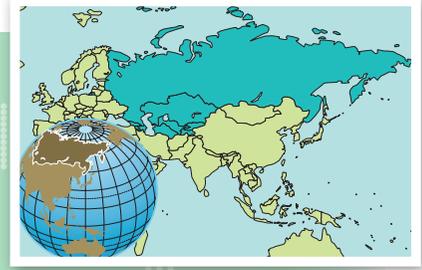


## Section 5

## Russia, Central Asia and Caucasasia



## Overview

Given the rapidly changing strategic environment of the Asia-Pacific region, developing relations with Russia as Japan's appropriate partner in the region contributes to Japan's national interest and regional peace and prosperity. With such understanding, Japan-Russia cooperation progressed in a wide range of areas in 2016. Four Summit Meetings, including the summit meeting in December on the occasion of President Putin's visit to Japan as president for the first time in 11 years, and three foreign ministers' meetings were held. And on the economic front, the eight-point Cooperation Plan for Innovation in the Living Environment, Economy, and Industry of Russia<sup>1</sup> was specified, and there were security, culture, and human exchanges.

Regarding the Northern Territories Issue, which is the greatest concern between Japan and Russia, negotiations based on a "new approach" proceeded, and at the summit meeting in December, the two leaders expressed their sincere determination to

resolve the peace treaty issue, agreed to commence discussions on a special arrangement for undertaking joint economic activity on the four islands, and agreed to improve procedures for the former island residents to make grave visits, etc.

While continuing to have political dialogues at various levels including the summit level, and promoting overall Japan-Russia cooperation in every related field, Japan will energetically negotiate with Russia with a view to concluding a peace treaty, through the resolution of the Northern Territories issue.

Countries in Central Asia and the Caucasus are situated in a strategic geopolitical location that bridges Asia, Europe, Russia, and the Middle East, and have abundant natural resources such as oil, natural gas and uranium and other minerals. Also, these countries are important in the context of efforts to address key issues the international community faces such as the stability of the whole region, the fight against terrorism, and measures to counter illicit drugs. In 2016, the countries in Central Asia and the Caucasus celebrated the 25th

<sup>1</sup> (1) Extending healthy life expectancies, (2) developing comfortable and clean cities easy to reside and live in, (3) fundamentally expanding small and medium-sized companies exchange and cooperation, (4) energy, (5) promoting industrial diversification and enhancing productivity in Russia, (6) developing industries and export bases in the Far East, (7) cooperation on cutting-edge technologies, and (8) fundamentally expanding people-to-people interaction.

anniversary of their independence from the Soviet Union.

Japan will continue to work for the strengthening of bilateral ties with these countries through VIP visits, etc., and will continue initiatives to promote regional cooperation utilizing the framework of the “Central Asia plus Japan” Dialogue, etc.

## 1 Russia

### (1) Situation of Russia

#### A Internal Situation in Russia

After the “annexation” of Crimea in March 2014, President Putin won the overwhelming backing of public opinion. President Putin maintained high approval ratings throughout the year 2016 even though the Russian economy continued to be in a predicament. In the State Duma (lower house) elections in September, the ruling party “United Russia” won 343 seats (out of 450 seats), far more than the two-thirds (300 seats) necessary to amend the constitution.

#### B Russian Economy

Since the second half of 2014, the Russian economy has been greatly impacted by the fall in international oil prices and economic sanctions by the West, resulting in a falling ruble and share prices, but in 2016 the depreciation of the ruble stopped as a consequence of rising oil prices, and inflation also stabilized, so there was a sense that the Russian economy had bottomed out. The growth rate in 2015 was minus 2.8% whereas in 2016 it was only minus 0.2%. However, the improvement of production is slow, and signs of a stable recovery in consumption and investment, etc., have not been seen.

#### C Russian Diplomacy

Russia and the European countries/U.S. were in confrontation regarding sanctions over the Ukrainian situation, the response to the situation in Syria, the field of missile defense, etc. In January 2017 President Trump took office in the U.S. and in Europe, elections are planned in France, Germany, etc., in 2017. Future prospects for Russia-U.S. relations and Russia-Europe relations will be attracting attention.

On the other hand, regarding China, the two countries continued to maintain a close relationship, although stagnation of economic projects between Russia and China are seen due to the slowdown of the Chinese economy. They have been conducting joint naval exercises since 2012 and they conducted them in the South China Sea for the first time in 2016. Russia also deepened cooperation with China by beginning the actual provision of weapons under a contract for exporting the latest weapons to China, which was concluded in 2015. In the international arena, Russia also cooperated with China at the UN and in multinational frameworks that Russia places importance on, namely BRICS (Brazil, Russia, India, China and South Africa) and the Shanghai Cooperation Organization (SCO).

In the Middle East, since Russia launched airstrikes in Syria in response to the request from the Assad Administration in September 2015, Russia has been increasing its presence in the Syria situation.

### (2) Japan-Russia Relations

#### A Japan-Russia Relations in the Asia-Pacific Region

In recent years, Russia places importance on the development of the Russian Far

East and the East Siberia and has been proactively enhancing relations with the states in the Asia-Pacific region that is a center of the growth of global economy. The development of the relations with Russia as a partner in the Asia-Pacific region contributes not only to Japan's national interests but also to peace and prosperity of the region. Japan and Russia have developed cooperative relations in various fields including security, economy and human exchange; whereas, the Northern Territories Issue restricts development of Japan-Russia relations. While placing importance on close relations between the leaders and foreign ministers, the Government of Japan is strenuously working to resolve the Northern Territories issue and conclude a peace treaty with Russia.

### **B The Northern Territories and Negotiations for Conclusion of a Peace Treaty**

The Northern Territories Issue is the greatest concern between Japan and Russia. Japan's position is that the four Northern Islands belong to Japan. The Government of Japan has been energetically continuing negotiations with Russia under its consistent policy of concluding a peace treaty with Russia through the resolution of the issue of the attribution of the four Northern Islands on the basis of the agreements and documents made by the two sides so far, such as the Japan-Soviet Joint Declaration of 1956, the Tokyo Declaration of 1993, the Irkutsk Statement of 2001, and the principles of law and justice<sup>2</sup>.

In 2016, political dialogue was carried out actively, in particular there were



Japan-Russia Summit Meeting (December 15, Nagato City, Yamaguchi Prefecture; Photo: Cabinet Public Relations Office)

four summit meetings and three foreign ministers' meetings. In the Japan-Russia Foreign Ministers' Meeting in April, the ministers confirmed that they would create a solution acceptable to both countries, despite differences in the historical interpretations and legal positions of the two countries. And at the Japan-Russia Summit Meeting in Sochi in May the two leaders shared the view that the two countries should actively proceed with negotiations through a "new approach" that is not stuck in a traditional way of thinking and in order to overcome the current negotiation stalemate and make a breakthrough. Based on this, negotiations toward the conclusion of a peace treaty were held between the foreign ministries of the two countries in June and August. At the Summit Meeting in Vladivostok in September, in a serious yet candid atmosphere with only the two leaders present, they spent time holding a discussion for making concrete progress in the negotiations based on a "new approach". Subsequently, preparations were advanced for the visit of President Putin to Japan in December through the Foreign Ministers'

<sup>2</sup> Way back when the Soviet Union continued denying the presence of a territorial issue itself, Foreign Minister Masayoshi Ohira proposed to refer the Northern Territories Issue to the International Court of Justice in October 1972, which Foreign Minister Gromyko of the Soviet Union turned down. At present, the Russian side admits the necessity to conclude a peace pact through bilateral negotiations with Japan, engaging in negotiations for the solution of the issue.

Meeting on the occasion of the UN General Assembly in September, the Summit Meeting on the Occasion of the APEC Economic Leaders' Meeting in Peru in November, and the visit to Russia of Foreign Minister Kishida in December. On the other hand, moves such as the development of military facilities, in particular the announcement of the deployment of surface-to-ship missiles on Etorofu and Kunashir islands (in November), and giving names to unnamed reefs, etc., are contradictory to the Government of Japan's position regarding the Northern Territories issue and it made protests.

At the Summit Meeting in Yamaguchi when President Putin visited Japan in December, the two leaders held a candid and in-depth *tete-a-tete* discussion on the peace treaty issue for one hour and 35 minutes, and as a result, they expressed their sincere determination to resolve this issue. Based on this, they agreed to commence discussions on undertaking joint economic activity on the four Northern Islands under a special arrangement, and agreed to improve procedures for the former island residents to make grave visits, etc. Taking into consideration the heartfelt appeal of the former island residents, whose average age has already exceeded 80 years old, the Government of Japan intends to advance steadily toward a resolution of the issue step by step while also putting the outcomes of this meeting into practice.

Japan is actively working on projects contributing to the improvement of atmosphere for resolution of the Northern Territories Issue, such as the four-islands exchange program, free visits, and visit to graves. Japan is also promoting cooperation such as disaster prevention and ecosystem

conservation in adjacent areas of the two countries including the four Northern Islands.

The Government of Japan is approaching and coordinating with the Russian side in order to ensure safe operations for Japanese fishing vessels in the waters surrounding the four Northern Islands and to continue the fishing of salmon using an alternative fishing method to the prohibited driftnet fishing.

### **C Japan-Russia Economic Relations**

Due to the falling prices of oil and natural gas, the major export commodities, the stagnation in the Russian economy, and other factors, Japan-Russia trade volume in 2016 amounted to approximately 16.3 billion US dollars, declining for the third straight year since the record high in 2013 (about 34.8 billion dollars) (21.6% decrease compared to the previous year, according to Japanese statistics). On the other hand, in the second half of the year (July to December) there were changes to the situation. For example, auto exports, which had been declining in recent years, began to increase. The volume of Japanese direct investment to Russia increased from 202.6 billion yen (2014) to 216.8 billion yen (2015). At the Japan-Russia Summit Meeting in Sochi, Russia in May, the eight-point Cooperation Plan for Innovative Reform in the field of Industry and Economy of Russia as a leading country of a favorable living environment proposed by Prime Minister Abe was highly praised by President Putin, and the two leaders agreed to materialize the plan. Subsequently, proposals regarding individual projects, etc., related to the plan were made by both countries and at the Japan-Russia Summit Meeting on the

Occasion of the 2nd Eastern Economic Forum (in Vladivostok) in September, the progress toward materializing the Cooperation Plan was confirmed, and Prime Minister Abe proposed confirming the progress at the forum every year and President Putin welcomed this proposal.

With a view to ensuring outcomes during the visit of President Putin to Japan in November, the two countries established the Japan-Russia High-Level Working Group on the Cooperation Plan, identified priority projects, and in the same month held the 12th Meeting of the Japan-Russia Intergovernmental Committee on Trade and Economic Issues, where they agreed to accelerate the coordination of documents between the authorities of each country. At the Japan-Russia Summit Meeting on the Occasion of the APEC Economic Leaders' Meeting in Peru, the two countries welcomed the fact that agreement had been reached concerning the work plan on the Cooperation Plan. Subsequently, as a result of further coordination between the two countries, during the visit of President Putin to Japan in December, 12 documents between the governments and authorities, and 68 documents related to private companies' projects were signed in a wide range of fields including medical care, the urban environment, energy, industrial diversification, people-to-people exchanges, intellectual property, etc. and in addition the two leaders agreed to enter into formal negotiations on amending the convention for the avoidance of double taxation and announced the relaxation of visa requirements by Japan and Russia. The two leaders agreed to develop Japan-Russia economic relations, including the further materialization of the eight-point



Japan-Russia Youth Forum 2016 (December 2, Hiroshima Prefecture; Photo: Japan Russia Youth Exchange Center)

Cooperation Plan. Japan, while developing Japan-Russia relations overall going forward and intends to steadily promote mutually-beneficial cooperation regarding the economy in a wide range of fields. Furthermore, Japan Centers in six cities in Russia support the business activities of the companies of both countries and interregional economic exchanges and in addition they offer training programs, such as management courses, Japanese language classes, and training in Japan for the people who are expected to play a significant role in Japan- Russia economic relations. A total of some 82,000 Russian people have taken the courses and about 5,100 of them have visited Japan for training.

#### **D Cooperation between Japan and Russia in Various Fields**

In 2016, discussions such as Japan-Russia Strategic Dialogue were held between diplomatic authorities from the two countries in a wide range of areas and views were exchanged on terrorism, disarmament and non-proliferation, consular services, and cyberspace, etc. Practical training for drug enforcement agents from Afghanistan and Central Asia was also implemented by officers from Japan and Russia.

In the area of security, Secretary General Shotaro Yachi of the National Security

Special  
Feature

## Visit to Japan by President Putin

**1. Overview**

From December 15 to December 16 President Putin visited Japan for the first time in 11 years, and visited Yamaguchi Prefecture, the hometown of Prime Minister Abe, and Tokyo. On December 15 he stayed at a hot spring hotel surrounded by the scenic mountains of Nagato City, Yamaguchi Prefecture, and in that calm and quiet atmosphere the two leaders held an in-depth discussion on a wide range of fields of Japan-Russia relations, including the issue of concluding a peace treaty. On December 16 they moved to Tokyo and held a summit meeting at the Prime Minister's Office, which was joined by business people, and held a Joint Press Conference. After that, they attended the Japan-Russia Business Dialogue at the Nippon Keidanren Kaikan and then visited the Kodokan Judo Institute.

**2. Highlights****(1) One on one tete-a-tete meeting**

The two leaders held summit meetings for five hours in Yamaguchi and one hour in Tokyo, for a total of six hours. In particular, the meeting of the two leaders just with their interpreters was carried out for one hour and 35 minutes, the longest tete-a-tete meeting to date, and the two leaders discussed the issue of a peace treaty face-to-face. As a result, the two leaders agreed to commence consultations on a special arrangement for undertaking joint economic activity on the four northern islands, and agreed to improve the procedures for former island residents to visit their family graves, etc. Furthermore, at the meeting Prime Minister Abe handed a letter written in Russian by former island residents to President Putin directly.



The two leaders shaking hands (December 15, Nagato City, Yamaguchi Prefecture; Photo: Cabinet Public Relations Office)

**(2) Joint Press Conference**

At the Joint Press Conference held in the Prime Minister's Office on December 16, Prime Minister Abe stated "even today, after 71 years since the end of World War II, a peace treaty has not been concluded between Japan and Russia. Our generation must put an end to this extremely unnatural state of affairs with our own hands" and President Putin stated "If anyone thinks that we are only interested in building economic relations and



Japan-Russia Joint Press Conference (December 16, Tokyo; Photo: Cabinet Public Relations Office)

we give low priority to a peace treaty, they are wrong. I think the most important thing is the conclusion of a peace treaty.” In this way, the two leaders expressed their own determination to resolve the peace treaty issue in the press conference as well.

### (3) Working Dinner

At night on December 15 when the two leaders were staying in Yamaguchi Prefecture, a Working Dinner was held for approximately two hours. At the Working Dinner, cuisine featuring copious amounts of ingredients from the local Yamaguchi Prefecture and local sake were served, and the meeting was conducted in a genial atmosphere with no ties. Furthermore, Prime Minister Abe gave President Putin the gift of a reproduction of the Japanese painting *Putyatin's Arrival*, which portrays a historical scene of Japan-Russia friendship pertaining to the signing of the Japan-Russia Treaty of Commerce, Navigation and Delimitation in 1855, the starting point of Japan-Russia relations.

### (4) Kodokan Judo Institute

On December 16, as the final event during President Putin's visit to Japan, the two leaders visited the Kodokan. President Putin is known as a judoka who has the ranks of Kodokan sixth dan and International Judo Federation eighth dan, and he says that one of the people he respects is Mr. Kano Jigoro, the founder of the Kodokan. At the Kodokan President Putin enjoyed demonstrations of old-style judo while listening to an explanation from Mr. Yasuhiro Yamashita, a gold medalist in judo at the Los Angeles Olympics in the open category.



The two leaders visiting the Kodokan (December 16, Tokyo; Photo: Cabinet Public Relations Office)

Secretariat met with Secretary Patrushev of the Security Council of Russia in November. Regarding defense exchanges, the two countries endeavored to encourage mutual understanding and prevent chance accidents by continuously implementing a range of consultations at the working level and a Japan-Russia joint search and rescue exercise. Moreover, guardships in the Border Service of the Federal Security Service of the Russian Federation came to Japan and held a joint exercise with the Japan Coast Guard.

As for human and cultural exchange, in the framework of the Japan-Russia Youth Exchange Program, youth exchanges with a variety of themes, in particular, the Japan-Russia Youth Forum and projects introducing Japanese culture in regions throughout Russia were actively implemented. Furthermore, on the occasion of the visit of President Putin to Japan in December, the two leaders agreed to hold the “Japan Year in Russia” and the “Russia Year in Japan” in 2018 and greatly expand youth exchanges as one of the measures

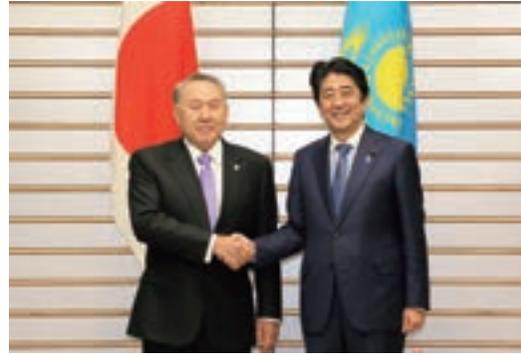
to expand people-to-people exchanges between Japan and Russia.

## 2 Central Asian and Caucasian Countries

### (1) Central Asian Countries

Japan is supporting the “open, stable and autonomous development” of Central Asia, which is geopolitically important and is promoting the development support diplomacy with the objective of contributing to the peace and stability of the region. The three pillars of Japan’s diplomacy in Central Asia are as follows; (1) fundamental strengthening of bilateral relationships; (2) encouragement of regional cooperation and contribution to the common issues of the region through the “Central Asia plus Japan” Dialogue, and; (3) cooperation in the global arena.

In relations with the Central Asian countries, as the follow-up to the visit of Prime Minister Abe to five Central Asian countries in 2015, vigorous exchanges including VIP visits, etc. were carried out in 2016 as well. From Japan, Parliamentary Vice-Minister for Foreign Affairs Miki Yamada visited Kyrgyzstan and Uzbekistan in April. Furthermore, in August the Central Asia Cultural Exchange Mission<sup>3</sup> was dispatched to Uzbekistan and Uzbekistan Japanese Drum Performance<sup>4</sup> hosted by the Japan Foundation was given, and the Spouse of the Prime Minister, Akie Abe,



Prime Minister Abe and President Nazarbayev of Kazakhstan shaking hands (November 7, Tokyo; Photo: Cabinet Public Relations Office)



The “Central Asia plus Japan” Dialogue mascot (designed by manga artist Kaoru Mori for use in cultural events on the occasion of the Tokyo Dialogue)

visited Uzbekistan as a special advisor to the performance group. Moreover, from August to September, Parliamentary Vice-Minister for Foreign Affairs Motome Takisawa visited Kazakhstan and Turkmenistan, and in response to the death of Uzbek President Karimov on September 2, he visited Uzbekistan and

<sup>3</sup> In response to the visits by Prime Minister Abe to a number of Central Asian countries in October 2015, the Japan Foundation positioned Central Asia as one of its “priority regions” and is intensively planning and implementing cultural exchange projects in a wide range of areas in this region. As a part of this, it dispatched the Japan Foundation Central Asia Cultural Exchange Mission, a cultural exchange delegation comprised of experts and knowledgeable persons in a variety of fields and led by Nobuhiko Shima, the Chairman of the Japan-Uzbekistan Association, to five Central Asian countries where it inspected cultural and community projects in Central Asia and held exchanges of views and information with knowledgeable persons, etc., and going forward it plans to consider what kinds of exchange programs should be advanced in order to further deepen and develop Japan-Central Asia relations. The first country that the mission visited was Uzbekistan, from August 2 to August 5.

<sup>4</sup> Sponsored by the Japan Foundation, the Japanese drum performance group DRUM TAO gave their first performance in Central Asia at the Alisher Navoi Opera and Ballet Theatre in Tashkent. The Alisher Navoi Opera and Ballet Theatre is an opera house completed in 1947 and Japanese detainees were involved in its construction in the former Soviet era.

attended the farewell ceremony. From the Central Asian countries, President Nazarbayev of Kazakhstan visited Japan in November, held a summit meeting with Prime Minister Abe, and gave a speech to the Diet, which was the first from the leader of a former Soviet country, and confirmed the strengthening of bilateral relations and cooperative relations in the international arena. In addition, Jalil Sultanov, Director of the Memorial Exposition Museum of the Japanese Citizens' Sojourn in Uzbekistan in the 1940s, visited Japan in January, Deputy Chairman of the Mazhilis of Parliament of Kazakhstan Issimbayeva and Chairperson of the Parliament of Turkmenistan Nurberdiyeva in April, and Minister of Employment and Labour Relations Aziz Abdukhakimov of Uzbekistan and Ganiev, Minister of Foreign Economic Relations, Investments and Trade of Uzbekistan in May.

Furthermore, in January permanent ambassadors extraordinary and plenipotentiary were dispatched to the Embassies in Tajikistan and Turkmenistan.

Regarding Uzbekistan, as a result of the death of the first president, Karimov, a presidential election was held in December and former prime minister Mirziyoyev became the new president.

In the framework of the "Central Asia plus Japan" Dialogue, the 11th Senior Officials' Meeting was held in Tokyo in March, and the participants followed up on the previous (July 2014) Foreign Ministers' Meeting and held an exchange of views about a variety of topics, in particular, the promotion of practical cooperation in the fields of transportation, logistics, etc., toward the next Foreign Ministers' Meeting. Furthermore, in September the 9th Tokyo

Dialogue (Intellectual Dialogue) was held on the theme of "Undiscovered Central Asia: Its Charm and its Bonds with Japan" and in order to raise the profile of Central Asia in Japan, in addition to the previous public symposiums, film festivals, music festivals, and embassy open events were held and a total of nearly 1,200 people participated in them.

## (2) Caucasian countries

The relations with Caucasian countries were further strengthened through high-level mutual visits as well.

From Georgia, which shares values of liberty and democracy with Japan and seeks integration with Europe, Chairperson of the Parliament of Georgia Usupashvili visited Japan in February, Minister of Education and Science Sanikidze in May, Minister of Finance Khaduri in July, and Minister of Energy Elovshvili in November. Furthermore, parliamentary elections were held in Georgia in October and the ruling party Georgian Dream-Democratic Georgia won more than three-quarters of the seats.

With abundant natural resources, Azerbaijan leads the economy of the Caucasus area. A group led by the Director-General of the International Bureau of the Liberal Democratic Party Tanaka (May) and the Parliamentary Vice-Minister for Foreign Affairs Takisawa (August) visited the country, and from Azerbaijan, a delegation of the New Azerbaijan Party (February), presidential aide Hasanov (March), and Minister of Youth and Sport Rahimov (October) visited Japan. Furthermore, in April, Deputy Prime Minister Sharifov was conferred the Grand Cordon of the Order of the Rising Sun in recognition of his contribution to strengthening

bilateral relations and promoting mutual understanding between the two countries.

Armenia enjoys rich human resources, particularly in the IT field. In August, a delegation headed by the President of the Japan-Armenia Parliamentary Friendship League Eto visited the country for the first time and held a meeting with President Sargsyan and other officials on the Armenian side.

Meanwhile, Caucasian countries are burdened with disputes over territories including South Ossetia and Abkhazia<sup>5</sup> in Georgia, and the Nagorno-Karabakh Conflict<sup>6</sup> between Armenia and Azerbaijan, which still cause tensions among the countries involved. Although efforts toward resolution have been made, no specific progress has been seen (as of February 2017).

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<sup>5</sup> In August 2008, an armed conflict took place between Georgia and South Ossetia; the latter was aiming for separation and independence from the former. Russia intervened in the dispute which led to a military conflict between Georgia and Russia. About one week after the conflict occurred, France, which was then EU president, and other states acted as mediators and realized a cease-fire. Based on the agreement reached at that time, international conferences have been held in Geneva to discuss security and humanitarian issues among parties concerned.

<sup>6</sup> This is a dispute between Armenia and Azerbaijan regarding Nagorno-Karabakh. Most of the residents living in the disputed Nagorno-Karabakh area are Armenian and during the Soviet era they made increasingly strong demands to change their affiliation from Azerbaijan to Armenia and this led to a dispute between the two countries following the dissolution of the Soviet Union in 1991. Armenia had occupied almost the entire region of Nagorno-Karabakh and the surrounding seven areas by 1993. In 1994, the two countries agreed to a cease-fire through the intermediation of Russia and the OSCE; however, conflict with casualties has been repeated until now. In April 2016, the largest military clashes since the cease-fire in 1994 occurred and a few days later both parties agreed to a cease-fire. Since 1999, an intermediation of the OSCE Minsk group has allowed direct talks between Armenia and Azerbaijan at various levels, including their leaders and foreign ministers, but there is still no prospect of a resolution (as of February 2017).