to a mere 0.9 per cent of their total trade. In contrast, the commensurate figures for China, EU, Japan and US stood at 14.5, 9.8, 9.1 and 8.4 per cent respectively (Storey 2015). The weakening economic situation has

further pushed down Russian investment[74] in the region. Between 2012-14, Russian FDI was a mere 0.2 per cent of total net inflows at $698 million while others like EU, Japan, US and China invested $58 billion, $56.4 billion, $32.4 billion and $21.4 billion respectively (Storey 2015). This economic and financial weakness has meant that the resources available for Russia to establish stronger relations with SEA states have been limited (Kizekova 2015).

Similarly, as we have seen in the previous sections, Russia's bilateral relations with SEA are relatively recent and it has signed a strategic partnership agreement only with Vietnam. In contrast, China has deep rooted relationships with these states. It has established strategic partnerships with eight Southeast Asian states. The only exceptions are Philippines and Singapore but even with them, Beijing has wide ranging trade relations. However, despite these limitations, Russia has wanted to maintain 'strategic flexibility' without jeopardizing its strategic partnership with Beijing. This has led to a search for new allies in the region (Blank and Levitzky 2015), a process in which arms sales and energy will play an important role, as seen above.

Russia has played a significant role in helping China modernize its forces, with the latter being second largest importer of its weapons, accounting for 11 per cent of Russian sales between 2010-14. While the overall volume of imports has dipped in recent years as China has ramped up domestic production, Russia still remains an important supplier. However, as has been noted, Russia's strategic partnership with China has not stopped it from supplying arms to other players in the region like Vietnam, Indonesia, Thailand and Myanmar. Apart from revenue generation, sales across the board are also a means for

[74]Figure 5.4: Russian investment in SEA on a scale of 1 (small) to 3 (large). Source: Speed, 2013.



Russia to balance its relationship with China besides being an instrument to secure a foothold in the region.

This has resulted in a pragmatic policy where Russia supplies almost eighty per cent of Vietnamese arms needs, a country that is entangled in a dispute with China over SCS. Since Vietnam has focused resolutely on ramping up its maritime capacity with an eye on China, these sales could pose a potential problem for Beijing in case of any conflict. However, Moscow has continued with its sales to Hanoi, with even China keeping its peace. As mentioned earlier, this could be due to China viewing Russian actions as driven more by profit motive as well as hoping that the latter could prove to be of help in communicating with Vietnam in case of trouble on the horizon. Russia's sales to other Southeast Asian states are limited enough to not cause consternation among the Chinese.

But what could pose a challenge for Russia in future in the sector is the sharp rise in China's domestic arms production and sale. Already, it is the third largest exporter in the world behind US and Russia, which have a global market share of 31 and 27 per cent respectively. Compared to that, China's share of five per cent looks inconsequential but could have wide ranging implications for Russia in SEA as the former enters the regional market. Already, China has cornered the Burmese market, accounting for 12 per cent of its total exports from 2010-14, according to SIPRI's 2015 report. Indonesia, Thailand, Malaysia, Cambodia and Laos have also expressed interest in buying the weaponry. Apart from the aim of becoming a major supplier, China also sees its arms sales as fulfilling foreign policy objectives by expanding its influence over buyers. Considering that Russia is too making inroads into the market, it could find itself competing with China – whose arms are cheaper, getting increasingly better in terms of quality and in several cases manufactured through reverse engineering on Russian weapons.

Storey (2015) points out that on the contentious SCS dispute, Russia does not want to antagonize either China or Vietnam and has adopted a 'low-key approach' since it is not a major stakeholder. Officially, it has called for a peaceful resolution of the dispute without outside interference (backing Chinese position in a side reference to US) through following principles ascertained by UNCLOS (Dave 2016) and Declaration on the Conduct of Parties in the South China Sea (DOC). The issue is expected to dominate the region as apart from the regional states involved in the dispute, US has also expressed its

disagreement with China over the issue. On the one hand, Russia has indicated its support to China on 'elimination of third parties from direct involvement' (Stretslov et al. 2018). Lukonin (2017) points out that Russia, in taking the position of not internationalizing the issue and rejecting the ruling of the Permanent Court of Arbitration, has signalled that it is in line with the Chinese position. On the other, it has also decided to supply crucial weapons to Vietnam, a claimant against China. It has also kept up its cooperation with Vietnam in the energy field, where joint oil exploration activities continue in disputed waters, giving legitimacy of Hanoi's claims. Since the 2006 agreement between Gazprom and PetroVietnam, exploration and production activities are being carried out in gas fields within the nine-dash line as claimed by China. Like in the case of arms sale, China has not directly confronted Russia (Pearson 2018) on account of strengthened relations between the two. Also, China believes that Russia is developing its ties to Vietnam to improve its position in the broader region and does not see it 'directed against Chinese interests,' in contrast to Hanoi's ties with US (Stretslov et al. 2018). It is in Russia's interests that China and Vietnam do not get entangled in any open conflict. Already, the rise of tensions has prompted Hanoi to get closer to US and its relations with Russia offer China an opportunity for keeping all its avenues open.

Kanaev and Pyatachkova (2015) believe that any deterioration of the situation would directly impact the overall security mechanism in the region and strengthen American alliance system to the detriment of ASEAN-based mechanisms. Already, SEA states are seeking to involve powers like the US so as to mitigate their concerns regarding China's assertive actions. These include Vietnam, Thailand, Philippines and Indonesia – with whom Russia is seeking to build partnerships and whose concerns it cannot ignore especially since joint projects with these states could as well be in disputed waters (Stretslov et al. 2018). This complicated situation would explain why Russia has attempted to stay as neutral as is possible while carrying out a balancing act, seeking to maintain its bilateral relationship with all the states involved and avoid any negative blowback. Moscow is also looking to position itself as an independent player who in case of a conflict on this contentious issue would be able to offer a 'cooperative agenda' and play its part in maintaining regional peace and stability (Kanaev and Pyatachkova 2015).

On the issue of Russia supplying energy to SEA and offering an alternative route through the Northern Sea Route for trade, China has had a positive reaction. Beijing benefits from an energy secure region as it would reduce potential for conflict. In addition, the alternative supply route would also aid China by helping reduce the stress around the Straits of Malacca, which it fears can be choked off during conflict to put pressure on its actions by the US.

When it comes to the overall region, Russia and China are not engaged in any overt conflict. In fact, they believe in common principles of non-interference in internal affairs and creation of a multipolar world. However, their relationship is particularly mismatched in Southeast Asia where China's power has increased exponentially in the post-Cold war years. This means that while both benefit from not competing with the other in the region, Russia is not a critical player for China in dealing with the states in the region bilaterally – who in turn have a closer partnership with the latter rather than the former. However, Moscow is still valued in its position as a permanent UNSC member and a nuclear power, particularly when it comes to support on issues that concern the region as a whole that also attract other major powers. Here, China seeks varied allies so as to push its agenda at the multilateral level and having Russia on its side is a positive. Similarly, even as Russia seeks diversified ties in the region, China remains its most valuable partner.

Both Moscow and Beijing have reiterated their concerns over US hegemony, an idea that extends to SEA. Since the announcement of the US pivot to Asia, both have been concerned about its implications for the region. While China, which is on the ascendant in the region, believes the American policy seeks to constrain it, Russia will see its space for influence shrink further. At the same time, Russia benefits from American presence because it preserves stability as well as prevents China from taking over as the hegemonic power. The ongoing differences with the US have caused a breakdown of ties with Russia, causing the latter to get closer to China. However, when it comes to SEA, Russia is not in direct conflict with US on any issue.

Thus we see that Russia and China have similar views on several issues of importance in Southeast Asia while their capacities remain widely different. As Speed (2013) notes, it looks unlikely that the two countries will seek an alliance to expand their influence in the

region. While China has been historically a part of the region, the same cannot be said for Russia, which along with a limited economic presence in SEA has led to an asymmetry in the sector between the Beijing and Moscow.

In fact, looking at the overall picture, Kizekova (2015) argues that in the absence of a comprehensive regional strategy and its support towards China's 'Asia for Asians' idea – it is likely that Russia would be 'more accommodating to China's policy in SEA.' This, as the author argues, is also because Moscow is not willing to upset the status quo and remains constrained by its low level of economic and political influence.

5.7 CONCLUDING REMARKS

Thus, we have analysed Russia and its presence in Southeast Asia in the post-Soviet period as well the changes underway in the region that make it particularly challenging to policy makers. Russia has a limited presence in the region at the moment, given that the focus on SEA has only begun in recent times. It has a narrow economic presence, a shortcoming made worse by the presence of multiple powers and lack of a clear strategy. Its continued economic weakness has also put a question mark on its ability to diversify out of its excessive dependence on China and become a political heavyweight in regional affairs. Its main instruments still remain energy and arms sales, reflecting the weakness of Russian 'economic engagement and lack of competition as an economic actor in the region' (Kim and Blank 2013).

While Russia is valued in the region as a power that is not a threat and which remains an important player in world affairs, it is no match for other notable players like US and China that have strengthened their already considerable positions in the region in recent years. Unlike Europe, where Russia has claimed civilizational roots and an enduring presence throughout its history, making a similar argument with regard to Asia has been difficult. Despite its territory that lies in the continent, Russian engagement with Southeast Asia has been hampered in history due to its geographic remoteness. This, as Tsvetov (2016a) explains, has led to minimal historical linkages and a lack of knowledge among those in power about the region.

The immediate post-Soviet years were characterised by a focus on building relations with the West and reconstruction on the domestic front. As far as Asia was concerned, apart from China and India, Russia did not engage in active diplomacy to build relationships

with other powers. Even now, it was the complete breakdown of its relations with the West that forced Russia to turn its attention to the broader East Asia as a priority, which only adds to the perception in the region of it being a European power. Despite official pronouncements, any active measures to become a significant player in the region have been few and far in between till recent times.

As a result, it is now coming from behind in SEA and is yet to acquire enough weight to be considered a force in itself. While the region presents numerous opportunities for trade and investment, Russia on account of its inherent weaknesses discussed above has been unable to exploit the openings. It has followed a 'pragmatic, strategic and conciliatory' policy in the region (Dave 2016), seeking to build up its base on arms and energy sales. As Kanaev and Pyatachkova (2015) explain, Russia is seeking to develop ties with all regional partners – both through bilateral and multilateral means. This is being done with a view to help build its reputation as an actor which is 'non-aggressive, responsible and eager to strengthen the cooperative paradigm between regional actors.'

However, Dave (2016) points to several contradictions in Russian desire to project itself as an important player in SEA on account of its growing economic dependence on China that curtails its prospects for broader regional integration as well as limited resources that Moscow can offer to regional states. For instance, its growing closeness with China will impede a commensurate development of ties with US and Japan, both of which are important for Moscow in SEA.

Storey (2015) argues that in a region which is set to become the driver of global economic growth and is experiencing complex changes in the security order, Russia will have to prove itself as a power that is 'more than just a transactional player' with interests in energy and arms sales. Despite the developments to promote relations with SEA in recent years, the author argues that Russian policy remains largely Sino-centric. As sanctions take effect and China becomes ever more important for Russia as a consequence, its ability to project itself as an independent player in SEA has been severely compromised (Baev and Tønnesson 2015). As the authors note, while Russia might want to preserve its independence, its 'political dependence on China' has made that goal difficult to achieve. It is also hampered in forming long-term partnerships by its

low level of economic engagement, difficult investment climate and lack of strategic role (Dave 2016).

As of now, it remains a power with low level of economic presence, lacks significant power projection capabilities and has not been inclined towards active participation in regional security forums (Storey 2015) – all pointing to a weak strategic presence. This, the author suggests, means that due to inadequate 'economic, diplomatic and military levers of power,' the regional states do not see Russia as a 'credible and committed player' making it a 'sideshow next to Europe, the Middle East and China.' Russia is aware of the risks of over-dependence, especially since any slowdown of Chinese economy will directly impact its exports. Russia is thus deeply aware of the need to diversify its relationships in the region.

A concerted effort towards economic cooperation, encouraging Russian companies to invest in SEA, improving business climate in the Far East and focusing on its traditional strengths can provide the basic ingredients for its revival in the region. It would also aid it in the process of getting enmeshed in the region, which has been ASEAN's goal to deal with the unstable regional balance of power. Also, given that regional states are treading cautiously in the case of China, hedging their bets and not taking explicit sides while maintaining close cooperation with all; Russia would benefit from using this opportunity and diversifying its ties as well.

It is clear that Russia would have to form a clear, in depth strategy for Southeast Asia if it is to penetrate the region as a major power – a glaring hole in its policy making process currently. It would take deepening of relationships at political, economic and strategic levels – a long drawn process – to make Moscow a power to reckon with in the region that can then take a stand on issues therein. In the short to medium term, Tsvetov (2016a) hopes that Russia would be able to mitigate its weaknesses and have a much better chance of improving its status in multilateral organisations, which will form the core of the next chapter. In the meantime, it is clear from the above discussion that Russia is still searching for influence in Southeast Asia.

6. RUSSIA AND REGIONAL ORGANISATIONS IN EAST ASIA

6.1 TOWARDS NEW REGIONALISM IN EAST ASIA

East Asia, which has seen the decline of American primacy that had assumed hegemonic proportions at the end of the Cold War, has also at the same time witnessed a commensurate rise not only of China but of other powers in the region as well. This has led to rise of what Amitav Acharya (2014) has explained as 'new regionalism.' Instead of old regionalism that focused on dominance of hegemonic states, the new idea is more 'comprehensive and multidimensional' in nature. The author also points out that the concept has 'autonomous nature' and regional institutions are 'not dominated by a single power.' As Yahuda (2005) notes, the multilateral institutions are different from those established in Europe with the aim of 'pooling sovereignty.' The emerging scenario in East Asia is one based on 'consultative and consensual processes' that 'uphold sovereignty and consolidate statehood' and also do not have legally binding rules. For instance, as the author points out, the 'ASEAN way' has emphasized 'non-interference in internal affairs, consultation, consensus and conflict avoidance.'

Power transition theorists ascribe this distinct development to fundamental change in the nature of state power and the dynamics of economic development (Dicicco and Levy 1999). The close inter-dependency among the states in East Asia has led to an unprecedented situation where the inter-dependencies have meant that the classic realist behaviour of states has been tempered[75]. As a result, we have not seen traditional balance of power activity in the form of counterbalancing coalitions being formed to prevent one power from dominating. Also, weaker states have not bandwagoned with the rising power either in the period under consideration. Instead, as has been discussed in earlier chapters, there has been a distinct hedging[76] behaviour where instead of choosing sides, regional

[75] The growth of intra-regional trade has led to a greater regional integration as evidenced from the fact that more than half of the total trade in 2014 was intra-regional in Asia-Pacific. China, Japan and South Korea dominate this trade. Also, All Asia-Pacific sub-regions trade more intensively with East and North-East Asia, than within themselves. Intraregional trade linkages are particularly strong in South-East Asia and the Pacific, where imports sourced from within the region account for 64.8% and 59.7% of total imports (UNESCAP 2015).

[76] Tran (et al.) define hedging 'a purposeful act in which a state seeks to insure its long term interests by placing its policy bets on multiple countering options that are designed to offset risks embedded in the international systems. The objective of hedging is to cultivate a middle position that forestalls or avoids having to choose one side at the obvious expense of another. In this regard, states will continue to stay in the middle of balancing and bandwagoning.'

states have sought to take a middle position. An important instrument to accomplish this has been regional organisations, heavily dominated by the ones that have emerged out of the ASEAN framework.

This has led to a steady rise in multilateralism in East Asia over the past few decades as states in the region work towards ensuring security while at the same time optimizing the 'political and economic order' (Titarenko 2008). Apart from economic impetus; geopolitics and security motivations have also played a role in this development. The idea has been that integration will help in easier resolution of regional problems while also promoting cooperation among states in East Asia and with the world at large. The regional organisations have expanded their mandate and focus to include both economic and security roles as needed. Thus, while ASEAN and APEC have largely focused on economic matters, ARF, ADMM and ADMM-Plus have focused on security matters while EAS has a broad mandate to conduct dialogue on political, security and economic issues. The one thing that binds these bodies is that ASEAN controls the agenda formation in all of them. Hence, even the US has had a limited ability to shape the regional institutions in East Asia due to regional states taking control of their local groupings (Acharya 2014).

But this has not meant a restriction on membership to external powers. In fact, membership of regional organisations extends beyond the local states to include all the major stakeholders with the aim to 'engage and socialise the great powers', even if they are not geographically part of the region in question. Titarenko has summed up this policy as 'security through cooperative development,' a process in which Russia has expressed its interest in order to shore up its bilateral relationships in the region. This has been possible due to a decline in the old differentiation between 'universalism and regionalism' due to growing 'inter-regionalism,' giving rise to 'post-hegemonic stability' (Acharya 2014).

As Titarenko (2008) predicts, this trend of deeper integration is all set to continue in the region as the states involved seek to bridge their political and cultural differences through finding common grounds for shared prosperity and peace in East Asia. The regionalism here has been driven by processes of economy and is not the European model of supranational institutions. States still form the integral unit in multilateral bodies where

the aim is to maintain stability by locking in various great and emerging powers to promote inter-dependence and prevent balance of power dynamics. The underlying theme in this has been described as ‘soft multilateralism’ in which ‘norms and principles’ are used to guide state behaviour but are not ‘explicit’ or ‘constraining’ (Caouette and Cote 2011).

While China has in recent years taken the lead in economic integration processes in the region, US still remains the most powerful military power. This has prevented rise of a single hegemon, as the established power witnesses a decline and the emerging power/powers do not have the power to individually or collectively overturn the established system. In addition, there has been a proliferation of regional institutions, which ‘introduce a healthy diversity’ on the back of inter-regionalism (Acharya 2014).

Undermining the theory that a rising power challenges the existing order leading to wars, states in the region have through a process of ‘participation in a number of multilateral institutions based on principles of cooperation and consensus’ sought to integrate the rising power (Yahuda 2005). Alongside long-standing bilateral mechanisms with the US, these multilateral institutions are a means of ‘hedging against potential Chinese power’ (Yahuda 2005), as well as using ‘non-coercive, open exchanges to persuade China to think differently’ (Ciorciari 2009). These processes and China’s willingness to engage itself in the process of being a ‘regional greater power’ has helped regionalism (Kim 2004), as China too gets a stake in stability in its neighbourhood to maintain its high economic growth rate.

It is undeniable that growing economic integration has given both an impetus and an incentive for states to engage in multilateral cooperative behaviour. Lim (2008) points out that this approach has given rise to what has been termed the ‘spaghetti bowl effect’ wherein an increase in economic cooperation leads to building of a political dynamic that in turn fosters integration, creating the conditions and the need for increased political dynamic; pushing the integration processes even more.

Now, in the times of this emerging new regionalism discussed above, Russia would have to re-orient its policy towards East Asia through these multilateral institutions in addition to bilateral relationships.As Mankoff (2009) explains, Russian foreign policy focuses on ‘upholding (or creating) a system of international relations in which large states are the

primary guardians of global order, free to pursue their national interests as they deem fit, respecting one another's primacy within a circumscribed sphere of influence, and maintaining a general balance of power among themselves.' As the author notes, the Russian foreign policy remains focused more on bilateral relations than multilateral ones, even in case of transnational issues. However, in cases where multilateral bodies do not curtail Russia's sovereignty but limit American ability to 'act without the support of other powers,' Moscow is willing to engage with these institutions. In East Asia, the Russian policy will operate in the backdrop of an evolving balance of institutions in aregion that is looking to hedge against uncertainties that form part of rise of a new power. However, the region is looking at more than just limiting China's potential assertiveness through this emerging architecture. It will also seek to act as a check on US unilateral/bilateral actions. In addition, as Lukin (2012) further explains, the new architecture aims to 'empower the second-rank players' such as Russia, Japan, South Korea, ASEAN, and India. Taken in totality, this combination of political, economic and strategic considerations will 'help build a more stable international order in Asia-Pacific' (Lukin 2012).

The following discussion will now focus on examining Russian presence in regional multilateral organizations, before considering the China factor involved in the same.

6.2 RUSSIA-ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

The interest of Russia in promoting ties with ASEAN and the regional organisations that have spanned out of it has been attributed to the former's desire to expand its influence both in Southeast Asia and the broader East Asia. ASEAN has been at the centre of the regionalism process in the region and is a vital player in Russian foreign policy's multi-vector dimension. The expansion of the organisation to include Vietnam, Myanmar, Laos and Cambodia alongside meetings with China, Japan and South Korea further strengthened this idea (Buszynski 2006). It fits in neatly with Russian policy of multipolarity wherein it could cooperate with other powers to prevent an American domination of the region. Moscow is aware that without the endorsement of ASEAN, it would not be able to play any role in the multilateral bodies in the region (Buszynski 2006). In addition, ASEAN as a grouping makes up the third-largest economy in Asia

and its GDP as a whole, at upwards of $2.5 trillion, is behind only China and Japan (Kawai et al. 2016), making it an indispensable economic partner.

Russia's interest towards the organisation has been welcomed, particularly since ASEAN has been looking to create a system of 'checks and balances' to retain its centrality in regional affairs (Kanaev 2010). The ASEAN secretary general has welcomed Russia's engagement, encouraged by the latter's reiteration of the organisation's centrality in the varied regional bodies (Kizekova 2015).

In the 1990s, while Russia was grappling with the consequences of end of the Soviet Union, ASEAN got embroiled in the financial crisis, leading to an inward movement on both sides. This resulted in Russian policy being reactive, unbalanced and without positive expectations on both sides (Kanaev 2010). Despite these limitations, Russia became the dialogue partner of ASEAN[77] in 1996, seeking to expand its ties with the regional organisation. Its elevation was seen in Russia as affirming the importance of the country in Asia-Pacific, its 'usefulness' in SEA as well as the 'necessity of its participation' in the regional multilateral bodies (Rangsimaporn 2009b). Given that its relative influence was at a low point in the immediate post-Soviet years, this was an important development in a forum that sought to maintain regional stability. By 1997, the two sides had set up a Joint Cooperation Committee (JCC) and working groups on 'scientific and technological issues, trade and investment, a business committee and an ASEAN Moscow Committee (Blank 1999).

With the coming into power of President Putin, the relationship was brought into focus with arms sales and energy forming the bed rock of budding economic ties with ASEAN states. Since then, the two have signed several documents to further the partnership, particularly in the 21st century which has seen an uptick in the ties. Russia acceded to the Treaty of Amity and Cooperation (TAC) in 2004, which calls for resolution of disputes through peaceful means in the region. The two parties have also signed up to the Joint Declaration on Partnership for Peace and Security, and Prosperity and Development in

[77] ASEAN was established in 1967 with the aim of improving cooperation among the member states of the region in economic, social, cultural and other fields. Another important goal was to maintain peace and stability in the region. Taking decisions by consensus and using a series of agreements, including free trade deals, to help the region grow peacefully has been a major achievement of the group. Alongside inter-regional cooperation, ASEAN has also extended its friendship as a group to countries across the world, making them partners in the economic progress and benefitting the region. The regional organisation has focused on maintaining sovereignty of states and the principle of non-interference remains inviolable.

the Asia-Pacific, the Joint Declaration on Progressive and Comprehensive Partnership (which seeks to improve cooperation in areas including political, economic and security), the Comprehensive Program of Action to Promote Cooperation for 2005-2015 (which would fulfil the goals set out in the joint declaration) and the Agreement on Economic and Development Cooperation among others. There is now a Russia-ASEAN Dialogue Partnership Financial Fund. The inclusion in ASEAN has since spanned Moscow's entry into a whole host of ministerial and official level meetings as well as multilateral bodies that have emerged out of the regional body including ARF, ADMM Plus and EAS.

The relationship has been driven by common interests including Russian desire to increase its presence in the region (particularly through arms and energy exports), ASEAN's policy to engage varied powers to find solutions to regional and global challenges as well as the growing importance of East Asia to global geopolitics (Sumsky and Kanaev 2014). Also, the two parties have an interest in maintaining peace and stability in the region without dominance of a single, hegemonic power.

The first Russia-ASEAN summit was held on December 13, 2005 signalling the desire on part of both sides to push the relationshipahead. But that has not been borne out by subsequent developments and as Tsvetov (2016a) argues, Russia's interest in the region has not been consistent. While the first partnership dialogue was held only in 2005, the second one was organised after a long gap in 2010, despite the idea that these should be held annually. While the 2010 summit looked at ways to promote the relationship and cooperate in the regional architectural development, Martynova (2014) believes the gaps in high-level summits is indicative of lack of interest in Russian policy makers towards the region.

While it has not been much difficult to establish a political relationship, Amirov (2007) explains that the economic part has not been easy to push forward, particularly since 'there is not much history in Russia-ASEAN economic relations' (with exceptions being Vietnam and Singapore in the Soviet period). While in the past two decades, the trade figures between Russia and ASEAN have risen several times, the volume remains strikingly small when compared to trade figures of other ASEAN partners. Even Russian government officials have admitted that trade and investment volumes remain very low.Given that ASEAN has been focused on increasing its trade and investment with

external powers, the corresponding figures for Russia have not been up to the regional expectations. In 2014 which has been one of the best years in terms of economic cooperation, the bilateral trade figure stood at $21.4 billion. This means that Russia stands at 14th position when it comes to ASEAN's trading partners. This stands in contrast to the figures of top five trading partners of ASEAN in 2014 namely China, EU, Japan, US and South Korea with bilateral volumes of $366 billion, $248 billion, $229 billion, $212 billion and $131 billion respectively. The low volume is also reflected in the fact that Russia accounts for less than one per cent of total ASEAN trade while the vice versa figure is at 2.7 per cent (Tsvetov 2016a). This despite President Medvedev (2010) himself declaring that trade, investment and economic cooperation are among the top 'areas of interaction with the Association' with an aim to utilize the 'modernization capability of the member countries,' especially to advance the Far Eastern and Siberian economy.It was only in 2010 that ASEAN Economic Ministers (AEM) met with their Russian counterparts to discuss ways to increase economic cooperation. Since then, the two entities have met every two years but real progress on ground has been slow.

Russia's primary exports to the region include minerals, machines, chemicals and equipments. Energy is slated to be an important area of cooperation, with the Russia-ASEAN Energy Cooperation Work Program for 2010-2015 being put into operation. The agenda of this program includes development of alternative and renewable energy resources, energy infrastructure, peaceful use of nuclear energy and gas exploration (Wishnick 2013). Russia also seeks to position itself as a player that can help the region achieve energy security, a major concern of member states. Arms sales to SEA are expected to increase in the coming years, with exports to Vietnam, Myanmar, Malaysia and Indonesia already being stepped up. Energy, transportation, infrastructure, agriculture, research and technology cooperation and development of Far East have been identified as the main areas of cooperation between Russia and ASEAN. Russian plan to modernize the Trans-Siberian railway and develop the Northern Sea Route has also raised hopes in Moscow for an opening with ASEAN for economic cooperation. The latter has become viable due to melting of the Arctic ice and can provide an alternative shorter route to connect Europe with Asia, which avoids the chokepoints of Straits of Malacca – making it attractive for East Asia.

Apart from its focus on economic concerns, non-traditional security (NTS) issues have also dominated ASEAN agenda – including terrorism, transnational crime, migration and Code of Conduct on South China Sea. ASEAN and Russia have already signed a 'Work Plan on Countering Terrorism and Transnational Crime,' which has seen regular interactions at official and expert levels.

But despite these plans, the strategy of using energy and arms sales to bolster its regional influence has yielded limited benefits till now and is 'no substitute for substantive economic relations' (Rangsimaporn 2009b) which continue to lag behind and directly impact Russia's influence with ASEAN. Also, as has been noted in earlier chapters, most of Russian energy is supplied to Northeast Asia with only a small amount making it to ASEAN states. Moscow also has a limited presence in energy exploration and refinery development in SEA. Its investments in the period between 2012 and 2014 comprised a mere 0.2 per cent of the total in SEA, with the majority of it going to Vietnam, indicating the lack of diversification in its policy. Even the ASEAN-Russian Federation Dialogue Partnership Financial Fund had the budgetary contribution of only $1.75 million between 2007 and 2009. Lavrov (2010) admits that the figure is miniscule compared to multi-million dollar funds set up by other powers with ASEAN but takes solace in a beginning having been made towards development of projects at the governmental level.

Also, Russia does not involve itself in infrastructure building, currency arrangements or financial cooperation with the regional body – lessening the hopes of a breakthrough in the relationship between the two entities. This means that Russia is not in the top priority list for ASEAN, especially as Kanaev (2010) notes that the latter's strategy for maintenance of stability is heavily focused on free trade and export expansion. While the idea of a Free Trade Agreement with ASEAN is being explored, it is yet to turn into reality. Such an agreement would help Russia develop its 'productive potential, raise its weight in world economy and switch its trade flows over to the region' (Lisovolik 2010).The vision that has been pronounced by the Kremlin for its ties with ASEAN has not always been achieved, with Foreign minister Sergei Lavrov (2010) admitting that 'for various objective and subjective reasons Russia's economic cooperation with the Association had been for a long time mostly skin deep, and even today it fails to keep up with the pace of our political dialogue.' He also believes that the two entities share

‘similar or identical positions’ on several issues of both global and regional significance. This analysis has also been echoed by Titarenko (2008) who adds that Russia looks at ASEAN as an ‘engine of integration’ in the Asia-Pacific while the latter looks at Russia as an integral part of the region. The potential for both parties to cooperate with each other in several sectors of the economy exists, even though this potential is yet to be realised.

Russia has expressed interest in cooperating with ASEAN at a multilateral level, like in the case of APEC, including through building synergies with organisations like Shanghai Cooperation Organisation (SCO) and Eurasian Economic Union (EAEU) where Russia has a strong presence. This is especially important since ASEAN has managed the regional affairs in a manner that puts it at the centre of all major multilateral bodies – ARF, APT and EAS in particular.Lavrov (2010) believes that the changing ‘geopolitical landscape’ has increased the importance of growing Russia-ASEAN ties. Heargues that the world is witnessing the emergence of a ‘polycentric world order’ in which regional cooperation has a crucial role to play. The strong economic growth projections and the future potential make the region particularly important for Russia.

At the same time, the region is also gaining prominence due to ‘geopolitical contradictions,’ which according to the Russian foreign minister happen due to the region being at the ‘crossroads of major world power interests’ that sometimes coincide and sometimes clash,’ and which may lead to consequences for the global world order in the future. This process has been accelerated due to a leading role taken up by regional players, including China, India and South Korea. In the midst of this, ASEAN sees Russia as a power that can help preserve regional stability, with Kanaev and Pyatachkova (2015) arguing that Russia’s strength lies in the multilateral cooperation frameworks in the region. However, as Amirov and Kanaev (2010) note, the relationship has progressed slowly and there have been hurdles in the implementation of the comprehensive program, with only a few of the aims listed therein having been accomplished.

A strong and growing economic relationship with ASEAN is critical towards fulfilment of any future Russian ambitions in the region regarding its role as an important power that can influence ongoing events. ASEAN is today central to interactions within the region as other states have followed its approach to manage SEA. However, despite a

long-standing relationship, Russian policy has suffered from 'inconsistency' with political cooperation trumping economic ties (Teploukhova 2010).

Russia also sees itself as a balancer for ASEAN in the region in the midst of presence of multiple powers but its weak economic links considerably undermine its ambitions and influence on the ground (Rangsimaporn 2009b). There has been an attempt to find common ground on the issue of Asia Pacific with an approach that the Russian side favours to be focused on 'collective, non-bloc principles, mutual respect and equality for all countries, friendship and trust' (Medvedev 2010).

In fact, Putin (2005) has already noted that a key priority is to improve the quality and amount of Russian cooperation with our partners in Asia.'In order to strengthen ASEAN, Russia must also improve bilateral ties with each of its members, an area where it has lacked satisfactory development. At the same time, its bilateral ties need to coalesce into a coherent regional strategy, something that has been missing from the scene as it lacks the 'economic and diplomatic levers' to position itself as a major player within the organisation (Dave 2016). This has also resulted in ASEAN seeing Moscow as 'detached' from Southeast Asia.

6.3 RUSSIA -ASEAN REGIONAL FORUM (ARF)

The earlier years of ASEAN were dominated by a focus on economic matters, but it has always been cognizant of political and security issues concerning its member states – leading to setting up of new forums as a part of further developing the 'regional community building endeavours' (Dent 2016). While the broad ASEAN framework helped to prevent overt conflict among the members and brought stability, a need was felt for a multilateral grouping to address security related issues. At its annual meetings, regional security, terrorism, transnational crime, maritime security, disaster relief, non proliferation and disarmament are discussed on a regular basis. At the same time, it serves as a forum to exchange information and build trust among members. But the cropping up of numerous non-traditional security threats further added to the need to address the situation, resulting in formation of ARF that promised a more 'comprehensive and inclusive approach to security' (Ba 2017).ASEAN Regional Forum (ARF) was set up in 1994 and brings together the ten ASEAN states and thirteen others

who affect the regional security in different ways. ARF[78] was formed with a view to 'promote constructive engagement in the hope of minimizing any future threat' (Sutter 2003). Under its rubric, foreign ministers meet annually in July to discuss the agenda set by senior officials meeting in May. It is the 'only multilateral forum for security cooperation' in the region to make sure that the powers engage 'each other in a spirit of cooperation' and seek to attain national security 'with, not against regional partners' (Sukma 2010).

It has envisaged a three stage process (Rolls 2012) in its development: confidence building among member states, preventive diplomacy and elaboration of approaches to conflict (the last one having been amended since the earlier wording of 'development of conflict resolution mechanisms' was not acceptable to all). There has been recognition in ASEAN regarding 'security interdependencies' in the region and taking steps so that external powers do not take over management of their affairs in the sector. At the same time, there is also a realisation that participation of external powers would strengthen the security situation (Rolls 2012).

The regional body has based its idea of security in sovereignty and territorial integrity of all states, non-interference in internal affairs, dispute settlement through peaceful means and renouncement of threat or use of force – all enshrined in the Treaty of Amity and Cooperation. It has been instrumental in insisting that powers at different levels of influence be treated equally in the activities of the grouping, unlike focusing on balance of power where the bigger powers exercise the most influence. This also meant that the states were not looking solely at the US for their security needs but were also willing to bring in China for mutual security (Ba 2017). This idea holds potential for Russia where its economic or political influence would not impede its presence in the forum.

Russia has often seen ARF as a means to put across its world view and promote multipolarity while criticizing US policy. Lavrov (2010) has called the regional body

[78] The ARF has undertaken a number of initiatives for 'suppressing terrorist finance, promoting maritime security cooperation, and enhancing capabilities for humanitarian assistance in natural disasters in East Asia' (Acharya 2014). It has also been concerned about transnational crimes, piracy, human trafficking, South China Sea dispute, bilateral territorial disputes among members and fears of great power rivalry. The members include all ten ASEAN states, ten dialogue partners (Australia, Canada, China, EU, India, Japan, New Zealand, South Korea, Russia, US) and seven others including Mongolia, Bangladesh, Pakistan, Timor Leste, Sri Lanka, North Korea and Papua New Guinea. Foreign ministers of all 27 states meet annually and focus on dialogue to deal with any important issues of concern.

‘one of the cornerstones of the emerging regional security architecture.’ ARF remains one of the few channels for ‘regular communication’ between various players in the region (Kanaev 2010) while remaining neutral due to the presence of ASEAN as the central authority. These characteristics have led to an active Russian participation in its discussions on issues facing the region and it believes that the organisation should play a more prominent role in regional security dialogue (Ivanov 2004).

Also, ARF has led to an increased regional cooperation, expanded the agenda under consideration, promoted multilateral security dialogue and developed shared norms (Rolls 2012). It brings in players from not just within the region but the broader Asia Pacific to make the idea of security a much broader one. China too has used the body to reassure ASEAN that it does not want to destabilize the region and is a responsible power (Astarita 2008). As the author notes, neither US nor China dominates the grouping, a factor that reassures Russia it will not be overshadowed by the two major powers in its activities. It has brought together states with differing views to promote dialogue and trust among members. Its work in NTS areas as well as opening up opportunities for deescalating crisis has been an important contribution (Ba 2017), where Russia has also participated enthusiastically alongside other member states.

However, despite the optimism, Dent (2016) points out that ARF’s focus on dialogue has been ineffective in dealing with the main security concerns in the region. Kanaev (2010) too agrees with the assessment, pointing out that so far, it has been unable to negotiate a solution on either the SCS dispute or the border dispute between Cambodia and Thailand or even the one between Indonesia and Malaysia. Also, while it is recognized that for ARF to address various security issues, its membership had to be expanded – this has had the inadvertent impact of bringing together states that do not have common security objectives. This has made it difficult for the body to arrive at common positions - constrained by the principle of consensus - or implement a collective agenda. Its decision making is slow moving and there has been a lack of concrete cooperation on the ground (Rolls 2012). Also, on key security issues that threaten the security of entire East Asia – North Korea, South China Sea and Taiwan – ARF has not demonstrated a capacity to address the challenges.

In the case of its primary objective of confidence building, preventive diplomacy and conflict resolution, ARF has been stuck at the first two stages and has yet to outline methods of resolving conflicts, further limiting its ability in a region where differences among member states might already prevent successful dealing with most pressing security issues (Ba 2017). Russia has found it can do little to materially impact the direction of the forum, which has over the years acquired the dubious distinction of being a 'talk-shop.'

Even in areas where it has some control, Russia has had limited success, like in the case of Council for Security Cooperation in the Asia Pacific (CSCAP), the track II for ARF. Here, Russia has its own Russian National Committee of CSCAP but it has not been effective. It organises its activities only intermittently and was reconstituted in 2009 with the aim of revamping its operations (Teploukhova 2010).

In spite of the above mentioned shortcomings, ASEAN has been ambitious and in the 2007 Charter included idea of an ASEAN security community, later renamed ASEAN Political and Security Community (APSC) to be established by 2015 in order to promote regional peace and resolve disputes diplomatically through peaceful means. It also seeks to engage 'ASEAN's friends and dialogue partners' with an aim to move forward the stages of ASEAN Regional Forum (ARF) at a pace comfortable to all' (ASEAN 2012). This, the ASEAN Security Community Plan of Action adds, 'will strengthen ASEAN's role as the driving force in the ARF.' This will be done through a series of steps including shaping norms, conflict prevention, conflict resolution and building implementing mechanisms. Building of institutional capacity remains a major challenge for the organisation, especially if it seeks to build a security community (Baviera 2017). Caouette and Cote (2011) note that the basic principle in ASEAN of 'non-interference' makes it virtually impossible to think of a security community. It remains to be seen how other powers will establish themselves within this framework.

While ARF on the whole remains weak in terms of institutional capacity on security matters, it does drive forward a consultative process that builds confidence. Russia while an influential military and nuclear power has had a limited role in East Asian security directly and its participation through bodies like ARF has operated within the limitations of the latter – ensuring that its security presence in the region remains restricted.

6.4 RUSSIA - ASEAN DEFENCE MINISTERS MEETING - PLUS (ADMM - PLUS)

Set up in 2010, the ADMM-Plus[79] was set up with the intention of helping ASEAN coordinate with other states in Asia Pacific over transnational security issues. As Rolls (2012) notes, the first meeting saw five priority areas being identified and working groups set up. These included humanitarian assistance and disaster relief, peacekeeping, counter terrorism, maritime security and military medicine. Cyber security has since been added to the list. This has resulted in exercises among militaries of member states on maritime security, humanitarian assistance, disaster relief and counter terrorism. Rolls (2012) notes that ADMM-Plus reflects the acknowledgement within ASEAN that involvement of external powers is needed to ensure its long-term security while maintaining its centrality. This also allows small and middle powers to 'exercise influence over an evolving regional order' (Ba 2017).

In contrast to ARF, ADMM-Plus is more focused and task oriented in the NTS area, moving away from the informal structure of the former (Ba 2017). The author also believes that a smaller membership – eighteen versus 27 (for ARF) – has led to a more streamlined approach. The restricted membership makes decision making easier by bringing down the potential number of differences while still retaining major players in a decision making position. This development reflects the need felt in ASEAN to achieve real world results in response to a rise in NTS threats. Russia has been especially keen on this forum as it has been worried about destabilization in the region and believes that 'stronger interactions and links' in the security sector can help build trust and reduce uncertainty (Sumsky 2016). Also, involvement in all regional bodies positions Russia as an integral part of the region and therefore, it has actively participated in its meetings. However, differences among different powers as well as the prospect of the agenda being overtaken by the bigger powers due to its smaller membership looms large over ADMM-Plus. While the organisation holds promise in NTS area where common interests are involved, it remains unclear how it would operate when differences arise. It remains to be

[79] ADMM Plus consists of ten ASEAN member states plus its eight dialogue partners Australia, China, India, Japan, New Zealand, South Korea, US and Russia. It seeks to strengthen security and defence cooperation among members so as to promote peace and stability. It has declared that it aims to help ASEAN states build their capacity to deal with security issues, promote trust among defence establishments as well as work towards creation of ASC.

seen if ASEAN centrality will be maintained in these bodies, especially in the ADMM-Plus framework. There is concern that its focus on NTS areas will hinder its ability to respond to more conventional security challenges facing the region (Ba 2017). Despite this, there is no denying that a certain level of policy coordination and collective action has been observed in the states involved through task-oriented activities built upon by defence experts (Baviera 2017).

6.5 RUSSIA- ASIA-PACIFIC ECONOMIC COOPERATION (APEC)

APEC was formed in 1989 with twelve members to promote regional economic cooperation in the wider Asia Pacific, whose membership has today expanded to twenty one. A moratorium had been placed on the admission of any new members to APEC till 1998 and coupled with the fact that member states like Canada and Australia were not in favour of Russia's induction into the grouping, it was only at the end of the moratorium period that Russia gained entry to this multilateral body. This was seen in Russia as not just a question of economic cooperation but also one of prestige (Rangsimaporn 2009b). APEC is one of the 'key organisations' for Russia in the Asia Pacific where President Putin in a 2007 article noted that 'active and multifaceted participation in the work of APEC is becoming an increasingly important aspect of Russia's foreign policy on its eastern frontiers.' He further declared that Russia wanted to use the opportunities offered by APEC to further integrate itself into various Asia-Pacific integration mechanisms (Putin 2007). Former President Medvedev has called APEC 'the most influential and representative regional body today' (Medvedev 2011a), adding that it would be a crucial partner in efforts to modernize Russia.

Over time, its agenda has gone beyond economic issues to include areas like energy, environment, terror financing and cyber security. In recent years, this agenda has been further expanded to include food security, energy security, climate change and humanitarian assistance. As a result of this focus on multiple issues, APEC has come under criticism for not 'fully achieving its goals of trade liberalization,' leading member states to look for alternatives to the organization. Its ineffectiveness has in turn put a spanner in Russian plans to use the organisation to further its goals.

The 2012 APEC summit in Vladivostok was seen in Russia as a means of showcasing itself to the member states and dispel the idea that it is primarily a European power (Teploukhova 2010).

However, in the years since the summit, the local regional economies that had expected a windfall from the event have seen no noticeable progress on the ground. Also, the opportunity was not used to build 'long-term perspective' and the idea of Russia as a Eurasian player was not 'widely appreciated' (Martynova 2014). In addition, there was no follow up by Moscow once the summit ended, further dampening any chance of policy changes emanating from the event.The aim of developing the Far East through increased engagement with APEC has also run into trouble as the region suffers from a variety of problems including outdated infrastructure, under-population, unfavourable business climate, corruption etc – meaning that potential investors have been reluctant to invest (Martynova 2014) in the light of lack of commitment from regional authorities to make amends. This has also meant an overdependence on China wherein Russia experienced an increase in export of raw materials from the RFE, but there was a decline in the former importing manufactured goods (Christoffersen 2010).

Apart from Russian domestic problems, APEC within itself has also grappled with issues where it has been noted that its broad membership has meant that achieving consensus has been very difficult leading to a situation where its achievements have been few and far in between (Astarita 2008). After its initial momentum, APEC suffered from a lack of clear leadership, preoccupation of US with security issues, domestic economic issues in Japan and initiatives proposed by China being seen as too bold (Haggard 2004). Dent (2016) notes that the American focus on security has led to promotion of newer initiatives like the APT and EAS (whose membership remains slightly narrower when compared to APEC), also indicating a de-prioritization of the trans-regional body.

6.6 RUSSIA IN THE SIX-PARTY TALKS

The region of Northeast Asia (NEA) does not have a dedicated regional organisation that is exclusive to its geographical boundaries. Deep differences between the two major powers – China and Japan – have been the biggest obstacle to institutionalisation of relations in NEA. Instead, the regional countries have joined the ASEAN in various formats – like ARF, APEC, ADMM-Plus, APT and EAS instead of having a Northeast

Asian forum. The one mechanism that operated till 2009 in NEA was the six-party talks, which while not a full-fledged multilateral institution, acted as a 'formal negotiation process' involving six states (Caouette and Cote 2011) to deal with the North Korean nuclear issue. As has been discussed in detail in chapter 3, President Putin's active diplomacy as well as North Korean insistence on having Moscow at the table brought Russia into the six-party talks in 2003. A veto in UNSC, historical relations with Pyongyang and a shared border with the North makes it an important player. However, Moscow no longer has the deep economic ties that marked the Soviet days and neither does it guarantee the security of the country in the post Cold War period.

Russia is concerned about risks of proliferation, North Korean nuclear program sparking off a nuclear race in the region and leading to a heightened American presence, not to mention building of missile defence – scenarios it would like to avoid – while also wanting to prevent instability right on its border caused by regime collapse. It has economic interests in promoting trade with both the Koreas, a prospect that would be better with peace in the region. In addition, the talks help Russia gain reputation as a leader in a region dominated by China, Japan and US. However, since 2009, when North Korea walked out of the six-party talks, the mechanism remains stalled.

Since then, Russia has had to improvise to continue to play a prominent part in a situation where it does not have the capacity to 'play a decisive role' (Gabuev 2019). While it would prefer denuclearization, Kremlin is aware that this outcome in unlikely. Since 2014, there has been an increased coordination in its position with China, with Moscow recognizing that the rising power has greater stakes involved. Their positions coincide on missile defence, with both opposing it.

Neither believes the current sanctions would lead to denuclearisation and believe that a reduction in American military presence would be required for talks to succeed. In recent years, it has become clear that China has gained the upper hand in its relations with North Korea and Moscow has been willing to follow the lead of its strategic partner while coordinating their positions (Gabuev 2017). This strategy bolsters China's position, especially given Russia's membership of the UNSC. Russia is meanwhile seeking to improve its economic and political presence in the region while the six-party talks show no signs of reviving.

6.7 RUSSIA-EAST ASIA SUMMIT (EAS)

The East Asia Summit[80] since its establishment in 2005 has come to encompass eighteen countries that engage in strategic dialogue and cooperation on political, security and economic issues that concern the region. It has identified six priority areas for its work namely environment and energy, education, finance, global health issues and pandemic diseases, natural disaster mitigation and ASEAN connectivity. It also holds discussions on maritime security, non-proliferation, non-traditional security threats, food security and counter terrorism. It has welcomed ongoing negotiations for both RCEP and TPP, indicating regional interest in trade agreements led by China as well as the US while revealing the reluctance of ASEAN to be seen as siding with a particular power.

At its inception, three main conditions were stated for entry of new members[81] to the EAS: dialogue partner status, accession to the Treaty of Amity and Cooperation and substantive relations with ASEAN. While Russia fulfilled the first two criteria for entry into EAS (having been a dialogue partner since 1996 and having signed the TAC in 2004), it faced hurdles in convincing founding states about the 'substantive' nature of its relations with ASEAN. As discussed above, Russia's economic presence in the region is

[80] Before regionalism gathered steam, the 1990s saw some initiatives towards it being fiercely resisted by the US and IMF, declaring them to be too 'radical' for their times (Sussangkarn 2010). These included a proposal to set up the East Asia Economic Group (EAEG) by the then Malaysian PM Mahathir Mohammad in 1990 and establishing an Asian Monetary Fund by Japan in 1997 during the East Asian financial crisis. However, in the coming years other regional initiatives were launched that set the stage for establishment of the East Asia Summit. Most notable of these include the ASEAN + 3 (China, Japan, Korea) or APT and the Chiang Mai Initiative (for financial cooperation among APT). Except ASEAN, till date, these groupings have limited their membership to states within the region. However, as China rose rapidly, ASEAN became concerned that bodies like APT would become completely dominated by the former, necessitating integration on the East Asian Scale. Thus the concept put forth by East Asia Study Group (EASG) - established by the 2000 APT summit - to set up East Asia Summit was accepted (Severino 2007). Its aim was to encourage frank exchange of views without ignoring contentious issues (Astarita 2008). Apart from ten ASEAN states, China, India, Australia, Russia, US, Japan, South Korea and New Zealand are its members with a commitment towards preserving ASEAN centrality. Russia and the US were formally inducted in the 2011 summit.

[81] The Southeast Asian states were interested in bringing in India, New Zealand and Australia to the newly established organisation. Even Japan played a very active role in their accession despite reservations on the part of China. The latter wanted the focus to be on APT (Mikheev 2007) and argued that an expansion of membership would make the resulting organisation 'unwieldy and incoherent' due to diverging interests of member states (Dent 2016) besides diluting its regional nature. However, with the majority favouring accession of other states in an effort to avoid making China the most powerful player in the grouping, the stage was set for an expanded organisational framework. The process was aided by other factors as well, including a desire to enhance relations with the 'near abroad,' to prevent Northeast Asian issues from overpowering the EAS and to establish counter-weights to regional powers (Severino 2007). The involvement of these outside powers was also meant to increase the economic heft and utilise their expertise in solving issues confronting the region.

very low, despite its obvious geo-strategic presence as an Asian power. However, its status as an important global powerand a permanent seat at the United Nations Security Council (UNSC) are factors that weigh in favour of its candidacy (Severino 2007).

At the first EAS summit, Malaysia invited President Putin to address the group[82], where the latter put forth his country's candidacy for EAS. The president sought to stress Russia's position as an important, peaceful player in the region and showed willingness to be a continued part of the integration process. Highlighting the role of Asia-Pacific for Russian development, it reflected the importance Russia attaches at the highest levels to this effect. In the same speech, Putin praised the 'increasing activeness of multilateral forums' in the region which has given Russia an opportunity to address issues of concern to all parties together. His statement was very telling; revealing the importance Russia places on multilateral institutions in the region to increase its presence, considering it has limited influence as an independent player. In order to further this cooperation, the president also proposed creating partnerships between multilateral bodies like the MoU between SCO and ASEAN, again focusing on using its strength in numbers in a region that is populated by several heavyweights.

It had the support of Malaysia, Philippines and China but faced opposition from both Singapore and Indonesia, with the former arguing that its 'weak economic links did not merit its participation' (Buszynski 2006). Japan and Australia too were opposed to Moscow's entry. China wanted Russia to be a member of EAS since it would help to have a partner in its attempts to limit American influence, the candidature of whom it believed was being pushed so as to prevent Beijing from becoming the leading power in the group. The debate over membership was primarily a 'particularly sharp reflection of institutional balancing' (Ciorciari 2009). The Southeast Asian stateswere wary of a China-centric body, leading to mixed reactions from them in initial years of EAS. They

[82] In his speech, the president appealed to the member states - 'Our country, as an integral part of the Asia-Pacific region, supports peace, security and constructive cooperation throughout the entire region. We do not seek unilateral benefits. Our credo in Asia is an equal partnership and mutual benefits...Russia has always had and always will have long-term political, economic and, in the broader sense, civilisation interests in this region. Becoming involved in the integration processes taking place in the region will contribute to creating favourable external conditions for our country's overall socio-economic development, above all in Siberia and the Russian Far East... In submitting its application to take part in the organisation's activities, Russia is ready to make a real contribution to resolving the issues currently affecting the region's life' (Putin 2005).

also want to maintain ASEAN centrality besides preferring to have the presence of both US and China with a focus on 'soft institutionalism' and 'economic issues.'

In five years' time, Russia was able to secure an invitation to join the EAS, at the same time as the US. The inclusion of both US and Russia to the EAS resulted in it acquiring a more 'strategic' dimension (Ba 2017). This happened despite no remarkable change in 'substantive ties' between Moscow and ASEAN, which had been cited as the reason for denying it a place in the regional organisation in the first place. Sumsky (2011) argues that the term 'substantive' has not been clearly defined and was more a matter of 'political will.' In 2005, he argues, Russia was not able to secure a full membership because that would have 'emphasized' the absence of US, which had not yet given any indication of an interest in joining the EAS. In addition, as the author explains, Russia has strengthened itself domestically and followed a non-confrontational foreign policy vis-a-vis the region, signalling its interest in maintaining peace. The space that Russia occupies as an independent player in the region that can play its part in maintaining stability has also helped its candidature. Now that it has a seat at the table, Sumsky (2010) argues, this was done by the regional states with a view that it now expects the inducted member state to make a 'more significant contribution.'

In 2013, alongside Brunei and China, Russia proposed that principles should be developed to 'guarantee the parameters of the new regional architecture in the security sector, within the framework of East Asia Summits' (Lavrov 2014) – showcasing one of the most prominent examples of Moscow and Beijing's willingness towards a collaborative vision for the region and the first Russian proposal for EAS. According to the proposed framework, the regional architecture should be based on 'indivisibility of security, peaceful settlement of disputes, no threat or use of force, non-confrontation against and cooperation with third countries, and building partnerships between multilateral organizations' (Daksueva and Yilmaz 2014). Some analysts have noted that the proposal could be seen as a response to US's 'strategic turn to Asia-Pacific' (Koldunova 2016).

However, after lobbying hard to get a place in EAS and indicating its willingness to be more engaged, Russia reverted to its earlier scaled back involvement. President Putin has not attended a single EAS summit, till 2014 whereas the US president has already been to

four of the meetings. Koldunova (2016) notes that this low level of representation has led to an interpretation that Moscow is engaging in 'strategic neutrality' sensing that US-China tensions are on the rise. But this raises real world questions about how far is it willing to go to play a more active process in the integrationist projects in the region. Also, questions about what part Russia can realistically play in addressing the problems of the region and how it can preserve its political as well as economic interests based on its past and recent actions have been raised. Based on its performanceof over a decade, while EAS has expanded ASEAN's 'concept of regional order,' it has been 'functionally stunted' in terms of its operations (Rolls 2012) and its large membership might prevent it from being an effective organisation (Astarita 2008).

6.8 CHINESE PRESENCE IN REGIONAL ORGANISATIONS IN EAST ASIA

The end of the Cold War, China's exponential economic rise, help extended to East Asia in the aftermath of 1997 financial crisis and a proliferation of multilateral bodies all combined together to bring Beijing closer to East Asia. Despite concerns over its rapid military modernization and disputes with various states in the region, the parties involved believed the policy of working towards 'accommodating legitimate interests through a non-confrontational policy of engagement' was an appropriate one to adopt with regard to the rising power (Storey 2011). China too saw its national interest in getting engaged in multilateralism developing in the region, considering that it was looking to recover from isolation in the aftermath of the western sanctions over Tiananmen Square. In addition, as Storey (2011) notes, China was looking to ensure regime survival, economic modernization, protection of its sovereignty and maintenance of a stable periphery.

While its economic and military power has expanded at an exponential rate alongside its strategic importance in the region, China has had to face the perception that it poses a threat to regional states. This idea gained further ground as a result of its aggressive policies in the South China Sea and Taiwan Straits. Realising that its stance had been counter-productive and in an effort to address these concerns and improve its image, China engaged extensively in multilateral diplomacy. This was particularly important as the Chinese worried about an enhanced American presence resulting from its policies alienating the regional states. Also, non-engagement on part of Beijing might lead the regional states to align with the US (Ciorciari 2009), a prospect that China wanted to

avoid.The steady rise in trade with SEA further made getting involved in regional organisations important, as China recognized the value of ASEAN in the regional order. At the same time, the latter was concerned about stability of US commitment to the region at a time when China's military strength was growing by leaps and bounds - leading it to push for a policy wherein the rising power could be made into a 'regional stakeholder' through 'integration into the established order' so as to avoid any 'disruptive behaviour' (Storey 2011).

In 2002, after steadily refusing to discuss the South China Sea issue at any multilateral forum, it set up the Declaration on the Conduct of Parties in the South China Sea to lower chances of conflict as well as 'govern the activities of claimants' to the disputed area (Gill 2005). In 2003, China became the first external power to accede to the Treaty of Amity and Cooperation (which formulates the code of conduct for the region, ruling out use of force to settle disputes) with ASEAN marking a major step forward. In the same year, China and ASEAN established the Strategic Partnership for Peace and Prosperity which sought to improve cooperation on both global and regional issues. Beijing has also worked towards setting up a free trade area with ASEAN, seeking to further expand the economic relationship. The framework agreement for the same was signed in 2002 leading to setting up of the ASEAN-China Free Trade Area (ACFTA) by 2010. In 2014, the parties decide to upgrade the FTA, to further provide an impetus to trade. The free trade area has reduced tariffs on an estimated ninety percent of goods traded between ASEAN and China to zero. The steady growth in trade and investment ties has led to China becoming ASEAN's biggest partner since 2009 while ASEAN has been China's third largest trade partner since 2011 (Xinhua 2017). In order to benefit most from the growth dynamics, ASEAN has even reoriented its economy to fit into 'China-centric production network' so as to maintain its competitiveness and benefit from economies of scale (Tong and Seng 2009). While the trade deficit between ASEAN and China has risen, the regional states have decided that it is in their interest to make the best of the latter's economic rise. The developed regional economies do face the challenge of maintaining their technologically advanced position with an economically rising China while those still lagging behind are looking to build 'labour-intensive industries' that are competitive (Tong and Seng 2009).

Ideologically, China has found less to complain about with ASEAN since the latter does not seek to complain about democratic values of the former. In fact, as Sumsky (2007) points out, both the entities follow the same broad framework where 'authoritarian regimes' have focused on 'political stability as a prerequisite for accelerated development.' ASEAN enables China to use its economic strength within the region to expand its geopolitical presence – both bilaterally and multilaterally – while also assuring regional states of its peaceful intentions.

China has steadily acquired an increasing importance in regional organisations, including in APEC and ARF. As Yahuda (2005) points out, both these bodies were formed with the goal of 'drawing China in and discouraging Americans from leaving the region.' Storey (2011) notes that in the initial years, China was sceptical about US dominating the ARF agenda and feared internationalisation of the South China Sea dispute and Taiwan issue leading it to adopt a non-productive approach. It was only in the middle of 1990s, having gained experience in multilateral forums and recognizing that US was not driving the ARF agenda that China embraced the idea of regional bodies. It has also been an effective way for China to increase its influence in the region and gain a greater say in regional affairs, even helping it preserve its position amidst the heightened American interest in regional affairs. The Chinese defence paper of 2004 also praised the move towards 'multilpolarization' (Gill 2005).

The improvement of ties with ASEAN has been crucial in China being able to play a critical role in 'shaping the development of regional architecture' (Storey 2011). It prefers multilateral economic cooperation and manages its relations with different regional states so as to avoid being overpowered in multilateral bodies under ASEAN centrality (Blakemore 2014). The region also benefits from a regular dialogue, development of norms and creation of cooperative mechanisms with Chinese presence (Caouette and Cote 2011). This also has the added benefit of 'enmeshing' China into 'a regional financial regime in the making' (Kim 2004). In fact, China played a 'leading role' in creation of the yearly interactions on security related issues among ASEAN and China, Japan and South Korea – institutionalised as ASEAN Plus Three (APT). APT is seen to co-exist alongside ARF to complement the changes underway in the region on account of the rise of a new power – marking the first steps towards cooperation between

the two sub-regions of East Asia (Kim 2004). The APT now discusses several issues of vital importance to the states including narcotics, shipping and refugees. The move also reveals the increasing regional cooperation in trade and economy among the member states, as China upstaged the US in becoming the leading trade partner of most regional countries. In addition, non-traditional security threats like drug trafficking, human trafficking, piracy, environment etc. are being included in the agenda as they require urgent attention – having the inevitable impact of promoting dialogue.

However, as China's power has risen, there has been a visible gap between its rhetoric and reality. The most visible manifestation of this has been the South China Sea dispute where since 2009; the talks over development of a code of conduct with ASEAN have stalled, 'exposing the lack of conflict resolution mechanisms' (Blakemore 2014) within the organisation. This case is proving to be one of the most critical challenges facing ASEAN, wherein China has continued to build facts on the ground in the form of islands and reefs with military presence in waters being disputed by SEA states. The situation has been complicated by divisions within ASEAN members over the issue as maritime and mainland states have voiced disparate views rather than speaking collectively as one. As ASEAN looks to build a political and security community, it would be a test of its ability to manage the conflict and come to a resolution either through its offices or that of other multilateral forums in the region (Baviera 2017).

Storey (2011) assesses that the overall impact of China's rise on the SEA security has been mixed where reassurances have been gained by American presence. Also, ASEAN has sought to admit external members to multilateral bodies sometimes against China's wishes (for instance, EAS) so as to avoid overdependence on Beijing. Both the sides meanwhile remain committed to maintaining regional peace and stability to further economic cooperation and strengthen relations.

The engagement of China as the region's preeminent rising power is especially significant for ASEAN because it sees its multilateral forums as a critical element of its hedging strategy discussed earlier, which involves enmeshing all major powers politically and economically to promote stability and resolve disputes diplomatically without resorting to use of force. Storey (2011) points out that this policy has not undergone a major change despite China's aggressive posturing in South China Sea. In fact, when it

comes to engagement with ASEAN, China had already committed itself to 46 mechanisms in 16 fields by 2005 while the corresponding number for US stood at just 15. ASEAN does not seek to interfere in internal affairs of its member-states, an idea that assures China. Also, the latter is much stronger militarily as compared to SEA states, which ensures that it does not feel threatened militarily by the ASEAN member states (Lim 2008). However, this does not lessen the apprehensions of SEA states which are worried about Chinese military expansion. This increases the importance of US, which remains a leading power in the region, despite the rise China has witnessed in the post-Cold War period. Particularly in the area of defence, US remains the main security guarantor for the region and has under its pivot to Asia decided to further reorient its military forces towards Asia Pacific, underscoring its vitality. The region has welcomed the American pivot, the latter policy abating the impression that the US was focused more on the Middle East resulting in neglect of the Asia Pacific. The US, apart from announcing the pivot, also expanded from its deep focus on bilateral security mechanism of Cold War era 'hub and spokes' to a more sustained multilateral engagement (Brown 2012). It signed the TAC in 2009 and in 2011 President Obama became the first American president to attend the EAS.

As Brown notes, ASEAN states are pursuing this overall strategy with a view to gaining a say in the regional security discussion, which they fear of being excluded from in the absence of multilateral bodies. Also, the involvement of US has the advantage of cushioning against any possibility of China taking recourse to 'coercive policies towards its neighbours' (Storey 2011). These developments have meant that the rise of China 'lies at the core of the multilateralism issue in Asia' (Caouette and Cote 2011) since the countries in the region are looking at its policies and reacting with relevant policy measures there in.

The region does not want to be seen as siding with either power and policy makers believe the best possible situation would be one where both the US and China have a stable relationship. There is an attempt to further ensure stability through engaging other middle powers like South Korea, Japan, India, Australia and New Zealand (Astarita 2008) who in turn have their own economic and strategic reasons to want to be part of the ongoing regionalism in East Asia. The multilateral institutions of the region are meant to

be a ‘corollary’ to the bilateral alliances the regional states have with the US and not as an ‘alternative’ (Yahuda 2005). This has resulted in China being invited into its varied multilateral mechanisms and making it an active member of all bodies including APT, ARF, EAS and APEC.

These organisations insist on ASEAN centrality and their success will determine to a large extent whether the regional organisation can manage the changes in regional balance of power while avoiding conflicts. ASEAN has focused on soft institutionalism, informal structures, consensus and non-interference as opposed to western ideas of hard institutionalisation to keep everyone within its orbit. The states in the region do not want to take any steps that would limit national autonomy but they are willing to work towards establishing a more ‘rule-bound regional system’ (Kerr 2004).

These multilateral institutions, which have proliferated in the post-Cold War period have not ‘fundamentally altered the material balances in contemporary Southeast Asia’ or ‘displaced power-balancing arrangements entirely’ (Ciorciari 2009). Bisley (2014) too argues that the despite some of the regional organisations existing for several years, their capacity to ‘transform the identity or institutions of Asian states has been limited.’ But as the author notes, they have had a deep impact in softening the ‘alignment strategies in the region’ and contributed to peace and security – by engaging all powers – whether big, medium or small while insisting on ASEAN centrality.

6.9 CONVERGENCES AND CONTRADICTIONS BETWEEN RUSSIA AND CHINA IN REGIONAL ORGANISATIONS

When it comes to East Asia, Russia has been attempting to shore up its presence in regional multilateral bodies in the post Cold War period. It has been forced to deal with numerous challenges including weak trade linkages in a region that has built its framework around economic integration, inconsistent actions with regard to the broader region as well as changing regional environment (Streltsov et al. 2018).

As already discussed, China is critical for the regional multilateral organisations as its rise is the major factor that has altered all regional equations and given an impetus to regionalism led by ASEAN. The Southeast Asian organisation has taken the lead in enmeshing Beijing in the region through membership of multilateral organisations so as to give it a stake in the collective process, minimize chances of conflict, promote

economic integration and prevent rise of any hegemonic power. China too benefits from this arrangement which pushes economic development, reassures neighbours about its rise and gives it a chance to be an influential player in regional decision making through a whole host of regional multilateral bodies. In all of these, ASEAN has attempted to maintain its centrality while at the same time bringing together US, China as well as other middle level powers with an aim to maintain regional stability. But in recent times, Koldunova (2016) notes, the regional dynamics have focused increasingly on 'China-US interactions, overshadowing multilateral processes.'

Against this backdrop, Russia has been focusing on its pivot to Asia, looking to have a balanced foreign policy based on a future polycentric world order where multilateralism is an important component of relations with the region. Russia is operating in a region where one power is rising while the other, established one is seeking to maintain its position. There is also a proliferation of multilateral mechanisms in order to ensure stability for continued economic cooperation. There are also concerns about security issues – both traditional and non-traditional – which are also being sought to be addressed through both bilateral and multilateral networks.

The need for a shift towards East became increasingly acute in the aftermath of Western sanctions following the Ukraine crisis which has already led to a much closer cooperation with China. In such a scenario, improving multilateral ties to both reduce threat of being over-shadowed by China as well as break out of western isolation looks to be a good strategy for Russia. Even before the 2014 sanctions hit, Russia had sought to improve bilateral ties with states in East Asia in addition to gaining admission to multilateral institutions, which it sees as its chance of becoming 'a part of the regional cooperation processes' (Koldunova 2016). But while Russia became a member, an overarching strategy with regard to these organisations seemed to be missing.

It must be noted that Russia is coming from behind in the region considering it did not have deep economic ties with the region during the Cold War period, a situation that persists to this date. ASEAN and APEC concentrate to a large extent on economic affairs and the weakness in this area made Russia a lower priority player for the region. Here, its partnership with China cannot compensate for the domestic problems of economy and inability to make the Far East an attractive investment destination. Its 'moderate

economic engagement' is directly reducing its 'integrative role' in East Asia at a time when China has become the leading trading partner for ASEAN.

Russia understands that it benefits from its ties with Beijing and its position would be much weaker in the absence of this partnership. Their positions on several regional issues coincide, including on North Korea and prevention of American domination of the region. However, Russia has till now not been inclined to get into a conflict with US in East Asia (Daksueva and Yilmaz 2014) on these issues. While China might want to position Russia in the region with an aim to limit American influence (as was its intention while supporting Moscow's EAS' candidacy), the latter has till now indicated that it would prefer to maintain a neutral position. But with ties with the West at an all time low, this might be a difficult position to sustain for Russia given that it is increasingly becoming closer to China. The two proposed a regional security architecture in EAS ostensibly in response to the American pivot and have conducted joint naval exercises in East China Sea, again as a sign to the US. Also, Moscow's position on the SCS dispute while maintaining neutrality is much closer to the Chinese position in pressing for non-internationalisation of the issue (Daksueva and Yilmaz 2014).

China has been a proactive player in these multilateral bodies whereas Russia has to a large extent maintained a low profile (Koldunova 2016). Beijing is focused on promoting its own leadership position by increasing its participation in multilateral institutions and is promoting new ones under its own initiative namely the RCEP and Asia Infrastructure Investment Bank (AIIB). Its participation in multilateral institutions enhances its clout, reassures other powers that it does not look to overturn the established institutions, prevents US from become the central power in regional organisations as well as reduces chances of a conflict that can destabilize the economic growth trajectory.Also, the rising power has not been seen as coordinating its positions with other players (Koldunova 2016). Hence, apart from the joint security architecture proposal in EAS, there have hardly been any joint activities in multilateral bodies between the two strategic partners. China does welcome the presence of Russia in regional multilateral bodies as a partner it can rely upon but the power asymmetry is stark.

Russia has been keen on security based forums like ARF and ADMM-Plus believing they would promote trust and maintain stability. While the latter has a focused approach to

transnational security issues, ARF has come under criticism for failing to come up with solutions to regional problems. APEC, despite its prominence, has been plagued by indecisive decision making. Russia too has suffered from a lack of long-term perspective regarding these bodies. As a late entrant to EAS, Moscow has since displayed a low level of interest in an organisation that has not made any major announcements despite heads of states meeting regularly.

China has meanwhile focused on economic multilateralism, steadily building on its ties with ASEAN and playing a leading role in APT. It had been opposed to the expansion of latter into EAS, arguing that it would dilute its regional nature; revealing its interest in playing the dominant role. In order to prevent exactly such a scenario, ASEAN expanded the membership to include not just a host of middle powers but more importantly, the United States – revealing apprehensions among member states about China-centric bodies. As China has strengthened its position in East Asia, leading to a change in the geo-political balance from post Cold War era American hegemony, ASEAN has felt the need to strike a compromise between the two giants. This has been done through enmeshing not just the US and China but also a whole host of middle level powers to create complex inter-dependencies that would temper any chance of conflict.

In this scenario, Russia – which apart from the island dispute with Japan is not involved in conflict with any regional power directly – has been welcomed in the role of a 'balancer' in Southeast Asia (Kireeva 2012). Lavrov (2010) has praised the willingness of ASEAN to engage with a 'wide range of partners' so as to promote 'multilateral network diplomacy.' Russia is deeply aware of the window of opportunity this offers as it realises that ASEAN would need 'participation of major powers' for regional cooperation to be adequate (Lavrov 2010).In a bid to reassure SEA states, Lavrov (2010) has made it explicitly clear that Russia does not aspire to achieve military superiority and neither does it seek to set up military bases in the region as a whole.

Since it seeks its independent status, Russia is aware that siding too closely with China will damage its prospects with ASEAN. In fact, its growing closeness to China has had a negative impact to some extent on its perception as an independent player (Martynova 2014) despite Russia declaring that there would be no defence alliance with any state (Lavrov 2010).

Given the benefits of multilateralism, Russia needs to work on its engagement with ASEAN and its related bodies, which at its current level have been described as 'superficial' by Storey (2015). Its current level of interaction is seen as passive due to its 'limited influence' and a focus on 'other inter-state forums' (like SCO, BRICS and EAEU). Also, Russia still adopts the view that powerful states are the main drivers of policy and thus attaches a lesser level of significance to multilateral bodies. In addition, Moscow has also demonstrated limited interest in particularly those international organisations where it has lower influence to advance the agenda or its own interests (Storey 2015). The author argues that in SEA and East Asia broadly, the US and China remain the dominant players with Russia realising its restricted influence.

Russia accepts ASEAN centrality and agrees with it on issues related to non interference in internal affairs and sovereignty of states (as does China). It has declared its goals of allying with ASEAN and its resultant organisations as being directly complimentary to its broader policy in the region. This includes, according to Lavrov (2010) – 'providing balanced external conditions for modernizing Russia, to take an active part in regional affairs, and to join the integration processes.' He argues that the two entities have similar views on most global and regional issues which can help them build trust through interactions over these affairs. Also, the foreign minister notes, Russia and ASEAN see the former as a factor in strategic stability which can contribute to the regional peace and prosperity – ensuring a coinciding of goals.

Moscow also wishes to regain its position in Asia and sees the benefits of being seen as an independent player. It has sought to diversify relations with other powers in the region (Christoffersen 2010) since it does not want to be seen as a junior partner of China but it has not been able to fully exploit Southeast Asian desire to have neither US nor China dominate for enhancing its own profile.While Russia has become part of multilateral organisations in East Asia and is also present geographically, its 'interaction with the region is extremely weak' (Martynova 2014). Despite continuing rhetoric from the top leadership in Russia, its presence and integration into multilateral institutions in East Asia has been devoid of a broad, comprehensive strategy. Martynova also notes that not only there seems to be a 'lack of vision and an understanding of its interests' in the region, Moscow also lacks tools to push its interests in East Asia. This can be understood from

the fact that concrete steps regarding enhanced economic cooperation with ASEAN are yet to be implemented. Given the current situation, Russia's relations with ASEAN are unlikely to grow at a rapid rate, which means it would be challenging for Russia to make its presence felt in the multilateral bodies. On the other hand, as noted above, China is deeply entrenched in ASEAN and its affiliate bodies.

Russia's weaknesses discussed above would mean that despite its pivot to Asia, China has remained the central focus of its efforts, with its position in multilateral organisations not leading to a radical rise in influence. Tsvetov (2016a) too questions whether given the current state of Russia's engagement with the region, if it can play a 'strategic balancing role' and if it has the capacity to talk to the countries involved about 'matters that are relevant to them.' The prevailing situation does not give much credence to this idea and as the author notes, it is the bilateral relationships with China and Vietnam that form the bed rock of its major policies in the region. Given the power disparities between Beijing and Moscow in the region, it has been seen that the two have not collaborated actively in activities of regional organisations.

Koldunova (2016) believes that Russia's 'attitude to regional multilateral institutions' and the perception of its own role in them 'reveal its very weak understanding of its goals and opportunities in these institutions.' While it has had better success in managing its bilateral relations in the region, the same cannot be said of its multilateral presence, which has not become the central focus on Russian policy makers. Sumsky (2010) believes that while the relations between ASEAN and Russia are not stagnating, the two at the present time benefit from 'working with other partners' to a greater degree than with each other. Taken as a whole, Russia's strategic partnership with China has not aided the furtherance of its interests in East Asian multilateral institutions, as is evident from the above discussion.

6.10 MULTILATERALISM IN EAST ASIA

Multilateral cooperation has resulted in peace and stability in SEA, where states have come together to set up institutions, create norms and pursue cooperation in various areas that serve their national interests. But a move towards the same is missing from NEA, where the states have been unable to come together in a regional institutional setting to ensure cooperation. In a broad sense, the region is experiencing what Lukin (2012d) has

called ‘soft balancing’ where the main goal is to ‘hedge against strategic uncertainties associated with the rise of China.’ At the same time, the process is also looking to limit American unilateralism. In addition, it seeks to empower middle powers like Russia, Japan, South Korea, ASEAN, and India. This, the author believes, would ‘help build a more stable balance of power in the Asia–Pacific.’

The economic closeness has necessitated the maintenance of peace and stability for continued benefits to be accrued by member states. This has been done through attempting achievement of collective security by focusing on cooperative, informal mechanismsinstead of formal institutionalisation of legal norms. The security dimension has grown ever more important in recent years due to a rising China and American response to the developments. This competition between US and China to gain an upper hand over the other in the region is destabilizing the fine balance being maintained till now and has turned the region into a ‘major arena of geopolitical contestation’ (Baviera 2017). The regional challenge here is to maintain stability within the contours of a rising China and a strong American presence. In addition, while the regionalism in East Asia is being pushed forward by economic integration, it is being pulled apart by territorial disputes (Dalpino 2013).

The position of neutrality being taken by ASEAN with respect to great power rivalries has made it an effective partner for all involved (Baviera 2017). It focuses on ‘inclusive multilateralism rather than exclusivist alliances,’ seeking to promote cooperation through dialogue and involvement of all major powers. ASEAN’s brand of open regionalism has served its members well because of its flexibility, moderation and inclusiveness. The rise of China has led to questions about ASEAN’s ‘real weight in the region.’ As it seeks to hedge against a rising power, it is in its interests to keep US engaged to avoid an overwhelming Chinese influence (Caouette and Cote 2011). In doing so, the authors note, the focus is on ‘multiplication of institutions, agreements, dialogues with a maximum of partners.’

ASEAN security institutions –ARF and ADMM-Plus – have helped promote the idea of regional security cooperation that respects both large and small powers in its inclusive approach as opposed to following a realist, balance of power approach. Prevention of major power conflict and dealing with regional challenges in the NTS area has been a

major achievement of the organisation (Baviera 2017). The ASEAN way ensures that sovereignty is protected and the regional states prefer to not have any broad mechanism influence their national decision-making (Astarita 2008). But even ASEAN has struggled to resolve issues where there are serious differences among members and its various multilateral organisations have not always delivered on their stated goals. Dent (2016) notes that ARF has been unable to achieve concrete results on the ground and APEC has been on a decline.

With the establishment of the expanded EAS, there is now a serious difference of opinion between NEA and SEA regarding East Asian identity, whose impact on multilateral organisations is yet to be resolved (Kanaev 2010). China has focused on ASEAN-Plus Three (APT), which it believes is a more representative one for East Asia through economic measures like Chiang Mai Initiative Multilateralisation (CMIM), the ASEAN+3 Macroeconomic Research Office (AMRO) and the Asian Bond Market Initiative (ABMI). Despite the promise of EAS seeking to discuss regional issues at the highest levels, its achievements on the ground have been modest. The consensus has been difficult to maintain in the light of competing domestic and regional interests. The ASEAN Political Security Community has been more about rhetoric than reality with even a fully functioning secretariat not being established (Kawai et al. 2016).This has come in the backdrop of China becoming a leading player in the region with vital strategic importance that is closely engaging with the regional multilateral bodies.

While it can be argued that an expanded membership of ASEAN, APEC, ARF or EAS can lead to weakening of the ‘organisational coherence,’ it has proven to be inescapable in order to manage regional affairs effectively in the political, economic and security domains (Dent 2016). In fact, it is not just the membership but also the agenda that has expanded in organisations like ASEAN and APEC in line with the changing scenarios.Other forums like APEC, ARF, ADMM-Plus and EAS form a ‘web of consensus-based institutionalized regional interactions’ that have ensured ‘strategic stability in a region of relative instability’ (Koldunova 2016). It has prevented the dominance of a single power in the region as it deals with the rise of China while developing regional cooperation.

Caouette and Cote (2011) note that the current trend towards multilateralism in the region with ASEAN at its centre looks likely to remain in place for the forthcoming future and might even become the norm in East Asia. This, however, does not discount the importance of bilateral relations as the East Asian balance of power is becoming 'loose and multipolar' and is not going to be part of the 'US hegemony.' The regionalism remains weak at the institution-building level as in there is no 'collective security nor a formal concert of power' where bilateral relations still play a very important role, especially on issues where the regional bodies cannot build a consensus (Joon 2003). This means that countries have been following the bilateral agenda and continue to pursue this line enthusiastically, particularly in the realm of security. The proliferation of bilateral free trade agreements are also a testimony to this focus on the importance of such ties.

The region has broadened its membership to outside powers but it remains to be seen if China will accede to this development (through its behaviour in multilateral bodies) even as US becomes more engaged under Obama administration (Dalpino 2013). Both the US and China would have to play a constructive role so as to maintain stability in East Asia. China wants to be a part of multilateral frameworks in East Asia and wishes to play a dominant role. At the same time, Asian countries too are unwilling to be excluded from any regional integration idea (Astarita 2008).

6.11 CONCLUDING REMARKS

The above discussion reveals that ASEAN will be looking to strengthen itself by improving ties with its closest partners in an effort to build the ASEAN community and Russia will have to work hard to be counted. As Christoffersen (2010) notes, Russia is looking to increase its presence in the region through multilateral institutions.Lavrov (2010) has pointed out that in an emerging multipolar world, regional cooperation will have a very important role to play. There is also an acceptance that Asia Pacific is the scene of future geopolitics and where the new 'world order' as well as the 'global management system' is taking shape. The veteran foreign minister is aware of the trends underway in East Asia, pointing out that a deeper 'interdependence and interconnection' has been fostered among regional states leading to 'economic integration' on a scale never seen before here. Labelling ASEAN as the backbone of regional order, Lavrov has

declared that the relationship with this regional organisation is a priority for the Kremlin without 'situational fluctuations' and built on 'ideology free basis.'

Russia does stand to benefit from increased multilateralism in the region and a development of rules of the game in a transparent manner, especially since its 'resources are hardly growing in absolute terms,' indicating a future of decline in influence as new powers increase their engagement (Tsvetov 2016a). Russia has wanted to be an independent force in the region while adopting a policy that would prevent an active outbreak of hostilities and maintain peace. It would not be averse to playing the role of a mediator in conflict situations given that it is not a party to the disputes except the Kuril Islands (Kozyrev 2014). This role is also relevant for Moscow because US is the only power that can counterbalance China in the region and as Sumsky (2010) notes, neither Russia nor ASEAN are capable of competing with the rising power. This, the author believes, is a common ground from which the two can build their relationship because both Russia and ASEAN will be 'losers' in the rising confrontation between US and China. Both would benefit from not siding with either major power and forestalling any deterioration of regional stability. Since ASEAN is the central organisation linking the varied regional bodies, it can play this role in East Asia – a move that would have the acquiescence of Russia.

The hedging strategy being followed by ASEAN with reference to entire East Asia also opens up opportunity for Russia to insert itself more firmly in the region. As mentioned above, Russia can position itself as a responsible partner with balanced relationships with various players in the region. It has a limited time to establish itself in a region where multiple powers are present, several of them growing more powerful than Russia. It also has an interest in establishment of regional security architecture on the back of existing organisations as well as in having a peaceful East Asia to facilitate the development of its Far Eastern region. Any escalation of tensions will inevitably draw Russia into a confrontation that Moscow wants to avoid at all costs (Sumsky 2010).

Russia can play an important role if it can 'successfully define its policy' (Martynova 2014). This, the author believes, would be aided by the fact that Russia does not 'threaten the political interests of other countries.' It has demonstrated that it is interested in securing commercial gains and does not want to upset the peace and stability by pursuing

any aggressive strategy. Russia has also declared that its attempt to cooperate with ASEAN on security issues is not 'aimed against third countries' (Lavrov 2010).

Thus, we can deduce that Russia seeks a deeper and diversified presence in the region. However, it has been hindered by the low trade volume as well as the 'superficial' bilateral and multilateral relations (Caouette and Cote 2011). Russia does not have historical, traditional linkages with SEA states and neither has been a top priority for the other while framing foreign policy. The regional cooperation mechanisms are getting 'increasingly complex, acquiring more implications and extra facets' (Kanaev 2010). The author argues that Russia lacks a strategic vision in the region as it still seeks to identify its interests in the region as well as figure out what advantages it wishes to secure from its policies. He points out that even the goals presented in speeches of leaders are less realistic plans and more slogans. The work that has been done in the 21st century has helped Russia get its foot in the door in the region but still remains insufficient to make it a central player in the ongoing developments.

Given the economic relationship as it stands, its weak position in SEA is set to continue. In Northeast Asia, in the absence of any region specific multilateral institution, Russia has focused on bilateral ties wherein its closest partner is China. The Russo-Japanese territorial dispute has prevented Moscow from having a more balanced policy in NEA even as it slowly builds economic ties with both Tokyo and Seoul.

In order to realize its regional potential and enhance its presence in multilateral organisations, Russia will have to deal with twin challenges of 'domestic and international limitations it faces' (Koldunova 2016), apart from manoeuvring around the shortcomings of multilateral institutions themselves. Also, Russia has to manage its position at a time when the regional multilateral framework is undergoing changes. Amirov and Kanaev (2010) believe that given the regional situation, the focus of ASEAN will be on issues 'more pressing than developing relations with Russia' even as it realises its growing dependence on the Northeast Asian states. This, they argue, would result in Russia being lowered in terms of priority for the organisation. A new balance of power in the region remains elusive as the US-China rivalry continues (Astarita 2018) with Kanaev (2010) adding that this would mean even more difficult situation for Russia as its 'freedom of manoeuvre' will be restricted.In the midst of above mentioned factors,

Russia's strategic relations with China offer no panacea for its relations with East Asian multilateral institutions. In this case, its strategic partnership with China has not yielded visible benefits due to a host of factors including Beijing's own ambitions, Moscow's weak position, Russia's late entry, lack of interest, inconsistent policy and nature of regional organisations themselves.

Apart from urgently taking steps to improve trade volumes, Russia needs to play a more engaged role in multilateral organisations in East Asia since it benefits from the latter's agenda of maintaining peace and promoting economic growth while preventing hegemony of any power. Russia's troubles with the West and a realisation of over-dependence on China may act as a catalyst towards accomplishing this goal. For now, Sumsky (2010) believes that neither East Asia nor Russia has as yet realised the 'strategic need for each other' which means that Russia's search for influence in the regional multilateral institutions continues (Rangsimaporn 2009b).

7. CONCLUSION

After a detailed examination of Russia-China strategic partnership and its impact on the former's policies in East Asia using a variety of primary sources, secondary sources and interviews with experts, the concluding chapter examines the hypotheses posited at the very beginning. While their essence has been examined throughout the course of six chapters, the conclusion will focus on each of the hypothesis individually followed by concluding remarks.

7.1 Hypothesis 1

The rapid rise of China in Southeast Asia has led Russia to diversify its ties with ASEAN states and regional organisations.

After detailed study of Russia in Southeast Asia, it can be concluded that this hypothesis does not bear out in its entirety. While Russia has sought to diversify its bilateral and multilateral relations in Southeast Asia, the evidence is not enough to establish its causal relationship to the rise of China in the region. Russia wants to build relations with all powers, in continuation of Primakov's Eurasian policy but has been slow particularly in building production networks (Kireeva 2018). In fact, despite enthusiastic pronouncements, Russia has struggled to establish its strong foothold in the region and the region also has very little experience of dealing with Russia (Tsvetov 2018). Southeast Asia has had a secondary place in Russian Foreign Policy and projecting power in the region has not been a top priority till now. Tsvetov adds that it is perceived to be very close to China even when it does not want to be seen as such and this has made it more difficult to project itself as an autonomous player.

In the past few years, the 'pace of Russian engagement' in Southeast Asia has increased through greater cooperation with Vietnam, Thailand, Malaysia and Indonesia. Yet, by 2014, the overall share of Southeast Asia in Russian trade stood at a mere 2.7 per cent. Only one per cent of the total exports of Southeast Asia are received by Russia. At present, Russia's presence in regional oil and gas market remains at a low level. This has the potential to change in the future as an economically developing region looks for diverse sources of import to achieve energy security.

On the other hand, China is the leading trade partner for ASEAN states and is deeply embedded in the region through a network of economic, political and historical-cultural

ties. Over the years, the power disparity between China and Russia in the region has steadily grown; which means today the latter is not a critical player for China in its dealings in Southeast Asia even though it is a positive development to have the former superpower on its side. However, Russia's position will be much weakened without China, especially after the 2014 crisis.

Some scholars like Fettibene (2015) believe that Russian attempt to engage with Thailand and Vietnam is part of its 'challenging Chinese strategic interests.' For instance, it has collaborated with Vietnam on energy exploration in South China Sea, despite Chinese objections, and increased arms sales and defence cooperation. However, on analyzing the overall Russian strategy towards the region, it can be deduced that the aim here has been to not take sides and maintain strategic neutrality (Kireeva 2018). Even in the case of rebuilding closer ties to Vietnam, Trenin (2015) notes Russia's inability to transform its traditional relations with its former communist ally into a 'qualitatively new' one. The latter is Russia's closest partner in Southeast Asia and its key to further engagement with ASEAN, but overall Russia's 'economic and financial weakness' means it does not have sufficient means to position itself as a major power in the region. Given the low level of engagement of Russia in Southeast Asia, it becomes difficult to interpret its actions as being in response to China's rise – not only because the latter is its closest partner in the region but also because Moscow's efforts have not been at a level to conclusively explain it in terms of a reaction to the rising power.

In addition, with its increased dependence on China, any hopes of a balancing act with states like Vietnam will become even more difficult as Russia will have to ensure it does not displease China while also not spoiling relations with Hanoi. Even in the case of arms sales, before the Ukrainian crisis, as Sumsky (2018) noted, Russia took care not to distort the existing military balance and its arms sales to various countries increased the sense of confidence among buyers in their relations with others. However, there is rising concern now that Russia selling its most advanced weaponry to China (S400 and Su 35s) after the 2014 crisis would impact the existing military balance in the region. Overall, in the military domain in SEA, its presence has been 'piecemeal' and Russian ideas about security presence in the region remain unclear (Sussex 2015).

In terms of ASEAN and other multilateral organisations in the region, Russia has been a latecomer to regional cooperationgiven that Soviet Union had limited ties with Southeast Asian states and had to begin from scratch in becoming a member of multilateral bodies. The economic slump faced by Russia in the 1990s and its focus on the West also hindered its progress in the region. The 21st century has seen Russia become a member of all major regional organisations and has demonstrated its willingness to increase its interaction with the region. If Russia wants to establish its strong presence here, it would need optimum development of both bilateral and multilateral relationships in SEA.Russia views ASEAN favourably due to its agenda of involving different powers in the region and its focus on respecting state sovereignty. ASEAN too is willing to include powers like Russia to act as a 'potential strategic balancer' in view of US-China competition (Sussex 2015). This has led Russia to believe there is an opportunity for it to act as a balancer on certain issues (Kireeva 2018). However, as Sumsky (2018) explains, there has been a general policy paralysis on this front in the period under consideration.While Russia has tried to diversify relations with other powers in the region but its efforts have been largely symbolic. At the same time, the asymmetry in Russia-China political and economic relations has been rising.This has led Sumsky to conclude that it is doubtful Russia will play a great role in Southeast Asia, given its current state of engagement in the region.

Even with the holding of APEC summit of 2012, which was billed as Russia's greater opening towards regional multilateral organisations, the focus was more towards domestic development and it was difficult to fit the narrative of APEC into these national goals (Kuhrt 2014). Despite its presence as a global power with a permanent seat at UNSC and formidable nuclear arsenal, Russia's engagement with regional organisations in East Asia has been weak and Kireeva (2018) argues that it has been bad at implementing initiatives. As has been discussed earlier, in multilateral bodies, Russia is not in a position to influence agendas and its idea of comprehensive security architecture at East Asia Summit has not garnered much traction (Tsvetov 2018). The ASEAN centric bodies consist of a lot of diplomatic work and organise far too many events. They also avoid controversy or decisions, earning them the epithet of 'talk-shops' (Tsvetov 2018) but remain important for a diverse region where cultural and political views differ. As a

result, when top level leadership in Russia skips important summits like at EAS, it loses the chance to show its interest and sends a wrong signal to the region (Kireeva 2018). Also, there is concern that Russia's ties with ASEAN and its related multilateral bodies might become 'purely declarative in nature' due to 'lack of specific projects' (RIAC 2017), especially since Russian focus has been on bilateral relations and has shown little potential in moulding the multilateral structures in the region. At the time of the 2014 crisis, Russia's multilateral engagement was 'still limited' with the main 'strategic direction' being relationship with China (Ostevik and Kuhrt 2018).

Russia had hoped that its strategic partnership would lead China to help it become a more influential player in the region, but those hopes have not been borne out. Tsvetov (2018) thus concludes that in most cases, China has not been an asset for Russia in Southeast Asia. Sumsky (2018) believes that Russia has not given up its sovereignty in its dealing with China in the region and the main issue stems from the fact that Russia's relations with ASEAN are still to be developed, irrespective of the Chinese presence.In the post-sanctions period, Russia's ability to project its influence in Southeast Asia has been further compromised due to economic difficulties as well as declining relations with the US which otherwise could have been a potential positive factor in building ties in the region.In other words, Russia is still searching for influence in Southeast Asia and the rise of China has not had a commensurate impact on speeding up its engagement with multilateral bodies. In the period under consideration, it has lacked both economic and diplomatic means to influence regional developments. Neither has the Kremlin demonstrated enough alacrity in expanding bilateral ties to justify the hypothesis that Russia has diversified its relations in response to China's rising power. Overall, Russia has not had great success in building its relations with Southeast Asia (Sumsky 2018).

7.2 HYPOTHESIS 2

Russia's relations with Japan, Koreas and Taiwan have not been impacted due to Russia's strategic partnership with China.

Russia wants to harness the region of Northeast Asia for its domestic development, especially of the Russian Far East, using its geographical location to get closer to the developed economies in the region – China, Japan and South Korea. In 2014, 80 per cent of total of Russia's trade with East Asia came from the three Northeast Asian states, with

China leading the pack. The former superpower has been a player in Northeast Asia given the fact of its territory and its pivot to Asia has been largely driven by its policy towards this region. From the point of strategic stability, the rise of China, territorial disputes and North Korea make it one of 'most explosive regions' of present times (Lukin 2011). Russia, thus, also has an interest in keeping a region that is so close to its own borders peaceful.

The post-Cold war years have seen an improvement in Russia's ties with the two American allies in the region – Japan and South Korea. In a positive move in recent years, Japan has abandoned its policy linking economic cooperation with Northern Territories/Kuril Island dispute (Kireeva 2018). President Putin hassought to improve relations with Japan, building on the foundation laid down by the Yeltsin administration. However, there has been no positive development towards resolution of the territorial dispute that has plagued bilateral ties for decades; even though the two sides decided to restart the peace talks in 2013 and Abe visited Russia the same year, making him the first Japanese prime minister to do so in a decade.

Russia sees Japan as an important investor in the Russian Far East and the energy sector, allowing it to invest in oil and gas projects which till before the 2014 crisis were barred for Chinaover both pricing and geopolitical concerns (Kuchins 2014). Japan has however raised concerns about the business climate in RFE, which has been held responsible for low level of investment. Japan has the potential to serve as a counter balance to China but the territorial dispute and its alliance with the US has prevented any such cooperation with Russia, even though there has been some improvement in economic ties. Japan is looking to diversify its oil and gas supplies away from the Middle East, which Russia hopes to tap into. However, the gas demand in Japan is not expected to increase dramatically in the near future. The broad focus is on export of natural resources and import of manufactured products like automobiles and electronics but it remains way behind that of Russia-China economic ties. On the issue of territorial dispute between China and Japan, Russia has maintained its neutrality. The other factors hindering a positive movement forward on the bilateral front are Russia's strained ties with the US and its marginal role in regional integration (Kerr 2009).

Till the end of the 20th century, Japanese attention was focused on the 'Russian threat' in the security domain. However, there are indications of a slow change as evidenced in the 2013 Japanese National Security Strategy that calls for increasing overall cooperation with Moscow in the light of 'severe security environment in East Asia'. In fact, Russia is 'seen as a potential partner, although not as a top priority' while noting the multi-vector nature of its foreign policy (Brown 2018). It seeks to capitalise on Russian desire to have multiple partners across the world, especially at a time of deteriorating relations with the West. Japan and Russia have already established regular high-level contacts as discussed in chapter 4, they hold joint search and rescue exercises and cooperate on non-traditional security threats. Brown (2018) believes the Japanese have analysed Russian position in Asia as having 'limited strategic ambition' with the region being a 'secondary priority' for the military. Even on the disputed islands, it is noted in Japan that the military build-up is less than that during the Cold War period; with the conclusion that the focus of Russia is on its influence in the post-Soviet states and Central Asia. These developments offer opportunity for Russia, as the perception of not being an immediate threat opens doors to improve relations. Japan would also prefer Russia to not get overtly close to China and seeks its constructive role in solving the North Korean issue. Especially after the 2014 breakdown in ties with the West, Japan has intensified efforts to improve relations with Russia to try and balance the resulting closeness of Russia-China ties.

However, this has not been the top priority for Russia despite the fact that it can be a way for it to reduce its overdependence on China due to a combination of factors discussed above. In addition, the deteriorating ties with US might make it difficult for its ally Japan to pursue the bilateral dimension to its fullest. Till Russia-US ties stabilize, Japan will find it very difficult to normalize relations with the former superpower completely. The issue of sanctions has already led to postponement of Putin's visit in 2014 and raised uncertainty over forward movement on the peace treaty in the short term. This development has benefited China, which was wary about Japan and Russia growing closer together, given that it considers the US ally a major competitor in the region. Already, as Brown (2018) notes, Russian sales of advanced war plans and arms to China will have an impact of 'security environment in East Asia.' This development is particularly worrying for Japan.

Their policies also have points of divergence on regional issues like North Korea and US missile defence, while there is a convergence on those with China. As the author notes, Russia is wary of Japan due to its position of being a US ally and would rather focus on China that is rising in power and with whom it shares a 'strategic outlook.' Thus, we see that while China remains a consideration for Japan and Russia, the bilateral relations have suffered due to causes that do not include China as a causal factor.

Russia is also looking at South Korea to further develop cooperation and trade links, again with an eye on economic development of the RFE, even leading to a visa-free agreement in 2014. There are ongoing efforts to facilitate trade links and investment from South Korea to help Russia become part of production networks in the region, with a synergy being envisaged of the former supplying manufactured goods and the latter exporting natural resources. Russia is also banking on opening of the Northern Sea Route to bring it into closer cooperation with South Korea, whichlooks at the NSR as having a potential important role in helping it reduce dependence on oil shipments from the Middle East by diversifying towards Arctic oil. Also, reduced distance with Europe will help South Korea economically as Northern Europe is a major trading partner (CSIS 2016b).

But till 2014 several factors were holding back a positive momentum including lack of active policy measures regarding improvement of bilateral ties from both sides, low investment levels and more recently, US sanctions. Unlike the case of Japan, the relations with South Korea did not suffer much over the Ukrainian crisis (Trenin 2015) and Russia has been heartened by Seoul not joining the western sanctions (Lukin 2018). But as the author notes, given its alliance with US, there is a limit to its engagement with Moscow. Stronski and Sokolsky (2017) argue that while Russia has been looking to improve economic and trade ties with both Japan and South Korea, it has had only limited success. In the longer term, Russia wants to have constructive partnership with both Japan and South Korea in the region. In the political and security sphere, the US is a factor in Japanese and South Korean policies of bilateral relationship with Russia (Kireeva 2018). In the economic realm, the US influence is less on Japan and South Korea as to their plans with Russia – a factor that can be exploited by the former superpower. In terms of

the China factor, South Korea is less concerned about Russia-China relations (Kireeva 2018) as compared to Japan.

North Korea shows the decline in influence that Russia has suffered since the collapse of the Soviet Union both economically and politically in its dealing with the former. It is no longer the security guarantor of the communist nation. However, it does have power due to being a permanent member of the UNSC and a member of the six-party talks. Russia does not want a collapse of the regime in Pyongyang and has economic interests in the country as well – making it a potential 'stabilizing force' (Cosh 2014).Russia has also improved its bilateral relations with North Korea as it looks to ensure its role in the future of the peninsula. As has been discussed earlier, China and Russia share some common ideas over Korean peninsula but their positions do not completely 'overlap.' The two are likely to coordinate their positions in case of a crisis, with Russia recognizing that China's interests on the peninsula are 'greater' than its own (Trenin 2015) while both remain concerned over the issue of missile defence. South Korea does not have any direct conflict with Russia and believes the latter can play a positive role in the six-party talks (Kuchins 2014) but unfortunately, the framework has been stalled since 2009 when North Korea withdrew. Further efforts to revive the format were shot down by other members over North Korean refusal to give up its nuclear weapons. Given the breakdown of six-party talks and increased US and Chinese involvement, there exists the threat of Russia being marginalised over the North Korean issue (RIAC 2017).The proposed trilateral projects with North Korea including a rail link and energy pipeline have also been stalled due to inter-Korean tensions.

Like most other states, Russia follows the one-China policy – which has been in place since the Soviet period – which sees Taiwan as an integral part of China and does not recognize its independent existence. The post-Cold war years saw an improvement in business relations with the island but there was no change in the one-China policy; ensuring that the developments in Russia-China relations since 1996 have not been a factor in Moscow's Taiwan policy, which has followed a historic set pattern. Russia has now slowly begun to address the situation exacerbated by its economic weaknesses in the Far East, instability of 1990s and weak regional linkages. At present, Russia suffers from a low level of economic integration into the Northeast Asian market as well as lack of

defence networks, which translates it to not being a rule-setting player. Russia's military power in the region will also be important to its future in NEA (Cosh 2014). As the author notes, its increased involvement in the region, on its own, does not 'fundamentally alter the region's security dynamics.' Dedicated resources and efforts will be required if Russia wishes to be a more important power in the region – both economically and militarily. It remains to be seen if Russia will be able and willing to accomplish this task.

Having China on its side on issues of THAAD and North Korea is a positive for Russia as it alone is not influential enough to counter the American power. However, in contrast to China, Russia has limited economic influence here and no economic plan at present to regain its status in Northeast Asia. Also, apart from its growing closeness to China, it does not have close bilateral relations with other important players in the region, making it a lopsided situation. Given that China is involved in extensive economic cooperation with other regional players and has seen its influence rise rapidly, Russia's position becomes even more precarious. In other words, it has too few cards to play in a region where due to weak regionalism bilateral ties have become even more important.

Through the examination of Russia's policies in Northeast Asia, it is clear that the major hindrance in its development of ties with regional states is on account of domestic weaknesses of the Far East and its lack of diversified ties with states other than China. In the period from 1996-2014, Russia rapidly expanded its ties to China but failed to replicate the same with other regional states, causes for which have been discussed. With regard to North Korea, Russia has coordinated with China on its policy responses and is one area where the hypothesis holds true. However, there is no causal factor to suggest that its relations with China have fundamentally impacted its ability to pursue/not pursue better ties with Japan or South Korea.

7.3 HYPOTHESIS 3

Russia-China strategic partnership has not altered the multilateral balance of power in East Asia.

East Asian regionalism is still developing with economic multilateralism being popular but not enough to advance the cause of a collective security mechanism, as noted by Kerr (2004). In fact, as per the author, there has not been a single East Asian regionalism but several 'networks of connecting and cross-cutting interest-based relationships.'While US

remains the leading military power in East Asia, China 'tops a hierarchy of regional great powers' (Wishnick 2018).

The balance of power in East Asia is undergoing change, with a 'new economic configuration' being seen in the region wherein China is at the centre of it (Lampton 2005). Pollack (2005) too points out the rise of China as a regional power and its 'centrality' in regional security as well as uncertainty over 'durable US-Chinese political and strategic understandings.' As Swaine (2005) notes, 'China's growing military presence' will have an impact on the 'diplomatic and security calculations of key Asian actors and US.' The author also notes that China's military advancement need not necessarily lead to conflict but it raises the 'chances of regional tension and instability.' The management of this situation will require all-round effort, with US in a pivotal role. At the same time, till now, the region has managed to remain stable – even though future remains uncertain regarding the extent of Chinese geopolitical ambitions and reaction of the US in the face of changing regional order. The US and China have tried to accommodate each other in recent times (Pollack 2005).

Lampton notes that 'Asia hasn't become Sino-centric as the US still commands significant economic and military power with interests and allies spread across the region. China is still growing as a power and while it has made significant economic strides, it has a long way to go towards establishing its 'coercive and normative power' (Lampton 2005). Since China has prioritized economic development, the context for 'strategic rivalry' will begin in the same context instead of a military context (Xuetong 2013). This means, as the author notes, that the 'shifting of world's centre' will be first in economic terms, followed by military and culture. In addition, economic primacy on its own is not enough to becoming the sole leading power in a region. It also requires 'military-strategic primacy and the recognition of hegemony as legitimate from lesser states' (Lukin 2011). Given that states like Japan and South Korea have been reluctant to accept a Chinese-led region and US still holds military primacy, China cannot be called a hegemonic power in East Asia in the period under consideration. Also, as a result of rise of an emerging power in a region that was dominated by the US after the end of the Cold war, most states have engaged in a policy of hedging with the aim of avoidingtaking any sides and reducing chances of conflict. As Lukin (2011) argues, even if China won the

‘competition in economic regionalism,’ there is no guarantee of immediate ascension of ‘Sino-centric political institutions’ in the region. In fact, the author points out; other states might take steps to prevent the latter from happening to preserve national sovereignty. It is in this state of flux - where the regional balance of power is undergoing its own transformation - that Russia is seeking to expand its influence.

At the global level, Russia is a great power but in terms of its regional position in East Asia, it is weaker as compared to its position in Europe or Former Soviet Union. Also, when compared to other powers like China and Japan in terms of balance of power, Russia is in a weaker position (Kireeva 2018).Russia has only started rebuilding its ties with the region in the 21st century, after having bilateral ties with only a few regional states during the Soviet period and after dealing with the economic uncertainties of the 1990s. During the latter period, Russia had ‘ceased to be a major factor in the Asia-Pacific’ (Lukin 2011). The poor state of bilateral ties has been a major impediment in Russia being able to exercise its influence in East Asia. Russia wishes for a polycentric world order where no one power should be dominant and where it would be one of the poles. It also desires to build a collective security architecture based on the idea that there would be no security guarantee for one country at the expense of another. Since the 2000s, there has been an improvement in the focus on East Asia but Russia has been very slow in the implementation of its vision in the region.

Even though Russia is critical of US primacy and the hub and spokes policy in the Asia Pacific, it is not trying to balance US in Asia. In fact, it does not have the capacity to balance either US or China. As a strategic partner of China and a country with which it shares a long border, Russia has worked to ensure resolution of border disputes and development of trust so that neither fears being encircled, which is very important to both parties. They support each other vis-à-vis the West and want a cooperative order in Eurasia. Hence, the two share strategic goals but are not in an alliance. Russia believes it would be in a subordinate position in an alliance and wants an equal relationship.

While Russia has a strategic partnership with China, it is not interested in hegemony of the latter (Kireeva 2018). Russia is not trying to bandwagon either. It would prefer a joint regional order but there is not much substance to that idea. Russia does not want unilateralism either and desires that others in the world order respect each other. In the

meantime, East Asia has become a 'tough yard,' dealing with a rising power, presence of an established power as well as beset with flashpoints like Taiwan Straits, East China Sea, South China Sea and North Korea (Mansourov 2001).

While Russia had thought China would aid it in integrating in East Asia, the latter hasn't helped Russia to improve its position. The two countries have mutual interests like their belief in principles of non-interference and respect for sovereignty but apart from acting as an amplifier, China doesn't do much for Russia in East Asia – whether bilaterally or multilaterally (Kireeva 2018).Neither has Russia become a central player in East Asian regionalism riding on the back of its relations with China nor have the two adopted policy measures to influence the regionalism process as partners. Russia's economic weakness has also contributed to the situation due to which the leverage exerted by the bilateral strategic partnership should not be 'overestimated' in the region especially given the rise of multiple powers in East Asia (Garnett 2001). Lukin (2011) points out that it is unlikely China would help Russia become a 'full-fledged member of the Asia-Pacific system of economic cooperation.' At present, the former is concentrating of using Russian natural resources for its development instead of concerning itself with the needs of the rest of the region. The two strategic partners together have not taken any action in East Asia that would alter the balance of power.

The changes happening in the region are a result of Chinese rise and the response of other states to that phenomenon but not due to Russia's partnership with the emerging power. Thus, based on the above discussion, the hypothesis holds that the Russia-China strategic partnership in itself has not altered the multilateral balance of power in East Asia.

7.4 CONCLUDING REMARKS

Russian policy makers realize that there is 'no alternative' to diversifying its foreign policy towards East Asia even though historically it has been a European power. In the post-Soviet period, this has been the refrain since Yevgeny Primakov took office in post-Soviet Russia as its foreign minister. In 2012, Lavrov noted that Russia was 'intensifying' efforts to become more closely involved in East Asian integration – politically and economically. He highlighted that Russia does not have ideological differences with the region or any issues that cannot be settled through dialogue; and that trade relations have seen an uptick. At a time when the global power balance in terms of

economic, political and military rivalry is shifting to Asia, Russia cannot afford to ignore the region. As Titarenko (2008) notes, the key to Russia's growth lies in 'integration with Asia Pacific region' while also pointing to the centrality of the region in the development of Russian Far East.

This has resulted in the pivot to the east which began before 2014 but has 'become more pronounced' since the crisis (Trenin 2015). In fact, after 2014, the eastern direction of Russian foreign policy became more crucial than ever before. Russia needed to integrate itself more in East Asia in order to justify its idea of being a pole in a multipolar world order – bilaterally and multilaterally – in the economic and security structures of the region. As stated earlier, Russia has always emphasized having a multi-vector foreign policy and the pivot to east was meant to be complementary to the ties with the West, with the intention of having a diversified portfolio of relations in Asia. The main aims of the pivot have been to aid development of the Far East, integration of Russian economy into the broader Asian region and strengthening the geo-strategic position in East Asia. In East Asia, Russia wants to be able to preserve its strategic autonomy, build bilateral and multilateral relations in the region and avoid becoming part of US-led alliance system through policies like supply of resources and 'inter-locking multilateralisms' across regions (Kerr 2009).

However, while the foreign policy shift has resulted in a much closer strategic partnership with China, the same cannot be said for Russia's relations with other states in East Asia. Kerr (2009) points out that Russia is yet to conclusively answer the question whether Eurasia is 'a national myth' or an actual way for it to define 'Russian manifest destiny.' He argues that the idea is used to help Russia prevent being classified as a regional power and for classifying its interests as spanning both Europe and Asia. Trenin (2014) too believes that the pivot towards Asia is being done to 'build a power centre in the middle of the Eurasian continent.' The extent of success of these policy measures will only be revealed in the future but there is unanimity of opinion on the issue of the need for Russia to have a diversified policy of bilateral and multilateral ties in East Asia in order for its pivot to flourish.

The common interests and views that bring Russia and China together have already been discussed. Russia would be in a much weaker position without its growing relationship

with China. However, a rise in dependence on China following the breakdown of relations with the West and a rising power disparity has given rise to concern regarding the future direction of Russian foreign policy. The dependence on China has not helped it become a central player in East Asia and if the same trend continues, Russia risks being isolated due to 'strategic and developmental dynamics' in the region (Kerr 2009). The widening power gap between the two strategic partners in only expected to grow. This has been revealed starkly in the Asia Power Index (Lowy Institute 2018), wherein a study of eight measures of powers (including economic resources, military strength, bilateral relations in different sectors, diplomatic influence, defence networks, cultural reach and future trends) classified under 114 indicators revealed that China stood at second position with 75.5 points just behind US with a difference in overall score of just 10.5. In contrast, Russia stood at fifth position with an overall score of just 33.3, revealing the broad disparity in power relations between the two strategic partners.

In comparing the two, China stands at first or second position in Asia on all indicators except defence networks while Russia's best performance is in the military capability capacity where it occupies the third position. On the rest of the measures, it fails to make it to the top 3. In terms of economic relationships, it ranks a distant 16^{th} and is at 5^{th} in economic resources. While China leads in terms of projections for future trends, Russia comes in at fifth – once again highlighting that Russia has to manage the 'reversal of roles' in its key relationship in the region – politically, economically and militarily (Mansourov 2001). This is especially relevant as while during the Cold War ties between the two were more on 'military-strategic terms,' the present day power is more in economic terms (Kuchins 2014).

Thus, the question arises about the long-term implications of this on Russian foreign policy. While at present China has declared its intention to maintain equitable relations with the former superpower, as the difference in their power grows, this idea will be 'put to the test' (Trenin 2015). Russia will have to find policies to avoid becoming a junior partner. It is certainly an asset for Russia to have a rising power like China as an important friend. On several global issues like democracy promotion, sovereignty, primacy of UN, foreign funding of NGOs, western media coverage, non-intervention in internal affairs of states Russia shares its views with China. However, the benefit to

Moscow from aligning completely with China in East Asia is less apparent. The main component of the strategic partnership remains international level concerns (Ostevik and Kuhrt 2018), which Lukin (2017) agrees with, pointing out that economic relationship was never the driving factor in the relationship. The authors note that there has been no sea change in the relationship at the ground level after the 2014 crisis but Russia has seen its room for manoeuvre restricted, thus enhancing the value of the strategic partnership for it manifold. The post-2014 situation has radically changed the 'strategic context' of Sino-Russian ties. Trenin (2015) believes that China has been the 'biggest beneficiary' of the deterioration of ties between Russia and the West. It has reduced the risk of Russia partnering with US against China, pushed Russia into closer reliance on China and strengthened Beijing's hand.

The good news for Russia despite the power disparity is that there is an opportunity for it to expand its relations in the region. As we have seen in the above discussion, the China factor has neither greatly facilitated nor greatly impinged Russian moves in East Asia. A significant number of the stumbling blocks can be traced back to Russian policies and not to Chinese machinations. Hence, there remains ample scope for Russia to accelerate its engagement with states in both Northeast and Southeast Asia.

In Southeast Asia, the regional powers are looking to enmesh other powers with a view towards hedging both US and China as well as to prevent any outbreak of conflict. This window of opportunity needs to be exploited by Russia in building bilateral and multilateral ties. Both Japan and South Korea have been making overtures to Russia to expand economic and political ties. The time is ripe for Russia to respond in kind if it wishes to avoid becoming over dependent on China and develop the RFE. This would require both active diplomacy and a steady work towards domestic economic reforms.

As of now, Russia lags behind in developing its ties with regional states and this has resulted in the latter not seeing it as a credible Asian player. In fact, a CSIS (2016b) report assessed Russia's capabilities in the region and described it as a 'middle power.' In other words, its pivot to Asia has not been a success story based on the analysis till 2014 (Lunev 2018). Without becoming a significant economic power, Russia will 'not be able to play in the top league,' forcing it under the current circumstances to depend on China (Trenin 2012).

In other words, while Russia still holds instruments to wield its power at the global level, it remains in a weak position in East Asia and is not perceived as an Asian power. It is still primarily seen as a European country. Russia is trying to expand its bilateral and multilateral relationships in East Asia but it is not in a position yet to provide 'public goods on which the region's cohesion and well-being depends' (Kuhrt 2014). Sussex (2015) points out that Russia only has a 'relatively brief window of opportunity to cement itself as a major regional player.' Given the break in its relations with the West, a failure to integrate in Asia would lead to its marginalisation.

The policy of hedging being followed by East Asian states in this era of changing world order has relevance for Russia as well. While China would remain a central partner in the region, there is no alternative for Russia apart from cultivating a wide range of relationships in East Asia if it wants to become an influential player in the region. While Russia's success of policy in the region also depends on events beyond its control (Sussex 2015), it has to put in place policies to best shield itself from uncertainties.

For this, Russia needs to improve the 'quality' of ties with China, diversify its ties across the board in East Asia and increase its participation in multilateral institutions in the region (RIAC 2017). As the international situation grows precarious, particularly in East Asia that is dealing with a changing regional order, Russia needs to present itself as a 'constructive force' and frame policies that will promote its economic development, ensure security and 'minimize the costs of disagreements with other players' (RIAC 2017). This has become ever more important after the Ukrainian crisis that has resulted in a virtual breakdown of ties between Russia and the West and which analysts believe will be difficult to normalize completely for a long time.

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