Section 5

Russia, Central Asia and Caucasus

Overview

Bilateral relations between Japan and Russia have the greatest underlying potential.

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 2017, discussions on various levels were held, including four Summit Meetings, and five Foreign Ministers’ Meetings. Progress was also made in cooperation between Japan and Russia on the topics of politics, security, economy, culture, and human exchanges among other matters.

Regarding the Northern Territories Issue, which is the greatest concern between Japan and Russia, five candidate projects¹, which will be undertaken at an early stage, have been designated in the context of the Joint economic activities on the Four Northern Islands. Furthermore, a special grave visit by airplane was conducted for the first time as a part of humanitarian measures for the former island residents. In this way, the matters agreed² on the occasion of President Putin’s visit to Japan in December 2016 have been taking shape.

While Japan has political dialogues at various levels including the summit level and promotes overall Japan-Russia cooperation in a wide range of fields, the Government of Japan intends to energetically continue negotiations with Russia to conclude a peace treaty through the resolution of the issue of attribution of the Four Northern Islands.

Countries in Central Asia and the Caucasus are situated in a location of geopolitical importance that connects Asia, Europe, Russia, and the Middle East, and have abundant natural resources such as oil, natural gas and uranium. The importance of this region is also highlighted in the context of efforts to seek the stability of the whole region and its respective

¹ (1) Project of propagation and aquaculture of marine products, (2) greenhouse vegetable cultivation project, (3) development of tours compatible with the islands’ features, (4) introduction of wind-power generation, and (5) garbage volume reduction measures
² As a result of the Japan-Russia Summit Meeting in December 2016, the two leaders declared their sincere resolve to address the issue of a Peace Treaty, as well as agreed to begin negotiations on implementation of the Joint economic activities on the Four Northern Islands. In addition, the two leaders agreed on improving procedures for grave visits of the former island residents.
countries, and to address key issues which the international community faces such as the fight against terrorism, and measures to counter illicit drugs.

In 2017, Japan and the countries in Central Asia and Caucasus celebrated the 25th anniversary since the establishment of diplomatic relations (See Column “Sharing the Appeal of Central Asia - Starting with Comics and Cuisine for a Milestone Year”). Japan continues to work for the strengthening of bilateral ties with these countries through VIP visits, etc., and will be continuing 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 receiving the overwhelming support of public opinion after the “annexation” of Crimea in March 2014, President Putin maintained a high approval rate throughout the entire year of 2017. On the other hand, Prime Minister Medvedev’s corruption scandal caused large-scale protests in March, while anti-government protests led by the opposition parties were held in June and October.

B Russian Economy

The Russian economy saw sluggish growth since the second half of 2014 due to the fall in international oil prices and economic sanctions by the European countries and the U.S. But the downturn came to a stop with the stabilization of oil prices in 2016, and the country’s GDP growth rate improved to minus 0.2%. In 2017, the GDP growth rate bounced back to +1.5% (preliminary estimate) amid further improvement in consumption and investment, as well as weaker inflation and increased wages, indicating a trend of recovery. However, some factors for instability remain, including real incomes still showing negative growth.

C Russian Diplomacy

Russia, and the European countries and the U.S. remained in confrontation because of the Ukrainian situation as well as suspicions that Russia interfered with the U.S. election. Relations between Russia and the U.S. have not showed signs of improvement, evident by the exchanges of retaliatory measures against each other.

Russia maintains close ties with China, working for connecting the Eurasian Economic Union (EAEU) with the “Belt and Road” Initiatives, as well as implementing two joint military exercises.

In the Middle East, Russia has engaged in diplomacy using its unique position in conducting dialogues with various countries within the region. In particular, in Syria, President Putin ordered Russian troops dispatched to the country to begin withdrawing in December, while promoting a political dialogue process as well as cooperating with Iraq and Turkey.

Also, Russia has maintained a traditional cooperative relationship with the CIS (Commonwealth of Independent States), while exercising diplomacy via multinational frameworks including the BRICS (Brazil, Russia, India, China and South Africa) and the Shanghai Cooperation Organization (SCO).

(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 the 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 politics, security, economy, culture and people-to-people exchange.

On the other hand, the greatest concern between Japan and Russia is the Northern Territories Issue. Holding frequent dialogues between the two leaders and Foreign Ministers, the Government of Japan has been energetically continuing negotiations with Russia to conclude a peace treaty through the resolution of the issue of the attribution of the Four Islands.

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 basic 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 created 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 on the principles of law and justice.

In 2017, during active political dialogues, including four Summit Meetings and five Foreign Ministers’ Meetings, the matters agreed between the two leaders on the occasion of President Putin’s visit to Japan at the end of 2016 have been taking shape. Regarding the Joint economic activities on the Four Northern Islands, following the Foreign Ministers Meetings in February and March as a result of the Japan-Russia Summit Meeting held in Moscow at the end of April, the two countries agreed to send a joint public and private research team to the Four Northern Islands, and the first field survey on the islands was conducted in June. Following the Japan-Russia Summit Meeting held during the G20 Hamburg Summit (Germany) in July, and the first Foreign Ministers’ Meetings since Foreign Minister Kono took office in August (Manila, the Philippines), the Japan-Russia Summit Meeting was held in Vladivostok in September, and as a result, the five candidate projects were designated, while both countries shared the view that they will explore legal frameworks that do not harm the positions of either side and will start from those which are viable. Subsequently, following the Foreign Ministers’ Meeting on the occasion of the UN General Assembly in September, the second field survey on the Four Northern Islands was concluded in October. In the Japan-Russia Summit Meeting held during the Vietnam APEC
Summit Meeting, the two leaders agreed to accelerate consideration in order to give shape to the candidate projects towards the spring of 2018. Furthermore, specific way of further work was confirmed at the Foreign Ministers’ Meeting upon Foreign Minister Kono’s visit to Russia at the end of November.

In addition, as a part of humanitarian measures for the former island residents of the Northern Territories, a grave visit to Seseki area of Kunashiri Island to which access had been restricted was realized in August. Also in August, an additional entry/exit point was set up for the grave visits to Habomai Islands. Furthermore, in September, a special grave visit by airplane was conducted for the first time, opening up a new path to reducing the physical burden of the former island residents. Japan and Russia have agreed to take further measures in order for the island residents to be able to visit the islands more freely in 2018 and beyond.

To realize the conclusion of a peace treaty based on a future-oriented approach of identifying solutions acceptable for both parties through jointly developing a future vision of the Four Northern Islands, the Government of Japan will continue to work to give shape to the matters agreed between the leaders of Japan and Russia under their strong leadership.

The Government of Japan is actively working on projects contributing to the improvement of the atmosphere for the resolution of the Northern Territories Issue, such as the four-island exchange program, Free visits, Visits to graves, and cooperation such as disaster prevention in adjacent areas. 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 and trout using an alternative fishing method to the prohibited driftnet fishing. However, Russia’s moves to build up military forces in the Four Northern Islands are contradictory to the Government of Japan’s position regarding the Northern Territories Issue, and Japan is taking appropriate action against Russia.

Japan-Russia Economic Relations

Japan-Russia trade volume in 2017 increased for the first time in four years since 2013, amid the stabilization of oil and natural gas prices, major commodities imported to Japan from Russia, and an increase in the amount of automotive components exported from Japan to Russia (trade volume amounted to about 2,222.4
trillion yen, marking an increase of about 25% over the previous year) (Source: Trade Statistics of Japan, Ministry of Finance).

On the other hand, the volume of Japanese direct investment to Russia fell from 217.6 billion yen (2015) to 175.7 billion yen (2016) (Source: Balance of Payments Statistics of the Bank of Japan).

With regard to 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 in May 2016, Prime Minister Abe presented the benefits of the Cooperation Plan to President Putin using audio and visual materials, and the two leaders agreed to further realize the plan during Prime Minister Abe’s visit to Moscow in April 2017. Minister of Economy, Trade and Industry, and Minister for Economic Cooperation with Russia Hiroshige Seko attended the St. Petersburg International Economic Forum in June and the International Industrial Trade Fair INNOPROM (Yekaterinburg) in July, where active discussions took place between Japanese and Russian companies. Through the above-mentioned efforts, at the 3rd Eastern Economic Forum (Vladivostok) in September a wide range of results were accomplished, including the signing of the amended Tax Convention between Japan and Russia, the establishment of a joint investment framework between the Japan Bank for International Cooperation (JBIC) and the Russian Direct Investment Fund (RDIF), and the signing of a memorandum on cooperation toward realizing a digital economy. Ever since President Putin’s visit to Japan in December 2016, 100 documents have been concluded between private-sector companies in both countries.

During the Japan-Russia Summit Meeting held at the APEC Economic Leaders’ Meeting in Vietnam in November, both leaders welcomed progress in the realization of the Cooperation Plan and reaffirmed that discussions will continue to be held. At the 13th Meeting of the Japan-Russia Intergovernmental Committee on Trade and Economic Issues (Moscow) held in the same month, Foreign Minister Kono and First Deputy Prime Minister Shuvalov agreed to promptly implement domestic procedures for the early entry into force of the Tax Convention between Japan and Russia. With regard to cooperation in the Far East region, Japan proposed cooperation focused on (1) development of agriculture, forestry and fisheries industries; (2) infrastructure development for the promotion of the role of the region as

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6 Proposed by Prime Minister Abe at the Japan-Russia Summit Meeting held in Sochi, Russia, to which President Putin expressed positive feedback and approval. The eight items are: (1) extending healthy-life expectancy, (2) development of comfortable and clean cities easy to reside and live in, (3) fundamental expansion of exchange and cooperation among medium-sized and small companies, (4) energy, (5) promotion of industrial diversification and enhancement of productivity in Russia, (6) development of industries and promotion of the role as export bases in the Far East, (7) cooperation on cutting-edge technologies, and (8) fundamental expansion of people-to-people interaction.
export hubs; (3) energy development; and (4) establishing a foundation for investment promotion. Minister of Economy, Trade and Industry and Minister for Economic Cooperation with Russia Seko and representatives from Japanese companies took part in Japanese Investor Day (Vladivostok) held in December, where discussions were held on further energizing cooperation in the Far East region.

Furthermore, Japan Centers operating in six cities in Russia carry out business matching between companies from both countries and hold management courses. To date, 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**

(A) **Defense Exchanges, Security and Maritime Security**

In 2017, discussions such as Japan-Russia Strategic Dialogue were held between diplomatic authorities from the two countries in a wide range of areas including disarmament, non-proliferation, consular services, etc. Practical training for drug enforcement agents from Afghanistan and Central Asia was also implemented by officers from Japan and Russia. The two countries also agreed to engage in new cooperation to tackle terrorism, drugs, money laundering, and corruption, and one foreign ministry official was dispatched to the United Nations Office on Drugs and Crime (UNODC).

In the area of security, the Japan-Russia Foreign and Defense Ministerial Consultation (“2+2”) took place in Tokyo in March for the first time in three years and four months and Japan-Russia security talks between Foreign Ministries took place in August. Also, Secretary General Shotaro Yachi of the National Security Secretariat met with Secretary of the Security Council Patrushev in September and December. Regarding defense exchanges, Colonel General Salyukov, Commander-in-Chief of the Land Forces of Russia visited Japan in November and General Gerasimov, Chief of the General Staff of the Armed Forces of Russia visited in December. At the working level, the two countries endeavored to encourage mutual understanding and prevent chance accidents by continuously implementing a range of consultations and a Japan-Russia Search and Rescue Exercise. Moreover, a joint exercise was held involving patrol vessels of the Japan Coast Guard and Russian security forces vessels, and collaboration was confirmed in the area of security in marine transportation. In July, Admiral Satoshi Nakajima, Commandant of the Japan Coast Guard, visited Russia where talks involving the heads of both countries’ maritime security agencies were held for the first time in about four years.

(B) **Human and Cultural Exchanges**

Following confirmation at the Japan-Russia Summit Meeting of December 2016 that youth exchanges will be doubled, in 2017 a total of 1,118 people (2.3 times the number of the previous year) participated in the Japan-Russia Youth Exchange Program, where exchanges took place in a broad range of areas.

Additionally, cultural exchanges became more active as various Japanese cultural events were held across Russia and Japan hosted its world-first “Russian Seasons.” Furthermore, at the Japan-Russia Summit
Meeting (Vladivostok) held in September 2017, an agreement was reached to hold the opening ceremony for Japan Year in Russia and Russia Year in Japan on May 26, 2018 in Moscow.

2 Central Asian and Caucasian Countries

(1) Central Asian Countries

Japan is supporting the “open, stable and self-sustained 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 2017, Japan and five Central Asian countries celebrated the 25th anniversary of the start of diplomatic relations and following similar efforts in the previous year, active exchanges including VIP visits were carried out. From Central Asian countries, Foreign Minister of Kyrgyz Republic Abdyldayev visited Japan in March, Minister of the Economic Development and Trade of Tajikistan Khikmatullozoda visited in April, and Deputy Chairman of the Cabinet of Ministers and Minister of Foreign Affairs of Turkmenistan Mereboy visited in June. In terms of political party exchanges, First Deputy Chairman Kul-Mukhammed of the Nur-Otan Party of the Republic of Kazakhstan visited Japan in May.

From Japan for the first time of a sitting Foreign Minister of Japan, Foreign Minister Kishida visited Turkmenistan in May. During his visit, the Sixth Foreign Ministers’ Meeting of the “Central Asia plus Japan” Dialogue was held in the capital of Turkmenistan, with attendance of Foreign Ministers from five Central Asian countries. From June to September, Astana World EXPO was held in the capital of
Kazakhstan, Astana, under the theme of “Future Energy,” and was attended by a variety of key figures from Japan, such as Minister of Economy, Trade and Industry Seko, State Minister for Foreign Affairs Nakane, State Minister of Economy, Trade and Industry Kosaburo Nishime, State Minister of Economy, Trade and Industry Yoji Muto, Parliamentary Vice-Minister of Economy, Trade and Industry Daisaku Hiraki, and Parliamentary Vice-Minister of Defense Takayuki Kobayashi. In September and November, Parliamentary Vice-Minister for Foreign Affairs Manabu Horii repeatedly visited Turkmenistan to attend the 5th Asian Indoor and Martial Arts Games as well as the Energy Charter Conference respectively. Additionally, the Central Asia Cultural Exchange Mission visited Turkmenistan in April, and Tajikistan, Kyrgyz Republic, and Kazakhstan in November.

In the framework of the “Central Asia plus Japan” Dialogue, business dialogue was held in February, where more than 100 representatives from Japanese companies and economic organizations who took part in discussions aiming at developing economic relationships between Japan and Central Asian countries. In August, the 10th Tokyo Dialogue (intellectual dialogue) was held under the theme “the present and the future of Japan-Central Asia relations.” Cultural exchange events were also held to share the attractiveness of Central Asia. These included an exhibition of the original illustrations from the comic “A Bride’s Story (Otoyome Gatari),” the release of cooking videos of Central Asian cuisine, and the Manga “Let’s Make It With Everyone! Central Asian Cooking” newly drawn by comic artist Kaoru Mori (See Column “Sharing the Attractiveness of Central Asia - Starting with Comics and Cuisine for a Milestone Year”).

In Turkmenistan, a presidential election was held in February after the expiration of the President’s term of office and resulted in the re-election of the incumbent President, Berdimuhamedov. In the Kyrgyz Republic, a presidential election was held in October with the expiration of the president’s term of office and previous Prime Minister Jeenbekov was elected as a President in November. For this election, biometric data registration machines and readers provided by Japan were used, and the election observation mission was dispatched from Japan.

(2) Caucasus countries

The relations between Japan and Caucasus countries were further strengthened through high-level mutual visits as well.

From Georgia, which shares with Japan fundamental values of liberty, democracy and the rule of law and seeks integration into Europe, First Vice Prime Minister of Economy and Sustainable Development Kumsishvili visited Japan in May to attend the annual meeting of the Asian

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7 As a follow-up of the visit by Prime Minister Abe to all of the Central Asian countries in October 2015, the Japan Foundation (JF) has designated 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 Mission, a cultural exchange delegation comprising experts in a variety of fields including culture and arts, to five Central Asian countries. The first delegation was dispatched in August 2016 (Uzbekistan), the second delegation was dispatched in April 2017 (Turkmenistan), and the third delegation was dispatched in November of the same year (Tajikistan, Kyrgyz Republic, and Kazakhstan), studying each delegates made site-visit of cultural and community projects in five Central Asian countries and exchanged views and information with experts. The report of these delegations was submitted to Prime Minister Abe in December of the same year.
visited Azerbaijan in February, so did Parliamentary Vice-Minister for Foreign Affairs Manabu Horii in September, Vice-Minister Horii met high-level Government officials including President Aliyev and First Vice President Aliyeva. He also attended the signing ceremony for the extension of the production sharing agreement (PSA) for the development of Azeri-Chirag-Gunashli (ACG) oil field, in which Japanese companies participate.

From Armenia, which is rich in human resources, especially in the IT field, President of the National Assembly Sahakyan visited Japan in January on the invitation of the House of Representatives. President Sahakyan made a courtesy call to Prime Minister Abe and had a meeting with the Speakers of both Houses of the Diet. From the Japanese side, Parliamentary Vice-Minister for Foreign Affairs Takisawa visited Armenia in June, and met with high-level Government officials including President Sahakyan and Foreign Minister Nalbandian. Armenia held an election for its National Assembly in April and the ruling Republic Party of Armenia maintained the largest number of seats and its status as the ruling party.

Meanwhile, in Caucasus countries, there still exist disputes including South Ossetia and Abkhazia in Georgia, and the Nagorno-Karabakh Conflict between Armenia and

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8 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.

9 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 2018).
Azerbaijan, both which still cause tensions among the countries involved. Although efforts toward resolution have been made, no specific progress has been seen (as of February 2018).

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**Column**

**Sharing the attractiveness of Central Asia**
- Starting with Comics and Cuisine for a Milestone Year -

1. **25th Anniversary of the Establishment of Diplomatic Relations between Japan and Central Asian countries**

   2017 marked the 25th anniversary of the establishment of diplomatic relations between Japan and Central Asian countries. Japan has promoted friendly and cooperative relationship with Central Asian countries through providing economic assistance for nation building and support in a wide range of fields. While the Central Asian region is not quite familiar to Japanese people, it has been recently attracting attention as the area of geographical importance and a new destination for investments.

2. **The Central Asia plus Japan Dialogue / The 10th Tokyo Dialogue**

   The Tokyo Dialogue is a public symposium held as part of the framework of “Central Asia plus Japan” Dialogue, which was launched by Japan in 2004. The 10th Symposium entitled “Thinking of the present and future of relations between the Central Asia and Japan,” was held this year and active exchanges of ideas were made there.

3. **The 10th Tokyo Dialogue Side Event: Exhibition of Original Illustrations, Cooking Videos, Comic Streaming**

   Along with the Tokyo Dialogue, MOFA conducted three cultural programs. The first was the exhibition of original illustrations of the comic “A Bride’s Story (Otoyome Gatari)” set in Central Asia in the 19th century, which was drawn by Ms. Kaoru Mori. The popularity of Kaoru Mori and novelty of the event as the first exhibition of original illustrations organized by the Ministry of Foreign Affairs, made it big news, followed with very positive comments on social network sites, such as “Really thank you! MOFA!” and “Impressive! MOFA has gone this far, thank you!”

   The second event was the release of cooking videos of Central Asian cuisine. These
videos were made and released with the aim of enhancing the public’s knowledge of Central Asian cuisine that are not familiar to Japanese people but can be easily made at home (plov, dimlama, lagman) (available for viewing on the Ministry of Foreign Affair’s official website: http://www.mofa.go.jp/mofaj/erp/ca_c/page23_002183.html).

The third program was the publishing of the Manga “Central Asia Cooking (seven stories in total)” newly drawn by Kaoru Mori exclusively for this project. Characters representing respective Central Asian Countries, who had painted on the body of the Government Aircraft at the occasion of Prime Minister Abe’s official visit to Central Asia in 2015, this time introduced Central Asian cuisines in this comic (available for viewing on the Ministry of Foreign Affair’s official website: http://www.mofa.go.jp/mofaj/erp/ca_c/page24_000897.html). This section of the Foreign Ministry’s website is so popular that it recorded the highest number of visits in the entire website of MOFA. It was also featured on social networking sites as well as news websites, and made a gateway to Central Asian countries for many Japanese people. While it has not been officially charted in the Japanese Vogue Words Award yet, the fans of the comic are starting to use the phrase “otsukare-stan” (coined phrase meaning “See you later!”).
"Let’s Make It with Everyone! Central Asian Cooking" newly drawn by comic artist Ms. Kaoru Mori
From Story 1 "Introduction"