



## THE CENTRAL ASIAN POLICY OF JAPAN

Due to the geopolitical location and the natural resources of Central Asia wide range of nations has focused its attention on the region, developing various strategies towards the regional states. Japan is one of those nations. In the early years of independence of the Central Asian countries, Japan did not pursue an active policy towards the region, however, in the recent years, due to the growing geopolitical importance of the region, receiving more international attention, Japan's interest to the region has also increased. In general, Japan have intensified its Central Asian policy on the account of developments in the energy sector of the regional countries, allowing them to increase production of the energy resources, which could become an alternative to the energy resources imported to Japan from the Middle East. Therefore, Japan initiated its own projects towards the region in the fields of economy, politics and security.

Currently, Japan provides economic and technical aids and outrights to the Central Asian countries in the framework of the program of the Japanese government on the Official Development Assistance (ODA) towards the developing countries. As the ODA is one of the most effective instruments of the Japanese foreign policy and international relations, the program plays a significant role for Tokyo. The ODA program has been developed in order to provide economic aid and quotas to the developing allies and to meet the development needs of these countries. After being included in the list of developing countries on January 1, 1993 by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) in Japan, the Central Asian countries could have access to these aids. Since then, Japan has revised its foreign policy interests towards Central Asia and has implemented various programs and initiatives, particularly, the ODA program. In this context, in 1997 the former Prime Minister of Japan, Ryutaro Hashimoto, introduced a diplomatic concept called the "Eurasian Diplomacy". The main aim of this concept was to develop political and economic cooperation between Japan, Russia and the Central Asian countries. According to this concept, Japan's Central Asian policy was based on three key principles: (i) to create a political dialog aiming to enhance trust and mutual understanding; (ii) to establish close partnership and economic cooperation in exploration of natural resources aiming to foster development of the region; (iii) to build peace through nuclear non-proliferation, fostering of stability and democratization in the region.

In his speech presented in 1997, Ryutaro Hashimoto emphasized the geo-strategical importance of Eurasia and highlighted the importance to the Caspian region due to its high oil and natural gas reserves. Besides, the "Diplomatic Bluebook 1998" published annually by the Japanese Foreign Ministry emphasized that

Japan should continue its relations with China and Russia in the framework of the "Eurasian Diplomacy".

In 1998, in order to enhance the exploration of natural resources and the transportation infrastructure, Japan developed the "Silk Road Diplomacy" and started using the term "Silk Road countries" in relation to the Central Asian countries. In this sense, Japan has taken part in the process of restoration of democracy in these countries by supporting economic reforms. Within the framework of this program, for the first time Japan integrated the Central Asian region as part of its foreign policy priorities. In 2004, the Japanese Government has launched the "Central Asia plus Japan" (CAJ) dialogue, which was built based on the "Silk Road Diplomacy" program.

In order to enhance regional cooperation in the framework of the "Central Asia plus Japan" dialog, Japan launched regular meetings with the Central Asian countries. In the context of the dialog, five main cooperation fields were determined: (i) political dialog; (ii) intra-regional regional cooperation; (iii) business promotion in the region; (iv) intellectual dialog; and (v) cultural and people-to-people exchange. In this light, the current Foreign Minister of Japan, Aso Taro, in his policy speech entitled "Central Asia as a Corridor of Peace and Stability" on June 1, 2006, stressed that Central Asia should be defined as a new direction in the foreign policy of the country and emphasized the importance of providing security in the region in order to produce and to transport the regional natural resources to Japan. This initiative clearly showed that Japan would implement long-term policies towards Central Asia.

The aforementioned Japanese initiatives towards Central Asia have been gaining importance, especially in terms of energy resources in the region. Even though Japan has been meeting most of its energy needs from the Middle Eastern resources, it has been in search of new opportunities to gain access to the Central Asian energy resources. Recent developments in the Middle East and the weakening of atomic energy sector in Japan has sparked the country's interest in the energy resources of Central Asia. For instance, in 2014 Japan's oil imports from the Middle East were over 80%, only 34% of which belonged to Saudi Arabia. Conversely, Japan's oil imports from Russia constituted only 8%.

In 2005, one year after the acceptance of the CAJ dialog, with an assistance of Japan, Afghanistan was included in the Central Asia Regional Economic Cooperation (CAREC) program established by the Asian Development Bank. This event was interpreted as the display of the Japanese support of the idea of transferring the Central Asian oil and natural gas via pipelines to South-East Asia.

Japan's economic interest in the Central Asian countries became even more visible after the

official visit of the Japanese Prime Minister, Shinzo Abe, to these countries in 2015, which resulted into signing of several agreements, totaled approximately more than 45 billion dollars most of which were signed with Turkmenistan and Uzbekistan. In this sense, Japan and Turkmenistan signed agreements worth a total of \$18 billion. The most important agreements being on the Japan's investment into the Galkynysh natural gas field, which is the largest natural gas field in Turkmenistan and the 4th largest one in the world. According to the agreement, five Japanese firms will take part in the construction of onfield facilities of the Galkynysh natural gas field. For instance, Japan announce its intention to investment \$10 billion in this project. Besides, Japan and Uzbekistan signed various agreements worth a total of \$8.5 billion, most of which are in the field of energy. Uzbekistan's plans to increase natural gas production has given a great opportunity to Japan to invest in new natural gas exploration projects in this country. Also, reconstruction of the Tashkent Thermal Power Plant and investments aimed to establish an ammonia and urea plant by Mitsubishi are worth mentioning. Moreover, Japan signed investment agreements with Kazakhstan worth \$1.5 billion, with Kyrgyzstan worth \$120 million and with Tajikistan worth \$7.5 million. While the agreements with Kazakhstan include the construction of the Atomic Energy Plant in the Balkhash region and the production of Toyota automobiles, the agreements with Kyrgyzstan include the restoration and renewal of the Manas Airport.

In conclusion, although Japan is geographically remote from the Central Asian region, the Central Asian policy of the country seems to be in a steadily developing process. After careful examination of the Japanese investments into the countries in the region, it can be concluded that energy investments are prioritized and as a result, the amount of investments towards Turkmenistan, Uzbekistan and Kazakhstan rich in natural resources is high. As Kyrgyzstan and Tajikistan have only water energy resources, Japanese investments towards these countries are mostly made in the form of humanitarian aid. Besides, active operations of Japanese centers in the region, such as the establishment of the Japan Technical University in Turkmenistan and the construction of the Innovator Center for the Youth in Uzbekistan, shows that Japan recognizes the importance not of economic investments alone but also of cultural investments. On the one hand, these developments can be regarded as a deliberate policy, which is implemented by Japan in order to have an active and positive image in the region. On the other hand, these developments can be regarded as Japan's entrance to the competition process with Russia and China in economic, political and ideological perspectives of the region.

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## Politics, Foreign Affairs and Security

- In the framework of the official visit to Russia, the Minister of Foreign Affairs of China, Wang Yi, held talks with his Russian counterpart, Sergey Lavrov, during which the parties discussed a broad range of relevant topics on bilateral and international agenda including the situation around the Korean Peninsula and efforts on settling the crisis in Syria.
- The President of the Republic of Azerbaijan, Ilham Aliyev, held negotiations with the Border Guard Commander of Iran, Qasem Rezaei, and the Deputy Director of the Federal Security Service of Russian Federation, the Head of the Border Service, Vladimir Kulishov, who visited Baku to take part in the meeting of the State Border Service heads. At both meetings, the parties underlined the significance of expanding the coordination of the activity of the countries' border services and of deepening their cooperation.
- The Ministry of Defense of Russia stated that the large-scale Russian-Tajik drills had started in Tajikistan to practice joint measures to repel external terrorist threats. The drills involve over 50,000 troops of Tajikistan's Armed Forces, over 2,000 personnel of the Russia's 201st military base located in Tajikistan, the Russian army and a large number of armored vehicles and aircraft. The drills involve not only the servicemen but also additional manpower and military hardware relocated from the Ivanovo and Ulyanovsk divisions of the Russian Airborne Forces.
- According to the State Border Service of Azerbaijan, an attempt to violate the state borders by a group of Bangladesh citizens was prevented near the frontier of Dashkend village of Yardimli region of Azerbaijan. As a result of the skirmish five infiltrators were wounded and two others were arrested.

## Economy, Finance and Energy

- The State Oil Company of Azerbaijan, SOCAR, announced that the Heydar Aliyev Baku Oil Refinery and the Amec Foster Wheeler / SOCAR Foster Wheeler alliance have signed a contract for the preliminary front-end engineering design within the framework of modernization of the refinery. The process of

modernization of the Heydar Aliyev Baku Oil Refinery is planned to be completed by late 2020.

- According to the US Energy Information Administration (EIA), Azerbaijan's oil production is to amount to 0.81 million barrels per day (bpd) in 2016 and 0.8 million bpd in 2017. Previously, the EIA forecasted oil production at 0.87 million bpd and 0.86 million bpd in 2016 and 2017 respectively.
- The Minister of Energy of Azerbaijan, Natig Aliyev, announced that the capital expenditure on construction of the Trans-Anatolian Natural Gas Pipeline (TANAP) had decreased by \$2.5 billion from \$11.7 billion in 2013 to \$9.2 billion in 2016. It was also noted that, to date, about 938 km of pipes had been produced, 720 km of which had been delivered to the construction area and 281 km had been welded.
- According to the Chairman of the Board of Directors of Amur Minerals, Robert Schafer, the US - Canadian company announced its intention to develop the infrastructure and to create new jobs in Russia's Amur region. Amur Minerals intends to invest in the construction of a 320 km road, and to build power plants and an industrial hub between the Gorny and Ulak settlements.
- According to the Deputy Minister of Economy of Azerbaijan, Sahil Babayev, over 1,500 trucks were sent from Turkey to Central Asia through Azerbaijan in January – February 2016, or 7.3 times more than that in the same period of 2015.
- The State Oil Fund of Azerbaijan, SOFAZ, announced that since the beginning of financing of the Baku – Tbilisi – Kars railway construction the Fund had allocated \$588.2 million to the Marabda – Kartsakhi Railway LLC created for design, construction, rehabilitation, reconstruction and operation of the Marabda railway part.
- The Parliament of Kyrgyzstan ratified the agreement with the Japanese International Cooperation Agency to allocate \$16.3 million for the purchase of new equipment for the Manas airport in Bishkek.
- The National Bank of Kazakhstan announced that the net international reserves of the country had grown to \$26.878 billion in February 2016 from \$25.961 billion in January 2016.

- According to the Kazakhstan Stock Exchange (KASE), the volume of trading in the KASE in January – February 2016 stood at \$45.33 billion, or 65.7% less than that in the same period of 2015. During the reporting period, the foreign currency trading, state securities trading and share trading on the KASE totaled to \$25.28 billion, \$531.3 billion and \$13.3 million respectively.
- According to the Ministry of Finance of Uzbekistan, based on the results of 2015, the state budget revenues, expenditures and state budget surplus amounted over 36 trillion soums (\$12.6 billion), 36 trillion soums (\$12.6 billion) and 202.9 billion soums (\$71 million). In 2015, the share of revenues and expenditures in the state budget, and budget surplus amounted to 21.3%, 21.2% and 0.1% of GDP respectively.
- According to the National Statistics Office of Georgia, in 2015 \$594 million or 44% of total foreign direct investments in the Georgian economy accounted for the transportation and communications field, which is 37% more than that in 2014.

## Society and Culture

- The leaders of Azerbaijan, Kazakhstan, Kyrgyzstan, Russia, Ukraine and other Eurasian countries offered condolences to Turkey on the terrorist attack, which caused death of 37 people and injury of 125 more as a result of a detonation of a car near a bus stop in the vicinity of Guvenpark in Ankara.
- According to the Iranian Ambassador to Baku, Mohsen Pak Ayeen, as a result of implementation of a judicial agreement between Tehran and Baku, Iran has swapped five inmates serving prison sentences in the Republic of Azerbaijan for six Azerbaijani prisoners serving their sentences in the Islamic Republic of Iran at the Astara border crossing.
- The Ministry of Justice of Uzbekistan has registered Association of Pensioners which is to protect social, economic, spiritual rights and interests of pensioners, and to create conditions for their treatment and rest.
- Russian Soyuz-2.1b carrier rocket carrying an advanced Resurs-P No. 3 remote sensing satellite was launched from the Baikonur Cosmodrome after a postponement due to engine problems.