

Russia and the Emerging Institutional Order in the Asia-Pacific

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NORTHEAST ASIA AT THE CENTER?

The Asia-Pacific has always been an imagined region in many ways. It is essentially an ideational construct engineered by the epistemic community of business people, scholars and politicians who have been promoting the Asia-Pacific identity from the 1960s onwards. This is not to deny its realness, though. The Asia-Pacific region does exist, defined not only by verbal discourses, but also by very material economic, social and political links connecting the countries of the Pacific basin, although the density of those links is distributed very unevenly across the region.

The vast and amorphous Asia-Pacific is superimposed onto other entities that can be regarded as either its «subregions» or regions in their own right. Those areas are more compact,

easily definable, and arguably more «real» than the Asia-Pacific, since they have stronger geographical and historical roots. For all the advances of globalization, which shrinks distances and facilitates communication, territoriality remains a crucial factor in international politics [*Buzan & Waeber, 2003*]. It is also true in the case of «the Pacific hemisphere», of which East Asia claims to be the central constituent part. Yet East Asia, although it is much less hazy and much more territorial than the Asia-Pacific concept, is no monolith and has its own subdivisions.

The most salient division is that between Northeast Asia and Southeast Asia. Which of the two takes the pride of place? Official Asia-Pacific/East Asian discourses refer to Southeast Asia, collectively represented by ASEAN, as «the fulcrum» and «the driving force» of region-wide multilateral cooperation and integration [Clinton,

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2010a; ASEAN Regional Forum, 2011; ASEAN Plus Three Summit, 2009]. In a similar vein, many academics highlight the prominence of ASEAN, resulting, in their view, from the Association's capacity to be a collective leader and institute norms governing region-wide politics [Bogaturov, 1997; Acharya, 2003].

Unlike Southeast Asia, whose geographical area almost perfectly corresponds to the 10-country ASEAN membership, the concept of Northeast Asia is less clearly defined. It is unanimously recognized that Northeast Asia includes China (the mainland and Taiwan), Japan, and Korea (both the South and the North). Beyond that it becomes less uncontroversial. What about Russia and the United States? Can they be regarded as Northeast Asian actors?¹ I believe that they can, although their status in Northeast Asia should be designated as *peripheral* as opposed to the *central* position of China, Japan and Korea, the three nations forming the core of the region in terms of geography, as well as by virtue of their long-standing historical and cultural affinity².

¹ Apart from Russia and the United States, there is, of course, Mongolia which may or may not be seen as a Northeast Asia country. My view is that Mongolia does belong to the region in question, but is still too weak politically and economically to be a significant factor. That is why Mongolia is omitted here from further analysis.

² Russia's and the U.S.'s peripheral position in Northeast Asia also results from the two nations' transcontinental nature. Unlike most countries in the world, they are directly «resident» not in one, but two or more regions. Northeast Asia is just one

Russia is, of course, territorially present in Northeast Asia and has been a major player in the region's international system ever since the late 19th century. The case of the United States is less obvious. It does not have direct geographic presence in Northeast Asia, but is extremely close to the region, thanks to the territories such as Alaska, Aleutian Islands, and Guam. This, among other things, considerably raises the U.S. exposure to the threats and challenges originating from Northeast Asia³. Therefore America's behavior in Northeast Asia is driven not only by the logic of a global superpower, but also by its concerns as a local «resident power».

Having thus delineated the membership of Northeast Asia, what is its standing in the wider regional picture, especially vis-à-vis Southeast Asia? As noted earlier, official international discourse gives clear priority to ASEANs «the driver» of regional processes. However, this may result not so much from ASEAN's inherent strengths as from the big powers' unwillingness to change the status-quo under which Southeast Asian countries lead only for as long as major Northeast Asian powers let

of the regions where Russia and the United States have vital interests.

³ For instance, it is believed that Guam is already within range of North Korean missiles [«North Korea is fully fledged nuclear power, experts agree», 2009]. Going back into history, it is noteworthy that a part of Aleutian Islands was briefly occupied by the Japanese during the Second World War, underlining the U.S. vulnerability to neighboring Northeast Asian powers.

them do so. This is why Southeast Asia's current centrality in the Asia-Pacific is, in a sense, a leadership «by default». Its heretofore substantial role is even described as increasingly a thing of the past, «an embedded Cold War artifact» [Calder, 2010, p. 5]. For all the ASEAN's diplomatic skills and achievements, it lacks material power to be the real center of gravity as opposed to Northeast Asia. The latter (even excluding Russia and the United States) generates over 80 per cent of East Asia's GDP. It is significant that the Northeast Asian trio supplies the lion's share of the foreign exchange reserve pool under the ASEAN Plus Three's Chiang Mai Initiative Multilateralization scheme – of 120 billion US dollars China, Japan and South Korea are collectively contributing 96 billion dollars, while the ASEAN's share is only 24 billion dollars.

Northeast Asia's military potential dwarfs Southeast Asia capabilities. Suffice it to say that four out seven Northeast Asia players (the United States, Russia, China, North Korea) have nuclear weapons, while the other three (Japan, South Korea, Taiwan) are all able to go nuclear very promptly if they make a political decision. Their formidable military capabilities, along with smoldering conflicts such as the Taiwan and Korea issues, make Northeast Asia one of the most explosive regions in the global international system. If a war breaks out there, it will shake the entire world. It is telling that when the Thai-Cambodian border dispute erupted in 2010 that was just

one of many international headlines⁴ By contrast, when South Korea and North Korea went at loggerheads in the same year, it sent shock waves across the globe. There is little doubt that strategic stability in East Asia and the broader Asia-Pacific region is mainly a function of the relationships among the Northeast Asian powers⁵.

It is economic, political and strategic weight of Northeast Asia, along with its conflict-generating potential, that makes it the real center of gravity in the Asia-Pacific, and indeed places it among the most crucial world's regions, on a par with Europe and the Middle East. Developments in Northeast Asia will increasingly shape international order in the Asia-Pacific and beyond.

THE EMERGING INSTITUTIONAL ARCHITECTURE IN NORTHEAST ASIA AND BEYOND: A GAME ON TWO CHESSBOARDS

Despite an array of powerful factors fuelling rivalry and conflict in Northeast Asia, the region has been witnessing developments that could lead it to much

⁴ It is, incidentally, one more indication that ASEAN has a long way to go to reach solidarity and security community, without which it can hardly claim to be «in the driver's seat» of the Asia-Pacific multilateralism.

⁵ Some authors go even as far as to suggest that as few as three major powers of Northeast Asia –China, Japan, and the United States– determine strategic landscape in the broader Asia-Pacific [International relations theory and the Asia-Pacific, 2003].

more cohesion. One obvious trend is the emergence of multilateral institutional architecture⁶. Up until recently, Northeast Asia completely lacked multilateral arrangements of its own. The U.S.-dominated San Francisco system of «hub and spokes» had long acted as some sort of institutional surrogate, but it is now being gradually dismantled [Aggarwal, Min Gyo Koo, 2008].

Although Northeast Asia is still lagging behind many other regions in building multilateral institutions, noticeable progress has been made over the recent years. There is a trend towards a two-tiered structure of multilateralism in the region. The first level is represented by the Six-Party talks on the North Korean nuclear issue, which were initiated in 2003, involving China, North and South Korea, Russia, Japan, and the United States. The nuclear problem has not yet been resolved, but the Six-Party process may potentially lead to a Northeast Asian regional organization to manage political and strategic security [Aggarwal, Min Gyo Koo, 2008, p.8]. In February 2007, the participants of the Six-Party talks agreed to set up five working groups, one of which was tasked to study ways to achieve «Northeast Asia peace and security mechanism». Despite periodic walkouts by North Korea, the Six-Party talks have already become a *de facto* permanent consultative mechanism in Northeast Asia, albeit with a mandate

still confined to issues related to the Korean Peninsula.

The second layer of Northeast Asian multilateralism is embodied in the trilateral cooperation of the «core» regional states –Japan, China and the Republic of Korea. Their informal trilateral summits have been regularly held since 1999, but until recently they took place on the sidelines of ASEAN Plus Three meetings. December 2008 saw a watershed event, when the first Northeast Asian summit was held on its own, attended by Japan's prime minister, China's chairman and the Republic of Korea's president. The leaders signed an action plan for promoting trilateral cooperation and agreed to hold such meetings annually. So far, four summits of the trio have taken place.

At their third meeting in May 2010, the three leaders adopted a blueprint for future economic cooperation, environmental protection, and expansion of personnel and cultural exchanges. They also agreed to establish a permanent secretariat in South Korea starting from 2011 [Japan-China-ROK Trilateral Summit, 2010]. The sides are negotiating a trilateral investment agreement and studying a trilateral FTA. It is expected that the study will be concluded within 2011 and formal negotiations will begin in 2012 [Japan-China-Korea Summit Declaration, 2011; «Wen presents proposal for economic cooperation with Japan, S. Korea», 2011].

More than 50 trilateral consultative mechanisms, including 17 ministerial meetings, are now in full operation

⁶ Here I use the term «multilateral» as designating a kind of inter-state cooperation involving more than two sides.

and over 100 trilateral cooperation projects in the economic and social fields, people-to-people exchanges, green growth, and disaster management are promoted [«China, Japan, S.Korea agree to further strengthen trilateral cooperation», 2010]. Apart from official meetings, non-governmental forums are also held among the three countries, with participation from the academia, business, NGOs and mass-media.

To be sure, institutionalization of this trilateral interaction is still in its nascent stages. It is too early to speak of a new economic bloc born in Northeast Asia. However, the trend is clear. Necessary economic prerequisites are in place. China, Japan and South Korea have become crucial trade partners for one another. Their trilateral trade accounts for 17 percent of the global trade volume and 90 percent of the total East Asian trade [«A milestone & new starting point for China, Japan, ROK», 2009]. Another major driving force is big business, especially in Japan and South Korea, which has a stake in economic integration and pushes for further development of trilateral cooperation.

For a trilateral economic grouping to come into being, it is critical that China and Japan come to agreement. The two biggest economies in Northeast Asia have to resolve their differences, particularly on the issue of regional leadership. There are essentially only two options. They could decide on joint management of the integration arrangement in Northeast Asia, as well as East Asia at large. Or else Japan might accept China's

economic leadership. The latter seems increasingly more likely, especially with China overtaking Japan as the second biggest economy in the world in 2010.

So far, it has been China that acted as the principal promoter of Northeast Asian integration. In 2002, Chinese Premier Zhu Rongzi proposed a plan for the trilateral free trade area. Japan was unwilling to support this plan at that time, fearing that it could strengthen China's positions in the region. However, after the Democratic Party of Japan came to power in 2009, Tokyo reversed its stance on the issue. Prime Minister Yukio Hatoyama emphasized the importance of East Asian integration, calling for an East Asian Community, with China, Japan and Korea as its collective core. It appears that Hatoyama's regional initiatives were not only his personal preferences, but also reflected interests of powerful sectors in Japan's political and economic elites. Therefore, despite his resignation in June 2010, the idea of East Asian economic community, based on a China-Japan-Korea partnership, is likely to stay relevant for Japan, even if it means ever closer ties to China [Funabashi, 2011].

It is not clear yet how these two tiers of an evolving Northeast Asia's institutional architecture will interact and relate to each other. The question is whether it would be possible for a more broad-based six-party grouping and «the Asian⁷ only» bloc to act in

⁷ «Asian» here designates countries that belong to Asia both geographically and culturally.

concert. What if competition arises between them? For instance, what are going to be the implications if China, Korea and Japan would go beyond the largely economic and cultural agenda they currently pursue, advancing into political and security issues as well?⁸ Would the United States and Russia feel marginalized if the trilateral partnership among Beijing, Seoul and Tokyo intensifies, with Washington and Moscow being kept on the sidelines?

One can put the question even more bluntly: What is the likelihood that the emerging China-Japan-Korea triangle would grow into a political alliance, with Beijing calling the shots? Economic reasons seem to be already in place. Japan and Korea are being increasingly drawn into the Chinese economic orbit. China has become the biggest trade partner for both Japan and the Republic of Korea. Their relations are characterized by asymmetric interdependence, with Japan and South Korea depending on China more than China depends on them. The recent global crisis has served to deepen this trend. China now accounts for 20 per

cent of Japan's total exports and imports, while just 13 per cent of China's trade is with Japan. China share of South Korea's trade currently stands at 20.5 per cent, while China's trade with South Korea is only 7 per cent of its total volume [Yul Sohn, 2010].

Meanwhile, America's economic presence in the region has significantly decreased, although it is still quite noticeable. The United States remains a key export market for Northeast Asian countries and a major source of vital technologies. Washington is seeking to promote its own neoliberal version of regional integration, which, although thus far with little success, attempts to challenge China-centered economic regionalism in East Asia. America's strategy is, in particular, based on the recently launched Trans-Pacific Partnership, as well as bilateral FTAs, the most substantial one to date being Korea-US FTA.

However, even if the United States were ultimately to lose the competition in *economic* regionalism to China, this would not automatically entail the advent of Sino-centric *political* institutions in the region. Economic integration does not necessarily lead to stronger political (intergovernmental or supranational) arrangements. Indeed, when integration makes great progress in the economic area, member-states may deliberately constrain it in other, especially political, spheres, so as not to put their national sovereignty at risk. Even the European Union's experience testifies to such a hedging strategy [Busygina, Filippov, 2010].

⁸ So far, security agenda has been peripheral to the CJK process. Yet at the fourth summit in May 2011 it was decided to hold «Trilateral Policy Dialogue on Asian Affairs» within senior foreign officials' annual consultation «in order to promote comprehensive, objective and in-depth understanding of each other's Asian policies and contribute to peace and stability in the region» [Japan-China-Korea Summit Declaration, 2011]. It remains to be seen whether this mechanism will evolve into something substantial.

East Asian countries, including Japan and both Koreas, are well aware of the risks inherent in their high economic dependence on China. Therefore they are seeking to offset such risks by maintaining political and strategic ties to the actors capable of balancing a rising China, especially the United States. Both Tokyo and Seoul have no intention of abandoning their alliances with Washington. Indeed, they are even strengthening their strategic cooperation with America in some areas, as well as enhancing political collaboration between themselves [Ryo Sahashi, 2011]. There are reasons to believe that even North Korea is wary of growing China's might and might be interested in the United States acting as a balancing force [see, for example, Lankov, 2010; Feffer, 2010].

Russia, although its regional clout is much less than America's, can be seen as another independent player, performing a balancing function. That is probably why in 2003 Pyongyang insisted on Moscow having a seat at the Six-Party talks [Sevastyanov, 2008, p. 252]. In other words, the Six-Party process, and a prospective institutionalized mechanism with full American and Russian membership, might be viewed as a vehicle to maintain balance of power and prevent Chinese dominance in Northeast Asia.

The economic triangle of Beijing, Tokyo and Seoul could be transformed into a Chinese-led political bloc only if full-fledged China's hegemony arrives, similar to what happened following the

Second World War, when the United States used its predominance to build and manage a 'Western' institutional architecture. Economic leadership alone is not enough for actual hegemony. Two other requirements are military-strategic primacy and the recognition of hegemony as legitimate from lesser states [Alagappa, 2003, pp. 53-4]. It is clear that China does not meet these requirements as yet. Its military capabilities are still no match to America's. And in terms of moral and political legitimacy, neither Korea nor Japan, appear ready to recognize Chinese primacy. To be sure, one cannot rule out the emergence of Beijing's hegemony in the future. However, at present it seems unlikely.

In a nutshell, Northeast Asia is going to witness the evolution of a dual institutional architecture in the foreseeable future. On the one hand, economic integration linking China, Japan and Korea will deepen and expand, which is likely to result in their economic community. On the other hand, this economic process will be paralleled by the development of political multilateralism originating from the Six-Party talks, with the active involvement of the United States and Russia. Thus «the balance of institutions» is likely to emerge, whereby China's influence will be pre-eminent in regional economic cooperation, but significantly diluted within the political multilateral arrangement – a kind of Northeast Asian concert of powers.

Northeast Asia's evolving institutional architecture reproduces what has already been going on in the wider East Asia, where China-centered, exclusively Asian and economically focused ASEAN Plus Three coexists with the ASEAN Regional Forum, ASEAN Defense Ministers' Meetings Plus Eight and the East Asia Summit that are characterized by more inclusive membership and security agenda.

Northeast Asia not just replicates this—it may well be becoming the most crucial part of Asia-Pacific's institutional order. Indeed, it is hard to imagine that Asia-Pacific/East Asian multilateral institution building will succeed unless Northeast Asian countries form a viable system of collective cooperation and dialogue. Thus, a likely future scenario can be drawn up in which the Six-Party-based «Northeast Asian concert»⁹ would act as the primary core for the Asia-Pacific security and political cooperation, while in a region-wide context it is supplemented by ARF, ADMM+8 and EAS¹⁰. In a similar manner, the prospective China-Japan-Korea FTA would

function as a center for the region-wide economic integration, enveloped by a multitude of bilateral, minilateral and multilateral arrangements in the Asia-Pacific (see Figure 1). Evolving balance of institutions in the form of the dual regional architecture is part of soft power balancing in the Asia-Pacific, whose primary aim is to hedge against strategic uncertainties associated with the rise of China.

What role, if any, could APEC play in this institution-building scenario? Is it facing an unenviable prospect of being an odd man out in the emergent regional order? When APEC was born back in 1989, it had no «peer competitors» in the Asia-Pacific, except ASEAN. Nowadays there is an alphabet soup of multilateral bodies in the region, and APEC is just one piece in this puzzle. APEC was, from the very beginning, supposed to be largely about trade liberalization, but on this front it showed lackluster performance and is now overshadowed by proliferating bilateral and minilateral FTAs. There used to be talk of APEC taking on certain political-security dimensions as the most inclusive top leaders' gathering in the Asia-Pacific. Yet, with the creation of East Asia Summit, and with the United States and Russia formally joining EAS in 2011, APEC is going to lose this important status-related advantage. In fact, EAS could be seen as more representative compared to APEC, since it counts India, a crucial Asian power, in its membership.

Nevertheless, APEC may have at least two strong points. The first lies in its

⁹ Concert can be defined as joint management of international affairs by great powers on the basis of certain common goals, values and interests. The concert type of international order combines elements of power balancing and elements of collective security [Alagappa, 2003, p. 55].

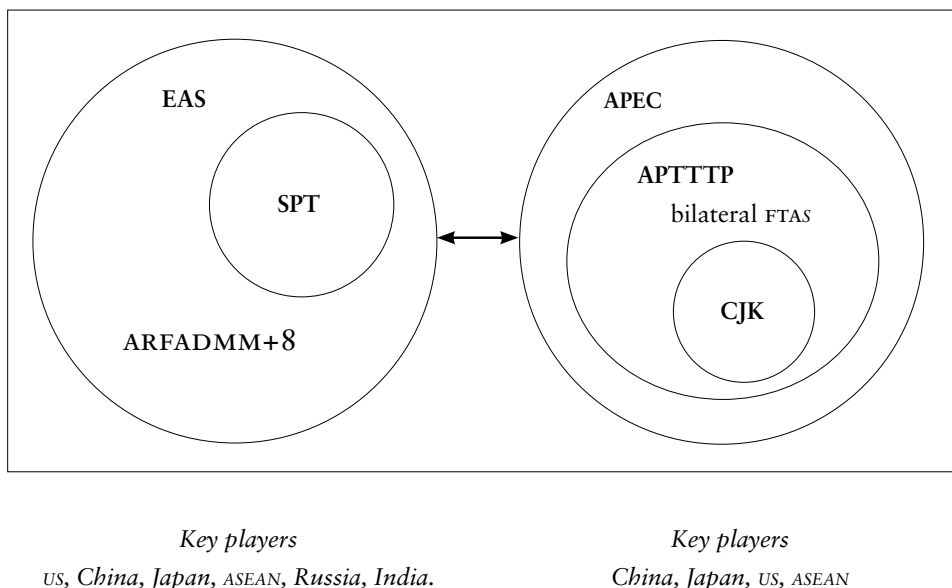
¹⁰ So far EAS has been primarily concerned with economic, environmental and social issues. However, following the addition of Russia and the United States, the forum's members expressed interest in giving more attention to strategic and security issues [Lavrov, 2011]

genesis as an institution standing for the imagined and ideational «Asia-Pacific» versus more concrete, narrow and territorial versions of regional cooperation. Globalization was the huge fad of the 1990s. As its glamour faded in the 2000s, so did APEC's, because the forum has always been seen as the main champion of globalization in the Asia-Pacific. With pendulum swinging now in favor of more territorial forms of integration, APEC could help prevent this swing going too far towards closed regionalisms. APEC's liberal and globalization-friendly

discourse, although being an intangible asset, still matters a lot.

APEC's other strength is related to its accomplishments in specific areas of functional economic cooperation and business facilitation, such as APEC businesspeople mobility scheme. If APEC continues making such «niche contributions», it will remain relevant and in demand even in the face of other competing institutions in the Asia-Pacific.

*Figure 1. Emerging balance of institutions in the Asia-Pacific: political concert of Asian and non-Asian Powers vis-a-vis China-dominated economic integration.
Political and Security Dimension Economic Dimension*



RUSSIA AND THE ASIA-PACIFIC COOPERATION

Despite having a Pacific coastline of 16,700 miles, Russia is a late-comer as regards the Asia-Pacific regionalism. Due to the Cold War, the Soviet Union was shut out from regional cooperation, having instead to rely on bilateral ties with few allies such as Vietnam and Mongolia. Following the end of the bipolar confrontation in the early 1990s, Russia strove to integrate itself into Asia-Pacific bodies. It quickly joined the region's premier non-governmental forums, Pacific Economic Cooperation Council and Pacific Basin Economic Council, in 1992 and 1994, respectively. Yet acquiring the APEC membership proved much more difficult. For one thing, in the 1990s Russia's share of Asia-Pacific total exports stood at the meager 0.4 per cent. This did not quite square with one of APEC's membership requirements that an applicant country should have substantial economic ties to the Asia-Pacific. Another hurdle to Russia's membership was the apprehensions of some among the smaller and middle-sized APEC economies that the addition of another big country would weaken their positions and raise the risks of the great power domination within the forum.

However, at the 1997 Vancouver summit Russia's APEC application was finally approved, along with Peru's and Vietnam's. Moscow's bid was supported by the United States, China and Japan, thus deciding the matter.

Not everyone was happy, though. For example, the former Australian Prime Minister Paul Keating made the following remark: «Russia's membership was supported by the United States in part, I believe, to atone for another bad decision –to expand NATO to the borders of the old Soviet Union. This sent a signal to Russia that it wasn't wanted as part of the European system. Instead it was offered APEC membership as a consolation prize in the Asia Pacific» [Keating, 1998]. In Russia itself, the admission to APEC was met with enthusiasm and as a confirmation of the country's status as an Asia-Pacific power. In 1996, Russia also became a dialogue partner of ASEAN and a member of the ASEAN Regional Forum.

Despite joining APEC and ARF, Russia, due to domestic turmoil, ceased to be a major factor in the Asia-Pacific during the 1990s. However, during Putin's and Medvedev's presidential tenures, Russia managed to substantially improve its internal situation, enabling Moscow to embark on more pro-active foreign policies in the 2000s. The Asia-Pacific region became and still remains one of the top priorities of Moscow's external strategy. On the political and diplomatic front, Russia resuscitated the contacts with Pyongyang, while keeping good relations with Seoul. Most important, Moscow established a «strategic partnership» with China, both in bilateral and multilateral (the Shanghai Cooperation Organization) formats. In addition, the Russian government launched a massive program of

state-funded investments in the social and economic development of its Far Eastern areas. The objective is not only to upgrade the economy and infrastructure but also to reinforce Russia's geopolitical position in the Pacific. Russia's more vigorous policy is generally seen in the region as a positive factor. According to such assessments, «Russia's pragmatic neomercantilism... would do no harm to countries of the region or to the rising Asian regionalism. Properly utilized and implemented, it might actually help facilitate bilateral and multilateral cooperation in Northeast Asia» [Taehwan Kim, 2008, p. 209].

One of the signs of Russia's return to Asia-Pacific has been its involvement in the region's key security forums. In 2003, Russia became one of the co-sponsors of the Six-Party talks. In 2005, Russia sought a membership of the East Asia Summit at its inaugural meeting in Kuala Lumpur, where President Vladimir Putin attended as a special guest. At that moment, the bid failed to gain consensus approval of the 10+6 forum. Yet, in 2010 Russia finally secured the invitation to join the EAS, along with the United States. In 2010 Russia also joined the ASEAN Defense Ministers Meeting process (ADMM+8). Thus Russia now holds membership of all the Asia-Pacific multilateral security-political bodies – APT, ARF, ADMM+8, and EAS.

Russia views its involvement in the Asia-Pacific security forums as a kind of guarantee that its voice will be heard and heeded. Russia's preferred model for the Asia-Pacific political order is

a multi-polar concert system, where Moscow is one of the major players, along with Beijing, Washington, Tokyo, New Delhi, and perhaps Seoul and Jakarta. The Kremlin emphasizes the role of the Six-Party talks as not only the diplomatic vehicle for North Korea denuclearization, but also as the mechanism for «the creation of reliable political and legal guarantees of security in Northeast Asia» [Russian Ministry of Foreign Affairs, 2011]. Moscow's strong commitment to the Six-Party talks is not surprising, given that Russia wields substantial geopolitical leverage in Northeast Asia, while in other regions of the Asia-Pacific its influence is much more limited. At the same time, Russia wants to see the East Asia Summit as an umbrella political grouping in the Asia-Pacific which could «integrate regional security agenda in order to promote strategic dialogue» [Lavrov, 2010].

While Russia has secured for itself full representation in the Asia-Pacific political institutions, in the economic arena its presence can be characterized as very modest at best. Russia accounts for roughly one per cent of the region's total trade. APEC remains the only regional economic grouping Russia participates in. Even with APEC, Russia's involvement has mainly been limited to attending gatherings at high political level such as Leaders' summits and ministerial meetings. Russia has kept low-profile or been altogether absent in most of the forum's practical activities and projects. For instance,

Russia became the very last member-economy to join the APEC Business Travel Card initiative in 2010 (as a transitional member). Yet Russia has been lately stepping up its involvement in APEC. One reason is, of course, the hosting of APEC-2012 in Vladivostok, which means that Russia has to act as the forum's formal leader. Apart from that, it seems that Russia, as part of its broader shift in priorities towards the Asia-Pacific, is actually getting more interested in APEC. This might give hope that Russia's enhanced involvement in APEC will outlast the Vladivostok events and continue beyond 2012.

Russia remains one of the very few economies in the Asia-Pacific that have no free trade agreements in the region. Moscow clearly sees the danger of its increasing economic marginalization in the Asia-Pacific and seems determined to change this, even though Russia has not yet been admitted to the World Trade Organization (as of this writing in August 2011). The necessity of concluding FTAs with the Asia-Pacific countries was emphasized by President Dmitriy Medvedev during his visit to the Russian Far Eastern city of Khabarovsk in July 2010 [Medvedev, 2010]. In 2010, Russia launched formal FTA negotiations with New Zealand¹¹.

FTAs with Vietnam and Singapore are also being studied.

Russia's institutional integration into the highly competitive Asia-Pacific markets will only make sense if it can identify and exploit niche areas where its economy has comparative advantages. The most visible Russia's advantage is, of course, its rich natural resources, especially hydro-carbons. Russia has been making great efforts to become a major supplier of oil and natural gas to the Asia-Pacific. The Eastern Siberia-Pacific Ocean came online in 2010, bringing to the regional markets crude from inside Siberia, and more energy-related projects are now underway.

Even more ambitious projects are now under discussion to drastically expand Russia's economic links with the Asia-Pacific. In particular, there is an idea, proposed by an influential think tank in Moscow, of turning Russia's eastern territories, with their abundance of water, energy, arable land and timber, into a major producer of energy-consuming basic products, like grain, meat and paper, for voracious Asian markets. Foreign investment and technologies, mostly to be provided by the Asia-Pacific countries, are to play a crucial role in realizing this grand project [Karaganov, 2011].

Russia also seeks to play a major role in innovative and intellectual sectors of the Asia-Pacific economy. One of the biggest recent efforts in this direction was the creation of Far Eastern Federal University in Vladivostok in 2011, which consolidated several smaller higher

¹¹ Russia-New Zealand trade is minimal, at the meager 230 million USD in 2010 [Russian Federal Customs Agency, 2011]. Yet it is hoped that an FTA with the advanced economy of New Zealand will be path-breaking and help Russia enter the FTAs game in the Asia-Pacific.

education institutions into what the Russian government wants to become a world-class research university targeting Asia-Pacific education markets. Moscow has allocated hefty sums of money for the development of the university. The university's state-of-the-art campus, now under construction, will serve as the venue for APEC Leaders' meeting and is expected to be inaugurated by them in September 2012.

It appears that Russia's preferred model of economic integration into the Asia-Pacific has similarities to Canada's and Australia's in that it seeks to combine large-scale exports of natural resources with the strong emphasis on innovative sectors such as high-tech science and higher education. It remains to be seen, of course, whether Russia will be as successful as Canada and Australia in pursuing this path.

The success of Russia's efforts at regional integration significantly depends on whether it has support of the established Asia-Pacific powers. China is Russia's main «strategic partner» in the region. However, it is doubtful that China will make it a priority to help Russia become the full-fledged member of the Asia-Pacific system of economic cooperation. China is quite content with having Russia as a reliable supplier of raw materials and is interested in keeping this resource base to itself rather than facilitating Russia's links to other Asia-Pacific markets.

Another major Asia-Pacific economy, Japan, although presumably interested in weaning Russia away

from growing dependence on China, is unlikely to do much to assist Russia's regional aspirations. This is, of course, mainly because of the ill-fated dispute over South Kuriles/Northern Territories still poisoning relations between Moscow and Tokyo¹².

This leaves another Asia-Pacific power, the United States. Can it possibly be a partner for Russia seeking to expand its ties to the region? There is a good chance that it can. It is remarkable that of all the areas, where Moscow's and Washington's geopolitical concerns overlap, it is the Asia-Pacific where their interests are least conflicting and most compatible. Whereas in Eastern Europe, the Caucasus, and Central Asia, Russia and America are competitors rather than partners, they do not have irreconcilable disagreements in the Pacific. Although Moscow's influence in North-east Asia has grown somewhat in recent years, it is still too weak to be perceived by Washington as an actual, or even potential, challenge. Russia's central geopolitical interest in the region is to retain effective control over its Pacific territories, not to expand at the expense of others. This is well understood in Washington. It is also important that both Russia and the United States want to hedge against serious geopolitical uncertainties stemming from China's rise.

Of note, in this regard, is a recent report on the prospects for Russia-U.S.

¹² For instance, Japan has been blocking Russia's bid to join the Asian Development Bank ever since Moscow made an application in 1997.

ties prepared by a group of prominent Russian experts [Karaganov, Suslov, et. al., 2011]. They point out that under the Obama Administration Russian-U.S. relations have markedly improved, opening up opportunities for setting a new bilateral agenda. The report emphasizes that Russia and the United States do not pose a danger to each other. They have to be concerned not with one another, but with other threats and challenges. Both Russia and the United States experience the diminution of their relative power in the face of «the global diffusion of power» and the rise of new ambitious players in Asia, especially China. This makes it necessary that Russia and the United States become close friends, even to the point of «selective military-political alliance in order to counter a wide range of new threats and challenges» [Karaganov, Suslov, et. al., 2011, p. 4]. As the authors of the report indicate, the biggest regional challenge in global politics lies in the uncertainty of China's future behavior [Karaganov, Suslov, et. al., 2011, p. 10]. Strategic alignment with the United States would allow Russia to feel more confident vis-à-vis China. America's friendship and support will avert the possibility of Russia becoming China's periphery and its client state, a development that could greatly strengthen Beijing's geopolitical might, to the detriment of U.S. national interests [Karaganov, Suslov, et. al., 2011, pp. 16, 19].

Although Russia and the United States have somewhat different approaches to North Korea, with Moscow

favoring a softer line on Pyongyang and Washington taking a tougher stance, they have been working together in the Six-Party process. And their collaboration can move beyond just denuclearizing North Korea, perhaps towards some concerted steps on building a kind of regional architecture that would be acceptable to Moscow and Washington. Both Russia and the United States face the risk of being marginalized if the Northeast Asian integration evolves towards an exclusive Asian club of Beijing, Tokyo and Seoul. If China-Japan-Korea partnership becomes the principal regional institution in Northeast Asia, it will hardly be a desirable outcome for Russia and the United States. Instead, they are both interested in the development of a more inclusive version of Northeast Asian multilateralism originating from the Six-Party talks, possibly excluding Pyongyang, if it continues to show intransigence. This shared concern might spur Moscow and Washington to enhance their cooperation.

Russia has long been pushing for multilateralism in Northeast Asia. In 2007, as part of the Six-Party process, Moscow became the chair of the working group on Northeast Asia peace and security mechanism. The United States has historically been less enthusiastic about Northeast Asian multilateralism, relying on its bilateral alliances in the region. Yet, there are signs that Washington might reassess its stand. The hub-and-spoke system was only possible under America's undisputed hegemony. Now that the era of the

U.S. political dominance appears to be nearing its end, the best option for America could be multilateral diplomacy, a concert-like order within which Washington might hope to be a *primus inter pares*. Influential American experts now talk about the need to create «a formal five-party mechanism for Northeast Asia», adding the United States and Russia to the existing trilateral grouping of China, Japan and South Korea [Feigenbaum&Manning, 2009, p.22]. Russia and Washington also have similar expectations for the East Asia Summit, wanting it to become the Asia-Pacific's main venue for discussing political and security issues [Lavrov, 2010; Clinton, 2010b].

Being non-Asian powers culturally and historically, Russia and the United States are naturally interested in preserving the trans-Pacific dimension of the Asia-Pacific institution building. It is telling that Russian political and intellectual elite are increasingly talking of Russia as «the Euro-Pacific power» as opposed to the «Euro-Asian» concept [Nikonov, Toloraya et al., 2010]. This implies that Russia wants to avoid exclusive focus on the continental Asia, meaning China in the first place.

APEC, as the leading trans-Pacific institution, could become a good venue for promoting Russia's and America's common interests in the Asia-Pacific. So far, Russia-U.S. collaboration within APEC has been largely non-existent. In fact, the two sides have missed the chance to take advantage of their successive APEC chairmanships, in 2011 and

2012 respectively, when they could have had more coordination and launched some joint initiatives. Yet, there are still plenty of opportunities for Russia-U.S. cooperation, both within APEC and other multilateral arrangements. As one option, Russia might consider joining the U.S.-led Trans-Pacific Partnership initiative, especially given the fact that it is already negotiating an FTA with New Zealand and studying FTAs with Vietnam and Singapore (all the three economies are the TPP participants). This no doubt would be quite a bold move, particularly in the light of Russia's still continuing WTO-accession saga. Yet if Moscow decided to ask for the TPP entry and Washington approved, it might usher in a new era for Russia's relations with the Asia-Pacific, as well as with the United States.

CONCLUSION

The Asia-Pacific is in many ways an imagined region superimposed onto more territorial and historically rooted regions. Northeast Asia, with its huge strategic and economic potential, seems to be the most important of these. Developments in Northeast Asia will increasingly shape international order in the Asia-Pacific and beyond. Despite the presence of powerful factors fuelling rivalry and conflict in Northeast Asia, the region has lately been witnessing more cohesion and multilateral cooperation.

Northeast Asia seems to be moving towards a dual institutional architecture.

On the one hand, economic integration linking «the core states», China, Japan, and South Korea, is deepening and expanding, which is likely to result in an economic community. On the other hand, this economic process is paralleled by the development of political multilateralism originating from the Six-Party talks, with the active involvement of the United States and Russia. «The balance of institutions» is likely to emerge, whereby China's influence will be pre-eminent in regional economic cooperation, but significantly diluted within the political multilateral arrangement, a kind of Northeast Asian concert of powers.

Northeast Asia's evolving institutional architecture reproduces what has already been going on in the wider East Asia, where the China-centered, exclusively Asian and economically focused APT coexists with the ARF, ADMM+8 and EAS that have more inclusive membership and security agenda.

A likely future scenario can be drawn up in which the Six-Party-based «Northeast Asian concert» would act as the primary core for the Asia-Pacific security and political cooperation, while in a region-wide context it is supplemented by ARF, ADMM+8 and EAS. In a similar manner, the prospective China-Japan-Korea FTA would function as a center for the region-wide economic integration, enveloped by a multitude of bilateral, minilateral and multilateral arrangements in the Asia-Pacific. On the one hand, the dual regional architecture reflects the underlying reality of China's increasing economic weight, while, on

the other, it is part of soft power balancing in the Asia-Pacific, whose primary aim is to hedge against strategic uncertainties associated with the rise of China.

In this emerging institutional order, APEC could stay relevant as standing for more open and globalised «Asia-Pacific» versus more closed and purely territorial versions of regionalism. APEC's other strength has to do with its achievements in specific areas of functional economic cooperation and business facilitation.

Russia has stepped up its involvement in Asia-Pacific affairs and seeks to be a major player in the regional institution-building. Russia has secured for itself full representation in the Asia-Pacific political institutions, but in the economic arena its presence is still minimal. To successfully integrate into the Asia-Pacific, Russia needs support from the established regional powers. The United States might play such a helping role, as the Asia-Pacific is a region where Moscow's and Washington's interests are least conflicting and most compatible. Being non-Asian powers culturally and historically, both Russia and the United States face the risk of being marginalized if the Northeast Asian (East Asian) integration evolves towards an exclusive Asian club. Russia and the United States are naturally interested in preserving the trans-Pacific dimension of the Asia-Pacific institution building. APEC, as the leading trans-Pacific institution, could become a good venue for promoting Russia's and America's common interests in the Asia-Pacific.