

# Russo-American Diplomacy and China

By Wakamatsu Kenji

Japan and South Korea jointly hosted the 2002 World Cup. This month-long event, which stirred up so much enthusiasm and excitement around the world, successfully concluded at the end of June. The world was rather impressed by the improved prowess of Asia. Japan reached the second round, while South Korea did even better. The Japanese supporters, who readily cheered on the other national teams, also favorably impressed many people overseas. The South Koreans overcame past antagonisms and have shown greater affinity for Japan. This will lead to an improvement of cordial ties between the two nations.

Meanwhile, the animosity and violence have continued in the Middle East between Israel and the Palestinians. In South Asia, the tensions have eased somewhat, but the animosity remains between India and Pakistan over Kashmir. The United States, Russia and the European countries have made conspicuous efforts to mediate in these disputes. Russia's keen diplomacy is a noteworthy feature and seems to herald a new era.

Russian President Vladimir Putin and U.S. President George W. Bush signed an arms reduction treaty in Moscow on May 24 that will lead to a considerable reduction in the two countries' nuclear warheads. The treaty decisively underscored the American pre-eminence by allowing the United States to store its withdrawn warheads. At the subsequent North Atlantic Treaty Organization (NATO) summit in Rome on May 28, the 19 member states established a permanent council with Russia to discuss a broad range of security issues, including terrorism and crisis management. Russia has ultimately become a quasi-member of NATO, and it will clearly follow the other Eastern European states in developing closer ties with the European Union.

The Group of Eight Summit in Kananaskis in Canada on June 27

saw Russia's full acceptance into the ranks of the major industrialized countries. Russia is now able to participate in all of the debates, including those touching on economic matters, and it will host the 2006 summit. The Group of Seven was initially launched as a venue for the leaders of the major industrialized countries to discuss the global economy. Russia's full participation is likely to give this gathering a more political hue.

The participants at the summit in Canada pledged to provide Russia with \$20 billion for weapons demolition to prevent the proliferation of weapons of mass destruction from that country. The United States strongly urged this move as a means of combating terrorism. In addition, the participants said they would support Russia's entry into the World Trade Organization. Putin is planning to hold a summit of world leaders in St. Petersburg next year to mark the tercentenary of the city's founding by Peter the Great.

Russia's efforts to approach the former Western world as a "normal country" have become more marked since last year's terrorist attacks on the United States. Russia has allowed U.S. forces to be stationed in the former Soviet republics in Central Asia to take part in the campaign against terrorism in Afghanistan. It has even allowed U.S. forces to be sent to Georgia. The Russian moves led to a subtle difference of views between Moscow and Beijing at the June meeting of the Shanghai Cooperation Organization, which is made up of China, Russia and four Central Asian countries.

Meanwhile, China's Vice President Hu Jintao, the man most tipped to succeed President Jiang Zemin, visited the United States in May and met with a number of U.S. leaders. While the details of these meetings have not been made public, it seems that the two countries are trying to mend fences. Bilateral military contacts have resumed. They had been sus-

pending in the wake of the incident in April last year when a U.S. reconnaissance plane was forced to land in Hainan after clipping a Chinese fighter.

The rapid expansion of China's economy has attracted the world's notice. But China faces the difficult problems associated with the transformation to a market economy, e.g. reforming state-owned enterprises, mass unemployment and regional economic disparities. The question of how China will deal with these issues is attracting interest, especially as a new generation of Chinese leaders is about to succeed the old.

## Change in Management

We have an announcement about a personnel change in our office. Mr. Hatakeyama Noboru was appointed the chair of the Japan Economic Foundation and the publisher of the *Journal of Japanese Trade and Industry* on Aug. 1, 2002. He succeeded Mr. Toyoshima Toru.

Mr. Hatakeyama was the chairman and CEO of the Japan External Trade Organization (JETRO) for the past four years, after having served as vice-minister for international affairs of the former Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry).

## COMING UP

The next issue of *JJTI* will feature an international comparison of corporate slogans which are based on the tradition and culture of each company, and will examine the companies' management style in an age of transition. We will also focus on Japanese companies which have maintained strong business performances throughout the period of the "lost decade."