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Setting the Political Agenda in the Russian Far East in the post-Soviet era

By Yeongmi Yun

A thesis submitted for the degree of Doctor of Philosophy at the
Department of Politics, University of Glasgow

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Abstract

The construction of national values has been the highest priority for the Russian Federation (RF) into and during the post-communist era. In this transition period the democratic process shifted focus from central government to regional authorities, and the centrally planned economic system simultaneously transferred to a largely market economy. A struggle for authority arose between the centre and the periphery, regional leaders endeavouring to gain more political autonomy and economic power within the federation. Those with strong economic ties attempted to expand their spheres of influence through a political and legal agenda, believing that the regions should be the main implementers of their own social and economic development.

In this context, my research specifically focuses on analysing issues of the political agenda in the Russian Far East (RFE) in the post-Soviet era (1991-1997), drawing upon, but also extending, the methodology developed by Tarschys (1979) and other scholars. I do this in the light of present market development, treating both domestic and international agendas. I utilise content analysis, exploring these agendas and discussing possible future trends. Of primary significance are questions raised by regional leaders and their public on both domestic and international political issues in the RFE. It can be clearly seen from the results of content analysis that the following issues are accorded most weight in their press coverage.

In the domestic sphere, my thesis explicates the changing forms of regional autonomy in the RFE and the relationship between the centre and the periphery in the process of economic transformation. I also explore the level of regional environmental problems affecting public health, and the related issues of ethnic identity and mortality. I draw attention to the differing socio-economic situations within the RFE and also compare the region as a whole with other regions of the federation. On the international front, improvement of political conditions in Northeast Asia coupled with decentralisation and growing regional autonomy in the RFE have developed a favourable environment for international economic relations with the closest countries, China, Japan and the two Koreas. I examine ways in which the RFE has reformulated its political and economic interest in the context of a changing international environment. In each cases, the construction of the political agenda is found to result from a complex interaction of local, federal, and (in some cases) international interests.

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- I dedicate this thesis to my parents -

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Abbreviations and Acronyms

AO	Autonomous Okrug
AP	Agrarian Party
APEC	Asia Pacific Economic Co-operation
APR	Asia Pacific Region
ASEAN	Association of Southeast Asian Nation
BAM	Baikal-Amur Mainline (Railroad)
BASEES	British Association for Slavonic and East European Studies
CEC	Central Election Committee
CIS	Commonwealth of Independence States
CDPSP	Current Digest of the Post-Soviet Press
CPRF	Communist Party of the Russian Federation
CPSU	Communist Party of the Soviet Union
FEAEC	Far East Association for Economic Co-operation
FER	Far Eastern Republic
FERFP	Far East Republic Freedom Party
Federation Council	Upper house of the Russian parliament
FETZ	Free Economic and Trade Zone
FEZs	Free Economic Zones
FSS	Federal Security Service
GEF	Global Environmental Facility
Goskomstat	Federal Committee for Statistics
IAEA	International Atomic Energy Conference
JVs	Joint Ventures
Koland	Korea Land Corporation
KOTRA	Korea Trade and Investment Promotion Agency
Krai	Sub-national administrative-territorial unit
KRO	Congress of Russian Communities
LDPR	Liberal Democratic Party of Russia

MVD	Ministry of Internal Affairs
NDR	Our Home is Russia
NPT	Nuclear Non-Proliferation Treaty
NRB	New Russia Barometer
Oblast	Sub-national administrative-territorial unit
Okrug	Sub-national administrative-territorial unit
OSCE	Organisation for Security and Co-operation in Europe
PECC	Pacific Economic Co-operation Conference
Perestroika	Policy of reconstruction under Gorbachev
PR	Presidential Representative
RF	Russian Federation
RFEU	Russian Far East Update
RSFSR	Russian Soviet Federal Socialist Republic
State Duma	Lower house of the Russian parliament
SMD	Single-Member District
TREDA	Tumen River Economic Development Area
TSR	Trans-Siberian Railway
UNDP	United Nations Development Programme
UNHCR	United Nation High Commissioner
USSR	Union of Soviet Socialist Republics
Vox Populi	Moscow-based Survey Organisation
VTsIOM	All-Russia Centre for the Study of Public Opinion
WHO	World Health Organisation
WWLF	World Wild Life Fund for Nature

Chapter 1: Introduction

1.1: Studying the Political Agenda

Where do issues come from? Why, when most do not matter, are some the leading themes to the story of a polity? Some issues, like lines drawn in the dust, define what it means to be a party to political conflict. Why one question rather than another comes to seem important, why it happens at a particular time, rather than another, why some last, why most do not?¹

What is politics? Spiro writes, ‘politics is the process by which a community deals with its problems.’² Every social system must have an agenda if it is to prioritise the problems facing it, so that it can decide where to start work. Such prioritisation is necessary for a community and for a society.³ What are any given society’s main political issues? How are they selected? Why do some controversies issues come to command the attention and concern of decision makers, while others fail to do so? In other words, what determines the agenda for political controversy within a community? How is an agenda built, and who participates in the process of building it?

In this context, the primary purpose of this subsection is to explore the issue of agenda setting in general, and more specifically, to explicate the forms of the agenda setting process in democratic societies.

¹ Edward G. Carmines and James A. Stimson, “On the Evolution of Political Issues,” in William H. Riker (ed.), *Agenda Formation* (Michigan: The University of Michigan Press, 1993), p. 151.

² Spiro also notes, ‘A community exists among people who are aware of pursuing common goals. Problems are obstacles perceived on the road toward goals. Problems must therefore be recognised in order to become politically relevant or alive.’ See Herbert J. Spiro, “Comparative Politics: A Comprehensive Approach,” *American Political Science Review*, Vol. LVI, No. 3, 1962, p. 577.

³ Roger W. Cobb and Charles D. Elder, “The Politics of Agenda-Building: An Alternative Perspective for Modern Democratic Theory,” *Journal of Politics*, Vol. 33, 1971, p. 905.

The Concept of Political Agenda

What is an agenda? Dearing and Roger define it as follows: 'An agenda is a set of issues that are communicated in a hierarchy of importance at a point in time.'⁴ What is agenda-setting? It relates to the process by which public opinion is shaped, and why certain issues are addressed through policy actions while others are not. Agenda-setting offers a framework within which to examine why information about certain issues, and not other issues, is available to the public in a political system.⁵ Zhu remarks that agenda-setting can be a 'zero-sum game' in that space on the agenda is a scarce resource, so a new issue must push another issue down the agenda to come to attention.⁶ We can see an agenda as fluid, with different issues rising and falling in importance over time in different societies.⁷ Agenda-setting is also a process in which the mass media play a crucial role enabling social problems to become acknowledged as public issues.⁸ What is the definition of political agenda? Cobb and Elder define an agenda in political terms as 'a general set of political controversies that will be viewed at any point in time as falling within the range of legitimate concerns meriting the attention of the polity'.⁹ Tarschys writes that the concept of political agenda 'deals primarily with the transformation of social conditions into political questions and with the selection of political issues'.¹⁰

⁴ James W. Dearing and Everett M. Rogers, Agenda-Setting (London: Sage, 1996), p. 2.

⁵ Maxwell E. McComb, "The Evolution of Agenda-Setting Research: Twenty-Five Years in the Marketplace of Ideas," Journal of Communication, Vol. 43, No. 2, Spring 1993, p. 60-1.

⁶ Further discussion of the zero-sum game see J. Zhu, "Issue Competition and Attention Distribution in Agenda-Setting: A Zero-Sum Perspective," Journalism Quarterly, Vol. 69, No. 4, 1992, pp. 825-36.

⁷ Dearing and Rogers, Agenda-Setting, p. 2.

⁸ For a full discussion on this issue see E. M. Rogers and J. W. Dearing, "Agenda-setting Research: Where has it been, Where is it going? in J. A. Anderson (ed.), Communication Yearbook 11 (Newbury Park: Sage, 1988), pp. 555-94.

⁹ Cobb and Elder, "The Politics of Agenda-Building," p. 905.

¹⁰ Daniel Tarschys, The Soviet Political Agenda: Problems and Priorities 1950-1970 (London: Macmillan Press, 1979), p. 6.

Löwenhardt also writes, 'A political agenda is a set of issues demanding binding decision making.'¹¹

What role do issues play in the process of agenda setting? Issues or their proponents must compete for a place on the decision-making agenda. The process by which the demands of various groups in the population are translated into items competing for the serious attention of public officials can appropriately be called agenda building.¹² Cobb and Elder define an issue as 'a conflict between two or more identifiable groups over procedural or substantive matters relating to the distribution of positions or resources'.¹³ More broadly, an issue is whatever is in contention.¹⁴ We can regard issues as competing with one another for attention.¹⁵ All communities must decide which issues will be the concern of decision makers. At the same time, there is great variety in the way this is accomplished, and in the proportion of potential issues that are eventually seriously considered by community leaders.¹⁶ An issue also is defined as a social problem, often conflictual, that has received mass media coverage. The characteristics of an issue are important in understanding why and how an issue achieves prominence on the agenda. The potentially conflictual nature of an issue helps make it newsworthy as proponents and opponents of the issue battle it out in the public area.¹⁷

¹¹ John Löwenhardt, *Decision Making in Soviet Politics* (London: Macmillan, 1981), p. 17.

¹² Oscar Gandy, "Beyond Agenda-Setting," in David L. Protess and Maxwell McCombs (eds.), *Agenda Setting: Readings on Media, Public Opinion, and Policymaking* (Hillsdale, NJ: Lawrence Erlbaum, 1991), pp. 264-65.

¹³ R. W. Cobb and C. D. Elder, *Participation in American Politics: The Dynamics of Agenda-Building* (Baltimore: Johns Hopkins University Press, Second Edition, 1983), p. 32.

¹⁴ For a full discussion see G. E. Lang and K. Lang, "Watergate: An Exploration of the Agenda-Building Process," in G. C. Wilhoit and H. DeBock (eds.), *Mass Communication Review Yearbook 2* (Beverly Hills, CA: Sage, 1981), pp. 447-68.

¹⁵ Fay Lomax Cook and Wesley G. Skogan, "Convergent and Divergent Value Models of the Rise and Fall of Policy Issues," in Protess and McCombs (eds.), *Agenda Setting: Readings on Media, Public Opinion, and Policymaking*, p. 189.

¹⁶ Roger W. Cobb, Jennie-Keith Ross and Marc Howard Ross, "Agenda Building as a Comparative Political Process," *American Political Science Review*, Vol. 70, 1976, p. 126.

¹⁷ For a full discussion see S. Ansolabehere and S. Iyengar, "Riding the Wave and Claiming Ownership

How was the paradigm for agenda-setting research formed and what was chronological sequence in which the main components of this paradigm were introduced as ‘conceptual innovations’?¹⁸ To consider the scholarly development of the concept of the agenda-setting, I will mainly adopt Dearing and Roger’s approach.

Dearing and Roger see Robert Park ‘as being the first scholar of mass communication, he conceived of media gatekeeping and implied what was later to be called the agenda-setting process’ in his book *The Immigrant Press and Its Control* (1922).¹⁹ Lippmann investigated the relationship between the mass media agenda and the public agenda. In his book *Public Opinion* (1922) he argued that the mass media were the principal connection between (a) events that occurred in the world and (b) the images of these events in our minds.²⁰

Cohen further advanced the conceptualisation of agenda-setting. He observed that the media

may not be successful much of the time in telling people “what to think” but it is successful in telling its readers ‘what to think about.’ The world will look different to different people, depending on the map that is drawn for them by writers, editors, and publishers of the newspaper they read.²¹

Cohen expressed the concept that led to agenda-setting research and its focus on the mass media. He gave further status to what was already an important issue among political scientists and international relations scholars.²²

Cohen’s work was developed by McComb and Shaw in terms of the agenda-

Over Issue: The Joint Effects of Advertising and News Coverage in Campaigns,” *Public Opinion Quarterly*, Vol. 58, 1994, pp. 335-57.

¹⁸ Everett M. Rogers, James W. Dearing and Dorine Bregman, “The Anatomy of Agenda-Setting Research,” *Journal of Communication*, Vol. 43, No. 2, Spring 1993, pp. 69-70.

¹⁹ For full details of the historical development of the paradigm for research on the agenda-setting process see Dearing and Rogers, *Agenda-Setting*, pp. 8-17.

²⁰ Walter Lippmann, *Public Opinion* (New York: Harcourt Brace, 1922); Roger, Dearing and Bregman, “The Anatomy of Agenda-Setting Research,” pp. 70-1.

setting function of the mass media. In 1972 McComb and Shaw coined the term 'agenda-setting process' and established a research paradigm. This paradigm was adopted mainly by mass communication scholars, and to a lesser extent by political scientists, sociologists, and others. The paradigm offered a new way of thinking about the power of the mass media. McComb and Shaw examined the public agenda-setting process for a hierarchy of issues.²³ They justified agenda-setting research as an improved approach to understanding media effects.²⁴ As Reese remarks, 'This media agenda simultaneously projects forward a powerful structuring effect on audience perceptions, while itself indicating the powerful influences behind its creation'.²⁵ In 1973 Funkhouser initiated the over-time study of public agenda-setting at a macro level of analysis, and investigated the relationship of real-world indicators (to be discussed later in this subsection) to the media agenda.²⁶ In 1987 Shanto Iyengar and Donlad R. Kinder experimentally began to investigate the micro-level agenda setting of individual respondents.²⁷

Agenda-Setting Process

As can be seen in table 1-1, a widely accepted model of the agenda-setting process

²¹ B. C. Cohen, The Press and Foreign Policy (Princeton, NJ: Princeton University Press, 1963), p. 13.

²² Roger Dearing and Bregman, "The Anatomy of Agenda-setting research," p. 72.

²³ Agenda setting was a theoretical idea. It did not even have a name until McComb and Shaw's classic study of the media's role in the 1968 presidential election campaign in Chapel Hill, North Carolina. They calculated the media agenda in Chapel Hill from a content analysis of the main mass media that were reporting the presidential campaign, and measured the public agenda by surveying 100 undecided voters. The 1972 study set off a research tradition that at first closely followed McCombs and Shaw's approach of combining a media content analysis with an audience survey of the ranking of agendas. See, *ibid.*, p. 72; for further details of their methodology see Maxwell McCombs and Donald Shaw, "The Agenda-Setting Function of Mass Media," in Protess and McCombs (eds.), Agenda Setting: Readings on Media, Public Opinion, and Policymaking, pp. 17-26.

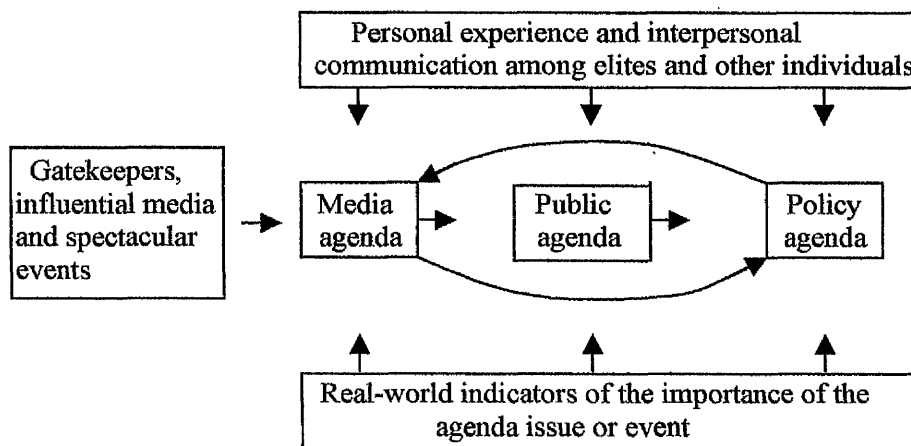
²⁴ Alex S. Edelstein, "Thinking About the Criterion Variable in Agenda-Setting Research," Journal of Communication, Vol. 43, No. 2, Spring 1993, p. 86.

²⁵ S. D. Reese, "Setting the Media's Agenda: A Power Balance Perspective," in J. A. Anderson (ed.), Communication Yearbook 14 (Newbury Park, CA: Sage, 1991), p. 309.

²⁶ For a full discussion see G. R. Funkhouser, "The Issues of the Sixties: An Exploratory Study in the Dynamics of Public Opinion," Public Opinion Quarterly, Vol. 37, No. 1, 1973, pp. 62-75.

would comprise three main components: (a) the media agenda, which influences (b) the public agenda, which in turn may influence (c) the policy agenda; this in turn facilitates a study of the interrelationships among these three elements.²⁸ A research tradition exists for each of these three types of agendas. The agenda-setting process is an ongoing competition among issue proponents to gain the attention of media professionals, the public, and policy elites, although agenda-setting was not originally conceptualised in this way.²⁹ Also a real-world indicator has often been studied in agenda-setting investigations as a further variable.³⁰

Table 1-1: A General Model of the Agenda-Setting Process



Source: Adapted from Maxwell E. McCombs, "Explorers and Surveyors: Expanding Strategies for Agenda-Setting Research," *Journalism Quarterly*, Vol. 69, No. 4, Winter, 1992; James W. Dearing and Everett M. Rogers, *Agenda-Setting* (London: Sage, 1996), p. 5.

As McCombs notes, 'the agenda-setting process has been on public issues, the

²⁷ Dearing and Rogers, *Agenda-Setting*, p. 13.

²⁸ Rogers, Dearing and Bregman, "The Anatomy of Agenda-Setting Research," p. 69.

²⁹ Dearing and Rogers, *Agenda-Setting*, p. 6.

agenda of issues presented daily by the news media, the agenda of issues on which public concern is focused and the sociological and psychological environment encompassing these issue agendas'.³¹ A study by Dearing and Rogers suggests that certain agenda-setting studies seek to understand the temporal dynamics of the agenda-setting process by analysing the relationships between the media agenda, the public agenda, the policy agenda, and real-world indicators over time rather than cross-sectionally (at one point in time).³² In such longitudinal studies, a qualitative over-time method such as participant observation or a quantitative over-time method such as time-series analysis may be used.³³

The public agenda. Public agenda-setting deals with the link between issues as mentioned in the mass media (valued by content) and the issue priorities of the public. The issue hierarchy in the media agenda sets the issue hierarchy of the public agenda.³⁴ Two types of agenda-setting research on the public agenda have been conducted: (a) hierarchy studies, in which all of the main issues on the public agenda at a certain point in time are investigated, and (b) longitudinal studies, in which an agenda-setting scholar investigates the rise and fall of one or a few issues over time or through experimental research with individuals.³⁵

In hierarchy studies the agenda is usually measured by means of a special kind of question in a public opinion poll. The usual public opinion poll asks for a respondent's

³⁰ Ibid., p. 18.

³¹ Maxwell E. McCombs, "Explorers and Surveyors: Expanding Strategies for Agenda-Setting Research," *Journalism Quarterly*, Vol. 69, No. 4, Winter, 1992, p. 814.

³² Dearing and Rogers, *Agenda-Setting*, p. 18.

³³ Judy VanSlyke Turk, "Public Relations' Influence on the News," in Protess and McCombs (eds.), *Agenda Setting: Readings on Media, Public Opinion, and Policymaking*, p. 214.

³⁴ Kosicki, "Problems and Opportunities," p. 101; G. Ray Funkhouser, "The Issues of the Sixties: A Exploratory Study in the Dynamics of Public Opinion," in Protess and McCombs (eds.), *Agenda Setting: Readings on Media, Public Opinion, and Policymaking*, p. 36.

³⁵ Further discussion on the longitudinal studies see Dearing and Rogers, *Agenda-Setting*, pp. 54-71.

attitude toward a particular issue.³⁶ This type of question usually takes the form: What do you think is the most important problem facing your country today? The aggregated responses to such a MIP (most important problem) question indicate the relative position of an issue on the public agenda. Dearing and Rogers give an example: ‘in 1989, 54 per cent of a national sample of Americans said that drugs were the most important issue facing America; 2 years later, this number dropped to only 4 per cent, as the “War on Drugs” was pushed down the agenda by other issues’³⁷ (I utilise these kinds of study in chapters 4 and 5).

The media agenda. The media agenda is usually indexed by a content analysis of the news media determining the number of news stories about a given issue or issues of study. This number demonstrates the relative salience of an issue on the media agenda. Individuals in the audience are presumed to judge the relative importance of an issue on the basis of the number of media messages about the issue to which they are exposed.³⁸ As mentioned above, the content analysis measure of the media agenda was derived by McCombs and Shaw (1972) and Funkhouser (1973) as a parallel to the MIP measure of the public agenda, focusing similarly on issues.³⁹

The agenda-setting process begins with an issue climbing the media agenda. In agenda-setting studies, media content is usually operationalised as the number of some countable unit, such as the number of story column inches in a set of newspapers, the number of front-page stories an issue receives, or the number of seconds of airtime given

³⁶ As mentioned previously, in the study by McCombs and Shaw (Chapel Hill in 1972) the agenda-setting effect was measured by asking voters what they personally thought were the key issues of the presidential campaign. The answers to that survey question defined the public agenda. See Protess and McCombs (eds.), *Agenda Setting: Readings on Media, Public Opinion, and Policymaking*, p. 43.

³⁷ Dearing and Rogers, *Agenda-Setting*, pp. 17-18.

³⁸ Kim A. Smith, “Newspaper Coverage and Public Concern About Community Issues,” in Protess and McCombs (eds.), *Agenda Setting: Readings on Media, Public Opinion, and Policymaking*, p. 76.

³⁹ Dearing and Rogers, *Agenda-Setting*, p. 18.

to an issue during a year of TV newscasts.⁴⁰ Often, the number of news stories about an issue of study is counted for a particular period of time, usually the several months prior to the measurement of the public agenda, by means of a poll or survey.⁴¹ I have adapted this method in conducting my research.

The policy agenda. The policy agenda leads to government policies designed to address or solve a social problem. The policy agenda is of key importance because it represents an outcome of the influence and activity of both the media agenda and the public agenda.⁴² The policy agenda is measured by such actions as the introduction of new laws pertaining to an issue, by budget appropriations, by other legislative decisions and by the amount of time given to debate of an issue in the Parliament.⁴³ Measures of the policy agenda vary from study to study much more than do measures of the media agenda or of the public agenda, which are fairly standard⁴⁴ (Throughout my thesis we can see examples of policy agenda at work in the RFE).

Real-world indicators. These are defined as a variable that measures more or less objectively the degree of severity or risk of a social problem. Such objective indicators include, for instance, the number of drugs-related deaths per year, the unemployment rate, or the measured state of the environment e.g. levels of air pollution⁴⁵ (These indicators provide valuable insight and information, particularly in chapters 3 and 4).

⁴⁰ Funkhouser, "The Issues of the Sixties," pp. 36-7.

⁴¹ James P. Winter and Chaim H. Eyal, "Agenda-Setting for the Civil Right Issue," in Proress and McCombs (eds.), Agenda Setting: Readings on Media, Public Opinion, and Policymaking, p. 103.

⁴² Dearing and Rogers, Agenda-Setting, p. 18.

⁴³ Koiski, "Problems and Opportunities," p. 101.

⁴⁴ David L. Proress, Fay L. Cook, Thomas R. Curtin, Marget T. Gordon, Donna R. Leff, Maxwell E. McCombs and Peter Miller, "The Impact of Investigative Reporting on Public Opinion and Policymaking: targeting Toxic Waste," in Proress and McCombs (eds.), Agenda Setting: Readings on Media, Public Opinion, and Policymaking, pp. 180-81.

⁴⁵ Dearing and Rogers, Agenda-Setting, p. 23 and p. 28.

What is primarily important in agenda-setting research? Salience is the degree to which an issue on the agenda is perceived as important. The key question for agenda-setting scholars is why the salience of an issue on the media agenda, public agenda, and policy agenda increases or decreases.⁴⁶ The task of agenda-setting scholars is to measure how the salience of an issue changes, and why this change occurs. Agenda-setting links specific content characteristics, usually the amount of coverage on a specific topic, with the salience of the topic to members of the audience.⁴⁷ As Dearing and Rogers argue:

rather than focusing on positive or negative attitudes towards an issue, as most public opinion research does, agenda-setting scholars focus on the salience of an issue. This salience on the media agenda tells viewers, readers, and listeners, "what issues to think about." They also argue, research on the agenda-setting process suggests that the relative salience of an issue on the media agenda determines how the public agenda is formed, which in turn influences which issues policymakers consider. Control of the choices available for action is a manifestation of power. Policy makers only act on those issues that reach the top of the policy agenda.⁴⁸

The time element has also been brought into agenda-setting research. As McCombs and Shaw's study clearly demonstrated, agenda-setting is a process over time.⁴⁹ Methods of investigating aspects of agenda-setting include moving from issue-hierarchy studies to investigations of a single issue. Hence, when real-world indicators, the media agenda, and other agenda variables are measured over time (such as on a month-by-month basis), time-series data and analysis methods can be used to understand the time sequence of these variables. The length of period depends upon such factors as the nature of the issue and its amount of media coverage.⁵⁰ For instance, MacKuen found that for six of the eight issues he studied, the media agenda led the public agenda. The

⁴⁶ Gernal M. Koiski, "Problems and Opportunities in Agenda-Setting Research," Journal of Communication, Vol. 43, No. 2, 1993, pp. 104-5.

⁴⁷ McCobms, "Explorers and Surveyors," p. 814.

⁴⁸ Dearing and Rogers, Agenda-Setting, p. 8.

⁴⁹ For a full discussion see M. E. McCombs and D. Shaw, "The Agenda-setting Function of Mass Media," Public Opinion Quarterly, Vol. 36, 1972, pp. 176-85.

⁵⁰ Dearing and Rogers, Agenda-Setting, p. 67.

average time lag was several months.⁵¹

Kosicki suggests that the agenda-setting process falls into five main categories as follows:

- a. it deals with the importance or salience of public issues;
- b. it has followed the intellectual legacy of public opinion polling;
- c. it has a twin focus on media content and audience perception;
- d. it is characterised by some desire to deal with a range of issues rank-ordered into an agenda, although sometimes only the rise and fall of a single issue is considered;
- e. it is proposed as an effect of specific media content or trends in that content, not a general effect of watching television or reading newspapers or newsmagazines.⁵²

Understanding the agenda-setting process is to understand the interrelationships among media organisation, public opinion and policy-making. It is useful for studying media effects on public opinion in the context of public issues.⁵³

Methodologically the hierarchy approach to studying public agenda-setting has been dominated by one-point-in time correlational comparisons of media content, with the aggregated responses by the public to survey questions about issue salience.⁵⁴ According to Dearing and Roger, however, longitudinal studies have begun to replace the dominance of the multiple-issue hierarchy approach. The study of media agenda has expanded to include over-time participant observation in media organisations as well as

⁵¹Further discussion see M. B. MacKuen, "Social Communication and the Mass Policy Agenda," in M. B. MacKuen and S. L. Coombs (eds.), More than News: Media Power in Public Affairs (Beverly Hills, CA: Sage), pp. 19-144.

⁵² Kosicki, "Problems and Opportunities," pp. 104-5.

⁵³ Protess and McCombs, Agenda Setting: Readings on Media, Public Opinion, and Policymaking, p. 149.

the analysis of quantitative variables (such as real-world indicators).⁵⁵ Studies of policy agenda-setting have also developed, now displaying more variation in method, from in-depth interviews with elite figures to surveys of public leaders, to time-series analyses of congressional voting behaviors.⁵⁶

What are the major roles of the mass media and their coverage of political and social issues in democratic society? Gurevitch and Blumler have indicated several expectations of media research, including 'meaningful agenda-setting', or 'identifying the key issues of the day, including the forces that have formed and may resolve them'.⁵⁷ By stressing meaningful agenda setting, they have tried to distinguish careful, thoughtful coverage from that driven by entertainment news values such as sensationalism and personalisation, which tend to distract attention from the big issues of the day.⁵⁸ In a democracy, what influences the selection of issues for public consideration (and how those issues are subsequently discussed) is an important matter.⁵⁹

The Strengths and Limitations of Agenda-Setting Research

Finally, what are the major limitations of agenda-setting studies and what is the primary contribution of agenda-setting research? Protess and McCombs argue that there are

⁵⁴ Ibid., p. 2.

⁵⁵ Dearing and Roger, *Agenda-Setting*, p. 88.

⁵⁶ Marc Benton and P. Jean Frazier, "The Agenda-Setting Function of the Mass Media at Three Levels of Information Holding," in Protess and McCombs (eds.), *Agenda Setting: Readings on Media, Public Opinion, and Policymaking*, pp. 69-70.

⁵⁷ M. Gurevitch and J. G. Blumler, "Political Communications Systems and Democratic Values," in J. Lichtenberg (ed.), *Democracy and the Mass Media* (Cambridge: Cambridge University Press, 1990), p. 270.

⁵⁸ For a full discussion see *ibid.*, pp. 271-89; regarding this point, Jamieson notes that the coverage of recent American elections gives us much to ponder in terms of this standard. For instance, the multibillion-dollar savings and loan scandal was not a prominent part of the 1988 American presidential election campaign, but federal prison furloughs and the pledge of allegiance were. Further discussion on this case see K. H. Jamieson, *Dirty Politics: Deception, Distraction, and Democracy* (New York: Oxford University Press, 1992), pp. 17-42.

⁵⁹ Kosicki, "Problems and Opportunities," p. 118.

several challenges to the conventional definitions and approaches of agenda-setting studies, as follows:

First of all, the definition of agenda-setting is occasionally said to suffer from conceptual ambiguity. For instance, does agenda-setting refer to changes in people's priorities but not their opinions, as though the two are always separate? Does issue salience include changes in personal priorities as well as social or policy priorities?

Secondly, there are questions about the unit of analysis that is being selected. By agenda-setting, do we mean media effects on individuals, groups or larger societal units? Can the term agenda be used in the same way to describe media, public, and policy priorities? Do public agendas matter in the making of media and policy agendas?

Thirdly, other questions are raised about the direction of agenda-setting effects. Does media affect public and policymaker priorities, or do they themselves reflect the concerns of their audiences? To what extent do interpersonal relations outside of mass communication (e.g., between journalists and policymakers or interest groups) influence media content and citizen priorities?

Finally, is it meaningful to suggest that media effects can occur in a linear direction in a society that is complex and rapidly changing?⁶⁰

These questions suggest to us that more research is required before we complete the agenda-setting quest. Using different methods of data gathering requires more preparation and planning in the design of the research project. More resources (time, money, and collaborators or assistants) are also required.⁶¹

Despite these difficulties, Carragee et al. assess the contribution of agenda-setting research to understanding effects in this way:

Despite important shortcomings, the agenda-setting approach has contributed to a more advanced understanding of the media's role in society. It has helped to change the emphasis of mass communication research away from the study of short-term attitudinal effects to a more longitudinal analysis of social impact. This is no small contribution.⁶²

Reese also stresses that it 'implicitly adopts the pluralistic values of democratic theory, bringing public opinion to centre stage'.⁶³ We can see that this emphasis on public opinion is particularly characteristic of conceptualisations of the agenda-setting process in which public opinion plays a determining role.

Dearing and Rogers raise a further question, 'What assumptions about the media, public opinion, and democracy do agenda-setting scholars make?' According to their answer, 'One crucial assumption about the agenda-setting process is that the media agenda often launches the process, putting an issue on the public agenda, which then may lead to policy change. This instigating role for the mass media highlights a crucial role they play in a democratic society'.⁶⁴ The media of mass communication tell us how to think about issues, and therefore, what to think.⁶⁵ Agenda-setting studies are obviously concerned with the relative importance of public issues and less obviously so with the general functioning of public opinion in a democracy. Research on the agenda-setting process, in this connection, offers at least a potential explanation of the complex process by which social change occurs in modern society.⁶⁶

1.2: The Political Agenda in the USSR

The main purpose of this subsection is to examine the secondary literature on the political

⁶⁰ Proress and McCombs, *Agenda Setting*, p. 262.

⁶¹ Further discussion on this question see Dearing and Rogers, *Agenda-Setting*, p. 99.

⁶² K. Carragee, M. Rosenblatt, and G. Michaud, "Agenda-Setting Research: A Critique and Theoretical Alternative," in S. Thomas (ed.), *Studies in Communication Vol. 3* (Norwood, NJ: Albex, 1987), p. 42.

⁶³ Reese, "Setting the Media's Agenda," p. 310.

⁶⁴ Dearing and Rogers, *Agenda-Setting*, pp. 99-100.

agenda and its formation in the USSR. In doing so, I will give particular attention to two works: Daniel Tarschys's *The Soviet Political Agenda* (1979), and Barbara Ann Chotiner's *The 1982 Reorganisation of Agricultural Administration in the Soviet Union* (1992), both of which deal directly with the political agenda and its formation. What methods and used by their authors, which periods do they treat and in which issues have they been primarily interested?

Daniel Tarschys's book *The Soviet Political Agenda* analyses the political priorities of the Soviet leadership in three different years: Stalin's 1950, Khrushchev's 1960 and Brezhnev's 1970. Tarschys studies the problems which these Soviet leaders encountered, and which they attempted to induce their society to resolve during these three different periods. In order to study the Soviet political agenda, Tarschys collected data from editorials in the daily newspaper Pravda, the official organ of the Central Committee of the Communist Party of the Soviet Union. He identified the political agenda set by the party leadership by examining its editorials from 1950 to 1970, which throughout the history of Soviet studies have been used as a source of information on the political orientations of the party leadership. Editorials instructions, which were in effect divided into two parts: the first was primarily diagnostic, pointing out shortcomings, and the second was mainly prescriptive, urging the necessary measures to be taken in remedying those shortcomings. The instructions contained an implicit causal analysis of the faults noted; the factors considered to be responsible for such deficiencies usually become apparent in the way blame was dealt out or in the formulation of the strategy recommended to attain the desired results.⁶⁷

⁶⁵ McCombs and Shaw, "The Evolution of Agenda-Setting Research," p. 62.

⁶⁶ Rogers, Dearing and Bregman, "The Anatomy of Agenda-Setting Research," p. 69,

⁶⁷ Tarschys, The Soviet Political Agenda, p. 40.

As the newspaper of the Central Committee of the Party, Pravda first established by Lenin in 1912,⁶⁸ and is still published - despite occasional difficulties - in post-Soviet society. Tarschys gives several reasons for his study of its instructions as a source:

(a) Pravda's editorials were considered the most reliable indicator of Soviet leaders' perception of political problems, their interpretation of the causes of those problems, their allocation of political energy and their choice of instruments of control.⁶⁹

(b) Pravda was known to have been the unchallenged leader among Soviet papers and magazines. Its viewpoints and judgements functioned as guideposts for the rest of the press, and its verdict in any debate was always conclusive.⁷⁰

(c) The instructions in Pravda displayed the most important problems on the political agenda during this period. They did not summarise all the problems considered by the Soviet leadership at any time but they did indicate those which leaders intended to resolve via the mobilisation of political and administrative organs. The Pravda editorial, for these reasons, was generally agreed to be a reliable indicator of the total political agenda in Soviet society.⁷¹

What are the major motives behind Tarschys's selection of the three years chosen for analysis (1950, 1960, and 1970)? The first was an interest in changes in the political agenda over a long period of time. Specifically, he was concerned with the development of the country's problems during a period when the Stalinist regime was replaced by a relatively more liberal order, when an economy plagued by shortages developed into relative prosperity and the legitimacy of the political system was by all

⁶⁸ In 1912 Pravda was produced by revolutionaries in a tiny, cramped office, with someone on guard to warn of police raids". Further full description of Pravda in the Soviet period see Angus Roxburgh, Pravda: Inside the Soviet News Machine (London: Victor Gollancz LTD, 1987).

⁶⁹ Tarschys, The Soviet Political Agenda, p. 58.

⁷⁰ Ibid., p. 59.

indications secured. Secondly, he was concerned with how social problems changed as a political order matured and how this maturing affected the diagnoses, analyses, and strategies of its leaders. This developmental perspective made a longitudinal study natural, although limited resources prevented an examination of all Pravda editorials even a ten or twenty-year period. His method was based upon the retrieval of short passages containing indicated words or word groups from a large textual mass. This made it possible to retrieve all sentences in Pravda that dealt with a particular subject in a keyword in context form, which facilitated a comparative analysis of the paper's treatment of a given problem over a long period of time.⁷²

Tarschys related his findings to three models representing three alternative views of the Soviet political system (the Totalitarian, Pluralistic and Bureaucratic models).⁷³ These, in turn, illustrated three different hypotheses on the emergence of political problems. Tarschys noted that if the totalitarian interpretation was accurate, the leaders had a great deal of autonomy in their choice of issues and priorities. Advocates of the pluralist model argued, by contrast, that interest groups played a considerable part in the articulation and aggregation of political demands. Yet there were also good reasons to emphasise the element of inter-organisational competition in Soviet government. According to the bureaucratic model, the Soviet government's instructions originated in the vast network of economic and administrative organs.⁷⁴

By noting the frequency with which different political problems were mentioned in Pravda between the 1950s and the 1970s, Tarschys identified the priorities

⁷¹ Ibid., p. 63.

⁷² Further discussion of his qualitative and quantitative method for structuring through information retrieval see *ibid.*, pp. 65-71.

⁷³ For a full discussion of his interpretation of these models see *ibid.*, p. 38.

⁷⁴ Ibid., pp. 38-9.

of the leadership during this time. In turn, he explicated Soviet political problems within three main categories: the sectorial, the geographical and the institutional. I will briefly examine these divisions in the following subsection.

The sectorial dimension. Economic problems strongly dominated the Soviet political agenda. As Tarschys noted, 'Raw materials shipped behind schedule, inoperative plants, undelivered consignments of goods, abortive planning, inefficient management, such deficiencies were constantly criticised in Pravda's editorials.'⁷⁵ He argued that the Soviet leadership's principal remedy for disturbances in the economy was to influence attitudes at the source of the problem. The changes registered within the eleven sectors selected (the metal industry, the energy sector, the chemical industry, light industry, the transport sector, agriculture, the service sector, education and research, the mass media, and cultural life) reflected several facets of the country's economic and social development.⁷⁶

According to Tarschy's evidence, it was possible to draw the following conclusions: interest in industrial problems rose sharply between 1950 and 1960, after which it declined somewhat towards 1970. Agriculture was mentioned with greater frequency in 1950 than in either of the following two dates, while the total value for questions of public opinion in the broad sense -- the mass media, culture, education and research -- was high during the first two years and lower during the third. Between 1950 and 1960 was registered: a falling trend for the mass media, agriculture, services, energy, and transport; a stable trend for culture; and a rising trend for the building industry, consumer industries, iron, steel and engineering, the chemical industry, and education and research. Interest in the mass media continued to decline between 1960 and 1970,

and the same tendency was registered for culture, the building industry and the consumer industries. Agriculture, services, iron, steel and engineering, the chemical industry, education and research remained at about the same level, whereas energy and transport received more attention.⁷⁷

The geographical dimension. To study the geographical dimension (the republics, the economic areas and the regions), Tarschys sorted the material according to mentions of various administrative areas. A first search produced all items containing a reference to republics, a second extracted those mentioning regions, territories and provinces. In latter searches cities, districts and enterprises were traced to their respective regions. The Soviet Union was divided into fifteen republics, of which the Russian Soviet Federal Socialist Republic (RSFSR), with its capital in Moscow, was by far the largest. The RSFSR was understandably the republic mentioned most often in Pravda's editorials, while the small republics, the least of which were more or less equivalent to regions within the RSFSR, were mentioned fairly seldom. According to Tarschys's calculations, most prominent among the non-Russian groups were the Central Asian and Caucasian republics. Turkmenistan topped the list in all three years, and Kazakhstan also had a high ranking. The Caucasian republics showed a gradual rise. Attention to the Ukraine was low both under Khrushchev and under Brezhnev, but these figures corresponded closely well to the pattern for the western part of the Soviet Union, which received little attention. The Ukraine and Belorussia together accounted for almost a quarter of the Soviet population, but the frequency with which they were mentioned continued to

⁷⁵ Ibid., p. 81.

⁷⁶ Ibid., p. 82.

⁷⁷ I will not deal with each sector's content but for full discussion see *ibid.*, pp. 81-124.

decline in the following years.⁷⁸

In terms of the major economic areas, Kazakhstan and the rest of Central Asia, the Caucasus and the central region around Moscow, the southern part of Russia and western Siberia all received a high level of attention in Pravda editorials. The Volga-Ural areas and the western parts of the Soviet Union attracted scant attention. The Ukraine, Belorussia and the Baltic States were also noted for low values. Other peripheral areas which registered weakly in Pravda's editorials included the extreme eastern part of Siberia and the northwestern corner of European Russia. However, the industrial regions south of Moscow, the Volga-Ural areas and the Kuznetsk Basin aroused more interest, as did the Central Asian republics in while interest rose increasingly during the period. According to Tarschys's data, Moscow tended to look to the south and east rather than to the north and west. The Soviet Party leadership evidently regarded the western parts of the country as less troublesome than the eastern areas, and Central Asia and the industrial areas in southern Russia and western Siberia attracted particular attention.⁷⁹

The institutional dimension. Regarding political institutions, Pravda indicated both how the problems of society were diagnosed at various times and how the agents of change capable of contributing to their solution were evaluated. In this way, it provided a picture of normative role distribution in the Soviet political system. They also revealed leaders' understanding of the function of various institutions. During the twenty years between 1950 and 1970, many different kinds of ministries and civil service departments had continuously been formed, abolished or had changed name and functions. Jurisdictions had been combined or divided, the structure of individual enterprises had been altered, and the boundaries between governmental and public organisations had

⁷⁸ Ibid., pp. 125-26.

been adjusted. Tarschys subdivides political institutions into the party, the governmental apparatus, and public organisations.⁸⁰

The Pravda editorials of the late Stalin period presented the regional and local Party organs as the key levers of social and economic development. Both internal and external Party activities attracted a great deal of interest, but the Party apparatus had to be consolidated and an effective organisation was needed at base level. The Party was urged to utilise all available resources to spur the people on to increased efforts.⁸¹ However, during the last two years the Party as organiser and supervisor of the economy was a less prominent theme in Pravda's editorials. Attention in 1960 tended instead to be directed towards lower governmental organs, particularly those of the republics. Although it was not clearly reflected in the frequencies, specialised governmental authorities were in 1970 a more important category of address than Party organisations. Particular agencies appeared to be the prime movers in many areas, and the leaders attempted to direct the activities of these organisations by means of specific instructions. Khrushchev sought to broaden the functions of the public organisations. The trade unions and the Komsomol were given a new boost, and certain state agencies were transformed into independent public organisations.⁸²

The leadership under Stalin still regarded the Party as the dominant instrument of change. Political strategy prescribed a mobilisation of human resources that was primitive in the sense that the goals and means of activities were not subjected to any

⁷⁹ Ibid., pp. 130-50.

⁸⁰ Ibid., pp. 151-52.

⁸¹ For a full discussion of the Communist Party (CPSU) see Leon P. Baradat, Soviet Political Society (New Jersey: Prentice-Hall, 1986), pp. 102-35.

⁸² Tarschys, The Soviet Political Agenda, p. 162.

close analysis.⁸³ Twenty years later instructions were directed towards more realistic goals. They went out to a large number of specialised elites, seeking to use them as instruments to influence society. In 1970 the leaders no longer relied on the generalists in the Party, but turned instead to trained specialists.⁸⁴

Through systematic comparison of the instructions contained in the editorials of Pravda, Tarschys formed a picture of the changing political agenda in Soviet society from Stalin to Brezhnev. He noted that there appeared to be a fairly uniform Soviet approach to political problems. This was reinforced by the many points of similarity between the agendas of the Stalin era and the Brezhnev era, while the Khrushchev era represented a deviation. The social order that had emerged in the Soviet Union was certainly a command economy in the sense that central government was very important in economic and social development. As Soviet society proceeded from relative poverty to relative prosperity, new issues arose, new geographical areas attracted attention and new patterns emerged in the institutional structure of the political system. Consumer issues persistently loomed large in Soviet politics. This illustrated the complementary relationship between the economic and the political systems. The consumer was weak in the planned economy, and needed to be protected by the exercise of political power.⁸⁵

The other study we have selected for particular attention, Barbara Ann Chotiner's *The 1982 Reorganisation of Agricultural Administration in the Soviet Union*, is based upon an analysis of the political agenda of the Brezhnev administration as carried out on the Food Programme. This programme was adopted at the May 1982 Plenum of the Central Committee (CC) of the Communist Party of the Soviet Union

⁸³ D. Richard Little, Governing the Soviet Union (New York: Longman, 1989), pp. 61-88.

⁸⁴ Tarschys, The Soviet Political Agenda, p. 166.

⁸⁵ For a further discussion see *ibid.*, pp. 188-89.

(CPSU). It consisted of territorially-based agencies at the krai, oblast, union-republican, and all-union levels which were intended to administer the agro-industrial complex.⁸⁶ Chotiner emphasised that historically and in contemporary times, agricultural policy and the modes of directing farming operations have been viewed as helping to define the nature of the former Soviet regime. Grass-roots involvement in rural production processes had not only served as a generator of political resources for the Communist Party, but also provided a framework within which power was exercised. Therefore, altering agricultural organisation in 1982 had real salience in terms of regime values, popular satisfaction, and the role of the Communist Party in society.⁸⁷

Examining the process of political agenda-setting regarding agricultural administration, Chotiner attempted to discover the attitudes of the Communist Party and its leaders towards governmental institutions, the openness of the leadership structure towards policy initiation, and political differentiation along institutional and regional lines. In her study, she dealt firstly with the initiation of the policy for the food programme (from the October 1980 Central Committee through to the 26th Party Congress). Secondly, with the emergence of territorially-based agro-industrial associations (from the 26th Party Congress to the November 1981 Central Committee), and finally she drew conclusions from the period 1980-1981 regarding political agenda-setting in agricultural administration.

In October 1980 Brezhnev announced to the CPSU Central Committee that the

⁸⁶ For further analyses of the 1982 reform see Valentin Litvin, "Agro-Industrial Complexes: Recent Structural Reform in the Rural Economy of the USSR," and Everett M. Jacobs, "Soviet Agricultural Management and Planning and the 1982 Administrative Reforms," both in Robert C. Stuart (ed.), The Soviet Rural Economy (Totowa, N.J.: Rowman and Allanheld, 1983), pp. 258-72 and pp. 273-95, respectively.

⁸⁷ Barbara Ann Chotiner, The 1982 Reorganisation of Agricultural Administration in the Soviet Union: The Role of the Communist Party in Agenda Setting (Pittsburgh: The Carl Beck Papers, No. 907, April 1992), p. 2.

Politburo had concluded the drawing up a food programme and was including it in the Eleventh Five-Year Plan. Support for the food programme and its utilisation varied significantly among members of the leadership.⁸⁸ At the late February and early March 1981 Party Congress, six Politburo members and candidates made reference to the Food Programme, but not to agro-industrial integration.⁸⁹ The press served to provide information and a channel for debate over subsidiary as well as basic issues. The structuring of the process for developing the Food Programme may have strengthened the advancement of regionally-oriented concerns. It is not known exactly how many sub-national CPSU committees and their leaders were among the major players in elaborating the Programme.⁹⁰

The importance of the press (as a channel of communication and persuasion towards policy development and adoption) was underlined by a change in sponsorship of the journal *Kadry sel'skogo khozyaistva*. It had begun publication as an organ of the USSR Ministry of Agriculture (along with Gosplan, which had been charged since 1978 by the CC CPSU with harmonising agro-industrial integration activities). The first 1981 issue of the journal announced that it had become a publication of the CPSU Central Committee. In November 1980 a series of sessions was held, the subject of which was the further development of the specialisation and concentration of agricultural production on the basis of inter-farm cooperation and agro-industrial integration. At a December all-union agronomic conference, Mikhail Gorbachev spoke about the Food Programme, the conference was attended by republican, oblast and krai CPSU secretaries. Although these meetings were primarily used to discuss the Food Programme, several other issues were

⁸⁸ "Brezhnev Assigns 'Improvement of Food Supply' Top Priority in Russia Standards," Los Angeles Times, 22 October 1980.

⁸⁹ Chotiner, The 1982 Reorganisation of Agricultural, p. 6.

raised that either supported or directly advanced the possibility of introducing raion agro-industrial associations (*Raionnye agro-promyshennye organizatii* - RAPOs). Several Communist Party journals discussed governmental administrative arrangements for economic operations as a source of the deficiency in providing the populace with an adequate diet. *Kommunist Sovetskoi Latvii*, for instance, argued that any reform of economic structures and management practices should have several objectives that would be likely to have expanded the role of territorial authorities below the all-union level. Subsequently, many proposals and diagnoses were made in different circumstances.⁹¹

An initiative to get the diffusion of RAPOs⁹² onto the national political agenda came next. In 1981, Party Congresses were to provide opportunities for agitating for broader utilisation of the RAPO form and for a reinforcement of district administration. Further support for upgrading authority at the bottom of the governmental and CPSU hierarchies was in evidence at the 26th Party Congress. In conclusion of the 26th Congress seemed to signal a new phase in the discussion of possible alterations in the system for managing agriculture and economically-related activities. The new approach could determine what progress the respective advocates had made in inserting their proposals into the declared national policy agenda.⁹³

In the months between the Congress and the November 1981 CC Plenum, several Politburo members and republican CPSU secretaries had occasion to discuss aspects of organisational reform.⁹⁴ Along with general discussion of proposed agro-

⁹⁰ Ibid., pp. 7-8.

⁹¹ Ibid., pp. 8-10.

⁹² For a full discussion about the origin, development and assessment of the RAPOs see Chotiner's another work, "Soviet Local Party Organs and the RAPOs" in Peter J. Potichnyj (ed.), *The Soviet Union Party and Society* (Cambridge: Cambridge University Press, 1988), pp. 48-64.

⁹³ Chotiner, *The 1982 Reorganisation of Agricultural*, pp. 11-2.

⁹⁴ Joan DeBardeleben, *Soviet Politics in Transition* (Lexington, MA: D.C. Heath and Company, 1992), p. 47.

industrial reform, several issues received more intensive examination. These included the importance of the structural alterations already made in several republics, along with appropriate ways of extending innovation up the administrative chain.⁹⁵ Coverage of agro-industrial experimentation in the smaller republics gave their leaders and scholars opportunities to extoll successes achieved, which could gratify local opinion and reflect well upon the territorial political establishment. As Chotiner noted, a series of articles of regarding the creation and adoption of RAPOs were published.⁹⁶ CPSU journals explored the problems of insufficient coordination between vertical productive-administrative hierarchies with operative agencies in the districts and head offices in Moscow.⁹⁷

In his address to the November 1981 Central Committee Plenum, Brezhnev implied his assent to the creation of RAPOs or similar organisations, as well as to changes in other aspects of the directive structure for farming and linked branches of the economy.⁹⁸ By the time of the 26th Party Congress in 1981, Brezhnev was not in good health and might not have been expected to control every aspect of policy-making. However, his vague statements about the unitary administration of the agro-industrial complex provided the basis from which to suggest regional coordinative organs.⁹⁹ After March 1985, successive restructurings of the state farming and agriculturally-related bureaucracies could be seen to have had conceptual affinities to the RAPOs and superior agencies created by the May 1982 CC Plenum: the establishment of the USSR State Agro-Industrial Committee (Gosagroprom), for instance, was one of the first organisational conversions carried out under the Gorbachev regime. RAPOs remained the

⁹⁵ Chotiner, *The 1982 Reorganisation of Agricultural*, p. 20.

⁹⁶ *Ibid.*, pp. 21-3.

⁹⁷ *Ibid.*, pp. 25-6.

⁹⁸ *Ibid.* p. 32.

⁹⁹ Gordon B. Smith, *Soviet Politics: Struggling With Change* (London: Macmillan, Second Edition, 1992),

lowest units of Gosagroprom's organisational pyramid until the agency's abolition in 1989.¹⁰⁰

Examining the process of political agenda-setting in regard to agricultural administration and based on the territorial agro-industrial associations, Chotiner drew several conclusions. Firstly, social learning by elites was proceeding by trial and error; branch harmonisation was no longer effected by a single all-union organisation, nor brought down to the level of producers. Secondly, the integration of operations related to farming and food processing had been mainly devolved to the republics. At the beginning of the last decade of the Soviet Union republican officials had been active in efforts to place territorial agricultural agencies into all-union political activities. Finally, she suggested that an understanding of the food programme enabled scholars to gain a better understanding of the dramatic changes that subsequently took place under Gorbachev and his reform policies.¹⁰¹

Of the literature on political agenda, Tarschys's work has been widely reviewed whereas reviews of Chotiner's work are hardly to be found. Among Tarschys's reviewers, several common observations are made concerning his line of argument.¹⁰² According to these, Tarschys was concerned with the shift from totalitarian to bureaucratic pluralist images of Soviet politics. Reviewers drew attention to his vision of the limited nature of Soviet market capacity and free agreement among autonomous groups, relative to the West. They also first noted his view of the Soviet Union as a society of weak consumers, both individual and institutional, who could not compel their suppliers to perform and so

p. 57.

¹⁰⁰ Chotiner, *The 1982 Reorganisation of Agricultural*, pp. 36-7.

¹⁰¹ *Ibid.*, p. 38.

¹⁰² *Book Review Digest* 1980, (New York: The H.W. Wilson Company, 1981), p. 1196; *Problems of Communism*, Vol. 29, March/April 1980, pp. 52-7; *Annals of the American Academy of Political and Social*

required the continuous intervention of the central authorities.

Another point reviewers identified in Tarschys is that of the Soviet Union as both a semi-strong and semi-weak society, with persons and groups not being strong enough to fend for themselves in the struggle for a share of the material and cultural values which Soviet society seemed to offer. Members of the party elite had access to the necessary means for realising their own aspirations. Regarding the economic reform process (Tarschys cites the 1965 economic reform and the 1971 campaign for consumer goods production) reviewers noted his conclusions that every attempt at reform or redistribution in the Soviet Union called forth opposition from forces that feared a loss of privilege or status from the proposed changes. There was general agreement among these forces, as they all included ideologically or politically conservative elements in the central and regional elite who were represented at leading levels in the CPSU.

In order to collect materials to expand his study from Pravda, Tarschys used a number of key words to pick out certain issues found in the editorials by computer. As Miller indicates, he did not allow the labour invested to blind him to the limited and ambiguous value of his results, unlike other researchers in quantitative politics.¹⁰³ In further discussion of Tarschys's work, McAuley¹⁰⁴ points out that Tarschys covers only a part of the political agenda by limiting himself to Pravda. Tarschys's methodology has influenced my research methodology, in particular the use of content analysis of the press. In my research, however, to avoid the limitations identified by McAuley I use a wide range of published sources, based on the CDPSP and RA Reports, which themselves are based upon a wide variety of sources. Another point made by McAuley is

Sciences, Vol. 445, 1979, pp. 173-4.

¹⁰³ J. Miller, International Affairs, Vol. 55, No. 3, 1979, pp. 477-8.

¹⁰⁴ Mary McAuley, Slavic Review, Vol. 39, 1980, p. 691.

that Tarschys does not include a wider geographical dimension (i.e., his source is a central, Moscow-based one). In my work, I have also been concerned to provide a regional perspective of a kind he does not provide, and the RA Report has been particularly valuable in this respect by providing a full overview of the press of the Far East, most of which is not readily available outside the former USSR.

1.3: Setting the Political Agenda in the Post-Soviet Period

From the mid 1980s, the Soviet Party leader Mikhail Gorbachev's policies of perestroika and glasnost were designed to tackle Soviet internal economic problems at the same time as they initiated 'new thinking' in Soviet foreign policy. With Gorbachev's reconstructing of national values, the Soviet Union's relations with the outside world shifted from military and ideological confrontation to a desire for increased political and economic co-operation. This ultimately led to the ending of the Cold War and the disintegration of the Soviet Union itself. Since the early 1990s political and economic reform continued in the transition period to establish Russia as a post-communist federation.

Gorbachev's successor, Boris Yeltsin, made further efforts to radically transform totalitarian Russia into a formally democratic society. Through development of his own reform processes he established the main elements of a decentralised and open market economy, and drove his country's integration into the global, political and economic systems. The vast dimensions of Russia and its striking diversity have meant that the regional aspect of this process of decentralisation has been particularly important. Under the present federal system, political reform in Russia has transferred substantial power to regional and local authorities. Regional leaders have managed to extract significant concessions from Moscow, for example, they have gained greater freedom to engage

directly in foreign trade. Overall, however, relations with the centre remain uncertain and the distribution of powers is unclear - up to and indeed beyond President Putin's attempts to restore federal authority in 2000.

In this context, my study specifically focuses on the gradual emergence of political reform and the generation of a reform agenda in the Russian Far East in the post-Soviet period. My intended contribution to the wider field of regional development studies is specifically the setting of political agenda in the RFE in the post-Soviet period. During the Soviet era, the Far East was primarily seen as a frontier of military protection against a hostile international environment. Economically, it was one of the largest raw material suppliers to Soviet markets.¹⁰⁵ Under the Russian Constitution of 1993, it contains 10 of the 89 so-called subjects of the federation: the republic of Sakha (Yakutiya), Primorskii and Khabarovsk kraia, the Amur, Magadan, Kamchatka and Sakhalin oblasts, the Jewish Autonomous oblast, and the Chukotka and Koryak okrugs.

This huge, sparsely populated region is still at an early stage of development, and the volume of production and manufacturing facilities is relatively modest - certainly in relation to the area's enormous size - a third of the entire federation- and economic potential which have been only partially explored up to the present.¹⁰⁶ The Far East contains a large proportion of Russia's coal, oil and natural gas deposits, rich mineral reserves, and possesses substantial potential in forestry and fishing. A new regional development policy has been discussed, which envisages the priority development of processing capacity in forestry and minerals, fishing and fish-farming, transport facilities, conversion of the arms industry, tourism, food-processing, and the social and industrial

¹⁰⁵ For further discussion of the historical development of the Far East see chapter 2.

¹⁰⁶ For an extensive survey of the Far East's natural resources see Pavel A. Minakir and Gregory L. Freeze (eds.), *The Russian Far East: An Economic Survey* (Khabarovsk: RIOTIP, Second Edition, 1996).

infrastructure. Both regional authorities and businessmen have set up a string of agencies to promote trade and investment. As in the rest of Russia, however, the Far East has faced new economic, political and social difficulties. Problems include unemployment, crime, pollution, privatisation, high living costs, the decline of the birth rate, falling life expectancy, a lack of infrastructure for economic development, and the instability of the political environment.

As Manezhev notes, 'The break-up of the USSR and the consequent geopolitical shifts have turned Russia into a predominantly northern country, with limited access to the Black, Mediterranean and Baltic Seas.'¹⁰⁷ This has resulted in greater national importance for the Northern and Pacific regions. Due to the Far East's proximity to the prosperous and rapidly developing countries of North and Southeast Asia, it is one of the regions of Russia where foreign economic exchange can have a substantial impact on development. Indeed it is farther from Russia's main industrial regions than it is from a number of rapidly developing Asian Pacific countries. From the early 1990s, the Soviet Union has attempted a reorientation of Far Eastern trade laying greater emphasis on relations with the Asia Pacific countries. The RF has continued to reduce its military presence in the RFE, to improve its bilateral relations with neighbouring countries such as China, Japan and South Korea, and to integrate the RFE more fully into the Asia-Pacific region.¹⁰⁸ As a result, foreign trade transactions in the Far East can appear far more attractive than economic exchanges with other parts of Russia. Trade and investment activity has been growing rapidly and spreading into new areas.

For the purpose of my thesis, which concerns the setting of the political agenda,

¹⁰⁷ Sergei Manezhev, *The Russian Far East* (London: Royal Institute of International Affairs, 1993), p. 1.

¹⁰⁸ L.A. Anosova, *Dal'niy Vostok i strany Azii: perspektivy sotrudnichestva* (Moscow: RAN, 1993), p. 4; "Notes Need for Trust," *Tass*, 22 July 1992 as cited in *FBIS-Sov-92-141*, 22 July 1992, p. 14.

I will explore the major issues of regional development in the light of market transformations, and in a domestic and international context. To do this, as discussed above, I will deal specifically with the RFE, which is one of Russia's remotest, yet most resource-rich regions. In setting the agenda in the RFE (1991-1997) my methodology relies mainly upon of content analysis. This methodology may be set out as follows.

As discussed in the first subsection, agenda-setting studies claim that that media agenda is manifested in the ratings of importance or salience of issues among audience members.¹⁰⁹ As Dearing and Roger note, the media agenda examined in these studies is the editorial content of selected newspapers.¹¹⁰ Content analysis is the quantification of meaning in documents. Meaning may be both manifest (that is, obvious) or latent (implied or inferred). For agenda-setting studies, media content is usually operationalised as the number of some countable unit, such as the number of story column inches in a set of newspapers, the number of front-page stories an issue receives, or the number of seconds of airplay an issue receives during a year of TV newscasts. The number of news stories about an issue of study is often counted for a particular period of time, usually the several months prior to the measurement of the public agenda, by means of a poll or survey. These several months are needed because a lag usually occurs between media coverage and its impact on public opinion.¹¹¹ In typical agenda-setting research, the number of news reports about an issue is counted, and the exact content is not examined or measured. Thus, the media agenda is a rather gross indicator of the coverage accorded an issue. Repetition sets the public agenda through the continual hammering away of the media on the same issue. Each news story about the issue of study is a variation on a

¹⁰⁹ Dearing and Roger, *Agenda-Setting*, p. 47.

¹¹⁰ *Ibid.*, p. 214.

¹¹¹ *Ibid.*, p. 35.

theme, as each story describes some particular facet of the broad issue.¹¹²

In the Soviet Union, as in Western society, young and old alike were strongly influenced by the media, and the Soviet press was among the most extensive in the world. For instance, Mickiewicz states that, 'Soviet newspaper circulation was around 400 per 1,000 people, while the US's figure was only 282 per 1,000.'¹¹³ The Soviet Union, more than 8,000 newspapers (640 of them published daily) along with some 6,000 journals and other periodicals, had a combined circulation of more than 200 million.¹¹⁴ There were three types of newspapers: firstly, all-union papers like Pravda, which as noted in the previous subsection was the official newspaper of the CPSU with a daily circulation of over 11 million; Izvestiya (News), the organ of the Supreme Soviet which claimed a circulation of between 8 and 9 million; and Komsomolskaya pravda (Komsomol Truth), the newspapers of the Young Communist League, with a circulation of more than 10 million.¹¹⁵ Secondly, newspapers servicing specialised audiences, such as Krasnaya Zvezda (Red Star), published by the military establishment; Trud (Labour), representing the national trade union movement, mimeographed leaflets of tiny splinter parties and movements, such as Doverie (Trust) and Svobodnoe slovo (The Free Word).¹¹⁶ Thirdly, regional or municipal newspapers of general circulation representing altogether more than 7000 publications, most of which were organs of party, state, or trade union organisations in their respective areas.¹¹⁷

On the whole before Gorbachev the Soviet mass media had been under

¹¹² Ibid., p. 36.

¹¹³ Ellen Mickiewicz, "Policy Issues in the Soviet Media," in Erik P. Hoffmann (ed.), The Soviet Union in the 1980s (New York: The Academy of Political Science, 1984), p. 113.

¹¹⁴ The Cambridge Encyclopedia of Russia and the Soviet Union (Cambridge: Cambridge University Press, 1982), p. 407.

¹¹⁵ New York Times, 23 October 1989, p. 4.

¹¹⁶ Elle Propper Mickiewicz, Media and the Russian Public (New York: Praeger, 1981), pp. 51-2.

pervasive political control. The supply of newsprint was controlled by a state monopoly. All printing equipment had to be licensed by the government. The Communist Party selected all senior editors. Censorship took various forms in the Soviet press. In dealing with ordinary news and events, newspaper editors consulted a multi-volume index.¹¹⁸ The Soviet press depended neither on consumer demand nor on a commitment to the people's right to know. The press was simply another instrument for shaping public attitudes and motivating the masses to accomplish the goals set by the nation's leaders.¹¹⁹ Before the glasnost campaign got underway crime news in the Soviet media was restricted to coverage of the evils of corruption, pilfering and other anti-social behaviour. Coverage of such crimes as domestic violence, mugging and rape, was non-existent.¹²⁰

In spite of limitations, under the influence of glasnost, the Soviet press changed dramatically.¹²¹ For instance, Komsomolskaya pravda took an aggressively pro-reform stance in an attempt to win back its following. Argumenty i fakty (Arguments and Facts) and Moscow News have turned into reformist newspapers. Glasnost led to a major change in the forms of content and effects of mass communication. Television and radio broadcasts and news programme became more open.¹²² After the reformation of Article 6 of the Constitution in March 1990 and the passage of new law on the control of the press, the ability of party and governmental bodies to directly control newspapers and magazines was severely reduced.¹²³ Today the biggest challenges to the Russian press

¹¹⁷ Cambridge Encyclopedia, p. 407.

¹¹⁸ Thomas F. Remington, Politics in Russia (New York: Longman, 1999), p. 78.

¹¹⁹ For a full discussion of the Soviet press see Baradat, Soviet Political Society, pp. 196-206.

¹²⁰ Brian McNair, Glasnost, Perestroika and the Soviet media (London: Routledge, 1991), p. 67.

¹²¹ John Murray, The Russian Press From Brezhnev to Yeltsin: Behind the Paper Curtain (Aldershot: Edward Elgar, 1994), pp. 90-1; further discussion on this question see Thomas F. Remington, "A Socialist Pluralism of Opinions: Glasnost and Policy-Making under Gorbachev," Russian Reviews, Vol. 48, 1989, pp. 271-304.

¹²² Smith, Soviet Politics, p. 191.

¹²³ *Ibid.*, p. 192.

and journals are not threats of political intrusion, but the pressures of self-financing, competition, falling profits, uncertain circulation, inadequate facilities and equipment, and understaffing.¹²⁴

Officially the broadcast and print media serve political and social functions in addition to their normal communications role as conduits of needed information, exhorters to work hard and well, critics of social problems, and providers of feedback from the public. Information is generally recognised as a major source of power in any society.¹²⁵ The Russian press also performs an important communications function between the political leadership and the various layers of bureaucracy that manage the country. Press coverage of internal political debates broadened to include the discussion of deficiencies of goods and services, the market, incentives, economic practice in the West, poverty, income differentials, the Chechen War, comparative election procedures, and interviews with Western political leaders.¹²⁶

The press undoubtedly has a substantial effect on the knowledge the Russian public have of both domestic and international affairs. The press, under the constitution and Russian laws, is also more independent of the political authorities than in the Soviet period. Under the 1993 constitution (article 29), freedom of the mass media 'is guaranteed' and censorship 'is prohibited'. However, several developments have served to undermine this new-found independence, including a concentration of ownership nationally in the hands of a small number of magnates (the 'oligarchs'), and locally, in

¹²⁴ Jennifer Turpin, Reinventing the Soviet Self: Media and Social Change in the Former Soviet Union (London: Praeger, 1995), pp. 101-2.

¹²⁵ Yassen N. Zassoursky, "Changing Images of the Soviet Union and the United States," in Everette E. Dennis, George Gerbner, and Yassen N. Zassoursky (eds.), Beyond the Cold War: Soviet and American Media Images (London: Sage Publication, 1991), pp. 19-20.

¹²⁶ Frank Ellis, From Glasnost to the Internet: Russia's New Infosphere (London: Macmillan, 1999), pp. 44-5.

the hands of regional administrations. Additionally, because of economic circumstances and other factors, circulations have fallen dramatically. In 1980 the annual print of all Russian newspaper was 29 billion, and in 1990 38 billion, by 1998 this figures had slumped to just 8 billion.¹²⁷ Conversely, the reach and importance of television has grown enormously. By the year 2000, according to VTsIOM survey evidence, 70 per cent of the population watched television 'practically every day', but just 11 per cent read a national and 8 per cent a local newspaper.¹²⁸ But broadly, compared with other institutions, the media were trusted: 67 per cent, in the same survey, trusted the 'completely' or 'somewhat', and only 1 per cent distrusted them.¹²⁹ The media, taken as a whole, remained the principal vehicle for advancing the political agenda both nationally and in the individual regions.

The main source for my content analysis in classifying the political agenda in the RFE is the RA Reports from 1991 to 1994.¹³⁰ These were published by the Centre for Russian, Asian & Pacific Studies at the University of Hawaii, and they particularly focus on regional issues in the Far East by analysing regional reports and newspapers. These reports are digests of news items culled from the local press (e.g. Vladivostok News, Utro Rossii, Svobodnyi Sakhalin, Sibirskaya gazeta, etc.), also from local radio and TV broadcasts. Many of these sources are not normally available outside the Russian Federation, or indeed the region. I have also used the Current Digest of the Post-Soviet Press (CDPSP) from 1991-1997. Although this is a journal with a primarily national focus, it still contains wide coverage of regional issues based on reports by local

¹²⁷ Narodnoe khozyaistvo RSFSR v 1990 g. Statisticheskii sbornik (Moscow: Respublikanskii informatsionno-izdatel'skii tsenir, 1991), pp. 258 and 551 (for 1980 and 1990); Rossiia tsifrakh. Kratkii statisticheskii sbornik (Moscow: Goskomstat, 2000), pp. 133 and 243 (for 1995 and 1998).

¹²⁸ Ekonomicheskie i sotsial'nye peremeny: monitoring obshchestvennogo mneiia, no. 4, 2000, p. 18.

¹²⁹ *Ibid.*, p. 20.

correspondents.

The results of my content analysis are displayed in table 1-2 and 1-3. Each subject in these tables was analysed by counting the frequency with which the subject appeared as a headline in both the RA Reports and the CDPSP. From these two sources it can be clearly seen which issues are accorded most weight in their volume of newspaper coverage. The following chapters will examine how the Russian Far East has dealt with these issues after the collapse of the former Soviet Union. I will divide my discussion of these issues according to their respective positions on the domestic and international political agendas. The former will be dealt with in chapters 3 and 4, and the latter in chapters 5 and 6.

In the following chapters, I will be investigating the emerging political agenda in the RFE in the post-Soviet era. My research will centre upon the following questions:

- (1) What specific domestic and international political agendas are being dealt with in the transitional period in the RFE, and what are perceived by leaders and the local people as being the most important domestic and international issues? Answering this question (via content analysis) necessarily gives rise to further questions, namely:
- (2) What degree of local autonomy has the RFE attained within the RF?
- (3) To what extent have regional environmental factors affected public health, especially regarding ethnic identity and mortality?
- (4) What differences can be seen in socio-economic circumstances between the RFE and the nation as a whole?
- (5) How has China been regarded in its relations with the Far Eastern region, and what prevents the closing of a deal with Japan on the Kuril islands?

¹³⁰ From July 1994 the RA Reports ceased to be published.

(6) How has Korea developed its relations with the RFE in the changing international environment?

(7) What conclusions can be drawn in answering these questions and what are the subsequent implications for the future of the RFE?

In all these issues it is the process by which the political agenda is constructed that is my primary concern.

1.4: The Structure of the Agenda-Setting Study

Chapters 2 and 3 are mainly based on an extensive reading of Western and Russian academic literature, with some tables derived from the statistical yearbooks. Chapter 2 contains an introduction to the RFE in the post-Soviet period, looking at it through its historical development, natural resources, transportation and relations with neighbouring countries. Table 1-2 indicates the relative importance of some major domestic political issues in the RFE. This thesis will not, of course, be able to cover the entire contents of the table but in chapter 3 I will explore the most important issues (as highlighted by the table) of local autonomy and environmental problems, including those facing indigenous peoples. In this chapter I will deal mainly with the development of centre-periphery relations in the Russian Federation, following this with an exploration of the level of regionalism in the RFE. Alongside this the vital issue of environmental pollution and public health in the RFE will be investigated. We will see that ethnic identity and mortality are closely linked with ecological and environmental problems, and I will also discuss international involvement in the development of the environment in the RFE.

In chapter 4 shows that social and economic conditions in the RFE as revealed by content analysis occupy a substantial proportion of news coverage and therefore

generate a similar proportion of concern amidst the public of the RFE. I will look first at the changing population, birth and death rates and national composition; secondly I will be examining related social issues, primarily crime and alcoholism in the RFE, finally turning to employment, industrial production, retail trade, income and living standards. This chapter is based chiefly on quantitative data from three major sources of official statistics: the census of 1989, the 'micro-census' of 1994 (another national census will not be held before 2002), and the statistical yearbooks. The majority of my tables, figures and scattergrams are based on data as reported in these sources, with due acknowledgement of their limitations.¹³¹

Table 1-2: The Domestic Political Agenda: Items Ranked According to Frequency (mentions in numbers)

Subject	No
Local autonomy	132
Environment	128
Crime (& alcoholism)	112
Population (mortality, fertility, migration)	109
Elections	98
Native peoples	91
Privatisation (general)	82
Unemployment	76
Income (living cost)	70
Fishing	67
Timber industry	66
Oil and gas	58

Source: Compiled from the RA Reports from 1993-1994 and the Current Digest of the Post-Soviet Press (CDPSP) from 1991-1997.

Table 1-3 displays levels of concern within the RFE over international political

¹³¹ The limitations of these sources is discussed in chapter 4.

issues. As formerly, I will not be dealing extensively with every item mentioned, but will focus on the most important issues (as identified by the table). Chapter 5 is based mainly on data taken from RA Reports, CDPSP, FBIS, Russian national newspapers (e.g. Izvestiya and Rossiiskaya gazeta), and some local newspapers (e.g. Vladivostok News and Utro Rossii). I have also adapted the results of public opinion polls conducted by the All-Russian Centre for the Study of Public Opinion (VTsIOM) and by the Moscow-based survey organisation 'Vox Populi'. In this chapter I will explore the RFE's relationship with China regarding the primary issue of the border demarcation. Also I will discuss Chinese expansion into the RFE, which compounded anti-Chinese sentiment within the region. In this chapter I will also deal with relations with Japan, especially regarding the territorial dispute over the Kuril islands. While the ownership of these islands is obviously of economic and military importance, in my discussion of this issue I am primarily concerned with its political significance at grassroots, based on examination of the results of national and regional opinion polls.

Table 1-3: The International Political Agenda: Items Ranked According to Frequency (mentions in numbers)

Subject	No
China, border disputes and Chinese expansion	296
Japan and the Kuril islands	198
South Korea	165
North Korea	98
Foreign trade	93
The US	67
Joint venture	55
Free Economic Zone (FEZ)	43
Tumen river project	40
Mongolia	34
Taiwan	32

Source: As Table 1-2.

Chapter 6 is based upon primarily qualitative data: chiefly, the interviews I conducted and the published materials and data that I collected during my research visits to Vladivostok (in September 1996), to Seoul, Korea (in September 1996 and July 1998), and finally Moscow (in March 2000). This chapter will mainly focus on the relationship between the RFE and Korea since the early 1990s in the changing international economic environment, with particular emphasis on the Russian and South Korean industrial park project in the Nakhodka Free Economic Zone. Finally, I draw attention to some problems involved in South Korea's economic activities in the RFE. Other international issues the agenda, such as relations with North Korea, foreign trade, the free economic zone, the joint venture and Tumen river projects will also be included in this chapter.

In my concluding chapter I summarise the major findings of previous chapters and discuss implications for possible future trends, based on the evidence as shown in my research to date.

Chapter 2: The Russian Far East: An Overview

2.1: Introduction

As shown in map 2-1, the Russian Far East (*Dal'niy Vostok*) contains ten administrative units: the Republic of Sakha, Primorskii and Khabarovsk kraia (territories), Amur, Magadan, Kamchatka and Sakhalin oblasts (regions), the Jewish Autonomous region, the Chukotka and the Koryak Autonomous okrugs. According to the Federation treaty in 1992 and the 1993 Constitution, these territories are subordinate to the Russian Federation.¹ The RFE's most northerly point is the Arctic and it borders China and North Korea in the south.² The average temperature in January is -25 and in July +17 degrees centigrade.³ Although the region covers an area of 6.2 million square kilometers (more than one-third of the territory of the RF), its population as of January 1996 was only 7.5 million. This was 5 per cent of the total population of the RF (147 million).⁴ The population is largely concentrated in the south and the east. Since 1990 the RFE's population has decreased: for instance, the population fell by 110,000 between 1992 and 1996.⁵ The region is multinational with a significant number of indigenous nationalities. I will deal with the demographic dimension of the RFE further in Chapter 4. The RFE, in addition, has a growing community of foreign workers (mainly Chinese and North Korean).⁶ Since 1960 a large number of North Korean guest workers have lived in the

¹ In the Soviet Union these units made up the planning region of the same name and in post-Soviet Russia these administrative territories are collectively known as the Russian Far East (RFE). See Irina Busygina, "Rossiiskii Dal'niy Vostok," *Mirovaya ekonomika i mezhdunarodnye otnosheniya*, July 1995, p. 106.

² Gilbert Rozman, 'The Crisis of the Russian Far East: Who is to Blame?' *Problems of Post-Communism*, Vol. 44, No. 5, September/October 1997, p. 4.

³ "RAU Business Book: Russia Today," *Obozrevatel'*, 1993, p. 21.

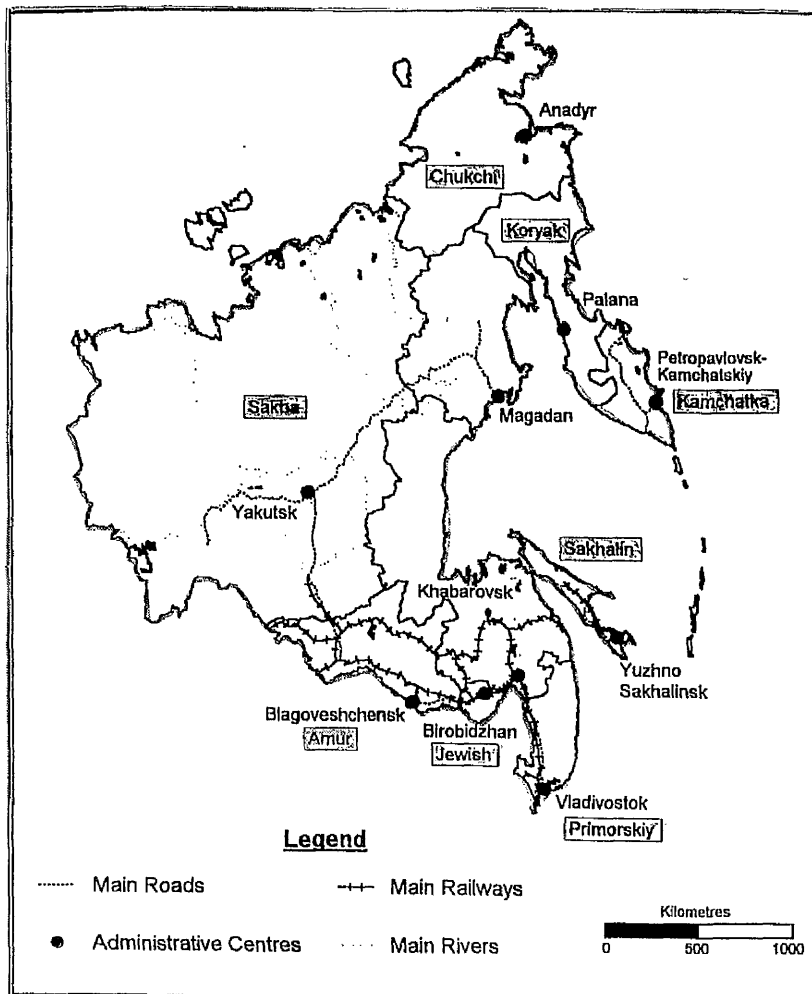
⁴ *Rossiiskii statisticheskii ezhegodnik 1996* (Moscow: Logos, 1996), pp. 16-20.

⁵ *Ibid.*, p. 713.

⁶ Michael J. Bradshaw and Nicholas J. Lynn, *Resource-Based Development: What Chance for the RFE?* (Birmingham University: School of Geography Working Paper No. 3, 1996), p. 3.

timber camps in the Khabarovsk krai and Amur oblast. The opening of the Russian border to China in early 1990 was the critical factor permitting the inflow of Chinese workers into the RFE. In 1993 approximately 30,000 foreign workers lived in the RFE.⁷

Map 2-1: The Russian Far East



Source: Based upon Nicholas J. Lynn, The Far East of Russia: Regional and National Perspectives on Economic Development (Birmingham University: School of Geography Working Paper No. 4, 1996), p. 2.

⁷ Jeff Lilly, "Greater Leader's Gulag," Far Eastern Economic Review, 9 September 1993, pp. 21-2; Won Bak Kim, "Sino-Soviet Relations and Chinese Workers in the RFE," Asian Survey, Vol. XXXIV, No. 12, December 1994, p. 1065.

Moscow is over 6,000 kilometers away from Vladivostok (the capital of Primorskii krai). Its main transport connections to the Far East are by air and the Trans-Siberian railway. The Far East is one of the largest raw material suppliers to the Russian markets. Therefore the economy of the region is dependent upon natural resource extraction, producing significant quantities of oil, coal, natural gas, timber, gold, diamonds and other precious stones.⁸ During the Soviet era, the Far East emphasised resource extraction rather than processing, and industrial production concentrated on defence-related projects.⁹ From the early 1990s there has been a reorientation of Far Eastern trade and a greater emphasis on trade relations with other countries. Associated with this there has also been an attempt at restructuring resource production in the Far East.¹⁰ Gorbachev emphasised the need to integrate Russia into the Asia-Pacific region and to minimise tensions and possible conflicts with neighbouring countries. The Soviet successor state, the RF, has continued to reduce its military presence in the region and to improve its bilateral relations with neighbouring countries such as China, Japan and South Korea.¹¹ I will deal with further trade and investment relations between the RFE and Northeast Asian countries in chapter 6.

The main purpose of this chapter is to analyse the Russian Far East (RFE) in the post-Soviet period: looking at its historical development, natural resources, transportation and international relations with neighbouring countries.

⁸ Violet Conolly, "Siberia: Yesterday, Today and Tomorrow," in Rodger Swearingen (ed.), Siberia and the Soviet Far East: Strategic Dimensions in Multinational Perspective (Stanford University: Hoover, 1987), pp. 13-5.

⁹ Busygina, "Rossiiskii Dal'niy Vostok," p. 109.

¹⁰ Tsuneo Akaha, Pavel A. Minakir and Kuno Okada, "Economic Challenge in the Russian Far East," in Tsuneo Akaha (ed.), Politics and Economics in the Russian Far East (London: Routledge, 1997), pp. 53-4.

¹¹ L.A. Anosova, Dal'niy Vostok istrany Azii: perspektivy sotrudnichestva (Moscow: RAN, 1993), p. 4;

2.2: The Historical Development of the Far East

The historical expansion of Russian power in the Far East from the 15th century to 1985 can be seen through its economic interests in relation to its territories. For centuries the Russian Empire and the former Soviet Union expanded into the Far East to gain rich natural resources. The Far East began by providing furs and later followed with precious metals, ores, timber and fish. In the Soviet period, the region's economic development was oriented towards supporting the vital needs of the army and navy. During the 1930s and 1940s the modern economic complex of the Far East was guided by military-strategic objectives, and by the expansion of the prison camp system. In the 1960's and 1970's there was a greater emphasis on natural resource development, but this did not affect previous strategies. This resulted in economic stagnation in the 1980s.¹² During Gorbachev's administration a new reform process was implemented which diminished the military importance of the Far East. He introduced new attitudes and methods in dealing with Far Eastern regional problems. Under the present government the Far Eastern region has gained greater freedom in the export of local products. Political reform in Russia has also attempted to empower regional authorities in the Far East. However, relations with the centre have remained tense and the extent of local autonomy is unclear.¹³ The RFE has also enhanced external links by international trade and investment. Moscow has made attempts at greater integration of the RFE with the Asia-Pacific economy.¹⁴

"Notes Need for Trust," *Tass*, 22 July 1992 as cited in FBIS-Sov-92-141, 22 July 1992, p. 14.

¹² Pavel A. Minakir and Gregory L. Freeze, *The Russian Far East: An Economic Survey* (Khabarovsk: RIOTIP, Second Edition, 1996), p. 13.

¹³ Sergei Manzhiev, *The Russian Far East* (London: Royal Institute of International Affairs, 1993), pp. 1-2.

¹⁴ "Our First Step towards ASEAN," *Pravda*, 22 July 1991, p. 6, as cited in the *Current Digest of the Post-Soviet Press (CDPSP)*, Vol. XLIII, No. 29, 1991, p. 16.

The Far East's historical development can be divided into three main periods: its origin and access to Pacific Asia (15th century-1945), the economic and strategic dimensions (1945-1985) and the emerging regionalism from Gorbachev to the present Russian Federation (RF)

Origin and Access to Pacific Asia of the Far East (15th century-1945).

Russia's historical territorial acquisitions in the Far East can be traced as follows. It advanced into the Pacific and established sea power (15th-17th century). In the 18th century it absorbed a large area of Old Chinese empires. After clashes with Japan in 1904-1905 and again in 1945, the Russians gained control of South Sakhalin and the Kuril islands.¹⁵

In the late 15th-mid-17th century Russians made their way to Primorskii krai from the Trans-Baikal region and southwards from Yakutia. Cossacks and Russian peasants penetrated into Siberia and in 1632 Russians established Yakutsk.¹⁶ Russia's first Pacific port, Okhotsk, was established in 1647 after Ivan Moskvitin took Tsarist rule to the Pacific and the sea of Okhotsk in early 1639.¹⁷ In 1648 a Cossack explorer Yermak, reached northeast Siberia.¹⁸ Later in the 17th century Russian explorers survived the forbidding waters of Kamchatka and moved towards Japan from the Kuril islands. During the reign of Peter the Great Russia became occupied with sea power and the need to establish a naval presence in the Pacific. Russian's expansion was swift,

¹⁵ Gerald Segal, The Soviet Union in East Asia: Predicaments of Power (Boulder: Westview Press, 1983), p. 8.

¹⁶ Vladimir Ronin, Regiony Rossii (Antwerp: Benerus, 1996), p. 218.

¹⁷ V. Chernavskaia and O. Sergeev, "The First Expedition of the Russian Cossack Pioneer Explorers to the Amur Region (in Russian), Rossiia i ATR (Vladivostok), 1994, p. 40.

¹⁸ B.N. Slavinskii, "Russia and the Pacific to 1917," in Stephen and Chichkanov (eds.), Soviet-American Horizons on the Pacific (Honolulu: University of Hawaii Press, 1986), p. 32.

taking advantage of rivers and open country to reach the Pacific. This all happened 250 years before Russia explored Central Asia.¹⁹

By the end of the 17th century Russia reached the Pacific and challenged Chinese dominance. Russia and China first came into contact when Erofei Khabarov in the 1640s explored the Amur River. In 1651 Khabarov established his first fort on the Amur and a year later he reached the banks of the Ussuri River.²⁰ Throughout the 1650s and 1660s Russians gradually moved to Primorskii krai where they settled in vacant lands, built small forts and engaged in grain growing, animal husbandry, fishing and hunting. By 1680 approximately 300 peasants had settled there. The Manchu (Ch'ing) dynasty had established itself in China, therefore pressure was placed on the Russians to withdraw gradually. Thus, as the Russians reached the area around the Amur River they came into conflict with China. This resulted in the Nerchinsk peace treaty between Russia and China in August 1689.²¹ Through this treaty no precise demarcation of frontiers was established. But the Russians had to pull out of the Primorskii region. After this treaty the Russians were excluded from the Amur area. As a result, Russia failed to establish a grain base in the area.²²

In the 18th century Peter the Great had maintained a naval presence in the Pacific. In 1714, for instance, he planned to gain control over the sea of Okhotsk and the search began for a northern sea route to the RFE.²³ Bobrick and Black's description of the Vitus Bering exploration is as follows:

After Peter Great died, in February 1725, his widow and successor, the empress Catherine I confirmed Bering's exploration. The Bering mission was navigated

¹⁹ Gerald Segal, *The Soviet Union and the Pacific* (London: Chatham House, 1990), p. 17.

²⁰ G. Patrick March, "Amuria/Ussuria: the Russian Prize," *Sibirica*, Vol. 1, No.1, 1993/1994, p. 37.

²¹ Ronin, *Regiony Rossii*, p. 219.

²² Slavinskii, "Russia and the Pacific to 1917," p. 33.

²³ Segal, *The Soviet Union and the Pacific*, p. 19.

through the Arctic ice regions. When Bering arrived in Okhotsk in July 1726, barely three dozen Russians lived there.²⁴ They fed more on fish and roots than on bread. In 1741 Okhotsk had 73 houses, 33 of which were occupied by shipbuilders. In 1774 the centre of the harbor was dominated by a fortress and surrounded by a palisade with towers. Okhotsk was earmarked as the base of the Second Kamchatka expedition under Bering.²⁵

After Bering's efforts, G.I. Shelikhov in 1784 established the first permanent Russian settlement in Alaska. His exploration of the Northeast Pacific coastline resulted in the first development of cross-Pacific links.²⁶

The late 1840s and early 1860s were a period of change in Russia's Far Eastern policy. The long-standing problem of recovering the territories lost under the Nerchinsk Treaty (1689) was raised by various sections of Russian society. The main aim of Russia was to expand its power into East Siberia, the Trans-Baikal region and the Sea of Okhotsk in order to take over the food and raw material supply and organise transportation.²⁷ After Russia and China signed the Aigun (1858) and Beijing (1860) treaties, Russia gained territory from China in the Amur basin which provided easy access to the Vladivostok region.²⁸ This issue will be dealt with under the new demarcation and border treaty along the Amur River in chapter 5. Through the 1860 treaty, Vladivostok became the main port of Russian power in the Pacific. The Russians also made efforts to reinforce their power influence in Northeast Asia. The Far Eastern

²⁴ Bering and his staff managed across to Bolsheretsk, the capital of Kamchatka. Located on the north side of the Bolshaya river, Bolsheretsk was still scarcely more than a stockade, garrisoned with about 45 troops. Outside the fort there was a chapel dedicated to St. Nicholas with lodging belonging to the church and about thirty houses on the various islands of the delta (among them a saloon and a distillery). See Benson Bobrick, East of the Sun: the Conquest and Settlement of Siberia (London: Mandarin, 1993), pp. 151-53.

²⁵ J. L. Black, "Opening up Siberia: Russia's 'Window on the East,'" in Alan Wood (ed.), The History of Siberia: from Russian Conquest to Revolution (London: Routledge, 1991), pp. 61-2.

²⁶ Segal, The Soviet Union and the Pacific, p. 19.

²⁷ Alexander Preobrazhensky, "Our Far East: Origins," International Affairs, Special Issue 1993, pp. 82-3.

²⁸ Sung Hack Kang, "Korea-USSR Relations in the 20th Century: With Some Remembrance of the Last Century," Korea and World Affairs, Vol. 15, No. 4, Winter 1991, pp. 682-83.

administrations were also established: Yakutsk oblast, Primorskii oblast and Kamchatka.²⁹

When Russia strengthened its base in Sakhalin, Japan remained the main threat to Russian interests in the Far East³⁰:

Japan in 1894 seized Korea and attacked Chinese forces at sea and in Manchuria. China was defeated by Japan and Russia shared a common interest with China in containing Japan. In a secret treaty in 1896, Russia and China agreed to help each other against what was by then an increasingly confident Japan.³¹

Russia sought to increase the strategic importance of North China, in particular the Harbin and Manchuria regions. Russia built the Trans-Siberian railways to the Pacific through Manchuria. This railway connected European Russia with East Asia and promoted Russian settlement in the Pacific Far East.³² The railway reached Vladivostok in 1904 and provided a way for Russian peasants to migrate.³³ Because of Russia's expansion, there were tensions with Japan which resulted in the Russo-Japanese war of 1904. After this conflict the Treaty of Portsmouth was signed in 1905. Through this treaty Russia lost Liaodong, Port Arthur and the southern railways in China and south Sakhalin.³⁴

In 1917 there were two revolutions (one in February and the other in October) which led to Soviet rule being established. During this time civil war broke out

²⁹ Ronin, *Regiony Rossii*, pp. 222-23.

³⁰ V. Kozhevnikov, "Japanese Perception of Russia: Love and Contempt (in Russian)," *Rossiia i ATR* (Vladivostok), 1994, pp. 107-8.

³¹ Steven G. Marks, "The Burden of the Far East: The Amur Railroad Question in Russia, 1906-1916," *Sibirica*, Vol. 1, No. 1, 1993/4, p. 11.

³² Extending eventually 5,500 miles through seven time zones from Chelyabinsk in the Ural to Vladivostok, the Trans-Siberian railway (1891-1905) was destined to be far the longest railway in the world. See Bobrick, *East of the Sun*, pp. 353-55.

³³ James Forsyth, *A History of the Peoples of Siberia: Russia's North Asian Colony, 1582-1990* (Cambridge: Cambridge University Press, 1992), p. 219.

³⁴ Steven G. Mark, *Road to Power: the Trans-Siberian Railroad and the Colonisation of Asian Russia, 1850-1917* (London: Tauris, 1991), pp. 205-6.

throughout the country.³⁵ Japan attacked Russia in 1918 following the Bolshevik uprising. In March 1920 the Soviet Union established a separate state (the Far Eastern Republic, FER) to banish the Japanese army from the Far East,³⁶ and then in April 1922 they established the Yakutia Autonomous Soviet Socialist Republic. In the summer of 1922 the Japanese army began to withdraw from Vladivostok.³⁷ In November 1922 the FER was absorbed by the Russian Soviet Federated Socialist Republic (RSFSR) and thereby became an integral part of the USSR. Thereby Soviet power was established from the Urals to the Pacific.³⁸ In 1926 the Far East was reclassified as the Far Eastern region (*Dal'nevostochny krai*) after the incorporation of Chukotka in 1924.³⁹

Lenin partially agreed to the demands of the pro-autonomy movement in the Far East due to the chaotic conditions of the Civil War. However, Stalin removed all traces of regionalism in the Far East as elsewhere.⁴⁰ He systematically purged the local leadership in the 1930s and also deported or relocated the region's Korean (see chapter 6) and Chinese minorities. Labour camps filled with prisoners rapidly took over the region. A large number of people perished working in mines, logging camps and construction projects across the north of the region.⁴¹ In the early 1990s, a FER movement was revived in the RFE. This will be dealt with in chapter 3 as an example of post-Soviet Far Eastern regionalism.

³⁵ John Channon, 'Siberia in Revolution and Civil War, 1917-1921,' in Wood (ed.), *The History of Siberia: from Russian Conquest to Revolution*, pp. 163-64.

³⁶ Ibid., p. 176; Ronin, *Regiony Rossii*, p. 224.

³⁷ John J. Stephan, *The Russian Far East* (Stanford: Stanford University Press, 1994), pp. 141-55.

³⁸ G. Otaina, 'Aborigenii Dal'nego Vostoka,' *Rossiia i ATR* (Vladivostok), 1994, pp. 49-50.

³⁹ Stephan, *The Russian Far East*, p. 160 and p. 173.

⁴⁰ Ibid., pp. 174-75.

⁴¹ An example was that more work, less food, less heat, worse clothes, ferocious discipline and more severe punishment was in effect. See Alexander Solzhenitsyn, *The Gulag Archipelago 2* (Glasgow: Collins, 1975), pp. 107-11 and p. 119.

Economic and Strategic Dimensions (1945-1985). In August 1945, Soviet troops crossed the Amur and captured Manchuria, by defeating the Japanese.⁴² Soviet troops also occupied North Korea and supported the North Korean communist revolution. After the Korean War (1950-53), relations with the USA deteriorated further and the Far East came to occupy a strategic position in the Cold War. In this period, Far East administrative regions were sub-divided: Sakhalin oblast was formed in 1947 (it was detached from the Khabarovsk krai), Amur oblast in 1948 (from the Chita district and Khabarovsk krai), Magadan oblast in 1953 and Kamchatka oblast in 1956 (both from Khabarovsk krai).⁴³

After the Stalin era the Far East's economy was developed under Khrushchev. In 1958 the Far East became involved in international trading and agreed to supply Japan with coal and timber in exchange for manufactured goods. Nikita Khrushchev also launched resource development projects in industrialisation, oil, natural gas, electricity, forestry, mineral resources, fishing and the development of seaports at Vladivostok, Nakhodka and Vanino.⁴⁴ In February 1966, at the 23rd CPSU (Communist Party of the Soviet Union) congress, a five-year plan was approved which emphasised the importance of the Soviet Far East in the exploitation of economic and strategic resources. The Soviet Union initiated significant joint economic projects with Japan during 1967 and 1969 to develop this concept.⁴⁵ A complementary relationship arose between the Far East and Japan; Japan was rich in technology but poor in resources

⁴² Forsyth, *A History of the Peoples of Siberia*, p. 354.

⁴³ Stephan, *The Russian Far East*, p. 243.

⁴⁴ After the Soviet-Japanese Peace Declaration of 1956 and the commercial treaty of 1958, Japan joined the Far East's international economic activity. See. Stephan, *The Russian Far East*, p. 262.

⁴⁵ Rodger Swearingen, *Siberia and the Soviet Far East*, pp. 230-31; Thomas W. Robinson, "Soviet Policy in Asia: the Military Dimension," in Robbin F. Laird (ed.), *Soviet Foreign Policy* (New York: the Academy of Political Science, 1987), p. 152.

whereas the Far East was rich in resources but poor in technology. This example shows the potential that exists for interaction between the Soviet Far East and other northeastern countries.⁴⁶ In addition, financial incentives (for instance, wage bonuses) working in the difficult conditions of the north encouraged the migration of workers to the Far East. This was one of the main reasons for population growth in the region throughout the 1960s and 1970s.⁴⁷

Khrushchev's successor Leonid Brezhnev, at the 24th CPSU congress in February 1971, announced a new plan for the development of the national economy (1971-1975). He devoted a substantial and specific section to the Soviet Far East.⁴⁸ A greater emphasis was placed on the development of energy resources (oil and some gases) with Japan. Construction of the Baikal-Amur mainline railway (BAM) started in 1974. This aimed at opening up Far East resource industries to further export-oriented development.⁴⁹ However, regional industrial production was dominated by the mining, fishing and forestry sectors and was characterised by a very low level of raw-material processing.⁵⁰

During Brezhnev's visit to the Far East in 1978 he underlined the importance of Soviet strategic developments in the region. In the same year the Soviet military presence was increased in the Kuril islands,⁵¹ along the Sino-Soviet border, the Sino-Mongolian border, the Sea of Okhotsk and the Kamchatka peninsula. Over a quarter of

⁴⁶ Gary Hausladen, "Perestroika and Siberia: Frontier Resources Development," in Michael J. Bradshaw (ed.), The Soviet Union: A New Regional Geography? (London: Belhaven Press, 1991), p. 109.

⁴⁷ Nicholas J. Lynn, The Far East of Russia: Regional and National Perspectives on Economic Development (Birmingham University: School of Geography Working Paper No. 4, 1996), p. 9.

⁴⁸ Joseph L. Noguee and Robert H. Donaldson, Soviet Foreign Policy Since World War II (Oxford: Pergamon Press, Third edition, 1988), pp. 165-66.

⁴⁹ Stephan, The Russian Far East, p. 266.

⁵⁰ Michael J. Bradshaw, "Economic Relations of the Russian Far East with the Asian-Pacific States," Post-Soviet Geography, Vol. 35, No. 4, 1994, pp. 234-35.

Soviet armed forces were deployed to the Far East.⁵² This continuous military expansion into the Far East resulted in the 1969 Ussuri River conflict with China, the 1979 Soviet support for Vietnam's occupation of Cambodia, the decline of US-Soviet détente in the early 1980s and the Korean Air Lines (KAL 007) incident in 1983.⁵³

This expansion created an imbalance of military, political and economic relations between the Soviet Union and neighbouring countries. For progress in economic relations the Soviet Union would be required to reduce its military presence in the Far East and a new political concept of co-operation with the neighbouring countries (China, Japan and South Korea) would need to be established.⁵⁴

Emerging Regionalism: From Gorbachev to the Present Russian Federation (RF). Despite all the reforms proposed during the last decades, the economic stagnation of the early 1980s seemed entrenched. To reverse this trend new ideas for restructuring emerged under Gorbachev.⁵⁵ It was noted that the eastern regions were of particular importance during Gorbachev's keynote speech at the 27th CPSU congress in February 1986. He announced a set of 'Basic Guidelines of the Social and Economic Development of the Soviet Union (1986-1990)' and for the period up to the year 2000.⁵⁶ This emphasised the short-term and long-term future which was connected with the development of the Soviet Far East on the basis of the exploitation of its natural

⁵¹ Swearingen, "The Soviet Far East, East Asia," p. 232.

⁵² Herbert J. Ellison, The Sino-Soviet Conflict: A Global Perspective (Seattle: University of Washington, 1982), pp. 200-2.

⁵³ Peter Zwick, Soviet Foreign Relations: Process and Policy (New Jersey: Prentice Hall, 1990), p. 312.

⁵⁴ A. Bogaturov, V. Lukin and M. Nossov, "International Security in the Asia-Pacific Region," in Richard Smoke and Andrei Kortunov (eds.), Mutual Security: A New Approach to Soviet-American Relations (London: Macmillan, 1991), p. 208.

⁵⁵ Ni Xiaoquan, "Gorbachev's Policy towards the Asia-Pacific Region," in Pushpa Thambipillai and Daniel C. Matuszewski (eds.), The Soviet Union and the Asia-Pacific Region: Views from the Region (New York: Praeger, 1989), pp. 13-4.

⁵⁶ John J. Stephan, "The Russian Far East," Current History: A Journal of Contemporary World Affairs,

resources and the provision of transportation links.⁵⁷ Two other major speeches, at Vladivostok in July 1986 and at Krasnoyarsk in September 1988, stressed the critical and growing significance of the Soviet Far East. Gorbachev particularly emphasised the importance of building up bilateral relations with all countries in Northeast Asia.⁵⁸ This, he suggested, could be achieved using two major objectives: by minimising Soviet military power in the region through the withdrawal of a considerable number of troops from Mongolia and the Sino-Soviet border, and by attracting more active neighbouring and western involvement in the economic development of the Soviet Far East. These major decisions adopted by the Soviet leadership focused its attention eastward.⁵⁹

We can see that the course of reform throughout the Gorbachev years (1985-1991) represented a new pattern of economic, political and international relations in the Far East, breaking with the traditional pattern of reforms in the Soviet Union. Since the disintegration of the Soviet Union in the early 1990s, the decentralising of the economic system encouraged the RFE to seek a new pattern of co-operation with the outside world.⁶⁰ The regional policy of the central government has subsequently been characterised by a tension between the need for intensified economic and political independence in the region and the contradictory forms that local sovereignty has taken.⁶¹

October 1993, p. 332.

⁵⁷ Yufan Hao, "The Development of the Soviet Far East: A Chinese Perspective," Korea and World Affairs, Vol. 15, No. 2, Summer 1991, p. 231.

⁵⁸ For the text of these speeches see M. S. Gorbachev, Izbrannye rechi i stat'i, Vol. 4 (Moscow: Politizdat, 1987), pp. 9-34, and *ibid.*, Vol. 6 (Moscow: Politizdat, 1989), pp. 540-64.

⁵⁹ Stephen M. Young, "Gorbachev's Asian Policy: Balancing the New and Old," Asian Survey, Vol. 28, No. 3, March 1988, p. 318; Charles E. Ziegler, Foreign Policy and East Asia: Learning and Adaptation in the Gorbachev Era (Cambridge: Cambridge University Press, 1993), pp. 27-8.

⁶⁰ "Prising Open Vladivostok," Far Eastern Economic Review, 15 August 1991, p. 44.

⁶¹ Tamara Troyakova, "Regional Policy in the RFE and the Rise of Localism," The Journal of East Asian Affairs, No. 2, Vol. IX, Summer/Fall 1995, pp. 428-29.

The rise of regionalism in the Far East has been encouraged by the steady economic decline of the region and also lack of support from the central government. To overcome this situation the RFE leaders tried to gain special privileges from the central government in return for gradually transforming itself into a market-oriented economy. They demanded more freedom in business activities and privatisation, which has sometimes caused central-peripheral conflict.⁶² In the early 1990s Far East regionalism grew and this supported the idea of the rebirth of the Far Eastern Republic (FER).⁶³ In September 1990 the Far Eastern Republic Freedom Party (FERF) was established to support the FER. The leaders of the FERF party declared their opposition to central governmental rule.⁶⁴ In early 1991 the regional organisation - the Far East Association - was also created to represent the interests of the Far Eastern region. In 1992 it was renamed the Far East Economic Co-operation (FEEC) and included all the local administrators of the individual Far Eastern regions. The FEEC preserved political and economic interests in the Far East. After the signing of the 1992 Federal Treaty and during the process of drafting the new 1993 constitution local politicians frequently talked about re-establishing the FER.⁶⁵

However, the FER and the FEEC could not present a united regional front. These two movements were limited by a lack of support from regional political leaders in the Far East. It seemed that the FER awakened historical interest among the people.⁶⁶ The regions of the RFE, however, were divided and failed to work together to create an

⁶² Vladimir Shlapentokh, Roman Levita, Mikhail Loiberg, *From Submission to Rebellion: The Provinces Versus the Centre in Russia* (Oxford: Westview Press, 1997), p. 181.

⁶³ "Moscow is Provoking Separatism in Russia," *Izvestiya*, 29 November 1995, pp. 1-2, as cited in *CDPSP*, Vol. XLVII, No. 48, 1995, p. 18.

⁶⁴ Stephan, "The Russian Far East," p. 334.

⁶⁵ Busygina, "Rossiiskii Dal'niy Vostok," pp. 116-17.

⁶⁶ Irina Busygina, "Primor'e," *Svobodnaya Mysl'*, September 1995, p. 90.

effective autonomous movement.⁶⁷ In chapter 3 I will deal with the centre-periphery relations specifically focusing on regionalism in the RFE and will elaborate on the FER and the FEEC.

2.3: Natural Resources and Transportation in the RFE

As illustrated earlier in this chapter, the Far East has been regarded as a major resource potential. The region has expanded its export of natural resources due to its geographic proximity to the Asian Pacific region. A new resource development project would improve the economic situation in the Far East region and consolidate Russia's political and economic positions in Northeast Asia.⁶⁸ The most developed sector of the Far Eastern economy consists of the extraction and exploitation of natural resources. The region has a very diverse natural resource base including mining, fishing and logging, with some processing in these sectors. Transportation has played an exceptionally vital role in the social and economic development of the Far East. Difficulties are apparent due to the RFE's remote location; severe weather and mountain terrain lead to high transportation costs. Despite this problem, Russian goods from Siberia, the Urals, central Russia and the CIS still make their way through freight transport to RFE ports and then abroad.⁶⁹

In the following section, I will begin by focusing on the Far East's main natural resources and levels of production during the past decade. Attention will then be turned to the Far East's main sources of transportation.

Natural Resources. The Far East contains large proportions of coal, oil, natural

⁶⁷ "T'ma ovladela Vostokom (Vladivostok in Darkness)," *Argumenty i Fakty*, No. 21, 1997, p. 7.

⁶⁸ Busygina "Rossiiskii Dal'niy Vostok," pp. 110-11.

gas deposits, rich minerals and possesses large forestry and fishing industries. The following excerpt illustrates which natural resources contribute most to the region's economic development:

The area is rich in many resources: it has 35 per cent of the RF's forest coverage, 26 per cent of its wood reserve, 27 per cent of its potential water-power reserve and 17 per cent of its maritime biological resources on continental shelves. One of the most valuable components of the Far East's resource potential is its forests. It has the largest land area of forests in the RF and ranks only second to eastern Siberia in the volume of its timber reserves.⁷⁰ The Far East contains over 30 per cent of explored coal reserves on the territory of the former Soviet Union and its offshore oil and natural gas deposits represent approximately 30 per cent of the Russian total. Some 70 kinds of mineral resources have been found in the region, including iron ore, non-ferrous and precious metals (such as gold, silver, zinc, lead, tin, copper, etc.), diamonds, chemical raw materials, building materials, fish and other sea products, exports of wood and beans.⁷¹

The marine life in the RFE's 200-mile offshore zone is estimated at about 30 million tons, or approximately 17 per cent of total resources in the Pacific. The RFE is a major Russian supplier of non-ferrous and precious metals, timber, minerals and fish. The mining industry, fishing and forest industries are markedly export-oriented.⁷² The region also has an extensive tourism industry, including beach and coastal water recreational zones, opportunities for fishing, hunting and winter sports, curative mineral and thermal springs.⁷³ It is expected that these activities will be extended to a network of hotels, motels, and huntsmen's preserves in Kamchatka oblast, the South of Primorskii krai and on Amur oblast for use by the tourism industry.⁷⁴

⁶⁹ Minakir and Freeze, The Russian Far East: An Economic Survey, p.152.

⁷⁰ Pavel A. Minakir and Gregory L. Freeze, The Russian Far East: An Economic Handbook (Armonk, New York: M.E. Sharpe, 1994), p. 62.

⁷¹ Leslie Dienes, Soviet Asia: Economic Development and National Policy Choices (London: Westview, 1987), pp. 32-3.

⁷² The region provides over 40 per cent of Russia timber exports, 7 per cent of wood-pulp, 5 per cent of wood-working products, 23 per cent of fish, 30 per cent of tinned fish and 20 per cent of coal. See Manezhev, The Russian Far East, pp. 17-8.

⁷³ "RAU Business Book: Russia Today," Obozrevatel', Agency 1993, p. 62.

⁷⁴ Busygina, "Primor'e," p. 90; Manezhev, The Russian Far East, p. 21.

In the RFE, each region has supplied large quantities of natural resources for the national economy as follows:

(A) The republic of Sakha (including the region around Yakutsk and southern Yakutiya, around Neryungri) supplies coal, diamonds (99 per cent of all Russia's diamonds) and iron ore. It also produces agricultural products for local consumption.⁷⁵

(B) In the Pacific Far East there are three relatively isolated sub-regions: Magadan oblast, Kamchatka oblast and Sakhalin oblast. Each is located near an important port facility: Magadan, Petropavlovsk-Kamchatskiy and Yuzhno-Sakhalinsk respectively. Magadan is a major source of gold, Kamchatka supplies coal and Sakhalin is beginning to extract its deposits of oil and gas. Each also provides access to the Pacific.⁷⁶

(C) The third region includes Khabarovsk krai, Primorskii krai and Amur oblast. The major cities of the region are Khabarovsk, Vladivostok and Nakhodka as well as the region's major industrial centre, Komsomolsk-na-Amure.⁷⁷ Khabarovsk and Komsomolsk-na-Amure are major suppliers of timber products, coal and non-ferrous metals. They also produced machinery, especially machinery associated with shipbuilding and repair. Vladivostok, in addition, is the terminus of the Trans-Siberian railway and a major naval port. Since the 1970s Nakhodka and Vostochny have both developed into major ports with special facilities for loading coal, timber and containers. In addition to the natural resources these ports provide greater access to the Pacific for both economic and military purposes.⁷⁸

⁷⁵ Rodger Swearingen, *Siberia and the Soviet Far East*, p. 31.

⁷⁶ David Wilson, "The Siberian Oil and Gas Industry, in Alan Wood (ed.), *Siberia: Problems and Prospects for Regional Development* (London: Croom Helm, 1987), pp. 124-25.

⁷⁷ Conolly, "Siberia: Yesterday, Today and Tomorrow," p. 33.

⁷⁸ Viktor Savalei, "Maritime Territory: in Search of an Economic Niche," *Far Eastern Affairs* (Moscow), No. 6, 1991, p. 21.

Now we shall attend to the RFE's regional economy which is mainly based on mining, fishing and logging. Since the beginning of the 1990s these industries have experienced an overall gradual decline in production. Mining was a fairly stable industry in the RFE with only the smallest fluctuations occurring despite the turbulence of the first half of the 1990s. However, unlike the general mining industry, the gold-mining industry has been in crisis for several years and annual production has been steadily decreasing. In the Soviet period, Magadan oblast was the highest gold producer because Chukotka was included in the Magadan statistics. However, the Sakha republic superseded Magadan oblast in later years.⁷⁹

Most of these regions are seeking foreign investment and foreign technology for hard rock gold mining. Governor Mikhailov of Magadan oblast, for instance, has stated that the future of the oblast's gold mining industry depends on strong partnerships with foreign mining companies.⁸⁰ In Magadan oblast and Khabarovsk krai, several joint ventures have included raising capital to commence a modernisation programme for its gold mining operations and development of gold sites.⁸¹

Russia is the world's second-largest diamond producer (behind South Africa and Botswana combined). As can be seen in table 2-1, all of Russia's diamonds come from the republic of Sakha. Diamond-mining is monopolised by the joint stock company, Almazy Rossii-Sakha (ARS), located in Sakha and controlled by the Russian and Sakha governments. Sakha is trying to implement a programme to develop its own diamond-processing industry. Sales in 1994 were limited almost exclusively to domestic

⁷⁹ *Finansovye Izvestiya*, p. 12, November 1996, as cited in *Russian Far East Update (RFEU)*, Vol. VII, No. 1, January 1997, p. 6.

⁸⁰ "Foreign Investment in the RFE's gold Mining Industry: Cyprus Amax Leads the Way," *Russian Far East Update (RFEU)*, Vol. VI, No. 5, May 1996, p. 6.

Russian markets and were therefore small.⁸²

Table 2-1: Mining Industry in the RFE in 1994: Share of Russia's Total Output (%)

Item	%	Item	%
Diamond	99.8	Tin	95
Gold	69.0	Lead	50
Silver	N/a	Zinc	50
Platinum	N/a	Tungsten	40

Source: The Russian Far East: A Business Reference Guide (Seattle: Russian Far East Update, Third Edition, 1997-1998), p. 127.

The second most important natural resource in the RFE is fishing. The RFE is Russia's most important fishing region. A successful fishing season kept the economies of Kamchatka, Primorskii and Sakhalin from registering overall industrial declines. In fact, Kamchatka, which relies almost entirely on the fishing industry, was the only RFE region that showed growth in 1995 (an estimated 7 per cent).⁸³

Table 2-2: Production and Exports of Fresh/Frozen Fish in Primorskii krai (in 1,000s of metric tons)

Year	Production	Export
1991	1,106	174
1992	485	58
1993	387	108
1994	370	229
1995	542	417

Source: "Primorskii krai Fish Exports," RFEU, Vol. VI, No. 11, December 1996, p. 4.

⁸¹ "Mining Update: Khabarovsk krai and Magadan oblast," RFEU, Vol. VII, No. 10, May 1997, p. 10.

⁸² "Sakha Republic Diamond Company Profiled," Delovoy Mir, 24 August 1995, p. 5, as cited in FBIS-Sov-95-171, 5 September 1995, pp. 30-31.

Like other industries the fishing industry has re-oriented towards foreign consumers. In 1995, for example, Primorskii fishing enterprises continued to export most of their fish despite a more favourable domestic market for fresh and frozen fish, as can be seen in table 2-2. Moscow is the biggest domestic buyer at 9.1 per cent. In comparison with fresh/frozen fish, almost all canned fish produced in Primorskii krai was sold on the domestic market in 1995.⁸⁴ To develop the fishing and timber industry further it will be necessary to modernise and buy new fishing vessels, mostly with the help of foreign partners as the mining industry has been forced to do.

In examining the timber industry, it is evident that it is also in decline. Logging, not wood processing, is the major activity in this sector for many RFE territories. In this industry production decreased from some 35 million cubic meters in the late 1980s to only 10 million cubic meters in 1994 but saw some improvement in 1995 where production was up 4 per cent from the previous year.⁸⁵

There are three main reasons why the timber industry has experienced one of the largest declines amongst all the RFE major industrial sectors. Primarily, high rail tariffs have left all inland producers isolated and rendered them economically unviable. This has led to the high construction costs of road transport and other necessary infrastructure. Western firms that have declined to participate in logging 'say capital costs are too high and that the remote locations and the general working environment prevent the projects from being commercially viable.'⁸⁶ Secondly, there is the decline is the absence of clear property rights over timber resources. In contrast to mining and

⁸³ Elisa Miller and Soula Stefanopoulos, The Russian Far East: A Business Reference Guide (Seattle: Russian Far East Update, Third Edition, 1997-1998), p. 121.

⁸⁴ "Primorskii krai Fish Exports," RFEU, Vol. VI, No. 11, December 1996, p. 4.

⁸⁵ Miller and Stefanopoulos, The Russian Far East, p. 121.

fishing, distribution of ownership rights on forested land has proved to be more difficult to clarify, and as such it is prone to confusion and to favoritism. Finally, the depression in the timber industry has roots in one specific pattern of development. The RFE timber industry relied on both Japanese capital (for financing equipment purchases) and on Japanese markets (for selling produce). For example, for the past 20 years, via a number of compensation agreements, major Japanese trading companies (backed by government guarantees) were financing the development of logging in the region. Millions of dollars in loans to Russia were used to buy logging equipment as well as trucks and earth moving equipment to build roads in the taiga. Although Japan remains the single largest market for RFE timber exports (80 to 85 per cent), the 1990s have seen the former system break down resulting in a decline in the timber industry.⁸⁷

The timber industry is concentrated in Khabarovsk krai, which in 1995 accounted for 58 per cent of the RFE's industrial wood production. Amur and Sakhalin oblasts accounted for about 16 per cent each and Primorskii krai 11 per cent. Although the industry is in decline, foreigners have continued to find the RFE's timber resources attractive.⁸⁸ In September 1995, for instance, there were 108 registered foreign joint ventures in the RFE. About 71 of them were in the timber industry, mostly with Japanese companies.⁸⁹ About 5.75 million cubic meters of Far Eastern logs were

⁸⁶ "What's wrong with the RFE logging industry?," *RFEU*, Vol. VII, No. 12, December 1997, p. 6.

⁸⁷ Miller and Stefanopoulos, *The Russian Far East*, pp. 139-41; Vysiigiha, "Rossiiskii Dal'nii Vostok," p. 109.

⁸⁸ *Ibid.*, p. 142.

⁸⁹ Yuzhno-Sakhalinskii Eksperimentalnyi Remmekhzhavod (ERMZ) formed a new wood processing joint venture with Japanese Michinoku Lis. Co. Ltd., which began operations in May in Yuzhno-Sakhalinsk. Technical equipment has been supplied by a Japanese company, a subsidiary of the Michinoku Bank. The bank planned its initial investment to be US\$ 700,000. The designed capacity of the plant was 12,000 cubic metres of wood produced a year. See "Sakhalin Wood Processor Joins With Japanese Partners," *RFEU*, Vol. VII, No. 5, May 1997, p. 4.

exported to Japan in 1997, almost 14 per cent higher than in 1996.⁹⁰ In early 1990 the South Korean company Hyundai also established a Svetlaya joint venture in Khabarovsk krai. But Hyundai's project is currently facing some developmental difficulties. I will deal with this project further in chapter 6.

Transportation. Previously, waterways had provided the chief transportation routes in the RFE. Today, however, they no longer play such a vital role with the exception of the Amur-Ussuri River. This river shows much potential in terms of trade and as a source of hydroelectricity.⁹¹ The three main transportation systems in the RFE consist of the Trans-Siberian and Baikal-Amur Mainline (BAM) railways, the airplane services (which are now updating and expanding) and shipping, which is promoting its exports and imports from other parts of Russia to the Far East and abroad.

Considering the railway systems in the RFE, the two most reliable are clearly the Trans-Siberian (double track) and the Baikal-Amur Mainline (BAM) railroads as illustrated in map 2-2. Both rail connections are concentrated in the central and southern part of the Far East. The southern line extends westwards out of the region, widening as it crosses the Urals. In the east, the main termini of these railway lines are the ports of Vladivostok, Nakhodka, Vostochnyi, Poset, Zarubino, Sovetskaya Gavan and Vanino.⁹² As well as the BAM railway system there exists the 830 kilometer line (515 mile)⁹³ called the 'Little BAM' which runs along the Tynda-Tommot-Yakutsk railroad. Its construction began in 1985 and was completed to Aldan (in Sakha). The line was

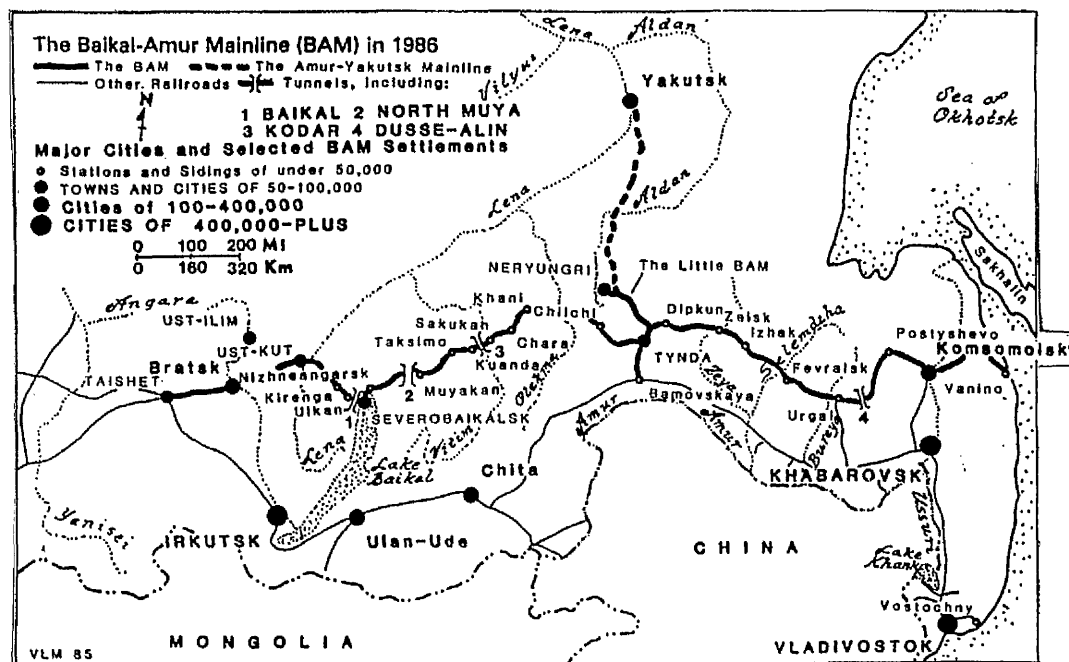
⁹⁰ "Why Russian Timber Flood the Japanese Market During 1997," *RFEU*, Vol. VIII, No. 2, February 1998, p. 5.

⁹¹ Swearingen, *Siberia and the Soviet Far East*, pp. 59-60; Robert North, "The Far Eastern Transport System," in Allan Rodgers (ed.), *The Soviet Far East: Geographical Perspectives on Development* (London: Routledge, 1990), p. 213.

⁹² Robert North, "Transport and Communications," in Wood (ed.), *Siberia: Problems and Prospect*, pp. 136-37.

extended another 520 kilometers in order to reach Sakha's capital, Yakutsk. Thus, Yakutsk is linked by rail with Trans-Siberian and European Russia via the BAM. Some Russians anticipate that this Yakut line may eventually be extended beyond the borders of Yakutia to the port of Magadan in the far north.⁹⁴

Map 2-2: The Baikal-Amur Mainline Railway (BAM)



Source: Victor Mote, "The Communications Infrastructure," in Rodger Swearingen (ed.), *Siberia and the Soviet Far East: Strategic Dimensions in Multinational Perspective* (Stanford: Hoover, 1987), p. 48.

⁹³ Mote, "The Communications Infrastructure," p. 49.

⁹⁴ Violet Conolly, "The Baikal-Amur Railway (the BAM)," in Wood (ed.), *Siberia: Problems and Prospects*, p. 167; Theodore Shabad, "News Notes," *Soviet Geography*, Vol. 27, No. 1, January 1986, p.

The RFE has a rail-ferry connection that is used to ship supplies from the mainland to Sakhalin island. The port of Vanino (in Khabarovsk krai) is linked by railway ferry with the port of Kholmsk on Sakhalin island. Three segments of the Trans-Siberian railway also pass through a border crossing in the northeastern provinces of China and North Korea. A section of line is still under construction between Kraskino, Primorskii krai and the Chinese city of Hunchung (in the province of Jilin).⁹⁵ Under the Tumen river project further lines are being planned and constructed to link Primorskii krai with China and North Korea. This will be dealt with further in chapter 6.

Despite its high costs, air transportation is the most popular and important mode of transportation in the RFE today. Business has exploded within the last decade and connections have been extended to most of its neighbouring countries. South Korea, China, Japan and other western countries have opened direct services between the Far East and their countries.⁹⁶ A regular international air service is available at five RFE cities: Khabarovsk (Khabarovsk krai), Vladivostok (Primorskii krai), Magadan (Magadan oblast), Petropavlovsk-Kamchatskii (Kamchatka oblast) and Yuzhno-Sakhalinsk (Sakhalin oblast).⁹⁷ With Moscow's backing SAT Airlines (Sakhalinskie Aviatrassy), based in Yuzhno-Sakhalinsk, has been created. It is a government owned service and now competes with the former Aeroflot divisions. The airline's fleet ranges from helicopters to a leased Boeing 737 which flies regularly scheduled domestic and international charter flights.⁹⁸

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⁹⁵ Minakir and Freeze, *The Russian Far East: An Economic Survey*, p. 154.

⁹⁶ V. Ishaev, "We have our own laws (O nas svoe pole zakonov)," *Argumenty i Fakty*, No. 24, 1997, p. 9.

⁹⁷ Minakir and Freeze, *The Russian Far East*, pp. 159-60.

⁹⁸ SAT has a tourist agency 'Satellit' on Sakhalin. Satellit initiated a meeting of Sakhalin and South Korean tour agencies in mid-October 1997 on Sakhalin. SAT's passengers were tourists most of them travel to South Korea and Japan. See "SAT Promotes South Korean Tourism," *RFEU*, Vol. VII, No. 12,

Foreign expertise and capital at most of the RFE's international airports have been sought to help with new construction and upgrades. For instances, Vladivostok international airport was reconstructed by the South Korean company Hyundai in the mid 1990s.⁹⁹ Khabarovsk's modern international-passenger terminal was completed in 1993 by a Japanese company. Sakha's international air-passenger terminal also was built by a Canadian construction firm in 1996.¹⁰⁰ The Russian Far East Update mentions a few ongoing projects involving foreign technology and capital:

(1) Sakhalin Airport authorities are seeking foreign investment to reconstruct the Yuzhno-Sakhalinsk airport for international flights and are actively negotiating with several Japanese firms. The estimated cost of the airport project is US\$ 55 million. Sakhalin Administration provided US\$ 3 million for airport construction in 1996. The federal government has designated funds for the airport but has yet to provide these funds.¹⁰¹

(2) The new Federal Aviation Authority of Russia submitted the financing programme for the upgrade of the RFE air traffic control to the Russian Ministry of Finance and Ministry of Economy. Monies for the project are expected to come from the European Bank for Reconstruction and Development (EBRD). The project has been downsized from an original estimated cost of US\$ 150 million, and is now being looked at in phases.¹⁰²

The US Trade and Development Agency also provided a US\$ 750,000 grant towards a study to establish an aircraft leasing company that would supply the new Antonov-38 aircraft to airlines in Khabarovsk krai, Kamchatka oblast, Chukotka and the Sakha republic.¹⁰³ A US\$ 70 million loan from the Export-Import Bank of Japan will be used to lengthen Yuzhno-Sakhalinsk's airport runway, construct a new navigation and flight control tower and upgrade the international passenger terminal.¹⁰⁴ Another

1997, p. 2.

⁹⁹ When I arrived to conduct my field research at Vladivostok airport in September 1996, I noticed that the passenger arrival and departure points were reconstructed by a Korean company.

¹⁰⁰ Miller and Stefanopoulos, The Russian Far East, p. 109.

¹⁰¹ "Sakhalin International Airport Development," RFEU, Vol. VII, No.1, January 1997, p. 2.

¹⁰² "Current Status of RFE Air Traffic Control Plan," RFEU, Vol. VII, No. 10, October 1997, p. 2.

¹⁰³ "Aircraft Leasing Company Study Approved for RFE," RFEU, Vol. VIII, No. 3, March 1998, p. 2.

¹⁰⁴ "Yuzhno-Sakhalinsk Airport Gets Loan to Modernise," RFEU, Vol. VII, No. 9, September 1997, p. 2.

airport-development project which is under study involves the upgrading of a former military air base near Nakhodka for use as a commercial airport.¹⁰⁵ These examples illustrate the wide scope of foreign input in the RFE's air services.

Finally, we shall look at the shipping transportation service in the RFE. These services contribute to both foreign and coastal trade between the southern and northern regions of the RFE. The RFE ports continue to gain in national importance, especially the container ports of Vostochny and Nakhodka in Primorski krai. Other ports of national interest include Vanino in Khabarovsk krai and a new complex at Zarubino in the Tumen river delta in southern Primorskii krai, near Russia's border with China and North Korea.¹⁰⁶ Zarubino port handled 611,000 metric tons of freight in 1996, 20 per cent more than the previous year.¹⁰⁷ Coastal trade operates from ports in southern Primorskii krai (in particular, Vladivostok and Nakhodka) to ports in the far north such as Magadan, Chukotka, and Kamchatka. A distinct feature of the coastal trade is its seasonality. Maximum turnover is registered from May to October when navigation in the Arctic regions is possible.

In the past several years, domestic cargo for coastal trade has dropped gradually while foreign cargo has increased. However, the net result still shows marked overall declines.¹⁰⁸ Primorskii krai ports demonstrated this trend between 1991 and 1995 (see table 2-3). During this period exports increased steadily, primarily due to the increase in ferrous metal products exported although the domestic demand for these products has dropped off sharply. But the imports decreased. Although there was an

¹⁰⁵ Miller and Stefanopoulos, *The Russian Far East*, p. 110.

¹⁰⁶ Ibid., p. 101.

¹⁰⁷ "Changes at the Port of Zarubino," *RFEU*, Vol. VII, No. 9, September 1997, p. 2.

¹⁰⁸ Minakir and Freeze, *The Russian Far East*, p. 153.

increase in imported foodstuffs in 1995, sharp decreases in imported grain and Japanese steel products reflect the overall decline.¹⁰⁹

Table 2-3: Primorskii krai Ports Cargo Turnover from 1991 to 1995 (in millions of tons. includes commercial and fishing ports)

Year	1991	1992	1993	1994	1995
Total	30.0	26.6	25.8	24.2	23.8
Exports	12.5	12.6	13.9	15.5	17.5
Imports	4.4	4.0	2.2	1.5	0.7
Coastal trade	13.1	10.0	9.7	7.2	5.6

Source: Pacific Economic Development and Co-operation Centre, Economic Research Institute (Vladivostok) as cited in RFEU, Vol. VI, No. 4, April 1996, p. 12.

A few other ports in the RFE have faced similar situations. Vanino trade port in Khabarovsk krai processed 5.5 million metric tons of cargo in 1995. This was about the same amount as in 1994 but was approximately half the amount processed in 1990. Magadan trade port also experienced decline as it processed only 669,000 metric tons of cargo in 1995, a drop of 30 per cent from 1994.¹¹⁰ In addition, Kholmsk and Korsakov trade ports in Sakhalin have been faced with sharp cargo turnover decline and heavy financial losses over the last few years. Kholmsk trade port, which has traditionally been primarily used for domestic cargo, has suffered a sharp decline in cargo turnover in the early 1990s mainly due to the drop in domestic cargo transported by the Vanino (mainland)-Kholmsk ferry.¹¹¹

¹⁰⁹ "Primorskii Krai Ports Cargo Turnover: Some Statistics," RFEU, Vol. VI, No. 4, April 1996, p. 12.

¹¹⁰ "News on RFE Ports According to the Press," RFEU, Vol. VI, No. 7, July 1996, p. 2.

¹¹¹ In the early 1990s, Kholmsk handled approximately 7 million metric tons (MT) of ferry cargo from the mainland. Korskov trade port processes most of Sakhalin's import and export cargo, was handling only

As can be seen from all these examples, domestic coastal trade and foreign imports have experienced decline over the years between 1991 and 1995. Conversely, foreign exports have increased. This trend is expected to continue into the future.

Despite this setback a new service has entered the shipping arena bringing new hope for transport development. This has come in the form of passenger transportation, which has become popular along the shipping routes between the RFE and Asia Pacific countries. For example, a new RFE-South Korea passenger line was opened in the early 1990s. Korus Shipping Co. Ltd (Seoul) has leased the 'Olga Sadovskaya' from FESCO (Far Eastern Shipping Company, headquartered in Vladivostok) and has begun a passenger service between Vladivostok and Pusan which has the capacity for 200 passengers.¹¹²

2.4: The Russian Far East and Its Neighbouring Countries

As previously noted, Gorbachev emphasised the need to integrate Russia into the Asia-Pacific region by minimising possible military conflict with its neighbouring countries. The RF has continued this policy by reducing its military presence in the Far East, improving Moscow's bilateral relations with China, Japan and South Korea in particular¹¹³ (see map 2-3). These positive relationships have attracted economic development to the RFE and in turn direct contact with the Asia-Pacific region has been achieved. Russia's economic decentralisation and regional autonomy have also

one fifth of the cargo it processed in 1990 (2.5 million MT). See "Sakhalin's Ports Turnover," *RFEU*, Vol. VII, No. 2, February 1997, p. 3.

¹¹² "New RFE-South Korea Passenger Line," *RFEU*, Vol. VI, No. 9, September 1996, p. 2.

¹¹³ Stephen Blank, "The New Russia in the New Asia," *International Journal*, Vol. XLIX, Autumn 1994, pp. 876-77.

enhanced this development.¹¹⁴ This can be seen in Russia's involvement with ASEAN (the Association of South East Asian Nations), APEC (Asia Pacific Economic Co-operation) and other regional organizations.¹¹⁵ Since 1992 the RF has become a member of the Pacific Economic Co-operation Conference and an observer at the ASEAN ministerial conference. With strong support from China and South Korea (amongst other member countries), Russia finally joined the Asia-Pacific Economic Co-operation (APEC) in 1998.¹¹⁶

When the Soviet Union considered further diplomatic and economic advance in the Northeast Asian region, it was apparent that Japan would be its greatest single challenge. The disputed islands have remained a major obstacle to a deeper Russian-Japanese relationship. Moscow also recognised the importance of China and South Korea's political normalisation. China is a geopolitical and economic priority for Russia and stable relations with Beijing are necessary for Russian security.¹¹⁷ Concerning the Korean peninsula, Russia has developed a closer relationship with the South while maintaining balanced relations with the North.¹¹⁸ The following section will illustrate the development of the relationships between the RFE and these neighbouring countries.

¹¹⁴ The RF opened the strategically positioned Far Eastern port of Vladivostok to foreign ships for the first time in more than 30 years. See Busygina, "Rossiiskii Dal'niy Vostok," pp. 111-12.

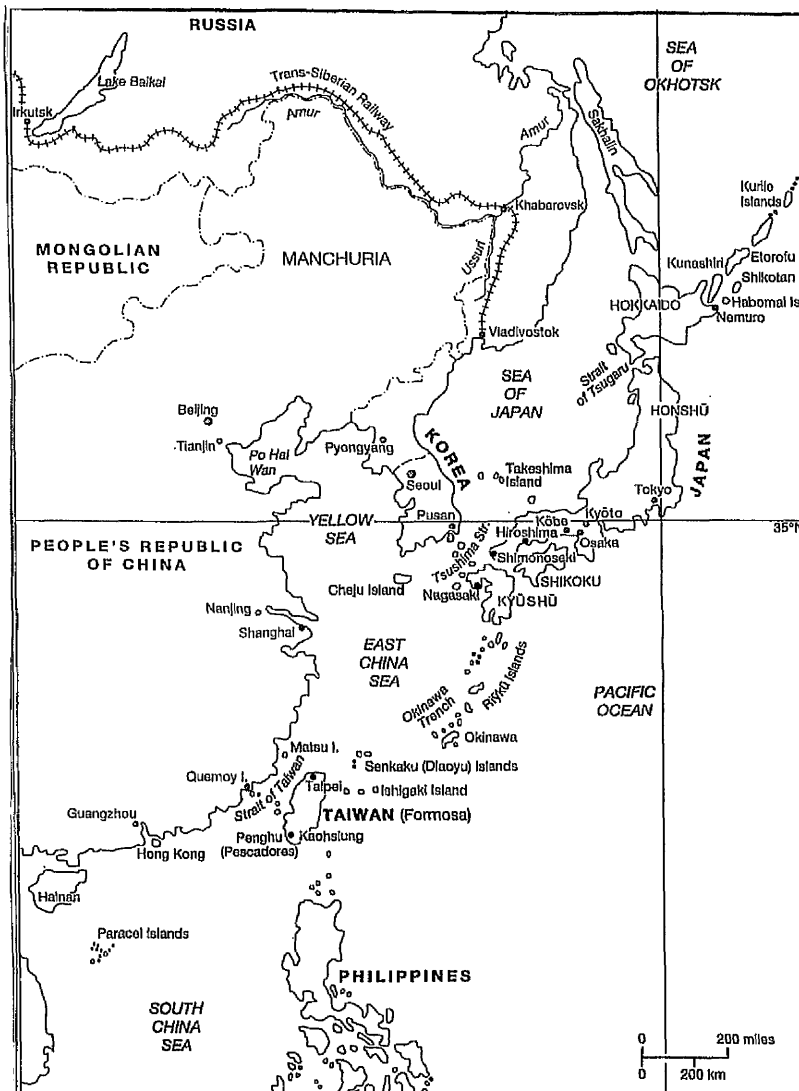
¹¹⁵ "Russian Desire To Join APEC Viewed," Delovoy Mir, 14 July 1995, as cited in FBIS-Sov-95-154, 10 August 1995, p. 6.

¹¹⁶ Russia Far East-Siberia News (Seoul), No. 51, 31 March 1998, p. 9.

¹¹⁷ "Kozyrev Wants to Boost Relations with East," Xinhua, 4 August 1992, as cited in FBIS-China-92-151, 5 August, 1992, p. 8.

¹¹⁸ "Russia's New Policy for Asia, Pacific," Rossiiskiy Vesti, 5 December 1997, as cited in RIA-Novosti

Map 2-3: The Russian Far East and Its Neighbours



Source: W. Mendl, Japan's Asia Policy (London: Routledge, 1995), p. xvi.

China. After decades of military tension and economic underdevelopment on either side of the border, the RF has developed a new path in its bilateral and border relations with China.¹¹⁹ Gorbachev took steps in the late 1980s to address the most

¹¹⁹ Daily Review, 5 December 1997, p. 6.

Neil Melvin, Regional Foreign Policies in the Russian Federation (London: The Royal Institute of International Affairs, 1995), p. 22.

serious issues in the Sino-Soviet conflict. His efforts resulted in his May 1989 trip to Beijing.¹²⁰ In this summit, the two countries initially agreed to negotiate further arms reductions along their common border and to continue to seek agreement on the disputed boundary issue.¹²¹ Table 2-4 shows which bilateral relations between the two countries improved. Progress, in particular, was made in demarcating the border in the 1994 summit. During Jiang Zemin's June 1997 visit to Moscow, both presidents agreed that a final resolution of the demarcation process would be completed in December of 1997. This occurred under very strong opposition from Far Eastern local authorities, particularly from the Governor Evgenii Nazdratenko in Primorskii krai.

The rapid expansion of Russian-Chinese relations during the 1990s led to a dramatic increase in bilateral contacts between governmental entities, as well as newly private companies and individual citizens. In September 1992 the first Chinese consulate in the RFE opened in Khabarovsk krai and was followed by another in Vladivostok and then by several other trading offices.¹²² As Russian-Chinese relations improved, similar openings occurred at border crossings, which led to a rapid development of trade. Communities in the RFE (in particular, in Primorskii krai and Amur oblast) welcomed the opportunity to trade with their Chinese neighbour. China's northern provinces of Heilongjiang and Jilin supported the rapid expansion of cross-border trade.¹²³

¹²⁰ Beijing insisted that Moscow should accept three obstacles before normalisation. These were: the presence of the Soviet forces on the Sino-Soviet border; the Soviet military occupation of Afghanistan; and Soviet support for the Vietnamese occupation of Cambodia. In his Vladivostok speech in July 1996, Gorbachev indicated a willingness to move on all three issues.

¹²¹ Wenguang Shao, "China's Relations with the Superpowers: Strategic Shifts and Implication," *Survival*, Vol. 42, No. 2, March/April 1990, pp. 160-61.

¹²² *RA Report*, no. 14 January 1993, p. 35.

Table 2-4: Development of Russian-Chinese Relations from 1991 to 1997

Year	Summit
Dec. 1991	After the USSR was breaking up in December 1991, Boris Yeltsin sent an emissary to Beijing to reassure China that Russia would abide by the border accord.
Mar. 1992	Russian Foreign Minister Andrei Kozyrev was in the Chinese capital for the formal exchange of ratified documents. Progress was also made in the realms of economic and military co-operation; Russia and China signed a new trade agreement and the chief of staff of the CIS armed forces concluded an agreement to sell fighter planes to China.
Dec. 1992	Boris Yeltsin made a visit to Beijing and the Russian delegation signed over twenty documents. In one of these documents was made by Russia and China a mutual promise not to enter into any military-political alliance directed against each other.
Sept. 1994	When the Chinese President Jiang Zemin visited Moscow, he declared a "qualitatively new level of relations" of "constructive partnership," although this was not an alliance and not aimed against any other country in particular.
Apr. 1996	During his visit to China, Yeltsin described their countries' relationship to be a "partnership directed towards the twenty-first century" and this was between nations of which there was "no other such pair in the world."
Apr. 1997	During Jiang's visit to Russia, the Russian president reached new rhetorical heights, describing the visit as one of "enormous, and perhaps even historic, significance, inasmuch as we are determining the fate of the twenty-first century." Of the joint declaration signed by the two presidents, Yeltsin declared, 'never before has Russia signed such a document with any other country.'
June 1997	Jiang's visit to Moscow provided the occasion for a significant agreement concerning reductions in military presence along the borders, with Yeltsin and the presidents of the three Central Asian border states.
Nov. 1997	During Yeltsin's visit to China (Yeltsin's fifth summit with Jiang Zemin), the 4,200 kilometer border had been demarcated for the first time in the two nations' histories.

Source: "Russian-Chinese Declaration is Essentially Tantamount to a Non-aggression Pact," *Izvestiya*, 21 December 1992, as cited in *CDPSP*, Vol. 44, No. 51, 1992, pp. 13-14; "Partners, but not Allies," *Segodnia*, 2 September 1994, as cited in *CDPSP*, Vol. 46, No. 36, 1994, p. 13; "Boris Yeltsin Sees No One Who Could Stand Against Such a Pair as 'Great Russia' and 'Great China'," *Segodnia*, 27 April 1996, as cited in *CDPSP*, Vol. 48, No. 17, 1996, pp. 7-8; "A Breakthrough for Russian Policy on the Asian Front," *Rossiiskie vesti*, 24 April 1997, as cited in *CDPSP*, Vol. 49, No. 17, 1997, pp. 1-2; "Boris Yeltsin and Jiang Zemin Find Harmony," *Segodnia*, 12 November 1997, as cited in *CDPSP*, Vol. 49, No. 45, 1997, p. 6. Vladimir Ronin, *Regiony Rossii* (Antwerp: Benerus, 1996), p. 229.

¹²³ "Russia and China Agree Capitalist Trading Style," *The Financial Times*, 14 June 1995, p. 3.

In many respects the Russian and Chinese economies are highly complementary. The Soviet Far East and present RFE have been rich sources of land and natural resources such as oil, natural gas, minerals, coal, timber and river water for hydropower. However, harsh living conditions and the lack of consumer goods in the Far Eastern territories have resulted in severe and continuous labour shortages.¹²⁴ Manpower for Soviet/Russian industry has been frequently supplemented by North Korean and Vietnamese seasonal workers in forests and factories on construction sites and farms.¹²⁵ As Russian-Chinese ties improved, many surplus rural labourers from China have sought employment across the border. One of the mutual benefits of these closer ties has been that the number of Chinese workers in Russian agriculture, timber and construction industries has gradually increased, and cheap Chinese goods have been (and still are today) exported through border trade.¹²⁶

From the early 1990s as border tensions eased and border trade developed, the scale of illegal Chinese immigration increased.¹²⁷ A demographic imbalance was created along the border with 150 million Chinese crowded into northern China, and only 7 million Russians existing in the vast bordering territories of the Far East.¹²⁸ The governors of the Russian Far Eastern provinces claimed that huge numbers of Chinese businessmen, workers and peasants settled in the RFE. Some even suspected the

¹²⁴ Charles E. Ziegler, Foreign Policy and East Asia: Learning and Adaptation in the Gorbachev Era (Cambridge: Cambridge University Press, 1993), pp. 64-5.

¹²⁵ Stephan, "the Russian Far East," p. 335.

¹²⁶ "Parts of Maritime Territory Have One Chinese Foreign Resident for Every Inhabitant," Izvestiya, 27 April 1994, p. 3, as cited in CDPSP, Vol. XLVI, No. 16, 1994, p. 26.

¹²⁷ Busygina, "Rossiiskii Dal'niy Vostok," p. 112.

¹²⁸ "Khabarovsk Seeks to Stem Influx of Foreigners," Segodnya, 26 October 1995, p. 3, as cited in FBIS-Sov-95-209, 30 October 1995, p. 53.

Chinese of harbouring territorial ambitions.¹²⁹ This issue has been a source of concern for local politicians and citizens. In response to high levels of illegal Chinese immigration, Russia concluded an agreement with Beijing in 1994 to establish formal border crossing posts and to tighten visa restrictions.¹³⁰ The border issues of the demarcation process and illegal Chinese immigration will be specifically dealt with in chapter 5.

Japan. With the Soviet economy in increasing decline, Soviet leaders would have liked (as do Russia's today) to enlist Japan's financial and technical help in modernising their country. The Soviet Union hoped to expand its trade with Japan and to secure Japan's active participation in the development of the Far East.¹³¹ This expectation was first highlighted when Gorbachev visited Tokyo in April 1991. He went to Tokyo with a view to encouraging Japanese economic support for Soviet perestroika on the basis that economic relations could be separated from the territorial issue. However, the issue of the Southern Kuril islands (Japanese refer to these as the Northern Territories) has become one of the most important current political questions for the RFE in relation to Japan.¹³² From the end of World War II to the present post-Soviet era, the territorial dispute over the islands has been an obstacle to both the conclusion of a peace treaty and to a wide range of other economic relations.¹³³ Recently the leaders of the two countries have reached a written agreement to sign a peace treaty in the year 2000.

¹²⁹ "In Every Propeller Breathes a Scandal," *Kommersant-Daily*, 18 July 1996, as cited in *CDPSP*, Vol. 48, No. 30, 1996, pp. 20-21.

¹³⁰ "Far East Governors Said Adamant on PRC Border Demarcation," *Segodnya*, 11 March 1995, p. 3, as cited in *FBIS-Sov-95-049*, 14 March 1995, p. 18.

¹³¹ Donald S. Zagoria, "Soviet Policy in East Asia: A New Beginning," *Foreign Affairs*, Vol. 68, No. 1, 1989, pp. 125-26; *RA Report*, No. 16 January 1994, p. 39.

¹³² Yu. V. Georgiev, comp., *Kurily-ostrova v okeane problem* (Moscow: ROSSPEN, 1998), pp. 305-7.

The Yeltsin administration have tried to maintain a flexible and careful attitude towards Japan over the Kuril dispute. The plans for restructuring the Russian domestic economy and the increased openness of the Russian system did lead to an improvement in relations with Japan.¹³⁴ Although neither side took any new initiatives on the territorial dispute, Moscow showed that it was willing to change its approach in order to deal with the issue.¹³⁵ In fact, by recognising the existence of the problem the Russian government gave the Japanese hope that the issue could soon be resolved. In this context, it is apparent that economic reasons have been a major factor in driving Yeltsin and other leaders to establish closer links with Japan. They aimed to gain access to major Japanese investment, trade and technology through the domestic economy of the Far East.¹³⁶ The peaceful negotiations over the Kuril islands have made progress but no concrete agreements have been reached as of yet.¹³⁷

Perhaps the drawn-out nature of these negotiations is influenced by the various pressures faced by the decision-makers. We now turn to address some of these pressures. Pressures on the Russian government from the military, local and other nationalist groups and from public opinion prevent the kind of policy movement required to consider returning the territory to Japan.¹³⁸ Many answers have been developed concerning this issue but I will focus on three particular possibilities given by Far Eastern Russians.

¹³³ Japan Times, 31 October 1992, as cited in RA Report, No. 14, January 1993, p. 26.

¹³⁴ V. K. Zilanov, A. A. Koshkin, I. A. Latyshev, A. Y. Plotnikov, I. A. Senchenko, Russkiye Kurily: Istoriya i sovremennost' (Moscow: Sampo, 1995), pp. 152-53.

¹³⁵ Georgiev, Kurily-ostrova, pp. 317-18.

¹³⁶ Leszek Buszynski, Russian Foreign Policy after the Cold War (London: Praeger, 1996), p. 173.

¹³⁷ Paul Marantz, "Russian Foreign Policy During Yeltsin's Second Term," Communist and Post-Communist Studies, Vol. 30, No. 4, December 1997, p. 342.

¹³⁸ Buszynski, Russian Foreign Policy, p. 175.

First of all, these islands are very economically important for the fishing industry. Relations have been troubled by the problem of Japanese fishing in disputed waters. For instance, Russian patrol boats fired on Japanese fishing vessels resulting in several casualties, and in an incident in October 1994 a Japanese fishing vessel was actually sunk. Russia proposed that the Japanese pay a fishing fee for the right to fish around the disputed islands.¹³⁹ Details of the actual agreement will be discussed in chapter 5.

Secondly, the islands are still of military significance despite the withdrawal of some Russian troops. The question of military presence in the disputed islands led to different opinions between Yeltsin and the Russian Defence Ministry. In October 1993 Yeltsin announced that about 50 per cent of the forces would be withdrawn from the disputed islands. The rest would follow shortly, leaving the islands fully demilitarised. Despite this announcement, one year later (in October 1994) the Russian Defence Ministry declared that there was no intention to remove the forces deployed there and emphasised the importance of the Far Eastern Military District for Russian security.¹⁴⁰

The final and most important factor with regard to the Kuril islands is Russian political thinking. As a post-Communist state, the RF moved to prepare the public for negotiations over the issue with Japan. Public opinion within Russia was fast becoming an important factor in foreign policy. According to national and local public opinion polls within the last ten years the majority of Russians and residents of the islands are strongly opposed to returning the islands to Japan. The results of these opinion polls will be examined in chapter 5 along with other issues regarding the disputed islands.

¹³⁹ "Japanese Prime Minister Announces New Policy Toward Russia," *Izvestiya*, 26 July 1997, p. 3, as cited in *CDPSP*, Vol. XLIX, No. 30, 1997, p. 23.

The Korean Peninsula. Since the Second World War, the Soviet Union's influence over North Korea was primarily based on military and economic support. This resulted in limited relations with South Korea.¹⁴¹ As mentioned already, the Far East has maintained relations for many years with other neighbouring states, exchanging its resources for hard currency, especially with Japan. Even North Korea has maintained economic contacts with the Far East since the late 1960s, mainly through the timber industry. China's economy has also increased since the late 1980s through border trade with the Far East. However, the development of major economic relations with South Korea was hindered by the state of political relations. Since the late 1980s and early 1990s, a political normalisation between the Soviet Union (later Russia) and Korea has taken place. Essentially, the renewal of diplomatic ties with the Soviet Union has permitted a Korean rediscovery of the RFE. Since then Korea and the RFE's economic co-operation has shown a steady increase.¹⁴²

One result of the political normalisation in diplomatic and economic relations between Russia and South Korea was that relations cooled between Russia and North Korea. Russia even terminated military and economic support to North Korea. Russia also condemned North Korea's decision to withdraw from the Nuclear Non-Proliferation Treaty (NPT) and urged the opening of its nuclear facilities to International Atomic Energy Agency (IAEA) safeguards inspection.¹⁴³ In addition, in June 1994

¹⁴⁰ *Izvestiya*, 26 October 1994.

¹⁴¹ L.A. Zabrovskaya, *Rossiia i Respublika Koreya: ot konfrontatsii k sotrudnichestvu (1970-1990-e gg.)* (Vladivostok: DO RAN, 1996), pp. 10-11.

¹⁴² Robert H. Donaldson and Joseph L. Noguee, *The Foreign Policy of Russia: Changing Systems, Enduring Interests* (Armonk, New York: M.E. Sharpe, 1998), pp. 251-22.

¹⁴³ L.A. Anosova, "KNR, Respublika Koreya i NKDR: geopoliticheskie otnosheniya: novyi etap," *Problemy Dal'nego Vostoka*, No. 4, 1995, pp. 25-6; for more discussion on these see Hakjoon Kim, "North Korea's Nuclear Development Programme and Future," *Korea and World Affairs*, Vol. XVIII, No. 2, Summer 1994, pp. 273-300.

Yeltsin stated that the 1961 treaty of friendship,¹⁴⁴ cooperation and mutual assistance with North Korea would expire in 1996 unless it was revised.¹⁴⁵ All these factors placed limits on any improvement in Russian-North Korean relations. From the mid 1990s, however, the Russian policy towards the Korean peninsula has been re-evaluated. Russia has made an effort to strengthen its ties with the South while simultaneously attempting to revive its relations with the North. After an interval of several months Moscow resumed talks with the North at the deputy-minister level, opening a channel for discussion between the two sides.¹⁴⁶ In the RFE the number of North Korean workers has steadily increased in the timber industry (in Amur oblast and Khabarovsk krai) and even in the construction sector (in particular, in Primorskii krai). The RFE and North Korea have also worked together for the development of the Tumen river project. I will examine this issue along with the issue of North Korean workers in more depth in chapter 6.

If we return to the issue of South Korea it can be seen that its political contacts with the RF have been highly developed. These positive relations have also promoted contact between local RFE leaders and South Koreans. A combination of market, ethnic Korean and geopolitical factors created a powerful motivating force for Russia and South Korea's long-term thinking about both countries.¹⁴⁷ As Stephan comments, some

¹⁴⁴ Treaty of Friendship, Cooperation, and Mutual Assistance between the Union of Soviet Socialist Republics and the Democratic People's Republic of Korea signed by Nikita Khrushchev and Kim Il Sung in Moscow on 6 July 1961. After the collapse of the USSR, Russia, as its successor, denounced Article 1 of the treaty which provided for each side's obligation to render immediate 'military and other aid by all available means' in case of 'armed attack' by a third party. See Dae-Ho Byun, North Korea's Foreign Policy (Seoul: Research Centre for Peace, 1991), pp. 249-51.

¹⁴⁵ KBS-1 TV (Seoul), 20 November 1992.

¹⁴⁶ Tsuneo Akaha, "Russia in Asia in 1994: An Emerging East Asian Power," Asian Survey, Vol. 35, No. 1, January 1995, p. 107.

¹⁴⁷ Ho-Won, Jeong, "Impact of Gorbachev's New Thinking on Soviet Policy towards South Korea," in Kanet, Roger E, Miner, Deborah N and Resler, Tamara J. (eds.), Soviet Foreign Policy in Transition

Russians hope that South Korean investment will reduce the Far East's reliance on Japanese capital and free regional development from being an obstacle to the perennial territorial disputes.¹⁴⁸ Korea hopes that this economic co-operation with the RFE will, in turn, provide a stable political environment and reduce tensions between North and South Korea. The RFE has attracted South Korea's business interests because of its geographical proximity and its supply of raw materials.¹⁴⁹ South Korea has meanwhile gained significance as a foreign-trade partner for the Far East. The RFE exports steel and metal products, coal, petroleum and fishery products, while importing machinery, textiles and food.¹⁵⁰ It has become one of the most important markets for South Korean home electronic manufacturers. Russian shuttle traders (*chelnoki*) in particular have been major contributors, making profits and maintaining small scale trade relations with South Korea.¹⁵¹

South Korea, as Russia expected, has shown an interest in developing resource exploitation and although its investment is on a smaller scale than China and Japan's, it is becoming involved in the joint venture projects with the RFE.¹⁵² The following examples indicate the level of the South Koreans' activities. One of its largest projects is the Svetlaya timber joint venture in Primorskii krai by Hyundai.¹⁵³ The construction

(Cambridge: Cambridge University Press, 1990), pp. 283-84.

¹⁴⁸ Stephan, "The Russian Far East," p. 336.

¹⁴⁹ "Russia's Policy in the Asia-Pacific Region," *Interfax*, 1 December 1992, as cited in FBIS-Sov-92-232, 2 December 1992, pp. 3-5; L.A. Anosova and G. S. Matveeva, *Yuzhnaya Koreya: vzglyad iz Rossii* (Moscow: Nauka, 1994), p. 237.

¹⁵⁰ Hakjoon Kim, "The Emergence of Siberia and the Russian Far East as a "New Frontier for Koreans," in Stephen Kotin and David Wolff (eds.), *Rediscovering Russia in Asia: Siberia and the Russia Far East* (Armonk, New York: M.E. Sharpe, 1995), pp. 307-8.

¹⁵¹ The Director of the Korea Trade and Investment Promotion Agency (KOTRA) in Vladivostok, Lee Kwang Hee, kindly provided this information during an interview in September 1996.

¹⁵² Hongchan Chun and Charles E Ziegler, "On Russo-South Korean Relations," in Blank, Stephen J. and Rubinstein, Alvin Z. (eds.), *Imperial Decline: Russia's Changing Role in Asia* (Durham, NC: Duke University Press, 1997), p. 191.

¹⁵³ Zabzovskaya, *Rossiya i Respublika Koreya*, p. 160.

of Hotel Hyundai Vladivostok, which was opened in 1997, is another large project.¹⁵⁴ Hankook Mill and Steel company invested in Amurstal, a steel plant in Komsomol'sk-na-Amure, Khabarovsk krai. South Koreans' involvement in the Sakha natural gas projects was discussed. In addition, some Korean companies made efforts to join the Sakhalin Oil and Gas projects.¹⁵⁵ Some of these, however, were postponed or cancelled due mainly to the effect of the Asian economic crisis. Despite this, the Nakhodka Korea-Russia industrial park project (which is supported by the government-owned Korean Land Corporation and RFE local leaders) is making modest progress. And when the South Korean president, Kim Dae Jung visited Moscow in May 1999, the two governments agreed to develop this project further.¹⁵⁶

In fact South Korean investment in the RFE is not only economic but also includes an interest in the presence of a Korean ethnic minority. For instance, the Kohap Group invested in an agricultural joint venture in Amur oblast and Primorskii krai. Its donation of a Korean College building at the Far Eastern University in Vladivostok and its contribution to the construction of the Far Eastern villages for the Far Eastern Koreans in Primorskii krai also highlight Korean cultural interest in the RFE.¹⁵⁷ In chapter 6 I will specifically discuss South Korean economic activities in the RFE and compare them with other Northeast Asian activities, including amongst others, the Nakhodka Korea-Russia industrial park project.

¹⁵⁴ When I visited Vladivostok in September 1996, it was under construction.

¹⁵⁵ "South Korea and the Russian Far East: A Review," *RFEU*, Vol. VI, No. 2, February 1996, p. 9.

¹⁵⁶ "Korea-Russia Summit," *Dong-A Ilbo* (Seoul), 29 May 1999, p. 1.

¹⁵⁷ I conducted an interview with the vice Chairman of the Kohap Group in July 1998.

Chapter 3: The Domestic Political Agenda: Autonomy and the Environment

3.1: Introduction

Since the early 1990s political and economic reform has continued to establish Russia as a federal state. The democratic process has shifted from central government to regional and local authorities and this has been one of the primary aims achieved in the transitional period. The centrally planned economic system simultaneously transferred to a largely market economy as a direct result of this democratic process. This led to a struggle for authority between the central government and the peripheral (regional) governments, the latter endeavouring to gain more political autonomy and economic power.¹ To this end, regional leaders with strong economic ties have attempted to expand their spheres of influence via a political and legal agenda. This type of 'regionalism' is defined as the belief that provinces ought to be the main implementers of their own social and economic development. The Far Eastern local government, in this view, is more capable than central government of addressing a region's particular problems.² In short, 'regionalism is the belief that regions should have more control over their own destinies,'³ and 'can be understood as an effort to create a stronger basis of authority at the territorial level.' This includes economic independence and political power within the federation.⁴

In the post-Soviet period, according to the results of my content analysis (see

¹ Kathryn Stoner-Weiss, "Russian Federalism and Regionalism," in Stephen White, Zvi Gitelman and Alex Pravda (eds.), Developments in Russian Politics 4 (London: Macmillan, 1997), p. 229.

² Shugo Minigawa, Regionalism' in a Transitional Period: the Case of Primorskii krai (Sapporo: Hokkaido University, 1996), p. 1.

³ Josephine Andrew and Kathryn Stoner-Weiss, "Regionalism and Reform in Provincial Russia," Post-Soviet Affairs, Vol. 11, No. 4, 1995, pp. 384-85.

table 1-2), local autonomy was revealed as clearly the most important issue on the political agenda in the RFE. The main purpose of this first subsection is to deal with this issue, firstly focusing on the development of centre-periphery relations in the Russian Federation (from 1991 to 1997); and secondly via a substantial exploration of the local autonomy movement in the RFE itself.

The ecological factor was largely ignored during the Soviet period of social and economic development. The competing factors of the rise in crime, economic stagnation and the decline in living standards pushed ecological problems to the back of the public's mind. Priority was given to production, particularly to the development of defence, energy and the agrarian complex.⁵ Ecological factors such as environmental pollution, however, have had a significant effect on public health.⁶ It was reported that Siberia and the RFE particularly had reached crisis point due to the unsafe operation of facilities using radioactive materials. Disastrous accidents with long-term effects occurred as a result of mismanagement, the use of old generators and a lack of proper security. Major accidents such as Chernobyl in April 1986, Tomsk-7 in April 1993, Chelyabinsk-65 in July 1993 and Kamchatka in June 1994 were the results of these problems. These areas have been declared ecological disaster zones.⁷ As Stewart notes, 'after the Chernobyl incident as many as 20 percent of the population lived in environmental danger areas and another 35 to 40 percent in unsatisfactory conditions.'⁸

In this context, this subsection will conclude with a discussion of

⁴ Tamara Troyakova, "Regional Policy in the Russian Far East and the Rise of Localism in Primorskii krai," *The Journal of East Asian Affairs*, Vol. IX, No. 2, Summer/Fall 1995, pp. 430-31.

⁵ Sergei Bobylev, "An Environmental Friendly Economy and Commercial Profits," *Environmental Policy Review*, Vol. 10, No. 1, Summer 1996, p. 13.

⁶ *Nezavisimaya gazeta*, 14 April 1994, p. 6, as cited in *CDPSP*, Vol. XLVI, No. 15, 1994, p. 23.

⁷ For full details of accidents and their effects, see Murray Feshbach, *Ecological Disaster: Cleaning up the Hidden Legacy of the Soviet Regime* (New York: The Twentieth Century Fund Press, 1995), p. 20.

environmental issues in the Russian Far East, which as we noted in table 1-2 have figured prominently on the domestic political agenda. Issues of ethnic identity and mortality are closely linked with ecological and environmental problems, and themselves prominently on the political agenda according to my content analysis. The development of the environment in the RFE is also affected by the region's involvement with outside powers, and this too must be taken into consideration in a discussion of the forces that shape this part of the political agenda.

3.2: Development of Centre-Periphery Relations in post-Soviet Russia

The Russian Federation was composed of 89 units under the 1993 Russian constitution. This included 21 republics (formerly ASSRs), 49 oblasts, 6 krais, the 2 federal cities of Moscow and St. Petersburg (formerly Leningrad) with the status of an oblast, 1 autonomous oblast and 10 autonomous okrugs (see appendices 1 and 2 for a list of these units and map). The promotion of 4 autonomous oblasts to ASSR status (ASSRs were renamed simply 'republics'), and the splitting of the Chechen-Ingush ASSR into two republics took place. All the units vary in geographic size and population. For example, the Evenk autonomous okrug has about 25,000 citizens and the city of Moscow has close to 9 million.

In exploring the development of centre-periphery relations I will mainly be following Tolz and Busygina's four stages.⁹

First, from late 1990 to February 1992. During this period there were significant legislative changes in the relations between the centre and the Russian

⁹ John Massey Stewart (ed.), The Soviet Environment: Problems, Policies and Politics (Cambridge: Cambridge University Press, 1992), p. 1.

regions. As Tolz and Busygina have pointed out, in early 1990, regional and republican leaders used the power struggle between Gorbachev and Yeltsin to obtain privileges in exchange for a pledge of their loyalty. In the central government Gorbachev and Yeltsin were rivals and Yeltsin's decision to decentralise political and economic decision-making led to an unprecedented increase in the autonomous power of regional and republican leaders in the Russian Federation.¹⁰

In March 1990 regional soviets were popularly elected across Russia. As Stoner-Weiss notes:

These elections were to create regional legislatures that were more accountable to constituents rather than to Moscow. The elections succeeded not only in introducing a certain degree of democracy into the local political process but also changed the point of political reference of local leaders from Moscow to provincial interests.¹¹

By October 1990 eleven of the sixteen autonomous republics declared themselves sovereign over their own territories, but not fully independent from Russia. They were initially more aggressive in pursuing increased political and economic authority. Even some oblast leaders also became very active in declaring themselves masters of their own domains.¹²

In May 1991 the Fourth RSFSR Congress adopted a new law on the RSFSR presidency, and in June Yeltsin was elected President of Russia with 57 per cent of the vote. In the Presidential election campaign Yeltsin proposed the new position of heads

⁹ Vera Tolz and Irina Busygina, "Regional Governors and the Kremlin: the Ongoing Battle for Power," Communist and Post-Communist Studies, Vol. 30, No. 4, 1997, pp. 402-5.

¹⁰ Ibid., pp. 402-3.

¹¹ Stoner-Weiss, "Russian Federalism and Regionalism," in White, Gitelman and Pravda (eds.), Developments in Russian Politics 4, p. 233.

¹² Josephine Andrew and Kathryn Stoner-Weiss, "Regionalism and Reform in Provincial Russia," Post-Soviet Affairs, Vol. 11, No. 4, 1995, p. 386.

of regional administrations.¹³ His proposal was that executive power in the regions be transferred from the executive committees of regional soviets¹⁴ to the offices of governors. After the 1991 August coup against Soviet President Gorbachev, Yeltsin created regional governmental institutions which would to some extent maintain a unitary system of central control. This included the office of the presidential representative (PR) and the head of oblast and krai administrations (governor).¹⁵ These two were to be filled, at least initially, by Yeltsin appointees; later, governors were elected.¹⁶

After the appointment of these posts, the central government actively proposed a change in market relations and began pressing more responsibility for its implementation at regional level. According to Stoner-Weiss, in this period the local governments faced three major difficulties. Firstly, they had little funds with which to pay for these new responsibilities. Secondly, they struggled to gain ownership of property as privatisation intensified. Thirdly, there was a division of powers between Moscow and the constituent units of the federation.¹⁷

The second period of centre-periphery relations: from March 1992 to

¹³ G.D.G. Murrell, Russia's Transition to Democracy: An Internal Political History, 1989-1996 (Brighton: Sussex Academic Press, 1997), p. 70.

¹⁴ Gorbachev proposed at the 19th Party Conference in 1988 to transfer power from the regional Communist Party committees to the regional soviets. These would be chosen in multi-candidate elections. In March 1990 regional soviets were elected across Russia. See White, After Gorbachev, pp. 36-7.

¹⁵ The governor has considerable power to change regional governmental structures. The first appointed governor had loyalties firmly based in Moscow rather than the regions over which they governed. Later regions gained increased autonomy from Moscow. Many of Yeltsin's own appointees later led their regions' efforts to gain increased autonomy from Moscow. The governor can appoint the entire local cabinet. Governors had many powers, but were still accountable to local soviets. According to the March 1992 'Law on Oblast and Krai Soviets and Oblast and Krai Administration', local soviets could remove governors from their positions. See Darrell Slider, "Federalism, Discord and Accommodation: Intergovernmental Relations in Post-Soviet Russia," in Theodore H. Friedgut and Jeffrey W. Hahn (eds.), Local Power and Post-Soviet Politics (Armonk and New York: M.E. Sharpe, 1994), pp. 251-58.

¹⁶ Stephen White, Graeme Gill and Darrell Slider, The Politics of Transition: Shaping a Post-Soviet Future (Cambridge: Cambridge University Press, 1993), p. 113.

¹⁷ Stoner-Weiss, "Russian Federalism and Regionalism," p. 237.

December 1993. On 13 March 1992, a Federal Treaty was signed between all constituent units of the RF (with the exception of Chechnya¹⁸ and Tatarstan¹⁹). The Federal Treaty defined the division of powers between the federal government and the republics, and the treaty was formally made part of the constitution of the federation.²⁰ This Treaty formally established which areas were to have central jurisdiction, and which were to share responsibilities. It assigned each area to one of the categories of the constituent units (republics, oblasts and krais and the autonomous oblast and okrugs).²¹ It also divided authority between the centre and the periphery, with republics receiving greater rights in controlling their natural resources and in managing their economic matters than the oblasts and krais. This led to growing tensions between the oblasts and republics due to the inequalities being reinforced between them.²² There were additional results of the federative agreements:

The twenty-one republics were declared 'subjects of the federation', whereas

¹⁸ The Chechen republic was created in 1991 when the Chechen-Ingush autonomous republic was divided into two. In November of that year the Chechen Republic declared itself fully independent from not only the RSFSR but also from the Soviet Union. See Murrell, *Russia's Transition to Democracy*, p. 183. In December 1994 Yeltsin issued a decree ordering federal armed forces into the Chechen republic to put a temporary hold on regionalist activism. The ongoing war between separatist forces and federal troops served to prevent the potential danger of heightened separatist activism moving into other regions. Yeltsin's decision to use force to quell Chechen independence was driven mainly by political and economic pragmatism. Reasons being, firstly, several crucial oil pipelines run through Chechnya. Moscow did not want to risk losing control over these pipelines. Secondly, President Yeltsin's popularity hit record lows in late 1994, due to difficult economic reforms. Finally, a strong show of force in Chechnya would, by Moscow's calculations, also provide an example to other republics pushing for increased sovereignty (like Tatarstan and Sakha). During the 1996 presidential campaign Yeltsin promised to end the war and a cease-fire was implemented in late May. He then sent his newly appointed security advisor, Alexander Lebed, to Chechnya to negotiate a more comprehensive settlement. See Stoner-Weiss, "Russian Federalism and Regionalism," pp. 242-44.

¹⁹ After long negotiations, the other republic refusing to sign the Federal Treaty, Tatarstan, signed a separate bilateral treaty with Moscow in February 1994. This treaty granted the republic wide authority over its political life and most importantly over its economic resources. See Steve D. Boilard, *Russia at the Twenty-First Century: Politics and Social Change in the Post-Soviet Era* (Orlando, London: Harcourt Brace & Company, 1998), p. 142.

²⁰ See Article 84 of the amended constitution, *Vedemosti s'ezda narodnykh deputatov Rossiiskoi Federatsii i Verkhovnogo Soveta Rossiiskoi Federatsii*, no. 20, 21 May 1992, pp. 1417-40.

²¹ For more discussion on the federal treaty see Elizabeth Teague, "Centre-Periphery Relations in the Russian Federation," in Karen Dawisha and Bruce Parrott (eds.), *National Identity and Ethnicity in Russia and the New States of Eurasia* (Armonk, New York: M.E. Sharpe, 1994), pp. 33-8.

²² *Rossiyskaya gazeta*, 18 April 1995, as cited in *CDPSP*, Vol. 47, No. 16, 1995, pp. 8-9.

oblasts and krais remained 'territorial administrative units.' Republics were given more rights to control property and trade than the oblasts and krais. Republics appointed presidents whereas the oblasts and krais appointed governors (at present governors are elected).²³

Despite trying to solve the most pressing problems of centre-periphery relations, some of the agreements reached in the treaty increased tensions that already existed. Busygina describes the resulting political situation as follows:

The power struggle between Yeltsin and the Congress of People's Deputies heavily influenced central-peripheral relations. Yeltsin tried to obtain the support of the republican elites and largely ignored regional governors. As the majority of governors were the President's appointees, he thought their loyalty to him was assured. But the parliament speaker, Ruslan Khasbulatov, supported the oblasts and krais.²⁴

It was reported that throughout 1992 the oblasts and krais leaders declared their sovereignty from the centre.²⁵ They went further: twenty regions stopped remitting taxes to the central government by late 1992. In February 1993, an open parliamentary hearing was held on the integrity of the Russian Federation and regional policies. During this meeting, the following opposing views were highlighted. The regional leaders wanted more authority but the central authorities wanted the regions to have less (under the current Federation Treaty, only republics can pass laws).²⁶ The krais and oblasts demanded equal rights with the republics. Some of them were planning to declare themselves equal: 'sovereignisation' is one manifestation of 'privatisation' or the struggle for ownership.²⁷ Being a sovereign republic means owning diamonds, oil, real estate, and being involved in foreign trade activities.²⁸

²³ Cameron Ross, "Federalism and Regional Politics," in Mike Bowker and Cameron Ross (eds.), *Russia After the Cold War* (London: Longman, 2000), pp. 87-8.

²⁴ Tolz and Busygina, "Regional Governors and the Kremlin," p. 403.

²⁵ *Pravda*, February 19 1992, p. 1; *Izvestiya*, March 30 1992, p. 2; *Rossiyskaya gazeta*, 2 April 1992, p. 2.

²⁶ "Regions Vie for More Powers from Unwilling Government," *Kommersant-Daily*, 23 February 1993, p. 9, as cited in FBIS-Sov-93-036, 25 February 1993, p. 46.

²⁷ "Oblasts, Krays Vie for Status with Republics," *Komsomolskaya pravda*, 26 June 1993, p. 3, as cited in FBIS-Sov-93-124, 30 June 1993, p. 29.

²⁸ This type of special treatment was initiated in some oblasts in early 1992, President Yeltsin issued special decrees allowing some regions (e.g. Tyumen) special privileges. These centred around economic

After the referendum of April 1993, a conference of 20 republican leaders was convened in May. At this meeting Yeltsin attempted to gain general support for his constitutional reform but did not succeed with his draft constitution.²⁹ In late September 1993, 70 per cent of regional leaders set up the Council of Members of the Federation. These came from 15 republican, 43 oblasts, two krais and two autonomous okrugs (most but not all of whom represented their respective legislatures). The Council stated that the central government in Moscow had discredited itself and therefore should step down. Until new elections were held, the Council would govern Russia.³⁰ The federal government failed to recognise the Council as Yeltsin ignored the wish of the majority of provincial leaders who were calling for simultaneous presidential and parliament elections. The divisions between the President and the parliament, and also the poor results of the second constitutional convention in August 1993 resulted in the storming of parliament by federal troops in October. This event marked a major barrier to regional activism.³¹

Following this there were new parliamentary elections at national level (in December 1993) and Yeltsin also asked the Russian electorate to approve a new constitution for the Federation. (The State Duma elections of both December 1993 and 1995 will be dealt with in chapter 5.) This constitution, which is currently in force, declares all subjects of the federation equal, thereby ostensibly redressing the concern

control over resources. Many regional leaders opted to invest in some collective endeavours, including the establishment of interregional trading blocks, a national governors' association and agreements among a few contiguous regions to co-operate in the areas of ecology and trade. In addition, some regions insisted on holding elections for regional governors (these were held in eight regions in 1993). Yeltsin suspended further elections, but he permitted gubernatorial elections in thirteen oblasts in 1995. See Andrews and Stoner-Weiss, "Regionalism and Reform," pp. 384-85.

²⁹ Murrell, *Russia's Transition to Democracy*, p. 159.

³⁰ Tolz and Busygina, "Regional Governors and the Kremlin," p. 404.

³¹ *Kamchatskaya pravda*, 21 August 1993, p. 1, as cited in *RA Report*, No. 16, January 1994, p. 105.

oblast leaders had felt regarding the special privileges given to republics.³² This did not dissolve the 1992 federative agreements which upheld the inequality of oblasts and republics.³³ The constitution also created a Council of the Federation (or upper house of parliament).³⁴

The relations of the centre-periphery between 1990 to 1993 illustrate conflicting views about the type of federation Russia should become. It became increasingly clear that the provinces were pushing for a much more decentralised form of federalism while the centre was pressing for a more national federal (unitary) system.³⁵ Surveying this period, it is clear that regional leaders (including Yeltsin's own appointed regional governors) insisted on more autonomy over policy and more control over economic matters. The partial resolutions (the Federal Treaty and the new constitution) implemented during this period consolidated the basis of central-peripheral relations in the RF.³⁶

Thirdly, the 1994 period. Following the December 1993 election, Yeltsin's main aims were to achieve stability and reduce the level of confrontation. In order to improve relations with regional leaders, the federal government finally responded to their

³² Joan DeBardeleben, "The Development of Federalism in Russia," Peter J. Stavrakis, Joan Debardeleben and Larry Black (eds.), Beyond the Monolith: The Emergence of Regionalism in Post-Soviet Russia (Baltimore & London: The Johns Hopkins University Press, 1997), pp. 38-9.

³³ Murrell, Russia's Transition to Democracy, p. 159.

³⁴ Candidates who were members of the executive and legislative branches of government were eligible to run for this Council. Elections were held in 1993 and in most cases the regional governors and the head of the regional legislature each won a seat. From the 1995 State Duma election the governor and head of the regional duma would fill the Federation Council seat. This would not be an elected post. This further consolidated Yeltsin's hold on the levels of power by guaranteeing regional governors a voice in the legislative side of national politics. It was supported that they would use their voices to vote in the President's favour, but this was not always the case. This practice guarantees two seats to all 89 of the Federation's subjects. See Darrell Slider, "Regional and Local Politics," in White, Gitelman and Pravda (eds.) Developments in Russian Politics 4, p. 256.

³⁵ John F. Young, "At the Bottom of the Heap: Local Self-government and Regional Politics in the Russian Federation," in Stavrakis, Debardeleben and Black (eds.), Beyond the Monolith, p. 93.

demands to introduce fairer budget and tax policies, and governors obtained the right to make the final decision on the regional budget. According to a Yeltsin decree of November 1994, veto laws passed by the regional legislatures, enabling the appointment of executives at municipal level.³⁷ Above all members of regional and local administrations were given the right to be elected to regional and local legislatures, thereby influencing the activities of the legislative branch from within. While the regions gained autonomy in some economic matters, this was tempered with caution from the centre in the creation of regional legislatures. But, in fact, some governors managed to co-operate rather than oppose regional deputies, and were more successful in establishing control over regional legislatures.³⁸

From 1995 to 1996. In the spring and summer of 1995, Yeltsin continued to sign further bilateral agreements with some republics. For example, in June 1995 Moscow and Yakutia signed a bilateral treaty raising the level of political and economic freedoms.³⁹ By the early summer of 1995, several oblast governors insisted that Yeltsin allow them to hold regional elections, and pressed for more regional control over local concerns. By August he accepted this proposal and in December 1995 consented to thirteen gubernatorial elections. In the autumn of 1996 and winter of 1997 another 52 regions held elections. Gubernatorial elections were allowed to proceed, as there was no

³⁶ Examples are the inability to compensate workers for unpaid wages, the closing of many factories that had gone into liquidation and the great divide between policy responsibilities and allotted tax revenues. See Stoner-Weiss, "Russian Federalism and Regionalism," p. 247.

³⁷ Peter Kirkow, "Local Self-government in Russia: Awakening from Slumber?," *Europe-Asia Studies*, Vol. 49, No. 1, 1997, pp. 44-5.

³⁸ For example, in Saratov oblast the relationship between the governor Dmitrii Ayazkov and the regional Duma was very relaxed. Twelve deputies were invited by the governors to combine their work in the legislature but maintain positions in the regional administration. In Primorskii krai also, the process of co-option went even further. The regional legislature was attended by the same people who participate in the krai administration. *Sevodnya*, 3 September 1996, p. 2.

³⁹ *Moskovskiye novosti*, No. 44, June 25-July 2, p. 10, as cited in *CDPSP*, Vol. XLVII, No. 26, 1995, p. 14.

question of ultimate central control over regional politics being relinquished.⁴⁰

Yeltsin now signed more bilateral agreements with various oblasts, republics and even autonomies. Many of these agreements were signed in the spring of 1996 before the presidential elections in June (these elections will be dealt with in chapter 5). It was reported that a total of 26 agreements were signed between Moscow and various subnational units by the end of November 1996 and more were awaiting signature.⁴¹ Although it was unclear exactly what these agreements would mean in practice, on paper they appeared to guarantee regional leaders relatively wide authority over areas of interest specific to a region. These included the use of natural resources, direct engagement in foreign trade and in the obtaining of wider budgetary and tax powers.⁴²

3.3: Autonomy Movement in the Russian Far East

In the context of new movements towards local autonomy in early post-communist years, regional political autonomy was being established in the RFE. The leaders of each region tried to gain more political autonomy within the RF, and to develop a common aim, in their own political, social and economic affairs.⁴³ They particularly sought to have greater control over their own resources, a larger share of locally-generated taxes and more freedom in creating regional political structures. Increasing power struggles between the regions and the centre have dramatically altered the relationship between them.⁴⁴ At present there are a group of ten regions in the RFE

⁴⁰ Stoner-Weiss, "Russian Federalism and Regionalism," p. 245; DeBardeleben, "The Development of Federalism in Russia," in Stavrakis, Debardeleben and Black (eds.), Beyond the Monolith, pp. 50-1.

⁴¹ Tolz and Busygina, "Regional Governors and the Kremlin," p. 405.

⁴² Rossiiskaya gazeta, 9 April 1996, p. 6.

⁴³ Jeffrey W. Hahn, "Reforming Post-Soviet Russia: The Attitudes of Local Politicians," in Friedgut and Hahn (eds.), Local Power and Post-Soviet Politics, pp. 209-10.

⁴⁴ Richrd Sakwa, Russian Politics and Society (London and New York: Routledge, Second Edition, 1996), pp. 217-18.

which have equal political status. Some leaders of the Far East have willingly seized this opportunity and pressed for even greater autonomy, notably the republic of Sakha, Primorskii krai, Khabarovsk krai and Sakhalin oblast.

In the early 1990s the powers and responsibilities of regional authorities and their capacity to influence local social and economic affairs were substantially upgraded as part of the general decentralisation of administration in Russia. Firstly, the economic base of local authorities was expanded through the establishing of municipal and regional property-land holdings, enterprises, financial assets, and so on. Secondly, local authorities became legally responsible for ensuring comprehensive economic stabilisation in their area. They obtained the power to approve (or forbid) the setting up or substantial alteration of any economic or social entity, with regard to possible demographic, ecological or other local consequences.⁴⁵ Thirdly, in addition to managing their own property, local authorities were given certain responsibilities in regard to locally-situated federal enterprises (concerning environmental protection, the social security of local residents, etc).⁴⁶

3.3.1: The Regionalist Movement for Autonomy and Resources: The Far Eastern Republic (FER) and the Far East Association for Economic Co-operation (FEAEC)

In early 1990 Far East regionalism grew and spread, with some local leaders beginning to support the idea of the rebirth of the Far Eastern Republic. As a result of this rise in regionalism there were created new, collective political and economic institutions with independent decision-making powers. Economic decline in this region and the inability

⁴⁵ V. Leksin and E. Andreeva, *Rossiiskii ekonomicheskii zhurnal*, 1992, no. 8, p. 40.

⁴⁶ *Vedomosti S"ezda Narodnykh Deputatov Rossiiskoi Federatsii i Verkhovnogo Soveta Rossiiskoi Federatsii*, no. 13, 1992, p. 869.

of the centre to support the RFE economy encouraged the rise of regionalism in the Far East. While the RFE had attempted to obtain special privileges from the central government in return for gradually transforming itself into a market-oriented economy, regional leaders demanded more freedom in business activities and privatisation. This became a major cause of conflict between the centre and the Far Eastern region.⁴⁷ The revival of the Far Eastern Republic (FER) and the formation of the Far Eastern Association for Economic Co-operation (FEAEC) illustrated the growing movement for both political and economic autonomy within the RFE.

Rebirth of the Far Eastern Republic. Separatism was not an influential force in the RFE, but in the early 1990s the idea of a separate FER was popular.⁴⁸ It re-emerged between 1989 and 1990 as a result of the pre-election campaigns, in which groups trying to get elected as deputies tended to oppose the existing bureaucratic-party system that had been imposed by the centre. The goal became the creation of a republic in the RF.⁴⁹ The slogan for this campaign was 'Vozrozhdenie', or 'rebirth of the FER' that had existed from 1920 to 1922.⁵⁰ It acted as a rallying point for those who opposed the administrative-command system and wanted economic independence for the Far East.⁵¹

⁴⁷ Troyakova, "Regional Policy in the Russian Far East," p. 429.

⁴⁸ Alexander B. Parkansky, 'The Disintegration Trends in the Eastern Russia and the Russian Economic Opportunities in the Northern Pacific Area', in Osamu Ieda (ed.), New Order in Post-Communist Eurasia (Sapporo: Slavic Research Centre, Hokkaido University, 1993), p. 124.

⁴⁹ Vladivostok, 23 January 1992, p. 3, as cited in Supar Report, No. 13, July 1992, p. 135.

⁵⁰ David Wolff, "Epilogue: Regionalism, Russia and Northeast Asia: An Agenda," in Stephen Kotkin and David Wolff (eds.), Rediscovering Russia in Asia: Siberia and the Russian Far East (Armonk, New York: M. E. Sharpe, 1995), p. 323.

⁵¹ Vostok Rossii, No. 7, February 1992, as cited in SUPAR Report, No. 13, July 1992, p. 31; The FER appeal derived partly from history, partly from myth. Created on 6 April 1920, the FER was a nominally independent state encompassing most of the Russian Far East between the Soviet Union and the Japanese-occupied Primorskii krai. Lenin intended the FER to serve as a tactical plan to cause Japan's withdrawal. Although the FER was communist in content, some FER officials (including non-communist socialists and Siberian regionalists) hoped that the republic would become genuinely democratic and independent. FER delegations went to New York and Los Angeles to solicit U.S. investment. Such unrehearsed and unplanned initiatives worried Moscow and as a result the FER President Aleksandr Krasnoshchekov was removed in 1921. In October 1992 the last Japanese troops left Golden Horn bay and finally the FER was

The Far Eastern Republic Freedom Party (FERFP) was created in September 1990 and supported the idea of the FER. Its leaders declared that the party would oppose any rule from the centre. Their activity was limited and had no real support, but two years later they reemerged as a response to the economic crisis in the region and the debate on the Federal Treaty.⁵² Igor Cherevkov, the leader of FERFP, sent an ultimatum to President Yeltsin that called for a referendum on the re-establishment of the FER.⁵³ In response, the Primorskii krai branch of the Social Democratic Party of Russia took the idea of an FER one step further. Its leader Ilya Grinchenko declared Primorskii krai a republic that would be a free economic zone with free politics. He was confident that the status of republic would give Primorskii krai the necessary guarantees of equality with the other subjects of the Federation.⁵⁴

After the signing of the Federal Treaty in 1992 and during the process of drafting a new constitution for the RF in 1993, the possibility of re-establishing a Far Eastern Republic was frequently discussed. In August 1993, this possibility caused debate within the Khabarovsk krai small soviet. A proposal was put forward by a group of deputies of the krai soviet stating that the FER should consist of Primorskii krai, Khabarovsk krai, Amur oblast, Kamchatka oblast, Sakhalin oblast and the Jewish Autonomous oblast. The krai small soviet also dealt with raising the status of the krai to that of a republic and called for this to be added to the Constitution.⁵⁵ The idea of creating a FER was even brought to the public's attention in Japan. Journalists from Tokyo Television made a programme in Khabarovsk about the movement for the

disbanded. See John J. Stephan, The Russian Far East: A History (Stanford: Stanford University Press, 1994), p. 141.

⁵² Krasnaya Zvezda, 25 September 1990, p. 1, as cited in FBIS-Sov-90-188, 29 September 1990, p. 82.

⁵³ Vostok Rossii, no. 18, May 1992, p. 1.

⁵⁴ Vladivostok, 6 October 1992, p. 3, as cited in RA Report, No. 14, January 1993, p. 120.

creation of a FER.⁵⁶ Despite all these activities for the revival of the FER, there was no real support from the region or the centre except from a few ambitious local politicians.⁵⁷

Far East Association for Economic Co-operation (FEAEC). The local authorities in the RFE made energetic use of their new rights. In early 1991 the legal regional organisation, named the 'Far East Association', was created in order to represent economic policy in different regions and influence relations with Moscow. In 1992 it was renamed the Far East Association for Economic Co-operation and included all the local administrators of the individual Far Eastern regions. The main purpose of the FEAEC was to help the local soviets to achieve results in their activities. Like the other eight Russian inter-regional associations, the main interest of the FEAEC was economic.⁵⁸ Meetings were held in Khabarovsk, at least once every three months. The intention of the FEAEC was to secure food and consumer goods, set up social and economic programmes in different regions and to maintain relations with the centre. In 1992 a number of bilateral economic agreements were signed (e.g. between Khabarovsk and Primorskii krai, and between Yakutia and the Sakhalin oblast). Direct inter-regional supplies (under contracts signed by the Khabarovsk krai administration) accounted for 80 per cent of local sales of Russian products. These inter-regional contracts were normally arranged on a counter-trade basis, making active use of local commodity

⁵⁵ *Priamurskie vedomosti*, 21 August 1993, p. 1, as cited in *RA Report*, No. 16, January 1994, p. 103.

⁵⁶ *RA Report*, No. 17, July 1994, p. 141.

⁵⁷ *Izvestiya*, 29 November 1995, p. 1, as cited in *CDPSP*, Vol. XLVII, No. 48, 1995, p. 18.

⁵⁸ *Trud*, 26 March 1991, as cited in *Supar Report*, No. 12, January 1992, p. 143. All the associations that emerged in 1992-1994 claimed to pursue only economic goals. The eight inter-regional associations were Central Russia, the Northwest, Chernozem, Siberian Agreement, North Caucasus krais and oblasts, Greater Volga, the Urals, and the Far Eastern Association signed an agreement that called for co-operation between the federal parliament and the associations. The associations expected that this would be followed by a law on inter-regional co-operation. See "Regional Associations Sign Protocol of Co-operation, *Sevodnya*, 17 May 1994, p. 2, as cited in *FBIS-94-096*, 18 May 1994, p. 39.

stocks.⁵⁹ All this reinforced the position of the local authorities and increased their role in regional economic stabilisation.

Due to the RFE's serious economic and social problems, this association could not be seen simply in a regional context. The inevitable continuation of the Far East's protracted dependence on federal financial support meant that it was particularly vulnerable to the effects of national economic policies. Disregarding the effect of irrational relative prices, the sectoral structure of the local economy resulted in low productivity and high production costs. The price liberalisation policy and the associated fall in living standards, together with the increase of social tensions in the RFE, had introduced new elements into the social and economic activity of the local authorities, as well as with their relationship with Moscow. Attempting to control its own budget, the federal government had tried to transfer the bulk of welfare and other social expenditures to regional level. In 1992, for instance, price subsidies and welfare expenditures amounted to 71 per cent of the local budget in Primorskii krai, as against 22 per cent of projected federal expenditures.⁶⁰ In the RFE the pressure on local budgets continued to grow. Hence the FEAEC had little impact in promoting regional co-operation or in defending the Far East's interest with regard to Moscow. With the restoration of presidential power after the December 1993 election, inter-regional associations' activities declined.⁶¹

⁵⁹ Sergei Manezhev, The Russian Far East (London: The Royal Institute of International Affairs, 1993), p. 11.

⁶⁰ Vedomosti S"ezda, 1992, no. 34, pp. 2602-4.

⁶¹ Vladimir Shlapentokh, Roman Levita and Mikhail Loiberg, From Submission to Rebellion: the Provinces Versus the Centre in Russia (Boulder & Oxford: Westview Press, 1997), p. 198.

3.3.2: Direct Regional Political Pressure on the Centre

As the economic and legal functions of regional government expanded, contacts with central administrative bodies became more frequent, and the regions become stronger vis-a-vis the centre. As a result there grew a relatively comprehensive system for exerting pressure on federal policy-makers. Various instruments of direct political pressure were employed by the Far Eastern region in enhancing their relations with the centre. The most obvious were appeals, petitions and open letters directed to the President, the Supreme Soviet or the federal government by regional authorities or public organisations (e.g. by the region's trade union council). Most of these documents referred to the serious rise in social tension which had occurred in the region and demanded an immediate allocation of additional funds and subsidies from the federal budget.

In the early 1990s there was a revival of the nationalist movement in the Sakha republic (as Yakutia had now styled itself).⁶² Mikhail Nikolaev, an ethnic Yakut (and the former chairperson of the Yakutia Autonomous Republic Supreme Soviet), was elected the first president of Sakha-Yakutia in 1991. Since the collapse of the Soviet Union, Nikolaev has played a key role in steering the developing movement towards greater autonomy, including the right to control its own economic resources.⁶³ This encouraged independence moves by other regions in the RFE. In July 1991 Nikolaev declared the sovereignty of the republic and its control of natural resources, in particular, diamond

⁶² *Izvestiya*, 12 March 1994, as cited in *CDPSP*, Vol. XLVI, No. 10, 1994, p. 15.

⁶³ "Yakutia President on Progress Since Declaration," *Pravda*, 3 October 1995, p. 1, as cited in *FBIS-Sov-* 95-192, 4 October 1995, pp. 35-6.

wealth.⁶⁴ In early 1992 he also introduced the republic's post-Soviet constitution and signed the Federation Treaty under the name of the Sakha Republic.⁶⁵

In March 1992 the Russian Federation and the Republic of Sakha concluded an agreement 'On Mutual Relations between the Government of the RF and the republic of Sakha' which provided the republic with the right to develop, extract and sell natural resources in its territory.⁶⁶ Following this, President Nikolaev signed a further agreement with the Russian government, which meant that the land, mineral wealth, water and natural resources of the republic of Sakha were declared the property of its people.⁶⁷ Acting on these agreements, the republic actively worked on developing its huge energy resources, especially gas, and attracting foreign investment.⁶⁸ Motivated by the need for hard currency, the republic has been particularly keen to attract foreign investment into its diamond, oil and gas industries instead of acting as a supplier of energy to the rest of Russia.⁶⁹ In the 1995 bilateral treaty between Moscow and Yakutia the division of the profits from the mining of precious metals in Yakutia was decided. As a result, Moscow secured 26 per cent of Yakutia's diamond production, 30 per cent of its gold output and a slightly smaller percentage of its oil and gas, with Yakutia retaining greater control of

⁶⁴ "Yakutia President Update on Economy, Term Extension," Kommersant-Daily, 30 September 1995, p. 3, as cited in FBIS-Sov-95-191, 3 October 1995, p. 38.

⁶⁵ Marjorie Mandelstam Balzer and Uliana Alekseeva Vinokurova, "Nationalism, Interethnic Relations and Federalism: The case of the Sakha Republic (Yakutia)," Europe-Asia Studies, Vol. 48, No. 1, January 1996, p. 103.

⁶⁶ Its constitutional status was defined in the Federation Treaty of 31 March 1992, along with that of nearly all of the other republics. See Federativnyi Dogovor. Dokumenty. Kommentarii (Moscow: Respublika, 1992).

⁶⁷ Nezavisimaya gazeta, 14 April 1992, pp. 1-3, as cited in FBIS, 15 April 1992, pp. 39-40; The republic Constitution classified land, subsoil resources, and local natural resources as the property "of the peoples inhabiting the republic of Sakha-Yakutia." See Sevodnya, 18 April 1995, p. 2, as cited in CDPSP, Vol. XLVII, No. 16, 1995, p. 18.

⁶⁸ For further details of the gas and oil development project in Northeast Asia see Keun Wook Paik, Gas and Oil in Northeast Asia: Policies, Projects and Prospects (London: Royal Institute of International Affairs, 1995), p. 222.

⁶⁹ "Sakha Republic Diamond Company Profiled," Delovoy Mir, 24 August 1995, p. 5, as cited in FBIS-Sov-95-191, 5 September 1995, pp. 30-31.

its resources.⁷⁰

All these above achievements were based on a strong personal relationship between Nikolaev and the Russian president, with the support of the majority of Sakha-Yakutia's electorate. In 1993 he was elected as a representative to the Federal Assembly in Moscow with 67 per cent of the vote. In 1996 he was re-elected as president with strong support from the electorate. Running against four other candidates, he achieved 59 per cent of the vote.⁷¹ In order to pursue Sakha's national development, Nikolaev has promoted foreign economic co-operation more actively than other regional leaders in the Far East. As president of the Sakha republic in 1996, he visited South Korea and met President Kim Young Sam to deal with Korean's involvement in the Sakha gas pipeline project and to promote further economic relations with the Koreans. Of the regions in the RFE, the Sakha republic has been most successful in establishing local autonomy; in comparison many other regions are still struggling to gain this autonomy.

The success of the Sakha republic in establishing economic autonomy may well have been the provocation for moves to emulate it in other Far Eastern regions. On 8 July 1993 Primorskii krai Congress of People's Deputies adopted a declaration demanding that Primorskii krai be granted the status of a republic within the federation. A local referendum on this issue was to be called, to Moscow's evident annoyance. The purpose in pursuing this cause was dictated by economic rather than political necessity.⁷² The draft declaration stated that:

⁷⁰ *Moskovskie novosti*, no. 44, 1995, p. 14. For the text of the Sakha treaty see *Respublika Sakha*, 5 July 1995, reprinted in B. A. Strashun, (ed.), *Federal'noe konstitutsionnoe pravo Rossii* (Moscow: Norma, 1996), pp. 248-55.

⁷¹ *Vybory glav ispolnitel'noi vlasti sub'ektov Rossiiskoi Federatsii 1995-1997. Elektoral'naya statistika* (Moscow: Ves' mir, 1997), pp. 86-7; Valentin Fedorov, former governor of Sakhalin (leaving the post of governor of Sakhalin in 1993), was elected Prime Minister of Sakha by the local Duma in January 1997. See *Russian Far East Update Advisory*, 23 January 1997.

⁷² *Japan Times*, 9 July 1993, p. 7.

the republic was an integral part of the RF governed by local laws, except those issues which were under the jurisdiction of federal authorities. The natural wealth of the republic would belong to its people, and it would retain the right to foreign economic relations and fully-fledged representation in the federal bodies of authority.⁷³

Ultimately, it was not accepted by Moscow. In July 1993, the Governor of Primorskii krai, Yevgenii Nazdratenko, applied pressure to federal government to force recognition of his attempted extension of power.⁷⁴ Nazdratenko passed a draft decree to the Prime Minister, Viktor Chernomyrdin, on the 'Extension of Powers of the Primorskii Administration in Solving Outstanding Social and Economic Problems.' This was prepared by the Primorskii administration in the hope that the Prime Minister would convince Yeltsin to sign it.⁷⁵ The main purposes of the decree were to provide 'the Primorskii krai administration with exclusive rights for three years not to pay federal taxes, to determine regional quotas on natural resources and products and to unilaterally distribute licenses for export of products produced in the krai.'⁷⁶

In order to raise the pressure on the President, in early August 1993, the regional legislature adopted a declaration on the status of Primorskii krai, which among other things demanded the extension of powers of the regional administration. When this did not happen, Nazdratenko apparently tried to make the legislature support a referendum on the status of Primorskii krai, in which the people could decide whether they were in

⁷³ "Maritime Region Wants Status as Republic," *Tass*, 6 July 1993, as cited in *FBIS-Sov-93-128*, 7 July 1993, pp. 37-8; In January 1994, V. Dubinin, acting head of administration of Primorskii krai, signed a resolution affirming the regulation about the representative body, the local self-administration and the elections. The head of administration gained more power. He could not only appoint heads of administrations of subordinate units, but also call elections to these posts. This was the only amendment to the draft regulation which was presented to the commission on reform of representative bodies and local self-administration. See *Utro Rossii*, 22 January 1994, p. 1.

⁷⁴ Peter Kirkow and Philip Hanson, "The Potential for Autonomous Regional Development in Russia: The Case of Primorskii krai," *Post-Soviet Geography*, Vol. 35, No. 2, 1994, p. 83.

⁷⁵ Tolz and Busygina, "Regional Governors and the Kremlin," p. 408.

⁷⁶ *Moscow Times*, 9 July 1993, p. 5.

favour of the creation of a Far Eastern republic.⁷⁷ In March 1996, in an interview with Nezavisimaya gazeta, he again spoke about support in his region for the creation of such a republic, implying that it could eventually demand full autonomy from Moscow.⁷⁸ However, as McFaul notes, 'the political struggle between Primorskii krai and central government has had everything to do with elite politics and very little to do with popular attitude.'⁷⁹

Nazdratenko was appointed as governor of Primorskii krai after Vladimir Kuznetsov⁸⁰ was removed from his post in May 1993. In December of the same year Nazdratenko was elected to the Federal Assembly with 62 per cent of the vote. He ran as an independent candidate and his victory came on a tide of increasing dissatisfaction with the reforms of the central government. He was backed by the local industrial lobby and attempted to pursue a more clearly isolationist policy than his predecessor. Through most of 1993 and 1994 the local situation was marked by turmoil between the krai and city administrations and between Nazdratenko and the local press. The press questioned the legitimacy of the removal (in February 1994) of Vladivostok's Mayor Viktor

⁷⁷ Tamara Troyakova, "A Primorsky Republic: Myth or Reality?," Communist Economies & Economic Transformation, Vol. 10, No. 3, September 1998, pp. 392-93.

⁷⁸ Tolz and Busygina, "Regional Governors and the Kremlin," p. 408.

⁷⁹ Michael McFaul, "The Far Eastern Challenge to Russian Federalism," in Shernan W. Garnett (ed.), Rapprochement or Rivalry?: Russia-China Relations in a Changing Asia (Washington, D.C.: Carnegie Endowment for International Peace, 2000), p. 331.

⁸⁰ Vladimir Kuznetsov was elected deputy of the Primorskii krai soviet and then appointed the head of administration. The Kuznetsov's administration wanted a policy of self-government through the development of foreign relations to promote market structures in Primorskii krai. There were plans to create a Nakhodka FEZ, a Greater Vladivostok project and a Tumen River project, all of which were to be supported by foreign investment. But the first generation of idealistic reformers had been deposed amidst economic turmoil and replaced by older industrial managers with deep roots in the old Soviet power structure. Yevgenii Nazdratenko was appointed the head of administration by President Yeltsin in May 1993. This was a time when Yeltsin was attempting to gain support from the local politicians in his struggle with the Supreme Soviet. The opposition of the Primorskii soviet to the Kuznetsov cabinet was the result of confrontation between the old Communist party leaders (nomenklature) and the group of politicians with strong ties to the new state industrial entrepreneurs. As the former director of the Vostok mining enterprise, Nazdratenko had strong ties with industry. See Tamara Troyakova, "Regional Policy in

Cherepkov on corruption charges (which were later dismissed by the federal prosecutor).⁸¹

Incumbent Nazdratenko was re-elected governor in December 1995 (Primorskii krai was the only RFE region that held gubernatorial elections on 17 December).⁸² The popular Nazdratenko was supported by a 69 per cent majority of the residents of Primorskii krai,⁸³ with the second runner being Viktor Cherepkov⁸⁴ who achieved only 17 per cent of the vote.⁸⁵ After Nazdratenko was re-elected to his governorship in 1996, he himself faced corruption allegations in Primorskii krai. This became a focus for national attention and Yeltsin attempted unsuccessfully to remove him from his post.⁸⁶

the Russian Far East and the Rise of Localism in Primorskii krai," The Journal of East Asian Affairs, Summer/Fall 1995, Vol. IX, No. 2, p. 451.

⁸¹ For a further discussion of recent political developments in Primorskii krai see paper given by Jeffrey W. Hahn entitled "The Development of Political Institutions in Three Regions of the Russian Far East," conference on "Regional Politics in Russia" in Dundee, 13-14 May 2000.

⁸² Nazdratenko was elected in May 1993 as the new governor through the regional council of people's deputies. His candidacy was put forward by Russian President Boris Yeltsin and he received 147 votes in the election. There were 11 votes against him and 7 abstentions. He was the chairman of the "Vostok" mining company and a people's deputy of Russia. "Yeltsin-Nominated Candidate Elected Head of Primorye," Itar-Tass, 19 May 1993, as cited in FBIS-Sov-93-095, 19 May 1993, p. 56.

⁸³ Izvestiya, October 8, 1996, pp. 1-4, as cited in CDPSP, Vol. XLVIII, No. 40, October 30, 1996, p. 18.

⁸⁴ Former Vladivostok Mayor Cherepkov, who was accused of bribery and forcibly removed from his post in December 1994. He was forced to leave office by Yeltsin, under pressure from Nazdratenko, and was succeeded by Konstantin Tolstoshein. See "Vladivostok Former Mayor on Dismissal by Yeltsin," Novaya yezhednevnyaya gazeta, 28 December 1994, p. 2, as cited in FBIS-Sov-95-014, 23 January 1995, pp. 48-9; following the additional election in January 1995 the first territorial Duma was elected in Primorskii krai. Cherepkov was not elected at this time. See "Territorial Duma Elected in Maritime Region," Itar-Tass, 17 January 1995, as cited in FBIS-Sov-95-012, 19 January 1995, pp. 26-7; however, he resumed his municipal duties on 30 September 1996 after both a Moscow court and a presidential decree restored his right to serve as the city's mayor. Tolstoshein, who held the post of Mayor of Vladivostok until Cherepkov's return, accepted the post of First Deputy Governor of Primorskii krai. See "Cherepkov is Mayor Again," RFEU, November 1996, p. 6; On 22 December 1996 Tolstoshein scheduled mayoral elections, having the support of Governor Nazdratenko, and supporters dominating the city Duma. Cherepkov sought to cancel the elections on the grounds that Tolstoshein had no authority to set elections. After a local court backed his opponents, Cherepkov went to Moscow and returned on 18 December with the news that representatives of the Procurator-General's Office, the Central Electoral Commission, and the presidential administration all supported him. This planned controversial election to the Vladivostok Duma was declared invalid. Only 9 per cent of eligible voters had turned out. More voters cast more ballots "against all candidates" than for any of the contenders, indicating that the teething problems and personality clashes of the new democratic process left the electorate confused and hostile. See "Low Turnout Wrecks City Election in Vladivostok," OMRI Daily Digest, 8 January 1997.

⁸⁵ Vybory glav ispolnitel'noi vlasti sub'ektov Rossiiskoi Federatsii 1995-1997, pp. 117-18.

⁸⁶ "Viktor Cherepkov Reinstated as Mayor," Vladivostok News, No. 124, 19 August 1996, p. 1.

He appeared to lose the support of central government and Izvestiya published a series of articles at the end of July 1996 aimed, in part, at discrediting Nazdratenko. The newspaper directly linked the governor to criminal groups in Primorskii krai:

These articles were part of an attempt to dislodge Nazdratenko, whose allies in Moscow, it appeared, had lost some influence with Yeltsin. Nazdratenko responded to the Izvestiya articles by filing a lawsuit against the newspaper, calling the articles "a torrent of dirty, shameless lies."⁸⁷

Nezavisimaya gazeta commented on Nazdratenko's case: 'removing the Primorskii krai governor, whom the region's voters elected in a direct general election, merely by decision of central governmental structures, even by presidential decrees, is truly impossible today. Besides, the Council of the Federation, of which many members are themselves provincial governors, would hardly agree to such a decision.'⁸⁸ Despite the fact that Yeltsin, First Deputy Prime Minister Anatoly Chubais and Duma Chair Gennady Seleznyov called for him to step down, Nazdratenko remained as governor of Primorskii krai. Consequently, Moscow allotted more control over the distribution of federal funds to Viktor Kondratov, a General in the Federal Security Service and President Yeltsin's special representative in the region. Kondratov's role seemed to be part of an attempt to remove Nazdratenko's authority over federal resources and to undermine his credibility; Kondratov ordered federal security police to search some offices of the gubernatorial administration in an apparent move to seek evidence for corruption charges.⁸⁹

Nazdratenko's economic policies in Primorskii krai tightened local state control over industrial and trade enterprises. These policies could have been a contributing

⁸⁷ "Moscow Newspaper Attacks Primorskii krai Governor," RFEU, Vol. VI, No. 9, September 1996, p. 12.

⁸⁸ Nezavisimaya gazeta, 3 October, 1996, p. 5, as cited in CDPSP, Vol. XLVIII, No. 40, October 30, 1996 p. 20.

factor in the fall-off in the krai's level of international trade. His policy of local economic isolationism emphasised economic self-sufficiency and actively discouraged the trading of Chinese goods. As well as propaganda campaigns against cheap Chinese products, the krai cracked down on illegal Chinese immigration in 1994.⁹⁰ Nazdratenko also adopted a hard line on Russian-Chinese border disputes, and opposed Yeltsin's demarcation process along the Amur river (for a full discussion see chapter 5). These policies influenced both the anti-Yeltsin and the pro-nationalist movements, which were strongly in evidence during the 1995 Duma election⁹¹ and in the 1996 presidential elections.⁹²

The diversity of the struggle for local autonomy can be seen in the moves made by different regions engaged in it. For example, the Sakhalin regional authority has intervened in the Russian-Japanese negotiations over the Kuril islands, adopting a more hard-line approach than the centre with regard to the possible return of the islands to Japan (this issue is fully dealt with in chapter 5). However, regional leaders were prepared to moderate their position on this issue in return for economic concessions from the centre. Sakhalin has a variety of natural resources and with the projected development of offshore oil fields, these may bring unmatched prosperity to the island. There is also the matter of its strong ties to nearby Japan, which may improve the future of Sakhalin, especially when the dispute over the Kuril islands is settled.

The governor of Khabarovsk krai, Viktor Ishaev, also functioned as an self-appointed spokesperson for the Far East as a whole. Ishaev stated in an interview with

⁸⁹ "The Political Situation in Primorskii krai," *RFEU*, Vol. VII, No. 7, July 1997, p. 12.

⁹⁰ John Lloyd, *Rebirth of a Nation: an Anatomy of Russia* (London: Michael Joseph, 1998), p. 188.

⁹¹ *Vybory v shestuiu Gosudarstvennuuiu Dumu: Itogi i vyvody* (Moscow: Institut politicheskogo i voennogo analiza, 1996), pp. 520-22.

Izvestiya that

many people in the RFE were disappointed by Moscow's empty promises to help the RFE economy. They are equally concerned about the difficulty which the RFE region faces when trading with neighbouring countries, especially when bureaucrats create barriers to foreign trade, such as high export duties. The Far East should have the right to develop its own economy. For this we needed our own banking system, our own custom, tax inspection and tax police. We were not looking for separation but for the centre to help us develop our economy and solve our social problems.⁹³

Ishaev served as the representative of the regional association and he also represented Khabarovsk krai (centrally located in the populated southern part of the region and the headquarters of the association). Responding to Yeltsin's April 1996 ten-year programme for the Far East, Ishaev called immediate attention to the need for a managerial organ. He even proposed that a vice-premier answering for the Far East be named as the head of the programme, while adding that the executive office could be placed in the directorship of the existing Far Eastern Association.⁹⁴

Some regions in the RFE were dependent upon large subsidies from Moscow. This was especially the case in the northern region; Magadan oblast, Chukotka autonomous okrug (AO),⁹⁵ the Koryak AO and Kamchatka oblast all fell into this category. The main economic activity in these areas is local industrial development

⁹² Vybory Prezidenta Rossiiskoi Federatsii, 1996 goda: Itogi i vyvody (Moscow: Institut politicheskogo i voennogo analiza, 1996), pp. 228-30.

⁹³ Izvestiya, 29 November 1995, as cited in Russian Far East Update (RFEU), Vol. VI, No. 11, November 1996, p. 6.

⁹⁴ Izvestiya tikhookeanskoi Rossii, May 1996, p. 5.

⁹⁵ But, in some cases, small minorities in the North in some cases won autonomy from existing administrative units, leading to the split of Chukotka AO from Magadan oblast and of the Koryak AO from Kamchatka. In January 1992 the Chukotka okrug soviet discussed the draft law of its autonomy within the Russian Federation. The chairman of the soviet, V.M. Etylen, provided a short report and discussed the results of the activities of the delegation of Chukotka parliamentarians in Moscow. See Sovetskaya Chukotka, 25 January 1992, p. 1, as cited in Supar Report, No. 13, July 1992, p. 132. In May 1993 the Constitutional Court decided that the law would change and Chukotka autonomous okrug would become a direct subject of the Russian Federation. The constitutionality of this law was being disputed by the Magadan oblast soviet and one of the Russian people's deputies. Prior to this the Chukotka autonomous okrug was part of the north-eastern half of Magadan oblast. This decision of the Constitutional Court was its first verdict concerning relations between subjects of the Federation. Finally, the Russian parliament recognised Chukotka's separation from Magadan. See Sibirskaya gazeta, No. 20, May 1993, p. 2, as cited in RA Report, No. 15, July 1993, p. 130.

based on the exploitation of natural resources. They had little to gain from pursuing greater autonomy from the centre due to their unbalanced pattern of development and massive emigration (emigration figures given in chapter 4). In the 1995 Duma and 1996 presidential elections they demonstrated a high level of support for both pro-government parties⁹⁶ and for Yeltsin.⁹⁷ In August 1993 Kamchatka oblast appealed to the Supreme Soviet to declare it a republic, but this appeal was denied. However, the main aim of this appeal was not economic or political independence, rather it was the desired equality of the krai and oblasts with the republics within the RF.⁹⁸ In November 1996, Magadan oblast (under the newly elected nationalist, governor Valentin Tsvetkov) sought to gain the advantages of a free economic zone and its benefits in the exploitation of mineral resources (available to the republic of Sakha) while still striving for more central assistance.⁹⁹

Among the southern regions, Amur oblast and the Jewish AO were in a difficult position, having vital connections both with Moscow and with the northern Chinese provinces. While they were highly dependent on subsidies from Moscow to overcome economic hardship, they were also heavily reliant on trade with China. Politically, they demonstrated a high level of support for pro-communist parties¹⁰⁰ and Zyuganov.¹⁰¹

The RFE's search for greater autonomy has been, and will continue to be a complicated process. Signs of this can be seen in the many disputes over border demarcation with China. For example, arguments between regional leaders in Primorskii and Khabarovsk over Chinese immigration into the RFE; also the resulting block to the

⁹⁶ *Vybory v shestuiu Gosudarstvennuiu Dumu*, pp. 528-30.

⁹⁷ *Vybory Prezidenta Rossiiskoi Federatsii, 1996 goda*, pp. 228-30

⁹⁸ *Kamchatskaya pravda*, 21 August 1993, p. 1, as cited in *RA Report*, No. 16, January 1994, p. 103.

⁹⁹ *Nezavistimaia gazeta*, 3 October 1996, p. 2.

¹⁰⁰ *Vybory v shestuiu Gosudarstvennuiu Dumu*, pp. 511-14.

final demarcation of the Russian-Chinese border (under the terms of the 1991 USSR-China Agreement on the Eastern Section of the Soviet-Chinese state border). This had repercussions for other parts of the region and Amur oblast suffered severely in mid 1990s from the sharp drop in trade with China. Its elites and residents blamed Nazdratenko and Ishaev for pressuring Moscow to prevent illegal Chinese immigration into the RFE. The above are examples of centre-periphery conflict in the RFE; they will be dealt with more fully in chapter 5 in connection with relations with China. Despite the existence of a Far Eastern Association intended to coordinate the individual regions in the RFE, good bilateral relations between its members were not forthcoming, with individual regions continuing to appeal directly to Moscow at the expense of each other's interests instead of combining to work more closely together. As Garnett notes, 'The local economies are not complementary, but are based on natural resource exploitation; local leaders see themselves not as partners but as rivals for export quotas, markets, and domestic and foreign investment.'¹⁰²

The Far Eastern Republic (FER) also attracted attention as a model for a possible independence movement but its presence remained weak. Although the FER reflected a re-awakening of regional consciousness in the history of the RFE, it became clear that it lacked the power to drive the RFE's real political autonomy movement. The region's governors also attempted to form a political organisation to represent their economic interests, the FEAEC. Conflict between separate regions meant limited success, and the failure to constitute a united regional front inhibited the Association's achievements, as did the growing economic and social tensions in the region. The absence of an effective

¹⁰¹ *Vybory Prezidenta Rossiiskoi Federatsii, 1996 goda*, pp. 244-47.

¹⁰² Sherman Garnett, "The Russian Far East in Sino-Russian Relations," *SAIS Review*, Vol. 16, No. 2, Summer/Fall 1996, p. 12.

regional autonomy movement in the RFE was due, in part, to the failure of local political leaderships to create any kind of united front. Regional political leaders paid more attention to their own individual relationship with central government than to common relations with the rest of the RFE. Competing with each other for greater economic concessions from federal government, local authorities tended to act in an uncoordinated manner, which inevitably reduced the overall impact of their efforts. The centre also could not afford to fully approve each region's development opportunities, financially or politically, without some central control over the regions. The present changes in centre-periphery relations mean that the social and economic environment in the RFE is further affected by policies pursued by the local authorities.¹⁰³

As mentioned in the previous subsection, through bilateral agreements with Yeltsin, regional leaders enjoyed a relatively wide authority over areas of interest specific to their regions. These included the use of natural resources the liberty directly to engage in foreign trade and wider budgetary and tax powers. According to a new federal law in 1999, subjects of the Federation can enter directly into relations with subnational units in other states and with the permission of the Russian government they can also enter into direct relations with foreign states.¹⁰⁴ Such policies have important implications for foreign trade activity in the RFE. Within the RFE regional variations in trade structure have been important in shaping the geographical distribution of foreign trade. Despite intervention by the centre, which periodically strikes down illegal local decisions, the trend towards greater autonomy in the RFE is gaining momentum.

¹⁰³ *Ekonomika i zhizn'*, 1992, no. 37, p. 1.

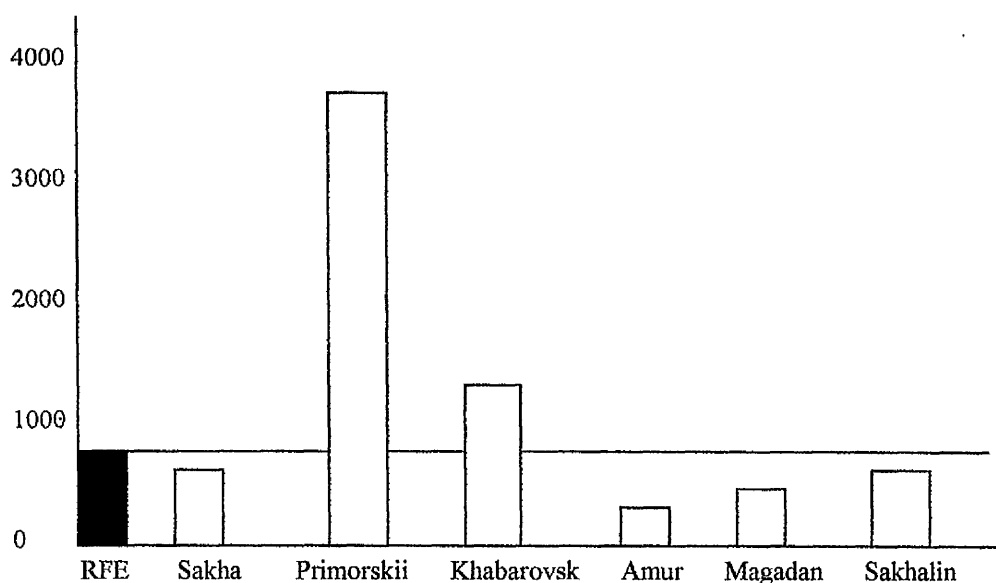
¹⁰⁴ "O koordinatsii mezhdunarodnykh i vneshneekonomicheskikh svyazei sub"ektov Rossiiskoi Federatsii," *Sobranie zakonodatel'stva Rossiiskoi Federatsii*, no. 2, art. 231, 4 January 1999.

3.4: Man and the Environment

3.4.1: Environmental Pollution in the RFE

Due to the RFE relying heavily on the substantial military presence and exploitation of its rich natural resources,¹⁰⁵ the region has always had to deal with serious environmental issues. These include air pollution in major industrial cities, water pollution, the destruction of forests, uncontrolled fires and the disposal of radioactive waste into the sea.

Table 3-1: Polluting Air Emissions in 1000s of tonnes by Region in 1994

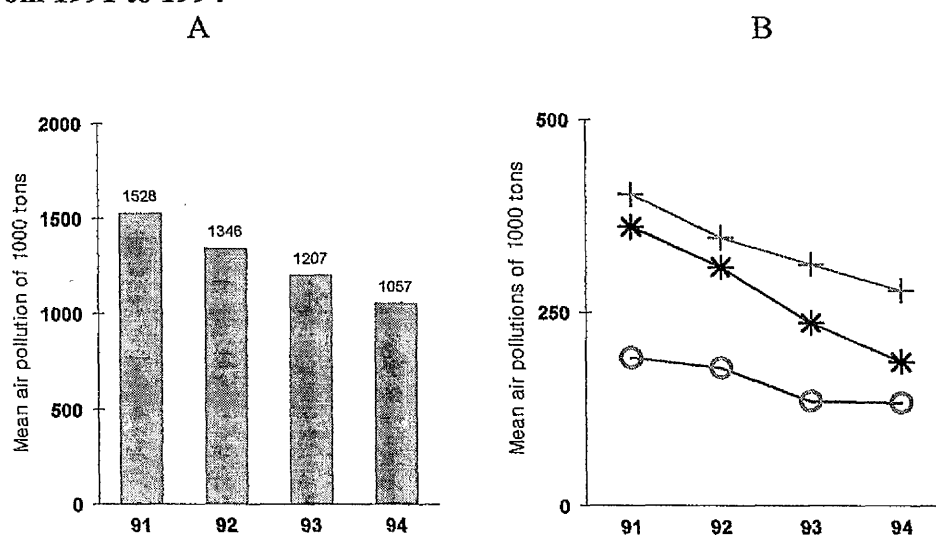


Source: Derived from Rossiiskii statisticheskii ezhegodnik. 1995 (Moscow: Goskomstat Rossii, 1995), pp. 679-81.

Air Pollution. As can be seen in table 3-1, Primorskii krai, Khabarovsk krai

Sakha republic, and Sakhalin oblast had the highest air pollution in 1994. Primorskii and Khabarovsk were above the RFE average; Primorskii, in particular, exceeded it by almost three times, having the highest level of air pollution in the RFE. Table 3-2 shows reductions in the level of air pollution in the RFE, this being mainly due to economic recession in the last few years. Panel B specifically highlights the three major regions (Primorskii, Khabarovsk and Sakha). But it was reported that the importing of private vehicles from Japan and South Korea has contributed to the increase in air pollution in Primorskii in recent years.¹⁰⁶

Table 3-2: Polluting Air Emissions in 1000s of tonnes in the RFE and by Region From 1991 to 1994



Source: As Table 3-1, pp. 676-78.

Note: + Primorskii krai, * Khabarovsk krai and O republic of Sakha.

Water Pollution. In the RFE, water remains pollution free where there has been no human activity whereas in the developed parts pollution is increasingly evident.

¹⁰⁵ Ruben Mnatsakanian, *Environmental Legacy of the Former Soviet Republics* (Edinburgh: Institute of Ecology & Resource Management University of Edinburgh, 1992), p. 184.

There are many cases of deteriorating water quality (particularly near the sea), pollution of reservoir water, and poisoning of fish and waterfowl stocks. The timber industry has been a leading culprit. Billions of roubles worth of felled timber lie beneath Far Eastern rivers, polluting the water, which is desperately scarce in the Amur region, Primorskii krai and on the Sakhalin island.¹⁰⁷ For example, a critical situation exists in the largest river in the Amur region. This has resulted from the metallurgical, chemical, pulp and paper plants in Amur and Komsomol'sk-na-Amure where phenols, heavy metals and oil are pumped into the river. Also heavy deforestation in the valley of Amur and its tributaries has caused the diminishing of valuable fish species.¹⁰⁸

The following is another example of high levels of water pollution in Primorskii krai:

The major polluters of water reservoirs in Primorskii krai are utility establishments. These account for over 50 per cent of the total sewage discharge, farms (10 per cent), mines (9 per cent), metallurgical works (5 per cent) and so on. Many coastal sea areas are seriously contaminated by organic and biogenic substances, particularly pesticides. About 70 per cent of Golden Horn Bay is covered by patches of oil. The most contaminated body of water in Primorskii krai is the Peter the Great Bay. A river runs from it carrying transit waste water and a large volume of sewage from Vladivostok.¹⁰⁹

The krai is concerned about its environment and therefore spends 90 per cent of its environmental budget on controlling water pollution.¹¹⁰

Destruction of forests. As Nezavisimaya gazeta noted in 1994, 'The Far East has

¹⁰⁶ Vladivostok News, 23 August 1994, p. 4.

¹⁰⁷ Alexei Yu. Roginko, "Environmental Issues in the Soviet Arctic and the Fate of Northern Natives," in Massey Stewart (ed.) The Soviet Environment, pp. 227-29.

¹⁰⁸ Mnatsakanian, Environmental Legacy, p. 187.

¹⁰⁹ During my research visit to Vladivostok in September 1996, I worked along the sea shore of Golden Horn Bay and noticed the water was dark blue and very strong smelling; Evgeny E. Jarikov, "The Current Situation of Environmental Protection in Primorsky Territory," in Primorsky Territory: Its Political, Social and Economic Situation and Environmental Protection (Vladivostok: Centre for Pacific Economic Development and Co-operation; and Monterey, California: Centre for East Asian Studies, Monterey Institute of International Studies, 1993), pp. 17-8.

enormous forest resources, with 40 per cent of the total forest area and 25 percent of commercial woods of the RF located there. Over a long period of time, the development of these resources was barbaric.¹¹¹ There was no restriction on timber cutting. As a result a considerable amount of waste ground formed with 20 to 30 per cent of trees on slopes being cut down. This was causing erosion on a large scale and the complete collapse of ecosystems.¹¹²

Another reason for forest destruction in the area was uncontrolled fires. In 1989 forest fires destroyed 181,000 hectares in Khabarovsk krai and 132,000 on the Sakhalin island.¹¹³ The RFE appears to have the worst incidence of forest fires, as an example:

In May 1993 a fire raged for four days in a large area of a forest tract near the Sukhanov Pass in southern Primorskii krai and spread towards the Russian and Chinese border. Measures were taken to stop the fire from spreading, with servicemen trying to put it out, but to no avail. The main dangers were that not far from the fire there was an artillery depot of the Far Eastern Military District and also residents of Primorskii krai.¹¹⁴

According to the State Committee on Emergency Situations, in 1993 there were 49 forest fires in Khabarovsk krai, 12 in the republic of Sakha, 14 in Primorskii krai and 7 in Amur oblast.¹¹⁵

Radioactive pollution. Nuclear testing, radioactive dumping and related accidents in the Russian Federation have contributed on a major scale to ecological pollution. In the RFE there was great concern over the location of a nuclear power plant on the Amur river near Komsomol'sk-na-Amure.¹¹⁶ In October 1992, President Yeltsin issued a decree that Yablokov was to carry a study of the military and other agencies

¹¹⁰ Tsuneo Akaha, "Environmental Challenge in the Russian Far East," in Akaha (ed.), Politics and Economics in the Russian Far East, p. 122.

¹¹¹ Nezavisimaya gazeta, July 6, p. 6, as cited in CDPSP, Vol. XLVI, No. 27, 1994, p. 12.

¹¹² Mnatsakanian, Environmental Legacy, p. 190.

¹¹³ Brenton M. Barr, "Environmental Degradation in the Soviet Forest," in Michael J. Bradshaw (ed.), The Soviet Union: A New Regional Geography? (London: Halsted Press, 1991), pp. 132-33.

¹¹⁴ RA Report, No. 15, July 1993, p. 151.

¹¹⁵ Sibirskaya gazeta, No. 21, May 1993, p. 2.

involved in nuclear dumping activities. He obtained some alarming results along Russia's Arctic and Pacific shores. The report presented to Yeltsin gave the precise location of past radioactive dumping, including that of waste from nuclear-powered submarines.¹¹⁷ Yeltsin signed a declaration confirming that dumping of radioactive waste in the ocean was a particular concern and agreed to plans for a survey of radioactive pollution in the Sea of Japan.¹¹⁸

The dumping site of nuclear waste in the Sea of Japan became an area of potential environmental disaster. This caused problems for the neighbouring countries, Japan and South Korea.¹¹⁹ In 1993, it was revealed that between 1959 and 1991, the Soviet Union had dumped nuclear waste from old battleships into the Arctic, specifically at five sites in the Barents Sea and at eight sites in the Kara Sea. These included seven nuclear reactors containing radioactive material. The Russian government also admitted that the Soviet Union had dumped nuclear waste, including two nuclear reactors, into the Sea of Japan. The announcement came as a shock to the Japanese and Koreans, especially to those involved in fishing.¹²⁰

Due to a lack of storage and treatment facilities, the Soviet Union and Russia dumped tons of nuclear waste into the Sea of Japan and other waters off its coast. The uncovering of the decade-long nuclear dumping sparked international protests and led to calls for a rapid solution to the storage crisis.¹²¹ Many reports were written covering the

¹¹⁶ *Pravda*, 1 February 1989, as cited in *CDPSP*, Vol. XLIV, No. 4, 22 February 1989, pp. 20-1.

¹¹⁷ *Nezavisimaya gazeta*, 3 April 1993, p. 1, as cited in *CDPSP*, Vol. XLIV, No. 47, 1993, pp. 12-4.

¹¹⁸ "Dumping Puts Yeltsin's Fence-mending at Risk," *Japan Times*, 26 October 1993, p. 3.

¹¹⁹ "Tokyo Offered Russian Uranium," *Izvestiya*, 27 October 1993, p. 3, as cited in *CDPSP*, Vol. XLV, No. 43, 1993, p. 26.

¹²⁰ Yosef and Il'ia Shuster, "What Does the West Know of the Nuclear Waste Problem in the Russian Navy? A Subjective Angle," *Environmental Policy Review*, Vol. 8, No. 1, Spring 1994, pp. 2-4.

¹²¹ "80 Nuclear Submarines Decommissioned," *Tass*, 21 January 1993, as cited in *FBIS-Sov-93-013*, 22 January 1993, p. 40.

Russian nuclear waste dumped in the Sea of Japan.¹²² The Japan Times reported, 'in October 1993 three Russian ships arrived at the dump site, about 550 km from Hokkaido. Around 900 tons of liquid waste was dumped from tanks on board the TNT-27 (nuclear waste tankers), directly into the Sea of Japan. The waste was primarily reactor coolant and cleansing liquid generated while refuelling aging nuclear powered submarines.'¹²³ In December 1993 according to Mikhail Koreev (deputy chief of the Russian Foreign Ministry's Science and Technical Co-operation) the Pacific Fleet's TNT-5 and TNT-27 tankers, which held a total of 20,000 tons of liquid waste, were in a critical condition.¹²⁴

Japanese officials were concerned about the potential danger from various forms of Russian dumping, particularly radioactive waste and heptyl fuel. Strong condemnation came from the Japanese. This caused the Russian government to delay further radioactive dumping in the Sea of Japan.¹²⁵ The governor of Primorskii krai, Nazdratenko, also criticised the navy's action on nuclear waste dumping. He was further backed by local opposition.¹²⁶ Conflicting opinions came from local and central government, particularly when the Russian government announced in May 1994 that it would again dump further radioactive waste into the Sea of Japan. This had been stored in tankers at Vladivostok and would be dumped three months later.¹²⁷ As a result of the controversy over the dumping of nuclear waste into the ocean, an agreement was signed between Russia, Japan, South Korea, the United States and the International Atomic Energy Agency (IAEA). This ordered a study on the environmental impact of nuclear

¹²² Izvestiya, 9 July 1993, p. 6, as cited in CDPSP, Vol. XLV, No. 27, 1993, p. 19.

¹²³ Japan Times, 18 October 1993, p. 1.

¹²⁴ RA Report, No. 16, January 1994, p. 132.

¹²⁵ Feshbach, Ecological Disaster, p. 90.

¹²⁶ Hokkaido Shimbun, 3 November 1994, p. 4, as cited in Akaha, "Environmental Challenge," p. 125.

waste dumping in the Sea of Japan. Japanese and Russian officials met to discuss ways to stop further dumping of liquid radioactive waste into the ocean. Finally a study was conducted in March and April 1994. The Japanese and Russians created a Bilateral Commission on Nuclear Waste and agreed in principle to jointly build a radioactive waste treatment plant in the Far East.¹²⁸

At the same time, Russia and Japan agreed to build a disposal plant for liquid nuclear waste near Vladivostok. The Japanese government agreed to the building of a mobile storage centre for Russian radioactive waste in Japan. The facility would filter radioactive substances from the liquid waste. The plant would be funded from a Japanese grant of US\$70 million for the dismantling of Russian nuclear weapons and nuclear waste disposal.¹²⁹ In June 1994, Alaskan state officials also stated that the environmental risks posed to Alaska by the nuclear power plant Bilibino were due to a lack of finance and that there was a need to establish a modern monitoring system.¹³⁰ Recent Japanese involvement in the construction of the radioactive plant will be dealt with later in this chapter.

3.4.2: The Indigenous Peoples of the RFE

As Vitebsky notes, 'the term northern minorities (indigenous peoples or native peoples) covers a number of diverse native peoples across the sparsely-populated Russian Arctic and Far East.' They collectively numbered some 184,000 in the 1989 census and were

¹²⁷ Kydo, 20 May 1994, as cited in RA Report, No. 17, July 1994, p. 164.

¹²⁸ Japan Times, 17 April 1994, p. 2.

¹²⁹ *Ibid.*, p. 1.

¹³⁰ A study released by the University of Alaska, Anchorage, and the Alaska Department of Environmental Conservation said that the Bilibino nuclear power plant needed US\$16 million in improvements to bring the facility up to current Russian safety standards. See Japan Times, 5 June 1994, p. 9.

grouped under 26 ethnic names.¹³¹ Their economy, as others have noted, is based on primitive skills and their social structures retain 'many facets of a primitive-communalist society.'¹³² The main indigenous peoples are the Nenets, Evenk, Khant, Chukchi, Yakuts, Even, Nanay, Koryak, Eskimo and Dolgan. These peoples are small in number and their basic traditional occupations are reindeer husbandry, hunting, fishing and hunting sea animals.¹³³ The Khant group, for instance, live traditionally by hunting and freshwater fishing. These activities are also important among reindeer-herding groups such as the Nenets, Evenk or inland Chukchi, while groups on the east coast such as the Eskimo and Coastal Chukchi hunt walrus and whales at sea.¹³⁴

Anavgai is one of Kamchatka's few national villages, where residents of the indigenous peoples outnumber Russians. Of the 614 people there, 324 are Evens and 96 are Koryaks. But the most indigenous residents in central and southern Kamchatka are the Itelmen (this word translates as 'those living here'). At present there are only a few more than 1,000 Itelmen left. In Anavgai, it is reported that attempts to preserve the old way of life are hopeless. The Evens and the Koryaks are no more suited to a nomadic way of life than the Russians are. Long tours of reindeer-herding duty in the tundra are just as burdensome for them and the traditions of reindeer herding as a way of life were lost for good as soon as children started growing up in boarding schools rather than nomad camps.¹³⁵

¹³¹ Piers Vitebsky, "The Northern Minorities," in Graham Smith (ed.), The Nationalities Question in the Post-Soviet States (London: Longman, Second Edition, 1996), p. 94.

¹³² S. S. Savoskul, "Urbanisation and the Minority Peoples," in Alan Wood and R. A. French (eds.), The Development of Siberia People and Resources (London: Macmillan, 1989), pp. 97-8.

¹³³ James Forsyth, A History of the Peoples of Siberia: Russia's North Asian Colony 1581-1990 (Cambridge: Cambridge University Press, 1992), p. 365.

¹³⁴ James Forsyth, The Indigenous Peoples of Siberia in the Twentieth Century, Alan Wood and R.A. French, (eds.), The Development of Siberia People and Resources (London: Macmillan, 1989), pp. 74-5.

¹³⁵ "About Those Who are Leaving," Novoye vremya, No. 32, August 1995, pp. 16-8, as cited in CDPSP, Vol. XLVII, No. 33, 1995, pp. 12-3.

The native peoples' ecology and preservation of traditional life style has become a significant environmental issue for the RFE. The development of Northern Russia has resulted in a deep conflict between conservation and the interests of industrial civilisation.¹³⁶ The native peoples in the RFE have made clear that for them, issues of ethnic identity are closely tied to ecological and environmental problems.¹³⁷ During perestroika, most of these peoples went through a process of national reawakening, acquiring a sense of ownership of their land. In early August 1989, for instance, the city of Khanty-Mansiisk hosted the first congress of the Khanty and the Mansi. These are the indigenous peoples of northern Siberia. It was decided to close the still undamaged part of the taiga to geologists and oil miners and to restore the traditional use of natural resources.¹³⁸ In principle, reckless and aggressive exploitation of the northern environment by the Soviet Union's industrial ministries undermined the natural basis of the native peoples' existence. This problem, which confronted the Soviet Union, continued to exist for the post-Soviet Union.¹³⁹ This is illustrated by the following examples:

Human environment and traditional life styles are changed, because of isolation from traditional trade and the environment which they were accustomed to. As a result the tundra natives have considerably reduced their settlement and hunting areas. This also caused a reduction in their traditional economic activities, such as reindeer husbandry, hunting and fishing. The consequences have led to high levels of unemployment, crime and suicide rates and alcoholism.¹⁴⁰

¹³⁶ Gail A. Fondahl, "Siberia: Native Peoples and Newcomers in Collision," in Ian Bremmer and Ray Taras (eds.), Nations and Politics in the Soviet Successor States (Cambridge: Cambridge University Press, 1993), p. 477.

¹³⁷ Zeev Wolfson, "The Threat from the North," Environmental Policy Review, Vol. 6, No. 1, Spring 1992, pp. 12-3.

¹³⁸ Andrei Yablokov, "The Current State of the Soviet Environment," Environment Policy Review, Vol. 4, No. 1, 1990, p. 10.

¹³⁹ Philip R. Pryde, Environmental Management in the Soviet Union (Cambridge: Cambridge University Press, 1991), pp. 279-81.

¹⁴⁰ S. B. Lavrov, "Regional and Environmental Problems of the USSR: A Synopsis of Views from the Soviet Parliament," Soviet Geography, Vol. 4, No. 1, 1990, pp. 479-80.

As a result of careless land improvement in the Magadan region, many rivers and lakes in the Chukotka area are devoid of plankton.¹⁴¹ These regions are facing disastrous disturbances affecting the ecosystem and human habitat. This is due to

firstly, the lack of a rational approach regarding the economic development of the region, secondly, the absence of strict controls on exploitation of new oil, gas, and raw mineral deposits, thirdly, due to the chronic shortfall of funds, the implementation of environmental protection measures has limited prospects regarding the region's environment.¹⁴²

The ongoing joint American-Russian sale of permits for exploitation of offshore oil and gas deposits, in the Arctic, Chukotka and Kamchatka oblast is also extremely worrying. In June 1994, the RF Committee for Geology signed a memorandum on this project without consulting the relevant organisations or informing the public or local authorities.¹⁴³ In June and July 1995 Novoye vremya reported the contradiction between preservation of the environment and the development of natural resources in Magadan and Kamchatka oblasts.¹⁴⁴ To preserve both the indigenous peoples' traditional way of life and local forest lands, in late 1996 local authorities in Khabarovsk and Primorskii kraia assisted the indigenous peoples in processing and selling non-timber forest products such as ginseng, berries, medicinal plants and mushrooms. This development was supported by the RFE Association for the Use of Non-Timber Forest Products.¹⁴⁵

I will examine the following problems which the native peoples have mainly faced: the declining life expectancy, the threat of extinction, and chronic diseases caused by radioactivity and alcoholism.

¹⁴¹ Alexei Yu. Roginko, "Environmental Issues in the Soviet Arctic and the Fate of Northern Natives," in Massey Stewart (ed.), The Soviet Environment, p. 215.

¹⁴² Emma Wilson, "Hotspots of the Russian Far East," a paper presented to the BASEES annual conference in Cambridge, 4-6 April 1998, p. 1.

¹⁴³ "Our Commentary: the Russian Arctic," Environmental Policy Review, Vol. 11, No. 1, Summer 1997, pp. 58-9.

¹⁴⁴ "Kamchatka Adrift," Novoye vremya, No. 25 June 1995, pp. 17-9, as cited in CDPSP, Vol. XLVII, No. 33, 1995, pp. 10-2.

Life Expectancy. In 1959, the average life expectancy of native peoples in the RFE was equal to that in North America: 62 and 63 years respectively. By 1989 the life expectancy of the North Americans had increased by 10 years, while that of the native peoples of the RFE had fallen by 20 years. In the early 1990s the average life expectancy of these native peoples was 42 to 45 years, 16 to 18 years less than that of the non-indigenous population residing in the same areas.¹⁴⁶ In January 1992 Pravda reported that ‘The infant death rate of the indigenous population is twice that among non-natives. The number of children of the Chukchi, Koryak, Even and other indigenous peoples that die before one year of age is about four times higher than in other families.’¹⁴⁷ The indigenous peoples’ death rate in 1994 exceeded that of other residents in northern areas by 1.5 times. The death rate of the mature indigenous population in the northern areas exceeded that of newcomers by 3-4 times. The infant death rate was greater than the average figure reported in Russia by 1.7 times. The native peoples’ incidence of tuberculosis was five times as high and infant mortality twice as high as the average in the RF as a whole.¹⁴⁸ At the same time, housing conditions for the indigenous peoples were very poor. As Lavrov notes, ‘one-third of the population lives in pestilence and for each inhabitant there is about 7.5 square meters of living space. There are quite serious environmental consequences stemming from the disorderly development of the territory.’¹⁴⁹ In the early 1990s the income of the indigenous population was 10 to 30 times less than that of the immigrant population.

¹⁴⁵ “Non-timber Forest Products,” RFEU, Vol. VI, No. 11, November 1996, p. 10.

¹⁴⁶ Supar Report, No. 13, July 1992, p. 146.

¹⁴⁷ “Stepchildren of the North,” Pravda, 29 January 1992, p. 3, as cited in CDPSP, Vol. XLIV, No. 4, 1992, p. 31.

¹⁴⁸ RA Report, No. 17, July 1994, p. 176.

¹⁴⁹ Lavrov, “Regional and Environmental Problems,” p. 479.

The interests of the indigenous peoples have also largely been ignored.¹⁵⁰

Threat of extinction. As we have seen, life in the Far North has been deteriorating for the native peoples. Furthermore, ethnic minorities in the north of Russia are facing the threat of extinction. In 1913, there were about 200 peoples and nationalities in Russia; in the early 1990s there numbered about 100. In Yakutia, for instance, the number of the indigenous peoples has fallen in each case: during the same period Evens (5,100 persons), Evenks (10,400 persons), Yukagirs (442 persons), Dolgans (105 persons) and Chukchis (385 persons). Of these, some peoples have not been granted a defined area of land for their own cultivation and subsistence. Therefore, their hunting areas, deer pastures and fishing locations can be easily confiscated for other purposes, dooming the indigenous population to extinction. Although Yakuts cannot be considered small with a population of over 350,000 people, the republic of Sakha is equally affected by the problem of maintaining traditional uses of the environment. The degradation of the nation's unique and ancient culture is also apparent. About 11,500 settlements existed in Yakutia prior to collectivisation and 7,500 after the implementation of this process. After the 'union of the settlements' took place, only 4,500 settlements remained. As a result of the recent 'concentration and centralisation' project by 1992, only 820 settlements remained.¹⁵¹

Chronic disease. The nuclear tests of the 1950s and 1960s conducted in the Far North have brought tragedy to the native peoples of Chukotka. The poisons consequently released into the atmosphere have travelled up the food chain, via reindeer and other plants through reindeer to the Chuchi people and others. The result is that 90

¹⁵⁰ Roginko, "Environmental Issues in the Soviet Arctic," p. 217.

¹⁵¹ Andrei Yablokov, "Notes on the Environmental Situation in Russia," Environmental Policy Review, Vol. 9, No. 2, Autumn 1992, p. 12.

per cent of the Chuchi people have suffered from chronic lung diseases, and almost 100 per cent from tuberculosis; there are regular outbreaks of virus and parasitic diseases. The incidence of cancer in Chukotka is 2 or 3 times higher (with liver cancer 10 times higher) than the Russian average.¹⁵² Data released in 1990 showed that some northern regions of the Russian Federation, especially residence of the Evenk, Nenets and Taimyr, had a higher infant mortality rate than the regions of central Russia. These regions have also suffered from high mortality rates among the working-age population as a result of poisoning, trauma, blood-circulation diseases, acute intestinal infections and active tuberculosis. Tuberculosis is particularly prevalent in the Khanty-Mansii and Koryak districts and the Yamal-Nenets Republic where the rate of infection is 2-3 times higher than that in the RF as a whole. In addition, high levels of all forms of malignant tumours pervade the region.¹⁵³

Another serious problem of the indigenous population is alcoholism. This will be dealt with in chapter 4. Along with this, deterioration of the environment has also contributed to the disintegration of the traditional economy while causing genetic decline. All of these factors have led to depopulation and birth defects. Data on diseases in the industrial regions of the North and on the incidence of genetic defects give weight to the importance of the ecological factor.¹⁵⁴

3.4.3: Public Health and Life Expectancy

The health of the general population can serve as an important indicator of the quality of the environment. The deterioration in public health in the RF is one of the most

¹⁵² *Supar Report*, No. 8, January 1990, p. 90.

¹⁵³ Yablokov, "Notes on the Environmental," p. 2.

disastrous consequences of its worsening ecological situation, and has contributed to the high mortality rate. The Russian population has been declining since the collapse of the Soviet Union in 1991. For example between 1990 and 1994 life expectancy at birth fell by 6.2 years for men (from 63.8 to 57.6 years) and by 3.4 years for women (from 74.4 to 71.0 years).¹⁵⁵ The decrease in the average life expectancy in the RF has been reported in a recent Time magazine article:

By 1965 a Russian male could expect to live 64 years, a Russian woman 72, close to the 1965 American figures of 67 for men and 73 for women. According to the special Presidential Commission on Women, the Family and Demography, in 1997 official life expectancy in Russia was 59 years for men and a little over 73 for women. It has slipped behind Europe, the US, and all of Asia, except Afghanistan and Cambodia. The average Russian male died about 17 years earlier than his Swedish counterpart, or 13 years younger than a white male American.¹⁵⁶

Russian mortality as a whole has increased. From 1993 to 1995, more people were dying than were being born. In this period the average birth rate in the RFE was higher than the national average but the death rate in the nation as a whole had been higher than in the RFE. In the RF as a whole the birth rate per thousand was 9.3 per cent in 1995, whereas in the RFE it was 12.0 per cent. This gave the RFE a substantially lower rate of natural population decrease than in the RF as a whole. In the RF the death rate per thousand was 15.0 per cent in 1995, compared with 12.6 per cent in the RFE.¹⁵⁷

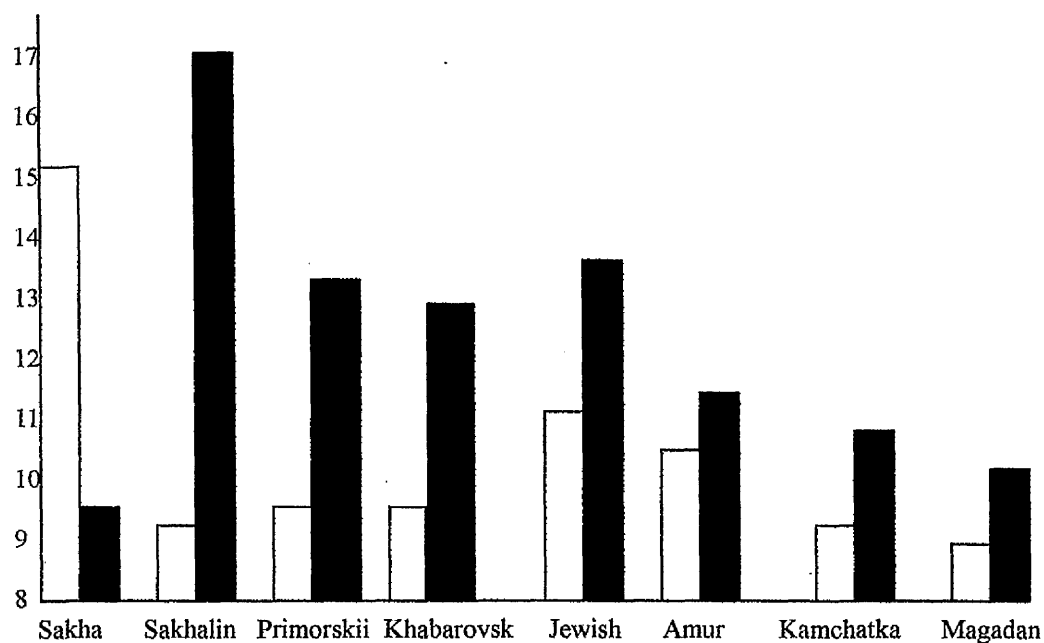
¹⁵⁴ "Our Commentary," p. 53.

¹⁵⁵ David A. Leon et al., "Huge Variation in Russian Mortality Rates 1984-94: Artefact, Alcohol, or What?," The Lancet, 9 August 1997, pp. 383-88.

¹⁵⁶ "Russian Roulette," Time, 11 August, 1997, pp. 14-7.

¹⁵⁷ Rossiiskii statisticheskii ezhegodnik 1994 (Moscow: Goskomstat Rossii, 1994), pp. 450-52, 1995 (Moscow: Goskomstat, 1995), pp. 532-34 and 1996 (Moscow: Logos, 1996), pp. 721-23.

Table 3-3: Births and Deaths Rates per thousand by Region in 1995



Source: As Table 3-2.

Note: Birth Rate
 Death Rate

Table 3-3 presents the 1995 regional birth and death rates per thousand in the RFE. In comparison to the regions in the RFE, the birth rate in the Sakha republic is exceptional (15.3 per cent), in that it is almost four times higher than its death rate, making it the highest in the RFE. At the other end of the scale, Sakhalin oblast had the highest death rate (17.0 per cent) in the RFE followed by the Jewish AO (13.6 per cent). Sakhalin's death rate in 1995 was higher than the RF average (15.0 per cent); it was also about five times higher than the local birth rate. In contrast, the death rate in Chukotka,

Sakha, Magadan, Amur and Kamchatka was lower than the RFE average (12.6 per cent); among them Chukotka AO had the lowest death rate, being 8.6 per cent.

Mortality rates reflect social conditions and, in particular, the health of a population. The following figures as cited in the RA Report in July 1993, show the increase in deaths:

In Khabarovsk krai in 1993, the number of births per 1,000 was 9.6, whereas the number of deaths was 12.3, an increase of 18%. The leading cause of death was disease of the heart and vascular system (51%), followed by trauma and poisoning (23%) and neoplasm (14%). In the case of Kamchatka oblast, the number of deaths with no specified cause increased 3.6 times.¹⁵⁸

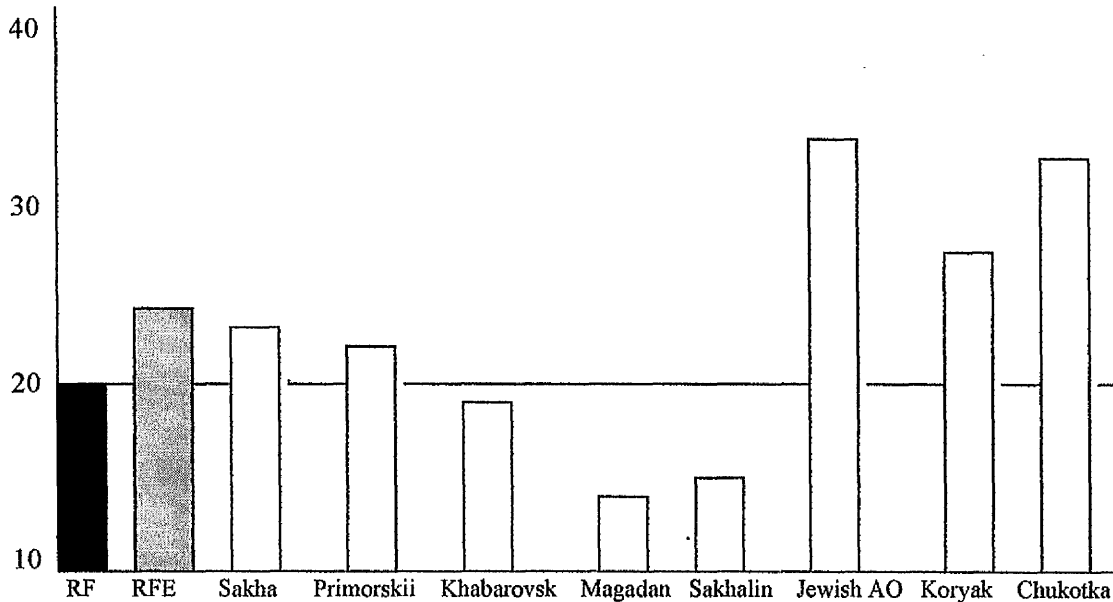
According to specialists from the Mechnikov Medical Society (based in the Institute of Epidemiology and Microbiology of the Siberian branch of the Russian Academy of Medical Sciences), in the last 20 years in Primorskii krai there has been a 40 percent increase in the mortality rate from cancer. Surveys conducted by specialists at a number of enterprises in the mining industry have revealed a direct link between the increased incidence of cancer and the state of the environment in the region.¹⁵⁹ In the 1960s and 1970s in Primorskii krai, the ratio of deaths to births was almost equal. However, in recent years it has experienced a decreasing birth rate and a rise in mortality that is unprecedented in Russia. In Vladivostok, for instance, the mortality rate is six times as high as the birth rate.¹⁶⁰

As can be seen in table 3-4, the infant mortality rate in the RFE was about 23 per thousand, higher than the RF average (about 20 per thousand). The Jewish AO had the highest infant mortality rate of all the regions in the RFE: 37 per thousand, being 17 more (almost double) the RF average. Khabarovsk, Magadan and Sakhalin were below the national average; among them Magadan oblast had the lowest infant mortality rate,

¹⁵⁸ RA Report, No. 17, July 1994, p. 13.

at 13 per thousand.

Table 3-4: No. of Infants Dying before the Age of One per 1,000 by Region in 1993



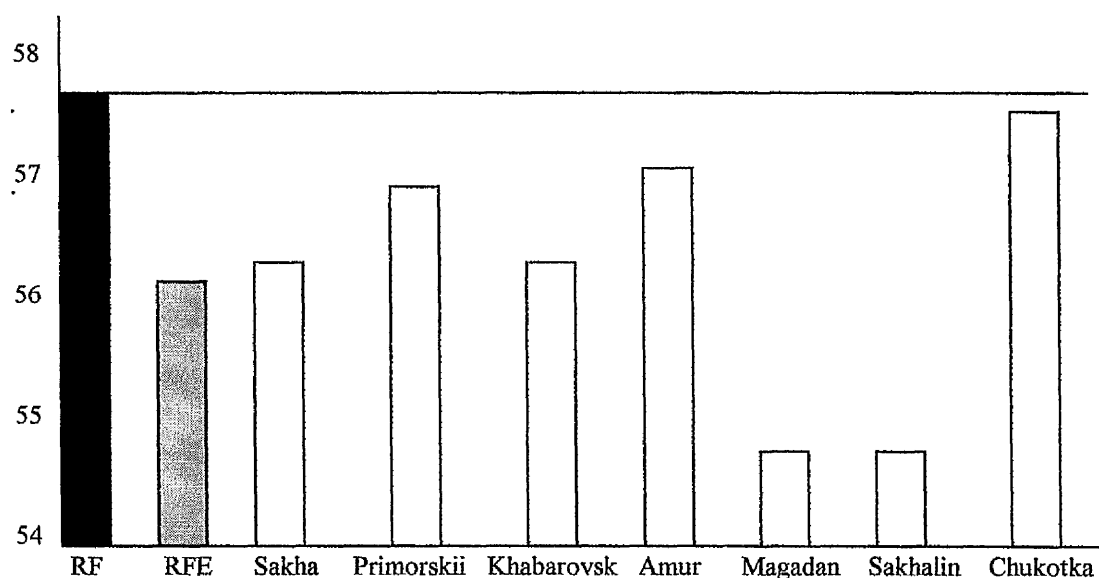
Source: *Sem'ya v Rossiiskoi Federatsii. 1994* (Moscow: Goskomstat Rossii, 1994), pp. 63-6.

Tables 3-5 and 3-6 show the 1994 regional average life expectancy for males and females at birth. The average life expectancy for males was 56 years, also less than the Russian average, which was 57.6 years. The RFE average life expectancy for females at birth was 68.6 years, lower than the national average, which was 71 years. Overall, the RFE average life expectancy for males and females at birth was lower than those in the nation as a whole. Elsewhere, in both the RF and the RFE, the average life expectancy for females was substantially higher than that for males.

¹⁵⁹ Ibid., p. 167.

¹⁶⁰ "Birth rate falls, death rate rises," *Vladivostok New*, No. 185, March 15, 1999, p. 2.

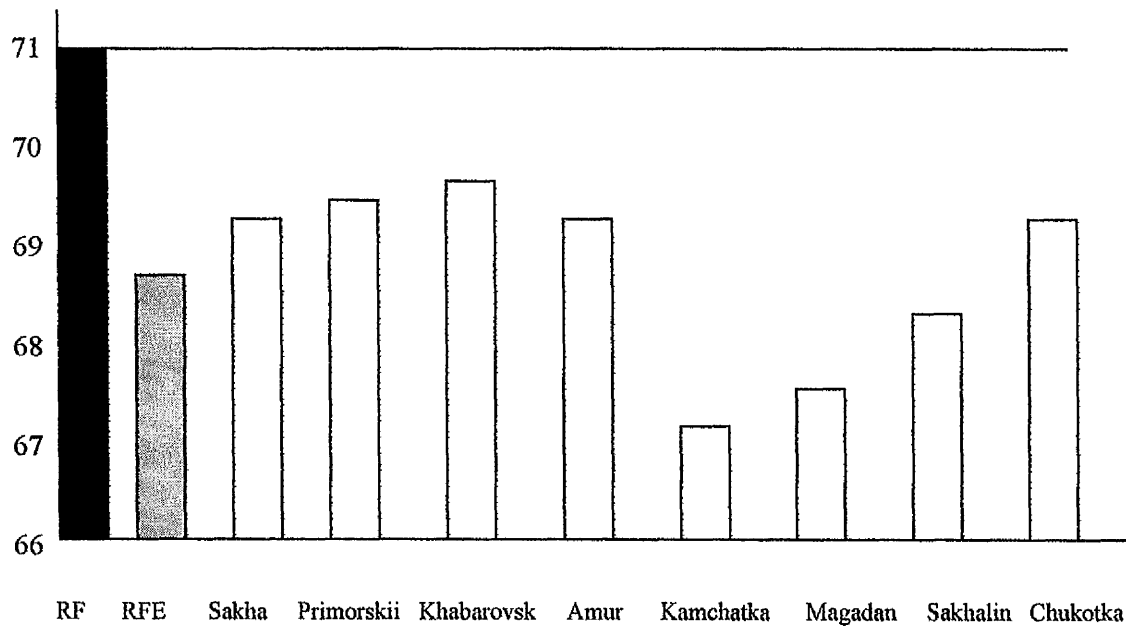
Table 3-5: Average Life Expectancy for Males at Birth by Region in 1994



Source: Derived from Demograficheskii ezhegodnik Rossii (Moscow: Goskomstat Rossii, 1995), pp. 90-9.

In this respect, as well, we can see regional variation at work in the RFE. The average life expectancy for females at birth in Khabarovsk krai was 69.3 years, making it the highest life expectancy for females in the RFE, while in Kamchatka it was only 67.3 years, which was the lowest. Life expectancy for males in Chukotka was 57.4 years. Chukotka displayed the highest life expectancy for males in the RFE. In contrast, the lowest life expectancies for males in the RFE were in Magadan and Sakhalin: on average 54.7 years in both areas.

Table 3-6: Average Life Expectancy for Females at Birth by Region in 1994



Source: As Table 3-5.

3.4.4: International Support for Environmental Preservation

The international community has been closely involved in several projects designed to avert the deterioration in the RFE's regional environment. In January 1996 the Tomen Corporation (Tokyo, Japan) and Babcock & Wilcox (Lynchburg, Virginia) were awarded the right to construct nuclear waste storage facilities and a floating barge. This would process liquid radioactive waste (LRW) produced by the Russian Navy. Japan financed the project. The facility is being built in Komsomol'sk-na-Amure and will be moored in Bolshoi Kamen, Primorskii krai.¹⁶¹ The Russian State Committee for Defence Industries and the Russian Ministry of Atomic Energy have co-operated on this project.¹⁶² The Russian Far East Update produced a summary of the project:

It is best described in two stages: (1) construction, testing and approval of the barge (now fully completed), and (2) construction, installation, testing and approval of the waste processing facility (it was in the final testing phase in mid 1998). Work took place in the RFE shipyards: Amur, Bolshoi Kamen, Vostok and Zvezda.¹⁶³

The low-level radioactive waste processing plant was built by Chem-Nuclear System Inc (Columbia, South Carolina) and was installed in the Amur Ship Yard (Komsomol'sk-na-Amure). Further work was done at Bolshoi Kamen in Primorskii krai. The processing plant has the capacity to process 7,000 cubic meters of low-level, liquid radioactive waste per year.¹⁶⁴

In December 1996 it was reported that the Khabarovsk krai nature preserve (*zapovednik*) was under threat. The Bol'shekheksirskii protected area is the smallest of five *zapovedniks* in Khabarovsk krai. It comprises 45,000 hectares. This *zapovednik* faces greater risk than other protected areas in Khabarovsk krai due to population pressure, since Khabarovsk krai city borders Bol'shekheksirskii. In a press interview, S. Spiridonov, Bol'shekheksirskii director said, 'The incidence of violations has quadrupled in the last three years, these have included poaching of turtles (unique to the park and considered a delicacy in China) and tree cutting.'¹⁶⁵ Since this issue has come to light, the World Bank has become involved by funding the RFE protected areas. The World Bank awarded Russia a US\$ 20 million grant for the RF Biodiversity

¹⁶¹ "Controversy over Nuclear Active Waste Processing Facility," *RFEU*, Vol. VI, No. 6, June 1996, p. 6.

¹⁶² "Construction of Nuclear Waste Floating Barge," *RFEU*, Vol. VI, No. 2, February 1996, p. 11.

¹⁶³ "Nuclear Waste and the Environment," *RFEU*, Vol. VII, No. 6, June 1998, p. 12.

¹⁶⁴ The plant was designed to receive waste from decommissioned Russian nuclear submarines. From this raw material, it creates a concentrate which is then packed like cement in 200-litre drums. The drums are offloaded onto flatbed trucks for transfer to a permanent storage site. Two tests remain to be completed before final approval: (1) inactive commissioning, testing with surrogates of radioactive material and (2) final testing will take place at the Zvezda Shipyard (Primorskii krai). The Zvezda Shipyard will have the operating license for the barge processing plant under supervision of Russia's Atomic Energy Agency (Gosatomnadzor). The vessel has been named: the Lily of the Valley (Landish in Russian). See *ibid.*, p. 12.

¹⁶⁵ He mentioned that extremely low salaries and lack of financing in general make it difficult to keep staff at the *zapovednik* which in 1996, had only 23 employees. *Zapovedniks* have traditionally been designated as areas where no human intrusion was allowed except for scientific studies.

Conservation Project. The implementing agency is the State Committee on Environmental Protection (*Goskomekologiya*). Goskomekologiya proposed a tentative list of 'Protected Area Components' which would receive about 53 per cent of the funds.¹⁶⁶

In the following year, in January 1997, a new nature preserve of 91,000 hectares was created in the Jewish AO. Zapovednik is the strictest of protected areas in Russia, traditionally allowing no human intrusion except for scientific work. The new zapovednik, called 'Bastak', became operational in 1998. The preserve's mountainous landscape is covered by coniferous forests. It is the home to some rare and endangered species, including the black far eastern stork and the white-tailed sea eagle.¹⁶⁷ The World Wild Life Fund for Nature (WWLF), based in Geneva, Switzerland, also signed an agreement to provide US\$ 350,000 for conservation projects in the Sakha Republic. The funding will be used primarily to create a network of new protected areas in Sakha.¹⁶⁸

Furthermore, in New Delhi, in March 1998, the Global Environmental Facility (GEF) Council¹⁶⁹ approved a US\$ 5.2 million regional project for the Tumen river area (the border region where China, North Korea and Russia's Primorskii krai intersect; this is dealt with in chapter 6). The GEF Council created a plan to reduce pollution in the Tumen river region. The project focused on two areas: international water pollution and

Bol'shekhkhtsirskii zapovednik administration decided to develop ecotourism to raise funds. See "News on Protected Areas," *RFEU*, Vol. VI, No. 12, December 1996, p. 12.

¹⁶⁶ Eight RFE zapovedniks are included: Primorskii krai (Sikhote-Alinskii, Lazovskii, Ussuriskii, Khankaikskii), Magadan oblast (Magadanskii), Amur oblast (Khinganskii), Khabarovsk krai (Botchinskii), Kurile Islands (Kuriskii). See *ibid.*, p. 15.

¹⁶⁷ "New Nature Reserve for Jewish AO," *RFEU*, Vol. VII, No. 4, April 1997, p. 12.

¹⁶⁸ "International agency funding for Sakha," *RFEU*, Vol. VII, No. 3, March 1997, p. 5.

¹⁶⁹ The Global Environmental Facility (GEF) Council is a unit of the World Bank Group. Its purpose is to foster reduction of water and air pollution, to protect bio-diversity in situations and involve multiple

international waterways, and biodiversity conservation. According to local experts, the Tumen river is polluted, affecting wetlands and offshore fisheries.¹⁷⁰

These three examples of environmental preservation, nature reserves, radioactive waste and river pollution, demonstrate that there has been recent international co-operation with the RFE concerning the environment. At present, the RFE is in a difficult position. It is economically dependent on exploiting its national resources to the greatest extent, and yet it is increasingly necessary to protect and conserve its environment.

3.5: Conclusion

In this chapter I have dealt with two issues, namely, autonomy and environmental problems as they appeared at the top of the agenda in the Far East. How did these issues reach this prime position on the political agenda in the Far East? In the first instance, many issues were evidently raised by regional leaders and government agencies without prior approval from above. Regional and local officials could not always know just how the top leadership would react to their raising of a particular issue. If the reaction was negative, the issue tended to be shunted aside at a higher level. Under the Russian Federation, the issue of political autonomy had been high on the national agenda. In the Far East particularly regional politicians, local elites and the political parties (e.g. the SDPR, Social Democratic Party of Russia) attempted to obtain much greater power in addition to their existing economic and political power. Particularly through election

national boundaries. See "New Fund Approved for Environmental Protection for Tumen River Region," *RFEU*, Vol. VIII, No. 6, June 1998, p. 11.

¹⁷⁰ The project will produce recommendations for subsequent specific individual projects. Funding for these specific projects would be provided and based on cost sharing. Projects could range from wetlands protection to protection of the sacred Paektu Mountain (on the China/North Korea border). Participants in the planning study would be both international and nationally approved consultants. Several branches of the Russian Academy of Sciences, Far Eastern Division are likely to be involved, for example, the Far Eastern Institute of Geography. See *ibid.*, p. 11.

campaigns they frequently discussed issues relating to the autonomy issue on both radio and TV broadcasts. The governors played a large role in championing political autonomy in the Far East and by virtue of their position received more regular attention from the centre.

My discussion of the environmental situation in the RFE makes it amply clear that the region faces an enormous challenge. The deteriorating natural environment of the RFE is taking a heavy toll on the health of its population. These environmental issues have given rise to huge public concern in the Far East. This concern, channeled through individuals and groups of citizens, raised publicity over the environment and related issues. The issue of environmental health in the Far East climbed to the top of the public agenda through the persistent efforts of a policy coalition of academics, local officials, journalists, environmentalists (Green activists), the associations of indigenous peoples and concerned citizens. This growth of environmental consciousness in the region suggested to the centre and regional administrations that they should further consider how to deal with the challenges of environmental protection and resource conservation and management in the Far East.

Chapter 4: The Domestic Political Agenda: Socio-Economic Conditions

4.1: Introduction

The collapse of Communist power in the former Soviet Union and the emergence of a reform-oriented government have clearly promoted an increased interest in socio-economic changes within its former republics. From the socio-economic point of view, one of the most important features of Russian society is its distinct regional differentiation. As Parkansky notes, the Russian national socio-economic area is not homogeneous; the regions differ greatly in their levels of development of industry, agriculture and services, as well as economic infrastructure.¹ Taking this into account, I will examine the current socio-economic situation in the 10 regions of the RFE as compared with the 79 other subjects of the RF and I will also focus on the socio-economic situation within individual regions of the RFE.²

Three major subjects will be dealt with in this chapter. Section one examines the demographic dimension, section two focuses upon the social dimension and section three deals with the economic dimension. The demographic dimension, for my purposes, will include the population of the RFE, and the geographical distribution of that population within the RFE. In the RFE the population has rapidly declined in recent years and I will examine this decline with reference to the change in the natural population, migration and different ethnic groups. In the second section my approach will be to focus upon crime rates, the number of registered crimes and the types of

crime, and also upon the effects of alcohol consumption on alcohol related crimes. In section three, in dealing with recent economic developments in the RFE, I will discuss changes in employment and unemployment, living costs and poverty levels, the value of industrial production, the extent of foreign currency dealings, and the respective rate of retail and foreign export-import trade. Before dealing with the above, I will examine the limitations of using statistic data of which I make use of in this chapter.

An examination of these issues, while necessarily selective (see table 1-2), will demonstrate the effects of post-Soviet reform in the RFE in terms of the region's own political agenda. Throughout this chapter, I shall be concerned to establish the extent to which, in these respects, the Far East differs from more general Russian patterns; and to explore the role of public, government and organised interests in shaping this part of the region's political agenda.

The Limitations of Using Statistic Data. There have been many difficulties in dealing with the Soviet and Russian statistical data on which much of this thesis necessarily relies. As Heleniak and Motivans note, the statistical system had been a focus of criticism for a number of reasons, including withholding data, utilising erroneous methodologies, and providing inaccurate and misleading information.³ In response to such criticisms, in July 1987 the Central Committee of the Communist Party passed a resolution on the restructuring and reforming of the statistical system.⁴ Its central purpose was to secure an improvement in the reliability, methodology and

¹ Alexander B. Parkansky, "The Disintegration Trends in the Eastern Russia and the Russian Economic Opportunities in the Northern Pacific Area," in Osamu Ieda (ed.), *New Order in Post-Communist Eurasia* (Sapporo, Japan: Hokkaido University, 1993), p. 120.

² Some of the data utilised in my discussion includes all 10 regions and some less than 10.

³ Tim Heleniak and Albert Motivans, "A Note on Glasnost' and the Soviet Statistical System," *Soviet Studies*, Vol. 43, No. 3, 1991, p. 474.

⁴ Ibid., p. 474; Vladimir G. Treml, "Perestroyka and Soviet Statistics," *Soviet Economy*, Vol. 4, No. 1, 1988, p. 84.

availability of state statistics.⁵ Following the resolution there was a great increase in the number of statistical publications, and this affirmed a greater openness in the publication of data. Daily press releases, monthly statistical bulletins and sociological surveys were also more widely distributed. In addition, in the late 1980s Goskomstat began publishing a series of specialised statistical handbooks on topics such as industry, capital investment, communications, labour, population, education, environmental protection and health care, among others. This means that government statistics became more readily available than in the past, and increasingly compatible with international conventions. However, the rush to publish materials, and to over-report 'successes', continued to undermine the reliability of the data.⁶ Equally, in the post communist period official data expressed in terms of money incomes may give a misleading impression of living standards and of relative earnings at times of high inflation, irregular payment of wages, and a partial withdrawal from the monetary economy.⁷ It is obvious that these and any other official statistics need to be used carefully and not always taken at face value.

4.2: The Demographic Dimension

As shown in table 4-1, although the RFE comprises more than one-third of the RF's territory, the population of the RFE was, on 1 January 1996, just 7.5 million people, only about five per cent of Russia's total of 147 million people. Just over a third (5.6 million) of the RFE population live in urban centres, considerably less than the Russian average. The RFE has a lower population density than the RF as a whole, only 1.2

⁵ Heleniak and Motivans, "A Note on Glasnost", p. 474.

⁶ Ibid., pp. 477-78.

residents per square kilometre compared to 8.7 nationally. Primorskii krai, with its 2.3 million people and 13.6 residents per square kilometre, was the region with the highest population density in the RFE and the largest urban population. The Koryak AO, by contrast, has 33,000 people and 0.1 residents per square kilometre and is the region with the lowest population density and the smallest urban population.

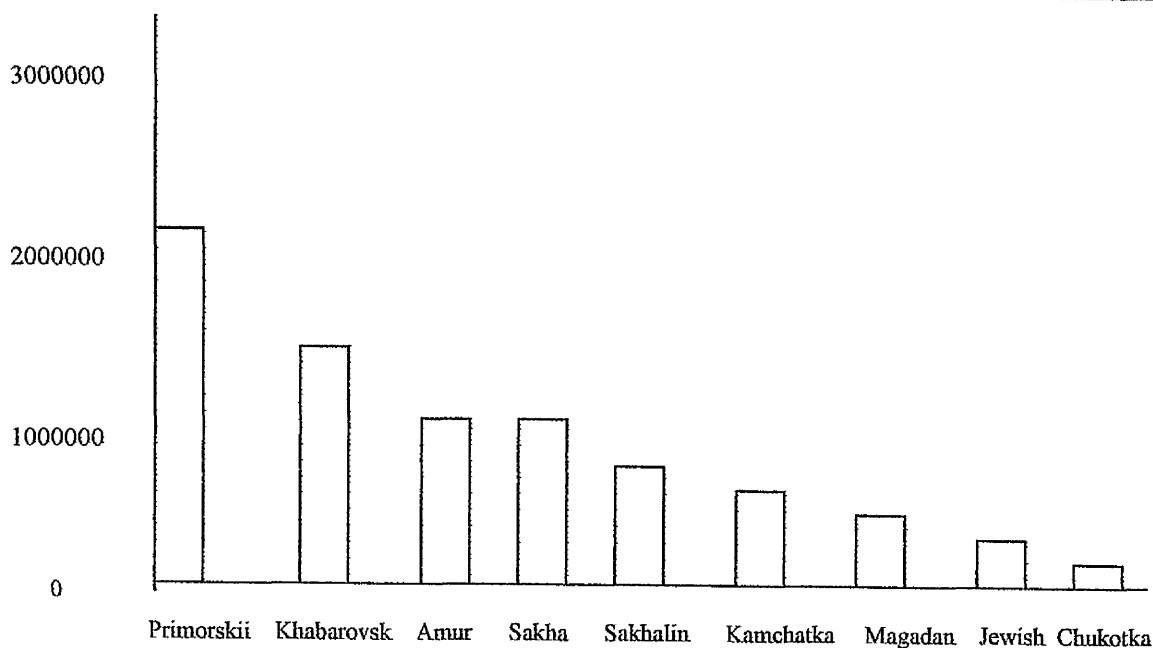
Between regions within the RFE there exist large variations in population size (as seen in table 4-1). In January 1996 approximately two-thirds of the population (6 million residents) were concentrated in the southern zone, consisting of Primorskii krai, Khabarovsk krai, Amur oblast, Sakhalin oblast and the Jewish AO. This area comprises 1.4 million square kilometres, slightly more than one-fifth of the land area of the region. By contrast, the northern zone, which includes the republic of Sakha, Kamchatka oblast, Magadan oblast and the Koryak AO, has an area of 5.0 million square kilometres, occupies 82 per cent of the territory, and yet had only 24 per cent of the population in the RFE, with the urban population in the southern zone being relatively higher than that in the northern zone. Overall, population density shows an enormous unevenness in the settlement of the Far East. As Minakir and Freeze note, a complex interaction exists, as the distribution of population is not only an indicator of the development of a territory, but also reflects its economic level.⁸

⁷ Richard Rose and Ian McAllister, "Is Money the Measure of Welfare in Russia?," Review of Income and Wealth, Series 42, No. 1, March 1996, p. 77.

⁸ Pavel A. Minakir and Gregory L. Freeze, The Russian Far East: An Economic Handbook (Armonk, New York: M.E. Sharpe, 1994), p. 27.

Table 4-1: Distribution of Population in the Russian Far East as of 1 January 1996

Area	Size of territory		Population			
	1,000s of sq. km	% of total area	1,000s of residents	Urban (1,000s)	Rural (1,000s)	Density (sq. km)
RF	17075.4	100.0	14797.6	10812.1	39855	8.7
RFE	6215.9	36.4	7505	5687	1818	1.2
Primorskii	165.9	2.7	2255	1757	498	13.6
Khabarovsk	788.6	12.7	1571	1270	301	2.0
Amur	363.7	5.8	1038	677	361	2.9
Jewish	36.0	0.58	210	141	69	5.8
Sakhalin	87.1	1.4	648	1270	92	0.6
Southern zone	1441.3	23.2	5722	5115	1321	4.0
Kamchatka	472.3	7.6	411	332	79	0.9
Magadan	461.4	7.4	258	232	26	0.6
Chukotka	737.7	11.9	91	64	27	0.1
Koryak	301.5	4.9	33	8	25	0.1
Sakha	3103.2	49.9	1023	658	365	0.3
Northern zone	5076.1	81.7	1816	1294	522	0.4



Source: Derived from Rossiiskii statisticheskii ezhegodnik 1996 (Moscow: Logos, 1996), pp. 16-20 and pp. 711-13.

In recent years there has been a considerable decline in the population of the Russian Federation as a whole. The RFE follows the national trend of a rapidly

declining population, although its decline has been less steep. The decreasing population of the RF has mainly been due to low birth rates, rising death rates, steady emigration, alcoholism, economic decline and health problems,⁹ and, as discussed in chapter 3, falling life expectancy and increasing number of infant deaths before the age of one. The chief factor in the RFE population decline in recent years has been a relatively high mortality rate, which has far exceeded the low fertility rate and a high emigration rate compared with immigration rate. It is these factors, together with differences in ethnic numbers, which I will particularly focus upon in the subsection.

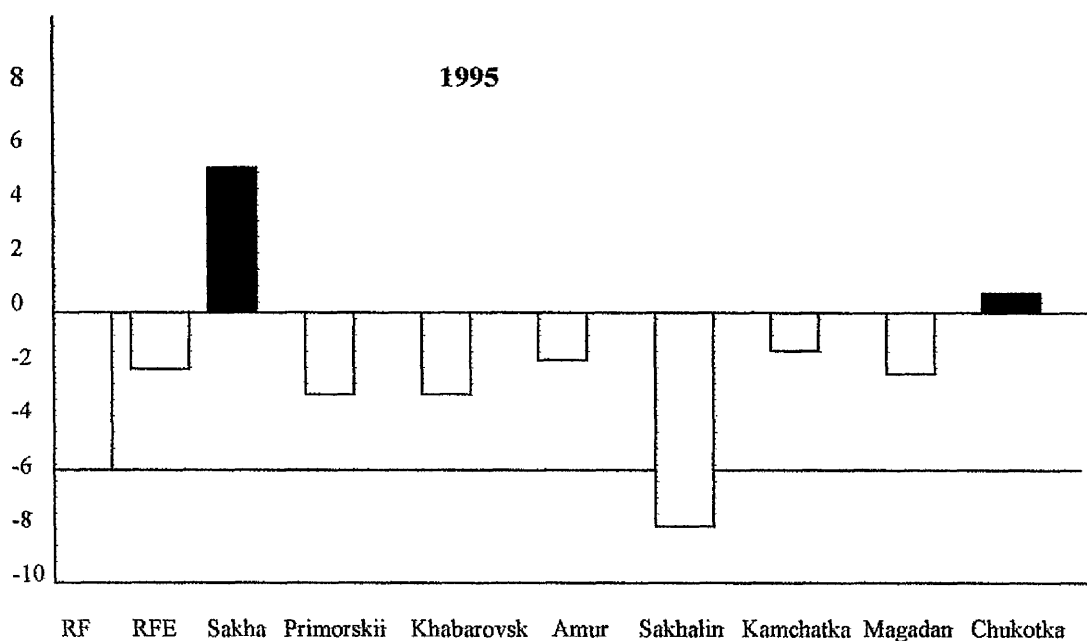
In comparing the natural increase of population between the RF and the RFE from 1993 to 1995, table 4-2 indicates that there has been a considerable decline in both populations. Most of the regions in the RFE had been decreasing in population, except in the republic of Sakha and Chukotka where population rates showed some increase. Sakhalin, in particular, has experienced a considerable decline in population. Several factors have led to this change. Firstly, the fact that death rates have exceeded birth rates. During 1993, according to the RA Report, 8,544 deaths occurred, 29.3 per cent more than in the previous year. This large increase was due mostly to deaths among those of working age through accidents, alcohol poisoning, and trauma. Secondly, the number of immigrants into Sakhalin fell during 1993, by 69.6 per cent. Also the number of those leaving the island in 1993 was 31,000, an increase of 1.2 per cent from the previous year. Many had been driven from the island to other parts of the RFE and mainland due to feelings of hopelessness, lack of work, the difficult climate, shortage of

⁹ Richard H. Rowland, "Demographic Trends in Soviet Central Asia and Southern Kazakhstan," in Robert A. Lewis (ed.) Geographic Perspectives on Soviet Central Asia (London: Routledge, 1992), p. 225.

bread and electricity,¹⁰ and also to the consequences of the earthquake in 1994 and 1995.

Table 4-2: Population Change by Region from 1993 to 95 (%)

Year	Population Change		
	93	94	95
RF	-5.1	6.1	-5.7
RFE	-1.3	2.0	-2.4
Sakha	6.9	5.8	5.5
Primorskii	-3.4	3.7	-3.7
Khabarovsk	-2.8	3.4	-3.8
Amur	-1.7	2.2	-1.9
Jewish AO	-0.9	2.0	-2.7
Sakhalin	-3.2	4.8	-8.1
Kamchatka	-1.2	1.9	-2.1
Magadan	-2.3	2.7	-2.6
Chukotka	2.4	2.5	1.2



Source: Derived from Rossiiskii statisticheskii ezhegodnik 1994 (Moscow: Goskomstat Rossii, 1994), pp. 450-52, 1995 (Moscow: Goskomstat, 1995), pp. 532-34 and 1996 (Moscow: Logos, 1996), pp. 721-23.

¹⁰ Sovetskii Sakhalin, 22 June 1993, p. 1.

As mentioned, from the early 1990s, the number of births in the RFE has gradually declined. For instance, the number of births in Primorskii krai in the first half of 1992 fell by 20 per cent and barely exceeded the number of deaths. The population of the krai actually declined by 2,000 in this year due to this situation and because of the number of residents choosing to leave. Death rates increased by 2 per cent compared with the previous year.¹¹ Since 1992, death rates across the whole country have exceeded birth rates. In the RFE, the birth rate per thousand in 1996 (12.6) was considerably higher than in the RF as a whole (9.3), and its natural loss of population was only half that of the RF. However, there is wide variation within the RFE. The republic of Sakha, with a birth rate of 15.3 per thousand, had the highest in the region, whereas Magadan, with 8.3, had the lowest. As previously seen, Sakhalin had the highest death rate in the RFE, 17 per thousand, whereas Chukotka, with 8.6 per thousand, had the lowest (the national average was 15.0). Both populations in Chukotka and Sakha are increasing, because the birth rate in these two regions is higher than the death rate.¹² In generational terms, the RFE has more young people (24.6 per cent) and more of those of working age (62.1 per cent) than the national averages of 22.5 per cent and 57 per cent respectively. Equally, the RFE has relatively fewer old people (13.3 per cent) than the country as a whole (20.5 per cent).¹³

There are many reasons for the declining birth rate: one of the most important factors is a change in reproductive behaviour, caused by the appearance of a new social norm of having smaller families. The tendency is sustained at the present time by social and economic factors deliberately limiting family size:

¹¹ "Births, Deaths, Population: Primorskii krai January-June 1992," *Vostok Rossii*, no. 32, August 1992, p. 2.

¹² *Rossiiskii statisticheskii ezhegodnik 1996* (Moscow: Logos, 1996), pp. 721-23.

In 1987 some 39.3 per cent of new-borns were the second child in a family; in 1989 they represented only 35.7 per cent of those born. During the same period, the share of those born as the third child fell from 14.5 per cent to 12.7 per cent. The number of births fell during this period by almost 20,000, primarily among mothers in the 20-29 and 30-39 age groups.¹⁴

The birth rate is also falling because of the declining stability of families. Compared with 1991, the number of marriages in Khabarovsk krai declined by 3,300 in 1992 (22 per cent) to 11,700. Also the number of divorces increased by 5 per cent. In 1991, there were 10 marriages for every 6 divorces. In 1992, this dropped to 8 marriages for every 6 divorces, with 8,900 divorces in total.¹⁵ The RFE divorce rate in 1995 remained at a level of 5.3 per 1,000, considerably higher than the RF average (4.5 per cent). Chukotka, Magadan and Kamchatka oblasts had the highest divorce rates among the regions, with Chukotka's divorce rates being the highest of all (7.1 per cent).¹⁶

Moving to the relationship between population decline and migration, migration to the RFE from other parts of Russia, the key factor of population growth in previous decades. It has now slowed down considerably, and in recent years, migration has only played a small role in population growth.¹⁷ The decline in immigration has led to a steady fall in population growth in the region, as this extract illustrates:

In Amur oblast, the number of people leaving increased. In 1992, approximately 27,100 people arrived and 39,300 left, resulting in a net loss of 12,200. In Khabarovsk krai, in 1992, 37,223 people arrived in the krai and 50,141 left for a net migration loss of 12,918 people. In 1993, 28,467 came and 38,068 left, a net loss of 9,061 people.¹⁸

¹³ Ibid., pp. 714-16.

¹⁴ Minakir and Freeze, *The Russian Far East*, p. 25.

¹⁵ It was estimated that if the present trend continues, coupled with the outflow of population, by the year 2000 the krai population would fall by 6 per cent, and the share of children and juveniles (under 16) will drop by 5 per cent, while the number of pensioners and elderly would increase by 2 per cent. See *Priamurskie vedomosti*, 26 May 1993, p. 2.

¹⁶ *Rossiiskii statisticheskii ezhegodnik* 1996, pp. 727-29.

¹⁷ Timothy Heleniak, "Internal Migration in Russia During the Economic Transition," *Post-Soviet Geography and Economics*, Vol. 38, No. 2, 1997, p. 83.

¹⁸ *RA Report*, No. 15, July 1993, p. 26.

As immigration has declined in the RFE, emigration has increased, especially since 1991:

If in 1971-1975 some 15.1 per cent of those coming to the region stayed, in 1986-1990 this figure had fallen to 5.7 per cent. The ratio of immigrants to inhabitants grew from 1:7 in 1971-1975 to 1:17 in 1986-1990. Moreover, in recent years (1989-1990), emigration from the Far East amounted to 11,300 inhabitants and increased to 44,600 in 1992. The latter figure exceeded the natural increase (42,100), thereby causing a net decline in the total population.¹⁹

These figures show that more people are leaving the region now than are coming in. According to the 1996 Yearbook, between 1993 and 1995, the RFE experienced an overall emigration of more than 351,700 people.²⁰ One of the reasons that the RFE has become a region of emigration is because the government's system of compensation and subsidisation of newcomers is no longer functioning.²¹

In May 1993, Kamchatskaya pravda reported that many in Koryak AO who left to the other parts of the Russia were professionals:

Judging by orders for freight containers, by the end of 1992 about 1,600 non-Native families would have left the Koryak AO. Most were going to the Ukraine and the central provinces. Some 116 doctors and 93 teachers planned to leave. From the village of Manily alone, 16 teachers were leaving. That was almost half of all the teachers in the village.²²

In 1994, Chukotka had the highest rate of emigration (1,278 emigrants per 10,000 people), more than six times as high as the RFE average (192 emigrants per 10,000 people). As previously mentioned, Chukotka's birth rate exceeded its death rate, but through emigration its population underwent a decline. Primorskii krai had the lowest rate of emigration (24 emigrants per 10,000 people in 1994). 1995 brought a decline in emigration across the RF, the RF's average being 55 emigrants per 10,000 people in 1994, falling to 34 in 1995. In the same year, Chukotka still showed the

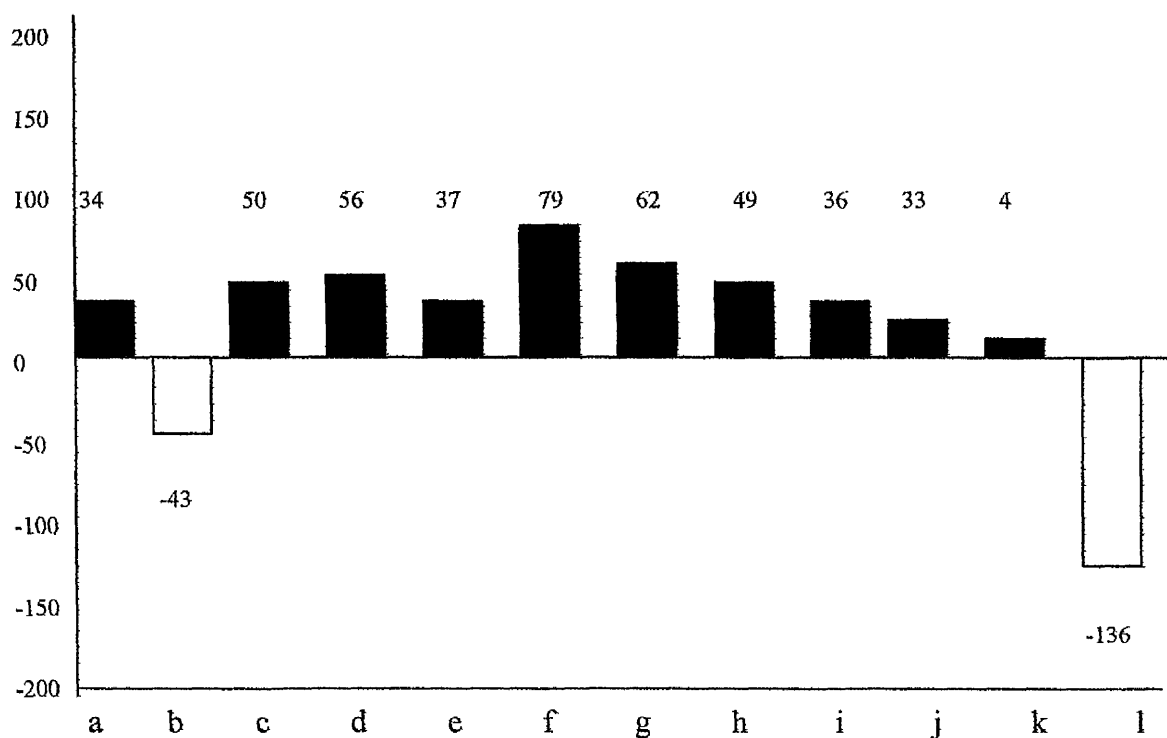
¹⁹ Minakir and Freeze, The Russian Far East, p. 27.

²⁰ Rossiiskii statisticheskii ezhegodnik 1996, pp. 733-35.

²¹ Elisa Miller and Soula Stefanopoulos, The Russian Far East: A Business Reference Guide (Seattle: Russian Far East Update, Third Edition, 1997), p. 86.

highest levels of emigration (978 per 10,000) followed by Magadan oblast (759 per 10,000), whereas Amur oblast had the lowest rate of emigration at 11 emigrants per 10,000. Despite this drop in emigration, overall extremely high levels of emigration have been a factor in the decline of the population, especially in northern regions of the Far East like Chukotka, Magadan, Kamchatka, Sakha, Sakhalin and Koryak AO (all these regions were above the RFE's average, 136 emigrants per 10,000 in 1995).²³ As can be seen in table 4-3, it is worth noting that the rate of emigration in the Far East far exceeded that of any other region.

Table 4-3: Migration Loss and Growth per 10,000 in 1995, RF



Source: As Table 4-1, pp. 733-35.

Note: (a) RF (b) North (c) Northwest (d) Central (e) Volga-Vyatskii (f) Central Black Earth (g) Povolzhskii (h) North Caucasian (i) Urals (j) West Siberia (k) East Siberia (l) Far East.

²² "People Leaving Koryak AO," *Kamchatskaya pravda*, 15 May 1993, p. 1.

²³ *Rossiiskii statisticheskii ezhegodnik 1996*, pp. 733-35.

Table 4-4 presents the result of a Russian government survey of 91,904 respondents regarding the reasons for migration in 23 of the territorial units of the RF between 16 September and 21 October 1991. Of these 23 territorial units, only two were from the RFE. The main reasons for emigration from the RF as a whole, and from Primorskii krai and Magadan oblast in particular, were closely related to the lack of social infrastructure such as family circumstances, change of workplace, study, lack of social facilities and health problems due to a change of climate.²⁴ As Kontorovich notes, 'the progressive depopulation of the Far East is a reality and will continue in the coming decades.'²⁵

Table 4-4: Reasons for Migration in 1991

Area	Reasons for Migration									Total
	A	B	C	D	E	F	G	H	I	
RF	37,088	21,431	17,913	13,073	7,583	4,040	3,015	2,041	6,732	91,904
Primorskii	2,186	2,069	1,469	980	159	224	218	175	447	6,360
Magadan	624	77	548	210	14	30	44	49	31	1,385

Source: *Narodnoe khozyaistvo Rossiiskoi Federatsii*. 1992. *Statisticheskii ezhegodnik* (Moscow: Respublikanskii informatsionno-izdatel'skii tsentr, 1992), pp. 102-4.

Note: (A) family circumstances, (B) study, (C) change of workplace, (D) lack of social facilities, (E) national tensions, (F) health problems due to change of climate, (G) inability to find work, (H) unwillingness to live in the country, (I) miscellaneous.

We have seen that birth and death rate and migration contribute to population decline. A third element of population change is ethnicity, in other words, the differential impact of population change upon the RFE's ethnic composition. Table 4-5 shows the ethnic composition in the RFE in 1979 and in 1989. The ethnic composition

²⁴ *Narodnoe khozyaistvo Rossiiskoi Federatsii* 1992. *Statisticheskii ezhegodnik* (Moscow: Respublikanskii informatsionno-izdatel'skii tsentr, 1992), pp. 102-4.

of the RFE in the latter year consisted of the following nationalities: Russians (75.6 per cent), Ukrainians (9.1 per cent), Yakuts (3.3 per cent), Belorussians (1.2 per cent), Tatars and peoples of the north (2.8 per cent), and various other nationalities (5.1 per cent). Yakuts comprise one of the most sizeable native minorities in the Russian Far East. Other ethnic minority groups have administrative territories named after them, for example the Koryaks in the Koryak autonomous okrug and the Chukchi in Chukotka.

Table 4-5: Ethnic Composition of the RFE in 1979 and 1989

Area	Nationality groups ranked on their % age of the population (1979/89)					
	First	Second	Third	Fourth	Fifth	Sixth
	% Nat'nality	% Nat'nality	% Nat'nality	% Nat'nality	% Nat'nality	% Nat'nality
Sakha	Russians	Yakuts	Ukrainians	Northerners	Others	Tatars
	50.4/50.3	36.9/33.4	5.4/7.0	2.2/2.2	1.4/1.7	1.3/1.6
Primorskii	Russians	Ukrainians	Others	Belorussians	Tatars	Mordvins
	87.1/86.9	8.2/8.2	1.2/1.5	0.9/1.0	1.0/0.9	0.4/0.4
Khabarovsk	Russians	Ukrainians	Others	Northerners	Belorussians	Tatars
	85.4/86.0	5.8/6.2	1.3/1.7	1.3/1.3	1.0/1.1	1.1/1.0
Amur	Russians	Ukrainians	Others	Belorussians	Tatars	
	88.8/86.8	6.2/6.7	14.0/1.9	1.5/1.7	0.8/0.9	
Jewish AO	Russians	Ukrainians	Jewish	Others	Belorussians	Tartars
	84.1/83.2	6.3/7.4	5.4/4.2	2.3/2.9	1.0/1.0	0.8/1.9
Sakhalin	Russians	Ukrainians	Koreans	Belorussians	Tatars	Others
	81.7/81.6	6.1/6.5	5.3/5.0	1.7/1.6	1.7/1.5	1.1/1.4
Magadan	Russians	Ukrainians	Northerners	Others	Chukchi	Belorussians
	75.0/72.5	13.7/15.4	3.8/3.8	3.1/3.5	2.5/2.3	1.8/1.9
Kamchatka	Russians	Ukrainians	Northerners	Others	Belorussians	Koryak
	82.9/81.0	7.9/9.1	2.8/2.6	1.9/2.3	1.4/1.6	1.6/1.5
Chukotka	Russians	Ukrainians	Chukchi	Northerners	Others	Belorussians
	68.9/62.0	14.0/16.8	9.9/9.8	8.1/7.3	5.0/5.4	1.8/1.9
Koryak	Russians	Koryaks	Ukrainians	Chukchi	Northerners	
	64.6/66.1	16.2/16.4	5.7/7.2	3.5/3.6	3.0/3.5	

Source: Derived from Natsional'nyi sostav naseleniya RSFSR: po dannym Vsesoyuznoi perepisi naseleniya 1989 (Moscow: Respublikanskii Informatsoinno-izdatel'skii Tsentr, 1990), pp. 144-53.

²⁵ Vladimir Kontorovich, "Can Russia Resettle the Far East?" *Post-Communist Economies*, Vol. 12, No. 3,

As can be seen in table 4-5, the profile of the composition of nationalities in the RFE differs from region to region. The largest majority in the RFE, are, of course Russians, but the number of Russians in each region has been declining. In contrast, the second largest ethnic group, the Ukrainians, have been increasing considerably, and the third largest group, the Belorussians, have in each region also been increasing slightly. The number of Yakuts in the population of the republic of Sakha, however, dropped from 36.9 per cent of the total in 1979 to 33 percent in 1989. In addition, the population of Koryaks in the Koryak autonomous okrug decreased significantly from 19.1 percent of the total in 1979, to 16.4 percent in 1989. The Chukchi reside for the most part in Magadan oblast, Koryak autonomous region and Chukotka itself, and are slowly declining in Magadan oblast and Chukotka. The Jewish population has also fallen from 5.4 per cent of the total Jewish AO population, in 1979, to 4.2 per cent in 1989. The Jewish AO was settled by Russian Jews deported by Stalin in the 1920s, while other Jews have steadily emigrated to Israel and the West. The Jewish Agency of Russia estimated that more than 15,000 of the region's 20,000 Jews have left since 1985.²⁶ Also, Koreans living in the RFE are mostly concentrated in Sakhalin oblast, where in 1989 they comprised 5 percent of the local population. This figure has declined over the following the years. A further discussion about Koreans in the RFE will be included in chapter 6. In addition, as mentioned in chapter 2, after opening the border with the northern part of China in the early 1990s, the number of Chinese has increased in the

September 2000, p. 365.

²⁶ "Jews quit 'homeland' for Israel," *Guardian*, 26 February 1997, p. 12; for a further discussion of the Jewish AO, see Allan Laine Kagedan, *Soviet Zion: The Quest for a Russian Jewish Homeland* (Basingstoke: Macmillan, 1994) and Robert Weinberg, *Stalin's Forgotten Zion: Birobidzhan and the Making of a Soviet Jewish Homeland: An Illustrated History, 1928-1996* (Berkeley: California University Press, 1998).

southern part of the RFE. Even the illegal Chinese settlement in the RFE has become a political and social issue.

It can be seen that Yakuts, Koryaks, Chukchi and Jews are all decreasing in numbers within the RFE, while the number of Ukrainians and Belorussians is slightly increasing. The sharpest changes in ethnic minority demography are the rapid drop in numbers among Jews and the large growth in Chinese immigrants. Izvestiya has reported that for the last 10 years the number of Chinese in Russia has increased substantially and no one knows the exact figures; estimates are between 100,000 and 2 or 3 million.²⁷

4.3: The Social Dimension

Among the many complex issues of social change I have chosen to concentrate on two that figured particularly prominently on the RFE's political agenda: crime rates and alcohol consumption. With respect to crime in the RF as a whole, the level of concern 'has been currently greater than concern over the shortage of food products and prime necessities, the deterioration of the environment, the increase in unemployment, the crisis of morals and culture, and the aggravation of relations between nationalities.'²⁸ This was shown by data from mass surveys conducted among Russia's urban and rural population by the All-Russia Centre for the Study of Public Opinion (VTsIOM) in 1993.

As White has noted in his book After Gorbachev, the rate of crime was already rising in the late 1980s and early 1990s:

²⁷ Izvestiya, 30 September 1999, p. 8.

²⁸ Izvestiya, 23 July 1993, p. 4, as cited in CDPSP, Vol. XIV, No. 29, 1993, p. 26.

The overall level of reported crime, per head of population, rose by 17.8 per cent in 1988 compared with 1987; violent murders were up by 14 per cent, grievous bodily harm was up by 32 per cent, and robbery in various forms was up by a massive 43 per cent. There were further increases in 1989 and 1990, and in 1991 crime in Russia alone rose by a further 18 per cent, with an increase of nearly half in burglaries. Altogether, over the years of perestroika, reported crime more than doubled.²⁹

The causes of all types of crime in Russia are diverse, as they are in other countries. Specialists have suggested the following:

- a. the imperfect regulation of economic relations;
- b. the declining standard of living of the population;
- c. the collapse of state and social discipline;
- d. the decline of morals, the loss of social values, and growing feelings of hopelessness;
- e. the decline in the crime protection system.³⁰

It seems that the steady increase in crime has been a side-effect of political and economic reform in the RF. The worsening economic situation has been the greatest cause of the growing crime rate.³¹ As *Izvestiya* reported in September 1995, the collapse of the Soviet Union and the subsequent reforms involved a weakening of the state's role and the loss of a number of its important functions. In particular, the decentralisation and reorganisation of coercive structures led to a weakening of social protection and an increase in crime.³² The rise in crime has also been related to a general loosening of social restraints and a weakening of the law enforcement agencies. In addition, an aspect of the crime problem with which it is particularly hard to cope is corruption

²⁹ Stephen White, *After Gorbachev* (Cambridge: Cambridge University Press, 1993), p. 85

³⁰ "Crimes in Sakhalin," *Svobodnyi Sakhalin*, 28 March 1992, p. 2; Mary Buckley, *Redefining Russian Society and Polity* (Boulder: Westview Press, 1993), p. 74.

³¹ Phil Williams, *Russian Organised Crime: The New Threat?* (London: Frank Cass, 1997), p. 4.

³² "Mafia's Growing Power Detailed by Sociologist," *Izvestiya*, 21 September 1995, p. 5, as cited in *CDPSP*, Vol. XLVII, No. 38, 1995, p. 1.

among government officials, especially those who control activities in the commercial sector.³³

Organised crime in particular has been the fastest-growing force to emerge from the collapse of Soviet communism.³⁴ As Jeffries notes, the so-called Russian 'mafia' has undermined reform, and generated extraordinary levels of violence in major cities.³⁵ In June 1992, Deputy Russian Internal Affairs Minister Andrei Dunayev blamed the explosion of criminal violence on the mafia. In July 1993, to stamp out the growing smuggling trade, Moscow reversed its effort to relax control over foreign exports.³⁶ According to the document, 'Organised Crime and Prospects for the Coming to Power of National-Socialists in Russia,' published in January 1994, the growth of organised crime has become entangled with Ministry of Internal Affairs (MVD) agencies and local executive authorities. The report pointed out that organised crime was threatening Russia's political and economic development and creating ideal conditions for the nascent power of national-socialism.³⁷

In Russia, organised crime controls all types of activity:

In May 1994 mafia-type structures controlled roughly 40,000 businesses, including 2,000 state enterprises, 4,000 joint-stock companies, 9,000 co-operatives, 7,000 small enterprises, 400 banks and exchanges, and more than 700 markets.³⁸

In Russia's cities and district centres, meanwhile,

practically all owners of retail trade booths, stores, cafes and restaurants have paid tribute to gangster groupings. Tribute has been paid by all vendors on all goods markets and by automobile importers. Between 70 per cent and 80 per cent of all

³³ *Komsomolskaya pravda*, 17 July, p. 1, 1993, as cited in *CDPSP*, Vol. XLV, No. 29, 1993, p. 25.

³⁴ "The Mafia Faces a Crisis, too," *Nezavisimaya gazeta*, 24 December 1994, pp. 1-2, as cited in *CDPSP*, Vol. XLVII, No. 1, 1995, p. 20.

³⁵ Ian Jeffries, *A Guide to the Economies in Transition* (London: Routledge, 1996), p. 149.

³⁶ Stephen Handelman, *Comrade Criminal: The Theft of the Second Russian Revolution* (London: Michael Joseph, 1994), pp. 11-12.

³⁷ "Crime, Corruption Pose Political, Economic Threat," *Izvestiya*, 26 January 1994, pp. 1-2, as cited in *CDPSP*, Vol. XLVI, No. 4, 1994, p. 14.

³⁸ "Head of the Chief Administration for Combating Organised Crime Discusses Organised Crime," *Sevodnya*, 18 May 1994, p. 7, as cited in *CDPSP*, Vol. XLVI, No. 20, 1994, p. 16.

privatised enterprises and commercial banks have had extortion payment exacted from them. The amount of the tribute (a kind of tax for the benefit of gangster groupings and corrupt officials) ranges from 10 to 20 per cent of their turnover, which frequently come to over half of an enterprise's gross profits.³⁹

According to the MVD, in September 1995 criminal structures controlled over 50 per cent of all economic entities. The exacting of protection money from commercial structures, in the form of stock, has become particularly widespread.⁴⁰ According to calculations by the Russian Academy of Sciences' Analytic Centre, 35 per cent of all capital and 80 per cent of all 'voting' shares have become a part of criminal capital, through the exacting of protection from commercial structures in the form of stock. This enables the mafia to delegate a representative to a company's board or council of directors.⁴¹

Table 4-6: Who's really running things in the Far East?

	1	2	3	4	5	6	7
Mafia	30	22	21	40	49	26	24
Govt. officials	23	28	33	7	12	23	37
New businesses	17	12	26	20	12	10	15
Business	6	12	8	3	3	0	4
Banks	4	3	4	4	4	5	0
Media	4	1	1	5	1	8	4
New parties	2	1	1	3	0	4	0
Trade unions	1	1	0	1	0	5	0
Difficult to say	14	20	7	16	19	10	13
Total	101	100	101	99	100	101	97

Source: Reported in *Svobodnyi Sakhalin*, 1 July 1992, p. 2.

Note: (1) RFE as a whole, (2) Blagoveshchensk, (3) Khabarovsk, (4) Vladivostok, (5) Magadan, (6) Sakhalin, (7) Kamchatka.

The opinion poll reported in table 4-6 was conducted in the middle of May 1992 by the Siberian and Far East departments of VTsIOM. The survey was carried out

³⁹ *Izvestiya*, 26 January 1994, pp. 1-2.

⁴⁰ *Izvestiya*, 21 September 1995, p. 5.

in nine cities, with 995 respondents. Three cities were in Siberia and others in the RFE. The table indicates that residents of the RFE as a whole believed that the mafia had the greatest degree of influence on the development of events. In particular, half the respondents of Vladivostok thought the mafia influenced their daily life very much. From this, we can point that a similar situation exists in other areas of the RFE.

Mafia groups in Russia also are particularly violent and inhumane. The Russian Far East Update reported the case of a man who had an experience with the mafia in the RFE:

I worked for the General Director of a very large company. I personally watched while two mafia types came into my office, entered the closed door of the General Director's office, took my boss by the necktie, choked him until he became red, and said either he paid back the money he owed them, or he found the money that day and paid.⁴²

It can be seen that mafia-run activities such as business infiltration and mafia-funded business ventures are a powerful new type of crime in post-Soviet society.⁴³

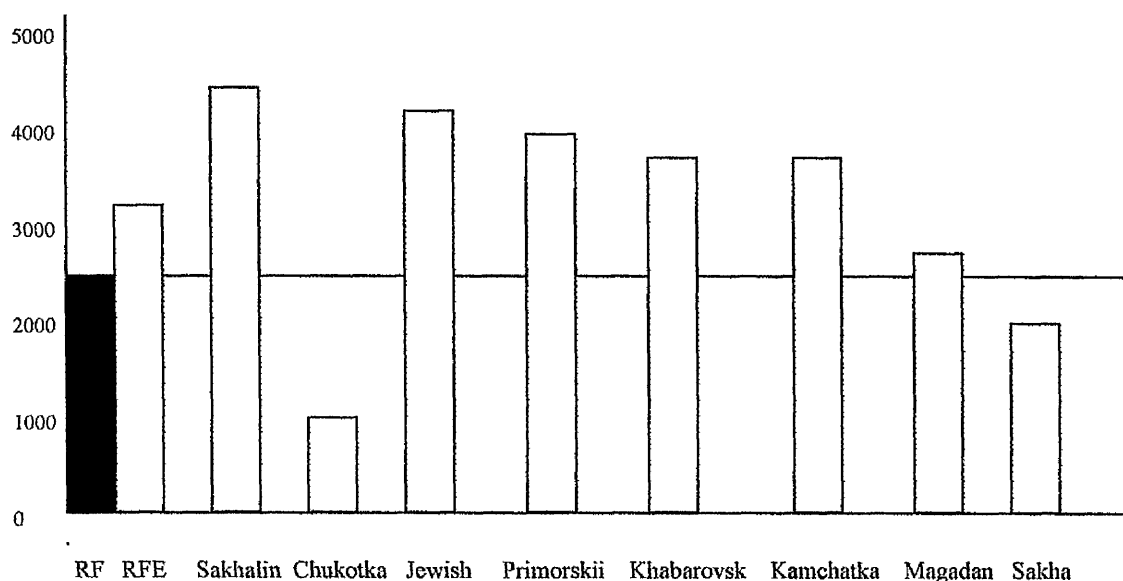
Although it is difficult to quantify mafia-run crime, statistics regarding all forms of reported crime are more readily available than in the Soviet period. We now turn from the total figures on reported crime to standardised measures in relation to population. Table 4-7 shows the number of registered crimes per 100,000 population committed in 1995 by people aged 14 or older. The figures show that the RFE average was higher than the RF as a whole, with more than 3,000 crimes per 100,000 population whereas in the RF the figure was less than 2,500. Crime patterns, however, are far from uniform throughout the RFE. Significant variations are a consequence of cultural

⁴¹ Ibid., p. 4.

⁴² Many cases such as this have been reported. See "Mafia Groups, Officialdom and Government in the RFE," Russian Far East Update (RFEU), August 1996, Vol. VI, No. 8, p. 4.

differences, levels of urbanisation and patterns of migration, together with opportunities (obviously greater, for instance, in a port city). Stable, more traditional communities, by contrast, usually have lower rates of crime than do areas recently populated by migrants. Rural crime rates are also lower than those in urban areas. In rural areas the social controls exercised by family and neighbours tend to hold down the level of crime.⁴⁴ For example, as shown table 4-7, the republic of Sakha and Chukotka had a lower level than the RF average.

Table 4-7: Number of Registered Crimes per 100,000 Aged 14 or Older in 1995



Source: Derived from Prestupnost' i pravonarusheniya 1991-1995 (Moscow: Statisticheskii Komitet, 1996), pp. 19-20.

The highest crime rates, by contrast, are found in the larger population centres, in urban and industrialised areas, and newly established regions of the RFE. It can be

⁴³ Mark Galeotti, "Crime, Corruption and the Law," in Mike Bowker and Cameron Ross (eds.), Russia After the Cold War (Longman: London, 2000), p. 144.

⁴⁴ Louise I. Shelley, 'Crime in the Soviet Union', in Anthony Jones, Walter D. Connor and David E. Powell (eds.), Soviet Social Problems (Boulder: Westview Press, 1991), p. 262.

seen from table 4-7 that the area with the highest decline in population, Sakhalin oblast, showed the highest level of crime (almost 4,500 crimes per 100,000 population) in the RFE, a figure was almost twice as high as the RF average. In Sakhalin, hooliganism is the highest recorded crime, followed by robbery and then aggravated assault (see table 4-8).

A more recently established region, the Jewish AO, has a relatively small population, but had the second largest incidence of registered crimes: more than 4,000 crimes were recorded per 100,000 population. According to the RA Report in January 1994, law enforcement bodies in the Jewish AO had voiced concern about the soaring crime rate in the area. In the first ten months of 1993 the number of serious crimes, including premeditated murders, assaults, burglaries and rapes increased by 20 per cent over the same period in 1992.⁴⁵ The high crime rate in this particular area leads one to speculate on the contributing factor of the border opening – easing the passage of illegal Chinese immigrants and perhaps Chinese involvement in crime, among other reasons.

Following Sakhalin and the Jewish AO, the highly industrialised Khabarovsk krai and Primorskii krai also have high levels of registered crime, as shown in table 4-7: more than 3,500 crimes were recorded in each case per 100,000 population aged 14 or older. In terms of reported crime in 1995, Primorskii krai had the greatest number (70,079 offences) in the RFE.⁴⁶

In Primorskii krai, in the period from January to June 1993, there were over 68,000 crimes, 9.7 per cent more than in 1992. As the RA Report in 1994 commented:

The largest numbers of crimes (53.2 per cent) were connected with the theft of personal property. These amounted to 32,600 and about half of those involved apartment break-ins. The number of robberies and thefts by force was up 7 per cent

⁴⁵ RA Report, No. 16, January 1994, p. 129.

⁴⁶ Prestupnost' i pravonarusheniya 1991-1995 (Moscow: Statisticheskii Komitet, 1996), pp. 15-18.

and 29 per cent respectively, compared with 1992. Serious crime was up 23.2 per cent; this was about 20 per cent of the total crime. There were 754 murders or attempted murders, 1,704 serious bodily injuries and 266 rapes. Of the investigated crimes, 8,066 were group crimes (up 14.9 per cent), and of these about 6,000 were committed by juveniles or with their participation.⁴⁷

Looking more closely at Primorskii krai, in Vladivostok the crime rate grew by a considerable 50 per cent in the first half of 1992, fuelled by a battle between two gangs for control of the lucrative trade in used Japanese cars that merchant sailors bring back with them. Police reported that they handled an average 16 murder cases per week in May 1992, double the level of the same month in the previous year.⁴⁸ The causes of the increase in crime in this region were well known: unstable conditions, social and political collapse, deep economic crisis, and the fragility of the state institutions. Other reasons for the increase in crime apply more specifically to this region. For example, there has been a notable increase in criminals coming into the area in connection with the opening of Vladivostok. The relative openness of the region to the outside world is also important, with the border crossing into China, the establishment of a free economic zone in Nakhodka, and several busy trading and fishing ports. These developments brought in foreign cars,⁴⁹ a massive influx of Chinese goods and also the possibility of dealing in drugs.⁵⁰ All of this encouraged a substantial 'market of intimate services' centred around restaurants, and illegal trade in weapons centred around the armed forces based in the region.⁵¹

⁴⁷ *RA Report*, No. 17, July 1994, p. 18.

⁴⁸ "Vladivostok Strives to Survive," *Japan Times*, 14 June 1992, p. 7.

⁴⁹ *Utro Rossii*, August 3, 1993, p. 3, as cited in *RA Report*, No. 16, January 1994, p. 128.

⁵⁰ "Crime Problems Faced by Vladivostok Region," *Segodnya*, 1 September 1995, p. 5.

⁵¹ There was also a narcotics trade, in which the region had specialised since pre-revolutionary times; Vladivostok connected the 'golden triangle' in south-east Asia with lucrative markets in Europe and the USA, and levels of addiction were themselves higher than in the parts of Asia from which the drugs originated. Other forms of organised crime were more characteristic of the country as a whole, such as the improper operations that had taken place in the privatisation of the fish processing industry and the illegal export of capital through fictitious joint enterprises which brought together and the interests of former state

We have looked at mafia-run crime, reported crime and registered crime, and now focus on the different forms in which these crimes are manifested. Table 4-8 shows the types of crime by region in 1995 per 100,000 population aged 14 or older. According to these statistics, the RFE average was higher than the RF average in every case except aggravated assault. Compared with other types of crime, hooliganism was the most common offence in both the RF and the RFE, whereas bribery, forcible rape and attempted rape were the least common. The figures show that about 180.9 hooliganism crimes were committed per 100,000 population in the RFE, whereas in RF the rate was a lower 161.3. The republic of Sakha, Primorskii krai, Magadan oblast, and Sakhalin oblast had more than the RFE average; among them, Sakhalin oblast had the greatest number of cases (243.5), whereas Amur oblast had the lowest (100.6).

Table 4-8: Types of Crime by Region in 1995 (per 100,000 population aged 14 or order)

Area	Types of Crime					
	Murder & Attempted murder	Hooliganism	Aggravated assault	Robbery	Embezzlement	Forcible & attempted rape
RF	26.8	161.3	31.8	118.7	32.0	10.6
RFE	34.4	180.9	28.8	126.5	38.5	10.9
Sakha	34.9	290.1	14.2	69.1	39.5	10.9
Primorskii	35.2	210.2	48.0	179.4	33.8	8.9
Khabarovsk	43.4	204.8	34.3	195.2	28.1	11.3
Amur	25.4	100.6	18.0	91.7	29.7	9.4
Jewish AO	38.7	120.6	25.6	37.8	83.4	19.4
Kamchatka	23.9	142.0	33.4	78.8	32.0	12.1
Magadan	43.6	196.8	34.7	133.6	52.7	12.9
Sakhalin	37.4	243.5	46.9	196.6	17.5	12.9
Chukotka	26.8	119.5	3.7	156.2	29.5	13.4

Source: As Table 4-7, pp. 61-116.

directors, the new nomenklatura and the largest criminal groupings. See Problemy bor'by s prestupnost'yu

In the opinion of internal affairs agency officials, the entire economy has become increasingly criminalised. Financial fraud, embezzlement of funds and stealing of public, private and state property, for instance, are becoming more sophisticated, professional and organised.⁵² As shown in table 4-8, robbery and embezzlement, in particular, are much more common in modern Russia than in the USSR. As Izvestiya reported:

Some 61,500 economic crimes were detected in mid 1993, including 22,000 cases of embezzlement and 4,300 cases of the illegal export from Russia of raw materials and oil. Criminal proceedings were initiated in 140 cases of embezzlement in the banking system, and 2,700 crimes associated with the operation of voucher-based auctions and investment funds were discovered.⁵³

Robbery was the second most common type of crime recorded in both the RF and the RFE in the mid-1990s. In the RFE 126.5 robberies were recorded per 100,000 head of population aged 14 or older, whereas in the RF the rate was 118.7. Thus, in terms of robbery, the RFE average was slightly more than the RF average. Regions like Primorskii krai, Khabarovsk krai, Magadan oblast, Sakhalin oblast and Chukotka had more than the RFE average, which itself was higher than the RF average. Among them, Sakhalin oblast had the highest number of robbery incidents, 196.6 cases per 100,000. The Jewish AO had the lowest rate, 37.8 cases. Embezzlement was the third most common offence in both the RF and the RFE, but figures showed that the RFE average once again was higher than the average in the country as a whole. About 38.5 cases of embezzlement were recorded per 100,000 head of population aged 14 or older, whereas in the entire RF the rate was 32.0. The republic of Sakha, Magadan oblast and the Jewish AO recorded a higher level than the RFE average. Among them, the Jewish AO

(regional'nyi aspekt) (M. VNII MVD Rossii, 1996), pp. 34-40.

⁵² Tanya Frisby, "The Rise of Organised Crime in Russia: Its Roots and Social Significance," Europe-Asia Studies, Vol. 50, No. 1, 1998, p. 30.

had the highest number, 83.4 cases, while Sakhalin oblast had the lowest number, 17.5 cases per 100,000 population aged over 14. In both these cases of economic crime, the RFE average was higher than that of the RF, indicating the higher incidence of crime in the RFE as a whole.

Interpersonal violent crime, including such offences as homicide, aggravated assault, murder, attempted murder and rape, is often committed in groups, and a greater proportion of offenders are either intoxicated or are individuals with serious drink problems.⁵⁴ These cases are cited in Izvestiya in June 1995:

In the first half of 1993 the number of crimes committed in the RF was 1,372,700. The figures were much higher than in the past: murders stood at 14,800, inflictions of grave bodily harm were 35,000, and rapes were 7,400. The overall numbers of so-called serious criminal assaults reached 253,300.⁵⁵ In addition, some 15,000 women died in 1994 as a result of domestic violence. During the same period, 56,000 women sustained bodily injuries.⁵⁶

Unlike the usual pattern, the figures in table 4-8 show that in the case of aggravated assault, the RF average was higher than the RFE average. In the RF 31.8 crimes were recorded per 100,000 population aged 14 or older, whereas in the RFE the number was 28.8. In the RFE, Primorskii krai, Khabarovsk krai, Kamchatka oblast, Magadan oblast, and Sakhalin oblast had more than the regional average; among them Primorskii krai, with its international port cities, had the highest number, 48.0 cases per 100,000. By contrast, the more traditional society of Chukotka had the lowest number, only 3.7 cases.

In the case of murder and attempted murder, Magadan oblast, Sakhalin oblast,

⁵³ "Crime Continues to Rise in Russia, but a Little More Slowly," Izvestiya, 21 July 1993, p. 2, as cited in CDPSP, Vol. XLV, No. 29, 1993, p. 26.

⁵⁴ Shelley, Crime in the Soviet Union, pp. 260-62.

⁵⁵ Izvestiya, 21 July 1993, p. 25.

and the Jewish AO were higher than the regional average. Of these, Magadan oblast had the highest number, 43.6 cases (per 100,000 population aged over 14), while Kamchatka oblast had the lowest number, 23.9 cases. Perhaps, this has to do with the fact that Magadan is a male-dominated mining community, while society in Kamchatka is based on more traditional, undeveloped trades like fishing. In terms of forcible rape and attempted rape, Khabarovsk krai, the Jewish AO, Kamchatka oblast, Magadan oblast, Sakhalin oblast, and Chukotka had more than the RFE average. Of these, the Jewish AO had the highest number, 19.4 cases, while Primorskii krai had the lowest number, 8.9 cases.

Once again, it is not surprising that the southern urbanised areas have higher incidences of crime. It is also interesting to note that the Jewish AO had the lowest rate of robberies in the region, but had the highest recorded number of embezzlement cases. In contrast to this, Sakhalin oblast had the highest rates for hooliganism and robberies, but the lowest for embezzlement. In the case of murder and attempted murder, Magadan oblast had the highest number.

As can be seen in table 4-9, there was a rise in drug-related crimes between 1991 and 1995, in both the RF and the RFE. Throughout the country, in 1995, there was a total of 52,668 recorded crimes associated with narcotics and similar substances. The greatest number involved illegal manufacture, storage and transportation. In this same year, the increase in this type of crime was up by 13,087 cases in comparison with 1994. Virtually all of Russia's regions have become involved in spreading narcotics around the country.⁵⁷

⁵⁶ "The Weak are the First to Die," *Izvestiya*, 20 June 1995, p. 1, as cited in *CDPSP*, Vol. XLVII, No. 25, 1995, pp. 24-5.

⁵⁷ *Sevodnya*, 11 March 1994, p. 6, as cited in *CDPSP*, Vol. No. 1994, p. 20.

This table indicates that in 1995 the RFE's total drug-related crimes was 6,608, meaning that this type of crime in the RFE increased by 1,337 cases within a year. Most regions experienced a rise in such crimes. The republic of Sakha showed a different trend to the other regions, as it increased from 1993 in 1991 to 1,621 in 1994, and then dropped sharply to 381 in 1995. Among them, Primorskii krai had the highest number of incidents, with drug-related crime increasing by 630 cases in 1995; Magadan had the lowest number, 210. A report on drug trafficking in the Pacific Fleet in Vladivostok port, as cited in the RA report in 1994, noted:

Even cynical detectives from the krai police department in Vladivostok were flabbergasted by an ad on the gate of a Pacific Fleet building unit: "wide range of chemical drugs and grass available." The "legalised" drugs trafficking point was immediately busted. Its organisers, privates Vasilii Orlov and Igor Trofimov, were taken into custody. But officers from the military prosecutor's office wondered how the building unit command could overlook a shop selling drugs openly.⁵⁸

In 1995, more than two-thirds of drug-related crimes in the RFE were in the so-called southern zone, the area along the Chinese border in Primorskii krai (2,241), Khabarovsk krai (1,340) and Amur oblast (1,221). In these areas, we can see that drug-related crimes have also been involved with the neighbouring countries, such as China and North Korea. Each case will be dealt with in chapter 6 and chapter 7, respectively.

Some problems closely related to crime are excessive drinking, alcohol abuse, and alcoholism. These have been an important part of Russian life for a long time.⁵⁹ As Trembl has noted in his article, 'the absolute level of consumption of alcohol per head and the rate of increase in the 1960s and the 1980s were clearly high and alarming.'⁶⁰ This problem worsened further in the 1990s. It was reported in 1997 that the World

⁵⁸ RA Report, No. 16, January 1994, p. 129.

⁵⁹ David Lane, Soviet Society Under Perestroika (London and New York, Routledge, Second Edition, 1992), p. 364.

⁶⁰ Jones, Connor and Powell, Soviet Social Problems, p. 120.

Health Organisation (WHO) considered it dangerous for any country to have an average per capita consumption of the equivalent of 8 litres of pure alcohol per year. Russian consumption, however, is currently in the range of 13 to 14 litres annually and over 30,000 people die of acute alcohol poisoning each year.⁶¹ In fact, in the RF as a whole, heavy drinking and alcohol abuse have had tragic consequences including crime, violence, suicide, disintegration of the family, decreasing life expectancy, fatal poisoning and other perils.⁶²

Table 4-9: Number of Drug-related Crimes from 1991 to 1995

Area/year	Number of Crimes				
	1991	1992	1993	1994	1995
RF	13,069	18,895	24,065	39,581	52,668
RFE	2,432	3,201	4,855	5,271	6,608
Sakha	293	439	1,158	1,621	381
Primorskii	766	884	1,087	1,611	2,241
Khabarovsk	440	747	796	1,049	1,340
Amur	372	464	790	1,220	1,221
Kamchatka	65	67	61	158	238
Magadan	97	106	137	234	210
Sakhalin	66	79	158	281	352

Source: As Table 4-7, pp. 125-27.

Before Gorbachev's campaign began in May 1985, health authorities officially classified about 4.3 million people as chronic alcoholics.⁶³ Even afterwards, as White has shown in his book, there were many alcohol-related crimes:

As many crimes were committed in a drunken state as before the campaign; the proportion of drunken murders had even increased. The number of drunken driving incidents that took place in 1990 was two and a half times greater than had taken place at the start of campaign. Alcoholics were selling their flats, under the privatisation programme which allowed them to do so, and were abandoning their children; there was even a case of the sale of a three-month-old baby for two bottles

⁶¹ "Russian Roulette," *Time*, 11 August 1997, pp. 15-7.

⁶² Leon et al., *The Lancet*, pp. 383-88.

⁶³ Trembl, *Drinking and Alcohol Abuse*, p. 125.

of wine. More than 400 died in the Far East after consuming Chinese alcohol to which ether and other toxins had been added at up to fifty times the permissible level.⁶⁴

According to a report that appeared in the press in May 1995, the majority of all deaths among children aged one to four were caused by parental negligence, various injuries, or directly by the parents' own hands, and were sustained while the parents were intoxicated. Instead of mother's milk, children sometimes received alcoholic beverages to keep them from being a nuisance.⁶⁵ In family life one of the main sources of domestic difficulties was identified as alcohol, and one of the main reasons given for divorce was husbands' drinking. The increase in alcohol consumption from 1987 to 1992 was also associated with a decrease in the average life expectancy of both men (to 62 years) and women (to 73.8 years). In 1992, in Primorskii krai, as compared to 1987, deaths from alcohol poisoning were up 3.5 times.⁶⁶ In 1993, Primorskii krai recorded 13,200 crimes that were alcohol-related.⁶⁷ Even though Kamchatka oblast had the lowest alcohol consumption in 1992, alcohol poisoning led the way among unnatural causes of death. According to the RA Report, almost 25 per cent of unnatural deaths in Kamchatka in 1992 were due to alcohol poisoning.⁶⁸

For 1992-1994, the mean annual increase in violent deaths was 37.7 per cent for those who were intoxicated and 15.4 per cent for those who were sober. The year 1993 was particularly dramatic for Russia, with the number of alcohol-related psychoses increasing by 141.4 per cent and fatal alcohol poisoning rising by 75.6 per cent. About

⁶⁴ In his book, we can see the issue of alcoholism unfolded in greater depth in Soviet and post-Soviet times. See Stephen White, Russia Goes Dry: Alcohol, State and Society (Cambridge: Cambridge University Press, 1996), p. 166.

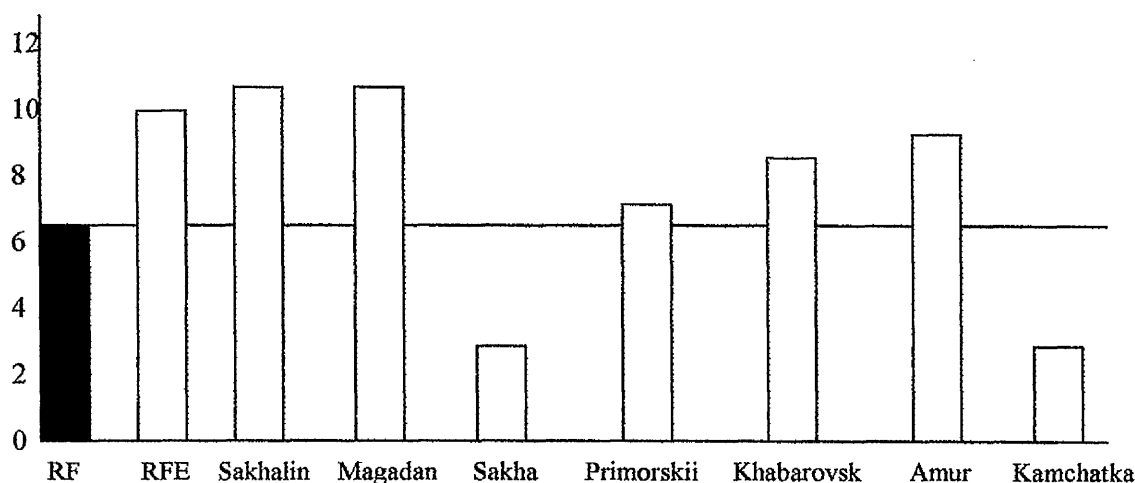
⁶⁵ "Put My Mama Behind Bars," Argumenty i fakty, No. 21, May, 1995, p. 5, as cited in CDPSP, Vol. XLVII, No. 21, 1995, p. 15.

⁶⁶ "Demographic Situation in Primorskii Krai," Utro Rossii, 25 May 1993, p. 2.

⁶⁷ RA Report, No. 17, July 1994, p. 18.

60 per cent of murder victims and nearly 80 per cent of murderers in 1996 were under the influence of alcohol at the time of the crime. Alcohol is a contributing factor in many other categories of deaths.⁶⁹

Table 4-10: Sale of Hard Liquor by Litres per Head of Population by Region in 1992



Source: Derived from Pokazateli sotsial'nogo razvitiya Rossiiskoi Federatsii i regionov v 1993 g. (Moscow: Goskomstat Rossii, 1993), pp. 257-59.

Table 4-10 summarises the average consumption of alcoholic beverages in litres per head of population by region, in 1992. In this table, the figures show that in levels of alcohol consumption of the RFE average was higher than the RF average. In the RFE, 9.7 litres were recorded per head of population, whereas in the RF the rate was 6.6 litres. Thus, the RFE as a whole consumed 3.1 litres more than the national average per head. All regions in the table had higher than national average levels of alcohol consumption, except for Sakha and Kamchatka. Alcohol consumption in Sakhalin oblast

⁶⁸ Ibid., p. 13.

⁶⁹ Komsomolskaya pravda, December 17, 1996, p. 3, as cited in CDPSP, Vol. XLVIII, No. 50, 1996, p. 21

and Magadan oblast was the highest (about 10.2 litres each). Of the indigenous peoples (the Nivkhi) in Sakhalin oblast, one in twelve was a registered alcoholic, and not a single one had been successfully treated.⁷⁰

With regard to this, the following example shows the life of the village of Nivkhi⁷¹ in Sakhalin:

The local people, the Nivkhi, had up to now lived 'free of the harsh and cruel vices of civilisation'. But now they had encountered a civilisation that existed 'exclusively in the form of alcohol, syphilis and commercial fraud'. Local traders took away salmon and caviar from the natives, leaving them with vodka, cheap wine, home-brew and even household solvents. Some became so drunk they fell off their sleds and had to be tied on; others slaughtered their reindeer herds, which began to disappear.⁷²

White notes that the number of infant deaths had increased as a result of parental negligence. New and infectious diseases were brought in by the settlers, and the local population began to die out. Their language was Russified, their land was exploited for its natural resources, and the Nivkhi themselves were herded into towns where they adopted the unhealthy habits of their neighbours. It was predicted that by the end of the century the native language would have disappeared entirely.⁷³

As with the incidence of crime, the rates of alcoholism are higher in the RFE than in the RF. Together, these factors indicate deep social problems for the RFE. But the fact remains that crime and alcohol consumption are not just localised but nation-

⁷⁰ White, *Russia Goes Dry*, pp. 145-46.

⁷¹ Grant writes, "throughout the nineteenth century, living primarily as fishermen and secondarily as hunters, increasing numbers of Nivkhi who lived along the Amur and Sakhalin had cause to travel throughout the North Asian Pacific Rim in the interests of trade." In July 1931 it was discovered that 86 per cent of the local Nivkhi population was illiterate. From 1962 to 1986, the number of Nivkhi communities was reduced from 82 to 13. Before the October Revolution, when Russian Orthodox missionaries hounded Nivkhi to convert to Christianity, Grant identified the following division of Nivkhi culture: being discouraged (Nicholas II) and then encouraged (Lenin), repressed (Stalin) and then revived (Khrushchev), ignored (Brezhnev) and then revived again (Gorbachev). See Bruce Grant, "Nivkhi, Russians and Others: The Politics of Indigenism on Sakhalin Island," in Stephen Kotkin and David Wolff (eds.) *Rediscovering Russia in Asia: Siberia and the Russian Far East* (Armonk, New York: M.E. Sharpe, 1995), pp. 161-68.

⁷² White, *Russia Goes Dry*, pp. 145-46.

⁷³ *Ibid.*, p. 146.

wide issues for Russia as a whole.

4.4. The Economic Dimension

Turning from social issues within the RFE, we now focus our attention on the economic dimension, and will consider how different regions within the RFE and the RF compare in terms of wealth and poverty. Because the present market reform programme in the RF has introduced substantial changes to relations between the central and regional governments, it is rather difficult to predict the Russian Far East's economic development. The sharp change in the price of raw materials that are produced in the region has led to a negative balance in inter-regional relations and limited the development of investment. The liberalisation of transport tariffs also brought a sharp increase in the transportation costs of Far Eastern products. Many enterprises in the Far Eastern regions have been working under a limited electricity supply due to a lack of finance. Although it is difficult to predict economic development, it would appear that the objectives include: to stimulate economic development, to develop a regional Far Eastern market; and to identify specific geographical and developmental priorities. With this in mind, I will deal with the present economic structure of the RFE by examining the levels of employment, industrial production, retail and foreign trade, and income. Finally, in the last section, I will focus on living standards in the RFE in order to examine levels of wealth in comparison with the rest of the RF.

The following extract from the RA Report of July 1993 shows the growth in the number of unemployed in Primorskii krai in 1992 and in 1993:

In Primorskii krai, in 1992, over the year, more than 36,000 people turned to the Employment Service. That was more than 1.6 times the number for 1991. Only about 25 percent found work. On January 1, 1993, the number of citizens seeking work, counted by the Employment Service, was 9,500. Of them, 5,000 (52 percent)

had the status of unemployed. 86 percent of them were women. In comparison with the beginning of the year, those numbers had increased by 2 and 3 times.⁷⁴

This local example serves to illustrate the steady rise in unemployment across the RF. This is true in every sense - the numbers of unemployed, the number of registered unemployed, the numbers receiving benefit, and the unemployed as a proportion of the 'economically active population'. In the RFE in 1995 the size of the economically active population was 3,781,100, which was 5.1 per cent of the Russian total (73,531,000). As in the RF as a whole, the economically active population in the RFE has been declining slightly: between 1993 and 1995 it declined at the rate of about 0.1 per cent a year. Primorskii krai had the largest economically active population of the RFE regions (1,082,100), which was 1.5 per cent of the Russian total. Chukotka had the smallest economically active population, just 48,000.⁷⁵

As of 1995 there were about 6.5 million unemployed in the country as a whole, of whom about 2.5 million were registered in labour exchanges. More than 8 unemployed were registered for every vacancy. Overall, 3.2 per cent of the economically active population were registered as unemployed, up from 0.8 per cent in 1992. Levels of unemployment were slightly higher in the Far East than in Russia as a whole, with 10.9 unemployed for every vacancy and 3.8 per cent of the economically active population out of work. Within the RFE, levels of unemployment in turn varied widely: from 5.2 in Chukotka to 15.9 per cent in the Jewish AO and 13 per cent in the Amur region. However, in most areas these figures were higher than average levels in

⁷⁴ RA Report, No. 15, July 1993, p. 27.

⁷⁵ Rossiiskii statisticheskii ezhegodnik 1996, pp. 736-40.

the RF as a whole. Of the nine RFE regions that reported figures, six were above the RF average and only three below it.⁷⁶

A survey has shown that the RFE and the RF were remarkably similar in terms of the composition of their unemployment. For example, the average age of the unemployed in Russia as a whole was 33.9, with nearly half aged between 30 and 40. In the Far East, the average age varied between 31.8 and 37.8, with about half in the range of 30-49. In Russia as a whole, women accounted for 47.4 per cent of the unemployed in 1995 (but 62.5 per cent of those who were registered at labour exchanges). Women were much less likely to be unemployed in Sakha (36.7 per cent of all the unemployed in that region), reflecting its rather different economic structure. The other RFE figures were very similar to the Russian average, apart from the Jewish AO, where women were 61.1 per cent of the regional unemployed - the second highest figure (after the Altai region) in the whole of Russia.⁷⁷

In short, it is evident that unemployment levels are slightly higher in the RFE than the national average, with regional variations. The composition of unemployment between the RF and RFE is not very different, however, the age range of unemployment in the RFE is wider than that of the RF. In terms of education, there were few differences between the RF and the RFE, and no real imbalance between male and female unemployment existed in the whole of Russia.

Table 4-11 shows the proportion of employment by sector in 1990 and in 1994. This table indicates that while the number of people employed in agriculture, transport and communication, and trade increased, it fell slightly in the industry and construction sectors. However, industry still had the highest employment figures. As can be seen in

⁷⁶ Ibid., pp. 736-41.

table 4-11 (panel B), the RF as a whole had more people employed in industry and agriculture than the RFE. By contrast, the RFE as a whole had more people employed in transport and communications, in construction and trade than the RF. Of these sectors in the RFE, the greatest increase in employment figures from 1990 to 1994 was in trade: an increase of 1.5 per cent.

In 1990 and in 1994, the Far East diverged from the RF in terms of the sector of industry in which the Far Eastern residents were able to obtain employment. This occurred in two ways: firstly, by having fairly low levels of industrial and agricultural employment; and secondly, by having a fairly high level of employment associated with the transport and communications, and trade sectors. It is evident that although most people in the RFE were employed in industry, there was an increasing interest in non-production sectors, such as transport and communication and trade.

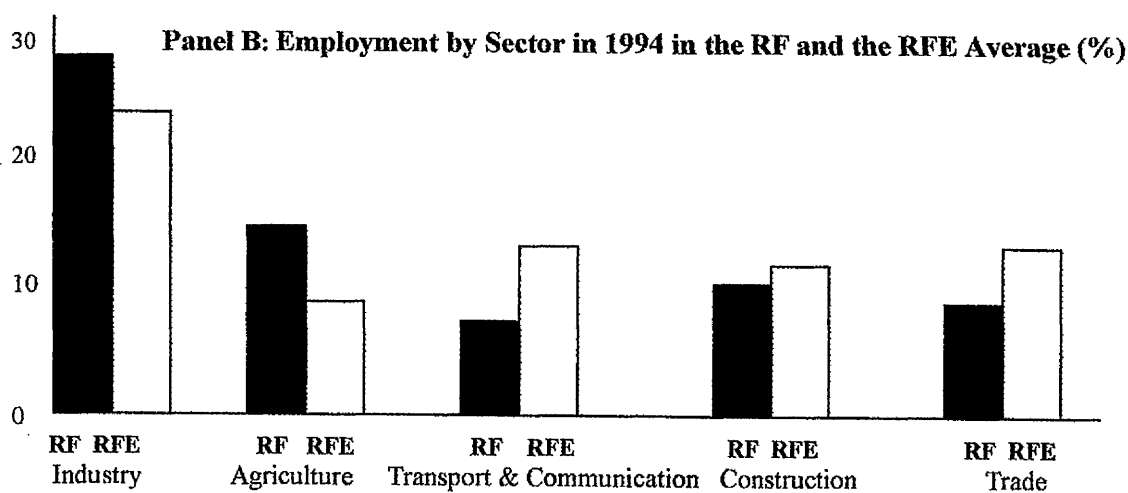
In order to consider these employment trends further, we will compare employment figures in the regions of the RFE. As can be seen in table 4-11 (panel A), the industrial sector accounted for 23.7 per cent of those employed in 1994 in the RFE as a whole, 1.6 per cent less than in 1990. Khabarovsk krai had the highest proportion of employees in the industrial sector, 28 per cent, which was 4.3 per cent higher than the RFE average. The agricultural sector had 8.9 per cent of the total share of employment in 1994, 1.3 per cent higher in 1990. The republic of Sakha, the Jewish AO, Primorskii krai and Amur oblast were above the RFE average for agricultural employment; particularly the Jewish AO and Amur oblast. The most industrialised area, Khabarovsk krai, had the lowest proportion of agricultural workers. About 12.4 per cent of the workforce were employed in transport and communication in 1994, slight higher than in

⁷⁷ Ibid., pp. 754-55.

1990. The percentages of people employed in transport and communication were higher in all the RFE regions than in the RF as a whole.

Table 4-11: Employment by Sector in 1990 and 1994 (%) (Panel A)

Area	Sector									
	Industry		Agriculture		Transport & communication		Construction		Trade	
	90	94	90	94	90	94	90	94	90	94
RF	30.3	27.1	12.9	15.0	7.7	7.8	12.0	9.9	7.8	9.5
RFE	25.3	23.7	7.6	8.9	11.7	12.4	14.6	10.7	9.5	11.0
Sakha	16.4	17.5	10.7	12.8	11.4	11.1	15.6	8.9	9.7	9.3
Primorski	29.9	24.6	7.5	9.0	12.3	12.6	12.8	11.3	9.0	11.2
Khabarovsk	29.0	28.0	4.9	4.1	10.5	11.9	15.8	11.4	9.4	10.6
Amur	19.4	17.6	13.3	15.2	13.1	15.7	16.5	11.7	9.0	11.9
Jewish AO	-	22.7	-	16.5	-	10.2	-	6.5	-	11.1
Kamchatka	25.7	27.1	5.8	7.3	11.8	9.8	13.0	8.1	9.6	11.4
Magadan	23.4	24.6	5.9	6.6	11.8	12.4	14.2	10.1	10.5	10.9
Chukotka	-	20.5	-	7.0	-	15.7	-	-	-	12.0
Sakhalin	26.8	27.6	4.6	4.9	11.2	12.3	14.2	10.6	10.6	12.0



Source: Adapted from Stravnitel'nye pokazateli ekonomicheskogo polozheniya regionov Rossiiskoi Federatsii (Moscow: Goskomstat Rossii, 1995), pp. 29-30.

As with industry, the percentage of these employed in the construction sector

has declined in relative terms. In 1994, it was 10.7 per cent, 3.9 per cent lower than in 1990. Sakhalin oblast showed the highest proportion of employees in the construction sector, 12.2 per cent, 1.5 per cent higher than the RFE average. Chukotka had the lowest proportion employed in construction, only 6.5 per cent, which was 4.2 per cent lower than the RFE average. The trade sector claimed 11.0 per cent of the workforce, 1.5 per cent more than in 1990. Apart from the republic of Sakha (9.3 per cent), the other regions had a higher share than the RF average (9.5 per cent). Of these, the Jewish AO, Chukotka, Primorskii krai, Amur oblast, Khabarovsk krai and Sakhalin oblast had more than the RFE average. Both Chukotka and Sakhalin oblast showed the highest proportion, 12.0 per cent.

Table 4-12: The Far East's Share of Russian Industrial Output in 1994 (%)

Region	Industrial Output					
	All industry	Extracting	Processing	Electrical energy	Fuel	Population
RFE	6.0	14.5	4.5	7.2	4.3	5.2
Sakha	1.6	8.2	0.4	1.4	1.6	0.7
Primorskii	1.1	1.1	1.1	0.6	0.3	1.5
Khabarovsk	1.1	1.1	1.1	1.6	1.2	1.1
Amur	0.4	1.1	0.3	0.9	0.3	0.7
Kamchatka	0.5	0.1	0.6	0.7	-	0.3
Magadan	0.4	1.5	0.2	1.0	0.1	0.2
Sakhalin	0.7	1.1	0.6	0.8	-	0.5

Source: Svrantel'nye pokazateli ekonomicheskogo polozheniya regionov Rossiiskoi Federatsii (Moscow: Goskomstat Rossii, 1995), pp. 54-5 and Rossiiskii statisticheskii ezhegodnik 1995 (Moscow: Goskomstat, 1995), pp. 523-25.

Table 4-12 shows each region's share of total Russian industrial production in 1994. The RFE as a whole contributed 6.0 per cent of the total; Sakha contributed 1.6

per cent, the highest figure in the RFE. Of all Russian extracting industry, the RFE contributed 14.5 per cent; it ranked second among the eleven economic regions in the RF. This shows the extracting industry in the RFE is relatively more important than in other large regions. Sakha alone produced 8.2 per cent by value, making it the greatest producer of the extracting industry in the whole of the RF. Per head of population, Magadan also had a considerable share of the extracting industry within the RFE. This shows that an enormous number of people in Magadan are employed in the extracting industry. We can see therefore that the republic of Sakha and Magadan derive their wealth particularly from the extracting industry, especially the mining of precious metals. Compared with other regions, the RFE does not contribute greatly towards the processing industries, electrical energy and fuel.

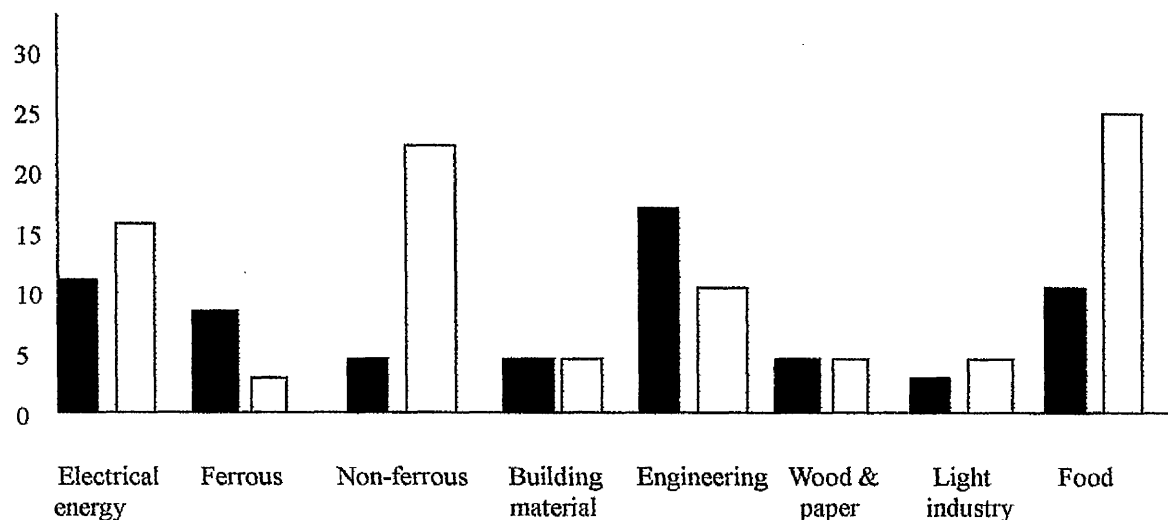
Table 4-13 shows the extent to which the RFE contributed to Russian industrial output by sector in 1994. The RFE (22.9 per cent) ranked second among the eleven economic regions in the extraction of non-ferrous metals. The RFE as a whole is one of the largest producers of raw materials for the Russian market, with a near-monopoly on precious metals such as diamonds, gold, tin, tungsten, and boric materials. The RFE ranked second of all the economic regions in the food industry. It is exceptionally clear in the case of the fishing industry that although the statistical yearbook includes no specific figures, Sakhalin, Kamchatka and Primorskii derive their income mainly from fishing and fish processing.⁷⁸ The RFE also ranked highly in the production of certain other materials: second in the electrical energy sector (16.1 per cent), and fifth in the wood and paper industry (4.9 per cent). By contrast, the RFE's engineering industry,

⁷⁸ Minakir and Freeze, The Russian Far East, p. 45.

and the production of ferrous metals and building material was below the national average.

Table 4-13: Industrial Production by Sector in 1994 (%)

Region	Sector							
	Electrical energy	Ferrous	Non-ferrous	Building material	Engineering	Wood and paper	Light industry	Food
RF	13.4	8.3	6.6	4.8	19.6	4.6	3.1	12.5
RFE	16.1	1.0	22.9	4.7	10.4	4.9	4.9	23.8
Sakha	12.0	-	58.4	1.4	1.4	5.6	0.3	4.5
Primorskii	6.8	0.1	4.2	13.9	6.1	5.8	1.1	49.5
Khabarovsk	20.3	5.4	8.5	15.5	8.5	3.9	0.8	12.7
Amur	29.9	0.2	17.6	6.6	6.7	5.8	0.9	13.7
Jewish AO	20.4	0.4	1.3	15.7	27.1	6.8	7.3	14.2
Kamchatka	18.1	-	0.5	10.7	1.6	2.2	0.4	64.9
Magadan	31.8	0.1	46.6	4.1	0.8	2.2	0.4	8.7
Chukotka	31.8	-	47.6	0.4	0.6	1.3	0.2	4.2
Sakhalin	11.7	-	0.2	22.7	8.9	3.4	0.4	33.0



Source: As Table 4-10, pp. 62-73.

Note: RF ■ RFE □

On comparing the regions in the RFE, it can be seen, in table 4-13, that Sakha, Chukotka and Magadan led the production of non-ferrous metals: they recorded 58.4

per cent, 47.6 per cent, and 46.6 per cent respectively, very high figures in their own right - especially so when compared with the RFE average (only 22.9 per cent). In fact, Sakha achieved the highest production of non-ferrous metal in the RF. In the food industry, Kamchatka, Primorskii and Sakhalin produced substantially more than the RFE average (23.8 per cent). Of these, Kamchatka oblast (64.9 per cent) and Primorskii krai (49.5 per cent) were leaders in the food production industry in the RF. Kamchatka especially seems to have focused all its energy on food production at the expense of other industries. In the wood and paper industry, Primorskii krai, Khabarovsk krai, Amur oblast, the Jewish AO and Sakhalin oblast contributed more than the RFE average (4.9 per cent). Of these, Sakhalin oblast had the highest production (8.9 per cent). It is interesting to note that the engineering industry within the Jewish AO is not only higher than the national average, but is also proportionally much greater than its output in other sectors.

As shown in table 4-14 (panel A), every region in the RFE registered above the national average in terms of retail trade, with Sakha, Kamchatka, Magadan, and Sakhalin showing the highest figures, greater even than the RFE average. From amongst these, Magadan and Sakhalin registered at nearly double the national average. In terms of foreign currency dealings in 1994, as shown in table 4-14 (panel B), all the regions in the RFE were above the national average excepting Amur. Sakha, Magadan and Kamchatka have the highest foreign currency expenditures, just as they had the highest share in retail trade. Thus it is clear that they are the most commercialised regions of the Far East, and among the most commercialised of the whole RF.

Table 4-14: Retail Trade by Region in Thousands of rubles per Head of Population in 1994 (Panel A) and Foreign Currency Dealings, US\$ million divided by million population in 1994 (Panel B)

Panel (A)

Panel (B)

Area	Retail Trade	Area	Received	Spent
RF	1,438.5	RF	192.9	190.3
RFE	1,789.8	RFE	347.3	354.5
Sakha	2,374.2	Sakha	549.6	614.8
Magadan	2,579.8	Magadan	566.4	557.3
Kamchatka	2,448.7	Kamchatka	539.4	560.8
Sakhalin	2,094.4	Khabarovsk	455.5	444.2
Primorskii	1,634.9	Primorskii	324.3	321.5
Amur	1,513.3	Sakhalin	318.2	325.2
Khabarovsk	1,443.4	Amur	8.6	8.2

Source: Derived from *Rossiiskii statisticheskii ezhegodnik* (1995), pp. 523-25, pp. 649-51 (Panel A), and pp. 873-75 (Panel B).

Table 4-15: Foreign Exports and Imports per Head of Population in 1993

Region	Exports	Imports
RF	102,153	72,631
RFE	118,758	69,196
Khabarovsk krai	258,130	76,071
Sakhalin oblast	196,993	76,239
Kamchatka oblast	159,022	179,656
Primorskii krai	96,240	53,860
Sakha republic	41,689	21,522
Magadan oblast	21,303	124,266
Amur oblast	19,370	80,531

Source: As Table 4-14, pp. 869-72.

The RF has become primarily an exporter of raw materials rather than being able to concentrate on manufactured goods.⁷⁹ According to statistics shown in table 4-15 on exports and imports per head of population in the nation as a whole, the value of exports greatly exceeded the value of imports. In terms of exports, the RFE average

exceeded the national average. Within the RFE, Khabarovsk had the greatest total exports, followed by Sakhalin and Kamchatka and. In only three regions (Kamchatka, Magadan and Amur) do imports exceed exports. We can see that most regions of the RFE are highly dependent upon exports. Exceptionally, Kamchatka, while taking third place in exports, was also the largest importing region. Hence, we can assume that the majority of its residents are employed in the trade industry.

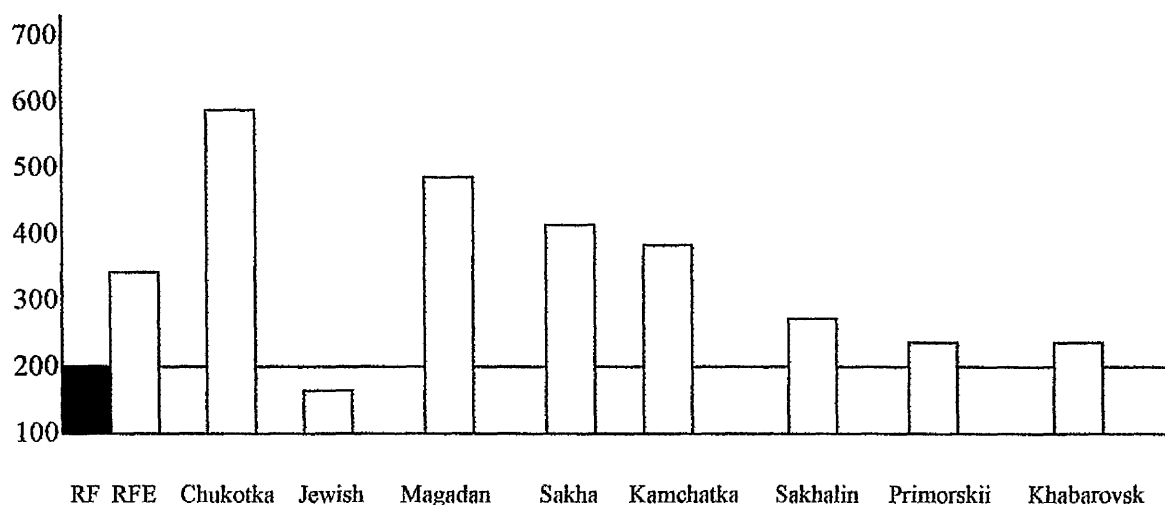
We can also see that most regions in the RFE depend greatly on foreign export and import relations (chapter 6 will further expand on their foreign trade partners). The RFE has become primarily an exporter of raw materials rather than manufactured goods. As previously seen, Kamchatka, Sakhalin and Primorskii's exports consisted of fish and fish products, and nearly half of Khabarovsk krai's exports were timber. Other major RFE exports were gold (from Magadan), and diamonds (from the republic of Sakha). Major RFE imports were food and food products, electric appliances, second-hand cars and other consumer products.

Finally, let us consider income and living costs in the RFE. For a long time, the Far East has been known as a higher income area. But prices, including food prices, are among the highest in Russia.⁸⁰ The Far East is unusual in this respect, namely, a higher level of income than the national average (see table 4-16), combined with very high living costs (see table 4-17). In the nation as a whole wages are still the main source of income. But in the RFE, according to the Russian Far East Update, 'the notion of average income is giving way to wide discrepancies in income distribution.' For example, some groups, like the elderly, the ill, and single mothers are rapidly becoming

⁷⁹ Robert C. Stuart and Paul R. Gregory, The Russian Economy: Past, Present and Future (New York: Harper Collins College, 1995), p. 117.

impoverished, while others, the new commercial wealthy, are demonstrating incomes much greater even than their counterparts in the West.⁸¹ The average worker's salary in Khabarovsk in October 1995 was 809,900 rubles (US\$ 178). The highest wage came from the energy sector at 1,418,000 rubles (US\$ 315), the lowest from light industry at 452,000 (US\$ 100).⁸²

Table 4-16: Average Monthly Income per Person in 1,000s of rubles by Region in 1994



Source: As Table 4-15, pp. 583-85.

As figure 4-16 shows, in 1994, the level of monthly income per person in every region of the RFE exceeded the RF average. The exception was the Jewish AO, which was identified as the lowest income region, whilst Chukotka had the highest level of income. From these figures we can see the large gap between the highest and the lowest

⁸⁰ Andrei Illarionov, Richard Layard and Peter Orszag, "The Conditions of Life," in Anders Aslund (ed.), *Economic Transformation in Russia* (London: Pinter, 1994), p. 146.

⁸¹ Miller and Stenopoulos, *The Russian Far East*, p. 90.

⁸² "Average Salaries in Khabarovsk krai," *Russian Far East Update (RFEU)*, Vol. VI, No. 2, February 1996, p. 11.

regional incomes. The higher wages generated in the profitable mining industry may account for the relatively high income in this area. However, as previously seen, the Jewish AO relies mainly upon agriculture and light industry, which in the post-Soviet era has been steadily declining. Another factor is the emigration of some wealthy Jews to Israel and other parts of Russia.

Taking account of living costs, incomes in the country as a whole were 202 per cent greater than the level of subsistence. But in the RFE, only Kamchatka oblast had a higher ratio than the national average, while Magadan was the same as the national average, and the rest of the RFE was below it. The region with the lowest incomes in relation to subsistence was Primorskii krai.⁸³ This suggests that, adjusting to local price levels, incomes in the RFE were in fact substantially below the national average.

Taking into account a 19-item food basket survey in 1995, Chukotka was the most expensive place to buy food in the nation as a whole. Seven Far Eastern cities also headed the list of the most expensive in Russia (see table 4-17).⁸⁴ Of these, northern regions of the RFE spent more money to buy food than the southern regions. Within the RFE, from the result of this survey, we can also deduce that the northern population was paying more money for consumer goods, which suggests a link between high living costs and geographical location. The remoteness of the area and its sporadic distribution of its population must in general give rise to high transportation costs.

⁸³ Ibid., pp. 789-91; in June 1992, it was once announced, "Vladivostok has the highest cost of living in the country as a whole: 2,500 rubles." See "Vladivostok Cost of Living Highest in Country," Radio Tikhii Okean, 17 June 1992, as cited in FBIS-Sov-92-117, 17 June 1992, p. 43; in May 1994, the Tass reported 40 per cent of Primorskii krai's population were below the poverty line. See RA Report, No. 17, July 1994, p. 92.

⁸⁴ "Chukotka Town Most Expensive in Russia," RFEU, Vol. VI, No. 4, April 1996, p. 6.

Table 4-17: Costs of a Basket of 19 Basic Food Products in 1995 (in 1,000 rubles)

Region	City	Food Basket Cost
Chukotka	Anadyr	626
Sakha	Yakutsk	544
Kamchatka	Petropavlovsk-Kamchatskii	514
Magadan	Magadan	501
Sakhalin	Yuzhno-Sakhalinsk	444
Primorskii	Vladivostok	396
Khabarovsk	Khabarovsk	342
Moscow	Moscow	287
RF average		245

Source: "Chukotka Town Most Expensive in Russia," Russian Far East Update, Vol. VI, No. 4, April 1996, p. 6.

According to Goskomstat figures (which are borne out by other investigating bodies including the All-Russia Centre for the Standard of Living), all regions of the RFE are below the mid-point in terms of real income.⁸⁵ Thus, we can see that people in the RFE are not better off than the national population as a whole; in fact, levels of poverty are higher than the national average.

In terms of monthly income, we can say that the RFE is a relatively rich region compared with the other regions in the RF. But in terms of purchasing power, all the regions in the RFE have the highest level of living costs. Chukotka, in particular, scored the highest in monthly income but was also the most expensive place to buy food. Attempts to assess income and the cost of living lead here, as elsewhere, to ambiguous results. However, income is slightly more evenly distributed in the RFE than in the

⁸⁵ Izvestiya, 25 October 1997, p. 25; Far Eastern regions have been found to be among the poorest in several other investigations. For instance, in terms of the purchasing power of pensions (Chukotka emerges with the lowest real values of pensions in the entire Russian Federation): Izvestiya, 26 November 1997, p. 6, or in the purchasing power of average individual incomes. The Jewish AO and Chukotka again emerged as 'poor regions', and most others were 'relatively poor' Amur region, Magadan region, Primorskii krai, and Sakhalin region: Izvestiya, 15 April 1998, p. 6.

country as a whole, especially in Sakhalin where income is more evenly distributed than anywhere else in the entire Federation.⁸⁶ The RFE, equally, has more cars, doctors and hospital beds than the national average, but it has fewer phones and less housing space, which might also serve as an indicator of living standards. There is also wide variation within the RFE, and within individual regions.⁸⁷

Towards A Multivariate Analysis

In the last part of this discussion, I will focus on two scattergrams which show the relationship between income and cars and phones respectively. Clearly, monthly incomes expressed in rubles are of limited value as a guide to living standards in post-communist Russia, and so I want to examine how income can be evaluated in relation to the income spent on cars and phones as two popular and necessary commodities.

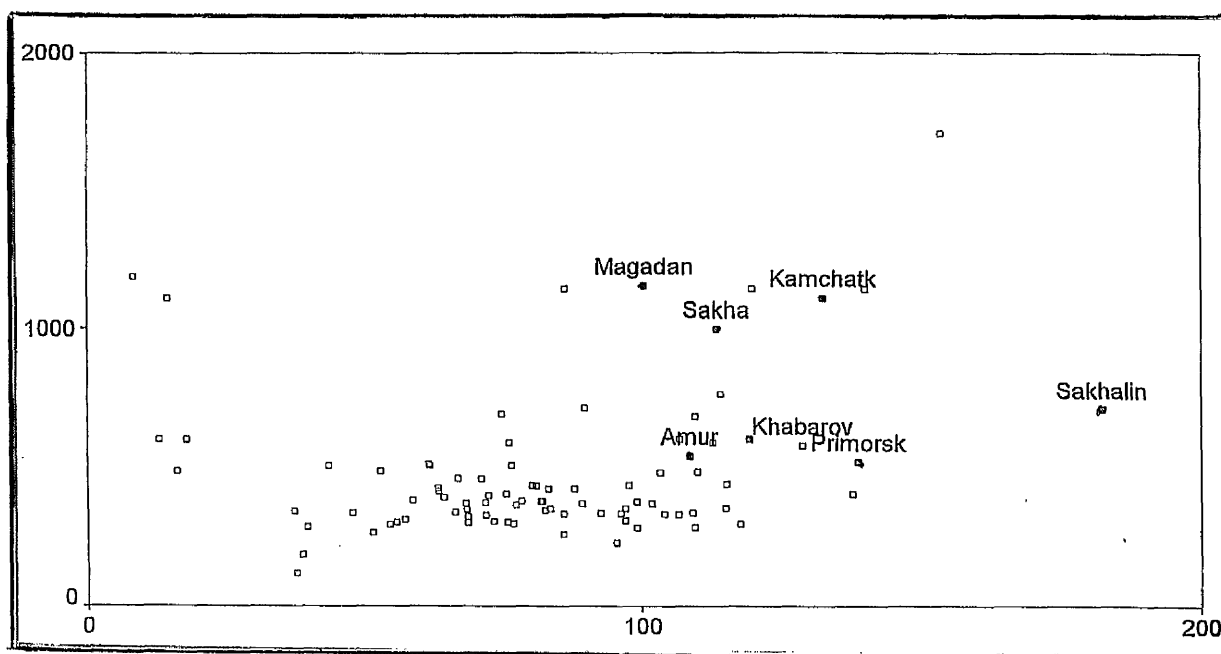
Scattergram 4-1 shows us the relationship between income and cars in the 89 regions of the RF, highlighting the 7 major regions of the RFE. One would suppose that a high income would necessarily involve ownership of a greater number of cars, and the position of Magadan oblast, Kamchatka oblast and the republic of Sakha would support this supposition. However, it is remarkable that Sakhalin has the greatest ownership of cars in the whole of the RF, given its level of income. Similarly, compared to their income, Sakhalin oblast, Amur oblast, Khabarovsk krai and Primorskii krai have a high level of car ownership. We cannot therefore readily take car ownership as an indirect measure of wealth in the RFE. Within the RFE, the rich areas in the north (Magadan, Kamchatka and Sakha) have a higher income than the southern areas (Sakhalin, Amur,

⁸⁶ *Rossiiskii statisticheskii ezhegodnik 1996*, pp. 808-10.

⁸⁷ *Ibid.*, pp. 835-44 and pp. 1072-80.

Khabarovsk and Primorskii) but car ownership in the south is generally greater.⁸⁸ One might infer from this that the southern part of the RFE had begun to import second-hand cars cheaply and easily from Japan and South Korea and possibly other Pacific countries due to their close proximity. This would provide an answer to Sakhalin's anomalously high level of car ownership. Therefore, geographical location can have an influence on 'wealth' as defined by the relationship between income and cars, which leads us to question whether this relationship is a valid way of judging wealth.

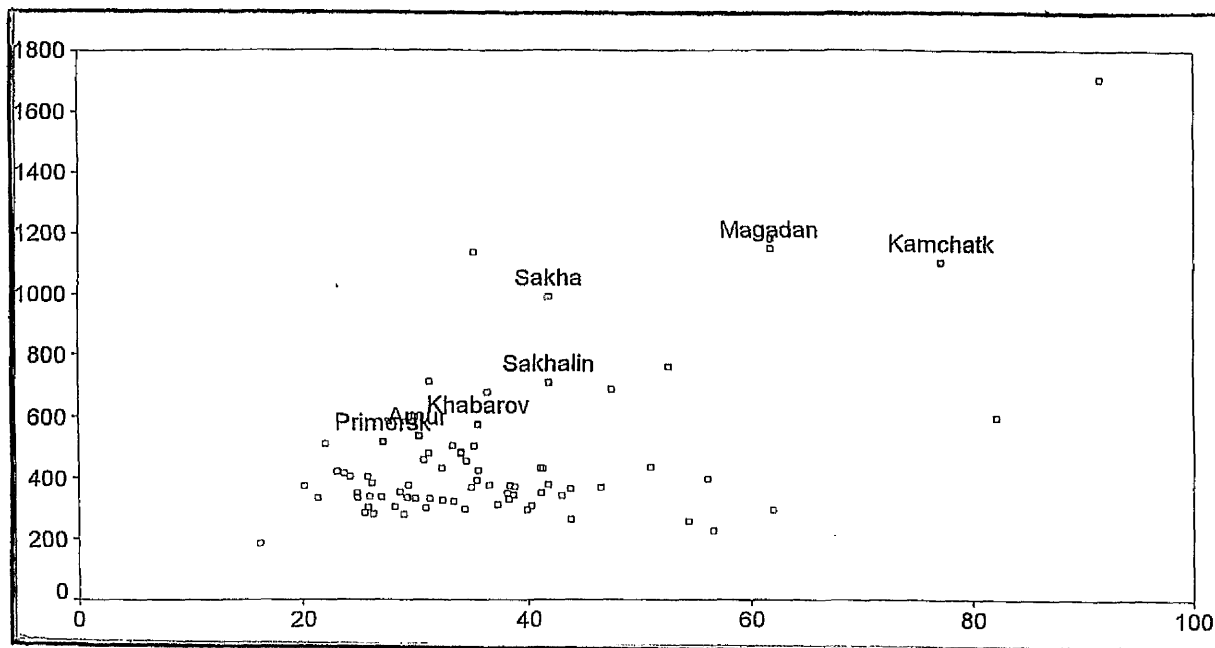
Scattergram 4-1: Income (in 1,000s of rubles per month) and Cars (per 1,000 people) by Region, in 1995



Source: Derived from Rossiiskii statisticheskii ezhegodnik 1996, pp. 789-91 and pp. 1072-74.

⁸⁸ On a visit to Vladivostok, the capital city of Primorskii krai in September 1996, I myself observed a large number of second-hand Korean and Japanese cars.

Scattergram 4-2: Income (in 1,000s of rubles per month) and No. of Homes with Telephones by Region, in 1995



Source: As Scattergram 4-1, pp. 789-91 and pp. 1075-77.

However, if we look at the relationship between income and phones in scattergram 4-2, we can see a clear correlation between high income and a high level of phone ownership. Thus, the relationship between income and phones seems to be a more reliable way of evaluating wealth. These two scattergrams show that the RFE has a relatively high level of income compared to the RF as a whole. Also in the RFE, the northern part has a higher income than the southern part. However, they also remind in that figures, especially in Russia, should never be taken at face value, and that we need multiple measures of living standards to reach well founded conclusions.

4.5: Conclusion

How did the socio-economic issues dealt with in this chapter gain such wide coverage in the Russian mass media? In the Soviet Union, bad news from official sources was generally a commodity in short supply. Such matters as crime rates, aeroplane crashes, or drug abuse were rarely mentioned. At present, the impact of the Russian press on popular thinking is high and vice versa. In general, a socio-economic problem as it appears in the press is any situation that a significant element of society finds unsatisfactory: lack of adequate housing, unpopular leaders, high living costs, declining life expectancy, high levels of unemployment, excessive crime and high levels of alcohol consumption.

As previously noted, the freedom of the press exists now in Russia, and there is no more overall control of the press by the government. In the RFE the media (especially local press and television) focus heavily on the deficiencies of contemporary life, organised crime, unemployment and corruption, causing (according to some critics) a high level of anxiety about public safety and well-being. The extent to which the Far Eastern people are aware of such problems depends both on their personal circumstances and on the media. Many social problems that were given publicity in the mass media, have aroused official concern and thus climbed high on the political agenda; they generally reflected the same public concerns as were apparent in opinion surveys.

Chapter 5: The International Political Agenda: Relations with China and Japan

5.1: Introduction

Until recently the unsettled international boundary between Russia and the People's Republic of China created a major obstacle for the development of relations between the two countries.¹ Gorbachev, from the moment of his election, adopted a flexible and accommodating approach towards the Soviet-Chinese boundary question.² During his visit to China in May 1989, normalisation of Sino-Soviet relations encouraged prospects for economic co-operation along the two countries' border regions. Gorbachev's new approach led to a series of meetings over the following two years aimed at clarifying the contentious areas of the Sino-Soviet border.³

The political normalisation of Soviet-Chinese relations in 1989 was followed by growing prospects for economic co-operation, beginning along the Far Eastern border regions.⁴ The border, which had been closed for decades, opened officially after the signing of the Agreement on Trade and Economic Ties in Beijing in March 1992.

¹ Roy Medvedev, China and the Superpowers (Oxford: Basil Blackwell, 1986), pp. 48-9.

² For a fuller discussion of Russia's border problem see Georgi F. Kunadze, "Border Problems Between Russia and Its Neighbours: Stable for Now, But Stubborn in the Long Run," in Gilbert Rozman, Mikhail G. Nosov, and Koji Watanabe (eds.), Russia and East Asia: The 21st Century Security Environment (Armonk, New York: M.E. Sharpe, 1999), pp. 133-49.

³ Robert H. Donaldson and Joseph L. Nogee, The Foreign Policy of Russia: Changing Systems, Enduring Interests (Armonk, New York: M.E. Sharpe, 1998), p. 239. After a slow and steady process of border normalisation, in May 1991, the USSR and China signed an agreement on the eastern section of the boundary. Later, in September 1994, an agreement was also signed on the western section. See Diplomaticheskii vestnik, no. 17-18, 1994, pp. 16-19; "Disagreement Over Russo-Chinese Border Territories Noted," Kommersant-Daily, 17 January 1995, p. 4, as cited in FBIS-Sov-95-023, 3 February 1995, p. 3. For further details of the agreement on the western section of boundary see Li Jingjie, "The Progress of Chinese-Russian relations: From Friendship to Strategic Partnership," Far Eastern Affairs (Moscow), No. 3, 1997, p. 35; Vladimir Miasnikov, "Russia and China: Prospects for Partnership in the Asia-Pacific Region in the 21st Century," Far Eastern Affairs (Moscow), No. 6, 1998, p. 19.

⁴ For discussion of the Russian-Chinese military, political and economic relations from since the late 1980s see Yurii Tsyganov, "The General Framework of Sino-Russian Relations," Russian and Euro-Asian Bulletin, Vol. 7, No. 6, June 1998, pp. 1-8.

This agreement guaranteed favourable economic conditions to each side and also eased customs regulations.⁵ However, it also led to a massive Chinese influx into the RFE. The Chinese emigrant population in the RFE has gradually increased since the early 1990s and we can see the expanding number of Chinese people living and working in the Far East.⁶

The overwhelming dominance of these two issues - the border demarcation agreement and the expansion of Chinese into the RFE - can be seen (in table 1-2) as top priority issues among for Far Easterners concerning the development of relations with China. The aim of this first subsection is to focus on the border agreement, particularly looking at the historical dispute along the Amur and Ussuri river, the process of negotiation between Russia and China (from 1991 to 1997), and Russia's centre-periphery conflict over this issue. I will also be treating the Chinese expansion into the RFE exploring three major areas: border trade, Chinese immigration, and criminal activity. Finally I will deal with the Russian government and local authorities' response to these issues.

Both present-day Russia and the former Soviet Union have had a long history of territorial conflict with Japan.⁷ This continues in the drawn-out dispute surrounding

⁵ Diplomaticheskii vestnik, no. 7, 1992, pp. 18-19; Xinhua, 5 March 1992, as cited in SUPAR Report, No. 13, July 1992, p. 39; Izvestiya 9 March 1992, p. 4, as cited in FBIS-Sov-92-54, 19 March 1992, pp. 26-7. The agreement determined the volume of trade between the two countries. This was based on exports of parts and equipment for construction projects underway or completed in China with technical aid from Russia. The greater part of bilateral trade consisted of direct dealings, as well as border and barter trade. See "Trade, Economic Agreement Signed," Tass, 5 May 1992, as cited in FBIS-Sov-92-87, 5 May 1992, p. 21.

⁶ Vladimir S. Miasnikov, "Present Issues between Russia and China: Realities and Prospects," Sino-Soviet Affairs, Vol. 18, No. 2, Summer 1994, p. 34.

⁷ Japan has called these islands the 'Northern Territories' while the Russians refer to them as the 'Southern Kuril Islands.' From the end of World War II to the present post-Soviet era, the ownership dispute over the islands has been an obstacle both to the conclusion of a peace treaty and to more wide-ranging economic co-operation between the two countries. "Problems of Kurile Islands Reflected in Mirror of Sociology," Sovetskaya Rossiya, 3 September 1992, p. 3 as cited in CDPSP, Vol. 44, No. 9, 1992, p. 20; Itogi, 3 December 1996, p. 33; Konstantin Sarkisov, "The Northern Territories Issue after

ownership of the Kuril Islands.⁸ Japan has claimed that the Soviet occupation of these islands is illegal and that the islands must be returned to Japan before full political, economic or diplomatic relations can be restored.⁹ Until the late 1980s, the Japanese trade and investment policy towards the RFE was limited because of the dispute over the islands. Japan's guiding principle prior to early 1990 was 'politics first, then economics,' but has since shifted to place a greater emphasis on economics.¹⁰

Gorbachev demonstrated a flexible attitude towards Japan over the Kuril dispute. Relations with Japan were improved through the plans for restructuring the Soviet domestic economy and the increased openness of the Soviet system. Gorbachev's successor, Yeltsin, was also keen to establish closer relations with Japan for obvious economic reasons and made it clear that he intended to conclude a peace treaty.¹¹ Every effort has been made to gain access to Japanese investment, trade and technology for the improvement of the economy of the Far East.¹² In November 1998, Russia and Japan exchanged proposals on the signing of a peace treaty at their planned

Yeltsin's Re-election: Obstacles to a Resolution from a Russian Perspective," Communist and Post-Communist Studies, Vol. 30, No. 4, December 1997, p. 357.

⁸ Both countries have experienced three periods of direct conflict: the Russian-Japanese War of 1905, the presence of Japanese troops in Vladivostok during the Russian Civil War (1918-22); and the territorial dispute since the end of World War II over ownership of the southern Kuril islands. See B.Tkachenko, "Kurilyskaya problema: Istoriya i pravo," Rossiia i ATR (Vladivostok), No. 3, 1995, pp. 24-5.

⁹ "Japan Visit '95 %' Success Despite Kurils Dispute," Kommersant-Daily, 3 May 1995, p. 4, as cited in FBIS-Sov-95-086, 4, May 1995, p. 15; "Japanese Cooperation Depends on Kurils," Vladivostok News, No. 166, 30 April 1998, p. 3.

¹⁰ Although the dispute remains unresolved, Japan is the one of the greatest trade partners and investors with the RFE. Japan is heavily involved in Sakhalin oil and gas projects, for example.

¹¹ Russians have argued that economic relations should separate from political issues, but Japan has adhered to the concept of political linkage, thus demonstrating a very different approach to economic and trade ventures. See Paul Marantz, "Russian Foreign Policy During Yeltsin's Second Term," Communist and Post-Communist Studies, Vol. 30, No. 4, December 1997, p. 342.

¹² "Kurils Officials on Relations with Japan," Tass, 13 January 1994, as cited in FBIS-94-10, 14 January 1994, p. 39; Leszek Buszynski, Russian Foreign Policy after the Cold War (London: Praeger, 1996), p. 173.

Moscow summit in the year 2000.¹³ Peaceful negotiations over the Kuril islands have progressed, but as yet no concrete agreements have been reached.¹⁴

According to my content analysis, the issue of the Southern Kuril islands still remained one of the most important political issues for the RFE in relation to Japan (see Table 1-3). In the post-Communist era, it is evident that domestic political influences in the form of a revived nationalism have further stimulated the territorial dispute with Japan.¹⁵ Many solutions have been suggested concerning this issue, but according to my research there are three major obstacles to the return of the islands to Japan, as stated by the Far Easterners themselves. Firstly, economically these islands are very significant for the fishing industry. Secondly, the islands are still of military significance despite Russia withdrawing its troops. The final and most important factor is the political attitude of Russia in regard to the islands. To highlight this last area I will utilise public opinion polls to reveal that the majority of Russians, and Kuril residents in particular, are strongly opposed to any return of the islands to Japan. Here, as elsewhere, the political agenda is a complex construct of public and institutional interests, made still more complex by the interpenetration of domestic and international factors.

¹³ Chuson Ilbo (Seoul), 13 November 1998, p. 9; With this achievement, they agreed to establish a borderline demarcation sub-commission within the framework of the existing joint Russian-Japanese commission to conclude the peace treaty. See Rossiiskaya gazeta, 14 November 1998, p. 2.

¹⁴ Japan demanded that its sovereignty be recognised over all Kuril islands and that the corresponding border be confirmed in the treaty. Russia continued to strive towards the signing of a peace treaty that would ensure both sides' readiness to settle the territorial dispute in the near future. Russia took an indirect approach, simply suggesting that the border issue should be formalised in a separate agreement and that its signing should be postponed 'until later.' See Izvestiya, 14 January 1999, p. 1.

¹⁵ Japan Times, 20 January 1994, p. 3; for further discussion on Nationalist influence on Russian foreign policy see Roger E. Kanet and Susanne M. Birgersson, "The Domestic-Foreign Policy Linkage in Russian Politics: Nationalist Influences on Russian Foreign Policy, Communist and Post-Communist, Vol. 30, No. 4, 1997, pp. 335-44.

5.2: China and the Russian Far East

5.2.1. The Demarcation Agreement

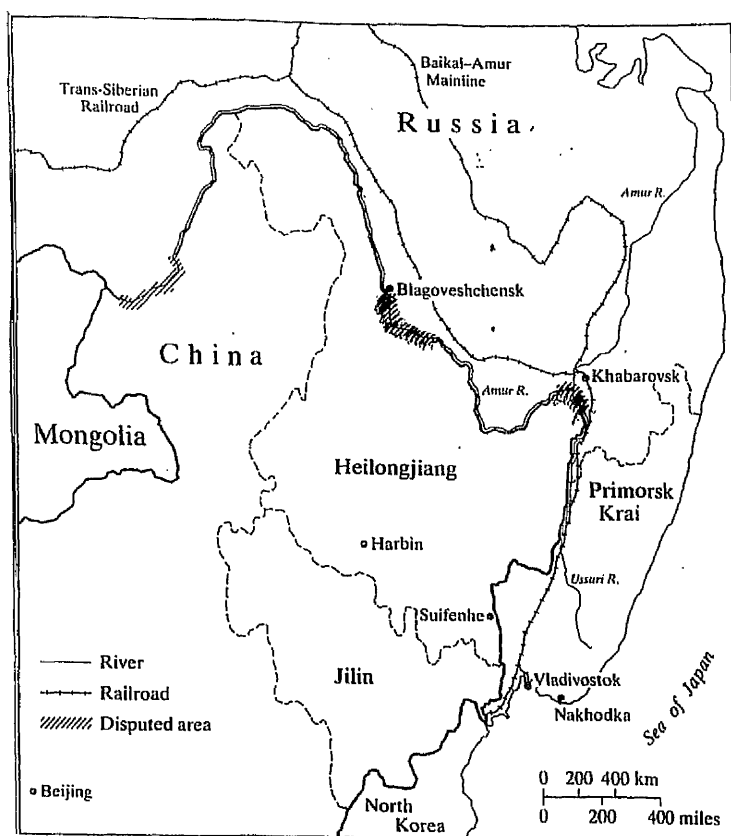
Firstly, I will focus on the historical dispute over the demarcation of the Russian-Chinese boundary. Russia acquired the Amur region in the treaty of Aigun in May 1858 and the Ussuri region in the Beijing treaty in November 1860. This can be seen in map 5-1. The treaty of Aigun created a new Russian-Chinese boundary in the Far East. This ran from the Argun river, along the Amur, to the Sea of Japan. The Chinese claim that this involved the loss of 185,000 square miles of territory and describe the Aigun treaty as the first of the Russian-Chinese 'unequal treaties.'¹⁶ According to the provisions of the Beijing treaty, the Chinese were obliged to concede a further 40,000 square miles of territory to Russia between the Ussuri river and the Sea of Japan.¹⁷ Both countries were agreed that after the installation of border posts the border would be unchangeable. In accordance with this treaty, the boundary line in Khasanskiy rayon was established along the watershed and the left bank of the Tumen river, which belonged to China. In the mid-1930s, during the Japanese occupation of Manchuria, the Soviet Union took control of all islands in the Amur and Ussuri rivers. At that time, the boundaries on a number of land sections became confused. China did not recognise that boundaries differed from one legal bilateral agreement to the next.¹⁸

¹⁶ Peter S. H. Tang, Russian Expansion into the Maritime Province: The Contemporary Soviet and Chinese Communist View (Washington, DC: Research Institute on the Sino-Soviet Bloc, 1962), pp. 29-32; R.K.I. Quested, Sino-Russian Relations: A Short History (Sydney: George Allen & Unwin, 1984), p. 74.

¹⁷ P. P. Karan, "The Sino-Soviet Border Dispute," Journal of Geography, Vol. 63, No. 5, May 1964, pp. 216-22; Tsien-hua Tsui, The Sino-Soviet Border Dispute in the 1970s (Ontario: Mosaic Press, 1983), p. 25.

¹⁸ "Russo-Chinese Border Conflict Detailed," Sevodnya, 17 February 1995, p. 3, as cited in FBIS-Sov-95-041, 2 March 1995, p. 1.

Map 5-1: The Russian-Chinese Far Eastern Border



Relations improved after the coming to power of the Chinese Communist Party in 1949, but this only lasted until 1960. Chinese claims to the boundaries of the RFE were raised publicly in 1963.¹⁹ After this, in March 1969, border clashes along the Ussuri river occurred. The most severe armed conflict was witnessed on the Damanky island, in the Ussuri region:

Armed clashes between Soviet and Chinese frontier guards, caused considerable loss of life. This occurred on 2 March and 15 March 1969, on the Ussuri river. The scene of the fighting was a small uninhabited island one and a half miles long by half a

¹⁹ Since 1960, Chinese servicemen and civilians systematically violated the Soviet frontier. In 1963 there were over three thousand cases of illegal entry to Soviet islands by Chinese citizens. For more analysis of the historical disputes and the current progress for the settlement of the Russian-Chinese border issue, see George Ginsburgs, "The End of the Sino-Russian Territorial Disputes?," *The Journal of East Asian Affairs*, No. 7. Vol. 1, 1993, pp. 261-63.

mile wide, known to the Russians as Damanski island and to the Chinese as the Chenpao island. This lies about 110 miles south of Khabarovsk and 250 miles north of Vladivostok.²⁰

This conflict led to a greater mistrust between the two neighbouring peoples and contact was severed.²¹ The two communist countries did not allow for the free movement of their peoples, immigration, or extensive contact.²² Up until 1984, this border region remained isolated from foreign influences and the Soviet-Chinese military presence remained at a high level along the border.²³

The agreement between the Soviet Union and China on the eastern section of the border resulted from many years of negotiations. During and after Gorbachev's rapprochement this region gradually opened up to extensive, direct contacts between the two countries. In August 1987, Gorbachev initiated talks on the border issue. This was to prevent the re-emergence of tensions over the disputed areas. By the end of that year, the Soviet Union and China had reached an agreement on the 'Thalweg' principle.²⁴ By October 1988, agreement turned to the western section of the border and working groups were formed for this purpose. The border was mapped by a joint aerial survey.²⁵ After Gorbachev's summit visit to Beijing in May 1989, the Soviet Union and China

²⁰ Alan J. Day, *China and the Soviet Union 1949-84* (London: Longman, 1985), p. 92.

²¹ "Moscow and Beijing Try to Clarify Who Owns Islands in Amur and Ussuri," *Izvestiya*, 26 April 1994, as cited in *CDPSP*, Vol. XLVI, No. 17, 1994, p. 20.

²² James Clay Moltz, "Russo-Chinese Normalisation from an International Perspective: Coping with the Pressures of Change," in Tsuneo Akaha (ed.) *Politics and Economics in the Russian Far East: Changing ties with Asia-Pacific* (London: Routledge, 1997), p. 187.

²³ Gerald Segal, *The Soviet Union and the Pacific* (London: Royal Institute of International Affairs, 1990), pp. 88-9.

²⁴ By the end of 1987, the Soviet-Chinese leaders had held the second round of their negotiations on the border question. In their meeting, the two delegations agreed to settle the matter on the basis of the principle of international law. In accordance with this, the demarcation should pass through the main channel on the navigable rivers, which include the Amur and Ussuri rivers. In other words, the border should pass through the middle of the Amur and Ussuri rivers. In order to conduct this, they also should establish a working group of experts to examine concretely the location of the boundary line through the entire length of its eastern border. The signature of the Agreement was recorded in *Vestnik Ministerstva inostrannykh del SSSR*, no. 3, 1987, pp. 20-21, and no. 4, 1987, pp. 25-6.

²⁵ *Ibid.*, no. 16, 1988, p. 30, and no. 22, 1988, p. 22.

signed a demarcation agreement.²⁶ This agreement covers the Russian and Chinese border, from Mongolia to North Korea, along the borders of Chita, Amur oblast, Khabarovsk krai and Primorskii krai. It is about 4,300 km, with 3,700 km along the rivers. This does not change the existing land border between the two countries. Negotiations continued on a treaty for China's border with Central Asia.²⁷

The Soviet and Chinese leaders finally signed an agreement on the state border in its eastern section on 16 May 1991.²⁸ In accordance with Article 10, the agreement had to be ratified by the supreme legislatures of the two countries. In November 1991, it was approved by the Supreme Soviet's Committee for International Affairs and Foreign Economic Ties.²⁹ Under this agreement, the Soviet Union was to give approximately 1,500 hectares of Primorskii land to China, including a small part of the Tumen river. This potentially gave China access to the Sea of Japan.³⁰ The hectares would be divided up, with China receiving 300 hectares of fields in the Khankai region, 960 hectares of the cedar forests in the Ussuri region and 330 hectares along the Tumen river in the Khasan region.³¹ It was interesting to note that the treaty did not mention the status of the two islands near Khabarovsk, Bolshoy Ussuriyskiy and Tarabarovskiy (their overall area is 350 square kms), and the Bolshoy island in the upper reaches of the Argun river (whose area is 58 square kms).³² Regarding these three islands, Foreign Minister

²⁶ The two countries agreed to work out mutually acceptable solutions on the eastern and western parts of the border in the spirit of equitable consultations, mutual understanding and flexibility regarding the international law. See *Ibid.*, no. 9, 1989, p. 30.

²⁷ *Tikhookeanskaya Zvezda*, 5 March 1993, p. 1, as cited in *RA Report*, No. 15, July 1993, p. 57.

²⁸ *Vestnik Ministerstva inostrannykh del SSSR*, no. 7, 1991, pp. 38-9.

²⁹ *Ibid.*, no. 11, 1991, p. 4; "Kozyrev Presents Sino-Soviet Border Treaty," *Moscow Russian Television Network*, 13 February 1992, as cited in *FBIS-Sov-92-031*, 14 February 1992, p. 52.

³⁰ *Vladivostok News*, 17 April 1996, No. 6, p. 1.

³¹ According to a Primorskii krai administration source, this last area is important for the international plan to create the Tumen Free Economic Zone. "Yeltsin Representative Warns Against Ceding Land to China," *Interfax*, 8 February 1995, as cited in *FBIS-Sov-95-026*, 8 February 1995, p. 6.

³² "Commentary on History of Chinese Border Accord," *Radio Moscow*, 19 February 1992, as cited in

Andrei Kozyrev stated that Russia would have to continue talks to decide their future with China. Yet these three islands remain disputed and are still under Russia's jurisdiction.³³

After the Soviet breakup, in February 1992, the Russian Federation Supreme Soviet endorsed the agreement of May 1991 between the Soviet Union and China on the eastern section of the Soviet-Chinese state border³⁴ with 170 votes in favour, none against and 6 abstentions. The agreement specified for the first time the border between Russia and China.³⁵ In late February 1992, China's National People's Congress also ratified the treaty,³⁶ and during a visit to Beijing, in March 1992, Kozyrev met the Chinese Foreign Minister, Qian Qichen, and exchanged official documents.³⁷ Russia proposed joint economic use of the islands which were to be handed over to China. Demarcation of the border began in the spring of 1993 and would finish by the end of 1997.³⁸

This settled 98 per cent of the 7,500-km border, covering the territories from the Amur and Ussuri rivers in Primorskii krai, to the republic of Kazakhstan, Kirgizia, and Tajikistan in Central Asia.³⁹ Negotiations on China's border with Kazakhstan,

FBIS-Sov-92-038, 26 February 1992, pp. 30-1.

³³ "Russia, China Border Demarcation Problems," *Tass*, 13 April, 1994, as cited in FBIS-Sov-1994-92, 14 April 1994, pp. 15-6.

³⁴ The Russian Federation continued to exercise the rights and to fulfill the obligations stemming from the international treaties concluded by the former USSR. See *Diplomaticheskii vestnik*, no. 4-5, 1992, pp. 72-3; "Kozyrev Presents Sino-Soviet Border Treaty," *Moscow TV*, 13 February, as cited in FBIS-Sov-92-031, 14 February 1992, p. 52.

³⁵ Genrikh Kireev, "Strategic Partnership and a Stable Border," *Far Eastern Affairs* (Moscow), No. 4, 1997, p. 17.

³⁶ Leszek Buszynski, *Russian Foreign Policy after the Cold War* (Westport: Praeger, 1996), p. 191.

³⁷ "Minister Kozyrev Interviewed on PRC Visit," *Moscow Teleradiokompaniya Ostankino Television First Programme Network*, 16 March 1992, as cited in FBIS-Sov-92-052, 17 March 1992, p. 22; *Beijing Review*, No. 13, 1992, p. 12.

³⁸ "PRC Border Issues Resolved; Status Quo Until 1997," *Tass*, 1 October 1993, as cited in FBIS-Sov-93-189, 1 October 1993, p. 15.

³⁹ "Envoy to PRC on Remaining Border Issue," *Izvestiya*, 22 April 1992, p. 6, as cited in FBIS-Sov-92-79, 23 April 1992, pp. 17-8.

Kyrgyzstan and Tajikistan (which included Russia as a partner) began in 1990. In December 1992, a joint delegation of the Central Asian states and Russia met with Chinese officials in Beijing to reconfirm their commitment to the Russo-Chinese agreement of 1991.⁴⁰ During the Chinese leader Jiang Zemin's visit to Moscow in September 1994, ministers of the two countries signed the western border section agreement regulating a 55-km stretch of border between Mongolia and Kazakhstan.⁴¹ An Agreement on the Consolidation Military Trust in the Five Countries' Common Border Area was also signed in Shanghai in April 1996 by the leaders of Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan.⁴²

The eastern border agreement, however, has been constantly under attack from the nationalist opposition in Russia, and from regional leaders in the RFE.⁴³ The reactions to the Russian-Chinese border agreement were varied, with a number of nationalists, military leaders and also local leaders of both countries opposed it.⁴⁴ Multiple reports were made on this issue at the time, with many feeling that the concessions involved had been made at the national level without consultation with regional leaders.⁴⁵ Local administrations, for their own political reasons, began an active campaign against the 1991 Russian-Chinese border agreement. The local media was

⁴⁰ RA Report, No. 14, January 1993, p. 35.

⁴¹ "Chinese Leader Arrives in Moscow, Tass, 2 September 1994, as cited in FBIS-Sov-94-172, 6 September 1994, p. 9.

⁴² For a report on its signature see Diplomaticheskii vestnik, no. 5, 1996, p. 17; for a further discussion on this topic see Grigory Karasin, "Long-Term Strategy for Russian-Chinese Partnership," Far Eastern Affairs (Moscow), No. 2, 1997, p. 27.

⁴³ "Official Warns Against Abrogating Treaty With China," Interfax, 7 February 1995, as cited in FBIS-Sov-95-026, 8 February 1995, p. 6.

⁴⁴ South China Morning Post, 17 March 1992, p. 10, as cited in SUPAR Report, No. 13, July 1992, p. 44; Evgeniy Plaksen, Paper prepared for the Khabarovsk Conference on "Russia in the Pacific: the Past and the Present," (Khabarovsk krai), August 1995, p. 14.

⁴⁵ For more details about the regional leaders' discussions about the governmental decision over the border demarcation issue see James Clay Moltz, "Regional Tensions in the Russo-Chinese Rapprochement," Asian Survey, Vol. 35, No. 6, June 1995, pp. 517-18.

filled with news and commentary devoted to these problems.⁴⁶ According to Shlapentokh, regional leaders assumed that 'Russia was giving China indigenous Russian land.'⁴⁷ As Moltz has pointed out, 'RFE leaders were involved in several protests because of the adverse economic effects that followed from a loss of historically held grazing lands, fishing areas and other economic assets. Regional frustration had been heightened by a portion of the 1991 agreement which allowed the free passage of Chinese vessels in the Amur River.'⁴⁸

Regarding the Russian response, the RFE regional leaders complained of Moscow's level of control on the issue, and they blocked the final demarcation of the Russian-Chinese agreement on the eastern section of the border.⁴⁹ In this case, the conflict between the centre and peripheral regions became obvious by the end of 1993. The Far Eastern authorities protested because the Russian National Boundary Demarcation Committee proposed to hand the disputed islands over to China. As a result, some representatives from the Far Eastern administrations refused to participate in a visit to China.⁵⁰

The main arguments of the local leaders in the RFE were that the border treaty had been negotiated in secret and there had been little opportunity for them to express their views. They began a campaign aimed mainly at the central government in Moscow, who continued to insist on the implementation of the 1991 border treaty.⁵¹ The

⁴⁶ "Commentary on Border Agreement," Moscow Voice of Russia World Service, 25 February 1995, as cited in FBIS-Sov-95-038, 27 February 1995, pp. 5-6.

⁴⁷ Vladimir Shlapentokh, "Russia, China and the Far East: Old Geopolitics or a New Peaceful Cooperation?" Communist and Post-Communist Studies, Vol. 28, No. 3, September 1995, p. 310.

⁴⁸ Moltz, "Regional Tensions," p. 517.

⁴⁹ "Rozov Criticises Lukin's Remarks on Russian-Chinese Border," Interfax 9 March 1995, as cited in FBIS-Sov-95-050, 15 March 1995, p. 17.

⁵⁰ "Official Visit Border Areas Ceded to China," Interfax, 7 March 1995, as cited in FBIS-Sov-95-045, 8 March 1995, p. 13.

⁵¹ Alexander Lukin deals with the process of demarcation further in his article, "The Image of China in

Governors of Khabarovsk krai and Primorskii krai launched a fierce campaign against the treaty. Local residents especially attacked the return of the Damansky island in the Ussuri river to the Chinese, remembering the Russian lives lost in the March 1969 border clash over this very island.⁵² In late September 1993, Khabarovsk Governor Viktor Ishaev highlighted Article 8 of the 1991 border treaty, which allowed Chinese vessels to follow the main channel of both the Amur and Ussuri rivers. Russia had accepted that the main channel represented the border under Article 5 of this treaty.⁵³ His argument in a letter to the Prime Minister, Viktor Chernomyrdin was that

since autumn 1992 Chinese naval vessels were taking the liberty of navigating along the main channel of these rivers which brought them past Khabarovsk city itself, therefore, intruding into Russia's internal waters. Thus the Chinese were violating the Russian security as well as fishing and other rights. He also emphasised that the treaty allows an uncontrolled flow of Chinese into Khabarovsk krai. He chastised Moscow for coming to an agreement with China without consulting local authorities. The situation on the border has drastically deteriorated and he demanded that the 1991 border agreement be reinstated⁵⁴

In addition, it was reported that the Governor of Primorskii krai, Nazdratenko, had declared that the border had been set unjustly and in an irrational manner. Nazdratenko strongly denounced the treaty, which (as we have seen) was nonetheless ratified in February 1992. He pointed out, that under the treaty 15 square kms of Primorskii krai was to be transferred to China, including two strategic sections of the Tumen river, which would provide the Chinese with direct access to the Sea of Japan. It was well known that the Chinese were expected to build a seaport in the area which would compete with existing RFE ports.⁵⁵ Nazdratenko said, 'We will not give up an

Russian Border Region," *Asian Survey*, Vol. 38, No. 9, September 1998, pp. 826-28.

⁵² "Russian Governor Upsets China Accord," *Financial Times*, 1 March 1995; "Yeltsin's Chance to Rattle the West," *Guardian*, 22 April 1996, p. 8.

⁵³ Buszynski, *Russian Foreign Policy*, p. 196.

⁵⁴ "Khabarovsk Asks Chernomyrdin to Stop Chinese Ship's Access," *Radio Rossii Network*, 29 September 1993, as cited in FBIS-Sov-93-189, 1 October 1993, p. 14.

⁵⁵ "Yeltsin Representative Warns Against Ceding Land to China," *Interfax*, 8 February 1995, as cited in

inch of our soil to China,'⁵⁶ and this issue became a point of political contention in Moscow.

Other central and local authorities shared Nazdratenko's opinion. The presidential representative in Primorskii krai, Vladimir Ignatenko, stated in an interview with Interfax that 'We checked the 1860 Beijing treaty and compared a century-old map with a modern one. We wanted friendship with our great neighbour, but if we give away one inch of land, tomorrow everyone will start demanding more from Russia.'⁵⁷ The Deputy Chairman of the Federation Council, Anatoliy Dololaptev, also made a trip to the border areas of Primorskii krai and declared the border settlement to be unfair.⁵⁸ In February 1995 the Primorskii krai Duma in Vladivostok passed a resolution to send a letter to the Russian President to the effect that all demarcation activities on the Russo-Sino border must be suspended. According to this letter, the President should start renegotiating the agreement's clauses concerning Primorskii krai. The Duma Chairman, Igor Lebedinets, emphasised that the territorial integrity of Russia must not be compromised by unjustifiable concessions to China.⁵⁹

Despite both the local leaders and nationalists' strong criticism of the border issues, the process of demarcation continued. During the Moscow summit in September 1994, Yeltsin confirmed that the leaders of the two countries would continue to settle

FBIS-Sov-95-026, 8 February 1995, p. 6; "Pavel Grachev Creating Security System in Northeast Asia," Sevodnya, 17 May 1995, p. 2, as cited in CDPSP, Vol. XLVII, No. 20, 1995, p. 22.

⁵⁶ "Maritime Kray's Nazdratenko on PRC Border, Trade Issues," Obshchaya Gazeta, 11-17 May 1995, No. 19, p. 8, as cited in FBIS-Sov-95-112, 12 June 1995, pp. 48-9.

⁵⁷ "China Helps Build Bridge Over Amur River," Tass, 7 March 1995, as cited in FBIS-Sov-95-045, 8 March 1995, p. 13.

⁵⁸ "Border Dispute Could Explode our Relations with China," Izvestiya, 10 February 1995, p.3, as cited in CDPSP, Vol. XLVII, No. 6, 1995, p. 29.

⁵⁹ "Primorskii Duma Protests Concession," Tass, 22 February 1995, as cited in FBIS-Sov-95-036, 23 February 1995, pp. 13-4.

the issue 'of the two rivers (the Amur and Ussuri rivers) on the eastern border.'⁶⁰ The Russian Foreign Ministry said that this would be the basis of stability in Russian-Chinese relations and that it would be wrong to try to raise the question of reviewing the 1991 agreement which dealt with the eastern section. The diplomat also pointed out, 'Russia is not only giving away, but is also gaining territory. In the Hangkai District, the Chinese government is handing over about 80 hectares of land to Russia. In other words, the demarcation means exchange of territory. But the Primorskii krai authorities preferred not to speak about it and sought their own political goals by raising the issue.'⁶¹ Another comment made was that 'Local officials of the Far East administration neglected the fact that new tensions in border areas could damage overall Russian-Chinese relations. Nevertheless, attaching importance to the development of Russian-Chinese relations is one of the priorities of Russian foreign policy.'⁶²

In March 1995, Foreign Minister Andrei Kozyrev visited Beijing and reassured Chinese Foreign Minister Qian Qichen that Moscow intended to implement its commitments under the 1991 agreement, on the eastern section of the border. Kozyrev told Qichen that his government expected approval from the Duma of the 1994 bilateral agreement on the western border.⁶³ He also stated that:

the Russian government's commitment to the 1991 border on the eastern section [would] promote friendship and mutual confidence between the two countries.⁶⁴

⁶⁰ "Yeltsin Comments on Relations," Tass, 3 September 1994, as cited in FBIS-Sov-94-172, 6 September 1994, p. 12.

⁶¹ "Diplomat Against Review of Sino-Russian Border Agreement," Interfax, 8 February 1995, as cited in FBIS-Sov-95-027, 9 February 1995, p. 8.

⁶² "Commentary on Border Agreement," Moscow Voice of Russia World Service, 25 February 1995, as cited in FBIS-Sov-95-038, 27 February 1995, pp. 5-6.

⁶³ "Optimistic Note in Kozyrev Beijing Talks," Izvestiya, 3 March 1995, p. 3, as cited in FBIS-Sov-95-042, 3 March 1995, p. 4.

⁶⁴ "PRC Official Commends Border Talks With Kozyrev," Tass, 2 March 1995, as cited in FBIS-Sov-95-043, 6 March 1995, p. 9.

During his visit, the border issue became one of the principal items on the agenda, following the move made by the administration of Primorskii krai in denouncing the 1991 agreement on the border with China.⁶⁵

Once again, the Chinese State Council Premier Li Peng and Yeltsin met in Moscow in June 1995. They signed a Joint Communiqué which affirmed that there would be 'joint adherence to the letter and spirit' of the 1991 agreement on the eastern section of the Russo-Chinese border.⁶⁶ In July 1995, the sixth session of the Russo-Chinese commission on the demarcation of the state border was held. Representatives of the two countries approved a number of important documents concerning the demarcation of the state border between Russia and China, including the Amur and Ussuri rivers.⁶⁷ During his visit to Beijing in April 1996, Yeltsin once again pledged to strictly observe the 1991 border agreement and to continue talks on the demarcation of disputed sections.⁶⁸ This issue was almost finalised according to the boundary agreements and Russian Foreign Minister Evgenii Primakov declared in January 1997 that the demarcation would be completed by the end of the year.⁶⁹ Finally, after long and intense negotiations, in November 1997, Yeltsin signed a Declaration on the final demarcation of the joint border in Beijing.⁷⁰ Despite objections from Far Eastern local

⁶⁵ "Referendum on Demarcation of Russian-Chinese Border Proposed," *Sevodnya*, 25 March 1995, p. 2, as cited in *CDPSP*, Vol. XLVII, No. 12, 1995, p. 25.

⁶⁶ For the text of the joint communiqué see *Diplomaticheskii vestnik*, no. 7, 1995, pp. 4-7; "Communiqué Issued," *Tass*, 27 June 1995, as cited in *FBIS-Sov-95-123*, 27 June 1995, p. 6.

⁶⁷ For the text of the agreement see *Problemy Dal'nego Vostoka*, No. 3, 1996, pp. 6-10; "Joint PRC Commission Begins Border Demarcation," *Tass*, 20 July 1995, as cited in *FBIS-Sov-95-139*, 20 July 1995, p. 6.

⁶⁸ "Yeltsin Frightens Chinese Communists with Russian Communists," *Kommersant-Daily*, 26 April 1996, p. 3, as cited in *CDPSP*, Vol. XLVIII, No. 17, 1996, p. 7; *Financial Times*, 25 April 1996, p. 4.

⁶⁹ Harada, "Russia and Northeast Asia," p. 42.

⁷⁰ For the text of the joint Russia-Chinese declaration see *Diplomaticheskii vestnik*, no. 12, 1997, pp. 9-10.

leaders and Russian nationalist groups, a couple of tiny disputed Amur and Ussuri areas were settled by a joint border commission.⁷¹

5.2.2: Chinese Expansion into the Russian Far East

Having covered the border agreement, we now turn our attention to the issue of Chinese expansion into the RFE. Since early 1991, the economic crisis and the end of state-supported immigration resulted in a decline in the population of the RFE. The rate of emigration overtook the natural increase, and there was a decline in birth rates and a rise in death rates. This change was dealt with in Chapter 4.

An immigration service representative estimated that in some areas of the RFE Chinese settlers equalled the number of local Russians or even outnumbered them. In June 1994, *Izvestiya* reported that the population of Pogranichnyi in Primorskii krai was 18,000, of which Chinese settlers accounted for 8,000.⁷² Another example of this was found in the Lazo district of Khabarovsk krai, where in a village with a population of 100, there was a privately owned farm which employed 50 Chinese workers and only three Russians. The villagers were worried about the long-term settlement of Chinese in the village. Yet again, in the Partizansk district, the Russian population of 7,000 was overwhelmed by 15,000 Chinese. In addition, at one collective farm near Khabarovsk krai, more than 100 Chinese farmers attacked local policemen, accusing them of not protecting their crops from thieves, and riot police had to be called in to calm the angry Chinese.⁷³

⁷¹ For a full collection of documents on these agreements see *Nekotorye voprosy demarkatsii rossiiskokitaiskoi granitsy. 1991-1997 gg. Sbornik statei i dokumentov* (Moscow: Nezavisimaya gazeta, 1997); *The Times*, 10 November 1997, p. 15.

⁷² *Izvestiya*, 7 June 1994, p. 1.

⁷³ *Report*, No. 16, January 1994, p. 139; *RA Report*, No. 17, July 1994, pp. 44 and pp. 47-8.

It is evident that the rise in the number of people crossing the border from China has become a major political and social problem in the RFE.⁷⁴ It was reported that there were no reliable figures on the number of illegal Chinese settlers in Russia, but by 1992, some 500,000 Chinese had begun to cross the border into Russia for visits and trade.⁷⁵ Another source stated that the number of Chinese crossing the border was 1.38 million in 1992 and 1.76 million in 1993.⁷⁶ In March 1995, the figures for legal and illegal Chinese in Russia varied from 3 million to 5 million.⁷⁷ Far Eastern federal officials reported that in May 1998 approximately 100,000 to 150,000 Chinese were living illegally in the RFE as traders and labourers. Thousands more were on tourist or temporary work visas. Many Russians were concerned about this new social phenomenon. Ivan Fedotov, chief of the service's immigration directorate, said, 'Another 20 to 30 years of such expansion and the Chinese will become the majority. This may lead to territorial losses.'⁷⁸ The Federal Migration Service also warned that the rapid influx could lead to the Chinese becoming the dominant population in parts of Primorskii krai and Khabarovsk krai within the next century.⁷⁹

Many residents and local authorities in the RFE are discontented with the influx of Chinese into their regions.⁸⁰ Although many benefit substantially from economic cooperation with the Chinese, Russians are still hostile to their southern

⁷⁴ "Illegals' on the Banks of the Amur," Rossiiskie vesti, 6 May 1997, p. 3, as cited in CDPSP, Vol. XLIX, No. 19, 11 June 1997, p. 1; Elizabeth Wishnick, "Prospects for the Sino-Russian Partnership: Views from Moscow and the Russian Far East," The Journal of East Asian Affairs, Vol. XII, No. 2, Summer/Fall, 1998, p. 428.

⁷⁵ RA Report, No. 17, July 1994, p. 43.

⁷⁶ David Kerr, "Opening and Closing the Sino-Russian Border: Trade, Regional Development and Political Interest in Northeast Asia," Europe-Asia Studies, Vol. 48, No. 6, 1996, p. 949.

⁷⁷ "Just Neighbours so far without Aspirations towards an Alliance," Kommersant-Daily, 2 March 1995, p. 4, as cited in CDPSP, Vol. XLVII, No. 9, 1995, p. 18.

⁷⁸ "Border Chief Warns Russia May Lose Land," The Moscow Times, 27 May 1998, p. 4.

⁷⁹ "Russia's Chinese Population Grows," Vladivostok News, No. 171, 10 July 1998, p. 1.

⁸⁰ Guardian, 30 April 1996, p. 9.

neighbours.⁸¹ They complain about the following:

- a. the seizure of Russian privatised firms as well as real estate;
- b. the lack of apartments, which are also often occupied by wealthy Chinese;
- c. the corruption of the local bureaucracy by Chinese businessmen;
- d. the purchase of Russian strategic raw materials at low prices;
- e. the sale of fertiliser, equipment, transport and consumer goods of low quality;
- f. the growth in the level of Chinese involvement in crime;
- g. the slaughter of rare animals, as well as the famous health-giving plant 'Ginseng' in the taiga;
- h. a large influx of illegal Chinese workers and traders.⁸²

Hyer states that given the present trends, 'The push-pull economic and demographic pressure has resulted in new tensions along the Russian-Chinese border. The question has been raised about the long-term national security and national integrity in the minds of the local Russians.'⁸³ They are dissatisfied with the quality of Chinese goods and the behaviour of the Chinese traders. This has resulted in an increase in anti-Chinese sentiment within the RFE.⁸⁴

Rabochaya Tribuna wrote in similar terms concerning the number of Chinese entering the RFE and other parts of Russia:

It was like a "storm" when the Chinese entered southern Siberia and the Far East. About a million people have moved to Central Russia in the past year. In about two decades there will be a "Chinese majority." The scientist Zhores Medvedev believes that, 'it is already clear that the government is unable to effectively oppose this phenomenon.'⁸⁵

Lukin also suggested that one of the major side effects of cross-border economic cooperation was the growth of the Chinese presence in border areas, and he

⁸¹ Guardian, 22 April 1996, p. 8.

⁸² Shlapentokh, "Russia, China, and the Far East," p. 315; "China and Russia Uneasy Partners," Vladivostok News, No. 171, 10 July 1998, p. 1.

⁸³ Eric Hyer, "Dreams and Nightmares: Chinese Trade and Immigration in the Russian Far East," The Journal of East Asian Affairs, Vol. X, No. 2, Summer/Fall 1996, p. 295.

⁸⁴ "Illegals' on the Banks of the Amur," Rossiiskie vesti, 6 May 1997, as cited in CDPSP, Vol. 49, No. 19, 1997, pp. 1-3.

⁸⁵ "Chinese Population Rises in Siberia, Far East," Vecherniy Novosibirsk, 2 February 1995, p. 3, as cited in FBIS-Sov-95-032, 16 February 1995, p. 45.

anticipated fears of a Chinese 'demographic expansion' into the RFE.⁸⁶ As Huntington notes, 'the economic dynamism of the Chinese has spilled over into Siberia and the RFE. It is not only Chinese businessmen who are exploring and exploiting opportunities there but the Korean and Japanese also.'⁸⁷ Trenin highlights the question of the Chinese expansion in his book Russia's China Problem. In his view certain regions of the RFE (Primorskii krai, Khabarovsk krai and Amur oblast in particular) are becoming exclusively orientated towards the Chinese market.⁸⁸ Apart from issues of cross-border economic co-operation between the two countries, Trenin also notes that, 'the lack of clear and consistently implemented immigration policies virtually guarantees inter-ethnic frictions that may easily lead to violent clashes between the local Russians and the Chinese immigrants, which in turn could escalate to an inter-state conflict between Russia and China.'⁸⁹

There have been many reasons suggested for the expansion of the Chinese into the RFE. I will deal particularly with four in the following section. One reason given is the change in economic relations between the Chinese and Far Eastern border regions. Before 1992, Chinese regulations limited Chinese border companies that engaged in trade with Russian enterprises. Due to the success of border trade, these regulations were changed in early 1992 to allow spending of US\$1 million in export trade and 100 JV workers.⁹⁰ Since that time, cross-border trade, particularly between the RFE and the Chinese province of Heilongjiang, has gradually increased. From the early 1990s, the

⁸⁶ Lukin, "The Image of China," p. 824.

⁸⁷ Samuel Huntington, The Clash of Civilisations and the Remaking of World Order (London: Touchstone, 1998), p. 243.

⁸⁸ Dmitri Trenin, Russia's China Problem (Moscow: Carnegie Moscow Centre, 1999), p. 40.

⁸⁹ Ibid., p. 41; for a further analysis of the Chinese question in Russia see Galina Vitkovskaya, Zhanna Zayonchkovskaya, and Kathleen Newland, "Chinese Migration into Russia," in Shernan W. Garnett, (ed.), Rapprochement or Rivalry?: Russia-China Relations in a Changing Asia (Washington, D.C.:

Chinese government has granted greater economic freedom to the three cities of Heihe, Suifenhe and Hunchun,⁹¹ which border Russia, in order to promote trade and regional development. Chinese regional officials have also created certain zones in a number of towns along the border, to encourage Russians to shop there.⁹² An example of this is highlighted in the local paper Vladivostok News:

Suifenhe pharmacies and barbershops display signs in Chinese and Russian. Russian shuttle traders come with wallets full of one-hundred-dollar bills, ready to spend, to dine on exotic food and to buy cheap consumer goods to resell in the markets back home. The city is virtually empty when there are no Russians around, transportation is limited, the electricity shuts down and all the shops close. The city basically operates only for the Russians. According to the Far Eastern branch of the Federal Customs Service, in 1996, Russian tourists and traders bought an estimated \$1.5 billion worth of consumer goods in China. Also Vladivostok's Institute for Economic Affairs and Forecasting estimated that in 1997 tourists from Primorskii krai spent \$350 million on everything from hotels to sunglasses.⁹³

The Chinese have also made an impression in the RFE by creating well established Chinese markets in Primorskii krai. For instance, about 1,000 to 2,000 Chinese people live and trade in Ussurisk, which is 72 kms from the Chinese border and the third-largest city in Primorskii krai.⁹⁴ The market there has stalls and wholesale warehouses offering goods from Harbin, Suifenhe, Mudangjiang and other cities. The shops are very similar, selling wallpaper, fabric bouquets, calculators, sweaters,

Carnegie Endowment for International Peace, 2000), pp. 347-68.

⁹⁰ SUPAR Report, No. 13, July 1992, p. 38.

⁹¹ The Chinese government granted Heihe and Suifenhe cities (both in Heilongjiang), Hunchun city (Jilin province) more power in managing their export-oriented economy. In early 1992 these three border towns opened up for further trade with other countries. Heihe, in particular, used to be a sleepy town, almost unknown to outsiders, and even Chinese from outside the area had to apply for a special permit to visit it. But now the city has been developing rapidly in the past few years. See Xinhua, 15 June 1992 and FBIS-China-92-115, 15 June 1992, p. 13, as cited in SUPAR Report, No. 13, July 1992, p. 42.

⁹² Xinhua, 12 May 1992 and FBIS-China-92-92, 12 May 1992, pp. 58-9, as cited in SUPAR Report No. 13, July 1992, p. 40; an extensive account of Russian and Chinese economic relations can be found in Tamara Troyakova, "A View from the Russian Far East," in Garnett, (ed.), Rapprochement or Rivalry?, pp. 203-25.

⁹³ "Tourists Throng to Border Towns," Vladivostok News, No. 171, 10 July 1998, pp. 1-2.

⁹⁴ "Rubles Slump Hurts Chinese Trader," *Ibid.*, p. 1.

saucepans, TVs etc.⁹⁵ The living conditions of the Chinese traders in Ussurisk are described below:

The Chinese seldom leave the market which is like a compound surrounded by concrete walls and is heavily staffed by security guards. Hundreds of men and women live in cargo containers, rail cars, and a so-called "hotel complex." On the ground floor, the hotel is a line of stalls, each the size of a cargo container, with roll-up steel doors. The rent for each shop is, 2,000 rubles a month (\$323), this includes a tiny room upstairs for the proprietor. There is barely enough space for sleeping. There is no running water in most rooms, one woman kept two large milk jugs, one for water, another for sewage. Once a week a truck comes and the residents haul their sewage in buckets to the truck.⁹⁶

As can be seen in picture 5-1, another Chinese dominated market has opened in Vladivostok city centre. Border trade of this kind allows daily necessities including cheap Chinese consumer goods, food supplies (especially fruits and vegetables) and clothing to flow into Primorskii krai.⁹⁷

A good example of Russia and China's efforts to work together for their mutual benefit is the construction of a three-kilometre-long highway bridge spanning the Amur river. This was a joint venture, announced in March 1993. The bridge will connect the city of Heihe (in the Heilongjiang province) and its neighbouring Blagoveshchensk, capital of Amur oblast in the RFE. On completion of the bridge, Russia and China plan to enhance direct trade and co-operation, and to expand other border regions.⁹⁸

⁹⁵ "Russia's Chinese Population Grows," Ibid., p. 2.

⁹⁶ Ibid., p. 2.

⁹⁷ During my research visit in September 1996, I met some Chinese traders.

⁹⁸ "China, Russia to Build Bridge over Amur River," *Xinhua*, 2 March 1993, as cited in FBIS-Sov-1993-

Picture 5-1: Chinese Traders at Leninskaya Square, Vladivostok, Primorskii krai



Source: I took this picture on 21 September 1996 during my research trip in Vladivostok, Primorskii krai.

In May 1993, the Russian-Chinese coordinating council for the construction of the bridge over the Amur river met in Blagoveshchensk. At this meeting, both sides affirmed their readiness to undertake further practical work on preparations for the construction of the bridge.⁹⁹ In January 1994, they agreed to create a transit centre for goods and passengers (in what would be a free economic and trade zone) along each side of the proposed bridge.¹⁰⁰ In April 1995, experts from both sides met in Beijing to further discuss plans for the construction of the bridge.¹⁰¹ Later, in June, when Chinese

41, 4 March 1993, p. 5; *Amurskaya pravda*, 4 March 1993, p. 1.

⁹⁹ "Chinese, Russian Amur Bridge Committee Meets," *Amurskaya pravda*, 15 May 1993, p. 2.

¹⁰⁰ The new economic zone is 10 square km of land from each country, see "Chinese, Russian Cities in Link-up," *Financial Times*, 5 January 1994, p. 3.

¹⁰¹ "Russia, China Cooperate To Build Bridge Across Amur River," *Rossiyskiye vesti*, 29 March 1995, p.

leader Li Peng visited Moscow, it was calculated that the construction of the bridge would cost Russia and China approximately US\$50 million each.¹⁰² As time passes, continuing steps are being made towards the bridge becoming a reality. In December 1998, total costs were estimated at US\$250 million (the Russian share of the construction cost being US\$125 million). It is estimated that the bridge will be completed within four years.¹⁰³

A second reason for the Chinese expansion is the importing of foreign workers to solve the labour shortage problem. In 1988, there were 30,000 foreign workers in Soviet farms and factories in the Far East and since then the number has increased.¹⁰⁴ A delegation from the Chinese province of Heilongjiang signed agreements in the summer of 1988 for the construction of houses, youth facilities, hotels, airports and surface facilities for a coal mine. Agreements were also signed for joint ventures, such as timber processing, concrete plants and building material plants.¹⁰⁵ In early 1992, companies in the RFE, with the approval of the local authorities, began to hire Chinese contract workers.¹⁰⁶ Between 1988 and 1993, about 1,302 cooperation agreements were signed and 76,000 Chinese crossed the border on the basis of this contract.¹⁰⁷ In 1993 the Chinese constituted a third of the 30,000 contracted foreign workers in the southern zone of the RFE. About 85 per cent of foreign labourers are concentrated in Primorskii

3, as cited in FBIS-Sov-95-067, 7 April 1995, p. 15.

¹⁰² "Accord Signed on Amur River Bridge," *Segodnya*, 27 June 1995, p. 2, as cited in FBIS-Sov-95-123, 27 June 1995, p. 7.

¹⁰³ For the Russian side, 10 per cent of the cost will come from Russian banks, while 90 per cent will come from foreign sources. See "Bridge to China gets a sponsor," *RFEU*, Vol. 8, No. 12, December 1998, p. 4.

¹⁰⁴ Hao Yufan, "The Development of the Soviet Far East: a Chinese Perspective," *Korea and World Affairs*, Summer 1991, p. 239-40.

¹⁰⁵ *SUPAR Report*, No. 6, January 1989, p. 4.

¹⁰⁶ Lukin, "The Image of China," p. 822.

¹⁰⁷ Kerr, "Open and Closing the Sino-Russian Border," p. 950.

krai.¹⁰⁸ Also in the Jewish AO, the number of Chinese workers has gradually increased. In August 1999, about 600 Chinese seasonal farm workers were working in the capital city of the Jewish AO, Birobidzhan. In this post-Communist era after steady emigration to Israel and the West, only 10,000 of its 210,000 residents are Jews.¹⁰⁹ According to the Russia Far East-Siberia News, the number of Chinese workers in Primorskii krai was 7,895 in 1994 and 8,349 in 1995, and it is still increasing.¹¹⁰ China clearly contributes the greatest percentage of foreign labour in the RFE, followed by North Korea. The Soviet Union contracted North Korean workers for the development of the RFE. They have been involved in the timber industry since 1967 in Khabarovsk krai and also in Amur oblast since 1975 (North Korean labour is considered in more detail in chapter 6).¹¹¹

Thirdly, until early 1993, it was relatively easy for Chinese to enter Russia across the border using one of three types of passport, Diplomatic, Official or Regular. Chinese holding Official passports did not need to obtain a Russian visa, and because it was easy to obtain an Official passport fraudulently through Chinese state-owned companies a large number of Chinese were able to enter illegally.¹¹² Chinese traders entered under false pretenses and did not return to China. Due to these unforeseen consequences, Russia insisted that China renegotiate the interstate travel agreement. After the Russian Parliament passed a new law on entry and exit in 1992, Russia

¹⁰⁸ Won Bae Kim, "Sino-Russian Relations and Chinese Workers in the Russian Far East," Asian Survey, No. 34, Vol. 12, 1994, pp. 1064-65.

¹⁰⁹ The Chinese workers, Mr Zhuang and his wife, Lizhe (a 35-year-old couple), have made about US\$120 a month, or twice their regular wage in Harbin. See New York Times, 1 August 1999, p. Y3.

¹¹⁰ Data provided by the Immigration Office in Primorskii krai as cited in Russia Far East-Siberia News, No. 47, 31 October 1997, pp. 5-7.

¹¹¹ Ann C. Helgeson, "Population and Labour Force," in Allan Rodgers (ed.), The Soviet Far: Geographical Perspectives on Development (London: Routledge, 1990), p. 75.

¹¹² "Maritime Kay to Expel Illegal PRC Visitors," Interfax, 17 November 1993 as cited in FBIS-Sov-93-221, 18 November 1993, p. 9.

abolished its official passports (leaving only diplomatic and regular). But China did not reciprocate, and problems continued with the Chinese use of questionable passports. This led Russia to place pressure on China's formal negotiations for a new customs regime in February 1993.¹¹³

The Russian authorities also enforced regulations more strictly, in conjunction with the local police and border guards. In addition, the pressure of public opinion, especially that of regional administrations, led to a unilateral Russian decision to close the border. After nearly a year of further negotiations, China and Russia narrowed their differences on customs controls and completed a new agreement in Moscow in December 1993.¹¹⁴ Following this agreement, in January 1994, Russia implemented new travel restrictions to prevent Chinese immigration. Under the terms of this new regime, the official passport would be abolished and any Chinese person would require an invitation from a Russian counterpart to obtain a Russian visa, which could take months to arrange. China agreed to adopt the Russian system, which required an invitation letter and visa for all Chinese holders of regular passports. This took effect at the end of February 1994.¹¹⁵

Since China's acceptance of the 1994 visa policy, it has been reported that the Chinese have discovered a way to enter Russia without a visa. This alternative method of immigrating involves joining a Chinese tour group and then abandoning the group once across the border. Existing regulations allow registered Chinese tourist agencies and their Russian counterparts to bring Chinese tourists to the RFE for short-term, visa-free trips. But thousands of Chinese have simply left their tours soon after arrival, found

¹¹³ RA Report, No. 17, July 1994, p. 43.

¹¹⁴ Ibid., p. 37.

¹¹⁵ Izvestiya, 22 April 1994, p. 3.

illegal residences and begun seeking work.¹¹⁶ Once again this has led regional authorities to adopt yet stronger measures against illegal Chinese immigrants. They believe that illegal immigration is not only China's problem, but also the result of a lack of control on the part of the Russian government.¹¹⁷ According to border guard data at that time, only 50 per cent of Chinese 'tourists' left Russia after the tour. To control this type of illegal immigration, Chinese tour companies are now held responsible for tour group members. They are obliged to pay the costs of deporting 'drop outs' and their license can be revoked for not controlling illegal Chinese people trying to enter Russia.¹¹⁸ The Russian government also imposed higher import duties on trade with China to control the import of Chinese products.¹¹⁹ In 1994, the local government in Primorskii krai periodically arrested and repatriated illegal Chinese immigrants.¹²⁰ Out of the 1,657 people caught in Primorskii krai, 75 per cent were Chinese.¹²¹

Moscow's decision to impose visa restrictions on the entry of Chinese into the RF, and the growth of customs duties, resulted in a significant decrease in the numbers of Chinese entering Russia and of Chinese residents in the RFE. This also led to a significant decline in cross-border trade, in Chinese exports to Russia and vice versa.¹²² In Amur oblast during the first quarter, Russian exports to China dropped by 81 per cent

¹¹⁶ Moltz, "Regional Tensions," p. 523.

¹¹⁷ Igor Rogachev, "Russia-China: Cooperation in the 21st Century," *Far Eastern Affairs* (Moscow), No. 3 1996, p. 8.

¹¹⁸ *RA Report*, No. 17, July 1994, p. 48.

¹¹⁹ *South China Sunday Morning Post*, 10 July 1994, p. 8.

¹²⁰ In May 1994, there were 200 violators of passport and visa regulations in Primorskii krai. Of these, 48 were Chinese. More than 4,000 Chinese entered since January 1994, but in May, just over 1,000 left. See *Izvestiya*, 14 May 1994, p. 2.

¹²¹ *Krasnoe Znamya* (Vladivostok Daily), 2 July 1994, p. 2.

¹²² According to official data released by the Chinese customs office, Russian-Chinese trade in 1994 went down by 30 per cent and amounted to \$5.1 billion. "Russian-Chinese Trade Set to Grow this Year," *Tass*, 16 April 1995, as cited in *FBIS-Sov-95-075*, 19 April 1995, p. 34.

(from US\$100 million in 1993, to US\$19 million in 1994).¹²³ The dominant partner in border trade with Russia - China's Heilongjiang Province - showed a decline in trade of 45 per cent compared to the same quarter in 1993.¹²⁴

The deputy head of the Amur administration's Department for Foreign Relations, A.A. Kuleshev, lodged a complaint with the federal authorities in relation to the new visa regime. He accepted that problems had arisen because of the free entry of foreigners into the oblast. He stated, however, that Amur oblast had lobbied Moscow throughout 1993 not to introduce a new visa regime. When visa regulations were introduced in 1994, he wanted a return to the previous visa-free system, which he believed had been able to create favourable conditions for Amur oblast's cooperation with China.¹²⁵ A memorandum from early 1994 shows the impact of the new visa policy in Amur oblast:

Trade with China was not just a matter of satisfying food needs, but a livelihood for those engaged in the re-export of Chinese goods. The measures introduced by the federal authorities have deprived the region of Chinese workers and has significantly reduced business profits which will affect the tax paid to the city and to oblast budgets. The financial losses for the first quarter of 1994 were calculated at 5 billion rubles for firms involved, and some 2 billion rubles in customs duties for the federal budget.¹²⁶

Later, in order to prevent further decline in the border trade and mutually complementary market demands, officials from the Heilongjiang province and Amur oblast signed a series of agreements in June 1994 in the hope of enhancing economic and trade relations and developing bilateral co-operation.¹²⁷

¹²³ RA Report, No 17, July 1994, p. 46.

¹²⁴ "Dropping Volumes of Russian-Chinese Trade," Tass, 7 July 1994, as cited in FBIS-Sov-1994-109, 7 July 1994, p. 11.

¹²⁵ Buszynski, *Russian Foreign Policy*, p. 198.

¹²⁶ Ibid., p. 198.

¹²⁷ The 17 agreements covered the following investment policy: the basis structure of developing economic co-operation with foreign countries; exchanges in science, technology, and culture; the transit process; and bilateral work in offering coordination and notice. Both sides agreed to conduct all

In contrast, local security organisations were in favour of the strict visa policy, showing that views on this issue varied according to region and also to occupation. Deputy Foreign Minister, Aleksandr Panov, said that other regions also welcomed the new visa regulations because shuttle traders and barter trade had been exhausted as a means of furthering economic relations, and other forms of economic cooperation were now needed.¹²⁸

A final consequence of Chinese expansion into the RFE that I wish to highlight is a reported increase in crime among Chinese residents in the RFE. The Interior Department and the krai administration believed the cause of the growing crime rate was the open border with China.¹²⁹ In 1991, only 90 Chinese intruders were detained, and fewer than 150 in 1992, but in the first eight months of 1993 the number reached 200. They accounted for 80 per cent of illegal transactions and had been secretly entering Russia for ginseng gathering, poaching and smuggling.¹³⁰ In early 1994, Primorskii krai detained over 20 Chinese wild ginseng poachers in the taiga and a large group of smugglers hoping to avoid paying customs duty.¹³¹ The border guards discovered the poachers had with them goods to a value of about 7 million rubles. Chinese smugglers often tried to smuggle alcoholic beverages, drugs, clothes and shoes into Russia, and wool, furs, precious metals, consumer goods and wild plants back into

transactions in cash or in barter trade and to transit all related forms of trade in cash. For full details on the agreements, see *Heilongjiang ribao*, 20 June 1994, p. 1; *FBIS-China*, 1994-125, 29 June 1994, p. 12, as cited in *RA Report*, No. 17, July 1994, p. 36.

¹²⁸ "Parts of Maritime Territory Have One Chinese Foreign Resident for Every Inhabitant," *Izvestiya*, 27 April 1994, p. 3, as cited in *CDPSP*, Vol. XLVI, No. 16, 1994, p. 26.

¹²⁹ The Chinese even organised their own criminal gangs. It was reported that they clashed with Russian authorities. See "Siberia and China," *Sibirskaya gazeta*, no. 3, 21-27 January 1994, p. 3; Peter Ferdinand, "Working Towards a Serious Partnership with China," *Transition*, Vol. 1, No. 17, 22 September 1995, p. 68.

¹³⁰ "Border Violations Grow More Frequent in Far East," *Segodnya*, No. 59, 30 September 1993, p. 6, as cited in *FBIS-Sov-93-189*, p. 1, October 1993, pp. 14-15.

¹³¹ *Vostok Rossii*, No 33, 18 August 1993, p. 2, as cited in *RA Report*, No. 16, January 1994, p. 128.

China.¹³² Some Chinese illegally entered the RFE to catch endangered species, for use in food or in traditional Chinese medicines. In 1998, for instance, Far Eastern customs inspectors seized everything from deer antlers (worth US\$400 per kilo) to \$13,000 worth of illegally harvested ginseng. Also, according to Vladimir Nesterenko, a biologist with the Institute of Biology and Soil Studies in Vladivostok, the Chinese people in Russia put a strain on the natural population of frogs, soft-shelled turtles and other edible species. He said, 'The damage is increasing, because it is easier for them to do it from inside Russia.'¹³³

Russians themselves are also involved in facilitating illegal Chinese immigration. Birobidzhan, located along the Amur river, is a notorious entre for illegal Chinese immigration. It was here that a Russian organisation smuggling Chinese into Russia was disbanded. To combat the problem in the region, a five-km border zone along the river was established, and entry restricted to local residents and those with special permits.¹³⁴ Russia has also become known as a transit centre for Chinese attempting to go on to Europe and the United States. Russian border guards are easily bribed to let illegal immigrants through the border. The US government has complained about the lack of cooperation from Russian authorities in tackling this problem.¹³⁵ US State Department specialists considered that Russia had become a new centre for Chinese mafia activities.¹³⁶

In an attempt to solve Chinese crime and Russian involvement, a meeting was

¹³² RA Report, No. 16, January 1994, p. 127.

¹³³ "Russia, China Eager for Trade Growth," *Vladivostok News*, 10 July 1998, No. 171, pp. 1-2.

¹³⁴ "Russia's Jewish Regions Sets up Border Zone with China," *Priamurskie vedomosti*, 26 April 1994, p. 2; *Tass*, 13 April 1994, as cited in *FBIS-Sov-1994-71*, 13 April 1994, pp. 18-19.

¹³⁵ Merle Linda Wolin, "From China to America Via Moscow," *The New York Times*, 25 August 1993, p. A15.

¹³⁶ "US See Russia as Conduit for illegal Chinese Migrants," *Komsomol'skaya pravda*, 22 June 1994, p. 2.

held between Russian and Chinese border guards in August 1992.¹³⁷ After frequent contact, in February 1995, each side of the border delegations met in Khabarovsk krai to sign an agreement which allowed border guards of both countries the right to stop the illegal transportation of weapons, drugs, hard currency and other goods across the border. As part of this agreement, the Chinese government supported the use of the Russian law against illegal Chinese immigrants and criminals.¹³⁸ In August 1995, the two sides met again to consider the issue. According to the Federal Border Service's international treaty administration, more than 500 border violators were detained at checkpoints on the Russian-Chinese border within the first seven months of 1995. About 50 weapons were also confiscated.¹³⁹

Although the agreements were successful, the Primorskii krai police periodically reported illegal Chinese residents and continued to arrest Chinese smugglers.¹⁴⁰ The border service in the RFE deported more than 13,000 Chinese between 1994 and 1998, including 3,000 in the first five months of 1998.¹⁴¹ Since this time, *Izvestiya* has reported a drop in the Chinese population within the RFE, bringing with it a fall in the number of illegal Chinese residents.¹⁴² According to the Border Patrol in Blagoveshchensk (Amur oblast), due to the economic crisis of August 1998, the number of people crossing the border each day dropped from 2,500 to less than 250. Also in Primorskii krai, the Grodekovskii railroad crossing has seen the daily flow of

¹³⁷ *Krasnaya zvezda*, 21 August 1992, p. 2.

¹³⁸ "Border Agreement Signed with Chinese Region," *Tass*, 11 February 1995, as cited in *FBIS-Sov-95-029*, 13 February 1995, p.

¹³⁹ "Russian and China will have a Friendly Border," *Kommersant-Daily*, 26 August 1995, p. 4, as cited in *CDPSP*, Vol. XLVII, No. 34, 1995, p. 26.

¹⁴⁰ *Izvestiya*, 27 December 1995, p. 1.

¹⁴¹ *The Moscow Times*, 27 May 1998, p. 4.

¹⁴² *Izvestiya*, 30 June 1999, p. 3.

tourists into China shrink from 550 to 35.¹⁴³

5.3: Japan and the Russian Far East

5.3.1: The Southern Kuril Islands

Pressures on the Russian government from the military, from local and other nationalist groups, and from public opinion have prevented a policy that might have contemplated returning the territory to Japan. In this context, I will analyse the Kuril situation by looking at the following three areas: the historical background, the socio-economic situation and the development of the relationship between Russia and Japan (through visa-free exchange visits, negotiations on Japanese fishing activities near the Kuril islands, and joint economic activity). Finally, I will examine the reasons why Russians continue to find it difficult to transfer ownership of the islands to Japan.

As can be seen in map 5-2, geographically the territories in question comprise the following four islands: Etorofu, Kunashiri, Shikotan and the Hobomai group of islets. These islands cover an area of 10,500 square kilometres. The first two, Etorofu and Kunashiri, are the most southerly of the Kurils. These stretch for about a thousand kilometers between Hokkaido and the Kamchatka Peninsula. The remaining two, Shikotan and Habomais, lie off the northeastern coast of Hokkaido.¹⁴⁴

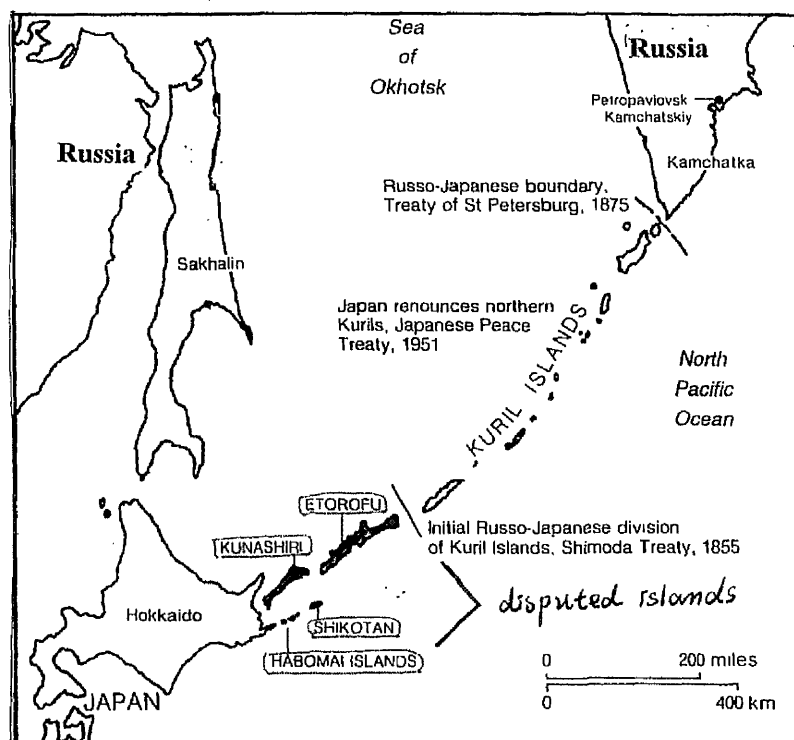
From a constitutional point of view, the first international document concerning the possession of the disputed islands was the Treaty of Shimoda in 1855.

¹⁴³ "Foreign Trade," *RFEU*, Vol. 8, No. 10, October 1998, p. 3; for a further comprehensive discussion of Russian and Chinese cross border relations see Elizabeth Wishnick, "Chinese Perspective on Cross-Border Relations," in Garnett, (ed.), *Rapprochement or Rivalry?*, pp. 227-56.

¹⁴⁴ For a detailed discussion of the territorial dispute between the Soviet Union and Japan, see Andrew Mack and Martin O'Hare, "Moscow-Tokyo and the Northern Territories Dispute," *Asian Survey*, Vol. 30, No. 4, April 1990, pp. 380-94; Vitaly Gaidar, "The South Kuriles: A Problem Awaiting Solution," *Far Eastern Affairs* (Moscow), No. 6, 1994, pp. 43-52.

This recognised Japanese sovereignty over the four Southern Kurile islands.¹⁴⁵ In 1875 the Treaty of St Petersburg was signed, through this Russia conceded the islands to Japan in return for Russian control over the larger island of Sakhalin. In 1905, after the Russo-Japanese War (1904-1905), the Japanese regained control over the southern half of Sakhalin.¹⁴⁶ At the end of World War II, under the Potsdam Declaration in 1945, Japan handed Sakhalin and the all of the Kuril islands over to the Soviet Union.¹⁴⁷

Map 5-2: The Southern Kuril Islands



¹⁴⁵ V. Kozhevnikov, *Otchet simpoziuma 1995, "Poisk otnoshenii mezhdu khakodate i Rossii, ob ostrove Sakhaline i Kuril'skikh ostrovakh,"* paper presented at a symposium in Hokkaido, 1995, mimeo., p. 13.

¹⁴⁶ Yu. V. Georgiev, comp., *Kurily-ostrova v okeane problem* (Moscow: ROSSPEN, 1998), pp. 88-93.

¹⁴⁷ *Ibid.*, pp. 115-117; John J. Stephen, *The Kuril Islands* (Oxford: Clarendon Press, 1974), p. 245; *Itogi*, 3 December 1996, p. 31.

The Soviet Union prepared a draft peace treaty with Japan for the 1951 San Francisco peace conference, during which Japan claimed the four disputed islands.¹⁴⁸ Later, in October 1956 the Soviet Union offered a Joint Declaration between the USSR and Japan. Under the terms of this declaration, Khrushchev sought to establish full diplomatic relations between the two countries and open up the possibility for possible economic co-operation. He promised the return of the two southern islands, Shikotan and the Habomai islands, to Japan after the conclusion of a formal peace treaty.¹⁴⁹ During his visit to Japan in January 1972,¹⁵⁰ Soviet Foreign Minister Andrei Gromyko again reinforced Khrushchev's proposal.¹⁵¹ Japan did not accept the offers of 1956 or 1972, but has consistently demanded the return of the four Kuril islands before signing a peace treaty with Russia.¹⁵²

The current Russian Constitution stipulates that any territorial changes in Russia are only possible on the basis of the expression of voters in an all-Russian referendum. However, on 22 August 1992, Russian Deputy Prime Minister Mikhail Poltoranin noted that President Boris Yeltsin and his government generally 'adhered to

¹⁴⁸ Boris Slavinskii, deputy editor of Far Eastern Affairs, found the peace treaty draft and other related documents at the Russian Foreign Minister Archives. He said the Soviet side withdrew it one month before the start of the San Francisco peace conference in September 1951. See RA Report, No. 16, January 1994, p. 39.

¹⁴⁹ V. Kozhevnikov, "Territorial'nyi vopros k 40-letiyu sovmestnoi Sovetsko-yaponskoi deklaratsii 1956 goda," Rossiia i ATR (Vladivostok), No. 3, 1996, pp. 48-9.

¹⁵⁰ "Kozyrev Holds News Conference," Tass, 21 March 1992, as cited in FBIS-Sov-92-056, 23 March 1992, p. 26.

¹⁵¹ He followed the principle of Article 9, Joint Declaration of the USSR and Japan in October 1956. See V. K. Zilanov, A. A. Koshkin, I. A. Latyshev, A. Ya. Plotnikov, and I. A. Senchenko, Russkie Kurily: Istoriya i sovremennost' (Moskva: SAMPO, 1995), p. 131.

¹⁵² Japan has maintained the plan to solve the territorial dispute in a two-phase process: the proposal calls for Russia to initially return the two small islands at the conclusion of the peace treaty and also stipulate in the document the timing of a return to Japan of the two larger islands (Etorofu and Kunashiri). See "Miyazawa on Kurils," Moscow Radio World Service, 23 March 1992, as cited in FBIS-Sov-92-056, 23 March 1992, p. 27; Japan Times, 18 April 1992, p. 1; "Japanese Envoy Visits Sakhalin for First Time," Kyodo (Tokyo), 10 October 1995, as cited in FBIS-Sov-95-195, 10 October 1995, p. 37.

the principle of the 1956 treaty.¹⁵³ Two days later, according to Yuri Petrov, head of the Russian presidential administration, 'intensive consultations [were] under way on the territorial problem in Russia and Japan, but there [has not been] not any final decision yet.'¹⁵⁴ In mid 1995, according to sources in the Russian Foreign Ministry and in the Japanese Embassy in Moscow, progress was made in drafting the Russian and Japanese peace treaty.¹⁵⁵ Since then, there has been continued consultation between the two countries concerning this matter. However, no peace treaty has yet been concluded and the disputed islands remain under Russian jurisdiction.¹⁵⁶

Now I turn to look at the current socio-economic situation in the Kuril islands. The population on the four islands has been decreasing for several years in the main due to a slump in the seafood processing industry and the deteriorating living standards. This acute problem has been aggravated by food and energy shortages on the islands.¹⁵⁷ In April 1998, when Sergei Yastrzhembsky, deputy head of Yeltsin's administration, visited the islands, the islanders complained about their deplorable living conditions.¹⁵⁸

The following is a description of life on the island of Etorofu, highlighting the worsening economic situation in the Kurils in the 1990s:

Burevestnik airport on Etorofu was sometimes closed for a week or more because of fog and rain. The island has no paved roads except on its army base. The 5kms journey from Burevestnik to Kuril, the main fishing village of 8,000, requires a 4-

¹⁵³ RA Report, No. 14, January 1993, p. 46.

¹⁵⁴ At that time, Yuri Petrov was dealing with the agenda for the forthcoming visit to Japan by the president of Russia. This was the central question of his meeting with Japan's deputy foreign affairs minister. See "Yeltsin Aide Holds Preparatory Talks in Japan," Tass, 24 August 1992, as cited in FBIS-Sov-92-165, 25 August 1992, p. 13.

¹⁵⁵ "General Briefs Japanese Symposium on Relations," Tass, 19 March 1992, as cited in FBIS-Sov-92-055, 20 March 1992, p. 7; "Certain Progress' in Drafting Treaty with Japan," Tass, 4 May 1995, as cited in FBIS-Sov-95-086, 4 May 1995, p. 15.

¹⁵⁶ The fullest discussion of Soviet and Russian relations with Japan, from Brezhnev to Yeltsin, is Hiroshi Kimura's Distant Neighbours, 2 vols (Armonk, NY: M.E. Sharpe, 2000).

¹⁵⁷ "Economic Crisis Prompts Mass Exodus From Kuril Islands," Tass, 11 June 1993, as cited in FBIS-Sov-93-111, 11 June 1993, p. 48; Peter Rutland, "Struggle over the Kuril Islands," Transition, Vol. 1, No. 17, 22 September 1995, p. 17.

¹⁵⁸ "Yeltsin Rep Visits Islands," Vladivostok News, No. 166, 30 April 1998, p. 1.

wheel drive vehicle and takes an hour. The road goes through a rushing stream, past old Japanese bunkers, onto beaches littered with rusting shipwrecks and into green hills roamed by brown bears. Kuril has a small hospital and a school, no restaurants, one bar and a roach-infested barracks-like guesthouse frequented by volcano researchers and weather-bound pilots. Wooden planks serve as sidewalks and chickens scamper about the courtyards of the fishermen's cottages.¹⁵⁹

Fishing is the major industry on all the islands. It was reported in December 1992 that the fishing industry on the islands was comparable to that on 'Kamchatka, the fish shop of the country.'¹⁶⁰ The fishing grounds in 1992 annually produced up to 22 per cent of Russian fish, worth about 32 billion rubles.¹⁶¹ However, due to some factories facing financial difficulties, the fish industry has declined. For instance, in 1993, the fish factory on Kunashiri was unable to pay for diesel fuel delivered by a tanker and the local bank refused to give an easy-term credit to local fish processors. A similar situation rose on Iturup and Shikotan.¹⁶² The fish processing company, Ostrovnoi, used to have six factories on Shikotan island, which heavily depends on fish processing. By 1993, two factories completely closed down, and since October 1993 the remaining four factories have ceased to operate.¹⁶³ While the situation today remains relatively unchanged, the factories have endeavoured to improve their lot through government and local support, joint ventures through attracting foreign investment.

Local and government officials implemented a series of programmes for the purpose of coping with their economic difficulties. On 8 July 1992, the Sakhalin oblast administration adopted a decision, 'On urgent measures for stabilisation of the social

¹⁵⁹ *Japan Times*, 12 September 1992, p. 67.

¹⁶⁰ "Kuril's Contributions to Economy," *Moscow TV*, 14 October 1991, as cited in FBIS-Sov-91-201, 17 October 1991, p. 74.

¹⁶¹ *Tass*, 8 December 1992, as cited in FBIS-Sov-92-237, 9 December 1992, p. 5.

¹⁶² "Emergency Declared on Disputed Kuril Island," *Tass*, 5 April 1993; *Japan Times*, 7 April 1993, as cited in *RA Report*, No. 15, July 1993, p. 155.

¹⁶³ Nobuo Arai and Tsuyoshi Hasegawa, "The Russian Far East in Russo-Japanese Relations," in Akaha (ed.), *Politics and Economics in the Russian Far East*, p. 179.

and economic situation of the Kuril islands.¹⁶⁴ A decree on socio-economic development of the Kurils was signed by President Boris Yeltsin on 2 December 1992.¹⁶⁵ This involved the establishment of a special economic zone for the Kuril islands and permitted the leasing of land to foreign investors for up to 99 years. This decree also promised to provide subsidies and social benefits among other privileges.¹⁶⁶ On 17 December 1993 the Federal Programme of Socio-economic Development for the Kuril Islands was approved by the President of the Council of Ministers, and was to run until the year 2000.¹⁶⁷ Not all these plans, however, have been carried forward and most of the federal programme has remained merely an idea, due mainly to lack of funds.¹⁶⁸

Socio-economic conditions in the Kuril islands worsened in the wake of an earthquake in October 1994.¹⁶⁹ The earthquake swept away the already poor infrastructure, leaving more than 60 per cent of residential buildings in Shikotan completely destroyed.¹⁷⁰ The earthquake caused twelve deaths, widespread injuries and homelessness, and considerable material loss. Three days after this disaster, the Russian government allocated 100 billion rubles for relief measures in the region.¹⁷¹ One of the

¹⁶⁴ Sovetskii Sakhalin, 21 August 1992, p. 1.

¹⁶⁵ Rossiiskaya gazeta, 23 December 1992.

¹⁶⁶ The Supreme Soviet approved a plan to develop the Kuril islands. The plan envisaged promoting the processing industry using such resources as fisheries, and developing the continental shelf, as well as the tourist industry. The plan was estimated to cost 92 billion rubles and US\$2.1 billion during the first 2 years. See "Draft Development Plan," Kyodo, 26 October 1992, as cited in FBIS-Sov-92-210, 29 October 1992, pp. 49-50; Yeltsin approved the draft on 17 November 1992 and finally issued a decree in December. See "Draft Edict Approves Leasing of Kuril Islands Land," Kommersant-Daily, 2 December 1992, pp. 1-2, as cited in FBIS-Sov-92-235, 7 December 1992, pp. 14-15.

¹⁶⁷ The Federal Programme of Socioeconomic Development for the Kuril Islands of 17 December 1993 is a Council of Ministers resolution in Sobranie aktov Prezidenta i Pravitel'stva Rossiiskoi Federatsii, no. 51, 1993, item 5002.

¹⁶⁸ RA Report, No. 16, January 1994, p. 66; P. Minakir, "Russian Far East: The History of Reform," Dal'niy Vostok Rossii (Vladivostok), No. 1, 1998, p. 19.

¹⁶⁹ "Japanese Officials on Kuril Economic Proposal," Kyodo (Tokyo), 12 October 1994, as cited in FBIS-Sov-94-197, 12 October 1994, p. 8.

¹⁷⁰ "Japanese Boat Sunk as Russia Seeks Disaster Aid," Izvestiya, 7 October 1994, p. 3, as cited in FBIS-Sov-94-196, 11 October 1994, p. 19.

¹⁷¹ The Japanese government also decided to co-operate with the Russian government in the relief operation. Japan told Russia it would offer humanitarian assistance to the islands' residents. See

most unfortunate consequences of the earthquake was the exodus of residents from the affected islands. According to the Russian Foreign Ministry spokesman Demurin, more than 10,000 residents of the southern Kurils off Hokkaido applied to move to Sakhalin or other parts of Russia.¹⁷²

5.3.2: Development of Relations between the Kuril Residents and Japan

There has not yet been an agreement over ownership of the disputed islands between Russia and Japan, however, there have been developments in the following three areas: firstly, in a visa-free exchange visit programme, secondly, in the continuing negotiations to provide safety for Japanese fishermen around the Kuril islands, and thirdly Russian proposal for joint economic activities with Japan on the islands.

As mentioned previously, Gorbachev took a somewhat flexible stance with regard to Tokyo's claim on the southern Kuril islands. On 20 April 1991, he visited Japan and signed a Soviet-Japan Joint Communiqué with Japanese Prime Minister Toshiki Kaifu. In recognition of the special status of the islands, the Gorbachev government proposed to establish a visa free exchange policy between Japan and the islands.¹⁷³ Following this, in April 1992, a group of 19 Russian residents of the disputed islands returned home after a six-day visa-free visit to Japan. The group included administrators of the islands, journalists, pensioners and fishery industry workers from

"Japanese To Help in Kuril Islands Relief Efforts," Moscow Radio Moscow, 7 October 1994, as cited in FBIS-Sov-94-196, 11 October 1994, p. 20. A Japanese diplomat pointed out, "Even though Japan's aid is not particularly big in terms of volume, Tokyo's readiness to grant it is more important to us." See "Foreign Ministry on Aid for Kurils," Interfax, 10 October 1994, as cited in FBIS-Sov-94-196, 11 October 1994, p. 20.

¹⁷² "Spokesman Refutes Japanese Reports on Kuril Islanders," Moscow Radio Moscow, 14 October 1994, as cited in FBIS-Sov-94-200, 17 October 1994, p. 18.

¹⁷³ Gorbachev stated that the question of who rightfully owned the four disputed islands should be discussed in a dialogue between the two governments. The visa-free visit programme was the first step in a bold diplomatic initiative between the two countries. Sergei V. Chugrov, "Russia and Japan: Drifting in

Shikotan, Kunashiri and Etorofu. The visitors were the first residents of the islands to enter Japan without visas.¹⁷⁴

On his visit to Japan in October 1993,¹⁷⁵ Yeltsin signed 18 documents with Japanese Prime Minister Hosokawa Morihiro. These included the Tokyo Declaration on Russian-Japanese relations and the Declaration on Prospects for Trade, Economic, Scientific and Technical Relations between the Russian Federation and Japan.¹⁷⁶ Yeltsin also supported exchange programmes for the residents of the islands.¹⁷⁷ On 11 May 1994, the first group of Japanese people left for the Kuril islands in accordance with the visa-free exchange programme. Tass reported that the group consisted of 48 people: 24 former Japanese inhabitants of the Kuril Islands; 9 representatives of the national movement for the return of the 'northern territories'; and 15 journalists.¹⁷⁸ On 4 May 1995, Andrei Kozyrev, the Foreign Minister, visited Japan and stressed at a news

Opposite Directions," Transition, Vol. 1, No. 17, 22 September 1995, p. 13.

¹⁷⁴ Japan Times, 28 April 1992, p. 2.

¹⁷⁵ After the postponement of Yeltsin's September 1992 visit, he rescheduled his trip to Japan to October 1993 due to a serious argument over the disputed islands in the Russian Parliament. See "Parliament Official Dismisses Ato Over Japan Trip," Teleradiokompaniya Ostankino Television First Programme Network, 13 September 1992, as cited in FBIS-Sov-92-178, 14 September 1992, p. 14.

¹⁷⁶ "18 Documents to be Signed," Tass, 12 October 1993, as cited in FBIS-Sov-93-196, 13 October 1993, p. 11. Regarding the territorial issue, at the news conference in Tokyo, Yeltsin commented, "a definitive solution to this question in relations with Japan can only be reached on the basis of developing bilateral relations and bringing the two peoples closer together." See "Yeltsin Discusses Territorial Issue at News Conference," Tass, 13 October 1993, as cited in FBIS-Sov-93-196, 13 October 1993, p. 14. The Tokyo Declaration states that territorial disputes should be settled on the basis of law and justice. Yeltsin confirmed that Russia was the legal heir of all the Soviet Union's agreements with Japan. Both agreed to respect past treaties and an international agreement was signed between the two countries including the 1956 Japan-Soviet joint declaration in Moscow which promised to hand over two of the four islands after the signing of a peace treaty. See "Yeltsin, Hosokawa Sign 'Tokyo Declaration'," Tass, 13 October 1993, as cited in FBIS-Sov-93-196, 13 October 1993, p. 12; "Holds News Conference," Moscow Ostankino Television First Channel Network, 13 October 1993, as cited in FBIS-Sov-93-196, 12 October 1993, p. 16.

¹⁷⁷ Tokyo Declaration of October 1993, document 68, in Diplomaticeskii vestnik, no. 5, 1993, pp. 3-5.

¹⁷⁸ During their stay on the Kunashiri island, the Japanese guests met local inhabitants and visited a secondary school and several enterprises. Like the previous groups of Japanese guests, they lived in the homes of local citizens. See "Japanese Visit South Kurils Without Visas," Tass, 11 May 1994, as cited in FBIS-Sov-94-091, p. 10.

conference that both sides had agreed to discuss in detail the expansion of visa-free exchanges.¹⁷⁹

Discussion over visa-free exchanges brought to the surface the issue of Japanese fishing rights in waters surround the Kuril islands. As negotiations over fishing rights continued, so too conflicts persisted between Japanese fishermen and Russian border guards.¹⁸⁰ Russians fired on Japanese fishing vessels in the vicinity of the Kuril islands in a series of incidents that led to several deaths and arrests among the Japanese. On 11 March 1993, a Russian helicopter fired six warning flares in the direction of Japanese fishing boats near the Kunashiri island. Gennadiy Dolin, head of administration for the Kuril District in Sakhalin oblast, observed 'six Japanese fishing vessels were spotted catching fish at the island's northern extremity, two of the ships were fishing too close to the shore (within 3 miles of Russia's zone). After the warning, flares were fired, the Japanese vessels left the area and the incident did not develop any further.'¹⁸¹ Another two shooting incidents occurred in the region of the Etorofu island.¹⁸²

On 28 December 1993 Grigoriy Karasin, spokesman for the Russian Foreign Ministry, pointed out 'the number of violations of the Russian maritime frontier by Japanese ships for illegal fishing has not decreased over recent years. There were 7,558 violations in 1991, 7,932 in 1992 and 7,690 in 1993.'¹⁸³ In March 1994, Sevodnya

¹⁷⁹ "Comments on Results of Visit to Japan," Tass, 4 March 1995, as cited in FBIS-Sov-95-043, 6 March 1995, p. 11.

¹⁸⁰ "Japan Protests Shelling of Schooners Off Kurils," Tass, 6 April 1995, as cited in FBIS-Sov-95-066, 6 April 1995, p. 15.

¹⁸¹ "Helicopter Fires Flares at Japanese Boats Near Kurils," Interfax, 11 March 1993, as cited in FBIS-Sov-93-047, 12 March 1993, p. 4.

¹⁸² "Incidents Explained," Krasnaya Zvezda, 11 March 1993, p. 3, as cited in FBIS-Sov-93-047, 12 March 1993, pp. 4-5.

¹⁸³ "Comments on POW's, Karabakh, Kurils," Interfax, 28 December 1993, as cited in FBIS-Sov-93-248, 29 December 1993, pp. 3-4.

reported that 80 Japanese fishing vessels had entered Russian territorial waters in the vicinity of Kunashiri Island between 21 and 22 January 1994.¹⁸⁴ After a series of similar incidents, on 4 April 1994 the mayor of the Southern Kuril District, Nikolai Pokidin, proposed that Japanese fishermen be granted the right to engage in commercial activity in the waters surrounding the disputed islands, on a compensatory basis (payment of a fishing fee).¹⁸⁵ However, as Kimura has noted, this raised the question of what form compensatory payments would take; Japan opposed the Russian proposal on the payment of fishing fees, and instead proposed payment should be in the form of economic aid.¹⁸⁶ On 6 October 1994, the Commander of the Russian Border Guards again reported the illegal entry of Japanese fishing boats into Russian territorial waters for the purpose of poaching.¹⁸⁷

In late October 1994, Moscow and Tokyo exchanged views on the Russian coastguard attacks on Japanese fishing boats in the Kuril island waters. A bilateral treaty was discussed¹⁸⁸ and in November, Moscow and Tokyo began negotiations on the safe passage of Japanese fishing vessels near the islands.¹⁸⁹ In March 1995, negotiations that would permit the Japanese to fish around the southern Kuril islands actually began.¹⁹⁰ Before a settlement was reached, in August 1996 another fishing incident occurred in which two Japanese schooners off the Kuril islands were fired at by a Russia border

¹⁸⁴ "Japanese Fishermen Again Intrude Into Russian Territorial Waters," *Sevodnya*, 31 March 1994, p. 1, as cited in *CDPSP*, Vol. XLVI, No. 13, 1994, p. 24.

¹⁸⁵ *Izvestiya*, 8 April 1994.

¹⁸⁶ Hiroshi Kimura, "Primakov's Offensive: A Catalyst in Stalemated Russo-Japanese Relations?," *Communist and Post-Communist Studies*, Vol. 30, No. 4, December 1997, p. 372.

¹⁸⁷ The commander reported one fishing boat later sank but none of its crewmembers were injured. See "Officials Comment on Fishing on Boat," *Moscow Radio Moscow*, 7 October 1994, as cited in *FBIS-Sov-94-196*, 11 October 1994, p. 20.

¹⁸⁸ "Soskovets, Japanese Official Discuss Relations," *Kyodo* (Tokyo), 26 October 1994, as cited in *FBIS-Sov-94-207*, 26 October 1994, p. 9.

¹⁸⁹ Kimura, "Primakov's Offensive," p. 372.

¹⁹⁰ "Japan Calls Kozyrev's Visit 'Substantive,'" *Tass*, 7 March 1995, as cited in *FBIS-Sov-95-044*, 7

patrol boat, wounding two fishermen. According to the Russian government, the incident was the eighth case of Japanese entry into Russian waters in 1996.¹⁹¹ Despite this fact, in late July 1997, Japanese Prime Minister Ryutaro Hashimoto claimed that fishing co-operation in the Kuril islands had improved during bilateral relations. Subsequent meetings to negotiate fishing regulations in the Kuril area have taken place and both sides look closer to signing an agreement, although some differences still remain.¹⁹²

After more than two years and thirteen negotiating sessions, the two countries finally signed a new bilateral fishing agreement on 21 February 1998. According to its regulations, Japanese fishermen were allowed access to previously prohibited areas, within the bounds of two restrictions: in the number of vessels and the volume of catch permitted.¹⁹³ During 1998, Japanese fishermen were permitted forty-five fishing vessels to catch around 2,230 tons of fish in these allocated areas. It was decided that Japan would pay a total of 35 million yen as fees. The Japanese government intended to allocate an additional 240 million yen in furtherance of the agreement and possibly make multi-million investments into the fishing industry in the future.¹⁹⁴

Apart from the two issues mentioned above, negotiations for joint economic activities on the disputed islands continue. When Yeltsin visited Japan in January 1990 as a member of the USSR's Congress of People's Deputies, he emphasised that

March 1995, p. 13.

¹⁹¹ "Russian Border Guards Injure Japanese Fishermen in Kurils," Vladivostok News, No. 14, 4 September 1996, p. 2.

¹⁹² "Japanese Prime Minister Announces New Policy Towards Russia," Izvestiya, 26 July 1997, p. 3, as cited in CDPSP, Vol. XLIX, No. 30, 1997, p. 23.

¹⁹³ There are two unrestricted areas: (a) off the minor Kurils to the ocean, where the Japanese will be allowed to catch 130 tons of octopus; (b) off Kunashir island in the Sea of Okhotsk, where the Japanese will be permitted to catch 2,100 tons of Alaska pollock, and flounder, Pacific cod, and some other species. See "Russian View on new Bilateral Fishing Agreement with Japan," RFEU, Vol. 8, No 4, April 1998, p. 5.

territorial issues could not be solved immediately and must take account of Soviet and Japanese public opinion. He proposed a five-stage plan in which (in the third stage) he mentioned the creation of Japanese and Soviet joint enterprises. Yeltsin proposed that this plan should not be resolved for another 15-20 years.¹⁹⁵ Later in April 1990, Gorbachev also proposed joint economic activity with foreign enterprises on the islands. These, in turn, would be involved in joint ventures on territories owned by Russian Free Economic Zones (FEZs).¹⁹⁶ After the earthquake in the Kuril islands in early October 1994, Russia officially proposed to Japan a plan to set up a FEZ. This, however, was rejected by Japanese Foreign Minister Yobei Kono. The head of the Japanese foreign policy department stated that 'We cannot accept any proposal which proceeds from the premise that the disputed islands are under Russian jurisdiction.'¹⁹⁷

Russia has continued in its attempts to expand economic relations with Japan.¹⁹⁸ Foreign Minister Evgenii Primakov visited Tokyo in November 1996, and made another proposal for Russo-Japanese joint economic development in the islands. He suggested that joint economic activities could be conducted in areas such as fishing, fish processing, development of infrastructure for tourism and improvement of the transportation system on the islands.¹⁹⁹ In August 1998, Sakhalin Governor, Igor

¹⁹⁴ *Rossiiskaya Gazeta*, 23 October 1998, p. 4.

¹⁹⁵ Yeltsin's five-stage solution: (1) official recognition that a problem exists and the reshaping of public opinion to open the way for a settlement. This would take 2 to 3 years; (2) demilitarisation of the islands (may take 5 to 7 years); (3) declare the islands as a free enterprise zone open to Japan. Japan will be granted the most favoured partner status (3 to 5 years); (4) the signing of a peace treaty with Japan. This involves a concession on Japan's part since it will have to sign a peace treaty without getting the islands back. (These 4 stages will take 15 to 20 years); (5) allow a new generation of politicians to work out a solution. See *SUPAR Report*, No. 9, July 1990, p. 50; Robert Legvold, "Soviet Policy in East Asia," *The Washington Quarterly*, Vol. 14, No. 2, Spring 1991, p. 140.

¹⁹⁶ M. Valencia (ed.), *The Russian Far East in Transition: Opportunities for Regional Economic Cooperation* (Boulder: Westview Press, 1995), pp. 42, 77 and p. 211.

¹⁹⁷ "Japan Rejects South Kuril Economic Zone Plan," *Krasnaya Zvezda*, 15 October 1994, p. 2, as cited in FBIS-Sov-94-201, 18 October 1994, p. 8.

¹⁹⁸ Donaldson and Nogee, *The Foreign Policy of Russia*, p. 250.

¹⁹⁹ The visit was reported in *Diplomaticheskii vestnik*, no. 12, 1996, p. 26.

Farkhutdinov, and Hokkaido Governor, Tstsuya Hori, agreed on a joint exploration of the Kuril island volcanoes.²⁰⁰ Later, in November, they signed a friendship and economic collaboration agreement in Yuzhno-Sakhalinsk. During the meeting, the two Governors discussed the energy problem in the Kuril islands. The Japanese side hoped to create a geothermal energy system on the islands.²⁰¹ At the same time, Moscow offered Tokyo the opportunity to create a 'special district' in the Kuril islands with a view to building joint projects, as its option for the settlement of the territorial dispute.²⁰² A concrete agreement has not yet been reached, however according to Izvestiya in January 1999, the two countries' Foreign Ministers have discussed joint economic activity in the islands.²⁰³

5.3.3: Obstacles to the Settlement of the Kuril Islands Ownership

The Kuril islands are of importance to the RFE for economic reasons, such as fishing and access to ports. As mentioned previously, even though the industry has declined, many residents on the islands are still involved primarily in fishing. The abundance of fish in the area has also attracted many Japanese workers from Hokkaido during the summer fishing season.²⁰⁴ The disputed islands contain the largest fishing enterprise in the Far East and a unique reserve in early 1990s they provided approximately 1.1 million tons of fish and marine products.²⁰⁵ According to the calculations of the Russian Federation State Fishery Committee, the fishing industry in the RFE stands to lose

²⁰⁰ "Sakhalin and Hokkaido to Sign Agreement," Vladivostok News, No. 175, 4 September 1998, p. 2.

²⁰¹ At a meeting, oil and gas projects on Sakhalin island were the priority for cooperation between Sakhalin and Hokkaido. See Sakhalin Governor, Igor Farkhutdinov, "Hokkaido, Sakhalin Governors Sign Pact," Vladivostok News, No. 180, 24 November 1998, p. 2.

²⁰² Izvestiya, 4 November 1998, p. 1.

²⁰³ Ibid., p. 1.

²⁰⁴ Mack and O'Hare, "Moscow-Tokyo," p. 380.

²⁰⁵ "Kuril Population Appeals to Russia and Japan," Tass 16 September 1991, as cited in FBIS-Sov-91-

between US\$1 and US\$2 billion a year if the Kuril islands are transferred to Japan. The necessary loss of this valuable industry constitutes a major obstacle to any proposal of the islands being completely returned to Japan. In 1994, the Russian Cabinet discussed the islands' Social and Economic Development Plan, which encompasses development on Sakhalin, including the Kuril islands, from 1995 through to the year 2000. According to the plan, approximately US\$8 billion in additional revenues would be earned every year if the fish caught in the Kuril waters were processed and exported.²⁰⁶ Russia has also allowed Russian fishermen to transport their fish and other marine products to Hokkaido (Japan), to sell at a profit. The Russian Far East Update reported that Hokkaido ports were busy with Russian fishing vessels, bringing a significant source of revenue to this northern territory. In 1995, approximately 3,000 Russian vessels docked at ports in Hokkaido. These vessels had an average of 10 sailors per ship and made a profit of approximately US\$1,000 per sailor.²⁰⁷

Besides the fishing industry, the Kurils have planned to attract foreign trade and business to develop their own economy. In January 1992 First Deputy Chairman of the Russian government, Gennadii Burbulis, endorsed the proposal of Sakhalin oblast to 'include the Kurilsk, Severo-Kurilsk and Yuzhno-Kurilsk ports of Sakhalin oblast in the service of regular international maritime passengers and freight communication.'²⁰⁸ Russia also granted a Hong Kong development company, 'Carlson and Caplan Ltd.' a 50-year lease of nearly 300 hectares of land on Shikotan island on 4 September 1992.²⁰⁹

181, 18 September 1991, p. 6.

²⁰⁶ Konstantin Sarkisov, "The Northern Territories Issue after Yeltsin's Re-election: Obstacles to a Resolution from a Russian Perspective," Communist and Post-Communist Studies, Vol. 30, No. 4, December 1997, pp. 359-40.

²⁰⁷ RFEU, Vol. VII, No. 1, January 1997, p. 10.

²⁰⁸ Svobodnyi Sakhalin, 29 January 1992, p. 3, as cited in SUPAR Report No. 13, July 1992, p. 53.

²⁰⁹ The company was permitted to build a recreation complex, consisting of hotels, casinos, a cycling track, horseback riding, among other facilities. "Hong Kong Leases Section of Kuril Island," Tass, 11

This contract was met with strong opposition from Japan, who claimed they would annul the deal when they recovered the island and would demolish the complex at the expense of the Hong Kong firm. Due to this threat, the company decided to shelve the project.²¹⁰ The Chairman of the Russian Foreign Ministry, Sergey Yastrzhembskiy, was doubtful about the legality of the Russians development plan, but experts from the State Legal Department of the Russian Federation insisted that officials (in the Sakhalin and the South Kuril region) who signed the lease agreement, were acting within their authority.²¹¹

The Kuril islands are also valued for their military importance. Although since the end of the Cold War, some troops have been withdrawn from the islands, they are still considered important as a guarantee of forward air-defence screen and ice-free access for Russian submarines from the Sea of Okhotsk to the Pacific Ocean.²¹² In addition, the two largest islands, Etorofu and Kunashiri, provide access to and from the Sea of Okhotsk, where a part of the Russian nuclear-powered ballistic missile submarine (SSBNs) fleet is stationed.²¹³ This is one of the main reasons why the Russian Federation has refused the transfer of the islands to Japan.

Gorbachev, during his visit to Tokyo in April 1991, was the first to state that Soviet troops would soon withdraw from the Kuril Islands. The second phase of Yeltsin's five-stage plan also included demilitarisation of the islands. Yeltsin expressed his intention to remove all Russian troops from the islands, except for border guards.

September 1992, as cited in FBIS-Sov-92-178, 14 September 1992, p. 13.

²¹⁰ "Kuril Plan Abandoned," Far Eastern Economic Review, 5 November 1992, p. 12.

²¹¹ "Further on Shikotan Island Dispute," Interfax, 18 September 1992, as cited in FBIS-Sov-92-183, 21 September 1992, p. 22.

²¹² "South Kurils Handover Termed Security Risk," Krasnaya zvezda, 22 July 1992, p. 3, as cited in FBIS-Sov-92-141, 22 July 1992, pp. 16-17.

²¹³ Andrei Krivtsov, "Russia and the Far East," International Affairs (Moscow), January 1993, pp. 77-84.

Although the original timetable for troop withdrawal was delayed for various reasons, the plan for demilitarisation continued. In October 1991, Soviet Foreign Minister Boris Pankin stated that the Soviet Union would withdraw 30 per cent of Soviet troops stationed on the islands (comprising about 7,000 soldiers). However, by 1992, this had not been achieved, and Russian Foreign Minister Kozyrev, in his visit to Japan in March of the same year, again confirmed that Russia would cut its troops following Pankin's plan.²¹⁴ In October 1993, Yeltsin also promised to withdraw some of the remaining Russian troops (between 3,500 and 10,000 men).²¹⁵ There has been strong opposition to Yeltsin's plan, however, among the so-called military-patriotic groups.²¹⁶ In October 1994, the Russian Federation Defence Minister, Pavel Grachev, visited Yuzhno-Sakhalinsk, where he stated, 'Russian troops have been, are, and will remain in the Kurils,' and he also stressed that 'special attention is devoted to the Far Eastern military district and [to] the Pacific Fleet ensuring Russia's security.'²¹⁷

In addition to the above economic and military considerations, currently political reasons are also at the forefront of the issue. In early September 1992, the Japan Times reported that the new governor of Sakhalin, Evgenii Krasnoyarov, had proposed the abandonment of any attempt to resolve the territorial dispute between Russia and Japan. He stated that it should be left to future generations, and also suggested that the issue could not be resolved until the gap between Russia and Japan had narrowed, in terms of living standards. According to press commentators, this

²¹⁴ "Ends Visit to Japan," Tass, 22 March 1992, as cited in FBIS-Sov-92-056, 23 March 1992, p. 28; Kyodo, 20 March 1992, as cited in SUPAR Report, No. 13, July 1992, p. 55.

²¹⁵ "Yeltsin Announces Withdrawal of Troops from Kurils," Tass, 13 October 1993, as cited in FBIS-Sov-93-196, p. 14.

²¹⁶ Zilanov, Koshkin, Latyshev, Plotnikov, and Senchenko, Russkiye Kurily, p. 152.

²¹⁷ "Grachev Says Troops to Remain in Kurils," Tass, 24 October 1994, as cited in FBIS-Sov-94-205, 24 October 1994, p. 35.

message was prompted from fear that the Russian islanders would opt to move to wealthier Japan. An editor of the local newspaper, Krasnyi Mayak, said some residents anticipated an economic boom if Japan regained the islands, but the vast majority were against handing over the islands.²¹⁸ In addition, when former Russian Prime Minister Viktor Chernomyrdin visited Khabarovsk krai in August 1993, he said he would welcome Japanese visitors to the islands, with the hope of further exchanges between the Kuril islanders and Japan.²¹⁹ However, he told reporters that 'as long as the present Russian cabinet exists, we will never hand over any part of our territories.'²²⁰ Valentin Fedorov, a former head of administration on Sakhalin, was also opposed to the islands being transferred to Japan.²²¹

In the post communist era, Russian leaders have had to pay more attention to national and regional opinion. The following section focuses on the results of many opinion polls conducted among Russians, Japanese and the Kuril islanders themselves. These polls indicate that Russia as a whole, as well as the residents of the islands, is strongly opposed to any territorial concessions. The government and local leaders of the RFE also hold this view, as will be seen from the following examples.

Russian National Opinion Polls. Table 5-1 presents four national opinion polls (1991, 1992, 1994 and 1998) regarding the disputed islands. The question asked was, 'Do you personally favour or oppose the prospect of Russia giving the disputed islands back to Japan?' As can be seen from the table, the results differed each year, reflecting a gradual strengthening in opinion against a handover.

²¹⁸ Japan Times, 12 September 1992, p. 3.

²¹⁹ "Aides See Premier's View on Kurils as 'Purely Emotion,'" Izvestiya, 21 August 1993, p. 1, as cited in FBIS-Sov-93-165, 27 August 1993, p. 17.

²²⁰ Zilanov, Koshkin, Latyshev, Plotnikov, and Senchenko, Russkiye Kurily, p. 157.

²²¹ Japan Times, 29 August 1993, p. 2.

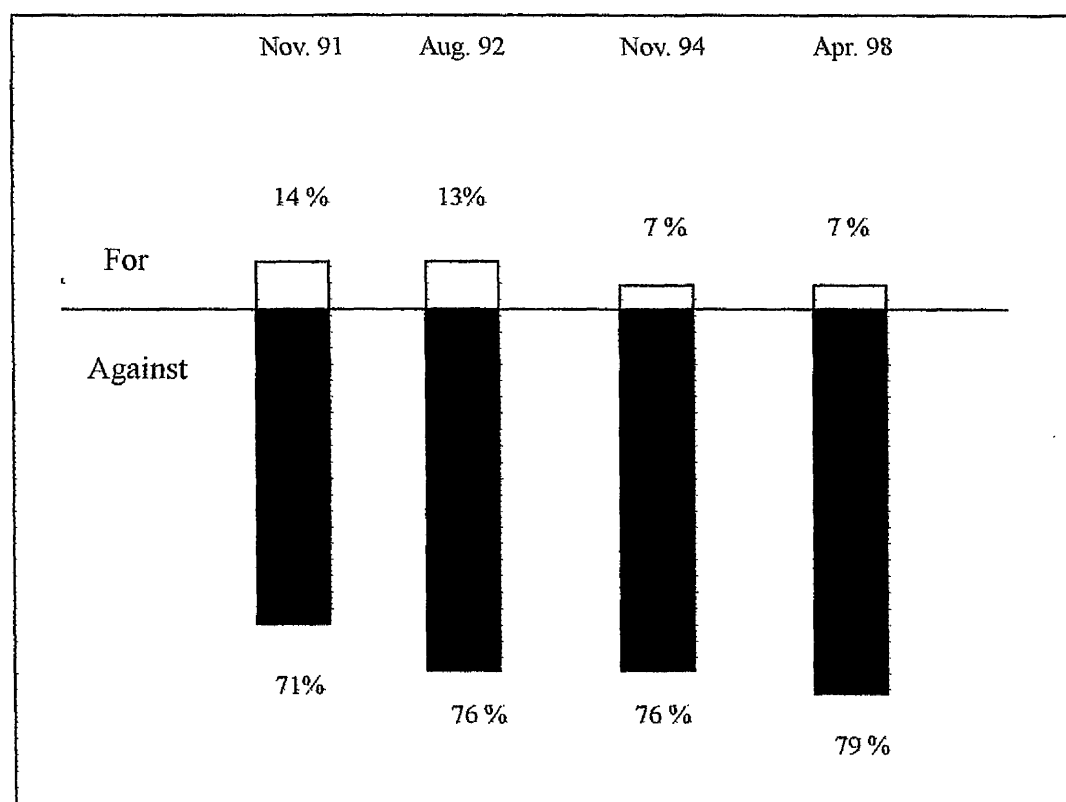
I will begin by comparing November 1991 results with those of August 1992. Both surveys were conducted by the Moscow-based survey organisation 'Vox Populi,' with 1,590 responding. Little difference in attitude is seen between November 1991 and August 1992. The percentage in favour of returning the islands to Japan was very low in both years: 14 per cent, and 13 per cent respectively. In contrast, over two-thirds of respondents were against a transfer. Opposition increased by 5 per cent from November 1991 to August 1992. There was generally a ratio of 6 to 1 against the handover to Japan. It is interesting to note the variations in terms of generations, occupation, and level of education. Among those over 60, workers, pensioners and those without secondary education the ratio was 10 to 1 against, while the under 30s, executives, professionals and students were 4 to 1 against.²²² Those who are less well educated, older and on a low income are therefore more likely to be strongly opposed to the returning of the islands as compared to the younger generation, those in education and well-paid work.

Secondly, we shall consider the results of November 1994 and compare them with those of April 1998. Before Yeltsin and the Japanese Prime Minister Ryutaro Hashimoto's "no-necktie" meeting in April 1998, the All-Russian Centre for the Study of Public Opinion (VTsIOM) interviewed a national sample of 1,600 people aged eighteen and over to discover public opinion concerning the Kuril islands.²²³ As can be seen in table 5-1, in both 1994 and 1998, those in favour of the islands return to Japan constituted only 7 per cent of those surveyed. This was considerably lower than the figure in both 1991 and 1992. In 1994, 76 per cent of respondents were against the transfer of the islands. This figure rose slightly to 79 per cent in 1998, giving an overall

²²² *Mir mnenii i mneniya o mire*, No. 10, October 1992, p. 1.

increase of 8 per cent between 1991 and 1998 (the figure increased 3 per cent in the latter four years).

Table 5-1: Attitudes to the Return of the Kuril Islands to Japan (%)



Source: Based upon *Mir mnenii i mneniya o mire*, No. 10, October 1992, p. 1; "Economic Partnership and Territorial Disputes," *RIA-Novosti Daily Review*, No. 79, 27 April 1998, p. 10. The question wording was: "Do you personally favour or oppose the prospect of Russia giving the disputed islands back to Japan?"

Combining the results of these four surveys, it can be concluded that the percentage in favour of transferring the islands decreased by half, from 1991 to 1998, while opposition increased by 8 per cent during this time (71 per cent in 1991 to 79 per cent in 1998). In this result, we can see that the majority of Russians strongly disagree

²²³ "Economic Partnership and Territorial Dispute," *RIA-Novosti Daily Review*, No. 79, 27 April 1998, p. 10.

with the prospect of transferring the Kuril islands to Japan.

Table 5-2: "How do you think this territorial problem should be settled?"

	Nov. 1994	Apr. 1998
Japan should be given back all of the disputed islands.	2 %	2 %
Japan ought to be given back Habomai and Shikotan, as promised in the 1950s, while the transfer of the other disputed islands should be discussed separately.	2 %	2 %
Russia should return Habomai and Shikotan while retaining the other two disputed islands.	1 %	2 %
The islands should be governed by a joint Russian-Japanese Administration.	6 %	11 %
The islands should be declared a free economic zone to encourage Japanese investment.	13 %	14 %
Russia should continue to exercise full control over the territory without allowing Japanese access.	36 %	30 %
For the time being, matters should be left the way they are.	28 %	25 %
Difficult to answer.	12 %	12 %

Source: Adapted from RIA-Novosti Daily Review, 27 April 1998, p. 10.

The additional information in table 5-2, drawn from the same surveys, shows how Russians responded to the question concerning the ownership of the islands and how it should be settled.²²⁴ The responses further support the conclusion that Russians are not favourably disposed towards Japanese ownership, part ownership, or even a share in authority over the islands. A mere 2 per cent of respondents in both 1994 and 1998 were interested in returning the two islands (Shikotan and Habomai) to Japan. A very low percentage also were in favour of joint Russian-Japanese ownership of the islands (6 per cent and 11 per cent, respectively). Also over this four-year period, there

was only one per cent increase in those in favour of encouraging Japanese investment on the islands. A proposal gaining strong support was that Russia should continue to exercise full control that and Japanese access should still be denied.

Another opinion poll was carried out by VTsIOM in August 1994 revealing that approximately 66 per cent of Russians were interested in the immediate signing of a peace treaty with Japan (this has not yet been followed through) and only 13 per cent were committed to a Russian military presence on the islands. Views over the joint use of the disputed territories varied considerably with 30 per cent of respondents in favour, and 44 per cent against.²²⁵ According to a second survey by VTsIOM in November 1998, the majority of Russians (62 per cent) were against the proposal to recognise Japan's right to the islands but preserve their Russian management, and only 13 per cent were in favour of this proposal.²²⁶

Many scholars have commented on this issue and I will focus on two in particular: Valery Tishkov and Charles Ziegler. Tishkov (the former Minister of Nationalities and author of Ethnicity, Nationalism and Conflict in and after the Soviet Union) in the summer of 1994 posed the question to three villagers 'Are we really going to give up the Kuril Islands to Japan?' None of these villagers had ever been to the Far East and two of them had not even visited Moscow, some 250 kilometers away. They each responded with a definite 'No' to the question. Tishkov used data from the Colton, Hough, Lehimann and Guboglo survey to describe attitudes towards a possible transfer of the South Kuril Islands to Japan.²²⁷ His findings supported those of Vox Populi and

²²⁴ Ibid., p. 10.

²²⁵ "Preferences of Russian People in Foreign Policy," Argumenty i Fakty, No. 8, 8 December 1997 as cited in RIA-Novosti Daily Review, 8 December 1997, p. 9.

²²⁶ Izvestiya, 4 November 1998, p. 4.

²²⁷ Valery Tishkov, Ethnicity, Nationality and Conflict in and After the Soviet Union (London: Sage,

VTsIOM, with nearly two thirds of the sample opposed to a transfer of ownership (62 per cent, compared to 11 per cent). According to Tishkov, for many Russians, the Kuril islands issue had become a matter symbolising their national pride. Russians saw the Kuril islands issue as being a symbol of national pride. Another scholar, Ziegler, agrees with Tishkov that among the Russian population, the Kuril islands territorial issue is linked with emotive questions of nationalism.²²⁸ He also notes that Russians are strongly averse to 'selling or returning' part of their homeland, no matter how small.²²⁹

Russian and Japanese Opinion Polls. Opinion polls have also been conducted on Russian and Japanese attitudes towards each other's countries. A survey was conducted in 1989, for instance, by the Soviet Academy of Sciences Institute of Sociology and the Japanese newspaper Yomiuri Shimbun. Results showed that attitudes differed considerably between the two countries. Some 88 per cent of the Soviet respondents were 'sympathetic,' and only 2.4 per cent were 'antipathetic.' Only 17.6 per cent of Japanese people, however, considered their attitude towards the Soviet Union and its people 'sympathetic,' while 47.4 per cent described their attitude as 'antipathetic.'²³⁰ Soviet respondents were more favourably inclined towards Japan and its people than vice versa.

Before Gorbachev's visit to Japan in April 1991, a public opinion poll was conducted by Kyodo and Tass news services. The result once again indicated a wide gap between Russian and Japanese expectations over the Kuril islands. Only 9.8 per cent of Soviet respondents were willing to return all four islands immediately; 2.5 per

1997), p. 254.

²²⁸ Charles E. Ziegler, Foreign Policy and East Asia: Learning and Adaptation in the Gorbachev Era (Cambridge: Cambridge University Press, 1993), p. 88.

²²⁹ *Ibid.*, p. 101.

²³⁰ *Ibid.*, p. 87.

cent thought they should be returned in stages. In contrast, 46 per cent of Japanese respondents favoured the immediate return of all four islands, with 26 per cent agreeing to a gradual return.²³¹

In November 1992, according to the RA Report, a joint survey was conducted by a Central Research Service and a private polling agency based in Moscow, which compared Russian and Japanese opinion over various issues concerning the disputed islands. The poll surveyed 2,000 Japanese people aged 20 and above, and 1,600 Russians aged 16 and above (responses were obtained from 71 per cent of the Japanese and 95 per cent of Russians surveyed). The Russian results revealed that among military servicemen, 23 per cent supported the return of the islands to Japan. Those who were particularly reluctant to embrace the idea included pensioners, housewives and the unemployed. About 7 per cent of Russians supported Japan's position that all the islands should be returned simultaneously. Others held the opinion that the two islands, Shikotan and the Habomai group of islets, should be returned and negotiations continued on the others. Not surprisingly, a large majority of Japanese (approximately 84 per cent) supported their government's claims to the islands; 44 per cent of the Japanese favoured simultaneously returning all of the islands; 23 per cent supported the proposal that two islands be returned then later, another two (the two plus two formula); and only 9 per cent said that they did not necessarily see the need for a quick settlement of the dispute. Overall, 73 per cent said they had favourable feelings towards the Russians, a huge positive change as compared with 1989.²³² These results indicate that much conflicting opinion still exists between the two countries over the Kuril islands.

²³¹ SUPAR Report, No. 10, January 1991, p. 31.

²³² RA Report, No. 14, January 1993, p. 43.

Kuril Islands Opinion Poll. Now I shall focus on the views of the Kuril islanders with regard to the fate of their homeland's ownership. The general feeling on the islands was against Japanese ownership.

In September 1991, the Yuzhno-Kuril soviet sent a resolution to the Russian government and Japanese people. This was done on behalf of the 15,000 residents, and it declared their views on the disputed islands. It included the following two main points. Firstly, since several generations have lived on the islands, the residents consider it to be their native land and an inalienable part of Russia. Secondly, they appealed to Yeltsin, to the government and people of Japan, and to world public opinion not to ignore the rights and interests of the population of the islands.²³³ In October, there was a rally in Yuzhno-Sakhalinsk. Participants adopted a resolution saying that, 'if Russian leadership bows to Japanese demands, they will commit a crime that will not be forgiven by their descendants.'²³⁴ Sakhalin fishermen also appealed to the Russian people, the RSFSR Supreme Soviet, saying that, 'if the Kuril islands are handed back to Japan, the fishing grounds that are a supporting pillar of the Far East economy will be destroyed.' They declared that they would accept proposals to exploit the rich fishing grounds jointly.²³⁵

I will also focus specifically on the opinions of the Kuril islands residents themselves. Caught in a tug of war between two great nations, it is of considerable importance to turn to the views of those whose lives will be most affected by the conclusion of this debate.

²³³ *Svobodnyi Sakhalin*, 18 September 1991, p. 1.

²³⁴ "Sakhalin Rallies against Return of Kurils," *Interfax*, 6 October 1991, as cited in *FBIS-Sov-91-194*, 7 October 1991, p. 65.

²³⁵ "Sakhalin Fishermen Protest Return of Kurils," *Tass*, 8 October 1991, as cited in *FBIS-Sov-91-196*, 9 October 1991, p. 60.

The Central Research Service and a private polling agency based in Moscow conducted a public opinion poll in the Kurils in November 1992. They targeted 99 residents living on the islands, of whom 69 responded. From the Kunashiri island 27 responded (5 men and 22 women), 19 from Shikotan (9 men and 10 women) and 23 from Etorofu (12 men and 11 women). The respondents' ages ranged from 19 to 67 with an average age of 44.9 years. These residents had lived on the islands from 3 to 43 years, with an average of 25.2 years.

Table 5-3: "The Japanese government insists on the return of the four islands, what do you think?"

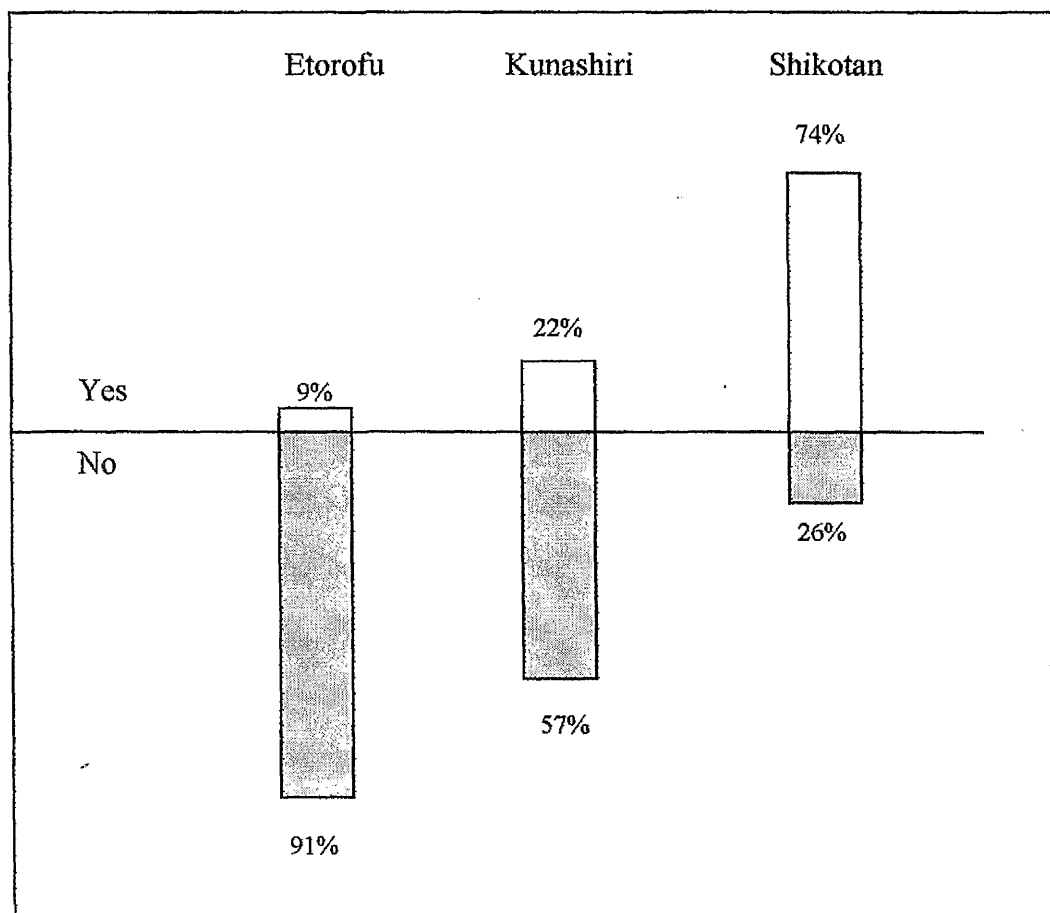
Island	Agree	Oppose	NA
Kunashiri	26%	52%	22%
Shikotan	37%	26%	37%
Etorofu	18%	78%	4%
Total	26%	4%	20%

Source: The questions and answers were derived from RA Report, No. 14, January 1993, p. 43.

As can be seen from table 5-3 and table 5-4, residents on the islands showed different opinions over the possible resolution of the Kuril dispute. According to table 5-3, Kunashiri and Etorofu residents showed more opposition to the return of the islands than their counterparts on Shikotan. Residents on Etorofu island were nearly 4 to 1 against the return, whereas residents on Shikotan showed a more positive attitude towards an agreement that would involve Japanese ownership of all four islands. It is interesting to note that those on Etorofu had a very strong opinion on this matter, with

only 4 per cent of respondents unsure. However, Shikotan islanders had relatively mixed views and 37 per cent of those surveyed did not give an opinion at all.

Table 5-4: "Should the Russian government return the islands to Japan?"



Source: As Table 5-3.

Table 5-4 also illustrates that the Shikotan people showed a fairly high level of support for returning the islands to Japan (nearly three quarters of the residents favoured this option). This result is partly due to the fact that the Shikotan islanders were at this time experiencing deteriorating economic circumstances and placed their hope in Japan

for the aid they needed.²³⁶ The people of Etorofu and Kunashiri, by comparison, showed a high percentage of opposition to the return. The Etorofu residents displayed particularly strong views, nearly 9 to 1 against it. Two conclusions can be drawn from these two tables. Firstly, on the whole the majority of Kuril residents are not in favour of the transfer of the islands to Japan. Secondly, the residents of the Shikotan island had a more favourable attitude to the return of the islands than did the other three islands.

In late 1998, residents on Shikotan island started gathering signatures in support of a proposed 'lease' of the island to Japan for 99 years. This plan came from Yeltsin's decree of 1992 on the social and economic development of the Kuril islands. The reason for implementing this stemmed from the islands' worsening economic conditions and the government's indecisiveness. The head of county administration for Shikotan, Vladimir Zema, said, 'about five years ago, only 10 per cent of residents supported this issue, now a majority of the islanders support this idea. This is not separatism and we are still under Russia's jurisdiction. But we can't wait until the government pays attention to us.'²³⁷ It can be assumed that the Shikotan islanders are not outrightly opposed to Russia ownership, but their immediate needs demand attention and they look to Japan for economic aid. Much of the island is still struggling in the aftermath of the October 1994 earthquake.

In conclusion, regarding this issue, it is clear that Russia holds a more positive and flexible attitude to the islands than Japan; and that Japan and the Kuril islanders hold very contrasting views on the future ownership of the islands. Russians and Japanese both maintain their claims to the land, while opinions of the islanders themselves vary according to island. Shikotan islanders favour Japanese ownership

²³⁶ Svobodnyi Sakhalin, 3 June 1992, p. 1; Izvestiya, 16 December 1998, p. 1.

more than the other islanders. At the national and local levels, the political leaders still recognise the value of the Kuril islands in terms of their fishing industry, foreign trade and business, and in military positioning. On the whole, the islanders appear to be more in favour of Russian ownership than Japanese. Since these two nations have been continuing negotiations over this issue since the early 1990s, a more positive relationship between them has developed. At the present time no conclusion has been reached over ownership of the islands and they remain under Russian control. However, Russia wants to conclude a peace treaty with Japan (to be signed, they promised, in the year 2000); Russia also intends to consult with Japan over the islands' joint economic development, and will lean towards the principle that the matter should be left to future generations of the Kuril islanders.

5.4: Conclusion

In this chapter we have seen that many Russian economists and government officials exercised influence on central government to maintain that improved relations with China and Japan were the key to the Far East's successful integration into the Asian Pacific region. However, Chinese relations in particular became the subject of a conflict of priorities between the centre and local leaders. With the opening of the border concerns were raised among the Far Eastern public over the large number of illegal Chinese immigrants and the use of cheap Chinese labour. These issues then topped the political agenda, particularly in the region, regarding the development of the relations with China. Nationalist groups, regional governors, and local administration openly appealed to the centre not to expand trade with China and also attempted to block finalisation of the

²³⁷ "Residents Want to Rent out Kuril Island," *Vladivostok News*, No. 179, 30 October 1998, pp. 1-2.

border demarcation process. The local press and scholars began to deal more frankly with these two issues. The press drew on trends in popular sentiment and many journalists published the figures for the Chinese immigration into the Far East.

The dispute over the Kuril islands became one of the most pressing regional and national issues when Yeltsin launched a new relationship with Japan. The newspapers gave elaborate coverage to letters from citizens, and there were mandatory procedures for following up on complaints regarding the conclusion of this issue with Japan. The local press began to deal more frankly with some of the unpleasant realities of the worsening socio-economic situation on these islands. Professional journalists, local and even national press repeat published sharp criticisms of what appeared to be the central government's policy: the centrally proposed action of returning the islands to Japan. According to several national and regional opinion polls, Russia should retain the disputed islands. Governors, military groups, some politicians, fishermen, and residents on the islands showed high levels of opposition to the return of the islands and put pressure on the government on this issue.

In issues of both Chinese and Japanese relations, we can see a conflict of interests in the agendas of central government and those of local leaders and their public in the RFE. The result, not surprisingly, was a stalemate.

Chapter 6: The International Political Agenda: Relations with the Korean Peninsula

6.1: Introduction

The Far East has maintained relations with the states in the region for many years and particularly Japan and China. This has been through development of Far Eastern resources and exchanges of raw materials for hard currency. China, for its part, has expanded its economic relations with the RFE through border trade. Even North Korea has maintained its economic contacts since the late 1960s mainly through the timber industry. Development of economic relations was hindered by the state of political relations between South Korea and the RFE.

Since the establishment of diplomatic relations in September 1990, however, Russia has pursued frequent contacts with South Korea both official and cultural, which have provided a fertile environment for trade and investment opportunities for South Koreans in the RFE. The improvement of political conditions in Northeast Asia, together with the policy of relative economic liberalisation of foreign economic activities in the RFE, has aided this development, and South Korea has gradually replaced the education and social relations that were previously maintained with North Korea in the RFE. South Korea and Russia initiated a cultural agreement that was expected to promote Korean traditions among ethnic Koreans living in Russia.¹ Mutual benefits are derived in this respect: in Korea's case, from supplying consumer goods and capital investment to the RFE and in the RFE's case from exporting raw materials for Korea's industries. Korea hopes that this economic co-operation with the RFE will

¹ Yonhap, 14 September 1992; FBIS-EAS-1992-179, 15 September 1992, p. 13, as cited in RA Report, No. 14, January 1993, p. 57.

continue to provide a stable political environment on the peninsula and ultimately further the prospects of reunification.

As noted in chapter 1, the relationship with South Korea has clearly been a major element on the international political agenda in the RFE in the post-communist era. South Koreans and their business activities have been frequently mentioned in the local news coverage. North Korea has still appeared to be significantly involved in economic and political relations with the Far Eastern public.

This chapter², therefore, will consist of four main sections. First of all, I will deal with Koreans living in the Far East. Secondly, the relationship between North Korea and the RFE will be investigated. Thirdly, as the main part of this chapter, I will explore the development of the relationship between South Korea and the RFE. Finally, I will attempt to draw some conclusions about the problems of South Korean economic activities in the RFE. My concern is, once again, to examine the play of domestic and international issues that has been engaged in the shaping of this part of the RFE's political agenda.

6.2: Koreans in the Far East

Historically, the RFE has been a popular destination for Korean migration due, in part, to the geographical proximity of the region. However, more important were economic and political reasons, which I now intend to address.³

The first exodus of Koreans to the Far East was primarily economically

² The main sources I will be using in this chapter are the interviews I conducted and the published materials and data that I collected during my research visits to Vladivostok, Primorskii krai (September 1996) and Seoul, South Korea (September 1996 and July 1998) and, finally to Moscow in April 2000.

motivated (dating from the time of the Russian acquisition of Primorskii krai from China in 1860). As I mentioned in chapter 1, in that year Russia acquired most of the Far East, including Primorskii Krai. The Czarist regime made various concessions to attract immigrants to develop the area. These included permanent immunity from tax, free land grants to each family (approximately 290 acres were exempted from land tax for twenty years), and minor grants.⁴ In 1863, the first substantial Korean migration to the Far East began. Groups of farmers from thirteen households in northeastern Korea crossed the Tumen River into the Russian Far East. The steady flow of Koreans culminated in a mass exodus in 1869 as a famine in Korea contributed to an influx into Primorskii krai.⁵ By 1906, about 34,400 Korean immigrants were resident in Primorskii krai. By 1910 this figure had reached approximately 80,000.⁶

In 1910, Japanese annexing of the Korean peninsula produced another mass departure into the RFE for both political and economic reasons.⁷ This provided a critically important sanctuary for the anti-Japanese movement:

Some Korean immigrants established political organisations. For instance, the New Korean Community, bands of anti-Japanese guerrillas were formed, notably in Nikolsk-Ussurisk and Vladivostok. In 1916, the Korean National Council, a kind of Korean government in exile, was organised. It instantly became the largest and most influential Korean organisation up to that time. At the same time, about half of the Koreans in Russia were naturalised and during World War I many were drafted into the tsarist army (to avoid service, many fled to Manchuria).⁸

³ Lee Ki-baik, A New History of Korea, trans. Edward W. Wagner with Edward J. Schultz (Cambridge, MA: Harvard University Press, 1984), pp. 13-5; Hoon K. Lee, "Korean Migrants in Manchuria," The Geographical Review, Vol. XXII, No. 4, April 1932, p. 196.

⁴ Dea-Sook Suh, The Korean Communist Movement 1918-1948 (Princeton: Princeton University Press, 1967), pp. 4-5.

⁵ John J. Stephan, "The Korean Minority in the Soviet Union," Mizan, Vol. XIII, No. 3, December 1971, p. 139. Official diplomatic relations between Korea and Russia opened in 1884 when the two countries concluded a Mutual Commercial Agreement. Bilateral relations between them, however, were halted in 1910 after Japan's victories in the Sino-Japanese War (1894-1895) and Russo-Japanese War (1904-1905), because Japan annexed Korea by force. See Chong-Sik Lee and Kim Wan Oh, "The Russian Faction in North Korea," Asian Survey, Vol. 8, No. 4, April 1968, pp. 270-71.

⁶ "Koreans in the Russian Far East before 1917," Russian Far East Update (RFEU), Vol. VII, No. 2, February 1997, p. 15.

⁷ Lee, "Korean Migrants in Manchuria," p. 196.

⁸ Suh, The Korean Communist Movement 1918-1948, pp. 5-7.

At the same time, a Korean Communist movement began to develop in the RFE. Koreans participated in revolutionary events taking place in Russia between 1917 and 1922. Many Koreans were heavily involved in Soviet activities and participated in the Civil War on the Bolshevik side.⁹ Some even joined the Bolsheviks in order to expel the Japanese from the Soviet Union. It is recorded that by 1923 Koreans made up 20 per cent of the Soviet Communist Party in Primorskii krai.¹⁰

At the end of the 1920s, Koreans began to play an important role in the development of agriculture in Primorskii krai and Amur oblast.¹¹ By 1929, the population of Koreans in the USSR was estimated at over 200,000. Koreans constituted the third largest ethnic group in eastern Siberia (after Russians and Ukrainians). They were granted voting rights, allowed to print newspapers, operate schools, and generally develop their language and culture.¹² Between 1927 and 1932, however, the Politburo three times discussed the 'Korean question', with the clear intention of reducing the number of Koreans within the Far East.¹³ A decision was made by the Council of People's Commissars and the Central Committee on 21 August 1937, which resulted in the deportation of Koreans from the border areas of the Far Eastern region,¹⁴ and later,

⁹ Hee-Young Kwon, "The Soviet Union and Divided Korea," in Il Yung Chung (ed.), Korea and Russia towards the 21st Century (Seoul: The Sejong Institute, 1992), pp. 32-3.

¹⁰ Boris Park, "Koreitsy v Sovetskoi Rossii (1917-konets 30-kh godov)," Problemy Dal'nego Vostoka, No. 3, 1996, pp. 149-50.

¹¹ Koreans introduced Northeast Asian crops such as rice and soybeans. Methods of land cultivating, agricultural management and new trades like silkworm breeding were also introduced. At the same time, a number of fishing co-operatives were established. In 1925, in the Vladivostok area there were 18 Korean fishing artels. The largest of them was Primorskii krai Fishing Association. The Association comprised 800 Koreans who held Russian citizenship and 300 Russian fishermen. See RFEU, Vol. VII, No. 2, February 1997, p. 15.

¹² Lee and Oh, The Russian Faction, pp. 273-74.

¹³ "'White Paper' on Deportation of Koreans in Russia," RA Report, No. 14, January 1993, p. 147; Boris Park, Koreitsy v Sovetskoi Rossii (1917-konets 30-kh godov) (Moscow and Irkutsk: Diplomaticheskaya Akademiya MID Rossii, 1995), p. 228.

¹⁴ *Ibid.*, p. 229.

on 28 September 1937, from the entire territory.¹⁵ Scholar N. F. Bugai describes this as the 'planned genocide of the Korean people.'¹⁶ By 25 October 1937, approximately 180,000 Koreans had been deported from the Soviet Far East to Central Asia. Park notes that many other Koreans were shot, and casualty figures from this exercise remain unknown.¹⁷ It is widely believed that the main deportation stemmed from Stalin's fear that Koreans would try to form an autonomous movement. Primorskii krai was the most affected area, as it contained 95 per cent of all Russia's Koreans. Yet another possible reason for this mass deportation was that many Koreans were suspected of being Japanese espionage agents within the Far East.¹⁸

Soviet Koreans survived these ordeals by forming large communities in Central Asia, and indeed many Koreans were able to attain high posts in the Soviet administration. Second and third generation Koreans proved particularly valuable to the Soviet Union when in August 1945 it occupied the northern half of Korea.¹⁹ Koreans who had lived and trained inside the USSR then became the leaders of the Korean Communist state. Among them was Kim Il-Sung (the ruler of North Korea up to his death in July 1994), who returned to North Korea with the Soviet occupation force following Japan's surrender in August 1945.²⁰ As a result of this strong connection between North Korea and the USSR, South Korea set in place a resolute policy

¹⁵ Ibid., p. 233.

¹⁶ Ibid., p. 230.

¹⁷ Ibid, p. 234; for a detailed discussion of the resolution of the 'Korean question' in the 1930s, involving mass deportations from the Far East to other parts of the USSR, see Khon-Eng Sim, "K izucheniyu prichin deportatsii sovetskikh koreitsev," *Etnograficheskoe obozrenie*, No. 2, 1999, pp. 93-102.

¹⁸ The report on "Features of Vladivostok," published by Ministry of Culture and Tourism (Seoul), August 1999, p. 1; Wada Haruki, "Koreans in the Soviet Far East, 1917-1937," in Dae-Suk Suh (ed.), *Koreans in the Soviet Union* (Honolulu: University of Hawaii Press, 1987), pp. 24-59.

¹⁹ Hakjoon Kim, "The Emergence of Siberia and the Russian Far East as a 'New Frontier' for Koreans," in Stephen Kotkin and David Wolff (eds.), *Rediscovering Russia in Asia: Siberia and the Russian Far East* (Armonk, New York: M. E. Sharpe, 1995), p. 305.

²⁰ A. N. Lankov, *Severnaya Koreya: Vchera i segodnya* (Moskva: Izdatel'skaya Firma, 1995), pp. 20-22.

prohibiting all interaction with the USSR. This included cultural and scholarly exchanges as well as economic relations, and lasted until the late 1980s.²¹

After the renewal of diplomatic relations with the Soviet Union in September 1990, South Koreans have officially been allowed to resettle in the Russian Far East. At present there are quite a number of Koreans in this region, some of whom hold Russian citizenship.²² For the purpose of this discussion, I will divide Korean minorities in the RFE into four distinct groups in terms of their date of arrival and economic activities: Far Eastern Koreans (Korean immigrants who returned from Central Asia to the RFE), the Sakhalin Koreans, North Koreans, and finally South Koreans.

Far Eastern Koreans. After Stalin's death in 1953 the first group to resettle in the Russian Far East were the Korean immigrants, most of whom were first and second descendants of the Koreans who had been deported in 1937 to Central Asia.²³ Far Eastern Koreans (South Koreans call them 'Koryoin') were officially rehabilitated in the early 1960s. But by 1991 only 8,000 had succeeded in moving back.²⁴ One of them was Svetlana Kan, whose family were among the first returnees:

Her mother was deported with her family from Vampaush (Shkotovsky) Country in 1937. Kan's father lived in a Russian orphanage in Ternei. He was 14 years old when he was taken from the orphanage and sent to Kara-Kalpakiya, Uzbekistan. Most of the Koreans arrived at the steppes in the late autumn, when it was very cold. Since there was no shelter, they dug holes in the ground to live in. The Uzbeks, however, accepted their new neighbours. "Koreans even brought some civilisation to the land," Kan said.²⁵

²¹ Larisa Zabrovskaya, "Rossiya i Koreya," *Severnaya Patsifika*, No. 1, March 1997, p. 92.

²² According to a 1996 regional census, ethnic Koreans consist of 1.4 per cent of the total population of the RFE; most of them live in Khabarovsk krai (0.5 %), Sakhalin oblast (0.5 %) and Primorskii krai (0.4 %). See *Regiony Rossii*, 2 vols (Moscow: Goskomstat Rossii, 1997), pp. 331-55.

²³ In 1999 Far Eastern Koreans numbered approximately 130,000 in the Russian Federation as a whole. Their number has gradually increased due to the resettlement of migrants from Central Asia. See *The Russian Federation* (Seoul: the Foreign Trade Ministry, 1999), p. 103.

²⁴ Nonna Chernyakova, "Coming Home," *Vladivostok News*, No. 149, 4 September 1997, p. 1.

²⁵ *Ibid.*, p. 2.

Svetlana Kan is today in her early fifties, and currently works as a travel agents in the Hyundai Hotel (which opened in Vladivostok in August 1997). Like her, some returnees are working for South Korean companies in the Far East as they can speak both Korean and Russian. A recent returnee from Central Asia, whom I interviewed, explained that most of the Far Eastern Koreans regard the RFE as 'their spiritual hometown,' which they will return to and in which they will settle down.²⁶ When South Korean President Kim Young-Sam visited Vladivostok in June 1994, he addressed the need to provide assistance to the ethnic Koreans living in Primorskii krai.²⁷ The plans included construction of a residential community in Partizanskaya Dolina and a Korean cultural centre in Ussuriisk. When the South Korean industrial park in Nakhodka is finally built, it will result in an even larger resettlement of Far Eastern Koreans in the area.²⁸

In February 1991, the chairman of the Primorskii krai soviet and the vice president of the All Union Association of Soviet Koreans discussed the organisation of the resettlement of Koreans to the south of the Far East. They examined the migration of 45,000 Koreans to the agricultural districts of Primorskii krai.²⁹ Since 1992 there have been official and frequent contacts between the Chairman of the Korean and Russian Far East Association, Chang Chi Ok, and the Governor of Primorskii krai, Evgenii Nazdratenko. Among other things, they have dealt with the resettlement of Korean immigrants in the Far East. On 19 January 1998, Nazdratenko himself offered the Association of the Far Eastern Korean Revival Fund 1,753 hectares of land without

²⁶ The interview was conducted in Vladivostok in September 1996.

²⁷ *Izvestiya*, 1 June 1994, p. 4.

²⁸ "Korean Business Community to Help," *Vladivostok News*, No. 25, 24 June 1994, p. 4.

²⁹ *Tikhookeanskaya zvezda*, 23 February 1991, p. 1, as cited in *SUPAR Report*, No. 11, July 1991, p. 132.

charge for the use of the Far Eastern Koreans.³⁰ This gesture was in line with Yeltsin's apology (through the 'Russian and Korean Joint Declaration' of November 1992) for Stalin's ill treatment of the Soviet Koreans. Soviet Koreans were also exonerated from Stalin's charges of spying.³¹ Yet another incentive for Koreans to return to the RFE stemmed from the regional Supreme Soviet decree of March 1993, which encouraged 'the rehabilitation of Soviet Koreans and the establishing of a federal programme to help the Korean population.'³² As a result of all these new approaches, the numbers of returning Koreans from Central Asia to the RFE increased. On 1 January 1996 there were approximately 18,000 Far Eastern Koreans resident in the region (10,000 more than in 1991).³³ The Russia Far East-Siberia News has predicted that the number of Far Eastern Koreans will increase by 150,000 within two or three years.³⁴

In a further development in February and March 1998, a total of 3,700 hectares was given indefinitely for the construction of Far East Korean Resettlement Villages in Primorskii krai, consisting of five separate areas.³⁵ These areas had previously been army base camps, each containing military buildings, living quarters, schools,

³⁰ Report on the Construction of the Korean Resident Village Primorskii krai by the Association of the Korea and Russia Far East, 20 May 1998 (mimeo), p. 1.

³¹ Yeltsin also reiterated his support for the unification of the two Koreas in a peaceful manner through dialogue between the two countries, and assured South Korea that Russia had already stopped the supply of offensive arms to North Korea. Russia and South Korea signed some agreements during the November meetings as follows. The first, a basic relations treaty providing a legal framework for closer economic, political, scientific, and cultural co-operation, binding both countries to common goals on human rights and market economics. The second, a military agreement on exchange visits. In addition, his address to the South Korean National Assembly, Yeltsin expressed his government's intention to work as a partner with South Korea, and also expressed Russia's desire to play a major role in establishing a new Northeast Asian security system. Yeltsin's visit to South Korea contributed to the promotion of co-operative ties between the two countries. See "Yeltsin's Speech to the Korean National Assembly November 1992" and "Russian-Korean Joint Declaration November 1992," in Ministerstvo Inostrannykh del Rossiiskoi Federatsii, Vneshnyaya Politika Rossii: Sbornik Dokumentov 1990-1992 (Moscow: Mezhdunarodnye otnosheniya, 1996), pp. 565-74.

³² This is the official letter from the Governor of Primorskii krai, Nazdratenko to the Chairman of the Korea and Russian Far East Association, Chang Chi Ok (in Russian), No. 64-p, 19 January 1998.

³³ Vladivostok News, No. 149, 4 September 1997, p. 1.

³⁴ Russia Far East-Siberia News (Seoul), No. 47, 31 October 1997, p. 34.

electricity, water supplies and drainage equipment.³⁶ The first village will be repaired to accommodate 1,000 households comprising of 4,000 Far Eastern Koreans.³⁷ In April 1998 the Head of the Far Eastern Korean Revival Fund, Telmir Kim, visited South Korea to raise a large amount of financial support for the apartments that are being reconstructed. He required US\$146 million to repair the buildings in three years. He mentioned that this building would not only be for the Far Eastern Koreans but also for other Koreans in the Far East. He has continued to contact South Koreans and even Korean residents in America and Japan in order to raise the resources that will be needed.³⁸

It was reported in November 1999 that in 1998, 10 of 70 Korean households that had settled in a village in Kazakhstan had returned to Primorskii krai. Among them several Koreans have settled in one of the Far East Korean Resettlement Villages in Primorskii krai despite the fact that this particular village does not have electricity.³⁹

The Sakhalin Koreans. The Sakhalin Koreans first arrived on Sakhalin island in the 1870s. During the 1920s, they worked the mines on the northern part of the island. Then in the Second World War, approximately 150,000 Koreans were sent to Southern Sakhalin by Japan, where they were exploited in labour camps.⁴⁰ After the war about 100,000 Koreans emigrated to Japan and 50,000 remained in Sakhalin. Between 1947 and 1957 about 10,000 moved into Khabarovsk krai and other regions of

³⁵ I conducted an interview with vice president of the Korean and Russian Far East Association in Seoul, July 1998.

³⁶ *Izvestiya*, 3 February 1999, p. 2.

³⁷ *Hankyk Ilbo* (Seoul), 17 April 1998, p. 31.

³⁸ *Joongan Ilbo* (Seoul), 16 April 1998, p. 7.

³⁹ *Chosun Ilbo* (Seoul), 8 November 1999, p. 31.

⁴⁰ "Japan, Korea, Russia Consider Fate of Sakhalin's Koreans," *Russian Regional Report*, 20 February 1997, p. 1; Stephan, *The Korean Minority in the Soviet Union*, p. 144; *Asahi* (Tokyo), 14 May 1991, p. 22.

the Soviet Union. About 2,000 Sakhalin Koreans moved to Japan in the same period.⁴¹ According to a 1994 census, the Sakhalin Koreans numbered approximately 43,000 first generation and their children.⁴² Although they were offered North Korean citizenship after 1948, few emigrated to the North because of their South Korean roots. The same census also revealed that some were not granted Soviet citizenship and needed to apply for Russian citizenship: 89.5 per cent (38,500) of them had Russian citizenship, 1.2 per cent (500) had North Korean citizenship and 9.3 per cent (4,000) had no citizenship.⁴³

Some of the elderly population still consider themselves Korean and most speak Japanese better than they do Russian. First and second generation would like to settle down in Korea permanently.⁴⁴ According to South Korean Foreign Ministry in December 1993, among them about 13,000 Koreans wanted to return to South Korea.⁴⁵ During the Soviet period, it was necessary for many of their children to marry Russians in order to become citizens. The resulting offspring and their children make up a sizeable Korean minority in the region.⁴⁶ Many of them have engaged in agriculture, construction, livestock industry and private enterprises. Vladivostok News reported in 1994, 'These people, many of whom are prominent members of the region's business and political communities, could be serving as Russia's unofficial envoy in South

⁴¹ Report on the General Meeting of the Sixth Sakhalin Incorporation in Sakhalin oblast by the Committee of the Korea and the Russian Far East, 21 to 26 August 1997 (Seoul), p. 18.

⁴² Izvestiya, 20 November 1998, p. 3.

⁴³ Report on the General Meeting of the Sixth Sakhalin Incorporation in Sakhalin oblast, p. 18.

⁴⁴ Ibid., p. 18.

⁴⁵ "Japanese-South Korean Team to Leave for Sakhalin on Repatriation Mission," RA Report, No. 16, January 1994, p. 144.

⁴⁶ Most of them manage to speak Korean and have settled down in most parts of the RFE. After they married Russians, they left Sakhalin to look for jobs. Some are employed by Korean companies as well as by Christian missionary workers. I conducted interviews with two families in Vladivostok in September 1996. Each of their parents were married to Russians. I found out that their children are looking for their future in South Korea.

Korea, spreading information about life in the country and encouraging South Koreans to invest. South Korea has been using Russian Koreans to acquire detailed information about the country's economic and political situation, including the purchasing of real estate.⁴⁷

From September 1989, the first official visit of Sakhalin Koreans to South Korea took place. At this time Moscow permitted Soviet Koreans from Sakhalin to obtain visas through the Soviet Embassy in Tokyo. About 40 Sakhalin Koreans were able to visit their homeland for the first time since 1945. Since then some have returned to their Korean roots and have benefited from the opportunity to learn Korean. Unlike many of the Far Eastern Koreans, they wish to return to South Korea and do not view the RFE as their permanent homeland.⁴⁸ Until 1996, the total number of Koreans who visited South Korea from Russia and the other CIS countries was approximately 9,581 with Sakhalin Koreans being the most numerous visitors. In December 1996, 100 households in Sakhalin oblast applied for permanent residence in South Korea through the Policy Committee for Korean Residents Abroad. In January 1997 the Korean Red Cross processed their applications and at that time, 223 Koreans applied for a visit to their country of origin.⁴⁹

⁴⁷ Larisa Zabrovskya, "Russian-South Korean Relations in the early 1990s-part II," Vladivostok News, No. 12, 19 March 1994, p. 4.

⁴⁸ Hankyk Ilbo (Seoul), 17 April 1998, p. 31.

⁴⁹ The report of the General Meeting of the Sixth Sakhalin Incorporation in Sakhalin oblast, p. 19; According to Izvestiya, in January 2000, about 150 Sakhalin Koreans settled in the city 50-km from Seoul, South Korea. Many of them have faced difficulty in this cultural and economic transition. See, Izvestiya, 28 January 2000, p. 2.

6.2: North Korea and the Russian Far East

Russia and North Korea share a 12-mile border. As a result of this closeness, they benefit both from low transportation costs and also the opportunity to establish economic relations at a local level rather than at an inter-state level.⁵⁰ In the RFE these relations economic have been concentrated particularly in Primorskii krai, Khabarovsk krai and Amur oblast. North Korean economic activities in the RFE have been primarily in the timber industry,⁵¹ and followed by fishing and fish processing joint ventures.⁵² At present, a large number of North Korean workers are employed in the construction industry. In 1995, after long negotiations, North Korea and the RFE renewed their agreement on the joint development of the timber industry in Amur oblast and Khabarovsk krai. This positive shift has also strengthened the hand of local nationalists, such as Primorskii Governor Nazdratenko. His anti-Chinese sentiment has led to the encouragement of cheap North Korean labour to supplement the labour shortage.⁵³ However, the recent renewal of ties with the North has not been unproblematic, as an increase in criminal activities in the RFE has been reported, particularly the violation of human rights taking place in timber camps and the smuggling of drugs.

In the following subsection, I will focus on the recent development of North Korean activities in the RFE in the above mentioned context. Firstly, I will consider

⁵⁰ Alvin Z. Rubinstein, "Russia and North Korea: The End of an Alliance?," Korea and World Affairs, Vol. 18, No. 3, Fall 1994, p. 500.

⁵¹ Vladimir B. Yakubovsky, "Economic Relations between Russia and DPRK," Korea and World Affairs, Vol. 20, No. 3, Fall 1996, p. 467.

⁵² Yu. Stolyarov, "The Soviet Far East: The Economy and Foreign Economic Relations," The Journal of East and West Studies, Vol. 20, No. 1, April 1991, p. 9.

⁵³ "Twilight is Descending on Russia from Maritime Territory," Izvestiya, 8 October 1996, pp. 1-4, as cited in CDPSP, Vol. XLVIII, No. 40, 1996, p. 19.

reported North Korean criminal activity in the RFE. Secondly, I will examine the question of North Korean workers in the timber industry: their human rights and the negotiation of a new agreement on this issue. Thirdly, I will deal with North Korean workers' activities in Primorskii krai. It can be seen that the number of these workers has gradually increased with the development of joint construction projects. Finally, I will examine how the Tumen River Development project has affected economic co-operation between North Korea and the RFE.

6.3.1: North Korean Criminal Activity in the RFE

The Far Eastern press has published many reports concerning North Korean drug smuggling as well as other forms of crime. For example, the Federal Security Service (FSS) administration commented on the detention of a North Korean citizen, Han Chan Gyong, in Primorskii krai. In November 1995 he had tried to purchase secret weapons in Vladivostok as part of a broad-scale programme being conducted on Russian territory by the North Korean special services. The FSS administration believed that drug trafficking in general took place in order to obtain hard currency for North Korea. This was based on the testimony of North Korean smugglers detained in 1994.⁵⁴ In addition to this, there was an incident in which a large shipment of heroin (over 8 kg) from North Korea was seized in Primorskii krai in June 1994. In 1995 there were no reports of North Korean drug smuggling, but in 1996 four cases were discovered.⁵⁵

Vladivostok News reported more drug smuggling activities involving North Koreans. A Korean smuggler was arrested in 1997, near Lake Khasan. He was carrying

⁵⁴ "Fleet Counterintelligence Suspects Pyongyang's Special Services," Kommersant-Daily, 24 November 1995, p. 3, as cited in CDPSP, Vol. XLVII, No. 47, 1995, p. 28.

a large amount of opium and subsequently committed suicide in his cell. Another two North Korean opium dealers were arrested in June 1998 when they were caught trying to sell narcotics on a pier in Nakhodka. The FSS agents confiscated three kilograms of opium worth US\$20,000. Since then, in a year-long investigation, the said North Koreans revealed they had bought the opium in Nakhodka to resell it at a profit. But the FSS proved the narcotics came from North Korea. In June 1999 a Nakhodka city court finally sentenced the dealers to five and eight-year prison terms.⁵⁶

Apart from drug smuggling, in January 1996, 17 North Koreans employed by a Russian fish processing enterprise were caught by the Russian authorities trying to infiltrate a Pacific Fleet submarine facility.⁵⁷ Furthermore, there was an unsettling incident involving the murder of a South Korean diplomat in Vladivostok on 1 October 1996. North Korean officials were suspected of this crime even though no evidence that implicated them has been found.⁵⁸ Two years later on October 1998, the Russian government finally decided that this incident was unrelated to North Korea. However, the South Korean government still disagrees with this conclusion.⁵⁹

⁵⁵ "The Protection for North Korean and Chinese illegal immigration to Russia," Russia Far East-Siberia News (Seoul), No. 42, 31 May 1997, p. 35.

⁵⁶ Zolotoi Rog, "Court Jails North Korean Drug Dealers," Vladivostok News, No. 190, June 11, 1999, p. 1.

⁵⁷ Kommersant-Daily, 24 November 1995, p. 3.

⁵⁸ Duck-Keun Kim, a consul of the South Korean consulate in Vladivostok, was found murdered at his apartment. The incident happened a few days after I returned from Vladivostok to Seoul in September 1996. At that time I stayed for two weeks to do field research on the Russian Far East. According to the police investigation, he was murdered by poisonous injection. Two North Koreans were suspected. Korea Times (Seoul), 2 October 1996; "Two Korean Officials die," RFEU, Vol. VI, No. 11, November 1996, p. 10.

⁵⁹ Chosun Ilbo (Seoul), 1 October 1998, p. 4.

6.3.2: North Korean Economic Activities in the RFE

The timber industry has been one of the major North Korean economic activities in the Far East. In 1956 North Korea and the USSR signed their first joint timber contract in Khabarovsk krai and Amur oblast. Under this joint venture agreement, about 20,000 North Korean workers were employed in Amur and Chegdomyn, near Khabarovsk krai. According to the above agreement, North Korea would receive 40 per cent of the profits in return for providing cheap labour. The agreement was extended in 1960, 1967, 1972 and 1981.⁶⁰

It is known that North Korean loggers have contributed to the revival of the dying timber industry in the Far East. By the mid-1980s the North Koreans had already created ten large forestry plants in Khabarovsk krai, with an annual output of 5 million cubic meters of timber. Also, five North Korean timber enterprises, with an annual capacity of 2.4 million cubic meters, were set up in the Amur region. About three million cubic meters of wood chips were produced and the Soviet Union exported almost the full amount to Japan and other East Asian countries. In turn, these enterprises allowed North Korea to meet nearly 60 per cent of its requirements for timber.⁶¹

In Amur oblast, North Korea has been working with the Tindales Timber Industry Complex. In 1994, approximately 3,800 North Korean workers cut down a total of 563,000 cubic meters of timber in the region. On 24 February 1995, Russia and North Korea signed an agreement that the Korean side would take part in timber felling,

⁶⁰ "Moscow and Pyongyang Sign New Logging Agreement," *Sevodnya*, 17 March 1995, p. 3, as cited in *CDPSP*, Vol. XLVII, No. 11, 1995, p. 27.

⁶¹ Vladimir F. Li, "Russia's Far East in Contemporary Russian-Korean Relations," in Tsuneo Akaha (ed.), *Politics and Economics in the Russian Far East: Changing Ties with Asia-Pacific* (London and New York: Routledge, 1997), p. 200.

reforestation and construction work on the timber processing plant.⁶² In August 1998 North Korea's Forestry Minister, Lee San Moo, visited Amur oblast. This resulted in an extension of 5 years to the previous 15-year forestry contract. The press reported that under the agreement, Korean workers were to produce timber from Russian logs. About 40 per cent of the logs would be exported to North Korea, while 60 per cent would go to Tindales.⁶³ Apart from timber, the Russian Far East exports mainly soya beans to North Korea, while North Korea provides consumer goods to the RFE. There are also Russian-North Korean agricultural joint ventures in Amur oblast, examples of which are Tatianovskoe and Rinrado-Volnoe. They specialise in growing cereals, soya, vegetables, melons and pumpkins.⁶⁴

The first Chegdomyn (Khabarovsk krai) logging agreement between the Soviet Union and North Korea was signed in March 1967.⁶⁵ However, in late 1991, this relationship deteriorated as North Korean loggers were expected to return to their country when the Soviet Union refused to renew the agreement. This situation was worsened by the fact that Soviet residents repeatedly complained about the North Korean workers' behaviour, such as the way that they hunted animals and illegally exported food products, and by their refusal to plant trees to replace those they had cut down.⁶⁶ A Soviet authority investigation team was sent to Chegdomyn logging site to

⁶² Yuri Moskalenko, "External Economic Co-operation Between the Amur Region and Countries of Northeast Asia, *Far Eastern Affairs* (Moscow), No. 1, 1996, p. 49.

⁶³ "Amurskaya Oblast Extends Contract with North Korea," *RFEU*, Vol. VIII, No. 9, September 1998, p. 6.

⁶⁴ Moskalenko, "External Economic Co-operation," pp. 50-51.

⁶⁵ "N. Korea Guest Workers Exploited, Oppressed," *Izvestiya*, 26 March 1994, p. 4, as cited in *FBIS* Sov-94-61, 30 March 1994, p. 6.

⁶⁶ *Chosun Ilbo* (Seoul), 18 May 1991, p. 1; Charles E. Ziegler, "Russia and the Korean Peninsula: New Directions in Moscow's Asia Policy?," *Problems of Post-Communist*, Vol. 43, No. 6, November/December 1996, p. 7.

investigate this matter in July 1991; this was the first investigation of its kind in twenty-two years.⁶⁷

Following this investigation, Khabarovsk and the Soviet Forestry Minister attempted a reconciliation and pushed for a renewal of the USSR-North Korean forestry agreement which had expired six months earlier. Negotiations were completed in Pyongyang by mid July 1991.⁶⁸ The Soviet Union supported the proposal (which North Korea confirmed) that North Korea would continue to take timber from the Soviet Union. Moscow also considered holding talks with North Korea about timber production, and the Soviet customs discussed duty free pharmaceuticals, foodstuffs and clothing for North Korean workers.⁶⁹ Finally, a new agreement between the North Korean Foreign Minister and the Soviet Union was signed in August 1991 which included all the above proposals.⁷⁰

Yet another issue to be addressed in the RFE logging industry was human rights. This problem, residing within closed settlements of North Korean workers, had been increasingly brought to public attention from the late 1980s. This led to further curtailment of timber-cutting co-operation between North Korea and Russia. Many contradictory reports were made on the situation. The Japan Times in June 1993 reported that 'Valerii Shubin, chief of the Russian Forest Service, revealed that the North Koreans lived under conditions that did not differ greatly from those under which the Russian loggers lived.'⁷¹ Others insisted that 20,000 North Korean loggers, living in the Chegdomyn camp, had laboured under inhumane conditions for many years. They

⁶⁷ Seoul Sinmun, (Seoul), 11 July 1991, p. 1.

⁶⁸ Moscow News, No. 29, 14-21 July 1991, p. 3, as cited in FBIS-Sov-91-152, 7 August 1991, pp. 5-6.

⁶⁹ Radio Moscow, 29 July 1991, as cited in FBIS-Sov-91-149, 2 August 1991, p. 20.

⁷⁰ FBIS-EAS, 1991-153, 8 August 1991, p. 15, as cited in SUPAR Report, No. 12, p. 100.

⁷¹ Japan Times, 19 June 1993, as cited in RA Report, No. 15, July 1993, p. 75.

were officially volunteers, but they lived and worked under conditions similar to those in Russian prison camps, or even worse.⁷² Further, it was said that many were unable to endure the mistreatment at the hands of local guards and the appalling working and living conditions, and some attempted to escape.⁷³

One particular interview was conducted in December 1993 with a man who, with help from Korean and Chinese in the RFE had managed to reach Vladivostok and board a Russian freighter at Pusan, bound for South Korea. The following is taken from an interview with him:

He said that there were about 10,000 North Korean labourers who led 'animal-like' lives due to the lack of daily necessities. The loggers were forced to earn rubles by doing household chores at Russian homes or manual work at Russian industries. The extra work was by command of Kim Chong Il after the logging failed to earn money because of the lack of transport. Workers were obliged to contribute up to 90 per cent of the money they earned in extra work to North Korea.⁷⁴

In addition to this case, in February 1994 more than 100 North Koreans sought to obtain political asylum in either South Korea or Russia. About 100 to 150 loggers contacted either the embassy in Moscow or the South Korean consulate in Vladivostok.⁷⁵

Due to the large numbers of North Korean loggers wishing to defect to South Korea, complicated diplomatic negotiations resulted between Russia and the two

⁷² *Izvestiya*, 26 March 1994, p. 4.

⁷³ *Korea Times* (Seoul), 24 May 1995, p. 3.

⁷⁴ *Yonhap* (Seoul), 30 December 1993.

⁷⁵ According to the Christian missionary workers, North Korean loggers lacked food and clothes. Most of them had malnutrition and wanted to escape from the camp. The Christian missionary workers I met provided humanitarian aid which consisted of food, clothes among other needs. Later some of them in early 1994 escaped from the camp and settled down in South Korea. However, missionary workers could not continue to help other North Korean workers in Vladivostok because their escaping became wide known politically and internationally. Interviews were conducted with Christian missionary workers in Vladivostok in September 1996 with regards to the escaped loggers.

Koreas.⁷⁶ South Korea, for its part, felt unable to accept all the defectors, not wishing to exacerbate this unsettled relationship further. Instead, South Korea considered other alternatives, such as turning to the United Nation High Commissioner for Refugees (UNHCR). Its government meanwhile asked Russia to recognise the escapers as international refugees, thereby ensuring their safety and basic rights.⁷⁷ In February 1994, South Korean President Kim Young Sam commented on this issue, stating:

"The number of people who asked for asylum is tremendous. However, the majority of them do not have passports. In other words, they are stateless. This is strange. We may think that they are Koreans because they speak the Korean language. It is very easy and simple for us to accept their asylum if they ask for it directly from North Korea. In this case, we can easily decide on it. Because they have asked for asylum from another country's territory, there are many international problems. Therefore, we must consider those international issues in the light of international law. We are carefully and positively dealing with them in light of humanity and human rights."⁷⁸

After the president's statement, in March 1994, South Korean Foreign Minister Han Sung Joo stated at a press conference (at the Foreign Correspondents' Club) that he favoured bringing North Korean loggers to Seoul despite the legal complications. He was extremely concerned about the kind of conditions to which North Koreans were being subjected. As mentioned by the President, one of the problems with bringing the loggers to South Korea was their unclear status in Russia. They also lacked passports or any form of identification. The South Korean government suggested that they could be flown to South Korea, but the Russian government would first have to determine their identity, define their status and arrange for their departure.⁷⁹

⁷⁶ "North Korean Loggers Discussed," Vladivostok News, No. 22, 3 June 1994, p. 4.

⁷⁷ Japan Times, 22 February 1994, p. 5.

⁷⁸ KBS-ITV (Seoul), 25 February 1994.

⁷⁹ Yonhap (Seoul), 8 March 1994.

Finally, in April 1994, South Korea asked the UNHCR to screen North Korean loggers who were fleeing from the RFE camps. This was in order to determine whether they were criminal offenders before they settled in South Korea. The South Korean government tried to find homes in third world countries for those seeking settlement outside South Korea. However, the focus was on blocking their repatriation to North Korea and this was in co-operation with the UNHCR.⁸⁰ South Korea announced it would give asylum to approximately 170 North Korean loggers who had escaped from the Far Eastern logging camps.⁸¹

Subsequently in the same month, Russian Foreign Minister Andrei Kozyrev met with South Korean Foreign Minister Han Sung Joo in Moscow. It was agreed that Russia would co-operate with North Korea in logging, would offer a guarantee of personal safety and uphold human rights in accordance with the highest international standards for any who were resident in the Russian Federation.⁸² Before this agreement, in June 1993, Russia implemented the North Korea defector protection law. Programmes were developed to help the loggers. These included job training and placement, housing assistance, and security steps to ensure their safety. Civil organisations and religious groups were encouraged to hold fund-raising campaigns.⁸³

In May 1994 a Russian delegation visited Pyongyang and renewed an agreement with North Korea which allowed them to continue logging in the RFE in the following five years.⁸⁴ It was agreed that Pyongyang should abide by Russian laws,

⁸⁰ "Russia To Help Resettle DPRK Loggers in ROK," Yonhap (Seoul), 15 April 1994 as cited in FBIS-Sov-94-73, 15 April 1994, p. 19.

⁸¹ Yonhap (Seoul), 16 April 1994.

⁸² "DPRK Loggers to Work in Eastern Russian Regions," Tass, 14 April 1994, as cited in FBIS-Sov-93-73, 15 April 1994, p. 18.

⁸³ Yonhap (Seoul), 11 May 1994.

⁸⁴ "DPRK 'Warned' to Observe Logger's Human Rights," Tass, 12 May 1994, as cited in FBIS-Sov-94-93, 13 May 1994, p. 18.

including those relating to the human rights of North Korean loggers. Moscow insisted that North Koreans working in the Far East should have all the democratic rights enjoyed by citizens of Russia. For example, Moscow allowed them the right to strike, an eight-hour working day and the opportunity to move anywhere.⁸⁵ Then in February 1995, representatives of Russia and North Korea signed an inter-governmental agreement in Pyongyang, stating that logging in Russia was permitted up to 1998. According to the new agreement, North Korea would establish work quotas and working conditions for the 7,000 Korean loggers who came under Russian labour laws. Russia could earn about US\$57 million annually from timber cutting by the Korean workers.⁸⁶

The first article of the agreement specified the share of output allotted to the two countries:

Russia's share in Amur oblast is 59 per cent and in Khabarovsk krai, 61 per cent. North Korea's share is 42 per cent and 38.5 per cent, respectively.⁸⁷

Other regulations of new agreement were as follows:

North Korea will pay for the transport of timber from Russia to Korea's border, but it will export the timber duty-free. Hunting or trapping of wild animals or birds, as well as fishing, except for sport and personal consumption, by loggers from North Korea is prohibited.⁸⁸

The new agreement was to be supervised by local Russian authorities. However, while the two countries are making considerable efforts to improve their economic relations in the timber industry, the issue of human rights under the new agreement still remains unclear.

⁸⁵ "Korean Loggers' Fate to be Decided at Pyongyang Talks," Izvestiya 12 May 1994, p. 3, as cited in FBIS-Sov-94-93, 13 May 1994, p. 18; "Pyongyang-Moscow Logging Agreement Renewed," North Korea News, No. 738, 6 June 1994, p. 6.

⁸⁶ "Enhanced Human Rights Cited in New Felling Pact," Tass, 26 February 1995, p. 2; "Pyongyang Committed to Strengthened Human Rights for Loggers in Siberia," Korea Times (Seoul), 16 February 1995, p. 2.

⁸⁷ Segodnya, 17 March 1995, p. 3.

As mentioned earlier, there are a growing number of North Koreans employed in the construction sector, and also in agriculture. This number has increased every year up to late 1997 in both these industries, concentrated mainly in Khabarovsk krai, Primorskii krai and Amur oblast. Whilst the Chinese are the largest single foreign workforce in the RFE, North Koreans make up a relatively sizeable contribution to the total labour.⁸⁹ Most of the North Korean contracted workers are in Primorskii krai and table 6-1 shows that this number has been increasing in the area compared to that of the Chinese, although the latter still remain the larger presence.

Table 6-1: Number of Foreign Workers in Primorskii Krai

Country	Year	
	1994	1995
China	7,895	8,349
North Korea	2,872	3,956

Source: Data provided by the Immigration Office in Primorskii krai as cited in Russia Far East-Siberia News (Seoul), No. 47, 31 October 1997, p. 7.

The Primorskii krai local administration has reported that North Korean workers generally respect their contracts and show a high level of working interest. But the same administration restricted the importing of foreign workers annually by 1,500 in total due to their significant impact on the Russian labour market.⁹⁰

In November 1994, the Foreign Economic Committee of North Korea and the Primorskii krai government signed an agreement creating the North Korean General

⁸⁸ Ibid., p. 3.

⁸⁹ "Increasing North Korean Workers into the Russian Far East (in Korean)," Russia Far East-Siberia News (Seoul), No. 47, October 1997, p. 5.

Society for Foreign Construction. The document proposed dozens of possible projects, including North Korean assistance in the construction of a twenty-five floor office block across from the Golden Horn harbour, overlooking the centre of Vladivostok. North Korean delegates visiting Khabarovsk in January and Vladivostok in March 1995 considered further projects in a variety of fields.⁹¹

In September 1997 the Mayor of Vladivostok, Viktor Cherepkov, also visited Pyongyang and proposed that a treaty should be concluded on the matter of town construction and service industry. This would be in co-operation with the Foreign Economic Committee of North Korea. According to this proposal, North Korea would be involved in construction projects: the building of six bridges, underground markets, creating cross roads, bus stations and building overpasses in Vladivostok. In addition, North Korea would renew its suspended housing construction and plan the creation of town centre services. North Korea would provide skilled labourers, while Russia would take charge of construction design, secure accommodation, provide transport and ensure the provision of construction materials.⁹²

Overall, economic contacts between Russia and North Korea have gradually been restored since the worsening their relationship following Moscow's establishment of diplomatic relations with South Korea. The two countries have resumed exchanges in the electricity and transportation sectors and in medical services, all of which had been suspended in 1991. In early July 1998 in Pyongyang the two countries signed a protocol on co-operation in transportation.⁹³ As can be seen in table 6-2, the analysis of

⁹⁰ Ibid, p. 7.

⁹¹ James Clay Moltz, "Russia and the Two Koreas: The Dilemmas of 'Dual Engagement,' " *Demokratizatsiya*, Vol. 6, No. 2, Spring 1998, p. 386.

⁹² *Russia Far East-Siberia News* (Seoul), No. 47, October 1997, p. 6.

⁹³ *Radio Russia* (Moscow), 21 July 1998, as cited in *Naewoe Press*, August 1998, p. 1.

the official figures show that positive trends have continued to dominate trade relations between Russia and North Korea. Russia's exports to North Korea have considerably exceeded its imports from North Korea. Although the turn-over in 1996 was slightly decreased, as compared with that in 1995, total amounts of export-import operations have increased since 1996. Russia mainly exports iron, fertiliser, timber and fuel to North Korea and it imports electric goods, textiles, and food from North Korea. Barter trade, which traditionally predominated, has at present declined. Economic relations between the two countries have also gradually been established at a local rather than at an inter-state level.⁹⁴

Table 6-2: Russia's Trade with North Korea from 1994 to 1998 (US\$ millions)

	1994	1995	1996	1997	1998
Export	43	70.1	35.3	67.3	75
Import	17.9	15.3	28.7	17	15
Total	60.9	85.4	64	84.3	90

Source: The Deputy Director of the Korea Trade and Investment Promotion Agency (KOTRA) kindly provided me with this data in April 2000 during my visit to Moscow.

6.3.3. Economic Co-operation between North Korean and the RFE with regard to the Tumen River project

Economic co-operation between North Korea and the RFE has continued in the Tumen river project,⁹⁵ which is a long-term development involving several other neighbouring countries. With regard to this project, since early 1991, North Korea has opened a port

⁹⁴ The Russian Federation, pp. 112-13.

⁹⁵ For a detailed discussion of the development of the project see Rossiyskaya Akademiya Nauk, Rossiyskii Dal'niy Vostok i severo-vostochnaya aziya (Moscow: URSS, 1998), pp. 154-68.

at Rajin, expanded railroads between Nakhodka and Rajin, and organised a trade exhibition house associated with the Tumen river development.⁹⁶ The project is a good example of multinational economic agreement in Northeast Asia.⁹⁷ The United Nations Development Programme (UNDP) has backed this project, and has organised many international seminars and conferences to discuss its development.⁹⁸ The cost of developing this project was estimated at US\$30 billion by the UNDP and the time it would take at 15 to 20 years.⁹⁹ With the completion of a four-year preliminary consultation on the drafting of the project (concluded in the UN Headquarters, in early December 1995), Northeast Asia's first multilateral inter-governmental agreement on economic co-operation was decided. According to this agreement, a meeting is to be held every year in the capital of each country. The order was decided alphabetically, as follows: China 1996, North Korea 1997, Mongolia 1998, South Korea 1999 and Russia in the year 2000.¹⁰⁰

As can be seen in map 6-1, the Tumen River Economic Development Area (TREDA) covers an area from the city of Chongjin in North Korea across to Yanji in China and up to Nakhodka in Russia. It includes the Free Economic and Trade Zone

⁹⁶ Chosun Ilbo (Seoul), 29 August 1994.

⁹⁷ "Tumen River Project Develops Apace," RA Report, No. 16, January 1994, p. 18.

⁹⁸ The United Nations Development Programme (UNDP) officially adopted the idea of multilateral development co-operation in the Tumen river area in July 1991, on the basis of agreements reached with the government of North Korea, South Korea, China, Japan and Mongolia, with Russia joining later. See "Russia's Interests and Prospects for Co-operation in Northeast Asia," Far Eastern Affairs (Moscow), No. 3, 1995, p. 41.

⁹⁹ "Tumen River Project Faces Hurdles," Asian Wall St Journal, 27 May 1992, pp.1-8, as cited in SUPAR Report, No. 13, July 1992, p. 37; "Japan Firms to Join Tumen River Project," Nikkei Weekly, 29 August 1992 p. 28, as cited in RA Report, No. 14, January 1993, p. 24.

¹⁰⁰ The package of these agreements includes: an agreement on setting up a Consultative Commission for the TREDA and for the development of Northeast Asia (signed by Russia, China, North Korea, South Korea and Mongolia); an agreement on setting up a Co-ordinating Committee for the TREDA (signed by Russia, China and North Korea); and a Memorandum on mutual understanding regarding the guiding principles of environmental protection in the TREDA (signed by Russia, China, North Korea, South Korea and Mongolia) See Evgeni Tomikhin, "The Tumangan Project with the Agreements Signed," Far Eastern Affairs (Moscow), No. 3, 1997, pp. 91-2.

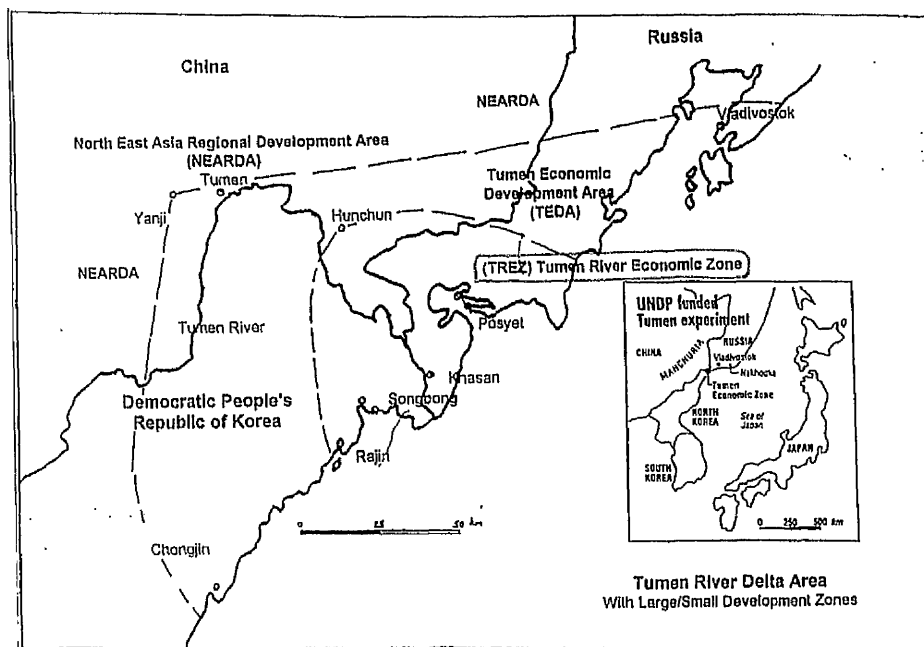
Rajin-Sanbong (North Korea), and the Yanbian-Korean Autonomous District of the Jilin Province (China). It also includes the Special Economic Zones of Jilin and Hunchun, the Russian city of Vladivostok, and the Free Economic Zone of Nakhodka (including the port Vostochny).¹⁰¹ China, North Korea, Mongolia and the Russian Far East are building ports and towns on the river's estuary, which has a population of approximately 6 million. This development will aid the favourable economic environment being created in the territory and the countries involved are acquiring access to the Sea of Japan.¹⁰² The original plan of the project was as follows: the Russian Far East would provide the natural resources; labour and mineral resources would come from China and North Korea and Mongolia; Japan, South Korea and Western countries would provide the capital and technology.¹⁰³

¹⁰¹ During its first meeting in February 1992, the Tumen River Area Development Programme's Programme Management Committee (TRADP-PMC) established the Tumen River Economic Zone (TREZ, or 'small triangle') and Tumen Economic Development Area (TEDA, or 'large triangle'), as can be seen in map 7-1. The TREZ, which is located within a radius of 40 to 50 km from the estuary of the Tumen River, includes Sonbong, Rajin (North Korea), Hunchun (China) and Posyet (Russia). The larger TEDA includes the TREZ as well as the cities of Vladivostok (Russia), Chongjin (North Korea) and Yanji (China) which are all located within 80 to 120 km of the estuary. See "UN Zone Has Turned Into a Programme of Development," *Kommersant Daily*, 22 July 1995, p. 2, as cited in *FBIS-Sov-95-154-S*, 10 August 1995, p. 2.

¹⁰² "Maritime Softens Stance on Tumangan Project," *Moscow Radio Rossii Network*, 19 August 1995, as cited in *FBIS-Sov-95-161*, 21 August 1995, p. 44.

¹⁰³ Larisa Zabrovskaya, *Rossiia i Respublika Koreya: ot konfrontatsii k sotrudnichestvu (1970-1990-e gg.)* (Vladivostok: DO RAN, 1996), pp. 82-3; Igor Korkunov, "On the Project of the Tumenjiang Free Economic Zone in the Territory of Russia, China and North Korea," *Far Eastern Affairs* (Moscow), No. 2-3, 1994, p. 38.

Map 6-1: Tumen River Area and Its Large and Small Development Zones



Source: "Tumen River Delta: Far East's Future Rotterdam," Beijing Review, 20 June 1992, p. 5; Andrew Marton, Terry Mctee and Donald G. Paterson, "Northeast Asian Economic Co-operation and the Tumen River Area Development Project," Pacific Review, Vol. 68, No. 1, Spring 1995, p. 8.

Russia and North Korea have shown a high level of interest in developing the areas adjoining the Tumen River which runs along the border. In July 1991 at the Northeast Asia Sub-Regional Programme Meeting of UNDP (held in Ulaanbaatar, Mongolia) the Soviet Union presented a plan to designate three international ports: Nakhodka, Vladivostok and Posyet as part of a 'Greater Vladivostok Free Economic

Area.¹⁰⁴ This area covers approximately 15,200 square km and is populated by 1.4 million people.¹⁰⁵ North Korea also released its own proposal for the development of the areas near the Tumen River. In December 1991 the North Korean government designated the Rajin-Sonbong area as a Free Economic and Trade Zone (FETZ). It covers 621 to 746 square kms as part of its ambitious economic programme aimed at attracting more foreign investment.¹⁰⁶

Since January 1993, North Korea's Supreme People's Assembly has promulgated laws aimed at attracting more foreign capital, including a law on FETZ. The intention of the law is to encourage foreign capital and technology to the FETZ in the Rajin-Sonbong area.¹⁰⁷ In February 1994, a three-stage plan was put forward to develop an international port and industrial complex in the Rajin and Sonbong FETZes. The North Korean Committee for the Promotion of External Economic Co-operation

¹⁰⁴ The idea for the Greater Vladivostok project was outlined as a development strategy for integration of the RFE with the Asia Pacific Region (APR) in 1991. In May 1992, the city of Vladivostok established a special account for financing work on the project out of local budgetary funds, allocating about 1.5 million rubles to local a research group during the summer of 1992. This group presented tentative plans for this project, but later faced financial problems and conflict ensued between local and central government, and therefore was faced to disband. In September 1992, a unit of Khabarovsk's Economic Research Institute, the Pacific Economic Development and Co-operation Centre, based in Vladivostok, replaced this group that promote a Free Economic Zone and foreign economic linkages. The centre suggested two alternatives: the Primorskii krai gain economic independence from the RF and associate itself with the Tumen river project; and to obtain better economic integration with the European part of the RF and become the essential link between Russia and the APR. To examine this project in greater depth, see Gaye Christofferson, "The Greater Vladivostok Project: Transnational Linkages in Regional Economic Planning," *Pacific Affairs*, Vol. 67, No. 4, 1994/1995, pp. 513-31.

¹⁰⁵ *Kommersant Daily*, 22 July 1995, pp. 2-3; "Tumen River Project," *TED Case Studies*, No. 247, January 1999, p. 1.

¹⁰⁶ "North Korea's Plan for Tumen River Development," *Don-A Ilbo* (Seoul), 10 November 1993, p. 11; Young Namkoong, "An Analysis of North Korea's Policy to Attract Foreign Capital: Management and Achievement," *Korea and World Affairs*, Vol. XIX, No. 3, Autumn 1995, p. 466.

¹⁰⁷ *Kyodo*, 2 May 1994, as cited in *RA Report*, No. 17, July 1994, p. 66; further discussion on the economic development in North Korea can be found in Nicholas Eberstadt, "Self-Reliance and Economic Decline: North Korea's International Trade, 1970-1995," *Problems of Post-Communism*, Vol. 46, No. 1, January/February 1999, pp. 3-13; According to a report by *People's Korea*, by 1997 the total amount of investments in Rajin-Sonbong in terms of contracts had reached US\$750 million, in 111 projects. See *Korea Herald* (Seoul), 26 September 1998, p. 1.

proposed this project.¹⁰⁸ The Committee issued a 40-page booklet entitled 'Golden Triangle Rajin-Sonbong.' Some of its master plans are summarised below:

(a) of two new harbours in Rajin, one will be 1,000 meters long and the other 3,500 meters-long. This will accommodate freighters up to 200,000 tons with storage facilities of 500,000 sq.m. By 2010 it will be built a terminal capable of handling 40 million tons of cargo and also will house 36 freighters weighing 20,000 to 200,000 tons. (b) Saonbong port will have an annual freight capacity of 10 million tons, while Chongjin port will be modernised to support the international role of Najin and Sonbong. (c) The 168-km Chinese railroad, Hoeryong-Haksong, will be duplicated, and tracks linking Najin to Koryongpyong and Hyonyong expanded. (d) Railroads will be modernised to Hunchun (China) and Khasan (Russia). Also express highways will be constructed to connect Hoeryong, Chongjin, Najin, Sonbong and Khasan. (e) The plan also included a 300,000 kw power plant and an international airport in Sonbong. Connections to Niigata in Japan, Vladivostok and Khabarovsk in Russia, Hunchun and Jilin in will be expanded. North Korea will install 100,000 telephones and data exchange circuits in Rajin; fiber submarine cable will link Rajin-Hunchun and Poset (Russia).¹⁰⁹

The following advantages are hoped for upon the completion of the project. It will form part of the 13,000-km section of the Trans-Siberian Railway (TSR), which has long served the Far East and Europe. An 11,000 km alternative route, via Liongyungang port (China) and Kazakhstan, was opened by China in 1992. A new short-cut via Northeast China and Mongolia will also shorten the Siberian route by about 1,000 km.¹¹⁰ This project is a vital requirement for furthering economic development in China's Northeast, and will give Chinese's Jilin and Heilongjiang Provinces access to the Sea of Japan.¹¹¹ The RFE will further extend its economic co-operation in the Asia Pacific Region (APR). Eventually it will integrate into the regional economy, and this will create a favourable climate for foreign investment which is needed to build the

¹⁰⁸ Erina Report, Vol. 3, 1994, p. 35; North Korea News, No. 725, 7 March 1994, p. 5.

¹⁰⁹ Yonhap (Seoul), 22 February 1994.

¹¹⁰ Hirokazu Shiode, "Tumen River Area Development Programme: The North Korean Perspective", in Myo Thant, Min Tang and Hiroshi Kakazu (eds.) Growth Triangles in Asia: A New Approach to Regional Economic Co-operation (Asian Development Bank: Oxford University Press, 1994), p. 292.

¹¹¹ Nikkei Weekly, 6 June 1992, p. 27, as cited in SUPAR Report, No. 13, July 1992, p. 37; Ludmila Zabrovskaya, "The Tumanggang Project: A View From Primorie," Far Eastern Affairs (Moscow), No. 1, 1995, p. 34.

transport infrastructure in the Far East.¹¹² South Korea will benefit from the project in terms of cheaper and faster transportation of goods to and from the inland areas of Northeast Asia and even to and from Europe in the future.¹¹³

The Russian government adopted a decree in July 1995, 'On Participation of Russia in the Realisation of the UN Draft Development Programme and Programme for Development of the Tumen River Basin.'¹¹⁴ The Governor of Primorskii krai, Nazdratenko, showed his interest in the RFE-oriented element of this programme. He stressed the international character of the project, which covers the development of a transit transport complex from the Russian and Chinese border to Kraskino customs at the Zarubino settlement. He also said that it would be closely connected with the establishment of free economic territories in the city of Hunchun (China) and in the town of Sonbong (North Korea).¹¹⁵ Objectively, there are opportunities for reinstating and developing economic ties between the RFE and North Korea in this project. However, there do exist some serious obstacles. Russians and North Koreans lack the necessary finance for the development of the project. The primary problems are the unstable economic situation in both two countries; the complicated process of economic reform; uncontrollable transportation costs; and a lack of investment of foreign capital.¹¹⁶ In the light of this, any major progress in economic co-operation in this area is bound to be relatively slow.¹¹⁷

¹¹² Mikhail Titarenko, "A Post-Cold War Northeast Asia and Russian Interests," Far Eastern Affairs (Moscow), No. 4-5, 1994, p. 34.

¹¹³ "UN Plans Busiest Port in Far East," South China Morning Post, 22 September 1992, p. 11; "Sea of Japan and Tumen River Project," Nikkei Weekly, 18 July 1992, p. 3, as cited in RA Report, No. 14, January 1993, p. 24.

¹¹⁴ Kommerant Daily, 22 July 1995, p. 2.

¹¹⁵ Erina Report, Vol. 8, 1995, p. 21.

¹¹⁶ Zabrovskaya, Rossiia i Respublika Koreia, pp. 85-6.

¹¹⁷ I conducted an interview with a specialist on the Russian Far East in Birmingham on 20 May 1998.

Despite recent progress, there remain a number of other impediments to the realisation of effective multilateral co-operation among the major participants of the Tumen river project. In February 1996, for instance, North Korea cancelled its seminar on investment opportunities in the Rajin-Sonbong FETZ. This was to be held at the World Economic Forum in Davos, Switzerland. North Korea was expecting more countries to attend but only South Korean businesses signed up.¹¹⁸ From the beginning, South Korea agreed with North Korea's proposals for the development of the Tumen River. South Korea regarded these proposals as a means of 'opening' North Korean ports to South Korean trade.¹¹⁹ An example of this 'opening' is the tourist promotion that has taken place through the South Korean company Hyundai since late 1998 over the spectacular mountainous area of Kyum Kang in North Korea, which is considered to be a symbol of national pride and identity by South Koreans. This is a sign of both countries' willingness to work together for their mutual benefit. Hyundai has also invested heavily in the Rajin-Sonbong area in North Korea, further cementing co-operation between the two countries. Eventually these efforts are expected to create an environment that will encourage political contacts and exchanges on the unification policy. South Korea has actively participated in the Tumen river project, not only with a view to economic relations with the Russian Far East but also to encourage the reunification of the whole peninsula.

Although South Korea resumed normal relations with China in 1992, Japan and North Korea have not as yet done so. In the past years, Japan has made a move to develop its relations with North Korea, despite the lack of diplomatic links between them. Relations between Japan and Russia, meanwhile, are hindered by a longstanding

¹¹⁸ "North Korea's Free Trade Zone," RFEU, Vol. VI, No. 3, March 1996, p. 6.

territorial dispute. The Japanese government is not willing to provide full economic support to Russia because of this dispute over the southern Kuril islands (dealt with in Chapter 5). Japan also decided not to participate in the Tumen River project. Due to the aforementioned difficulties, and also recent economic problems in Northeast Asian countries, in the short term work on this project does not look very promising, but work still slowly progresses, supported by the UNDP. As Shiode comments, given these major problems, an international effort may have a greater chance of success than bilateral initiatives.¹²⁰

6.4: South Korea and the Russian Far East

Geographic, economic, cultural and political reasons have all influenced both South Korea's short and long-term interest in the RFE. Increased opportunities for interaction can be traced mainly to geographic proximity and natural resources. Since early 1990, the South Koreans have made every effort in specific areas to reinvigorate their economic contacts with the RFE as they consider it as one of the most promising regions for economic co-operation. South Korea also hopes that this kind of economic development in the RFE will provide a stable political environment for the unification of the peninsula at some point in the future. Korea and the RFE could benefit from mutual help in this respect. This would mean that Korea would supply consumer goods and the RFE would export raw materials to Korea's industries.¹²¹

This trend has produced a favourable environment for the improvement of relations between the RFE and South Korea. Korea has begun to develop trade and

¹¹⁹ Zabrovskaya, *Rossiia i Respublika Koreia*, p. 81.

¹²⁰ Shiode, "Tumen River Area Development Programme," p. 296.

investment with the RFE, with companies opening branches and developing investment in the region. To facilitate increased bilateral commercial contact, the Soviet Chamber of Commerce opened a semi-official trade office in Seoul in April 1989. In July of that year, the Korea Trade and Investment Promotion Agency (KOTRA) opened an office in Moscow and in February 1992 a regional office was also opened in Vladivostok. In July 1992, a Consulate was also established in Vladivostok.¹²²

Relations were not only developed economically, but also at the religious and cultural level. Korean missionaries built churches and distributed Bibles in Khabarovsk krai, Primorskii krai¹²³ and Sakhalin oblast and still continue their work in these areas. In terms of education, in October 1995, a five-year course in Korean studies was opened in a Korean College in Vladivostok, in the grounds of the Far Eastern University. In 1997, a total of 200 students enrolled and it has become a popular college for Far Eastern students.¹²⁴

In the following subsection, I will focus primarily on South Korean economic activities in the RFE. Firstly, I will deal with South Korean bilateral trade with the RFE, and compare it with two other major economic partners: China and Japan. I will also examine the Russian petty traders who are called 'shuttlers' (chelnoki in Russian and Botari Changsoo in Korean), who provide a new pattern of small-scale economic

¹²¹ Larisa Zabrovskaya, "Russian-South Korean Relations in the early 1990s," Vladivostok News (Vladivostok), No. 11, 18 March 1994, p. 2.

¹²² This information I obtained from the KOTRA in Vladivostok in September 1996.

¹²³ I stayed with a Christian missionary family when I went to Vladivostok in September 1996 to conduct my research. Through their kind and sincere help, I succeeded in accomplishing my task without any difficulties.

¹²⁴ The Chairman of the Koryo Synthetic Fibre Group (Kohap) in South Korea, Chang Chi Hyok, is from a wealthy Korean industrialist family who lived in Primorskii krai during the Japanese occupation. It was due to Chang's ancestral history in Primorskii krai that it was here he choose to open a new Korean College, which he funded himself to expand the interchange of cultural and educational contacts between Russia and Korea. It was reported that Chang was the first Korean to be awarded Russia's 'Order of

activity between South Korea and the RFE.¹²⁵ Secondly, I will investigate South Korean investment in the RFE, with particular emphasis on major individual regions. I will also give attention to the proposed Korean-Russian industrial park in the Nakhodka FEZ which is being developed. Finally, I will discuss some of the main problems faced by South Korea in the development of economic relations with the RFE.

6.4.1: Trade Relations between the RFE and South Korea

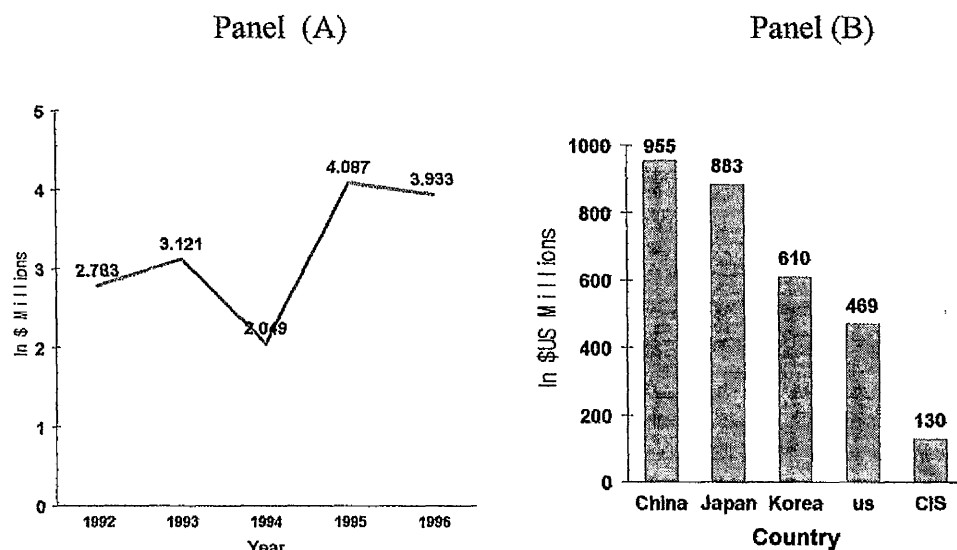
Now I turn to focus our attention upon the RFE's foreign trade between 1992 and 1996, as shown in table 6-3 (panel A). Although trade gradually increased over the period, there are considerable fluctuations. From 1992 to 1993 RFE trade increased steadily, but in 1994 it sharply declined. In 1995, the figure rose again, to drop slightly in 1996. This second decline was likely due to some of its neighbouring countries (including South Korea and Japan) experiencing their own economic difficulties. As the Russian Far East Update reported in October 1998: 'External trade levels in the RFE have fallen by 50 per cent as compared with the same period last year, with imports shrinking more than exports.'¹²⁶

Friendship' medal. This information was taken from interviews which I conducted in Vladivostok, Primorskii krai, in September 1996, and in Seoul, South Korea, in July 1998.

¹²⁵ Charles E. Ziegler, "Russia and the Korean Peninsula: New Directions in Moscow's Asia Policy?" Problems of Post-Communism, Vol. 43, No. 6, 1996, p. 7.

¹²⁶ "Exports Down, Imports Way Down," RFEU, Vol. VIII, No. 10, October 1998, p. 3.

Table 6-3: Foreign Trade in the RFE from 1992 to 1996 (US\$ millions) (panel A) and Major Trade Partners in 1996 (US\$ millions) (panel B)



Source: Adapted from "1996 Russian Far East Trading Statistics," Russian Far East Update, Vol. VII, No. 10, October 1997, p. 15; Elisa Miller and Soula Stefanopoulos, The Russian Far East : A Business Reference Guide (Seattle: Russian Far East Update, Third Edition 1997 and 1998), p. 165.

China has been the RFE's most important single trade partner for several years. While it is still the leading partner, ahead of Japan and Korea, since 1993 total RFE trade with China has been declining. This is partly due to the shift in trade towards Japan, South Korea, the US, Canada, Australia and New Zealand, which in turn has boosted the quality and diversity of the RFE food markets.¹²⁷ In addition, imports of Chinese foodstuffs and consumer goods have been reduced, due to their low quality¹²⁸ and the new and more restrictive travelling rules imposed by the Russian government in early 1994 (see chapter 5). From my interviews, it was evident that RFE consumers

¹²⁷ Elisa Miller, The Russian Far East: A Business Reference Guide (Seattle: Russian Far East Update, Second Edition, 1996), pp. 155-56.

¹²⁸ David Kerr, "Sino-Russian Relations and the Development of the Russian Far East," a paper presented to the BASEES annual conference in Cambridge in March 1996, p. 2.

rank Japanese goods the best in terms of quality, and South Korean goods the most reliable.¹²⁹

As can be seen in table 6-3 (panel B), Japan was the RFE's second biggest trading partner in 1996. The RFE's exports to Japan are greater than its imports, for instance, in 1996, the RFE exported goods to a value of to a value of \$737 million to Japan, but imported only \$146 million (mostly machinery and steel pipe).¹³⁰ Japan's main interests in the RFE are fish, timber, oil and gas (Japan is a major partner in the offshore oil and gas projects at Sakhalin) but there is also an interest in developing the ports of the RFE to facilitate the movement of commodities and to boost transit trade with neighbouring China.¹³¹

I will now consider trade relations, in particular those between Russia and South Korea. Bilateral economic co-operation between Russia and Korea is best demonstrated in the trade field. According to KOTRA data, in 1996 nearly 400 Korean companies were trading with Russia, 40 of them established in permanent offices there. In 1995, approximately 20 major Korean firms accounted for about 95 per cent of this trade, with 90 per cent dominated by just seven major companies: Hyundai, Samsung, Daewoo, LG, Sunkyong, Kohap and Jindo.¹³² Table 6-4 shows South Korea's trade with Russia from 1992 to the first half of 1998. As can be seen, there exist considerable fluctuations, the total trade volume suddenly dropping US\$347 million in 1993. This followed a sharp fall in Korean imports from Russia. However, from 1993 to 1996, the

¹²⁹ I obtained this information from my own interviews in Vladivostok in September 1996.

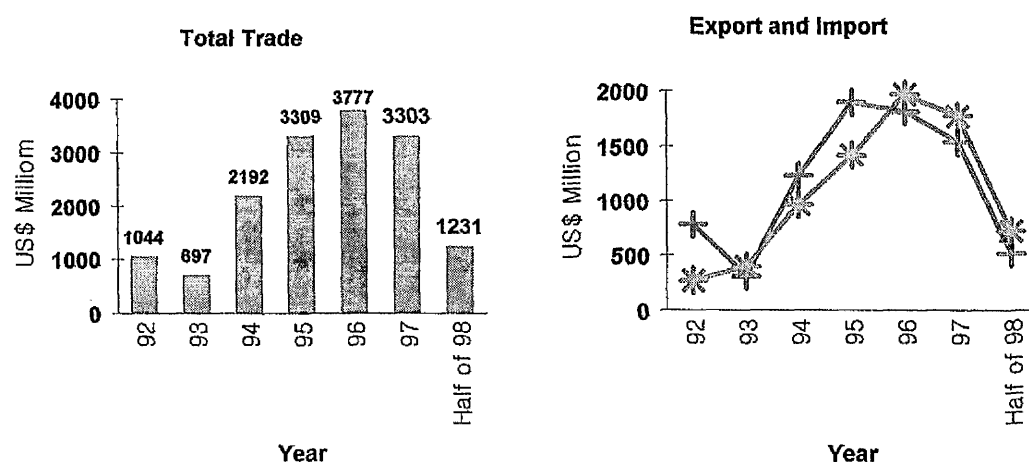
¹³⁰ "1996 Russian Far East Trading Statistics," *RFEU*, Vol. VII, No. 10, October 1997, p. 15.

¹³¹ "Russia and Japan: Trade Relations," *Sevodnya*, 2 October 1993, p. 3, as cited in *CDPSP*, Vol. XLV, No. 40, 1993, p. 35; "Disputed Islands Appraised At 5 %," *Kommersant-Daily*, 3 May 1995, p. 4, as cited in *CDPSP*, Vol. XLVII, No. 18, 1995, p. 20.

¹³² *Report on the Analysis of Foreign Investment in the Russian Far East* (in Korean) by the Korea Trade and Investment Promotion Agency (KOTRA), in Vladivostok, September 1996 (mimeo), p. 4.

total trade volume has increased steadily.¹³³ From 1996 to the first half of 1998 the total trade volume fell sharply due to economic difficulties in both countries.¹³⁴ An imbalance in trading occurred during 1992, with Korean imports from Russia exceeding exports by 3 times. However, in 1996, the situation was reversed, with Korean exports to Russia exceeding imports. Exports to Russia have steadily decreased by 10 per cent since 1997 while imports from Russia have significantly dropped since 1996.¹³⁵

Table 6-4: South Korea's Trade with the Russian Federation from 1992 to 1998 (US\$ millions)



Source: Adapted from Rossiiskii statisticheskii ezhegodnik: statisticheskii sbornik (Moscow: Goskomstat Rossii, 1997), p. 578; Report on the Influence of Declaration of Russia's Moratorium by KOTRA (in Seoul), August 1998 (mimeo), p. 4.

Note: * Export + Import

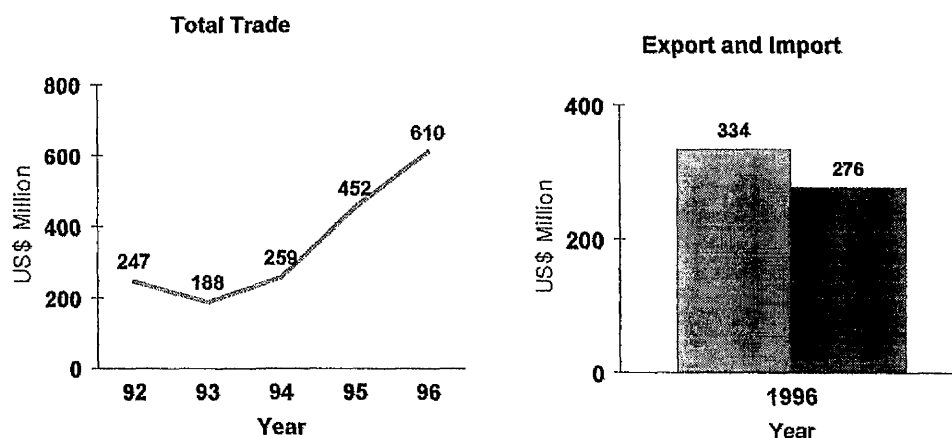
As mentioned previously, Korea was the RFE's third largest trade partner in

¹³³ Rossiiskii statisticheskii ezhegodnik: statisticheskii sbornik (Moscow: Goskomstat Rossii, 1997), p. 578.

¹³⁴ Izvestiya, 19 August 1998, pp. 1-2.

1996 (table 6-3). Table 6-5 shows trade between South Korea and the RFE. Unlike South Korea's trade with the RF as a whole, this developed steadily between 1991 and 1996 except for a slight decline in 1993. In 1996, South Korea accounted for 32 per cent of the RFE's total foreign trade, and between 1993 and 1996, Korean-RFE trade tripled in value. Trade was balanced in 1996, with Korean exports slightly exceeding imports.

Table 6-5: South Korea's Trade with the RFE from 1992 to 1996 (US\$ millions)



Source: As Table 6-3, p.15 and p. 172.

As can be seen in table 6-6, Russian and Korean trade has primarily been based on an exchange of raw materials for finished goods. Russia exports mostly raw materials (metals, timber, seafood, coal, oil, chemical and fishery products), while Korea exports electronic goods, machinery, movement vehicles, textiles, footwear, and furniture to Russia. Korean investors are particularly interested in consumer goods

¹³⁵ Report on the Influence of Declaration of Russia's Moratorium (in Korean) by the KOTRA in Seoul, August 1998 (mimeo), p. 4.

manufacturing, especially home electronics.¹³⁶ These are very popular in the RFE and are the main reason why Korean exports to the RFE are relatively high.¹³⁷ Korea has gained significant shares due to an aggressive home-office policy. As a result of this, three major Korean home-electronics companies (Hyundai, Samsung, and Lucky Goldstar), have retail stores and plants operating in Khabarovsk and Vladivostok.¹³⁸

Table 6-6: Structure of South Korea's Trade with Russia in 1996

Exports	%	Import	%
Primary products	13.31	Agro-fishery products	21.90
Chemical goods	1.15	Mining products	4.43
Plastics, rubber and leather products	1.67	Chemical products	19.49
Non-metal mineral products	3.26	Steel, metal products	45.70
Clothes & textile	9.10	Machinery & vehicles	5.19
Necessities	2.81	Electronic & electrical goods	0.31
Steel, metal products	1.74	Clothes & textiles	2.71
Electronics & electrical products	51.81	Others	0.26
Machinery & movement vehicles	14.78		
Miscellaneous products	0.38		
Total	100.00		100.00

Source: Korea International Trade Association in 1997.

Russian Shuttle Traders in South Korea. Yet another beneficial development between the RFE and South Korea has been the increase in Russian shuttle traders. Since 1991, Russian shuttlers have been trading very actively in Pusan and Seoul in

¹³⁶ *Russia Far East-Siberia News* (Seoul), No. 53, 18 September 1998, pp. 8-9.

¹³⁷ Sun Khun Kim, "Sostoyanie i prioritetye napravleniya vneshneekonomicheskogo sotrudichstva mezhdu Rossiei i Respublikoi Koreya," *Problemy Dal'nego Vostoka*, No. 3, 1996, pp. 88-9; "RFE Company to Market Korean Electronics," *RFEU*, Vol. VI, No. 9, September 1996, p. 11.

¹³⁸ This information was provided in an interview I conducted with a Director of the KOTRA in Vladivostok in September 1996.

Korea, as they have with Russia's East European neighbours and Turkey. Small-scale activities of shuttlers between the RFE and Korea can be seen as a new phenomenon in the business field. In the past years a considerable proportion of Far Eastern shuttlers have transferred from China to South Korea.¹³⁹ These traders are not only from the RFE but also from as far as Uzbekistan, Kazakhstan, and Central Asia. Many Russian consumers prefer to purchase Korean rather than Chinese and Turkish goods.¹⁴⁰

In Pusan there has gradually developed a market for Russian traders. These visitors arrive by ship and stay for about a week, buying various consumer goods in large quantities to take back to Russia for resale. Approximately 100,000 Russians visited Pusan in 1994; some 45,000 journeyed to Seoul.¹⁴¹ According to KOTRA, purchases were made from the so-called 'Texas' market of necessities in Eastern Pusan. The 'Texas market' hired Russian-speaking students and ethnic Koreans from Sakhalin in early 1993, and set up shops exclusively for Russians to meet the growing demand. As these traders brought in more and more duty free goods, Moscow decided to lower the duty free limit from US\$5,000 per person to US\$2,000.¹⁴² In September 1996, there was a Korean TV documentary on Russian traders in Pusan, which reported that they could buy cheap quality Korean goods and sell them in their own country.¹⁴³ According to my interviews in September 1999, it was not only Russian traders who arrived in

¹³⁹ He also kindly provided kindly me with some information on the Russian shuttlers' economic activities.

¹⁴⁰ Dong-A Ilbo (Seoul), February 3 1998.

¹⁴¹ Ziegler, "Russia and the Korean Peninsula," p. 7.

¹⁴² Yonhap (Seoul), 4 January 1994; FBIS-EAS-94-3, 5 January 1994, p. 21, as cited in RA Report No. 17, July 1994, p. 71.

¹⁴³ A TV interviewer indicated that there was also a Russian-Texas town in Pusan. This part of the town has made every effort to accommodate Russians by translating adverts into Russian.

Pusan, but also some university students and unskilled workers came to make money, most of them employed by the service sector.¹⁴⁴

The second largest trade market for shuttlers is the Dongdaemoon (Eastgate) market in Seoul. Many of the shops and stalls at the market are set up primarily to sell large and small scale clothing to Russian traders. This has created over 1,000 jobs for Koreans who deal in shipping and the handling of purchased goods. Transactions can sometimes involve very large amounts. The greater availability of flights from the RFE to Seoul makes it easy for Russian buyers to travel to and from Seoul. Purchases are also transported by ship from Pusan to Vladivostok.¹⁴⁵

According to the KOTRA report, in 1996 Russian shuttlers had contributed a fifth of the total trade with Korea. As can be seen in table 6-7, shuttle trade has been stable, or contracting, between 1991 and 1998. However, since August 1998 the trend has reversed with the number of shuttlers increasing. Approximately 200,000 Far Eastern Russians were at the time involved in the shuttle trade.¹⁴⁶ In early 1998 the Korean government considered making visa application procedures easier for Russian shuttle traders to promote this trade. Pusan and Seoul have become major centres for small and large scale clothing, cars, electrical goods and computers being exported to Russia. According to KOTRA in February 1999, this increasing trend is likely to continue in future years.¹⁴⁷ Their prospects are very optimistic.

Shuttle trade has been a large unexpected contributor to the improvement of economic relationships between Russia and South Korea. Although Russia and South

¹⁴⁴ I conducted an interview with anonymous Russian students in Pusan in October 1999.

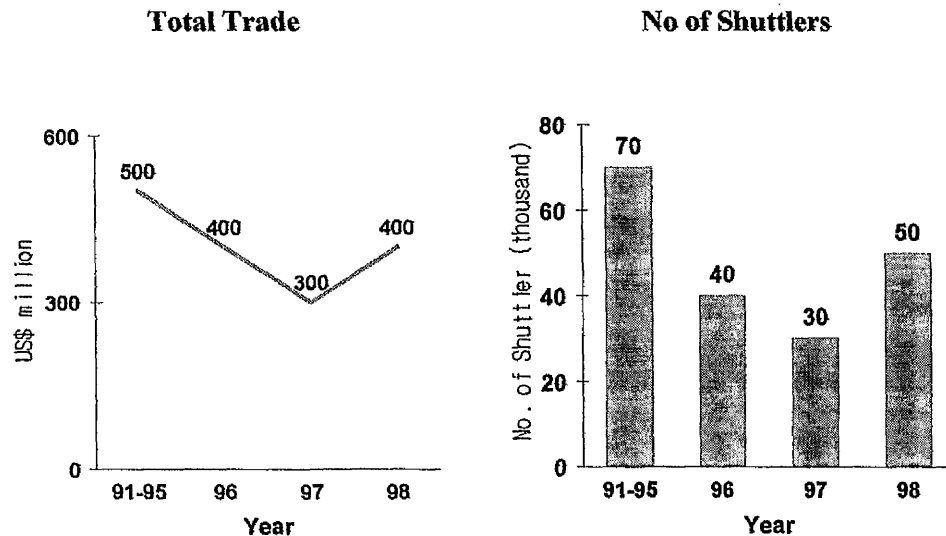
¹⁴⁵ *Chosun Ilbo* (Seoul), 3 February, 1998.

¹⁴⁶ *Report on the Activities of Russian Shuttle Traders in Korea* (in Korean) by the KOTRA (Seoul), March 1999 (mimeo), pp. 4-5.

¹⁴⁷ I obtained this information in March 1999 from the KOTRA, Seoul.

Korea were at this time both experiencing economic difficulties, as can be seen in table 6-7, shuttle trade was bringing much needed cash into both countries' hands.

Table 6-7: Russian Shuttle Trade with South Korea from 1991 to 1998



Source: Adapted from Choson Ilbo (Seoul), 3 February 1998; Dong-A Ilbo (Seoul), 3 February 1998; Report on the Activities of Russian Shuttle Traders in Korea (in Korean) published by the KOTRA (Seoul), March 1999 (mimeo), pp. 4-5; and data provided by the Korean Embassy (Moscow), April 2000.

6.4.2: South Korean Investment in the RFE

Moving from trade relations, I now turn my attention to foreign investment in the RFE, and will finish by focussing on South Korean investment in particular. Since the early 1990s, joint ventures (JVs) have dominated foreign trade operations in the RFE. Chinese firms were the first to establish foreign investment in Khabarovsk krai in 1988. In 1989 there were 8 joint ventures (or enterprises with foreign investment) in Khabarovsk. By 1991 this figure had risen to 39 and in 1992 it rose to 155. By January 1993 in Khabarovsk about 73 enterprises with Chinese investment (63 of them joint ventures) were registered, this being the largest number of joint ventures in the RFE. A

reason for this was the fact it was more advantageous to sell Chinese goods via joint ventures, so the Chinese were looking for partners.¹⁴⁸ At the end of 1995, foreign investment in the region was concentrated in Primorskii and Khabarovsk krais, with 1,672 foreign firms between them. They received 66.5 per cent of all foreign investment in the region. Foreign investors were mainly involved in the fishing, food, trade, and manufacturing industries. JVs in 1995 accounted for 85 per cent of total investment.¹⁴⁹ Among them the largest number was still with Chinese, followed by those with the Americans, Japanese and South Koreans. Also, China's share in total foreign investment was the largest (40.2 per cent) followed by the US (16.0 per cent), Japan (12.9 per cent) and Korea (7.2 per cent).¹⁵⁰

Although investment is a top priority between Russia and Korea, the expansion of trade has not been accompanied by a fast growth in direct investment in Russia. The first South Korean investment in Russia was a US\$1.47 billion loan¹⁵¹ and in 1997, after 6 years, this had only increased to US\$3.3 billion. Izvestiya also notes,

¹⁴⁸ Priamurskie vedomosti, 2 March 1993, p. 2, as cited in RA Report, No. 15, July 1993, p. 91.

¹⁴⁹ Report on the Analysis of Foreign Investment in the Russian Far East (in Korean) published by the KOTRA in Vladivostok, September 1996 (mimeo), p. 1.

¹⁵⁰ Ibid., p. 4.

¹⁵¹ In April 1991 South Korea concluded an agreement with Moscow to provide US\$3 billion in loans over three years, US\$1 billion of which was to be granted as a cash loan during 1991. See Izvestiya, 5 December 1991, p. 5, as cited in CDPSP, Vol. XLIII, No. 49, 1991, p. 17. After the disintegration of the USSR, however, the South Korean government halted loans to Moscow after it had released a total of US\$1.4 billion by the end of 1991. At the same time, South Korea began to insist that Russia repay the overdue debt. Problems over Russia's interest payment on this loan put further strain on their bilateral relations. In May 1992, Russia agreed on repayment guarantees on all aid, including paying the US\$500 million in tied aid, and some US\$36.8 million in overdue interest, on a US\$1 billion commercial bank loan. In return, South Korea released the second half of a US\$3 billion loan to Russia. See "ROK Prepared to Partially Unfreeze Loan," Interfax Business Report, 27 May 1992, as cited in FBIS-SOV-92-103, 28 May 1992, p. 27. In June 1994, South Korean President Kim Young Sam visited to Moscow. He promised not to link economic cooperation to the repayment of overdue debt. See Diplomaticeskii vestnik, 13-14 June 1994, pp. 13-5. After endless talks on the debt issue, in July 1995, Russia and South Korea agreed that Moscow would pay over a four-year period through deliveries of various raw materials, including non-ferrous metals, as well as civil helicopters and military hardware. See Izvestiya, 10 October 1995, p. 3, as cited in CDPSP 1995, Vol. XLVII, No. 41, 1995, p. 24; Kommersant-Daily, 2 October, as cited in CDPSP, Vol. XLVII, No. 40, 1996, p. 30.

'the potential for economic co-operation is very high but the reality is not.'¹⁵² Overall, Korean investment in Russia is slowly increasing but still remains very modest.¹⁵³ Table 6-8 displays South Korean investment in Russia by sector (as of 1997).¹⁵⁴ The highest numbers of Korean investment projects are in the manufacturing sector, followed by those in trade. The manufacturing sector also displays the largest share of the actual investment followed by the mining sector. The number of joint Russian-Korean companies has steadily increased in Russia. In 1998, there existed more than 200 in Russia as a whole.¹⁵⁵

Table 6-8: South Korean Investment in Russia by Sector (as of 1997)

Sector	Number of Projects			Amount of Investment (1,000 US\$)		
	Planned	Actual	% (Act.)	Planned	Actual	% (Act.)
Mining	2	1	1.2	25,140	25,121	21.7
Forestry	2	2	2.4	1,500	493	0.4
Fishery	7	6	7.2	5,568	2,481	2.1
Manufacturing	41	26	31.3	64,999	47,549	41.1
Trade	33	25	30.1	13,294	6,148	5.3
Others	27	23	27.7	78,159	33,807	29.2
Total	112	83	100.0	188,660	115,599	100.0

Source: The Korean Federation of Banks, Overseas Direct Investment Statistics Yearbook, 1998, p. 41.

Within Russia as a whole, the RFE has become the most attractive region for Korean investment. As Bradshaw states, South Korean investment in the RFE made up nearly 60 per cent of its total foreign investment by the end of 1996, followed by the

¹⁵² *Izvestiya*, 25 April 1998, p. 3.

¹⁵³ *Russia Far East-Siberia News* (Seoul), No. 45, 30 August 1997, p.16.

Central region, Moscow and East Siberia.¹⁵⁶ Looking in greater depth at individual regions in the RFE, Primorskii krai had the highest level of Korean investment followed by Sakhalin oblast and then Khabarovsk krai (as can be seen in map 6-2).¹⁵⁷ Another leading foreign investor in Primorskii krai is China, representing 69 per cent of the share of foreign investment in 1997. In the same year, about 39 Chinese firms registered (among them 33 were solely owned by Chinese but investment was on a small scale). South Korea is the second largest investor in Primorskii krai, followed by the US.¹⁵⁸ In the first half of 1998, South Korean investment in Primorskii krai was \$1,290 million. This figure showed South Korea accounting for almost half of the total foreign investment in the region. South Korean enterprises totalled 38, among them 15 sole Korean investors and 23 Korean-Russian JVs. Korean investors are mainly involved in the catering services, hotels, travel agencies, transport and shipping.¹⁵⁹

As can be seen from table 6-9, among South Korean companies, Hyundai is one of the major investors in Primorskii krai. The Koreans are particularly interested in joint investment projects that enable them to produce raw materials on a permanent basis and to export them from Russia.¹⁶⁰ Most of these projects have involved Korean assistance in exploiting Russian natural resources in the Far East. One of the largest

¹⁵⁴ For further information on trends in South Korean Investment in Russia (from 1990-1997) see appendix 2.

¹⁵⁵ "South Korea Boost Economic Zone," *Vladivostok News*, No. 189, 4 June 1999, p. 2.

¹⁵⁶ Choongbea Lee and Michael J. Bradshaw, "South Korean Economic Relations with Russia," *Post-Soviet Geography and Economics*, No. 8, Vol. 38, 1997, pp. 470-72.

¹⁵⁷ By the end of 1995, these three regions accounted for 89.5 per cent of the total investment in the RFE. See "The Analysis of Foreign Investment in the Russian Far East," the KOTRA in Vladivostok, September 1996, p. 4.

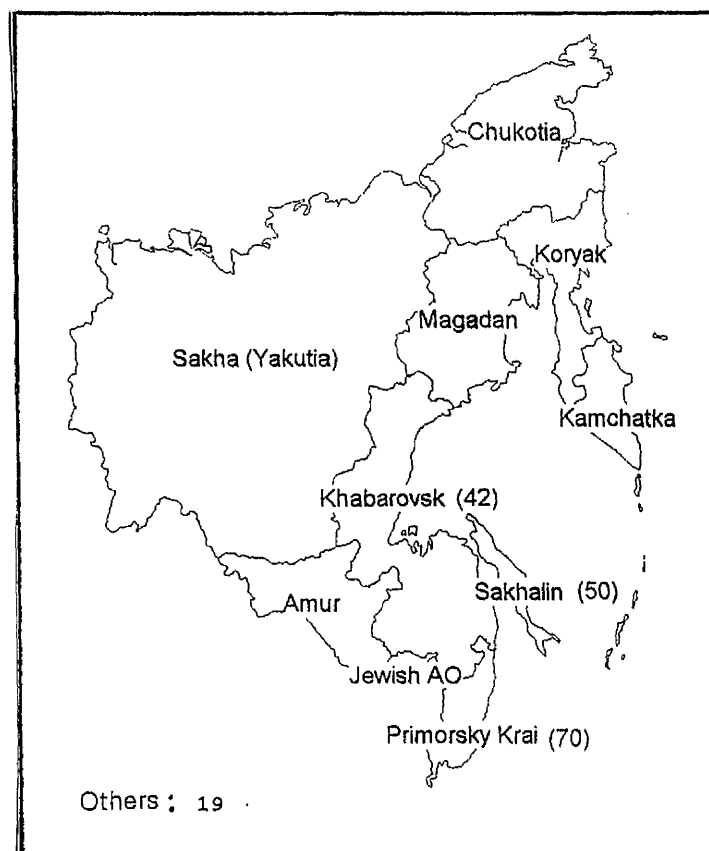
¹⁵⁸ *Ibid.*, p. 4.

¹⁵⁹ "The Economic Co-operation between South Korea and Primorskii krai in the first half of 1998 (in Korean)," *Russia Far East-Siberia News* (Seoul), No. 55, 31 December 1998, p. 35.

¹⁶⁰ The main industries, in which Korean investors are especially interested, are consumer goods manufacturing, production of electric and electronic goods, industries where the rich natural resources can be used, timber processing industries, and industries advanced technologies See *Rossiiskie vesti*, 7 February, 1995, p. 3, as cited in *CDPSP*, Vol. XLVII, No. 6, 1995, p. 29.

joint projects under discussion has been the construction of a natural gas pipeline from the Sakha Republic (Yakutia) to South Korea. Koreans also have been involved in consultations over possible participation in Sakhalin oil and gas projects. As well as these, there were two other well-known JV projects in Khabarovsk krai and Amur oblast. Table 7-9 summarises the major Korean projects in the RFE, including those which have not been completed, either through cancellation or postponement.

Map 6-2: The No. of South Korean Firms by Region in the RFE in the first half of 1996



Source: Report on the Analysis of Foreign Investment in the Russian Far East (in Korean) published by the KOTRA in Vladivostok, September 1996 (mimeo), p. 4.

Note: The total number of Korean firms in the RFE in the first half of 1996 was 181.

Table 6-9: Major Investments of South Korea by Regions in the RFE from 1990 to 1998

Region	Project
Primorskii	<p>a. Hyundai's Svetlaya Forestry JV Project This was the biggest Hyundai investment in the RFE. This joint timber project was signed in August 1989 in Primorskii krai.¹⁶¹ It began in 1990, and by the end of 1993, Hyundai invested US\$16 million on the project. At some stages, investment was hindered due to worsened conditions in Russia. Hyundai faced local and international environmental protests. One in 1993 involved, a lawsuit by a local group which resulted in Hyundai losing millions of dollars when it was forced to slash operating capacity.¹⁶² Because of this, Hyundai was unable to succeed in its original production targets of one million cubic meters.¹⁶³</p> <p>b. Hyundai Hotel Vladivostok Another recent project by Hyundai in the RFE was the construction of the Vladivostok Business Centre (The Hyundai Hotel) which opened in August 1997.¹⁶⁴ The original project cost was estimated at US\$52 million, but the final cost was US\$96 million.¹⁶⁵ Hyundai expected this hotel to serve as a milestone for the company's ventures in the RFE.¹⁶⁶ Although it is too early to assess the performance of the project, it is known that Hyundai suffered from heavy taxes by the federal government and is a deficit operation.¹⁶⁷</p>
Sakhalin	<p>Sakhalin Oil and Gas Projects Sakhalin oil and gas projects are at various stages of development.¹⁶⁸ Sakhalin-1, 2, and 3 projects have been operated and the other two projects, Sakhalin-4 and Sakhalin-5, have yet to be tendered for. At present, Korea has not directly been involved in the Sakhalin oil and gas projects. Only Daewoo has been involved in the refurbishment contract on the Sakhalin-2 project.¹⁶⁹ The only way for South Korea to participate in the Sakhalin-3 project is to buy a Russian share, but the prospect is unlikely on a large scale due to Korea's current economic difficulties.¹⁷⁰</p>

¹⁶¹ Zabrovskaya, *Rossiia i Respublika Koreia*, p. 92.

¹⁶² "Status of Russian Trade With South Korea Examined," *Rossiyskiye vesti*, 7 February 1995, p. 3, as cited in FBIS-Sov-95-027, 9 February 1995, pp. 14-5.

¹⁶³ "South Korea and the Russian Far East: A Review," *RFEU*, Vol. VI, No. 2, February 1996, pp. 8-9.

¹⁶⁴ When I was in Vladivostok undertaking field research in September 1996, the hotel was under construction. It consisted of 13 luxury floors, which included a convention centre, boutiques, restaurants, a bank and a health club. This information was adopted from a brochure which the Hyundai Hotel provided.

¹⁶⁵ "Russian-Korean Official Events," *RFEU*, Vol. VII, No. 9, September 1997, p. 12.

¹⁶⁶ "Risky Business," *Vladivostok News*, 17 October 1998, p. 2.

¹⁶⁷ I gathered this information during my research visit to Korea in July 1998.

¹⁶⁸ Sakhalin oil and gas projects have been started by Japanese co-operations since the 1970s. American and British companies have also been heavily involved in these projects. For further detail on these project, see the *Oil and Gas Report*.

¹⁶⁹ "Sakhalin's Offshore Projects: The Impact of Russia's Financial Crisis," *Oil and Gas Report*, Vol. I, No. 3, October 1998, p. 2.

¹⁷⁰ "Sakhalin Oil," *Russia Far East-Siberia News* (Seoul), No. 46, 30 September 1997, pp. 15-20.

Khabarovsk	Hankook Mill and Steel Corporation The JV, Stal-Ha, was made up of a partnership between Amurstal (28 per cent) and a Korean company, Hankook Mill and Steel Company (72 per cent). ¹⁷¹ Under the terms of the JV, Korea contributed US\$20 million. Most of the steel plate produced went to Korea, the remainder to Japan. It has operated since September 1995 but since then Amurstal faced bankruptcy and Stal-Ha also experienced financial difficulties. ¹⁷²
Sakha	Natural Gas Pipeline Project ¹⁷³ In 1992 Yeltsin first proposed ¹⁷⁴ an intergovernmental agreement between Russia and South Korea which was signed in 1995. ¹⁷⁵ Two plans were discussed: one was at high cost and risk as the route crossed North Korea, the other was through Mongolia and China. In August 1996, the Korean Hanbo Group participated in the project by investing US\$25 million so as to acquire 27.5 % of Russian Petroleum. However, in 1998 the bankrupt Hanbo sold it off to British Petroleum (BP) ending Korea's involvement in the project. ¹⁷⁶
Amur	Kohap Group: Soya Bean JV Since May 1994 the Kohap Group has considered setting up a promising JV for production and process of soya beans. In March 1995 this project was set up and called Korus-1 JV. In July 1998, according to one of the Korean managers, the project had not succeeded in generating good results. They may withdraw from this joint project because of three major deficit-causes found in 1997: flooding, Russian farmers' negligence, and worn out farm equipment. ¹⁷⁷

6.4.3. The Korean-Russian Industrial Park in the Nakhodka Free Economic Zone (FEZ)

As part of its investment in the RFE, South Korea is working with Russia to establish an industrial park in the Nakhodka Free Economic Zone (FEZ). First we shall look at how Russia established the Nakhodka FEZ and later assess Korea's investment in this.

¹⁷¹ Amurstal, a steel plant in Komsomolsk-na-Amure, RFE's only iron and steel plant, was declared bankrupt and forced to face restructuring with the help of foreign investment. Hankook Mill and Steel Corporation are backed by South Korea's Export and Import Bank and operate an offshoot company that makes steel plates, in a Joint Venture (JV) factory with Amurstal, called Stal-Ha. See Miller and Stefanopoulos, *The Russian Far East*, p. 29.

¹⁷² "A Restructuring Plan for Joint Stock Company Amurstal," *RFEU*, Vol. VI, No. 12, December 1996, p. 11.

¹⁷³ On 31 March 1992, the Russian Federation and the Republic of Sakha concluded an agreement 'On Mutual Relations between the Government of the RF and the republic of Sakha' which provided the republic with the right to develop, extract and sell natural resources in its territory. For the text, see *Federativnyi Dogovor. Dokumenty. Kommentarii* (Moscow: Respublika, 1992).

¹⁷⁴ *Korea Times* (Seoul), 21 November 1992.

¹⁷⁵ *Korea Times* (Seoul), 28 February 1995.

¹⁷⁶ Lee and Bradshaw, "South Korean Economic Relations with Russia," p. 475.

¹⁷⁷ I conducted an interview in Seoul in July 1998.

On 14 July 1990, the Supreme Soviet of the RSFSR passed a resolution 'On the Creation of Free Economic Zones on the Territory of the Russian Federation.'¹⁷⁸ In a decree on foreign investment in October 1990, President Gorbachev approved the creation of zones of joint entrepreneurship.¹⁷⁹ On 4 July 1991, the RSFSR legislation on foreign investment finally established the legal framework for the creation of FEZs on Russian territory.¹⁸⁰ Between 1990 and 1991 the Far East led the way in the development of Russia's FEZs in Primorskii krai (Vladivostok and Nakhodka), Sakhalin oblast and the Jewish AO. The Nakhodka FEZ became one of the 11 FEZs as a direct result of a Russian Federation government decree.¹⁸¹

The Nakhodka FEZ has been given special status through various tax incentives (such as duty free imports and exports), and through the relaxation of visa regulations. It was hoped these would promote trade, scientific and technological co-operation with foreign countries, and encourage the comprehensive development of local natural resources and the exporting and importing of goods.¹⁸² The major industry of this region is fishing and fish processing, ship repair and light industry. The Nakhodka FEZ has the largest transportation capacity in the Far East; the Trans-

¹⁷⁸ Vedomosti S'ezda narodnykh deputatov RSFSR i Verkhovnogo Soveta RSFSR, no. 7, 1990, art. 107.

¹⁷⁹ *Ibid.*, no. 44, 1990, art. 944.

¹⁸⁰ *Ibid.*, no. 29, 1991, art. 1008.

¹⁸¹ There are FEZs in the Far East, each zone planned to specialise in two or three activities: Nakhodka and Vladivostok in export oriented activities, ship repair and fishing; and Sakhalin in oil and gas, forest and fishing. See Sergei Manezhev, The Russian Far East (London: Royal Institute of International Affairs, 1993), p. 26.

¹⁸² Mirovaya ekonomika i mezhdunarodnye otnosheniya, July 1995, p. 110; John P. Hardt, "Soviet Global Integration Prospects," in John P. Hardt and Yong C. Kim (eds.), Economic Co-operation in the Asia-Pacific Region (Boulder: Westview Press, 1990), pp. 10-7; R. Sean Randolph, "The Soviet Economic Role in Asia and the Pacific: A Business Perspective," Asian Survey, Vol. XXX, No. 12, December 1990, p. 117.

Siberian railway passes through. There are road links with all areas of Primorskii krai and a 900-kilometre highway directly to Khabarovsk krai.¹⁸³

Major ports in the FEZ Nakhodka and Vostochny are. Nakhodka was the only open port city in the Far East during the Soviet period. This commercial port handles primarily timber, metal and chemicals and has the second largest cargo turnover in the RFE after Vostochny.¹⁸⁴ The largest container port, Vostochny, has historically had importance for exporting goods, and such a location is advantageous in attracting foreign investments for plants and warehouses. This port also has the highest productivity among the other ports of the Far East for loading containers and bulk freight.¹⁸⁵ According to figures from Nakhodka and Vostochny ports from 1991 to 1997, Vostochny exceeded Nakhodka in terms of cargo turnout, although cargo turnover at both ports has fallen gradually from 1991 to 1997.¹⁸⁶ In addition, the continuing economic crisis was not helped by the devaluation of the ruble in August 1998. This caused a dramatic fall in cargo shipments to both these ports in the latter part of that year.

The Nakhodka FEZ is controlled by an Administrative Committee (AC) whose primary responsibility is the planning and implementation of policies for the FEZ's development. The committee also examines foreign investors' project proposals and registers corporations for membership. The Mayor of Nakhodka and the magistrate of Partizansk District were both nominated the post of head of the committee.¹⁸⁷ Under

¹⁸³ Erik Azulay and Allegra Harris Azulay, *The Russian Far East* (New York: Hippocrene Books, 1995), p. 71.

¹⁸⁴ "Update on Nakhodka's Ports," *RFEU*, Vol. VI, No. 12, December 1996, p. 4.

¹⁸⁵ "Focus: Port of Vostochny," *RFEU*, Vol. VI, No. 11, November 1996, p. 7.

¹⁸⁶ "Vladivostok, Nakhodka and Vostochny," *RFEU*, Vol. VIII, No. 11, November 1998, p. 9.

¹⁸⁷ At present (July 1999), the head of AC is chair of Primorskii krai Duma. See "Russo-Korea Project Now Looks More Probable," *Russia and FSU*, Vol. 3, No. 4, July 1999, p. 7.

the AC there is a Council of the FEZ. The Council determines the policy for distribution of productive forces in the FEZ and gives top priority to the processing of investment.¹⁸⁸ In January 1994, Sergei Dudnik, general director of a construction organisation, was appointed head of the Nakhodka FEZ AC. Utro Rossii reported that this was seen by many as a strengthening of control over the FEZ by the local executive authorities.¹⁸⁹ The Nakhodka FEZ has subsequently been modifying its economic course. The new head of the committee, Dudnik, stated that in accordance with recent Russian laws priority would be given to the construction of three merchant posts and a canning factory. The construction of these facilities would be assisted by various customs and tax privileges and would be sponsored by Russian and foreign investors. The Nakhodka FEZ developed in accordance with a special resolution adopted by the government.¹⁹⁰

The Committee has been making every effort to establish one of the world's most competitive FEZs. It visited major FEZs around the world to investigate how Russia could improve its legal investment environment, its administrative process and its upgrading of the infrastructure in the development of the FEZ. In June 1994, the Nakhodka FEZ joined the World Export Processing Zones Association. The official ceremony was held in the Malaysian capital Kuala Lumpur during a conference of the Association.¹⁹¹ In May 1998, the Governor of Primorskii krai, Yevgeniy Nazdratenko,

¹⁸⁸ The council prepares expert analyses of proposals that require budgetary financing, administrative privileges and preferential treatment. It also evaluates concrete proposals to locate entities in the productive and non-productive spheres. See Pavel A. Minakir and Gregory Freeze, The Russian Far East: An Economic Survey (Khabarovsk: Economic Research Institute, 1996), pp. 257-58.

¹⁸⁹ "New Head of Nakhodka FEZ," Utro Rossii, 19 January 1994, p. 2, as cited in RA Report, No. 17, July 1994, p. 95.

¹⁹⁰ "Nakhodka FEZ Pushes Port Construction," RA Report, No. 17, July 1994, p. 95.

¹⁹¹ This Association united more than thirty zones from various countries. Membership in the Association would allow the Russian enclave to obtain information on the transactions of its partners, to take part in the Association's conferences and exhibitions on preferential terms, and also to draw on the experience

created a Supervisory Board for Nakhodka's FEZ in order to effectively realise its intentions. It is evident that one way local governors have tried to maintain control over industrial policy in their regions is to exert voting influence on the boards of directors of all the major industrial enterprises.¹⁹²

The total number of foreign firms in the region gradually increased between 1993 (231) and 1994 (469).¹⁹³ By June 1995, a total of 472 foreign firms had registered with the AC. Of these, 195 were joint ventures; 145 enterprises with 100 per cent foreign-capital; 77 affiliates, 28 foreign company representatives; and 27 branch offices of joint venture firms. China accounted for 55 per cent of the total firms registered with the Administrative Committee followed by the US, Japan, Hong Kong and South Korea. The total number of foreign workers being employed within the Nakhodka FEZ was 1,132, of which 974 were Chinese and 105 North Korean.¹⁹⁴ Trade and retail services are the major field for foreign investment, followed by transportation.¹⁹⁵

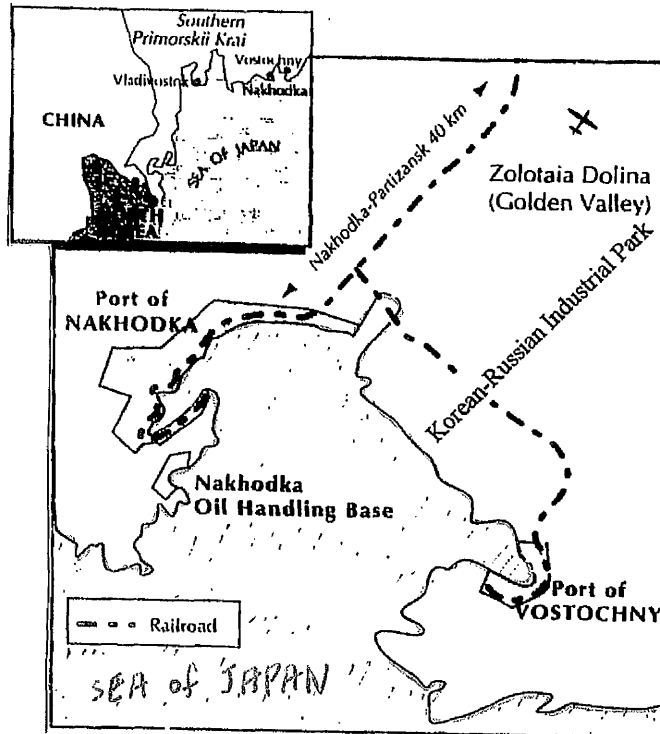
of the developed free economic zones in Southeast Asian countries. See "Nakhodka Joints World Export Processing Zones Association," *Ibid.*, p. 95.

¹⁹² Members of the board are: Vice-Governor, Primorskii krai Chairman-regional дума, Mayor of Nakhodka, Chairman of Nakhodka city дума, Head of administration for Patizansk district and Chairman of Administrative Committee of the Nakhodka SEZ. See "Supervisory Board for Nakhodka Free Economic Zone," *RFEU*, Vol. VIII, No. 6, June 1998, p. 10.

¹⁹³ *Korea Times*, 3 June 1993, p. 8; Pavel A. Minakir and Gregory L. Freeze, *The Russian Far East: An Economic Survey* (Khabarovsk: Economic Research Institute, 1996), pp. 261-62.

¹⁹⁴ Kook Hwan Oh, "Nakhodka Free Economic Zone and Korea-Russia Industrial Park" (Seoul: Korea-Russia Far East Siberian Association, 26 March 1996, mimeo), p. 113.

Map 6-3: The Korean-Russian Industrial Park in the Nakhodka FEZ



Source: Adapted from Elisa Miller and Soula Stefanopoulos, The Russian Far East: A Business Reference Guide (Seattle: Russian Far East Update, Third Edition 1997 and 1998), p. 101.

Since the Russian government approved regulations for the Nakhodka FEZ in early 1990, it has been struggling to find a solid legal foundation for the industrial park as well as investment partners. At present, in the Nakhodka FEZ, two projects have been created: a Korean-Russian industrial park (see map 6-3) and an American-Russian

¹⁹⁵ Ibid., p. 114.

industrial park.¹⁹⁶ The Korean-Russian industrial park is known to be potentially one of the most important economic agreements of its kind between South Korea and the RFE. Negotiations between Russia and South Korea have been ongoing since November 1992.¹⁹⁷ When Korean President Kim Young Sam visited Vladivostok in June 1994, he met the Governor of Primorskii krai, Nazdratenko. In their official meeting, they discussed the construction of a Korean industrial park in Nakhodka FEZ. After his visit, negotiations to establish a Korean industrial park have carried on through frequent contacts.¹⁹⁸ A further agreement was reached in July 1997 for the Korean industrial park development project of export-oriented enterprises. The bilateral agreement committed the Russian side to provide power and water up to the park's boundaries, and obligated the Korean side to provide infrastructure inside the park's boundaries.¹⁹⁹

The Korea Land Corporation (Koland), a government-backed agency, is the real estate developer of the project for the Korean side. Its goals for the park are to keep Korean industries competitive internationally, to secure a gateway to the markets in Russia, Central Asia and China, to rejuvenate stagnating regional economies, and to develop the existing advanced industrial technology and management in the RFE. The Korean park is also intended to vitalise the regional economy in the RFE and to alleviate Korea's high land and labour costs, which have been undermining Korean industries' competitiveness.²⁰⁰ The park is located in the valley of the Partizansk district

¹⁹⁶ For more detail on the Russian-American industrial park see Minakir and Freeze, *The Russian Far East*, p. 264.

¹⁹⁷ "Nakhodka SEZ," *Utro Rossii*, 18 March 1993, p. 1, as cited in *RA Report*, No. 15, July 1993, p. 94.

¹⁹⁸ Zablovskaya, *Rossiia i Respublika Koreia*, pp. 67-9.

¹⁹⁹ Won Joo Hong, "The Plan for Development of Trade and Industry Co-operation between South Korea-Russia," *Russia Far East-Siberia News* (Seoul), No. 45, 30 August 1997, p. 40.

²⁰⁰ Oh, "Nakhodka Free Economic Zone," p. 116; *Mirovaya ekonomika i mezhdunarodnye otnosheniia*, July 1995, p. 110.

of the FEZ. The site is 12 kilometres from Nakhodka²⁰¹ and 6 kms from Vostochny, and there are facilities for moving goods by both rail and sea. A four lane paved road runs between the city of Nakhodka and Vostochny.²⁰² The Trans-Siberian Railway (TSR) runs about 3 kms away from the park. The Korean government hopes to bring the TSR into the park when it is completed so that goods can be shipped to Europe or to Vostochny.²⁰³

I will now deal with two major problems which Korea faces in the development of the park: both the infrastructure, and the legal status of the park, and I will discuss their possible solutions. Water and electricity are not supplied to the whole area designated for the FEZ. This is the first major problem. To solve this the Administrative Committee is planning to develop the zone's power supply. The Russian Far East Update reported in November 1996 that several Japanese firms and organisations and the AC had completed a feasibility study funded by the Japanese government.²⁰⁴ In addition, in 1997, the Russian government decided to develop the poor infrastructure by providing funds taken from the federal budget. Russia continues to support the project financially by borrowing money from foreign institutions to improve the electricity and water supply.²⁰⁵ Another area of concern is the poor quality of transportation lines that exist, and this needs to be dealt with if the project is to progress further.

²⁰¹ Minakir and Freeze, The Russian Far East, p. 264.

²⁰² Azulay and Azulay, The Russian Far East, p. 71.

²⁰³ The special report on the Plan for Korean-Russian Nakhodka FEZ Project was provided by the Korea Land Corporation (Koland), February 1999, p. 4.

²⁰⁴ "More Power for Nakhodka," RFEU, Vol. VI, No. 11, November 1996, p. 5.

²⁰⁵ V.V. Spaskii, "The Problems on the Trade and Economic Co-operation between Korea and Russia," Russia Far East-Siberia News (Seoul), No. 45, 30 August 1997, pp. 20-21; for example, Russia borrowed US\$2,490 million from the Japanese Export and Import Bank "Construction of a new Water Supply Project," See Russia Far East-Siberia News (Seoul), No. 39, 28 February, 1997, p. 32.

Secondly, legal status is very important for foreign investors. The inconsistency and the frequent changes in laws have prevented preferential benefits being distributed to investors.²⁰⁶ Major progress was made in December 1995 through joint efforts with the AC.²⁰⁷ In March 1996, President Yeltsin signed a decree which established legal grounds at the federal level for the Korean enterprises who were to be involved in the park. The AC reported that 'the Primorskii krai administration and the federal government were responsible for developing a federal programme to support the project. The decree also confirmed federal financing for the park infrastructure.'²⁰⁸

According to an interview which I conducted in August 1998 and a report which I received on the recent progress of the project from Koland in February 1999, Koland has struggled to make a success. This reflects both the sudden economic difficulties in Korea and the political and economic instability in Russia over the past year or two. Some Korean businessmen think it risky to pour large sums of capital into the park. It seems that the real process is going to be slow and modest due to the above mentioned problems. Koland, understandably, wants its commitment to be a sound one.²⁰⁹

At their summit conference in Moscow in May 1999, the RF and South Korea finally approved a development plan for the first phase of the project.²¹⁰ According to the new agreement, the two countries agreed that the size of the Korean-Russian

²⁰⁶ "The Scheme for the development of Natural Resources between Korea and Russia (in Korean)," Russia Far East-Siberia News (Seoul), No. 45, 30 August 1997, p. 28.

²⁰⁷ This provided 5 tax-free years for all local taxes after their first return was reported and a 50 per cent tax reduction for 5 years afterwards. See Oh, "Nakhodka Free Economic Zone," pp. 116-17.

²⁰⁸ "Russia Far East and its Neighbours," RFEU, Vol. VI, No. 4, April 1996, p. 5.

²⁰⁹ I received the information from one of the Koland managers from Seoul in February 1999.

²¹⁰ President Kim Dae Jung visited Moscow and signed a protocol which will support for the Korean Industrial park project for the coming decade. In addition, Kim and Yeltsin discussed a partnership role to establish a new Northeast Asian security system. Kim emphasised a constructive and mutually

industrial park would be reduced. It was originally allocated 330 hectares, but later this was reduced to 100 hectares in 1992, and was finally to consist of only 20 hectares. The first phase will be more of a 'model' or mini-park. The construction period for the site was extended from three years to six years. South Korean companies will also have a special legal status. Any company that exports at least 50 per cent of its product will be entitled to favourable treatment in local and federal tax privileges. These include waivers on custom duties for imported machinery and materials: a reduction of VAT tax, and of federal and regional profit taxes during the first five years. The present availability of water, electricity and sewage facilities for this particular area will reduce the need for Russian infrastructure improvements during the first phase.²¹¹

Koland is presently seeking companies to locate on lots inside the park (the average lot size will be approximately 5,000 square metres).²¹² The first phase will be dominated by processing plants, including fish and wood processing, and garment manufacture. These can be either joint ventures, or 100 per cent Russian companies. According to Koland, the second and third phases will incorporate a greater land area (in a different location) and high-tech companies.²¹³ Koland planned to invest between US\$800 million and US\$1 billion in the construction of the industrial site within the next six years. Once finished, the complex should give jobs to 15,000 workers.²¹⁴ The

beneficial relationship through building up strong economic co-operation. See *Izvestiya*, 27 May 1999; *Dong-A Ilbo* (Seoul), 28 May 1999.

²¹¹ During my interview with the Consul General of the Korean Embassy in Moscow, Jae Keun Choi, in April 2000, he kindly provided me with "the joint pact of Korean-Russian Industrial park project in Nakhodka FEZ" (in Russian, mimeo) which was signed on 28 May 1999 by both South Korean and Russian governments.

²¹² In March 1999, the Koland announced that 10 Korean companies had already applied to move into the site. It prospects that the numbers will increase because of the advantages they can find in the RFE. These are cheap and skilled labourers, low labour charge with the favourable legal status for Korean companies. See *Han Kyoreh* (Seoul), 29 March 1999.

²¹³ I conducted an interview with the one of the Koland managers in Seoul, September 1999.

²¹⁴ *Vladivostok News*, No. 189, 4 June 1999, p. 1.

new jobs created within the park will be available not only to Koreans and Russians but also to workers from neighbouring countries, such as North Korea and China.²¹⁵

Koland expects that the park will have excellent prospects: 'This will open a new era for the actual and substantial economic co-operation between Korea and Russia. This will be the place with best investment environment and a transportation and logistics hub connecting Asia-Pacific and Europe.'²¹⁶

6.4.4: Major Problems and Prospects in the RFE: The South Korean View.

As discussed in the previous section, South Korea has become one of the RFE's most important economic partners. But like other countries, South Korea has experienced some difficulties in developing economic relations with the region. The current market economic transition in the RFE has had a marked impact, resulting in a clear worsening of international trade and investment within it. The same problems are found throughout all the regions of the RFE, but for the purpose of this paper I will focus specifically on Primorskii krai as it can be seen that this is the area that is the most involved in foreign economic business in the RFE.

The main problems which have arisen due to the financial crisis in Korea since 1997, and the continuing economic difficulties in Russia (since the ruble devaluation in August 1998) have caused a dramatic fall in trade and investment relations between them. There has also been a crisis in the economy, accompanied by social instability and a sharp decline in Russia's credit worthiness.²¹⁷ All these

²¹⁵ "ROK Planning to Invest in Nakhodka Economic Zone," *Tass*, 28 September 1995, as cited in *FBIS-Sov-95-188*, 28 September 1995, p. 49.

²¹⁶ Oh, "Nakhodka Free Economic Zone," p. 120.

²¹⁷ A. Starichkov, "Financial and Economic Crisis in East Asia," *Dal'niy Vostok Rossii* (Vladivostok), No. 1, 1998, p. 48.

circumstances reduced Korea's investment in short and mid-term trade and operations, and much of these were substantially contracted or suspended following these problems.²¹⁸ Some long-term projects have been suspended or cancelled, without any proper explanation. Examples of these are Korean involvement in a gas pipeline project in the republic of Sakha and gas and oil projects in Sakhalin. In addition, the currency difficulties of Korea's trading partner have meant pressure to import less, and a reduction in exports to the RFE.

Another major difficulty is the poor economic environment for foreign investors. Primorskii krai was not ready for the sudden interest by foreign companies in this area. The market economy is young, the regional government has faced financial difficulties and remnants of the old Soviet bureaucracy remain.²¹⁹ In addition, the infrastructure is poor, the city loses power occasionally without notice, the roads are filled with potholes and the rail lines are deteriorating.²²⁰ According to the Chairman of the Primorye Chamber of Commerce, Vladimir Brezhnev, his government has not managed to solve all these problems yet. He also comments that, 'We are at a stage of moving from one economy to another. Our business laws are definitely not perfect, but of course these are going to be problems.'²²¹

Other problems arise due to a clash in cultures as Koreans go into business with Russians. While Russians apply for loans, Koreans prefer selling. Since Russia declared its moratorium in August 1998, Primorskii krai businessmen noticed a clear

²¹⁸ "Rossiya-Yuzhnaya Koreya," *Nezavisimaya Gazeta*, 6 October 1998, p. 6.

²¹⁹ Zablovskaya, *Rossiya i Respublika*, p. 61; Judith Thornton and Nadezhda N. Mikheeva, "The Strategies of Foreign and Foreign-Assisted Firms in the Russian Far East: Alternatives to Missing Infrastructure," *Comparative Economic Studies*, Vol. 38, No. 4, Winter 1996, pp. 88-9.

²²⁰ Report on the *Outline of the Russian Far East* was issued by the KOTRA in Vladivostok in September 1996, p. 13; I had experience when I was in Primorskii krai in September 1996.

²²¹ *Vladivostok News*, 17 October 1998, p. 2.

worsening of the trade and investment climate with South Korea. Seeing this, Korean businessmen have increasingly favoured cash transactions and their companies require advance payments more frequently.²²² Another problem for investors is the legal, tax and customs systems; laws vary depending on place, time and financial situation.²²³ By the time a foreign company signs an agreement with a Russian firm and gets ready to implement it, the tax laws will have changed, perhaps radically.²²⁴ There are also few safeguards for foreign investors. For instance, struggling Russian companies are known to declare bankruptcy, empty their accounts, and default on their debts. Often foreign investors are unaware of the laws that exist in any case.²²⁵

On the other hand, the prospect for the longer-term future must be considered. As Korean Consul General Choi En Sam pointed out in October 1998, 'things are going to take a long time. It's impossible to get things done right now, and there is a lot of Korean resistance to investing because of Russia's financial problems. It is not only the tax system that disturbs South Koreans, but also the temptation to simply go elsewhere, where the global economy is better established.'²²⁶ In regard to the Hyundai US\$96 million hotel venture, General Manager Young Kung has openly accepted that the company will 'not make a profit for nine years.' Otherwise, South Korean companies

²²² Report on the Influence of Declaration of Russia's Moratorium was issued by the KOTRA (mimeo), August 1998, p. 6.

²²³ There was a conference, "the RFE: Prospects for the New Millennium" organised by the Royal Institute of International Affairs in London in September 18 1998. I attended there and conducted an interview with a scholar from Vladivostok.

²²⁴ This interview was conducted with an anonymous Korean businessman. He experienced the inconsistent Russian laws when trying to set up a furniture factory. He told me his own experience and emphasised not only the problems for himself but for other Korean businessmen and companies facing the same problems. In addition, I conducted another interview with the manager of the Kohap Group in August 1998, in Seoul. At that time the Group faced serious financial difficulties after investing in the agriculture and textile industries in the RFE.

²²⁵ I took an interview with the General Director of World Vending Co., LTD in Moscow in April 2000. He has worked for in Russia for three years and kindly explained his experiences to me. Although there exists the above mentioned problems, he expected that his company would continue to expand in the market for vending machines in Russia.

profit from the area without risking significant investment. South Korean businesses, particularly in the food industry, simply import goods into Russia through small traders, eliminating the need for risky partnerships or local offices. On the export side, South Korean companies find that, despite tax problems, buying Russian gas, fish, timber, and scrap metals are excellent ways to pump money back into Primorskii krai without coming away empty-handed.²²⁷

Another more positive view was mentioned during my interviews with Lee Kwang Hee, director of the KOTRA in Vladivostok in September 1996, and with a manager of the Kohap Group in Seoul in July 1998. They both pointed out that a Korean unification would result in many benefits. A united Korea would share a border with the RFE and the resulting reduction of transport costs between Seoul and Vladivostok, for instance, would mean that Koreans would possibly be more attracted to trade and investment. In the short and mid-term period, South Korea will continue to import from the RFE, primarily fish, timber, coal, metals, and other raw materials. In turn, South Korea will export automobiles, telecommunications equipment, electronics and other finished goods. It is still expected that shuttle traders will further contribute their much needed business, promoting small and medium scale trade. South Korea will also extend further political, cultural, and educational contact with the RFE. South Korea will continue expecting Russia to play a positive role in encouraging North Korea to open its territory further and to normalise with its neighbouring countries.

Finally, as previously mentioned, there exists the jointly run Korean-Russian industrial park project (in the mid and longer-term basis), which was finalised at a Moscow summit in May 1999. It is known that this was one of the first milestone

²²⁶ Vladivostok News, 17 October 1998, p. 3.

projects on the agenda for implementation between Russia and South Korea since Moscow established diplomatic relations with Seoul in September 1990. The Moscow summit led to the establishment of a regional venture fund, designed to further attract Korean investment and encourage the growth of small and medium-size private enterprises in the industrial park and in the RFE as a whole. The development concept incorporated in the new agreement does not differ substantially from the original plan, although it reflects a more modest but feasible approach and gives more meaning to Nakhodka's FEZ.²²⁸ Difficulties are evident, but an optimistic view still needs to be taken. The project is still hindered by poor infrastructure, inefficient processing time and confusing tax laws. Despite all these challenges, the South Korean government attaches considerable significance to the development of relations with the RFE in the medium and longer term.

6.5: Conclusion

In this chapter, I have traced the newly developing relations of the Far East with the two Koreas in the transitional period. As revealed earlier by content analysis, we can see that these relations formed an issue high on both central and local international agendas. In the post-Soviet period, the agenda of Russian international news has dramatically been extended to include a vast range of topics and themes previously banished to the 'zones beyond criticism.'²²⁹ The press has moved further and faster in opening up new subjects for public discussion and interests regarding international news.

How did these developing of relations with the two Koreas reach this prime

²²⁷ Ibid., pp. 3-4.

²²⁸ I conducted an interview with the one of the Koland managers in Seoul, September 1999.

position on the international political agenda in the Far East? Generally, Russia's transformation from a command economy to a market economy, its integration into the global economy and its increasing reliance on the global market has particularly led to its new relations with these two Koreas. In the light of this, it has been in the interests of federal government, and regional governors, local elites, businessmen and the Far Eastern public to draw attention to South Korea as an important country in terms of developing economic relations. The press published articles giving a positive image of South Korea as a country engaged in successful economic activities, producing high-quality goods, and there were frequent mentions of the Russian and South Korean industrial park project in the Nakhodka FEZ. At the same time the dominant theme in relation to North Korea was its poverty, political oppression, economic failure, and its Far Eastern criminal activities. However, both the central and regional leaders (in particular, both Primorskii and Khabarovsk krais) regard North Korea as providing useful cheap labour in the timber, agriculture, and construction sectors.

In analysing the construction of the international political agenda in the Far East, with regard to the relationship with the two Koreas, we can see the influence of such factors as geographical proximity and new foreign policy as well as the interests of federal administrators, regional governors, private business and the Far Eastern public. This issue looks set to continue to be of great significance to the RFE in the mid and long term future, especially with the prospects for Korean unification.

²²⁹ Mary Dejevsky, "Glasnost" and the Soviet Press," in Julian Graffy and Geoffrey A. Hosking (eds.), *Culture and the Media in the USSR Today* (Londo: Macmillan, 1989), p. 202.

Chapter 7: Conclusion

As noted in chapter 1, an agenda is a set of issues that are communicated in a hierarchy of importance at any given point in time. Agenda-setting offers us an explanation regarding the scope and nature of the information about certain issues that is available to the public in democratic and other societies.¹ Agenda scholars (see section 1.1) suggest that the political agenda consists of problems which have been brought up for consideration by the political authorities. This political agenda setting deals primarily with the transformation of social conditions into political questions and with the selection of political issues.

Most discussions of agenda-setting centre on the influence of the news media on the agenda of the public. The agenda-setting process begins with an issue climbing the media agenda. The media agenda is usually indexed by content analysis of the news media determining the number of news stories about a given issue or issues of study. Media coverage of an issue causes an increase in the number of people concerned about that issue.² In agenda-setting studies, media content is usually operationalised as the number of some countable unit, such as the number of newspaper column inches or the number of front-page stories an issue receives, or the number of seconds of airtime given to an issue during a year of TV newscasts.³

In my thesis I have explored political agenda-setting based on content analysis in the RFE within the Russian Federation. With the collapse of the Soviet communist

¹ Roger W. Cobb and Charles D. Elder, Participation in American Politics: The Dynamics of Agenda-Building (Baltimore and London: The John Hopkins University Press, Second Edition, 1983), p. 14.

² Kim A. Smith, "Newspaper Coverage and Public Concern About Community Issues," in David L. Prosser and McCombs (eds.), Agenda Setting: Readings on Media, Public Opinion, and Policymaking (Hillsdale, NJ: Lawrence Erlbaum, 1991), p. 75.

regime, the disintegration of the USSR and the discrediting of the centrally-planned economic system, economic decentralisation and political democratisation have become the major development issues in the federation. In this process, opening up the market and enhancing political autonomy advanced at the regional level. In this context, in my research, I have dealt with what regional leaders and their public perceived as the most important domestic and international political issues on the agenda in the early post-communist era in the RFE.

According to my content analysis, the development of local autonomy was revealed as one of the most important issues in post-Soviet politics (see section 3.1). At the national level, decentralised political and economic policies led to a decisive increase in the autonomy of regional and republican leaders in the Russian Federation after 1991. During this period, we can see that there were conflicting views on the type of federation Russia should become, and this conflict characterised the relationship between centre and periphery. The periphery was pushing for a more decentralised form of federalism while the centre was pressing for a more unitary system. The RFE specifically was working towards its establishment as an autonomous region (see section 3.2). In the early 1990s Far Eastern regionalism grew and spread, with some local leaders beginning to support the idea of the rebirth of the Far Eastern Republic (FER) of the early 1920s, and the Far East Association for Economic Co-operation (FEAEC) was formed. However, these moves towards regional solidarity were unsuccessful, and local leaders tended to pay more attention to their own individual relationship with Moscow than to common relations with the rest of the RFE. Despite the failure of the independence movement, local leaders are making steadily increasing efforts towards

³ James W. Dearing and Everett M. Roger, *Agenda-Setting* (London: Sage, 1996), p. 35.

greater local autonomy within the federation. For the RFE as a whole, the search for greater autonomy has been, and will continue to be, a complicated process and one that is influenced by the federal authorities as well as the regions themselves.

In the post-Soviet period the joint issues of the environment and public health have also become a high priority for not only for Far Eastern leaders and people (see section 3.3) but also for the nation as a whole. With the RFE relying heavily on the exploitation of its rich natural resources, the region has always had to deal with serious environmental issues including air and water pollution, the destruction of forests, uncontrolled fires and the disposal of radioactive waste into the sea. The native peoples' preservation of a traditional life style has also become a significant environmental issue in the region. The development of northern Russia in the interests of industrial civilisation has resulted in deep conflict. As a result, native peoples have been threatened by declining life expectancy, chronic diseases caused by radioactivity, and even the threat of extinction.

We have seen the effects of the deterioration of the environment in the decline in general health and rising death rates in the RFE. According to the figures provided in 1993 (see section 3.3.3), the infant mortality rate was higher in the RFE than in the RF as a whole. Also, the RFE average life expectancy for males and females at birth was lower than in the federation as a whole. The critical environmental situation in the RFE is highlighted by the international concern that has been shown and the co-operation offered. The international community has been closely involved in several regional conservation projects in the RFE (see section 3.3.4). At present the RFE is precariously balanced between economic dependence on the exploitation of natural resources and the increasing need for environmental protection and conservation.

In addition to the above, various social issues also emerged high up on the domestic political agenda. In the late and post-Soviet period, the increasing crime rate, high level of unemployment, rising living costs, and increasing emigration have all become important socio-economic issues in the RFE. The media further emphasised those issues by placing them on a par with opening regional markets and political autonomy in the importance that was accorded to them.

In order to examine how the RFE differs from other parts of Russia in these respects, I have explored the current socio-economic situation in the 10 regions of the RFE and compared them with the other 79 subjects of the RF, establishing that the Far East differs from more general Russian patterns. The RFE experienced a steadily declining population mainly due to its relatively high mortality rate and low fertility rate, the figures for the region being higher than those for the rest of the federation. The region's high levels of emigration were also a significant factor in the population decline. Yet another concern in Russia in the post-Soviet era has been the steadily increasing rate of crime. In terms of the frequency of crime, the RFE is shown to be a relatively more dangerous place to live in than the rest of the federation. As with the incidence of crime, rates of alcoholism were higher in the RFE than in the RF as a whole. This factor along with others is indicative of deep social problems in the region.

Within the RFE unemployment levels varied widely, and in most areas they were higher than in the RF as a whole. A large number of people in the RFE were employed in industry and there was increasing interest in non-production sectors, such as transport, communication and trade. Both the RFE's extracting and food industries ranked second among the eleven economic regions in the RF, the latter consisting mainly of fishing and fish processing. In terms of monthly income, the RFE as a whole

appears to have been a relatively rich region when compared with other regions in the RF, notwithstanding wide variations within it. In terms of purchasing power, though, Chukotka was the most expensive place to buy food in the federation as a whole. Also seven other Far Eastern cities headed the list of the most expensive in Russia. So, in fact, people in the RFE were not better off than the nation as a whole; levels of poverty were actually higher than the national average (see section 4.3).

The eighth New Russia Barometer (in January 2000)⁴ reported a public opinion survey which showed both Russia's socio-economic conditions and the attitudes of Russians towards government. Section 13 deals with the following question: how much priority do you think the next Russian government ought to give to each of the following problems facing this country? There is a list of ten problems, with four different options: highest priority, important, low priority and unimportant. Of these, I have chosen five problems as related to my research, analysing the figures for highest priority only. Table 7-1 displays the main problems respondents identified as the top priorities in their daily life. The following problems (in order of priority) were given by respondents in the RFE.

Unemployment, it will be seen, is regarded as the most important issue among the Far Eastern public. This figure in the RFE are slightly higher than in the RF as a whole. However, high levels of unemployment have also become a top priority for government action across the nation. Crime is still a dominant social problem in both

⁴ The eighth NRB survey was organised by the Centre for the Study of Public Policy and conducted by the Russian Centre for Public Opinion Research (VCIOM). Fieldwork occurred between 13 and 29 January 2000, just after the Duma election and the seasonal holidays. The total respondents age 18 or over are 1,940. The universe consisted of the residents of the Russian Federation age 16 and over, excluding soldiers, convicts and those without a fixed address. VCIOM stratified the RF into 10 large regions classified by seven social, economic and infrastructure attributes: North with North-West, Central, Central-Tchernozemie, North Caucasus, Volgo-Viatka, Volga, Urals, West Siberia, East Siberia and Far East. For a full details see Richard Rose, Russia Between Elections: New Russia Barometer VIII (Glasgow: University

the RFE and the RF, but concern, on the evidence of the NRB, is higher in the RF as a whole than in the RFE. Aside from normal price fluctuation, concern over rising prices is still high in both the RF and the RFE. Again the levels of concern in the RFE is slightly higher than in the RFE. The problems of environmental pollution appears to cause relatively less concern in the RFE than in the RF, however, it is here, as elsewhere, a high priority. Taken as a whole, public concerns in the RFE are largely similar to those across the federation, but rising prices and environmental pollution are clearly more prominent.

Table 7-1: Urgency Problems Facing Russia in January 2000 (%)

Main Concerns	RFE	RF
Unemployment	70	68
Crime	64	69
Rising prices	61	77
Crisis in health service	56	59
Environmental pollution	27	36

Source: Derived from the New Russia Barometer VIII (fieldwork 13-29 January 2000, n = 1940, used with permission)

The press and public opinion polls reveal that despite of years of economic and political reform, people are still losing jobs, there is growing poverty, living costs are higher, and social conditions are unstable. According to my content analysis, in the early transitional period environmental pollution was revealed as an issue at the top of the political agenda (along with that of autonomy); this survey shows it as a relatively low priority in the RFE, although it is a more salient concern than elsewhere in the

federation. In other respects there is close agreement between the political agenda that is derived from the survey evidence and the political agenda that emerges from my content analysis of printed sources.

In this thesis we have seen (chapters 5 and 6) that the establishing and maintaining of favourable political and economic relations with neighbouring countries has been revealed as one of the most significance issues on the RFE's international political agenda. As Bradshaw notes, 'a complex blend of political and economic factors continue to influence the prospects for economic co-operation between the RFE and its neighbouring countries.'⁵

The wide coverage of the joint issues of demarcation and Chinese influx into the RFE has illustrated this priority on the political agenda, in relation to the development of bilateral relations with China. The demarcation process between Russia and China was re-started in 1987 and finally concluded a decade later. With the opened border their economic relationship has been further advanced. Under Yeltsin, a sound foundation was laid for a long-term military and political relationship, which had previously been difficult to realise. However, the demarcation process caused centre-periphery governmental friction within Russia, as local leaders felt that national goals were being placed before regional ones. As discussed in section 5.1, whilst there has been considerable improvement in economic exchanges, some anti-Chinese sentiment still lingers among Far Eastern residents. Local leaders in the RFE and nationalist groups have severely criticised the government on this matter. They widely regard the Chinese as a threat to the region. Of particular concern has been the demographic

⁵ Michael J. Bradshaw, "Economic Relations of the Russian Far East with the Asian-Pacific States," *Post-Soviet Geography*, Vol. 35, No. 4, 1994, pp. 245-46.

intervention of Chinese immigrants, many of whom are in fact illegal, and some of whom are known to bring with them criminal activities, such as the smuggling of drugs.

As noted in section 5.2, the territorial dispute has also remained very high on the political agenda for the further economic development between the RFE and Japan. Regarding the territorial dispute with Japan in the post-Soviet era, it is clear that at present Russia holds a more positive and flexible attitude to the ownership of the Kuril islands than previously.⁶ No conclusion has yet been reached over the ownership of the islands and they remain under Russian control. The Krasnoyarsk summit (in November 1997) notably produced a joint agreement to work towards a peace treaty between the two countries by 2000, based on the principles of the 1993 Tokyo Declaration. At the Kawana summit (in April 1998), the two countries leaders repeated their intention to seek a comprehensive peace treaty and to continue dialogue at the highest level.

It is evident from several public opinion surveys that Russia, Japan and the Kuril islanders all hold strongly contrasting views on the future ownership of the islands. Russians and Japanese both maintain their claims to the land, whilst opinions of the islanders themselves vary according to each disputed island. Shikotan islanders favour Japanese ownership relatively more than the other islanders. Electrical blackouts, fuel shortages, the earthquake of 1994 and lack of government support have led those on Shikotan (the poorest island) to sign petitions proposing that Russia lease the islands to Japan. At the national and local levels, Russia still recognises the value of the Kuril islands in terms of the fishing industry, foreign trade and business, and military positioning. The government may, in fact, submit to the broader alternative of leaving

⁶ M. Y. Krupyanko, *Yaponiya 90-kh: v poiskah modeli otnoshenii s novoi Rossiei* (Moscow: Izdatel'skaya Firma, 1997), p. 127.

the matter to future generations of Kuril islanders, as their rights are beginning to be considered above those of central government in this issue.

As mentioned in chapter 1, another major issue on the international political agenda in the RFE has been the development of relations with the two Koreas. Russia lost much of its influence with North Korea after the collapse of the Soviet Union. However, in a tentative balancing act, Moscow has attempted to re-establish normal relations with North Korea while still preserving favourable links with South Korea.⁷ In the early 1990s, local residents of the RFE targeted North Korea as a major cause of regional problems, partly due to the political issue of North Korean timber workers (see section 6.2). Since the mid 1990s, however, Far Eastern local leaders have continued to depend upon the employment of North Korean labourers in the timber, agriculture and construction industries. Support within the RFE for continued co-operation with North Korea remains high, with the possibility of influencing the resolution of the inter-Korean problem and thus enhancing prospects for regional economic projects (e.g. the Tumen river development project)

Since the late 1990s, local leaders have steadily developed their relations with South Korea through various economic, cultural and political exchanges (see section 6.3). South Korea hopes that this kind of development in the RFE will provide a stable political environment for the unification of the peninsula at some point in the future. Economically, the long-term jointly run South Korean and Russian industrial park project (in the Nakhodka FEZ) was finalised at a Moscow summit in May 1999. This encourages the growth of small and medium-size private enterprises and attract South Korean investment, both within the industrial park and in the RFE as a whole. Also,

since 1991, Russian shuttlers have been trading very actively in South Korea, as they have with Russia's East European neighbours and Turkey. They have made a large and unexpected contribution to the improvement of economic relationships between Russia and South Korea. Overall, South Korea has gradually become one of the RFE's major economic partners. Politically, their co-operation will involve further developing a sustainable policy of ethnic diversity in the RFE. In this, there will be a particular focus on the re-integration of ethnic Korean communities who were forcibly removed from the region during the Stalin era (see section 6.1).

As discussed in chapter 6, the RFE has become heavily dependent on joint ventures (JVs) with foreign countries. JVs figured prominently on the international political agenda (see table 1-3). Many of these JVs are in fishing, hotels, restaurants and entertainment, and some offer business services to foreign clients. The greatest number of JVs in the RFE are those with the Chinese, followed by those with the Japanese, South Koreans and Americans. Overall, many firms are justifiably cautious about investing in a business environment as politically and economically unstable as contemporary Russia. Excessive tariffs and problems in the transportation infrastructure delay shipping and make doing business in the RFE prohibitively expensive. Inefficiencies in Russian customs delay deliveries and raise costs. Pervasive organised crime and corruption create additional obstacles to foreign investment.⁸ Under these conditions, it is not surprising that major corporations are reluctant to invest in Russia. But small and medium sized firms, and trade based on cash transactions, have developed more readily (see section 6.3).

⁷ A. N. Lankov, *Severnaya Koreya: Vchera i segodnya* (Moscow: Izdatel'skaya Firma, 1995), pp. 4-5.

⁸ I. Boiko and O. Petrunin, "Analytical Survey of the Russian Far East Economy: 1996-1997, *Dal'niy Vostok Rossii* (Vladivostok), No. 1, 1998, pp. 12-4.

As discussed earlier, questions of agenda setting include the scope and nature of information that is available to the public in any given society. In this respect the influence of the news media on the agenda of the public cannot be underestimated, with issues emerging on to the agenda directly linked to the amount of news coverage they receive. These issues covered in the media have appeared on the political agenda, moved up or down, or disappeared. In relation to the political agenda in the RFE, the following further questions need to be considered in the post-Yeltsin period. Firstly, which political issues are perceived as being most important in the region? Secondly, how will regional leaders and their public shape the prospects for the RFE's development? Thirdly, who is exercising most control in constructing this agenda?

In discussion of these questions, the following issues will be particularly taken into account. Firstly, under the federation, the RFE has experienced a decline in population, rampant crime, a worsening environment, the region's financial collapse, a high level of unemployment and failure to register economic growth. This failure has partly been a result of liberal market reforms, the incomplete nature of these reforms and the dependence of the region's industry on producing and primarily exporting raw materials. These difficulties have registered as consistently important on the political agenda under influence of its regional and global economic changes. Noticeably, as seen in table 7-1, unemployment and crime slowly have emerged as the top issue in the Far Eastern region, and rising prices also remain a major regional problem, high on the political agenda. This survey suggests that these issues (see table 7-1) have at long last become constant political issues. Such issues are likely to continue to be important on the political agenda, by the regional leaders, local officials, political elite and the media (especially local press and television). Regarding these issues, we can see that the public

opinion survey cited earlier reflects similar public concerns as revealed in my content analysis of the media.

Secondly, as long as central and regional leaders are concerned with both economic development and environmental protection, environmental issues will continue to figure prominently on the political agenda (as shown table 7-1). Protection of the natural and human environment (when resources allow) will help to maintain a healthy and productive population. Environmentalists and local authorities are concerned about the damage to the environment caused by water pollution and dumping radioactive waste in the sea and this concern has received wide coverage in the newspapers. As mentioned in chapter 3, international aid is being sought to facilitate resource conservation and environmental protection. These considerations present opportunities for new forms of co-operation for Russia with Japan and America particularly. These two countries are assisting in constructing facilities for the processing of radioactive waste in the RFE, and are also involved in the cleaning up of marine oil spills in the area of the Sakhalin shelf. Dealing with the challenges of environmental protection and resource conservation and management in the Far East has been one of the major projects involving central and regional administrations. Local officials, journalists, environmentalists, academic institutions and the public (including indigenous peoples) will continue to persist in their efforts to influence the central and regional authorities with regard to the environment.

Thirdly, the RFE continues to welcome greater Japanese and Chinese investment and value good relations with these two countries. However, certain regional leaders (especially from Primorskii and Khabarovsk krais, and Sakhalin oblast), nationalists, and popular public opinion have all voiced opposition, both to the massive

Chinese expansion into the RFE, and to any territorial concessions to Japan. Given the political sensitivity of territorial concessions, it might be difficult to conclude a peace treaty in the near future, and more unlikely to secure ratification in parliament.⁹ The central administration, regional authorities, and businessmen have emphasised the importance of constructive co-operation with China and Japan, but in dealing with the questions above, they will preserve territorial integrity as a matter of national pride and (presumably) political expediency. Domestic political forces, political parties, interest groups, and the pressure of public opinion all keep these issues in the media eye and high on the international agenda. The force of feeling behind these issues will continue as a limiting factor to this Chinese influx, and influence the dispute over the Southern Kuril islands.

Fourthly, although there remains uncertainty on the matter of eventual Korean unification, it will certainly have a major impact on the future of the RFE and its relations with neighbouring countries. As such, the issue of the RFE's relationship with the two Koreas has been prominent on the international political agenda. The central and regional administrations have significant interests in the Korean peninsula, stemming from its shared border with North Korea, the proximity of major population centres in the RFE and growing trade relations and military contacts with South Korea. Having decided not to renew the military assistance provisions of the Soviet-North Korean treaty, Moscow's policy establishment is in agreement on the need to prevent North Korea from developing or utilising nuclear weapons. Further, the federal government, regional leaders, local elite, businessmen and the Far Eastern public will share an interest in preserving peace and stability on the Korean peninsula.

⁹ Charles E. Ziegler, "Russo-Japanese Relations: A New Start for the Twenty-first Century?," Problems of

Fifthly, with the greater decentralisation and openness of regional politics since the early 1990s, expanding cross-border trade in the Far East especially with the northern provinces of China was high on the political agenda. To the extent that Russia supplies energy to China, China has shown a positive interest in the energy development projects that facilitate its country's supply.¹⁰ With the mass media highlighting the energy shortages recently experienced in much of the RFE, the Far Eastern public are naturally concerned about future energy needs. Russia's resources supplies of oil and natural gas present further attractive opportunities for joint development using the investment capital and technical capability of Japan, America, and other Western countries.¹¹ The planned energy projects have begun to attract attention, and to some extent have contributed to these issues becoming important international political agenda. These projects (in particular, the Sakhalin offshore oil and gas projects and the Sakha republic gas-pipeline project) are becoming a priority for the federal administration, interest groups, regional leaders, and also for the public in the RFE. The primacy of these issues and geographical proximity and close economic ties with Asia-Pacific countries provide the impetus for Moscow and the RFE to continue to strive to satisfy the basic requirements of APEC. These include the development of a stable market economy and the promotion of economic ties with the current members of this regionally-based grouping.¹² The need for political and economic stability has contributed to activate the process of satisfying these requirements and force this issue high on constantly the political agenda in the post-Yeltsin period.

Post-Communism, Vol. 46, No. 3, May/June 1999, p. 24.

¹⁰ Rossiiskii Dal'nii Vostok i severo-vostochnaya aziya (Moscow: URSS, 1998), pp. 146-47.

¹¹ Michael J. Bradshaw, "Going Global: The Political Economy of Oil and Gas Development Offshore of Sakhalin," Cambridge Review of International Affairs, Vol. XII, No. 1, Summer/Fall 1998, pp. 147-48.

¹² Rossiiskiy Vesti, 5 December 1997, as cited in RIA-Novosti Daily Review, 5 December 1997, p. 7.

As McCombs and Shaw have noted, agenda-setting studies serve as an improved approach to understanding media effects.¹³ Content analysis of media coverage together with public opinion surveys continue to show that the media has a significant effect on public perceptions. In order to drive further regional development in the RFE, regional leaders and their publics will be obliged to continue their efforts to create a favourable domestic and international political environment for regional development. In doing this, to the extent to which they select and prioritise different issues they act as constant constructors of the political agenda. In constructing the political agenda, a full set of political, legal and social institutions are also involved in and motivated by the need to support the region's political, economic and social foundations. The common goal is to increase prosperity and stability in the Far East. To integrate and focus on the diverse elements that appear in contemporary problems it has been useful to focus on political agendas, which order the range of legitimate concerns of the society and prescribe those issues that will command the active attention of central and regional political decision-makers.

Despite many common aims, the number of variables involved in setting agendas gives rise to conflicts of interests, for example between central and regional agendas. Since his accession President Yeltsin's successor, Vladimir Putin, has placed his emphasis upon the reassertion of central control. In the face of these new circumstances, regional leaders and the public have continued to press for further economic decentralisation and political autonomy, and for an increase the economic integration of the region as a whole with its neighbouring countries and beyond. A viable future for the RFE is likely to require a more balanced approach, one that takes

¹³ Dearing and Roger, Agenda-Setting, p. 89.

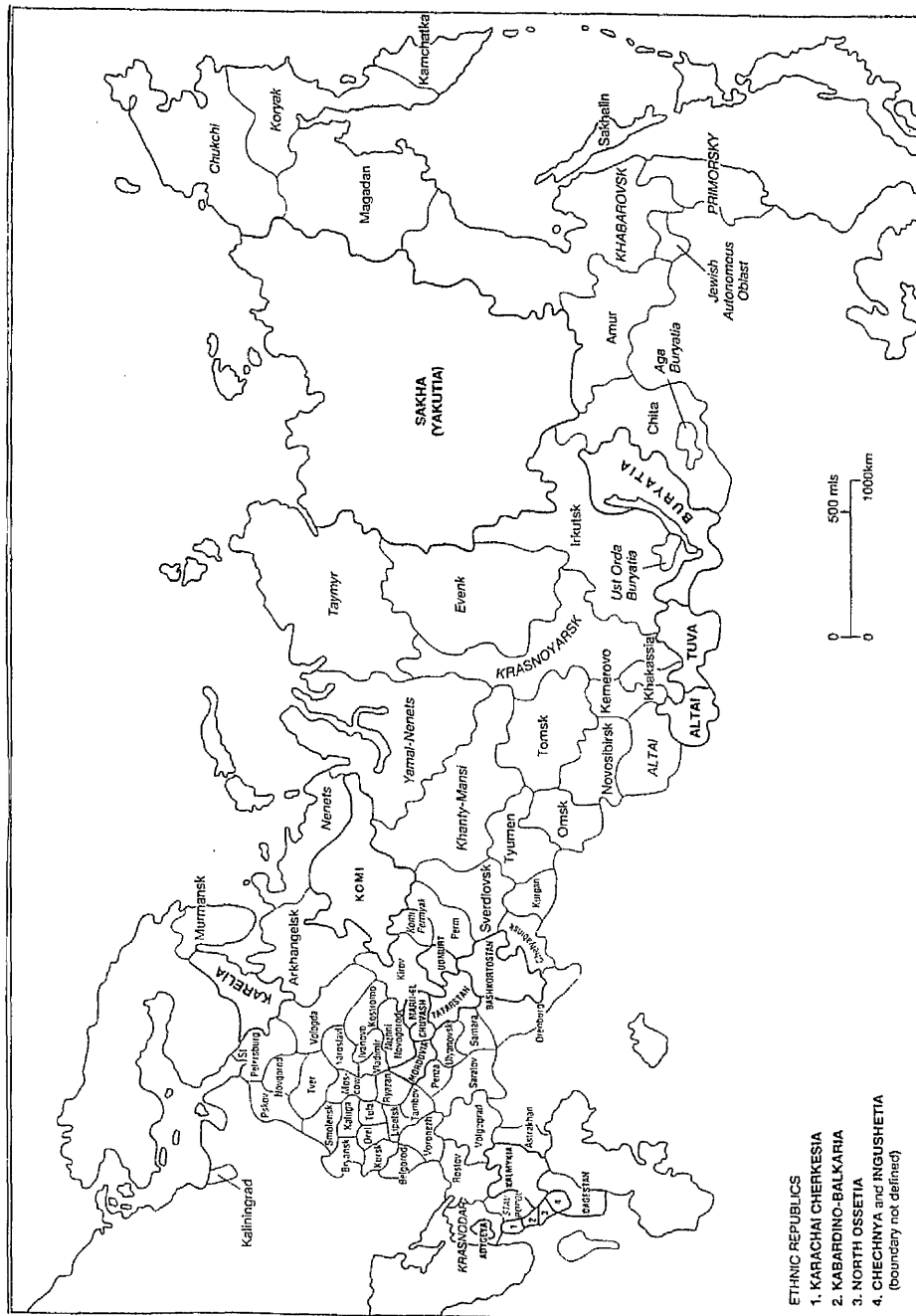
into account the legitimate concerns of the Far East and its elected representatives, and their increasingly dense network of relations with the wider Asia-Pacific region. It will also require a political agenda that reflects the full range of their varied and sometimes conflicting concerns.

Appendix 1: Constituent Units of the Russian Federation (according to the 1993 Constitution)

21 Republics		
Adygeya	Altai	Bashkortostan
Buryatia	Chechnya*	Dagestan
Chuvashia	Ingushetia	Kabardino-Balkaria
Karachaevo-Cherkessia	Karelia	Kalmykia
Khakassia	Komi	Mari El
Mordovia	North Ossetia	Sakha(Yakutia)
Tatarstan	Tuva	Udmurtia
6 Krai		
Altai	Khabarovsk	Krasnodar
Krasnoyarsk	Primorskii	Stavropol
49 Oblasts		
Amur	Arkhangel	Astrakhan
Belgorod	Bryansk	Chelyabinsk
Chita	Irkutsk	Ivanovo
Kaliningrad	Kaluga	Kamchatka
Kemerovo	Kirov	Kostroma
Kurgan	Kursk	Leningrad
Lipetsk	Magadan	Moscow
Murmansk	Nizhnii Novgorod	Novogorod
Novosibirsk	Omsk	Orel
Orenburg	Penza	Perm
Pskov	Rostov	Ryazan
Sakhalin	Samara	Saratov
Smolensk	Sverdlovsk	Tambov
Tomsk	Tula	Tver
Tyumen	Ulyansk	Vladimir
Volgograd	Vologda	Voronezh
Yaroslavl		
Cities of Federal Status (2)		
Moscow	St Petersburg	
Autonomous Oblast (1)		
Jewish Autonomous Oblast (in Khabarovsk krai)		
Autonomous Okrugs (10)		
Aginsk-Buryatia (in Chita oblast)	Chukotka	Evenki (in Krasnoyarsk oblast)
Khanty-Mansiisk (in Tyumen oblast)	Komi-Permyak (in Perm oblast)	Koryak (in Kamchatka oblast)
Nenets (in Arkhangelsk oblast)	Taimyr (in Krasnoyarsk oblast)	
Ust-Ordinsk Buryat (in Irkutsk oblast)	Yamal-Nenets (in Tyumen oblast)	

* Declared independence, but declaration not recognised by the Russian Federation.

Appendix 2: Map of the Constituent Units of the Russian Federation (according to the 1993 Constitution)



Source: Based upon G. Smith, "The Ethno-politics of Federation without Federalism," in D. Lane (ed.), *Russia in Transition: Politics, Privatisation and Inequality* (London and New York, Longman, 1995), p. 22.

Appendix 3: Trends of South Korean Investment in Russia from 1990 to 1997

Year	Number of Projects			Amount of Investment (1,000 US\$)		
	Planned	Actual	Cumulative Actual	Planned	Actual	Cumulative Actual
~1990	5	2	2	9,261	480	480
1991	3	4	6	9,210	16,989	17,469
1992	12	7	13	7,386	3,247	20,716
1993	24	13	26	5,199	3,296	24,012
1994	26	20	46	29,645	11,922	35,934
1995	14	23	69	48,273	30,502	66,436
1996	20	12	81	61,901	41,336	107,772
1997	12	3	84	19,209	7,901	115,673

Source: The Korea Federation of Bank, Overseas Direct Investment Statistics Yearbook, 1998, p. 22.

Bibliography

Fieldwork Experience

As a PhD research student in the Department of Politics, I conducted field research in both Seoul (South Korea) and Vladivostok (Primorskii krai) in August and September 1996, in Seoul again in July 1998 and September 1999, and Moscow in April 2000. I received grants for these visits from the Politics Department postgraduate research fund, the Alec Nove research fund, and the postgraduate research fund of BASEES (British Association for Slavonic and East European Studies).

During my visit to Vladivostok (flying from Seoul), I collected various official documents, articles and journals. These came mainly from the Institute of History (Far Eastern Branch of the Russian Academy of Sciences) and the public library. I also met with several scholars and senior researchers from the Institute who specialised in my area of research and who kindly allowed me to conduct interviews. In addition, they furnished me with further material for my research. Interestingly, I met a Korean-speaking Russian lecturer at the Korean College of the Far Eastern State University, who studied the Korean language in Pyongyang (North Korea), and then stayed in Seoul as a visiting scholar in 1995. With his help, I was able to obtain a lot of useful materials. In addition, I visited KOTRA (Korea Trade and Investment Promotion Agency) in Vladivostok whose director invited me to interview him and who also provided valuable statistics on trade relations between the Far East and South Korea.

In Seoul, I visited KOTRA and several political and economic institutes related to my research in August 1996 and July 1998. During my second visit to Seoul, I mainly collected materials from KOTRA and Koland (Korea Land Corporation). I conducted an

interview in July 1998 with the vice president of the Koryo Synthetic Fibre Group (Kohap). Since May 1994 the Kohap Group has considered setting up a promising JV for the production and processing of soya beans in Primorskii krai. The vice president was most informative on the subject of his company's experience of JV projects in the RFE. I gratefully received from him unpublished official documents, particularly regarding construction of the Far Eastern Korean Villages in Primorskii krai. I also discovered that the Chairman of the Kohap Group, Chang Chi Hyok, had opened a new Korean College in the Far Eastern State University in Vladivostok; this he funded himself to expand the interchange of cultural and educational contacts between Russia and Korea. Chang was the first Korean to be awarded Russia's 'Order of Friendship' medal by the Governor of Primorskii krai, Yevgenii Nazdratenko. Following my return to Glasgow a manager from Koland continued to correspond with me, providing me with updated information on the Korean-Russian Industrial Park project in the Nakhodka Free Economic Zone.

Finally, I flew to Moscow in April 2000 with the purpose of conducting additional field work. I visited Moscow State University Library, the Historical library, the Russian State Library, the Korean Embassy, and KOTRA to collect further primary sources. I carried out a considerable amount of work in the Historical Library, where there are excellent catalogues of newspapers, periodicals and books. During my visit, I met the Consul General of the Korean Embassy, the Deputy Director of KOTRA, the General Director of Samsung World Vending, some experts in trade companies, and a number of second-generation Far Eastern Koreans. All these kindly shared their time with me, allowing me to conduct interviews and providing me with some exclusive materials some of which were unpublished sources.

On my visits to Russia I have been in receipt both of the hospitality and the personal knowledge and experience of Christian missionaries, in Vladivostok and in Moscow.

During my study, I have attended various conferences and seminars in the UK and in Australia to gain information and to collect materials for my research. These included the BASEES Conference at Cambridge, in 1996, 1998 and 1999 (in March 1999 I myself presented a paper), the IREES Conference at the Burn House in Glenesk in January 1998 (where I also gave a paper), the ESRC Research Seminar Series at Birmingham University (both in May 1998 and 1999) and LSE (in January 2000), the Conference on the RFE: Prospects for the New Millennium at the Royal Institute of International Affairs in London (in August 1998) and Melbourne University in Australia, and the International Conference on Communist and Post-Communist Societies at the Melbourne University in July 1998 (where I contributed a paper). In addition, I also made use of the facilities of the Royal Institute of International Affairs (in December 1995) and the British Library (in January 2000). In order to be present at these events, I was awarded funding from the BASEES postgraduate research fund, the ESRC regional research fund, the Department of Politics at the University of Glasgow and the Alec Nove research fund.

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