Prospects for U.S.-Russia Cooperation in the Asia-Pacific Region
The United States and Russia in the Pacific Century

JEFFREY MANKOFF & OLEG BARABANOV

Working Group Paper 3
JULY 2013

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Working Group on the Future of U.S.-Russia Relations

The Working Group on the Future of U.S.-Russia Relations convenes rising experts from leading American and Russian institutions to tackle the thorniest issues in the bilateral relationship. By engaging the latest generation of scholars in face-to-face discussion and debate, we aim to generate innovative analysis and policy recommendations that better reflect the common ground between the U.S. and Russia that is so often obscured by mistrust. We believe our unique, truly bilateral approach offers the best potential for breakthroughs in mutual understanding and reconciliation between our countries.

The Davis Center for Russian and Eurasian Studies at Harvard University is the U.S. anchor for the Working Group. On the Russian side, the partner institutions are the National Research University—Higher School of Economics (School of World Economy and International Studies), and the Council on Foreign and Defense Policy.

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Executive summary

The Asia-Pacific region is of growing importance for both the United States and Russia, each of which seeks to “pivot” or “rebalance” its global commitments toward Asia. Yet the focus of U.S.-Russia relations remains on Europe and the former Soviet Union, and neither country has paid sufficient attention to the implications of their respective Asian pivots for the bilateral relationship. Since U.S.-Russia relations in Asia and the Pacific remain underdeveloped, the region holds the potential to act as a sort of laboratory for trying out new mechanisms for bilateral and multilateral cooperation.

Both countries are turning to Asia primarily to benefit from Asia’s economic dynamism. At the same time, they recognize that Asia’s growth is imperiled by a range of traditional and nontraditional security threats, from the nuclear-tipped standoff on the Korean Peninsula to territorial disputes in the East China Sea and South China Sea to terrorism, climate change, migration, and other transnational challenges. Among the most important drivers of change in Asia is the continued rise of China, which is in different ways a critical partner for both Washington and Moscow.

Because Asia’s economic and security landscape remains in flux and the legacies of mistrust hanging over U.S.-Russia relations in Europe are less pronounced, Moscow and Washington have an opportunity to build more effective forms of cooperation from the ground up. This will require efforts from both sides. The United States must reconcile cooperation with Russia with its existing commitments, including long-standing alliance relationships and growing security cooperation with several states in the region. Russia’s challenge lies mainly in convincing states and regional institutions that it is an important player in the region—which in turn requires it to more fully integrate Siberia and the Russian Far East into Asia’s regional economy—and more than a regional satellite of China.
To overcome obstacles to and further develop U.S.-Russia cooperation in Asia, this paper proposes the following:

- Russia should signal its commitment to Asia by deepening its political and economic engagement across the Asia-Pacific, while the United States should be open to Russia playing a larger role in the region.

- Both countries should pivot toward Asia as a whole, rather than toward only China. By engaging a wider range of Asian partners, Russia can alleviate widespread concerns that it is not an independent actor and attract a broader range of investment capital for its Far East. A less Sinocentric approach by the United States will provide assurances that Washington is not pursuing a strategy of containment, which in turn will allow more space for cooperation with Russia (and other Asian powers).

- Deepen cooperation on Korea, with the United States being more open to Russian proposals for investment and trans-Korean infrastructure in exchange for verifiable progress on North Korea’s denuclearization.

- Work together to design a more effective economic and security architecture for Asia. Russia and the United States should agree to promote the East Asia Summit (EAS) as the centerpiece of a networked approach to regional cooperation, while using the Trans-Pacific Partnership’s (TPP) economic criteria as an anchor for advancing economic reform in Russia.

- Encourage reconciliation and a resolution of the territorial dispute between Russia and Japan.

- Jointly express support for the principle of freedom of navigation and a resolution of maritime territorial disputes on the basis of international law.
Introduction

As the center of global political and economic dynamism continues its shift from the Atlantic to the Pacific, Asia is increasingly important in the diplomatic, economic, and strategic calculations of both the United States and Russia, countries whose foreign engagement has focused historically more on Europe and the Euro-Atlantic region. While the Asia-Pacific poses numerous challenges to both Moscow and Washington, a growing focus on the region also provides a potential foundation for deepening U.S.-Russia cooperation, since many of the complex historical legacies that burden U.S.-Russia relations in Europe and the former Soviet Union are less pronounced in Asia. Cooperation in Asia and the Pacific could also help advance security and prosperity across the region—but will require Moscow and Washington to each think differently about the role the other can play. Specifically, the United States will have to begin taking Russia seriously as an Asian power, while Russia will have to give more substance to its Asian ambitions and express greater openness to working with the United States.

In some ways, Russia and the United States engage in more competition than cooperation in the Asia-Pacific, although the region has usually been secondary in the relationship to Europe and the former Soviet Union. Competition predominated during the Cold War, especially during the wars in Korea and Vietnam. Even today, Washington and Moscow are the region’s two main arms suppliers, their weapons contracts serving as a proxy for political influence (especially for Russia, given its relative lack of other cards to play). The state of their respective relations with third countries, notably China, also limits their capacity for cooperation, at least in the short run. More important, bilateral relations between the United States and Russia in Asia remain underdeveloped.

One significant obstacle to cooperation is that Russia itself appears ambivalent about playing a more prominent role in Asian economic and security affairs; partly as a consequence, it is absent from U.S. thinking about the economic and security environment of the region. Notwithstanding a growing rhetorical focus on Asia and the improvement of ties with countries including China, India, and Vietnam, Russia’s economic, diplomatic, and military center of gravity remains very much in Eurasia rather than the Asia-Pacific. For the United States, which has been a major factor in the Pacific at least since Commodore Matthew Perry’s gunboats established the Open Door to Japan in the 1850s, Russia has mostly been an afterthought in the region, especially since the end of the Cold War. The Obama Administration’s decision to “pivot” or “rebalance” U.S. diplomatic, military, and economic engagement from the Middle East to Asia was predicated on the region’s growing

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importance for the U.S. (and global) economy and, *sub rosa*, concern that China’s rise was creating concern among neighboring states and imperiling regional stability. Russia played almost no role, positive or negative, in this strategic calculus, and is not even mentioned in most official statements discussing the U.S. pivot. ²

Nevertheless, the United States could benefit from institutionalizing cooperation with Russia in the Asia-Pacific as a means of both strengthening U.S.-Russia cooperation more broadly and encouraging Russia to contribute more to regional development and security. Russia has the potential to either advance or hinder a range of U.S. security goals in both Northeast and Southeast Asia, from ending the standoff on the Korean Peninsula to fostering a more effective multilateral security architecture. The United States would also like to avoid a Russian strategic alliance with China. Doing so requires U.S. openness to Russia taking more strategic initiative in the region.

Greater cooperation with the United States is also consistent with Moscow’s emerging approach to Asia. To the extent that Moscow aspires to a larger role in Asia and the Pacific, it cannot in the long run afford to be at cross-purposes with Washington—unless it is prepared to fully subordinate its strategic independence to Beijing. For Russia to both play a larger role in Asia and achieve greater cooperation with the United States, it must become a more substantial Asian player itself. That means making a greater commitment to regional organizations and deepening bilateral ties in both Northeast and Southeast Asia. It also means integrating Siberia and the Far East more fully into the booming Asian regional economy, which in turn requires a much greater commitment to improving the investment climate in order to attract foreign investment from diverse sources in Asia, as well as from the United States.

The most important reason for greater U.S.-Russia cooperation is the contribution the two countries can make to addressing some of the most critical economic and security challenges facing Asia and the Pacific. Already, Washington and Moscow have been working together in the context of the (now suspended) Six Party Talks on North Korean denuclearization. They have cooperated to counter piracy, terrorism, and other transnational threats. In July 2012, Russia even participated for the first time in the U.S.-led RIMPAC naval exercises, designed to promote collaboration and interoperability among the region’s navies. Still, cooperation between Moscow and Washington represents something of an untapped resource for promoting regional prosperity and security.

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U.S. and Russian strategy and policy in Asia and the Pacific

Overview

U.S. and Russian interests in the Asia-Pacific region coincide more than is commonly recognized. Both countries are executing a “pivot” toward Asia after a long period in which their economic, diplomatic, and military focus has been elsewhere, driven by a desire to harness Asia’s growth and development to strengthen their own economies and to remain at the center of a world economy rapidly shifting toward the Pacific. Both countries recognize as well that Asia’s insecurity represents a challenge to its prosperity, and ultimately to their own national security. They also share a concern about the impact of China’s rise, though they want to maintain positive relations with Beijing to the extent possible.

The greater focus on the Asia-Pacific in both Washington and Moscow is largely the result of the region’s increasing importance to the world economy. Asia’s gross regional product now exceeds $19 trillion, and more than half of Asian states’ trade is conducted within the region. Even though growth in much of Asia slowed in 2012, the region’s economic outlook remains comparatively positive at a time when much of the West and Russia face continued headwinds. As barriers to trade and investment within Asia fall, the United States and Russia risk being at a disadvantage if they do not have a say in shaping the rules governing economic activity in the Asia-Pacific.

Despite its rapid growth and development over the past generation, Asia’s prosperity remains imperiled by a range of traditional and nontraditional security challenges. Uncertainty about China’s long-term intentions is a major concern for both Washington and Moscow and has already aggravated tensions, raising the specter of future conflict surrounding both the multisided territorial dispute in the South China Sea and the Sino-Japanese dispute in the East China Sea. Though cross-Straits ties have improved in recent years, Taiwan’s ambiguous status, along with the U.S. guarantee of Taiwan’s security,

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4 The International Monetary Fund (IMF) estimates that Asia as a whole grew 5.4% in 2012, with growth in China, Indonesia, Thailand, and Vietnam all surpassing 5% (and India and the Philippines just below). See International Monetary Fund, World Economic Outlook, October 2012, http://www.imf.org/external/pubs/ft/weo/2012/02/pdf/c2.pdf.

5 The disputed possessions in the South China Sea include the Spratly Islands (between China, Vietnam, Taiwan, Malaysia, and the Philippines, with Brunei also laying claim to an exclusive economic zone in the archipelago), the Paracel Islands (between China, Vietnam, and Taiwan), and Scarborough Shoal (between China, Taiwan, and the Philippines). Maritime boundaries in and around the South China Sea are also disputed. In the East China Sea, China, Taiwan, and Japan dispute ownership of the Senkaku/Diaoyu Islands.
remains a flashpoint and potentially the source of a major conflict. Meanwhile, North Korea’s nuclear program and frequent military provocations are threatening not only to South Korea but also across much of the region. Political uncertainty in Thailand, mainland Southeast Asia’s richest and most powerful state, casts a shadow over the region’s gradual democratization and threatens to exacerbate a border dispute with Cambodia that has at times turned violent. At the sub-state level, Islamic extremism remains a problem in parts of Indonesia, Malaysia, the Philippines, and southern Thailand. Ethnic insurgencies are also potentially destabilizing (particularly in Burma/Myanmar), though their capacity to upset the broader regional balance is comparatively limited.6

Asia’s economic development has in some ways contributed to the security dilemma facing much of the region. Booming economies have boosted demand for energy, which has in turn highlighted the vulnerability of maritime chokepoints such as the Straits of Malacca, Sunda, and Lombok. In part to ensure its own freedom of navigation through these chokepoints, China has rapidly increased its naval power—fueling anxieties among the several Southeast Asian states that dispute Beijing’s territorial claims in the South China Sea. The stakes have grown in recent years thanks to the discovery of new energy resources. Increasing disparity between the region’s haves and have-nots is meanwhile fueling migration, smuggling, piracy, extremism, and other ills. Asia’s defense spending recently surpassed Europe’s for the first time in modern history, raising the likelihood as well as the consequences of military action.7

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6 The U.S. government officially refers to the country as Burma, while the Russian government prefers Myanmar.

Moreover, compared to Europe, Asia has a regional architecture that is underdeveloped and less capable of managing multiple geopolitical rivalries. Regional groupings such as the Asia Pacific Economic Cooperation (APEC) forum, the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), ASEAN+3, ASEAN+6, the Chiang Mai Initiative, and the East Asia Summit (EAS) exist, but they have historically suffered from member states’ competing agendas, underinstitutionalization, and a lack of mutual coordination. Given the widely different political systems of the various Asia-Pacific states and their diverging security concerns, such organizations have also been notably less successful in promoting security cooperation than in encouraging economic integration and trade links among members.8 Until recently, Russia and the United States have been only peripherally involved in these organizations, but both would like to see them more effectively address the region’s multiple challenges.

U.S. policy in Asia and the Pacific

The U.S. pivot to Asia focuses at once on shaping an open, market-driven regional economic order and on ensuring long-term security on the basis of Washington’s existing alliance relationships.9 While the role of the United States and the U.S. military will remain central, an important component of Washington’s strategy for the region is strengthening the capacity of partner states and institutions in order to create a more dynamic regional security environment. Former Secretary of State Hillary Clinton described the six pillars of U.S. engagement in the Asia-Pacific as:

- strengthening bilateral security alliances
- deepening relationships with emerging powers, including with China
- engaging with regional multilateral institutions
- expanding trade and investment
- forging a broad-based military presence
- advancing democracy and human rights.10

Though Russia is a potentially important Asia-Pacific power, it is notably absent from most U.S. strategic thinking about the region.

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10 Clinton, “America’s Pacific Century.”
At the center of Washington’s regional strategy is a series of bilateral security relationships forged over the past six decades. Washington is bound by mutual defense commitments to the Philippines, Japan, Australia, South Korea, and Thailand. It is also committed to maintaining Taiwan’s defense capabilities. In recent years, the U.S. has also developed close security partnerships with Singapore, Indonesia, India, and, increasingly, Vietnam, while resuming full-scale defense cooperation with New Zealand. Even Cambodia has recently begun participating in U.S.-led naval exercises, and President Obama became the first U.S. leader to visit Burma in November 2012. This “hub-and-spokes” model centered on Washington parallels the collective security role that NATO plays in Europe, albeit less comprehensively.

U.S. security guarantees promote stability by reducing the incentive for partner states such as Japan and South Korea to build up their own militaries (including nuclear weapons), which could precipitate an arms race across the region. To the extent that these commitments limit prospects for conflict and uncertainty, Russia also benefits; even during the Cold War, Moscow saw the U.S.-Japan and U.S.-South Korea alliances as stabilizing factors in Asia’s geopolitics. These bilateral relationships, however, make Washington cautious about supporting new multilateral arrangements that might undermine existing alliances. Greater U.S.-Russia security cooperation in Asia therefore requires continued Russian accommodation to these alliances, and would benefit in particular from a rapprochement between Russia and Washington’s most important regional ally, Japan.

In the South China Sea, the United States has sought to manage the competing territorial claims peacefully and promoted a rules-based approach to the use of maritime commons. Refraining from taking a position on the competing territorial claims, it has insisted on a peaceful and multilateral diplomatic approach to addressing these claims—rejecting China’s position that the disputes should be settled bilaterally. Clinton pointedly noted that the United States had “a national interest in freedom of navigation, open access to Asia’s maritime commons, and respect for international law in the South China Sea,” in a July 2010 speech at the ASEAN Regional Forum, a comment that produced an angry response from Beijing. Washington has also affirmed that its mutual defense treaty with Japan applies to the disputed Senkaku/Diaoyu Islands in the East China Sea, even though it takes no position on the question of sovereignty over the islands and encourages Beijing and Tokyo to resolve their dispute peacefully. At the same time, the United States has stepped up its diplomatic and military support for Japan as well as several Southeast Asian states (including Vietnam, the Philippines, Singapore, and Indonesia) to reassure them as Chinese power continues to grow. In summer 2011, Washington endorsed a plan by China

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and ASEAN to reduce tensions in the South China Sea and continues to promote a code of conduct among all littoral states designed to ensure freedom of navigation and peaceful access to the sea’s resources.\footnote{Kurt M. Campbell (Assistant Secretary of State for East Asian and Pacific Affairs), interview with Yomiuri Shimbun, July 21, 2011.}

Another central objective of the U.S. “pivot” to Asia has been to create an open, nondiscriminatory regional economic order. In part, this approach aims to limit the reorientation of key countries’ economic relationships toward China, which has been promoting its own set of more limited regional trade agreements that exclude the United States (including ASEAN+3 and ASEAN+6, as well as a China-ASEAN free trade area or CAFTA).\footnote{Edward Gresser, “Does U.S. Pacific Policy Need a Trade Policy?” National Bureau of Asian Research, March 29, 2012, http://nbr.org/research/activity.aspx?id=229.} It also aims to define the rules of the game in a way that will continue to benefit U.S. companies and consumers by keeping barriers to trade low and encouraging other regional countries (including, in the long run, China), to embrace this vision of positive-sum economic cooperation on a trans-Pacific scale. Again, Russia is largely absent from Washington’s thinking about regional economic integration, but, especially with a more dynamic Russian Far East, it could be an important pillar of the new economic order.

Washington has supported the emergence of a more inclusive architecture that covers security as well as economic cooperation. In recent years, the United States has participated in the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers’ Meeting Plus (ADMM+), the Asian Economic Meeting (ASEM), and, since 2010, the East Asia Summit (EAS), which Russia joined at the same time.\footnote{See Suisheng Zhao, “Shaping the Regional Context of China’s Rise: How the Obama Administration Brought Back Hedge in its Engagement with China,” Journal of Contemporary China 21 (75) (June 2012): 369-89.} The United States ultimately hopes to build a stable regional architecture centered on the EAS, with the other bodies providing inputs to help define the agenda for its annual summits and implementing its decisions.\footnote{Hillary Rodham Clinton, "Intervention at East Asia Summit," U.S. Department of State, July 12, 2012, http://www.state.gov/secretary/rm/2012/07/194988.htm. See also "The White House Press Briefing to Preview the President’s Trip to Hawaii, Australia, and Indonesia," November 9, 2011, http://www.whitehouse.gov/the-press-office/2011/11/09/press-briefing-previewing-presidents-trip-hawaii-australia-and-indonesia.} From Washington’s perspective, this institutional flux makes it easier to give Russia a seat at the table, since, in contrast to NATO in Europe, the United States is seeking not to preserve multilateral organizations inherited from the Cold War but to craft new institutions capable of addressing twenty-first century threats, to exist in parallel with its bilateral alliances.

Even as it long neglected elements of regional cooperation within East Asia such as ASEAN, the United States was seeking to lay a foundation for greater trans-Pacific cooperation, initially through APEC, established in 1989, and more recently through the Trans-Pacific Partnership (TPP), which the United States and eight others agreed to establish at the 2011 APEC summit in Honolulu.\footnote{“Trans-Pacific Partnership Leaders’ Statement,” The White House, November 12, 2011, http://www.whitehouse.gov/the-press-office/2011/11/12/trans-pacific-partnership-leaders-statement. The other eight countries to sign the agreement are Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam.} The TPP represents the most ambitious proposal for trans-Pacific integration yet, containing a very demanding set of criteria for countries seeking to participate in areas such as regulatory convergence, non-tariff barriers, and sectoral exclusions. Washington put forward the TPP in part as an alternative to the series of
smaller (“minilateral”) trade deals being negotiated in Asia, frequently at Chinese behest, which maintain preferential access and threaten to place non-member states such as the U.S. at a disadvantage. By defining the rules of the game on the basis of liberal principles, Washington also aims to create a regional framework that the major Asian economies, including China, will have little choice but to embrace. To the extent that the TPP succeeds in rationalizing the so-called “spaghetti bowl” of regional trade agreements (most of which exclude Russia too) and establishes benchmarks for economic reform, it could in the longer term also hold important benefits for Russia’s Far East.

The United States would like to see the emergence of a more integrated web of security partnerships in Asia alongside its bilateral alliances. Washington is therefore seeking to promote greater security cooperation among its various allies (e.g., seeking to ameliorate tensions between Japan and South Korea) and to build a more robust multilateral architecture centered on the EAS. This push for institutionalization is motivated at once by a desire to manage disputes between regional states, to more effectively combat transnational threats such as terrorism and piracy, and to deter a Chinese bid for regional hegemony. Russia shares at least part of this agenda. During the 2011 EAS summit in Bali (the first in which both the United States and Russia participated), President Obama pressed attendees to devote greater attention to strategic and security challenges, specifically maritime security, nonproliferation, and disaster response/humanitarian assistance. Russia, which is similarly concerned about the absence of a regional security framework and has played a significant role in both nonproliferation and disaster response efforts, supported this reorientation, as indeed it has long backed greater institutionalization of multilateral security cooperation in Asia.

Russian policy in Asia and the Pacific

Moscow too has begun seeking a more prominent role in Asia and the Pacific over the past five years. Putin noted in September 2012 that Russia views an increasingly dynamic Asia as “the most important factor for the successful future of the whole country.” A rapidly increasing percentage of Russian trade is conducted with Asian states, and China has been Russia’s largest single trade partner since 2010. In part for this reason (and in part to boost development of the Russian Far East), Moscow has been pursuing a series of bilateral and multilateral trade agreements, including with Vietnam, New Zealand, Singapore, India, and Pakistan. Russia also hosted the 2012 APEC summit in Vladivostok, where President Putin called for greater regional transparency and liberalization, innovation, and cross-border infrastructure to help integrate the Russian Far East into the regional economy.

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Rhetorical flourishes aside, Moscow can seem ambivalent about Asia. Russian trade with APEC states now stands at $96 billion, less than a quarter of Russia’s total trade volume and an insignificant fraction of APEC’s $16 trillion total trade turnover. This marginal contribution to the regional economy undermines Moscow’s claims to a larger political role in Asia and feeds the skepticism many Asian officials express about Russia as an Asian power.

Even where Russia has established itself in the region, it often plays a secondary role. To the frustration of the other participants, Moscow was quite passive in the Six Party Talks, and its head of state has failed for two years in a row to attend the East Asia Summit. Though then-president Dmitry Medvedev proposed a roadmap for developing relations with ASEAN in 2010, Moscow still does not have a permanent ambassador to ASEAN’s headquarters in Jakarta. Not only is Russia’s economic presence in Asia relatively small, at both the economic and political levels, Russia is—and is perceived in the region as being—closely tied to China, which accounts for around half of Russian trade turnover in Asia.

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Countries in both Northeast and Southeast Asia that view China as a threat are therefore doubly skeptical of giving Russia a bigger seat at the table. Yet Russian leaders continue to emphasize that Asia will remain a priority in the years to come.26

Like the United States, Russia remains concerned that political volatility could imperil Asia’s economic development. Russia’s 2013 Foreign Policy Concept states that a “A healing [ozdorovlenie] of the military-political situation in Asia, where a significant potential for conflict remains, military arsenals are expanding, and the danger of proliferation of weapons of mass destruction is growing, is of principal significance for Russia.”27 Russia’s common border with North Korea, along with the development of its economic relationship with South Korea, has increased Moscow’s interest in preventing destabilization on the Korean Peninsula. Similarly, the growth of Russian exports via the East China Sea gives Moscow a stake in maintaining stability and freedom of the seas.

Russia’s relations with China have improved dramatically since the end of the Cold War, leading to the final delimitation of the Russo-Chinese border, extensive military and military-technical collaboration (including arms sales and joint exercises), and institutionalized cooperation in Central Asia in the context of the Shanghai Cooperation Organization (SCO). Since 1995, Sino-Russian relations have been officially characterized as a “strategic partnership,” which has become more substantial in the last several years (see below). Especially because of its desire to take advantage of Asia’s economic dynamism for the development of its own Far East, Moscow strongly favors maintaining stability in both Northeast and Southeast Asia. Yet it has not thus far played a major role in promoting regional security. Moscow faces a challenge in balancing its partnership with China with its ambitions to play a larger and more independent role in Asia more generally. Greater cooperation with Washington in the region would allow Moscow to meet this challenge more successfully.

Russia continues to oppose North Korea’s development of nuclear weapons, though it has at times (as in 2010 following North Korea’s sinking of the South Korean cruiser Cheonan) looked the other way at Pyongyang’s military provocations. Meanwhile, Russia is, after China, North Korea’s most important international partner. Russia is exploring the possibility of constructing a trans-Korean railway and gas pipeline from the Russian Far East to markets in South Korea, and of establishing free trade zones in North Korea.

Russia’s relations with South Korea have improved dramatically in recent years. A Russia-South Korean visa-free regime for short-term visits came into effect at the beginning of 2013.28 Russia is a rapidly growing destination for South Korean investment and a major market for South Korean high-tech firms. With an economy heavily dependent on imported energy, Seoul is also seeking to boost deliveries of Russian oil and gas. South Korean companies have invested billions of dollars in energy projects in the Russian Far East, and


Seoul has indicated some interest in Russia’s proposal for a trans-Korean pipeline. As its ties with South Korea have strengthened, Russia has tried to promote contacts between Pyongyang and Seoul.

One of the principal obstacles to a more visible Russian role in Northeast Asia is Moscow’s difficult relationship with Tokyo. Russia would benefit significantly from improved bilateral relations, which could lead to greater Japanese investment in the Russian Far East. Russia and Japan also share a concern about how China’s emergence will affect them, but their ability to cooperate remains hampered, above all by the long-running dispute over the Southern Kuriles/Northern Territories, which the Red Army seized from Japan in the final days of the Second World War. Repeated attempts to address the dispute since the collapse of the Soviet Union have been derailed by domestic politics in both countries.

Notwithstanding the dispute, Russia and Japan have managed to develop a degree of economic cooperation, including a liberalized visa regime and promotion of joint ventures in fields including energy, agriculture, and infrastructure, in part through an Intergovernmental Committee on Trade and Economic Issues established in 1996. Even this economic partnership has failed to meet expectations, however—partly because of political mistrust stemming from the territorial dispute, but more important, because Japanese firms remain wary of the poor investment climate in the Russian Far East, where many of them suffered large losses in the 1990s.

While Russia is not a direct party to the South and East China Sea territorial disputes (and does not want to be drawn into a quarrel with China over them), it is interested in avoiding threats to regional stability, given its reliance on sea lanes in the East China Sea for its exports to Asia and its expanding ties throughout Southeast Asia, particularly with Vietnam. Indeed, economic relations between Moscow and Hanoi have grown rapidly (bilateral trade is now more than $3.5 billion), and both are seeking to expand their strategic partnership to address new challenges. Over Chinese protests, several Russian firms have signed contracts with Vietnam for offshore oil and gas exploration in the South China Sea. In 2011, Russia loaned Vietnam $8 billion to pay for a Russian-built nuclear power plant scheduled to come online in 2020. Hanoi has also become a major purchaser of Russian weaponry, including the six advanced Kilo class submarines it agreed to buy for $1.8 billion in 2009. Russia is also seeking to expand arms sales elsewhere in Southeast Asia, including to Thailand, Indonesia, Laos, and Malaysia, as well as to longtime customer India.
Though Beijing objects to these sales, Russian officials argue that remaining passive as ASEAN members’ defense spending booms would only ensure that Russian arms manufacturers lose out to their U.S. competitors in the world’s fastest growing arms market.33 Through a series of high-profile visits and statements, Moscow has made clear it will not give in to Chinese pressure to reduce its presence in Southeast Asia. These arms contracts and burgeoning commercial relationships give Russia at least an indirect stake in opposing Chinese efforts to assert control over the South and East China seas.34

Russia’s increasing dependence on stability and predictability across Asia underpins its growing attention to regional architecture. Yet its ability to contribute effectively to this architecture is limited by questions about its commitment to Asia and by the ambivalence of many regional powers about the prospect of an enhanced Russian role. Despite Russia’s inclusion in the EAS in 2010, the absence of Russian presidents from the past two summits has fed skepticism across the region about Moscow’s commitment, notwithstanding supportive statements from Russian officials and diplomats.35

While the United States and Russia both support the emergence of the EAS as a forum for addressing regional security issues, they do not see eye-to-eye on the nature of those challenges. Russia, in tandem with China, proposed a set of principles for East Asian security cooperation following a meeting between Medvedev and then-Chinese president Hu Jintao in September 2010 that emphasizes “international law, non-bloc approaches, equality, openness and inclusiveness” as the basis for regional security cooperation.36 The United States sees this platform as a threat to its alliance relationships and has lobbied against it within the EAS.

More constructively, Moscow supported strengthening links between APEC and the EAS as a core task of its APEC presidency in 2012.37 With this step, Russia effectively acknowledged the centrality of the EAS to Asia’s emerging multilateral architecture and embraced the trans-Pacific vision of regional cooperation also supported by the United States. Especially with a Russian commitment to constructive engagement, the EAS could become the base for the wider multiformat network for cooperation in the Asia-Pacific region that Russian officials have promoted, and that coincides to some degree with Washington’s vision of an EAS-centric regional architecture.38

Russia initially expressed little interest in the TPP, but with more intense attention to the Asia-Pacific region in the first months of Russia’s APEC presidency, Russian officials began making more positive statements, while also echoing Washington’s call for a liberalization of trade as part of its agenda for APEC.\footnote{Lavrov noted in his article on regional economic cooperation that Russia “closely follows” the process of TPP development. See also “Rossiia budet stabiliziruiushchim faktorom v ATR,” interview with Sergey Lavrov, Izvestiya, January 27, 2012.} Since wrapping up its WTO accession in mid-2012, Russia has intensified negotiations for bilateral free trade zones with some states that are (or will be) key TPP adherents, including New Zealand and Vietnam. With a strong state presence in its economy and a welter of trade restrictions, Russia itself remains a long way from qualifying for the TPP; moreover, Chinese concern that the TPP represents a threat to its ambitions for a Beijing-centered regional economic order coupled with the Sino-Russian strategic partnership are likely to limit Russia’s interest in pursuing membership in the short-to-medium term. Nevertheless, the TPP’s liberalizing criteria offer a useful roadmap for Russian economic reform that could help Moscow boost investment in the Russian Far East and make progress toward its eventual goal of membership in the Organization for Economic Cooperation and Development (OECD).

As Russia seeks to expand its participation in regional fora throughout Asia, it is also striving to place security on the agenda of existing institutions and to build a more effective regional security architecture. Though this push for securitization is not coordinated with the United States, it dovetails with Washington’s efforts. While Washington works to embed its “hub and spokes” alliance system in a larger framework, Russia continues to emphasize its preference for an open, “nonbloc” network.\footnote{Sergei Ivanov, “Building Strategic Confidence: Avoiding Worst Case Scenario [sic],” Address to 10th Shangri-La Dialogue, Singapore, June 5, 2011, http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2011/speeches/sixth-plenary-session/sergei-ivanov/.
} Much of the difference is the result of Russia’s more positive security relationship with China, whose growing power ensures the cohesion of Washington’s network of alliances and partnerships. Russia, though, recognizes the importance of embedding China in any regional security framework, and consequently portrays a more effective Asian security architecture primarily as a mechanism for managing tensions and addressing transnational threats such as terrorism, organized crime, and piracy (as well as for disaster response), rather than as a tool for coping with China’s rise.\footnote{Sergey Lavrov, “Rossiia i ATES: k novym gorizontam aziatsko-tikhookeanskoi integratsii,” Mezhdunarodnaia zhizn’ (ATES Rossiia 2012 Spetsial’nyi vypusk): ss. 9-20.} The United States would benefit from adopting, at least in part, this wider perspective on regional security, which could provide a foundation for farther-reaching U.S.-Russia cooperation.
The Russian Far East. (Paul Fitzgerald, 2010)
Over the past few years, Moscow has made development of the sparsely populated Russian Far East a top priority. Rich in natural resources but plagued by poor infrastructure, a shrinking population, and fraying economic ties to the rest of Russia, the Far East is at once a challenge and an opportunity. Russian commentators (and some officials) fear that the gradual reorientation of the Far East’s economy toward Asia, and particularly China, will lead over time to the loss of Russian sovereignty over the region.

Developing the economy of the Russian Far East is at the same time a sine qua non for Russia’s acceptance by its eastern neighbors as a fully Asian power. Roughly 36 percent of Russia’s territory, the Far East currently contributes around 3.8 percent of Russia’s total GDP. During the Soviet era, the region served mainly as a security buffer between China and the USSR’s heartland farther west. With the Soviet collapse, income from defense spending was dramatically slashed, leading to the loss of more than 90 percent of the Russian Far East’s heavy industry and around a quarter of its population. Yet until recently, Moscow remained content to let the region stagnate as it focused on improving living standards for the majority of its citizens living in European Russia. By the beginning of the twenty-first century, concern about China’s increasing economic penetration led Moscow to devote greater resources and attention to Siberia and the Far East; Putin noted in 2006 that the Far East’s underdevelopment constituted a threat to Russia’s national security, and in subsequent years, more detailed schemes for boosting the region’s economy were developed. As Sino-Russian relations have improved in recent years, Moscow has come to view the potential for Chinese investment in the Far East and Siberia as more an opportunity than a threat. Indeed, Moscow’s development strategy for the region explicitly focuses on boosting trade and investment ties with the dynamic economies of East (and
South) Asia, above all China. The 2008 cross-border cooperation agreement, for instance, established links between Russian mines and Chinese processors, and Moscow is turning to Chinese investment to build up the agricultural sector.45

Yet worries that Siberia and the Far East will drift further into China’s orbit have not abated. For Moscow to develop the Far East’s economy while addressing concerns about China’s outsized role, it needs to do more to diversify both trade and investment patterns in the region while addressing serious shortcomings in the investment climate. China’s vast demand for raw materials and abundant capital will continue to make it the region’s leading source of investment for the foreseeable future. Yet the natural resources (especially energy, timber, water, minerals, and agricultural land) of the Russian Far East could benefit many of Asia’s other leading economies too.

Yet Moscow’s mismanagement of the region contributes to a challenging investment climate that limits the appetite of many firms and governments for doing business there. For instance, the ongoing controversy over the creation of a new Ministry for Far Eastern Development highlights Russia’s limited willingness to consider greater autonomy (fiscal or political) for the area, while many reform proposals put forward in advance of the APEC summit in Vladivostok were quietly shelved afterward. Instead, the Kremlin announced in March 2013 plans to spend $3.8 trillion rubles on infrastructure and to cut taxes as a means of enticing new investment, a plan that the Finance Ministry and many outside experts regard as wasteful and ineffective.46 Coming up with a credible plan for liberalizing the investment climate and reducing corruption is a sine qua non for Moscow to attract greater foreign (including U.S.) investment to the region, and in turn for providing substance to its claims to be a major Asian player. While Moscow would welcome a wider range of foreign investment in the Russian Far East, it continues to view investment primarily through the lens of geopolitics, not paying sufficient attention to economic fundamentals.

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The “China factor” in U.S.-Russia relations

China’s centrality to U.S. and Russian involvement in Asia and the Pacific represents an obstacle to far-reaching bilateral cooperation. By any accounting, China matters far more to the United States than does Russia. At least in Asia, Russia also relies much more on China than it does on the United States. Of course, both the U.S. and Russia benefit from an economically vibrant China, especially one that is highly integrated into regional economic and security structures and is at peace with its neighbors. Nevertheless, they share concern about the impact of China’s rise on regional stability.

The United States and Russia face a conundrum in balancing their bilateral relationship in Asia with their respective ties to Beijing. The United States confronts the temptation to see Russia as a counterweight to China, and to pursue a partnership with Moscow as part of a strategy for containing Chinese regional influence.47 Though increasingly aware of the limitations of its partnership with Beijing, Moscow is wary of the containment logic implicit in such a U.S. strategy, and any attempt to force it to choose between Washington and Beijing is therefore doomed to fail. In Russia, the current rhetorical anti-Americanism infecting much of the political establishment, alongside deep-seated opposition to the idea of U.S. global hegemony, creates a parallel temptation to join with China to limit U.S. influence in the Asia-Pacific region (as Moscow and Beijing have frequently done in the UN Security Council). Although Russia needs good relations with its largest neighbor, cooperating with Beijing to marginalize the United States poses major risks; given China’s vastly larger economy and population, along with its growing military might, Russia will inevitably be the junior partner, even if many Russian officials are sanguine about such a collaboration and Beijing goes to great lengths to flatter Russian sensibilities. The United States and Russia cannot structure their cooperation in Asia against China; rather, they need to develop a multifaceted relationship that prioritizes cooperation while allowing both to pursue their own agendas with Beijing.

For the United States, China is important not only as the main driver of Asia’s prosperity but also as one of Washington’s most important economic partners and a contributor to resolving global challenges. The two countries’ economies are deeply interconnected, ensuring a high degree of interdependence and making the U.S.-China relationship fundamentally different from relations between Washington and Moscow during the Cold War. China is the United States’ second largest trade partner (after Canada), with trade volumes in excess of $550 billion per year, and is the largest single source of U.S. imports.48


China is also the largest holder of U.S. foreign debt, with bond holdings totaling $1.26 trillion in early 2013; U.S. officials even encouraged China to increase its holdings of Treasury bonds during the 2008-09 financial crisis in order to support the U.S. economy.49

Rapprochement with China has also been one of the most significant successes of Russia’s post-Soviet foreign policy.50 The relationship, now characterized as a “comprehensive strategic partnership,” has had important benefits for both sides.51 At the same time, Moscow’s rapprochement with Beijing has long been driven by support for a more multipolar world order. Many Americans (and others) view this as a deliberate attempt to constrain U.S. influence. The success of U.S.-Russia cooperation in Asia will therefore depend to a significant degree on Russia’s ability to establish strategic independence by diversifying its relationships across Northeast and Southeast Asia, becoming a full-fledged stakeholder in Asian economic and security affairs.

The Russo-Chinese border was demarcated by 2004, and since then, Moscow and Beijing have stepped up their cooperation in a variety of spheres. China became the principal customer for Russia’s defense industry in the mid-1990s, and though sales plummeted in the middle of the 2000s as China’s own defense industry modernized, they have recovered recently.52 Moscow and Beijing also conduct joint military exercises, including both the SCO’s annual Peace Mission exercises and occasional naval maneuvers (including those held in the Yellow Sea in April 2012 and the Sea of Japan in July 2013). The SCO has helped Moscow and Beijing manage their relations in Central Asia. Moscow also continues to tout the two countries’ purported shared concept of world order, based on multipolarity, state sovereignty, and noninterference in other states’ internal affairs—principles Xi Jinping took pains to emphasize in his public remarks during his March 2013 state visit to Moscow.53

China is also a crucial economic partner for Russia: its largest single trading partner, with trade turnover of $83 billion in 2011, a figure the two sides have pledged to raise to $200 million by 2020.54 China will also play a central role in any successful efforts to develop Siberia and the Russian Far East, where it already invests more than any other foreign

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54 “China Becomes Russia’s Top Trade Partner,” Xinhua, September 26, 2012.
country, and more than triple what Russian investors do. Chinese investments in agriculture, forestry, and the chemical and petroleum industries in the region are all growing. In 2009, the presidents of Russia and China signed the joint “Program of Cooperation between the Far East and Eastern Siberian regions of Russia and the North-East of the People’s Republic of China,” which commits them to ease cross-border trade and promote investment in transportation infrastructure in the frontier region.

Both the United States and Russia nevertheless worry about the impact of China’s growing economic, political, and military power on their interests, including in Asia and the Pacific. For the United States, which twice went to war in the twentieth century to prevent Germany from establishing a hegemonic position in Europe and fought a long twilight struggle with the Soviet Union to prevent a similar outcome in both Europe and Asia, the prospect of a revisionist China seeking hegemony in the Asia-Pacific region is a source of nightmares. U.S. officials also remain uncertain whether China can be fully integrated into the liberal international order established at the end of the Second World War. Within the region, U.S. officials worry that a more powerful China will reorient traditionally pro-American states’ economic and political commitments toward Beijing, and, at worst, exclude U.S. influence from the entire Western Pacific. These fears are reinforced by the rapid development of China’s military, particularly its focus on asymmetric capabilities that U.S. strategists believe are designed to deter U.S. intervention in potential conflicts in the South China Sea or the Taiwan Strait.

The growth of Chinese power is also a source of concern in Moscow. While fears of massive Chinese immigration and irredentism in the Russian Far East have so far proven unfounded, China’s rapidly growing economic and military might, coupled with economic stagnation and large-scale outmigration from Siberia and the Far East, leave Russian analysts fearful of eventual “Finlandization,” or the abandonment of Russia’s capacity for autonomous power projection in Asia, as the consequence of the growing imbalance

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59 G. John Ikenberry, “The Rise of China and the Future of the West: Can the Liberal System Survive?” Foreign Affairs, 87(1) January/February 2008). The analogy between Germany and China is explicit in much of the “power transitions” literature produced by international relations scholars. It is also at least implicit in discussions among policy makers who worry that China’s rise may precipitate armed conflict over Taiwan or the South China Sea.
61 Such concerns and fears were once again translated into public opinion recently in a set of strongly anti-Chinese TV films shown on Russian television in connection with the change of leadership in China, e.g. in the film The Chinese Gambit, shown on Ren-TV on March 1, 2013: http://www.annachapman.ru/rs/2013/02/25/2014/.
between China and the Russian East.\textsuperscript{62} To limit the flow of Chinese consumer goods into the region, the Russian customs service has occasionally imposed restrictions on cross-border trade, while Moscow has sought to slow the development of special economic zones along the border.\textsuperscript{63} After fifteen years of negotiations, Russia and China have yet to agree on conditions for the sale of Russian gas in Chinese markets, despite rapidly growing Chinese demand, Russia’s desire to hedge against dependence on sales to Europe, and its need for revenues to boost development in Siberia and the Far East. Though the deadlock centers mainly on price, Russian concern about being locked into the Chinese market (and losing the ability to either seek out new customers in Asia or re-route gas to Europe) through the construction of expensive new pipelines remains a sticking point.\textsuperscript{64}

The growth and modernization of China’s military (much of it accomplished with Russian weapons and technology) further exacerbates these fears. Privately, many Russian officials and military personnel acknowledge that Moscow’s efforts to boost its Pacific Fleet are based on alarm at the growing disparity between Russian and Chinese capabilities in the region.\textsuperscript{65} Despite the consolidation of the SCO, China is also increasingly an economic and political rival of Russia in Central Asia. The volume of Chinese trade with four of Central Asia’s five states now exceeds the volume of Russian trade, and Russia’s pursuit of post-Soviet integration through the Customs Union and the future Eurasian Union is in part designed to limit Central Asia’s reorientation toward the more vibrant Chinese economy.\textsuperscript{66}


\textsuperscript{64} The agreement reached in March 2013 for Moscow to sell exclusively East Siberian gas to China (rather than West Siberian, which could be rerouted to Europe based on changing market conditions) represents a significant concession on Russia’s part, though the two sides have still not agreed on a pricing mechanism. See “Russia, China Find Compromise on Gas Deal After 15-Year Standoff,” Reuters, March 25, 2013.


Recommendations

Make Asia a focal point in U.S.-Russia interactions

Moscow and Washington should make discussions of Asian security a central component of their bilateral security contacts in both civilian and military channels. This would give each side greater insight into the concerns and priorities of the other, while addressing the fundamental problem of the United States not taking Russia seriously as a player in Asia. Including discussion of Asia in established channels would also keep the subject out of the spotlight, limiting the potential for objections from China or other regional states either reluctant to have Russia at the table or potentially wary of U.S.-Russia collaboration.

Pivot toward Asia, not China

Regional security would also benefit from both Washington and Moscow being open about the centrality of China to their respective Asian strategies, even while striving to reduce it. Washington and Moscow should offer assurances that neither sees the other’s ties with Beijing as incompatible with U.S.-Russia cooperation, while acknowledging that, when in conflict, both will generally prioritize relations with Beijing over deepening U.S.-Russia relations. In this context, Washington should assure Moscow that it does not see the Russo-Chinese comprehensive strategic partnership as a threat, while Moscow ought to assure Washington that this partnership aims at something other than countering U.S. influence either in Asia or at the global level.

The United States simultaneously needs to ensure that its pivot to Asia does not become a *de facto* strategy for containing China. Actively rejecting a containment approach would reduce the pressure on Russia to choose between Washington and Beijing, allowing Moscow to play a more independent role in Asia. Washington should push harder to strengthen multilateral cooperation in formats where China has an opportunity to be a full participant (especially an EAS with strong links to the ADMM+ and ARF). Similarly, the United States should urge allied and partner states in both Northeast and Southeast Asia to be more circumspect in pressing their territorial claims against Beijing.

Moscow meanwhile needs to recognize the limits of its “comprehensive strategic partnership” with Beijing, which risks perpetuating its status as an Asian outsider and reinforcing other Asian states’ skepticism that Russia can contribute in a meaningful way to regional security. Moscow therefore needs to prioritize strengthening its commercial and political relationships with other Asian states (not only those, such as Vietnam, that have tense relations with Beijing) and asserting its strategic independence in Asia in order to
ameliorate the concerns of many Asian powers, as well as the United States, that Russia is a proxy for China. These steps would in turn smooth Russia’s path into regional multilateral fora.

**Korea: Deepen cooperation on nonproliferation, security, and economic development**

Russia and the United States both seek to limit uncertainty on the Korean Peninsula, and ultimately achieve denuclearization. In the short term, this includes preventing North Korea from carrying out any further nuclear or missile tests or launching military provocations against South Korea. In the longer term, this would mean limiting North Korea’s nuclear program under strict International Atomic Energy Agency (IAEA) observation.

Given the deadlock in the Six Party Talks, the United States and Russia should encourage multilateral discussions of the parameters of a future deal among the five non-North Korean parties to the talks (South Korea, Japan, and China in addition to the United States and Russia). Washington and the other parties should be open to considering Moscow’s proposal to build trans-Korean pipeline and railway infrastructure in exchange for verifiable progress on capping North Korea’s nuclear program, while making clear that a such progress is a non-negotiable condition for moving forward.

Russia would have to ensure that funding is available for these projects, and commit to supplying liquefied natural gas (LNG) to South Korea in the event that renewed tensions on the peninsula lead the North Koreans to block pipeline deliveries. Russia could also offer North Korea investment in farming, manufacturing, and other sectors, as well as a more transparent visa policy for North Korean migrant workers in the Russian Far East, as carrots for denuclearization.

**Cooperate to build a more effective regional architecture**

Given their shared emphasis on bolstering regional architecture, Washington and Moscow should collaborate to develop a more ambitious agenda for the East Asia Summit, including promotion of both economic integration and security cooperation.

Given their shared emphasis on regional architecture, Washington and Moscow should collaborate to develop a more ambitious agenda for the EAS, including promotion of both economic integration and security cooperation. In particular, U.S.-Russia cooperation should focus on threats common to the entire Asia-Pacific region, including those outlined by President Obama at Bali—along with terrorism, drug production and trafficking, and climate change. Building on the cooperation developed in the course of hosting back-to-back APEC summits in 2011-12, the U.S. and Russia should consult bilaterally with their respective regional partners to bring their input to the process of planning for future EAS meetings.

As Washington and Moscow are newcomers to the EAS, many other members continue to see them as outsiders. Countering this perception will require both countries to make an unambiguous commitment to developing the EAS as the centerpiece of emerging multilateral cooperation in the Asia-Pacific, and to their own participation in it. For Russia, that means committing to having presidential-level representation at future EAS meetings.
which in turn is likely to require taking a more public position on contentious issues such as the South China Sea territorial disputes. Similarly, Russia should finally appoint a full-time ambassador to ASEAN. The United States and Russia should also explore further cooperation in areas such as antipiracy efforts and humanitarian assistance/disaster relief. This effort would dovetail with issues Russia is seeking to prioritize within the EAS, and would also provide a platform for exploring opportunities for cooperation with China, helping alleviate concerns in both Beijing and Moscow that Washington’s pursuit of a stronger regional architecture is driven by animus toward China. It would also allow Moscow to demonstrate its ability to provide public goods to other potential Asian partners.

**Expand regional trade/TPP**

Russia should continue its push to develop economic relations with Southeast Asia, including using its pending free-trade agreement with Vietnam as a platform for negotiating a broader Russia-ASEAN trade deal. The United States, meanwhile, needs to further develop its nascent Trans-Pacific Partnership to link it more effectively to existing regional fora, including the EAS, while continuing to emphasize that TPP membership is available to all who meet the partnership’s criteria for openness. These criteria, meanwhile, should be elaborated in a way that encourages the widest possible grouping of states (including China—and ultimately Russia) to aspire to eventual inclusion. For the United States, having an independent and fully committed Russia in the EAS, and possibly the TPP in the longer term, would give heft to the organization, and align with Washington’s longer-term goal of creating a robust regional security architecture that can ameliorate the consequences of China’s rise on regional stability.

**Promote Russo-Japanese reconciliation**

Both the United States and Russia would benefit from an enduring rapprochement between Moscow and Tokyo, which requires making progress on the Southern Kuriles/Northern Territories dispute. The initiative for bolstering Russo-Japanese ties will have to come from Moscow, but Washington can help by encouraging flexibility on the part of its Japanese ally.

Moscow should start by ratcheting down tensions over the disputed islands and being more proactive in seeking a permanent resolution. Russian officials should refrain from further visits to the islands (then-President Medvedev became the first Russian leader to visit the Kuriles in 2010, followed by Foreign Minister Lavrov and others). Moscow should also back away from its recent efforts to militarize the islands, including the modernization of artillery positions on the disputed island of Kunashiri and the possible deployment of new *Mistral* helicopter carriers (co-built with France) to the Kuriles. Russia could also improve the odds of agreement as well as the overall sentiment between the two countries by emphasizing its openness to compromise. It could reiterate the willingness Putin showed during his first term to consider returning two of the four islands to Japan, an offer Moscow first

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made in 1956 (ultimately scuttled by U.S. objections). The U.S. role in promoting such a
rapprochement will be secondary, but Washington should emphasize to both Moscow and
Tokyo the benefits of resolving the territorial dispute.

Support resolution of maritime territorial disputes in the South China Sea

Given Chinese sensitivities and Russian reluctance to pick needless quarrels with Beijing,
Moscow is unlikely to take a strong stand on the South China Sea territorial disputes,
despite its deepening ties throughout Southeast Asia. Nevertheless, Russia would benefit
from many of Washington’s proposals for maintaining freedom of navigation, and should
be open to at least passively supporting them. At the same time, the United States should
welcome a more visible Russian role in Southeast Asia, including the development of
stronger ties between Russia and key regional states such as Vietnam and Indonesia, as well
as with India.

As a nonlittoral state, Russia has no need to take a position on the U.S.-sponsored code
of conduct for the South China Sea per se, but should in general terms emphasize the
importance of international law as a basis for resolving territorial disputes, including
maritime disputes. This position would be consistent with the Russian Foreign Policy
Concept’s invocation of international law as the basis of global order, and would set a helpful
precedent for resolving territorial claims in the melting Arctic.68 Russia should also declare
unequivocally its support for freedom of navigation as a principle (which, in the East China
Sea, affects Russia directly), even if this is done in the context of discussions on Arctic transit.
It should also continue developing its trade and security ties across Southeast Asia.

In addition to calling on the littoral states to resolve their disputes peacefully, multilaterally,
and on the basis of a negotiated code of conduct, the U.S. should do more to discourage
provocative steps by Vietnam and the Philippines, which risk exacerbating tensions with
China and raise the possibility of military clashes that imperil both U.S. and Russian
interests (Russia could quietly make this point with Hanoi as well). The U.S. should also,
as soon as possible, move to ratify the UN Convention on the Law of the Sea, which would
strengthen its own credibility in calling on the South China Sea disputants to base their
claims on accepted international law.

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68 “Kontsepsiia vneshnei politiki Rossiiskoi Federatsii.”
Conclusions

U.S.-Russia cooperation in Asia and the Pacific requires both sides to make something of a conceptual leap. For the United States, it means taking Moscow seriously as an Asian power. For Russia, it means accepting the limitations of its strategic partnership with China and pursuing a more balanced approach in the region—including making rapprochement with Japan a priority. It also means being serious about developing Siberia and the Far East, which will be the most important factor in the success or failure of Russia’s push for greater influence in Asia.

The United States has never seen Russia as a major power in Asia and the Pacific, a view that Russia’s own ambivalence has only reinforced. Nevertheless, the United States has reason to welcome and even promote a more prominent Russian presence in the region—but only if Washington is convinced that Russia’s Asia pivot is both substantive and not driven by a desire to counterbalance U.S./Western influence. In the coming years, the overriding aim of U.S. policy in Asia will be designing rules and shaping multilateral institutions to bolster its partners and ensure that China’s emergence does not undermine regional stability. A strong, confident, and independent Russia can play an important role in advancing those aims. Cooperation in Asia can also encourage the development of U.S.-Russia trust more broadly, since the Cold War legacies that inhibit cooperation in Europe and the former Soviet Union are less pronounced in Asia.

A more cooperative relationship with Washington in Asia could also help promote Russia’s ambition to be taken seriously as an Asian power, especially by the numerous U.S. allies and partners in the region. U.S. support would help reduce concerns that Russia is not serious about Asia and that it is too dependent on China. Moreover, a closer U.S.-Russia relationship in the region would help insulate Moscow against excessive dependence on Beijing, facilitating the development of closer commercial and political ties with a wider range of Northeast and Southeast Asian states, including those wary of China’s growing power. And since the United States and Russia have parallel, albeit different, conceptions of Asian multilateralism, cooperation would promote the development of the more effective regional architecture that both want.

More broadly, since U.S.-Russia relations in Asia and the Pacific remain underdeveloped, the region holds the potential to act as a sort of laboratory for trying out new mechanisms for bilateral and multilateral cooperation. Each country has made a pivot to Asia a central component of its strategy for ensuring competitiveness and influence in the twenty-first century. The simultaneous insertion of Washington and Moscow into European power politics at the end of the Second World War laid the foundation for four and a half decades of confrontation that brought suffering to millions in Europe and around the globe. As they shift the focus of their respective global strategies to the East, the United States and Russia have an opportunity to create a more prosperous, collaborative, and secure future for Asia. They should embrace the opportunity while Asia’s twenty-first-century political and economic order is still being shaped.
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The Working Group on the Future of U.S.-Russia Relations convenes rising experts from leading American and Russian institutions to tackle the thorniest issues in the bilateral relationship. By engaging the latest generation of scholars in face-to-face discussion and debate, we aim to generate innovative analysis and policy recommendations that better reflect the common ground between the United States and Russia that is so often obscured by mistrust. We believe our unique, truly bilateral approach offers the best potential for breakthroughs in mutual understanding and reconciliation between our countries.