



## WILL RUSSIA AND JAPAN REACH CONSENSUS ON KURIL ISLANDS?

The period under Shinzo Abe's leadership in Japan can already be described as historical for both internal and external policies of the country. He returned to power for the second time, an extremely rare situation for the Japanese political culture in the absence of a serious political crisis, thus he is set to become Japan's longest-serving prime minister. Shinzo Abe has already launched a series of historical reforms, such as changes in labor laws to attract migrant workers and reconsider the role of women in society, as these measures are necessary to alleviate the shortage of labor resources in Japan. Abe managed to achieve growth in the economy and generate yen inflation. The Prime Minister has also introduced a change in the role of the self-defense forces and in the remaining time will most likely try to revise Article 9 of the Constitution that bans Japan from maintaining regular armed forces. But one of the most interesting stories in Abe's politics is an attempt to settle the long-standing dispute over the Kuril Islands with Russia. The mere fact that Shinzo Abe has already met 25 times with Russian leader Vladimir Putin is a reason to be interested whether Russia and Japan will succeed in resolving the dispute that lasts for almost 73 years.

It is important to understand that Russia does not even recognize the existence of the territorial dispute and believes that it is necessary to conclude a peace treaty and only then discuss any contradictions. The essence of the problem lies in the interpretation of the documents signed after the end of World War II. According to the San Francisco Peace Treaty, Japan waived all rights to the Kuril Islands and to the southern part of the Sakhalin Island, which it acquired under the Portsmouth Treaty. However, the treaty does not say that Japan recognized the Kuril Islands as part of the USSR, therefore Moscow did not sign this agreement. The Soviet Union and Japan continued negotiations, which led to the signing of the Moscow Declaration in 1956, where they agreed to restore diplomatic relations and continue negotiations on the conclusion of a peace treaty. Actually, at this stage the settlement of the territorial issue stopped. Over the next 70 years, the parties made various attempts to intensify work on the conclusion of a peace treaty but failed to achieve anything. It is important that in 1956 Moscow agreed to transfer the Habomai and Shikotan islands to Japan, but with the condition that the actual transfer would be made after the conclusion of a peace treaty between the countries. Following the collapse of the Soviet Union, Russian President Boris Yeltsin agreed to hold talks on the ownership of the islands. However, the countries did not find a compromise, and in 2004 Russia returned to the position that there was no territorial dispute and expressed its readiness to negotiate on the basis of the 1956 declaration.

The current negotiation process began in April 2013, when Shinzo Abe made his first visit to

Russia. During the visit, Abe announced a new initiative in resolving the situation around the Kuril Islands, which was the introduction of meetings of ministers of defense and foreign affairs in the 2+2 format. Thanks to the activity of the Japanese side, the number of contacts at all levels sharply increased. However, the attempt to create strong bureaucratic ties failed, and all this happened against the background of a fall in trade between the two countries in the period from 2013 to 2015. Therefore, in 2016, during a visit to Sochi, Shinzo Abe proposed to expand his "new approach", through an eight-point plan to enhance economic cooperation with Russia. In the same year, a special post of the Minister for Economic Cooperation with Russia appeared in the Japanese government. Moreover, in this period Japan imposed minimal sanctions against Russia and, despite Washington's strong pressure, did not criticize Moscow for the annexation of Crimea, the Malaysia Airlines Flight 17 crash, and the Salisbury poisoning.

Prime Minister Shinzo Abe's high activity is motivated by a number of factors that are dictated by both national and personal interests. The national interest stems from the fact that the Japanese leadership is afraid of a rapprochement between Russia and China. Tokyo sees this as a threat to the strategic environment, which is reinforced by the fear of the United States leaving the Asia-Pacific region. In addition to this, the Japanese leadership has doubts that the United States will fulfill its obligations under the military alliance if need be. This is the reason for the changing role of the self-defense forces and a possible alteration of Article 9 of the Constitution. Therefore, Shinzo Abe sees the settlement of the Kuril Islands dispute as an opportunity to improve relations with Russia and reduce the importance of Beijing to Moscow. As a complement to this, the solution of the problem will demonstrate Tokyo's foreign policy independence to the Asia-Pacific region and may change the political role of the country that has long been inconsistent with its economic role. The personal interest is connected with a legacy which Shinzo Abe will leave behind. Obviously, reaching a favorable agreement for Japan on this issue will allow him to occupy a special place in the history of his country, as well as to finish the family deal since his grandfather as the Prime Minister and his father as the Minister of Foreign Affairs dealt with this dispute in the past. From the point of view of Russia, in addition to economic reasons, the motivation for improving relations with Japan is tied to China. After announcing the pivot to the east, Moscow has achieved a significant breakthrough only in relations with China. Beijing and Moscow have concluded a number of major cooperative agreements, including on synergizing the EAEU and the BRI. On the one hand, the intensive development of Russia's relations with China is the bright success of the pivot, but, on

the other, the role of Beijing in Moscow's foreign policy needs to be balanced, therefore the Russian leadership wants to achieve a breakthrough with Tokyo, too. At the same time, Russia hopes that the development of relations with Japan will increase Japanese investments in the country's Far East.

However, the period between 2016 and 2018 did not lead to a significant economic breakthrough between Japan and Russia. Shinzo Abe drove Japanese businessmen to Russia to all possible economic forums, but they did not see any benefits in investing in Russia, therefore, the entire economic plan of Shinzo Abe was not implemented, and Japanese investment has even declined. Against this background, the intensity of the negotiation process gradually descended. In general, all the remaining activity was supported by the actions of the Japanese Prime Minister, who constantly tried to get the negotiations off the ground by strengthening personal relations with Vladimir Putin.

However, the situation changed dramatically on September 11, 2018 in Vladivostok, where Vladimir Putin proposed to conclude a peace treaty before the end of the year. Actually, such a proposal of the Russian president can be considered as the failure of Shinzo Abe's entire policy towards Russia because Japan has been rejecting this option for more than a decade. According to the clearly defined Japanese point of view, as long as the territorial dispute is not settled, there is no peace treaty. Therefore, the successful resolution of the dispute is a prerequisite for concluding a peace treaty. Besides, Putin's proposal is even worse than the formula contained in the Moscow Declaration, which is very unpleasant to Tokyo. It turned out that after so many years of intensive contacts the sides have not moved closer to each other from their extreme positions.

The latest meeting of the two leaders was held in Moscow on January 22, 2019. Despite the heated expectations after the statement of Vladimir Putin, the meeting of the two leaders did not lead again to any tangible shift in the resolution of the territorial issue, which, from the strategic point of view, seems necessary for both Russia and Japan. However, the main problem for the Kremlin in the whole situation around the Kurils is as follows: the use of Japan as a tool for the modernization of the economy and development of the Far East, finally turning Japan into a full-fledged partner, is desirable, and Shikotan with Habomai is an acceptable price, but Russia will not be able to get all these benefits from Japan in the foreseeable future. That is why, in the current situation, Moscow is acting by delaying negotiations and does not seriously consider the possibility of a difficult compromise, especially when the rating of the Russian president shows a significant decrease. Consequently, it is difficult to expect that the countries will reach a consensus in the near future. Instead, they may miss the existing window of opportunity, because Shinzo Abe will leave his post in 2021.

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## Politics, Foreign Affairs, and Security

- Turkish and Russian naval forces conducted a joint maneuver in the Black Sea near Novorossiysk. Under the exercise scenario, the two countries' ships worked together to simulate safe navigation of vessels out of a naval minefield. The drill was part of Turkey's national naval war games called Blue Homeland-2019 that involved 103 vessels in three seas surrounding the country.
- The working groups of the joint Turkmenistan-Uzbekistan intergovernmental commission on the issues of delimitation and demarcation of the interstate border held a meeting in Turkmenabad. The parties continued to consider proposals on the passage of the project demarcation line and agreed to conduct field demarcation works on individual sections of the border.
- The Turkmen Foreign Ministry, supported by the OSCE Center in Ashgabat, organized a meeting of the technical working groups on the Regional Infrastructures Confidence Building Measures within the framework of the Istanbul Process on Afghanistan. The participants discussed the implementation of regional infrastructure projects aimed at strengthening security, stability and economic progress in Central Asia and Afghanistan.
- The foreign ministries of Kazakhstan and South Korea held a regular round of mutual political consultations in Seoul at the level of the deputy foreign ministers. The parties discussed a wide range of topics related to the development of bilateral cooperation in political, economic, trade, cultural and consular spheres, as well as on international and regional issues.
- During his visit to Iran, Foreign Minister of Azerbaijan Elmar Mammadyarov met with Iranian President Hassan Rouhani. The parties exchanged views on the existing bilateral and multilateral cooperation formats between the two states and discussed prospects for deepening mutual political, economic and cultural ties. President Rouhani expressed support to the settlement of the Nagorno-Karabakh conflict by peaceful means.
- Law enforcement, border, customs, security and financial intelligence agencies of the Collective Security Treaty Organization member states took part in the "Channel-Center" international anti-drug operation. As a result of the coordinated activities, nearly 11.4 tons of drugs were seized, including 8.9 tons of opium, 1.8 tons of hashish, 221 kg of heroin, 127 kg of marijuana, and 205 kg of synthetic drugs.
- As announced by the U.S. Department of State, career diplomat Philip Reeker will replace Wess Mitchell as the Assistant Secretary of State for European and Eurasian Affairs. Reeker served as the U.S. ambassador to Macedonia from 2008 to 2011 and the deputy assistant secretary at the Bureau of European and Eurasian Affairs from 2011 to 2013.

## Economy, Finance, and Energy

- During their quadrilateral meeting in Bucharest, the foreign ministers of Azerbaijan, Georgia, Romania and Turkmenistan signed a declaration establishing the Black Sea-Caspian Sea freight transport corridor. The new intermodal route presented as the shortest way to connect Central Asia to Europe through the two seas is expected to open new possibilities for connectivity and regional development.
- The parliament of Turkmenistan ratified an agreement with Azerbaijan on the elimination of double taxation on income and property taxes signed in Ashgabat in November 2018. It is expected that the document will contribute to the intensification of relations between business structures of the two countries, in particular, in the area of small and medium-sized enterprises.
- At the request of the Tajik government, the International Monetary Fund (IMF) mission visited Dushanbe to continue negotiations on launching a new support program for Tajikistan. The IMF experts noted a decrease in the share of non-performing loans in the country's loan portfolio, but pointed to the need for reducing external debts, attracting foreign investments, using modern financial instruments, and developing the stock market.
- During the "Invest in Kazakhstan" business forum held in Warsaw, the Kazakh Invest national company presented competitive advantages of doing business in the country. In particular, the Polish business community learned about available government incentives for investment projects in Kazakhstan, as well as the Astana International Financial Center and special economic zones.
- During the political consultations held between the foreign ministries of Kazakhstan and Austria in Astana, the parties agreed, among other things, to fully realize the potential of bilateral trade and economic relations. The Kazakh side expressed its interest in the joint implementation of projects in the field of agriculture, green and digital economy, industry, and infrastructure development.
- During the visit to Uzbekistan, the delegation of the Russian Ministry of Economic Development headed by Minister Maxim Oreshkin met with President Shavkat Mirziyoyev and held talks with Uzbek government officials. The parties reviewed issues related to the development of bilateral relations and discussed the Program of Economic Cooperation between the Uzbek and Russian Governments for 2019-2024.
- According to the Central Bank of Uzbekistan, several commercial banks from Kazakhstan and Russia plan to open their branches in the country. To be able to work at the Uzbek financial market, foreign banks must meet certain requirements. At present, Kazakhstan's Halyk Bank is in the process of establishing its subsidiary bank in Uzbekistan.

## Society and Culture

- During his visit to Hungary, Secretary General of the International Organization of Turkic Culture (TURKSOY) Dusen Kasseinov met with the country's high-level officials to foster diplomatic ties between Hungary and the Turkic World. Kasseinov informed the Hungarian side about the activities carried out by TURKSOY, discussed cooperation opportunities, and exchanged views on possible joint projects in the fields of culture and art.
- Turkmenistan's Foreign Ministry and State Enterprise for Caspian Sea Affairs, in cooperation with the International Ocean Institute, organized a regional seminar entitled "Caspian Sea – Sustainable Development and Management" in the resort town of Awaza. Experts from the Caspian littoral states discussed issues related to the preservation of the unique Caspian ecosystem and its rich biological resources.
- The Al-Farabi Kazakh National University opened a joint Research Center & Laboratory for Innovative Research at the University of Karachi in Pakistan. The two universities will engage in joint training of research personnel and implementation of research projects in the fields of bioorganic chemistry, biomedicine, pharmacology, and chemistry of high-molecular and natural compounds.
- The National Academic Library of Kazakhstan in Astana, with support from Kazakhstan's Foreign Ministry and Ministry of Culture and Sport, opened a Kazakh literature and culture center in Gorno-Altaysk, the capital of Russia's Altai Republic. The center will disseminate knowledge about the history and culture of Kazakh people, Kazakh customs and traditions, as well as Kazakhstan's literary heritage, economic, political, and social achievements.
- The Ahiska Turkish ethnic and cultural center with support of the Astana branch of the People's Assembly of Kazakhstan organized a concert for visually impaired people from the Kazakh Society of the Blind at the city's House of Friendship. As of today, 488 people with vision disability are registered in Astana.
- The national triathlon federations of Kazakhstan, Kyrgyzstan and Uzbekistan founded the Central Asian Triathlon Association. During the first meeting of the association held at the Nazarbayev University, the parties signed a memorandum of cooperation and mutual understanding, elected the executive committee and agreed to develop and popularize triathlon in the Central Asian countries.
- The 29<sup>th</sup> Winter Universiade was held in the Siberian city of Krasnoyarsk, and it was the first time the event took place in Russia. About 3,000 athletes from all over the world competed for 76 sets of medals in 11 sports. The Russian team secured an overwhelming overall victory winning 41 gold, 39 silver and 32 bronze medals.