

## Keynote Address

# *The Antagonism between the EU and Russia and Its Political and Economic Impact on Northeast Asia*

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I served as Ambassador to Ukraine for very nearly three years from 1996 to 1999. I have not necessarily been a Russia specialist, and joined the Ministry of Foreign Affairs with French language skills, and also served as Consul-General in Montreal. In Canada there are approximately one million residents of Ukrainian extraction, and when I went to the bookshop when my new appointment to Ukraine was decided, there were many books related to Ukraine on display, and I purchased them. Later, it was also the case that Ukraine was not known in Japan, and I put out a book on Ukraine (“The Story of Ukraine’s History: Europe’s last great power”) from Chuokoron-shinsha. This book was forgotten for a while, but owing to the current events has come back suddenly. The current events were unexpected for myself also, and I feel disappointed that such a non-positive direction has arisen.

As I am not a Russia expert, I do not know the detailed picture for matters Russian and to what extent Northeast Asia is being affected. However, the verifying, from the international legal perspective, of how Russia’s current behavior has been forms the origin of the current crisis, and I would like to talk on that first of all. Then, I would like to speak on the meaning of the sanctions which are now the most effective. Third, I would like to talk in general terms on how the current Ukraine crisis is affecting Japan and Northeast Asia.

The period 1996 to 1999, when I was in Ukraine as ambassador, was relatively peaceful, and while there were undulations in relations with Russia, they weren’t that bad. A peace and friendship treaty with Russia had been achieved, and along with it was an agreement on how to sustain the fleet in Sevastopol on the Crimean Peninsula. Gas supply from Russia also was continuing in its own way. What was most difficult for me was in the economy, around 1998, when Russia also went into economic crisis which rippled out from Asia, and the Ukrainian economy, as it is dependent on Russia also fell into economic crisis in similar fashion. It could only rely on assistance from the IMF and developed nations, and there were conversations requesting help to the Japanese government made by the Ukrainian government. Primarily doing the talking were the then Ministry of Finance and the central bank, and the central bank governor, later to become president, was Viktor Yushchenko. I had a favorable impression of Yushchenko, sensing he was an earnest patriot, and I think he also liked Japan. However, at the time when Yushchenko

became prime minister, and a presidential candidate, this person of good personality may have known about financial matters, but I wondered whether he was too honest to get involved in politics. He emerged as a hero in the Orange Revolution, but in the end my fears proved correct and he was not very successful as a politician. Because there had been expectations of him, Ukraine subsequently fell into dark shadow, and I think this became one of the causes of today’s Ukraine problem.

I move on now to the international legal perspective. In everything there are matters which move to political logic and matters which move to economic logic. Both are closely linked, but I think the current Ukraine problem basically began from political logic, and this shifted to economics, becoming a serious affair. Therefore, viewed from the perspective of international law, which is the origin of political logic, I would like to begin by talking about Russia’s incorporation of Crimea.

The Autonomous Republic of Crimea requesting incorporation into Russia via a referendum and Russia’s incorporation in response would have been one thing, but Russia used troops and with that pressure carried out a series of acts which strike at the prohibition on the use of armed force (Article 2 of the United Nations Charter), a major UN principle. I think that this is an obvious violation of the principle established via the calamities of World War II: namely, the major principle that subsequently nations must not use force in their international relations.

To date, I have been saying that in East Asia the residue of World War II and the Cold War remains, including territorial issues, divided nations, and communist countries, while in Europe such a situation has completely disappeared. Therefore, I have also been saying it is not possible to move easily from the current situation of Europe to the argument that it should be similar in East Asia. It could be said, however, that Europe has gone back in East Asia’s direction.

There is a person who has said: “From the outset, Russia has advocated peaceful dialogue enabling Syrians to develop a compromise plan for their own future. We are not protecting the Syrian government, but international law. We need to use the United Nations Security Council and believe that preserving law and order in today’s complex and turbulent world is one of the few ways to keep international relations from sliding into chaos. The law is still the law, and we must follow it whether we like it or not. Under current international law, force is permitted only

in self-defense or by the decision of the Security Council. Anything else is unacceptable under the United Nations Charter and would constitute an act of aggression.” This is a wholly correct advocacy. In fact the person who said this was Vladimir Putin, President of the Russian Federation. It was part of a text contributed to *The New York Times* on 11 September 2013. At that time in the Syria problem, when President Obama was considering air strikes, President Putin contributed the piece in order to restrain him from that. However, it would turn out that President Putin would do things completely different to that toward Ukraine. I think that in a developed region, and that a superpower to boot has done such things, is an extreme anomaly in the post-Cold War world.

I would like to go on to take a look at what the Russian side has said in order to justify the annexation of Crimea. First of all, they have said Crimea had historically been Russian territory, and had merely returned to that situation. However, in the 1975 Helsinki Declaration, not violating one another’s borders and not making territorial changes were major principles, and the Soviet Union and Russia had also been signatories to that. Moreover, in the Agreement Establishing the Commonwealth of Independent States (CIS) at the time that Ukraine became independent, the signatory countries, which included Russia, said also that they recognize and respect their mutual territorial integrity and the inviolability of their existing borders. Yet further, in the Budapest Memorandum of 1994, and the Russia–Ukraine peace and friendship treaty of 1997, etc., Russia, as a signatory, pledged to respect the sovereignty of Ukraine and to respect territorial integrity. It was a certainty that Crimea had been Russian territory prior to that, but as this was overwritten by new agreements, the past situation does not have a *de jure* basis. Similarly nullified by the new pledges was the fact that control was transferred to Ukraine of something which up to that point had been Russia’s, by way of internal procedures in the Soviet Union in 1954 during the Khrushchev era. Even if they say that the transfer of control was illegal in terms of domestic legislation, I think it is a matter with little meaning.

Second, there is the reasoning of protecting the residents of Russian extraction suffering persecution in Crimea. Looking at objective information, however, the residents of Russian extraction do not appear to have been suffering persecution in Crimea.

Third, while the Russian side has said that the separation and incorporation into Russia was decided democratically from Crimea via referendum, there are problems on a number of points. One is that even though called the Autonomous Republic of Crimea, it was part of Ukraine, and it had to obey the domestic laws of Ukraine. According to Ukraine’s constitution, there has to be a nationwide referendum in Ukraine on territorial changes, but they didn’t do that. For the referendum, there was no international observation, etc., and it was not certified how free and fair the vote was. I think it a serious matter that it was a referendum held under the control of the Russian military. Initially, they called them Crimea’s self-defense groups, but later even Putin himself said that they were Russian soldiers, and from the objective circumstances, they were obviously Russian soldiers. Even though Ukraine

had not agreed, foreign troops had entered the Crimean Peninsula, a referendum had been held in that situation, and there was an incorporation of territory, and this is something which precisely contravenes Article 2 of the United Nations Charter.

Other than that, there was also talk of it being to protect Russia’s national interest, and that there had been a request from President Yanukovich, but this does not have much foundation.

With there having been a serious contravention by Russia of international law, the countries of the G7 and the EU commenced sanctions. At the outset I emphasize the magnitude of the contravention of international law, because at the same time as this being the origin of the current crisis, I feel that Japanese people do not necessarily have a very deep awareness of that magnitude. Regarding the sensibility of Japanese people, taking in the state of affairs from a detached or situational mentality is strong, more so than the normative consciousness of “this is the way it should be”. However, in international relations there are also instances where the normative consciousness displays great power. This time also appears to be an example, and that is linked to the sanctions which I will talk about next.

Therefore, I now move on to talking about sanctions. Generally internationally, sanctions are commonly held to be ineffective. However, when you investigate, there are some sanctions which work. For example, sanctions against South Africa under apartheid, US financial sanctions against the DPRK and Banco Delta Asia, and the recent sanctions against Iran, have worked to a greater or lesser extent. They work because the imposer does so in earnest. In particular, it may be that they work in situations when the United States becomes concerned.

I think that the current sanctions are ones that should be anchored in the United Nations Security Council, as originally they violate the principle of Article 2 of the United Nations Charter, but the UN Security Council cannot perform that function as Russia is a permanent member. Consequently, the G7 came forward to substitute for the United Nations, and embarked on its own sanctions. At the time of the G8, which included Russia, it couldn’t take any major action with the 2008 war in Georgia, but the G7, minus Russia, has played a considerable role in lieu of the United Nations. I think the G7’s role has been reaffirmed.

As regards sanctions, as expected the presence of the United States is great. I feel that the EU was dragged along by this and participated in sanctions also. In the United States there are probably also people who don’t want sanctions, but even so they imposed them. There is all kind of talk, including that the United States has few economic links with Russia, that it has many immigrants of Ukrainian extraction, and that Obama, who has been criticized for weakness over Syria, has shown strength this time. What should not be forgotten is that the United States still has a sense of mission as the world’s policeman, and I think there is a group that has taken action as this will not do. Associated with the Japanese mentality, considering the movement of international events from great-power politics

and economics only, it would appear that defending justice and law is no big deal, but in certain countries it is extremely important, and in the case of that being the United States it has a great impact on the world.

I think these sanctions are working better than expected. Initially, Russia also misread them, and I wonder if the people of the world misread them also. I wonder if the United States' power and awareness were taken somewhat lightly. With sanctions taking effect, there has been the recent fall in the price of oil, and I think you are aware of the conspiracy theory of the United States and Saudi Arabia harrying Russia, Islamic State, and Iran.

There is also talk that, surprised at sanctions really ending up working, we shouldn't isolate Russia too much. Certainly, there are great risks in imposing sanctions on a major country like Russia, and those who do will also be afraid. However, considering the starting point of to what end the sanctions are for, I think it is the case that as expected sanctions must be made to work, Russia must be made to suffer, and must be made for once to feel a sense of isolation. There is punishment for wrongdoing, and if nothing were done here, there will be a repeat offence, and other countries might do the same kind of thing. There may be talk of not fulfilling everyone's expectations, but I think we must have them work in their own way.

What does Russia think about sanctions? One can hear that Russia is a country strong in adversity, and Putin is a person of great pride. Foreign currency reserves are still large. I don't rightly know whether Russia's sentiment will really change or not via sanctions, with its attitude of "we won't lose if there's a test of endurance". However, thinking long term, I think they should be continued.

In today's international society, basically there should not be the use of force, other than for collective security and self-defense. As countermeasures or punishment, there can be nothing else but non-military measures. As to what would be effective as non-military measures, as expected there are only sanctions. In view of this, sanctions are matters which are extremely important for world order, and if they work well, will become a future deterrent. The old talk of using force has now become something for which a certain degree of opposition is possible via sanctions in the economic or other aspects. We have undervalued sanctions, and I think they are items which should be considered more seriously.

Third, I would like to talk about the effect of the Ukraine problem on Northeast Asia. The Ukraine problem, albeit a matter not having a major impact directly on East Asia and Northeast Asia, is showing its impact indirectly in a variety of places.

For Russia, when the West falls out of favor, there is China, and it has been growing closer to China. At the very least there is the appearance of their growing closer, or there is no choice other than to grow closer. In this instance, I think that because China's bargaining power is growing stronger, Russia can't just depend on it across the board either. There is talk of driving Russia too far into a corner, driving it out to China, and then China will grow strong, or Sino-Russian links will grow strong, and Japan and the nations of East Asia will be in trouble. That also sounds

logical, but I don't rightly know what kind of talk that is. Looking at the long term, as the situation is one where Russia has to gradually grow closer to China, I feel that with the trend to date slightly strengthening, it probably won't become anything conclusive. An over-relaxing of sanctions that takes the China factor into consideration would be putting the cart before the horse.

As China's attitude is extremely ambivalent, on the positive side for China it will be happy to gain a companion to defy the US-led world order. Although China won't pay any cost, I think it will be happy for Russia to cozy up to it. On the other hand, on the negative side, if talk of ethnic-minority independence were to grow stronger, China would be troubled by the impact from Tibet, the Uyghurs, and others. In the end, it is better for China to keep quiet. Actually, at the United Nations Security Council in March 2014, a resolution was tabled for invalidating the Ukrainian referendum, and at the time when the permanent members other than Russia were in agreement, China changed to an abstention. China not just looks impartially at how effective sanctions are, but also watches while considering how it would be if China itself was on the receiving end.

While "EU" is used expressly in my title, I haven't been able to say much about the EU, but I understand the thinking of the EU. Reciprocal economic relations with Russia are deep and it can't condemn Russia, but as the United States has pointed out a problem, the fundamental concept is one of having to keep in with the United States. Thinking about it, it is the EU which is the one that has gone ahead first and created the concepts which the United States holds as its ideals. Because it recognizes Ukraine as a member of the same Europe, when Ukraine found itself in great difficulty, there was a sense that it should do more on its own, but, for the EU, a grouping of countries, a single unified resolve was not easily concluded. In the end, the leaders of the respective countries considered the interest of their own country, and have become somewhat weak-kneed. Nevertheless they are keeping in step with the United States in their own way.

Lastly, this is an opportunity to reaffirm the following lessons that Japan has learnt from the issue of links with Ukraine. First are relations with great powers. Great powers act how they like. Russia, China, and, although an ally, the United States too, have caused a good deal of trouble for Japan. The world has the two classes of great powers and non-great powers, and the great powers are in control of the world. The great powers disregard the non-great powers, and interfere quite a lot in neighboring non-great powers, and when something happens, great-power logic, with its power of dissemination, circles the globe. Japan is probably intermediate between the two. As I think it a non-great power in military and security terms, it must study what the great powers do, and ready itself.

Second, when the other party is a permanent member of the Security Council, the United Nations is of no use. Japan with its Senkaku issue needs to be well aware of the limits of the United Nations.

Third, there is the reaffirmation of the G7, and I have already raised this matter. In particular, for Japan, which is not a permanent member of the Security Council, the great power club is the G7, and it must continue to place

importance on it. The G7 are Western countries in the main, and as it is standoffish on most East Asian issues, I think it is important for Japan to clearly explain East Asian problems, including the East China Sea and South China Sea problems.

Fourth, the United States is still powerful. If the United States gets serious, it has a certain degree of power. In the Ukraine problem, I think Japan has misread the strength of the United States on a variety of points.

Fifth, extremely delicate steering is required for Japan–Russia relations. Yet even so, it is a case of basically strictly upholding the principle of the acquisition of territory by force not being permitted, and I think that Japan should consider how to balance the Northern Territories issue, energy issues and other economic issues within that.

Looking at Russia–Ukraine relations, Russia uses natural gas as a political and diplomatic weapon, and sometimes even completely turns off the supply. In Russia

this may also have its own logic, and considering that when push comes to shove it is easy to halt energy supplies, Japan is OK as it has been continuing to diversify its energy sources, but there is the potential for weakness in the respect of energy security if it heightens its degree of dependence too much.

Lastly, I would like to talk about the way Ukraine is viewed. Because I was in Ukraine, my viewpoint of Ukraine may have come about naturally, but looking at the discussion in Japan, there is relatively little discussion from the perspective of Ukraine being a victim. Japan’s position of having the Senkaku issue as a non-great power with the neighboring great power of China is more similar to Ukraine than Russia. How Ukraine, which is a non-great power situated next to a great power, will ensure its own security, may, depending on the case, become something for Japan to make reference to.

[Translated by ERINA]

## *The Changing International Order and Northeast Asia: In the Light of China’s Rise*

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The Finnish Institute of International Affairs is an independent foreign policy research institution and think tank situated in Helsinki, Finland. It was founded in 1961. In 2006 it became administratively part of the Parliament. Since then, it has been mainly funded by the Parliament. It nevertheless remains autonomous in its activities. There are thirty researchers in three research programs: European Union research program, The EU’s Eastern neighborhood and Russia research program, and the Global Security research program. Our researchers publish both academically and in the FIIA’s publication series in English, Finnish and Swedish. Our institute organizes over 70 seminars and events annually.

I am Senior Research Fellow at the FIIA. My research interests include Chinese political culture and foreign policy, and regional issues in East Asia. I have recently been studying the impact of the rise of traditional schools of thought, especially Confucianism, on China’s politics.

There are only four years until we can celebrate the one hundred year’s anniversary of Finnish-Japanese diplomatic relations. Finland became independent in 1917 and already in 1919, Finland sent our first ambassador to Japan. That was quite a significant thing for a young republic at that time which only had a handful of embassies elsewhere mainly in Europe to open up an embassy here in Japan. The ambassador who came here in 1990, whose name was Gustaf Ramstedt, was a linguist and polyglot who during his stay here mastered Japanese language, but also wrote a first grammar of the Korean language. Why did Finland send an ambassador here so early? The reason was simple. We were

and still are neighboring Russia and it is very important for us to be able to monitor what was happening at then Soviet Union from this angle from this side of the world. The importance of that has not diminished and that it makes exchanges between Northeast Asia and Northern Europe very important. Therefore, I’ve been very happy to receive the invitation to come here to give this presentation.

My presentation will proceed along the following outline. First, I shall outline very broadly China’s foreign policy priorities. Second, I shall make a few comments about the security situation in Northeast Asia. I shall focus especially on two issues, namely the Sino-Japanese relations and the situation on the Korean Peninsula. Third, before making some concluding remarks, I shall discuss China’s current foreign-policy related catch-phrases, namely “Major-power diplomacy with Chinese characteristics” and “the correct handling of justice and interests”.

I start with saying a few words about China’s foreign policy priorities. The question that many people in the region are asking; will China become a positive or a negative force in terms of regional security in Northeast Asia? There are factors supporting both kinds of views. First, it is important to realize that the most important guarantee for the legitimacy of the Communist Party in China is continuous economic growth. The Party can no longer rely on ideology as a basis of its legitimacy, because Communism has no relevance to the society in China today. The only remnant of Communism is the rule and leading

position of the Communist Party. Although, China is not a democracy, the central government has to listen to its population. Central government and communist party are supported by the Chinese population. The reason is the economic growth which has risen the living standards of hundreds of millions people. There are hundreds of mass incidents every day, in different parts of the country, involving citizens demonstrating and even rioting against unemployment, land-grabs by the local governments, environmental problems, and problems regarding food security. The single biggest reason behind many of these mass incidents is the worsening environmental situation in China. Now these numbers tell us that situation of China is volatile. It is recognized that if the economy would stop growing this general dissatisfaction would become much more widespread than it is today. That is the reason why it is the government first priority to keep economy growing. For this economic growth, China needs first and foremost stability both inside its borders and also outside its borders. In a globalized economy, China needs stable and predictable international environment. Therefore, we can draw the conclusion that it is not China's interest to do anything that would harm stability globally and among its neighbors.

First, it is important to realize that the most important guarantee for the legitimacy of the Communist Party is continuous economic growth. Second, China is a country where nation-building is not complete yet. China's boundaries are still partly undefined, and national identity in a multi-ethnic state is sometimes hard to define for the Chinese people. Therefore, issues related to sovereignty and territorial integrity remain touchy. The narrative that legitimizes the status of the Communist Party declares that it was the Party that was able to put an end to past humiliations and safeguarded China's existence. However, the unresolved territorial issues show that the Party hasn't quite finished its tasks yet. Therefore, the Chinese leadership cannot appear weak in the eyes of its own population. In questions related to China's integrity and territorial integrity, China has very limited space of movement which occasionally creates conflicts between China and its neighbors.

It is also worrying that in a case of failing economy, China's leadership has very few other tools for bolstering its legitimacy than nationalism. The Chinese population is educated to be patriotic, and it is easy to mobilize the population under nationalist goals. The people are also prone to react spontaneously to perceived infringements of China's pride. Therefore, there is the concern that China may turn more aggressive in its foreign policy, if the economic growth stalls, in order for the Party to maintain its position. However, past events have shown that China's leadership was very aware of the dangers of stirring up nationalism. It is a double-edged sword that can turn to harm the Party, too.

Finally, a factor which is usually seen as negative is China's military build-up. While it is true that military expenditures in China are on the rise, the media is usually exaggerating the growth of China's military budget, and thus, China's military capabilities. Recent studies conclude that China's defense spending increases "are roughly

consistent with GDP growth and constitute a declining percentage of central government expenditure", and that China's military burden, estimated at 2 per cent of GDP, is still lower than that of the USA, Russia, the UK, France, or India.

The goals of China's military development remain unchanged. They are aimed at modernization and securing the homeland as well as asserting control over contested territorial claims. There is a lot of speculation about China's ambitions regarding aircraft carriers, which are the hallmark of a major-power. Many pundits warn that China is aiming at challenging the United States. For years to come, however, China is far from being able to challenge the United States globally, and so far it doesn't manifest ambition of trying to do so. Besides, aircraft carriers are needed if China takes a bigger responsibility in global crisis management, and fulfills the role which has been widely demanded. So all in all, there is no rational, there is no evidence that we should expect China to behave anything else than in a constructive manner involving politics and globally in most cases.

What does the Northeast Asian security situation look like? From China's perspective, there are probably no major or imminent risks in sight in Northeast Asia. If we compare situation with other regions, the Northeast Asia is relatively peaceful and stable and harm free. In Central Asia, China is faced with geopolitical rivalry with Russia, and dangers of Islamic extremism spreading to China. With India, border disputes and the issue of The Dalai Lama residing in India, impede the improvement of relations. In Southeast Asia, China is contending with the littoral states over the territories in the South China Sea, and small-scale incidents with risk of escalating into armed conflicts are commonplace. In contrast, the situation in Northeast Asia is relatively stable and calm.

There are two issues that contain potential risks; namely Sino-Japanese relations and the situation on the Korean Peninsula. In regard to Sino-Japanese relations, the overriding factor of these relations is the economic interests which are mutually important for China and Japan. There was a decline in bilateral trade in 2012–13, but in the long term, both countries' economies complement each other. China needs advanced equipment and components from Japan for its export industries. For Japan, China is an important market and also a provider of raw materials. The mutual dependencies make upholding good relations crucial for both countries.

But as the decline in trade over the past years has once again shown, the bilateral relations are easily destabilized by political disputes. When we realize that nationalism is the only tool for the communist party to boost its legitimacy if the economy started to fail, then we also need to recognize that Japan is the most convenient source of nationalism for China, because Japan and anti-Japanese War are such an important part of the historical narrative that has been used to legitimize the Communist Party's leadership. The anti-Japanese War is prominent in the history education at schools in China, and the Chinese television airs constantly movies and series about the war. If you flip through TV channels in China, you cannot avoid sitting there at least

one documentary, drama or movie about war against Japan are being shown on one of the channels.

This is problematic for China's leadership. Chinese people assaulting Japanese businesses or Japan-made cars are not in the interest of the leadership, who wish to maintain stability and who understand the need for trade with Japan.

The situation is going to remain, because especially when we are looking in the eyes of its neighbors, it can be argued that Japan has not properly dealt with its war-time past. It is debatable whether or not Japan has apologized to the Chinese and the Koreans, but it is clear that Japan still lacks a similar conscious project to come to terms with its past as has taken place in Germany. This state of affairs is further magnified by the current right-wing politics in Japan. In the light of Prime Minister Abe's actions and plans, it seems likely that the Sino-Japanese relations will remain far from cordial.

Over the past few years, the dispute over the Senkaku/Diaoyu Islands has become a prominent obstacle for improvement of the relations. Both China and Japan bear equal blame for this. I shall not talk about the dispute in detail, but shall make just two observations. First, at least seen from the Chinese perspective, the dispute does not primarily stem from any economic interests. If you read media in the West, they would put a lot of emphasis in the possible natural resources around these small islands. But they are really not the issue. The possible oil and gas reserves around the islands are secondary from the Chinese perspective. The core issue has to do with China's territorial integrity. These minuscule Senkaku/Diaoyu islands are important for China, because not by themselves but because they are interlinked with the Taiwan Issue. Due to historical background of Taiwan issue, if China were to give up its claim on these islands, it could be interpreted as giving up on the claim for Taiwan. This is something that China is not able to do. Second observation regarding Senkaku/Diaoyu islands, one must not forget that Taiwan is a claimant as well. In many other ways, Taiwan is an ally of Japan, but in this issue, Taiwan stands against Japan. Therefore, it will be interesting to see what kind of role Taiwan may have in the future in regard to solving this issue. It's possible that Taiwan could play an important role in any future settlement.

The situation on the Korean Peninsula is worrying, because of the unpredictability of the DPRK leadership. China is often in the media described as the "only ally" of the DPRK. In reality, the DPRK is increasingly seen as a nuisance in China, and besides some old-school military representatives, hardly anyone would call the DPRK an ally. China is not pleased with the fact the DPRK is threatening stability in the region, nor the fact that the DPRK's actions have strengthened the rationale for having the US military presence in the ROK. Furthermore, the importance of economic ties with the ROK overshadows the traditional friendship with the DPRK. China is much more interested in increasing cooperation with the ROK than appeasing the DPRK.

China has been especially agitated by the DPRK's nuclear testing. Some Chinese experts expect the DPRK to continue the tests within a few years. It is clear that the

DPRK is not listening to China on this issue which it believes crucial for its national survival, and in other respects, as well, China's ability to influence the DPRK regime is exaggerated. It is possible that Russia is starting to utilize this state of affairs for its own purposes, and aims to increase its influence in the DPRK, and that way, in Northeast Asia in general, at China's expense.

There are also concerns among Chinese experts that the DPRK regime will collapse within five years as a result of economic crisis. So far, China continues to sell and donate food and energy to the DPRK in order to prevent the country falling into chaos. If the regime were to collapse in the DPRK, the consequences could range from a flood of refugees into China to the nuclear weapons falling into unknown hands. Such a situation would be as difficult to handle for China as for any other countries in the region. As I was speaking with the Chinese experts, it became clear that China no longer holds the keys or holds the answer to the question of what to do with the DPRK and what would be the best policy toward the DPRK. China is as much at a loss as anybody else in the region.

Now, I go to turn to the new Chinese foreign policy phrases, major power diplomacy, correct handling of justice and interests and the Chinese dream. President Xi Jinping has coined the slogan "Chinese Dream". As Xi Jinping has clearly stated, realizing the dream means achieving "the great rejuvenation of Chinese nation". Seen against China's official historical narrative, the rejuvenation means ridding China of any remnants of past humiliations, brought upon by colonial powers and wars, and further cementing China's territorial integrity and sovereignty. That means that the Chinese Dream has a strong patriotic, if not nationalistic flavor.

The biggest remaining part of this historical humiliation is the unresolved Taiwan Issue. The only acceptable outcome for the communist party is China's reunification in one form or another. Unfortunately for the Communist Party, the identity of the Taiwanese population is shifting and less and less people feel any connection with China. The recent local elections indicate that the ruling party Guomindang which is favoring economic integration with the Chinese Mainland may lose the upcoming presidential elections which will probably mean worsening political relations.

In the light of the Taiwan Issue, it is increasingly clear that China will not be ready to make any concessions in regard to the Senkaku/Diaoyu dispute. The same can be said about South China Sea. If China were to make concessions there, it could be interpreted both as weakness domestically and as willingness to compromise in other territorial issues. Those are messages that Chinese leadership does not want to send.

Besides maintaining an unwavering line in territorial issues, what will China's foreign relations look like in the coming years? Xi Jinping has recently stated that China must establish major-power diplomacy with Chinese characteristics. It remains to be seen what that means. It seems to indicate that China will no longer be a passive bystander even in such international issues which fall outside its immediate interests.

Furthermore, Xi Jinping's foreign relations have recently been epitomized in the idea of "a correct handling of justice and interest or benefits". In Chinese, justice and interest or benefits are *yi*, 义, and *li*, 利, respectively. This is a rather enigmatic formulation. The Party-affiliated writers try to explain that the balance between justice and interests or benefits stems from Confucianism, but in my opinion, that is not true. In Confucianism, justice has always overridden interests and benefits.

Be that as it may, China has its core interests (whatever they may be), and cannot sacrifice them for the sake of abstract justice. On the other hand, China wants to be seen as a country fighting for greater justice – which China is likely to interpret as less unipolar world – in the international arena. Therefore, the correct handling of justice and interests translates into a pragmatic, utilitarian foreign policy, not very different from what we have already seen. In practical terms, we should expect China to become more active in furthering international justice even outside its immediate scope of interests, but only in a very limited manner and only in cases where some sort of a win-win solution may be reached.

The foreign politics in any country are influenced by the domestic climate. China has its fair share of internal problems related to economy, environment, social welfare and national cohesion. A cure for these elements can only be found through economic growth and its spill-over effects to every part of the country. Time and again China's leadership has declared that economic growth needs first and foremost stability, both within China and beyond. There is no reason to neither suspect the sincerity of these calls nor doubt the position of economic growth as China's top priority. Thus any developments that might destabilize regional or global economy are most unwelcome for China.

In terms of stability, Northeast Asia is relatively unproblematic for China. There will be friction in the Sino-Japanese relations, but as long as the leadership in both

countries is willing and able to keep nationalism at bay, the economic interdependencies should be enough to ensure that no major crises will break out. The DPRK is a question mark, and further dialogue among the neighboring states is urgently needed to facilitate any eventualities.

In the wider Eurasian perspective, the crises in Ukraine and Syria are where global attention is currently centered, and the same is probably true for China as well. China is not happy about Russia's destabilizing actions in the Ukrainian crisis. Although China has initially benefitted from Russia's lack of friends with beneficial trade deals, it is not in China's interests to see the situation escalate. Further Russian military interference might trigger a trade war which would harm all countries integrated in the world economy. Therefore, the relations between China and Russia may grow cooler, which would have repercussions in Northeast Asia as well.

Finally, it is patently clear from an outside observer's vantage point, that the nations in Northeast Asia are still living in the shadows of the 2<sup>nd</sup> World War. The situation looks very similar to the one in Europe after the 1<sup>st</sup> World War, when the period of peace was nothing more than paving the way for the next war. The Europeans, especially Germany, have since learned their lesson. It would be possible for Finns to still moan about the territorial losses we suffered under the Soviet aggression, and let that bitterness influence our bilateral relations, but we have chosen not to do so.

The Northeast Asian nations should also stop dwelling on the past. Based on the European perspective, that means that the countries who feel victimized should let bygones be bygones, and the countries that are labelled perpetrators should properly deal with their past. Both kinds of actions are needed in all nations in the region, because one time or another, all have been victims and all have been perpetrators. In the future, there are hopefully only friends and partners.

## *Closing Remarks*

NISHIMURA, Yoshiaki

Chairperson, Northeast Asia International Conference for Economic Development Executive Committee, and Representative Director, ERINA

I would like to draw a close to the long conference which began yesterday. Thank you very much to the great number of people who have attended this conference, including from overseas. On this occasion, for the first time from Northern Europe, we were honored by the attendance of Mr. Jyrki KALLIO, Senior Research Fellow at the Finnish Institute of International Affairs. As we had expected we received a Northern European balanced and impartial analysis. In addition, we have received gracious cooperation and support for the staging of the conference from the embassies and consulates of each nation and the concerned

institutions in Japan. I would like to express my profound gratitude also as the representative of the Executive Committee for this conference.

I apologize at this point when you are so tired, but kindly allow me to make my closing remarks over the next ten minutes. We have had invaluable keynote addresses and reports, as well as discussions. I won't be able to mention everything in detail here, but please permit me to talk on my own impressions regarding the important points that are to be the message of this conference.