Keynote Addresses

Northeast Asia and the International Community at a Turning Point in the Postwar International Order and Economy

Shimotomai, Nobuo
Professor, Faculty of Law, Hosei University

A quarter of a century after the end of the Cold War the world appears to be once again standing at a crossroads. Via the emergence of isolationism coupled with the 2014 Ukraine crisis, conflict in the Middle East, and the shale gas revolution, "Pax Americana" is coming to an end. As a result of terrorism by the sectarian group Islamic State, regional conflict and the sharp fall in energy prices, a great change in the parameters structuring the international order is occurring. Furthermore, the international order in Europe which is troubled by Syrian migrants is showing signs of collapsing. The keywords here are "international and regional", "politics and economics", and "society and culture", and the order leading to these is continuing to melt down, but a replacement has not yet come into view. In such a situation, there has been the development at the beginning of the year of what may be called a Minsk III regarding the Ukraine conflict, and moves toward the lifting of sanctions can be seen. I would like to present the speaker's own hypothesis as to how such turbulence will impact the regional order of Northeast Asia.

During the Cold War between the United States and the Soviet Union, this region saw the emergence of the People's Republic of China, and the blistering conflicts of the Korean and Vietnam wars. In the 1970s, there were the oil shocks and moves developed toward multipolarity such as the US–China rapprochement. Subsequently, while there was Deng Xiaoping's reform and opening, and perestroika resolved regional conflicts such as that in Afghanistan, the collapse of the Soviet Union was a huge change that shook the world.

After the Cold War, the unipolar dominance of the United States became evident in such forms as finance, IT, and overwhelming military power. The 1998 financial crisis dealt a crushing blow to not only Asia, but Russia also, and the soaring energy prices that began in its wake, along with bringing the Putin regime to the forefront, brought a new twenty-first century composition to this region.

Accompanying such turbulence, the opportunities for unity and division and for conflict and reconciliation are both mixed together in Northeast Asia. Although the TPP is progressing in the Asia–Pacific region, with hybrid international relations mixing together the United States, China, Russia, and Japan, and the Korean Peninsula, the regional and geopolitical problem is the delay in the formation of an economy and philosophy connecting the region, in comparison with EU integration, for example, extoling Westphalian sovereignty and equality.

Having recently grown in political importance globally as a result of the Ukraine and Syria conflicts, Putin's Russia will enhance its strategic partnership with China under the leadership of Xi Jinping, and continue making up for the sanctions from the G7. Russia's eastward shift has been unfolding, with its hosting in Vladivostok of the 2012 APEC summit and involvement in the sphere of energy, including construction of the Eastern Siberia–Pacific Ocean pipeline, and is also entangled in Japan's post-Great East Japan Earthquake energy situation. Furthermore, the Eastern Economic Forum held in September 2015 and the creation of the Free Port of Vladivostok in 2016 are giving Russia the appearance of a new Asian nation. How will such trends relate to the Russian fiscal crisis which has been growing more serious in line with such things as the plunge in energy prices from the end of 2014 and the weak ruble?

Meanwhile China is continuing to dream of being an economic superpower, such as with its One Belt, One Road and Silk Road concepts and transformation into a financial superpower via the Asian Infrastructure Investment Bank (AIIB), but at its feet an economic slowdown, evident in the Shanghai stock-market crisis, is creeping up on it. Turning to the Korean Peninsula, the drawing close of the ROK and China in the political and economic spheres is moving forward, and there was even irreversible progress on the comfort women issue between Japan and the ROK at the end of 2015. In terms of multilateral frameworks, on the one side there is the TPP, but the stalled six-party talks on the nuclear issue appear to have become a new global problem in the wake of the DPRK's test of a "hydrogen bomb". This report will discuss the complex web of unity and division in this region.

1. The Changing Parameters of the International Order from the Ukraine Crisis to the Syria Crisis

In the cradle of global civilization of the Middle East and Eurasia regions changes are now occurring simultaneously in all senses, including civilization, religion, politics, and economics.

Regarding the aspect of international politics where the agenda has changed rapidly from the Ukraine crisis to the anti-terrorism campaign against Islamic State in Syria, I would like to attempt to summarize the problems centered on the Middle East tripartite relationship, including the United States, Russia, and Saudi Arabia and Iran. Many points of contention, from civilization and religion to economics, are related to these issues.

First is the tripartite relationship for the anti-terrorism campaign. It is common knowledge that the political rise of President Putin in Russia is tied up with the issue of Chechnya. He decoupled Chechen nationalism from Islamic extremism, and dealt with this problem domestically in the form of incorporating the former into the system while clamping down on the latter. Through doing so, after 9/11

in 2001, he made possible a merging of the anti-terrorism war front with the US Bush administration.

As a result, coupled with the high energy price policies of the United States and OPEC, it brought Russia massive energy revenues. Through this, the stability of the Putin regime and high-rate growth came into being. In particular, military expenditure of 4% of GDP grew 4.4-fold on a US dollar basis in the Putin era. In addition, according to the economist Vladislav Inozemtsev the degree of dependency on energy in Russia's exports increased from 39% in 1999 to 69% in 2014.

Second, although the 2003 military invasion of Iraq by the United States, the world's most powerful nation, overthrew the regime of Saddam Hussein, there was no creation of a new order in its stead, and as a consequence it spawned a failed state. This resulted in the rise of today's Islamic State. At this time, though not meaning they wouldn't wield soft power, the US government created the "Greater Middle East Initiative" in 2004 and embarked on regime changes of democratization from North Africa to Central Asia. However, the result of that, while expanding the action of Islamic extremism, was to further the collapse of nation states, such as Libya, Egypt, and Syria.

It was the extremist trend in Saudi Arabia, and in particular Prince Bandar bin Sultan (former Ambassador to the United States, and secretary-general of the Saudi National Security Council 2005–2015), that became the geopolitical partner for US-led actions. Prince Bandar, at the forefront of the anti-Assad movement, met President Putin in July 2013, and it is widely held that he made a threat calling for the acceptance of regime change in Syria in exchange for security at the Sochi Olympics. President Putin, who turned down this proposal, acted on peace, taking the United Nations as a stage regarding chemical weapons, and the outcome propelled President Putin to the top of international politics in Forbes magazine. On the other hand, US President Obama vowed the ending of the role of "global policeman" and came to pull back from intervention in the Middle East. A new world disorder came to be talked of, including a loss of global hegemony and a G-Zero world.

Third, this led to the unexpected development of sparking the Ukraine conflict. The poorness of transatlantic relations aided in the disagreement in the US–Russia security interests stemming from the eastward expansion of NATO, and the Ukrainian conflict became a tinderbox causing the Maidan revolution, the Putin regime's annexation of Crimea, and a civil war between eastern and western Ukraine. This was also the result of the West and Russia being involved in the original division within Ukraine (the western part was in the Hapsburg Empire, the eastern the Russian Empire) and in the collapse of the economy. The energies of Europe were concerned with the intensification of the civil war and the deepening of the US–Russia proxy war, and brought in the February 2015 ceasefire agreement (Minsk II). This timing coincided with the first terrorist attacks in Paris, the downfall of Prince Bandar in being suspected of links with Al Qaeda, the speech on CNN in which President Obama admitted the facts of intervention in Ukraine, the assassination of Boris Nemtsov, an opposition politician in Russia, and the detailed explanation of the Putin regime's intervention in Crimea, and was also a turning point in present-day history. It is widely held that Russia began its shift from Ukraine to Syria around this time.

Fourth, the Obama administration declared the end of "Pax Americana" in September 2013, but in the background to that the energy dependence on the Middle East ended with the shale gas revolution, and rather the US economic and energy situation would be one where United States would become an energy-exporting nation. Russia, Saudi Arabia and OPEC have opposed this with increased production more than price coordination, but this is also tangled up with the end of sanctions against Iran, and has brought a large fall in the price of oil. The ties between Russia, which has come to be frequently joked of as the "Saudi Arabia of the north", and Saudi Arabia, appeared to be strengthening after the 2015 coronation of the new 80-year-old King Salman and the downfall of Prince Bandar. The determination of global energy prices seemed to have come to be in the grip of the United States and not OPEC (stated by Igor Sechin, Chairman of the Management Board, Rosneft, in November 2015), and this had the result of encouraging the distancing of the United States from the Middle East and also vice versa.

The Middle East policy of the Obama administration has been bogged down, as the 2014 appearance of Islamic State shows. Islamic State's very existence is a fundamental rejection of the modern politics of the separation of religion and politics. Islamic State is not simply a presence bringing fluidity to Middle Eastern politics, and through the migrant problem Europe appears to be on the verge of a crisis of the sovereign state.

Fifth, the tripartite relations among the United States, Russia, and the Middle East appear to be bringing an expansion of Russian influence in the Middle East. That the supposed bitter enemies, Israel and Iran, put Russia in their debt, by both not being present for the March 2014 United Nations' resolution condemning the annexation of Crimea is a major factor demonstrating Russia's standing in the world. Israel was also dissatisfied with the Obama administration's moves toward rapprochement with Iran, and appears to be moving toward strengthening relations with Russia. On the other hand, vis-à-vis Iran, the six world power talks, including the United States, Russia, and Germany, went into action in July 2015 toward the lifting of sanctions relating to the nuclear issue, and in January 2016 they were formally lifted.

Russia, under such circumstances, is mindful of Europe worrying over the stream of Syrian migrants with Syrian airstrikes and of Islamic moderates, and after President Putin's United Nations' speech in September 2015, proposed the concept of a "united military front against Islamic State". Russia largely took the helm and changed the direction from US coordination, and the result was a meeting of the foreign ministers of 17 nations in Vienna, and France cooperated in particular. The terrorist attacks in France in November 2015 were no coincidence. However, the content of the "united military front against Islamic State" is complex. Saudi Arabia, Turkey, Qatar, and others, are not unconnected to the extremist trend, and there are also matters that should be called historical grudges within

it. Turkey–Russia relations have changed rapidly, and the issue of Kurdish independence is having an effect.

Summarizing the above points as at the beginning of 2016, first, although the energy self-sufficient United States has abandoned Pax Americana, including in the Middle East, it has not offered a vision to replace it. The United States has an economic advantage, but geopolitical isolation is making US diplomacy difficult.

Russia cannot ignore the United States, and has started moving on Minsk III. At the beginning of 2016, the Russian negotiator Boris Gryzlov visited Kiev, had talks with Leonid Kuchma (the former president) and Petro Poroshenko (the current president), and moves toward a ceasefire in the Minsk negotiations gathered speed. In addition, the substantive sparks for this conflict were the United States and Russia, and US Assistant Secretary of State Victoria Nuland and Russian Presidential Aide Vladislav Surkov had negotiations in Kaliningrad.

The Middle East has entered a chaotic period represented by Iran and Saudi Arabia's breaking off of diplomatic relations. Regarding the oil-price slump, there has also been the lifting of sanctions on Iranian crude oil, and a decreasing trend is inevitable. Saudi Arabia is in a serious situation, combining the unease of the royal house, worsening government finances, and the militarization of regional conflicts. It can be said that in the Middle East religious, economic and political splintering is progressing.

With Europe again suffering the backwash of the migrant issue, in early 2016 Austria suspended the Schengen Agreement. Europe, which had once had ambitions for a borderless society model, is now going back to being a region full of borders. It is ironic that in the birthplace of Westphalian sovereignty an attempt at a shared national sovereignty is on the retreat.

2. The East Asian Regional Order

In Northeast Asia, in addition to such global trends, there is the China factor, where the economic downturn resounds in a country beginning to have political ambitions. On the good side the skepticism of Russia toward the Shanghai Cooperation Organisation is on the decline, and the membership of the organization is growing, including the formal entry of India. In particular it can be said that Europe's participation in the AIIB and the One Belt, One Road concept was a success for China. There are three Silk Roads, of sea, land and ice, but the vector of Russia's eastward shift differs from them. Russia is going to the east, while China is going to the west. In particular, regarding the Arctic route, namely the ice Silk Road, there are the questions of in what form the Arctic Ocean LNG projects will develop alongside the steep fall in the price of oil, and how far infrastructure development will progress amid Russia's current fiscal situation.

The Chinese economy continued a high economic growth rate from the 1980s, but it has fallen into the "middle income trap" due to excessive investment. The divergence from statistical reality is marked. It is commonly held that the index of Li Keqiang showing the actual growth rate is lower than the published statistical figures. Foreign currency reserves went from their peak of US$4 trillion to US$3.33 trillion at the beginning of the year, and US$0.7 trillion was used for crisis measures.

How will this slowdown in the Chinese economy affect Russia's eastward shift? Russia's trade volume with China slowed some 30% in 2015. Seen from Russia, the drive toward export to China of energy which it depends on has fallen. Even if not so, low-price energy resources in the Middle East will enter China, and it is possible that China's Russia shift will slow.

Amid such a situation, that Deputy Prime Minister Yury Trutnev was the representative at the 2016 Davos meeting may indicate that there is no change in the eastward shift being the most important issue for Russia. In fact, at Davos he put out an investment-oriented new Far Eastern direction and this January the creation of the Free Port of Vladivostok began. Looking at Russia's economic data, it is not necessarily the case that the actual economic situation has been declining. How to read the respective major problems of the ruble, the unemployment rate and inflation will be issues here on in.

For security, amid the developing of a Minsk III agreement, while Russia does not say that NATO is an enemy, there is talk of danger, and it is necessary that we regard this cautiously.

Looking at an inverted map of Northeast Asia, it can be seen how the region is connected, including Niigata and Vladivostok. The process of Russia pulling away from Europe and shifting eastward is as raised, but it is clear that China–Russia relations require a common advantageous point for both parties. China–Russia trade in 2015 was approximately US$0.66 trillion, and has declined, but there is probably a decrease of 30% as in Japan–Russia trade, including the fall in the price of oil.

Touching on Japan–Russia relations, Prime Minister Abe and President Putin held talks twice in 2015, and there have been Japan–Russia relations after Foreign Minister Kishida visited Russia in September. On 19 January this year Foreign Minister Kishida in reply to a journalist's question said that there can be no resolution of the DPRK and Iraq problems without Russia. I would like to add the Ukraine problem to this. Japan–Russia relations are not simple bilateral relations, but have great global significance. The keyword of Crimea is symbolic for Russian people, but is also a keyword for Japan–Russia relations. Japan and Russia concluded the Treaty of Shimoda (1855) which first drew the border between Japan and Russia and this was the period in the middle of the Crimean War. After that, Russia shifted eastward, and 90 years later (1945) at the time the leaders of the United States, Britain, and the Soviet Union had talks on the period after the Second World War a change took place for the Kurile Islands, symbolic for Japan–Russia relations. Regarding Crimea, we say "annexation" in English, but as seen by Russians it is "присоединение" (addition/joining). In any case Japan and Russia have been desiring a Japan–Russia peace treaty for 70 years, and this year it is exactly 60 years since the milestone 1956 Joint Declaration.

In summary, regarding Russia, the dilemma has continued of being unable to reform at times of high oil prices, and of not having the money when they want to reform, but now they have begun reform through the price of oil falling back down. Concerning the Syria problem,

there is a drawing closer to the West, and moves have occurred toward a resolution between Russia and Ukraine. When looking for a solution to the Iran problem, why this cannot be done for the DPRK comes to mind. The Minsk III agreement will bring great potential for improvement in US–Russia relations. Secretary of State John Kerry mentioned the possibility of the lifting of sanctions at the Davos meeting also, and that will emerge around July at the earliest.

In such a context, it can be said that Japan is unexpectedly in an interesting position. Japan has had homework on Japan–Russia relations ever since the Cold War period, but with being the country holding the G7 presidency we can't help but hope that it will be an unexpected opportunity. It is my dream only that they invite President Putin at the time of the Ise-Shima Summit at the end of May, and that issues such as the global economic crisis, regional conflicts, the Middle East, Ukraine, East Asia, and the Korean Peninsula move forward.

[Translated by ERINA]