

Section 5

Russia, Central Asia and Caucasus

1 Russia

(1) Situation of Russia

A Internal Situation in Russia

President Putin secured an overwhelming victory in the March presidential election and began his fourth term in May. Meanwhile, in June, the Government made announcements including a pension reform bill that would raise the beginning age of pensions. Subsequently, protests erupted throughout the country, and President Putin's approval rating, which had remained high at the 80% range since the "annexation" of Crimea in March 2014, dipped to the pre-"annexation" level at the 60% range. President Putin's approval rating has not recovered, even after the bill passed in October.

B Russian Economy

The Russian economy saw sluggish growth since the second half of 2014 from the effects of the fall in international oil prices. The downturn came to a stop in 2016 with the stabilization of oil prices. The country's GDP growth rate in 2018 was positive (forecast: 1.7%), following on from 2017. The unemployment rate decreased (range upper 4% to 5%), and the inflation rate, while increasing slightly, remained at a low level. The fiscal balance was also positive, indicating the economy is on a recovery trend. However, some

factors for economic instability remain, such as the continued sanctions on Russia by the European countries and the U.S.

C Russian Diplomacy

Russia's relations with the European countries and the U.S. remain tense, partially due to the attack against a former Russian intelligence officer in the UK in March (Skripal incident), seizure of Ukrainian naval vessels by the Russian Border Service in November, continued sanctions against Russia, and the U.S. announcement of its intention to withdraw from the Intermediate-Range Nuclear Forces Treaty (INF), thus no sign of improvement is observed.

Russia continues to develop closer ties with China amid the uncertain outlook for improved relations with the European countries and the U.S. In addition to holding regular interactions between the leaders of the two countries, the Chinese People's Liberation Army participated for the first time in history in "Vostok 2018," a large-scale exercise conducted by the Russian Armed Forces in September.

In the Middle East, Russia exerted influence on the Syrian situation in cooperation with Iran, Turkey, and other countries. Russia has sought to heighten its presence in an increasingly multipolar world, while making use of its traditional cooperative relationship with the CIS (Commonwealth of Independent States) and

multilateral frameworks including BRICS (Brazil, Russia, India, China and South Africa).

(2) Japan-Russia Relations

A Japan-Russia Relations in the Asia-Pacific Region

Bilateral relations between Japan and Russia have the greatest underlying potential. In recent years, Russia places importance on the development of the Russian Far East and East Siberia and has been proactively enhancing relations with the countries in the Asia-Pacific region that is a growth center 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 territorial issue.

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

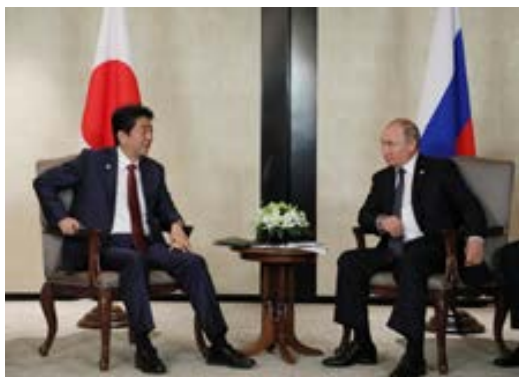
The two leaders share the view that it is an abnormal state of affairs that a peace treaty has not been concluded between Japan and Russia more than 70 years since the end of World War II. At the Japan-Russia Summit Meeting at the end of 2016, Prime Minister Abe and President Putin declared an earnest determination toward resolving the issue of the peace treaty.

In 2018, active political dialogues took place, including four Summit Meetings and four Foreign Ministers' Meetings. At the Japan-Russia Summit Meeting in November, Prime Minister Abe reached an agreement with President Putin to "accelerate negotiations on a peace treaty on the basis of the Japan-Soviet Joint Declaration of 1956." Furthermore, at the Japan-Russia Summit Meeting held on the margins of the G20 Buenos Aires Summit in December, the two leaders agreed "that Mr. Kono, Minister for Foreign Affairs, and Mr. Lavrov, Minister for Foreign Affairs, will be responsible for the negotiations and that the negotiations will be handled by Mr. Mori, Senior Deputy Minister for Foreign Affairs, and Mr. Morgulov, Deputy Minister of Foreign Affairs, under the Foreign Ministers' leadership." Thus, in January 2019, serious discussions were held between the Foreign Ministers as the first round of negotiations. Moreover, at the Summit Meeting in the same month, the two leaders welcomed the commencement of concrete negotiations and instructed their further progress. In February 2019, the second round of negotiations was held between the Foreign Ministers.

Regarding the joint economic activities on the Four Northern Islands on which the leaders agreed to begin negotiations during President Putin's visit to Japan at the end of 2016¹, a series of discussions have been held not only between the leaders and Foreign Ministers, but also at vice-ministerial consultations and director-general-level working groups. At the Japan-Russia Summit Meeting in Vladivostok in September, the two leaders approved the "road map" for implementing the five candidate projects². At the "business mission" held in early October, members of the business community from both countries held constructive exchanges of views regarding the five candidate

¹ As a result of the Japan-Russia Summit Meeting in December 2016, the two leaders declared an earnest determination toward resolving the issue of the peace treaty, as well as agreed to begin negotiations on the joint economic activities on the Four Northern Islands. In addition, the two leaders agreed on improving procedures for grave visits and so on for the former island residents.

² (1) Project of propagation and aquaculture of marine products, (2) Greenhouse vegetable cultivation project, (3) Development of tours compatible with the islands' features, (4) Inducement of wind-power generation and (5) Garbage volume reduction measures.



Japan-Russia Summit Meeting (November 14, Singapore; Photo: Cabinet Public Relations Office)



Airplane departure ceremony for grave visit (July 22, Nakashibetsu Airport)

projects and toured the candidate sites.

As part of the humanitarian measures for the former island residents of the Northern Territories, a grave visit by airplane was conducted in July, following on from the previous year. In the same month, a temporary additional entry/exit point was established on the occasion of the grave visit by ship to the Habomai Islands. Such measures have shortened the travel time to the Four Northern Islands and reduced the physical burden of the former island residents. Japan and Russia have agreed to continue to simplify the relevant procedures.

Under the strong leadership of the Japanese and Russian leaders, the Government of Japan will continue to persistently negotiate with Russia

to conclude a peace treaty by resolving the territorial issue.

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, and visits to graves. The Government of Japan is approaching and coordinating with the Russian side in order to ensure safe operations of Japanese fishing vessels around the Four Northern Islands and to continue the fishing of salmon and trout using alternative fishing methods to driftnet fishing prohibited by Russia. At the same time, Japan is taking appropriate action against Russia's moves to build up military forces in the Four Northern Islands, on the grounds that such moves are contradictory to the Government of Japan's position regarding the territorial issue.

C Japan-Russia Economic Relations

The Japan-Russia trade volume in 2018 continued to record strong growth following on from the previous year, amid the stabilization of oil and natural gas prices, major commodities imported to Japan from Russia, and a significant increase in the amount of automobiles and related components exported from Japan to Russia (trade volume amounted to about 2.5281 trillion yen in 2018 statistics, marking an increase of about 13.7% over the previous year) (Source: Trade Statistics of Japan, Ministry of Finance).

The volume of direct investment from Japan to Russia increased slightly from 175.7 billion yen (2016) to 178.0 billion yen (2017) (Source: Balance of Payments Statistics, Bank of Japan).

With regard to the Eight-point Cooperation Plan for Innovative Reform in the field of Industry and Economy and a favorable living environment³ of Russia proposed by Prime Minister Abe in May

³ 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) extension of 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 export bases in the Far East, (7) cooperation on cutting-edge technologies, and (8) fundamental expansion of people-to-people interaction.

2016, over 170 private-sector projects have been established as of January 2019, and about half of the projects are in active status in such forms as signing contracts.

Japan participated for the first time as a guest country in the Saint Petersburg International Economic Forum (SPIEF) in May. During the Forum, Prime Minister Abe and Minister of Economy, Trade and Industry and Minister for Economic Cooperation with Russia Seko visited the Japan Pavilion. In addition, active exchanges of views took place between Japanese and Russian companies, including at the Japan-Russia Business Dialogue. At the Japan-Russia Summit Meeting on the margin of the Fourth Eastern Economic Forum in Vladivostok in September, the two leaders welcomed the development of bilateral cooperation under the Eight-point Cooperation Plan, including projects in the Far East region such as the opening of a rehabilitation center and provision of high-speed communications services, and the entry into force of the Japan-Russia Tax Convention in October.

Foreign Minister Kono and Minister of Economic Development Oreshkin co-chaired the 14th Meeting of the Japan-Russia Intergovernmental Committee on Trade and Economic Issues in Tokyo in December, and bilateral economic relations were discussed comprehensively with the participation of members from relevant ministries and agencies and private companies. The Committee welcomed the issue of Samurai bonds by Gazprom PJSC. It also expected the establishment of an airport terminal by leveraging Japan's technologies and experience, regarding the signing of a shareholders' agreement for participation in a business to operate the Khavabarovsk Airport.

Furthermore, the Japan Centers operating in six cities in Russia carry out business matching between companies from the both countries and hold management courses. To date, a total of some 86,000 Russian people have taken the courses and about 5,400 of them have visited Japan for training.

D Cooperation between Japan and Russia in Various Fields

(A) Security, Defense Exchanges and Maritime Security

In 2018, 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, and terrorism. As agreed at the Japan-Russia Summit Meeting in May, a Japanese expert on anti-money laundering measures was dispatched to Russia in June, and training for drug enforcement agents from Afghanistan and Central Asia was implemented in November by opening the training also to managerial-level agents for the first time. In regard to supports for drug detection dog training, a joint document was signed among Japan, Russia, Afghanistan and the United Nations Office on Drugs and Crime (UNODC) in November, in which the parties confirmed their future cooperation (See Column "Combating the drug trafficking in Afghanistan").

In the area of security, Japan-Russia security talks between Foreign Ministries took place in April, and the third Japan-Russia Foreign and Defense Ministerial Consultation ("2+2" Ministerial Meeting) took place in Moscow in July. Also, Secretary General Yachi of the National Security Secretariat met with Secretary of the Security Council Patrushev in October. Regarding defense exchanges, Chief of Staff of Joint Staff Kawano of the Self-Defense Forces (SDF) visited Russia in October (first visit to Russia by the Chief of Staff of Joint Staff since six years ago by Chief of Staff Iwasaki in 2012). At the working level, in addition to a range of consultations, a Japan-Russia Search and Rescue Exercise (SAREX) was held in July, and the first joint counter-piracy exercise between Japan and Russia was held off the coast of Somalia and in the Gulf of Aden in November. Talks involving the heads of both countries' maritime security agencies were also held continuing on from the previous year.

Japan Year in Russia: Deepening Mutual Understanding

What comes to mind when you think of Russia? Perhaps it is borscht and other dishes, or great literary figures such as Dostoevsky and Tolstoy. Some people may think of famous figure skaters such as Alina Zagitova. Slogans for Japan Year in Russia and Russia Year in Japan held in 2018 respectively are “This Is the Japan You Don’t Know About” and “This Is the Russia You Don’t Know About.” The leaders of both countries agreed to implement the year of exchange when Russian President Putin visited Japan in December 2016, with the aim of promoting mutual understanding between their citizens, by offering an opportunity as a first step for people who are not familiar with Japan and Russia to understand each other’s countries as well as by helping those who already have some understanding of the other country deepen their knowledge.

Following this agreement, the two countries held numerous events introducing their respective cultures and customs in various locations during 2018. The opening ceremony held at Moscow’s Bolshoi Theatre in May hosted performances of “Kagamibiraki” (a ceremony in which the lid of the sake barrel is broken open by a wooden mallet) by Nippon Budokan and Japanese drum group DRUM TAO. Thunderous applause from the audience, including Prime Minister Abe and President Putin, kicked off the year of exchange.



©Chekhov International Theater Festival/Shochiku Grand Kabuki Chikamatsuzo - Scene from “Yoshinoyama” in Shochiku Grand Kabuki Chikamatsuzo Performance in Russia (September, Mossoviet Theatre in Moscow (Russia); Photo: Shochiku)



Performance by DRUM TAO and Russian artists in the opening ceremony (May 26, Bolshoi Theatre in Moscow (Russia); Photo: DRUM TAO)

Among the key events of Japan Year in Russia that elicited strong positive reactions were “Yabusame” (horseback archery), which drew a crowd of more than 10,000 people, Shochiku Grand Kabuki performed by the Chikamatsuzo in Russia on the 90th anniversary of their first performance in the former Soviet era, and an exhibition of painting masterpieces from the Edo period at the Pushkin State Museum of Fine Arts, which attracted a number of visitors who made a long line to enter the museum.

Looking back on the Kabuki tour of Russia, fourth-generation Ganjiro Nakamura, one of the lead performers, commented that “I was very pleased to see larger crowds than at our previous Kabuki performances in Moscow and St. Petersburg in 2003 watching attentively and reacting so favorably.” DRUM TAO described their impression of the performance as follows: “We learned about Russia by seeing it for the first time through our own eyes. We experienced Russia through our collaboration with the Bolshoi Ballet. The city and people are sincere and beautiful. The cultures in both countries each have their own unique characteristics. The fusion of our performances was born out of mutual understanding.”

Japan Year in Russia and Russia Year in Japan were important steps toward deepening mutual understanding. Shimei Futabatei, who introduced Russian literature to Japan, held a grand ambition after the Japan-Russia War: “there is only one way to avoid future battles” and “people of both countries need to understand each other and we need to communicate the sentiment of Japanese people to Russians.” He lived in St. Petersburg but fell ill before he could fulfil his goal and died on the ship home. 2019 marks the 110th anniversary of his death. The deepening of mutual understanding between Japan and Russia, the legacy of Shimei Futabatei, is also one of our missions.



Japan-Russia Youth Forum 2018 (September 25, Ryazan, Russia; Photo: Japan-Russia Youth Exchange Center)



Japan-Russia Youth Exchange Program (June 26, Sapporo; Photo: Japan-Russia Youth Exchange Center)

(B) Human and Cultural Exchanges

Following agreement at the Japan-Russia Summit Meeting of December 2016 that youth exchanges will be expanded to around 1,000 people a year, in 2018 a total of 1,334 people (2017: 1,121 people) participated in the Japan-Russia Youth Exchange Program, where exchanges took place in a broad range of areas.

Japan Year in Russia and Russia Year in Japan were held in 2018 under an agreement between the Japanese and Russian leaders, and an opening ceremony was conducted at the Bolshoi Theatre in Moscow in May attended by both leaders. Furthermore, human and cultural exchanges were conducted actively through nearly 500 events in Russia and nearly 150 events in Japan which took place as part of the accredited events for the exchange years. (See Column “Japan Year in Russia”).

2 Central Asian and Caucasian Countries

(1) Overview

Countries in Central Asia and 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. Each country also has significant importance when seeking the stability of the region as a whole and addressing key challenges which the international community faces such as fighting against terrorism and countering illicit drugs.

Japan continues to work to strengthen bilateral ties with these countries through VIP visits, etc., and will be continuing initiatives to promote regional cooperation using the framework of the “Central Asia plus Japan” Dialogue, etc.

(2) Central Asian Countries

Japan supports the “open, stable and self-sustained development” of Central Asia, and is promoting diplomacy, which aims at contributing to the peace and stability of the region. The three pillars of Japan’s diplomacy in Central Asia are as follows: (1) steadily strengthening of bilateral relationships; (2) encouraging regional cooperation and contribution to the common issues of the region through the “Central Asia plus Japan” Dialogue; and (3) cooperating in the global arena.

In 2018, following the previous year, active exchanges including VIP visits were carried out. From Central Asian countries, namely, First Deputy Chairman of the Senate of Uzbekistan Safaev visited Japan in September; President of Tajikistan Rahmon, Deputy Chairman of the Cabinet of Ministers and Minister of Foreign Affairs of Turkmenistan Meredov, Deputy Prime Minister and Chairman of the State Committee for Investments of Uzbekistan Kholmuradov and

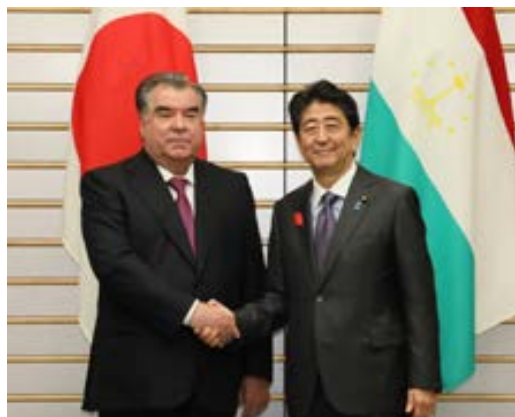
Minister of Foreign Trade of Uzbekistan Khodjaev visited in October; and Deputy Speaker of the Legislative Chamber of Uzbekistan Alihanov visited in December, among others.

President of Tajikistan Rahmon visited Japan for the first time in around 11 years. He visited Hiroshima and Kyoto as well as held a summit meeting with Prime Minister Abe. At the summit meeting, the leaders confirmed their willingness to cooperate in the area of human resources development, as well as border control in Tajikistan-Afghanistan border and strengthening bilateral economic relations.

Deputy Prime Minister and Chairman of the State Committee for Investments of Uzbekistan Kholmuradov and Minister of Foreign Trade of Uzbekistan Khodjaev held discussions with Deputy Prime Minister and Minister of Finance Aso, State Minister for Foreign Affairs Abe, and others and attended a meeting of the Japan-Uzbekistan Economic Committee. Deputy Chairman of the Cabinet of Ministers and Minister of Foreign Affairs of Turkmenistan Meredov paid a courtesy call on Prime Minister Abe and held talks with Foreign Minister Kono. On the occasion of such VIP visits to Japan, documents pertaining to cooperation projects with Japanese companies were also prepared.

From Japan, State Minister for Foreign Affairs Nakane visited Uzbekistan in July and held meetings with Deputy Prime Minister and Chairman of the State Committee for Investments Kholmuradov and other government dignitaries. In December, Parliamentary Vice-Minister for Foreign Affairs Yamada visited the Kyrgyz Republic and held a meeting with Minister of Foreign Affairs Aidarbekov.

From the perspective that regional cooperation for resolving common regional issues is essential for the stability and development of Central Asia, in 2014, Japan launched the “Central Asia plus Japan” Dialogue to promote regional cooperation as a catalyst. Under this framework, six Foreign Ministers’ Meetings have been held so far, along



Japan-Tajikistan Summit Meeting (October 5, Tokyo; Photo: Cabinet Public Relations Office)

with a range of discussions involving experts and members of the business community. More than a decade since its establishment, the framework of recent years has become a forum to discuss more practical cooperation beyond dialogue among participants. The 12th Senior Officials Meeting (SOM) was held in January, which decided to make tourism a new theme of cooperation. This was followed by the fourth Experts’ Meeting on tourism held in February. The second business dialogue held in March was participated by more than 100 representatives from Japanese companies and economic organizations. Furthermore, the 11th Tokyo Dialogue (Intellectual Dialogue) entitled “Strategic Outlook on Regional Cooperation and Regional Security in Central Asia” was held in July, and the 13th SOM was held in November.

2018 marked 20 years since the demise of former Associate Professor of Tsukuba University Yutaka Akino in Tajikistan, who was dispatched to the UN Mission of Observers in Tajikistan (UNMOT) as a political officer. In July, a symposium was held in Tokyo, in the presence of Foreign Minister Kono, which took a look back at the achievements made by Dr. Akino as an academic and discussed what role Japan should play in the area of peacebuilding and international contribution. In Tajikistan, another symposium was held and awards were granted to those who have contributed to the maintenance and management of the memorial

for the UNMOT personnel who lost their lives.

In Central Asia, it is noteworthy that cooperative relations deepened among the countries in the region. The first Central Asian Summit Meeting was held in Kazakhstan in March. Other examples are the increase in reciprocal visits by the leaders of each country, the reopening of border checkpoints and resumption of direct flights. In August, a Caspian Summit Meeting was held in Kazakhstan, and documents including an agreement on the legal status of the Caspian Sea were signed by the five coastal countries (Kazakhstan, Russia, Turkmenistan, Iran and Azerbaijan).

(3) Caucasus Countries

2018 was a groundbreaking year for relations between Japan and Caucasus countries.

From Japan, Foreign Minister Kono visited the three Caucasus countries of Armenia, Georgia and Azerbaijan in September, and paid courtesy calls on the leaders and held Foreign Ministers' Meetings. It was the first time in history for a Japanese Foreign Minister to pay visits to Armenia and Georgia. The visit to Azerbaijan was the first time in 19 years since Foreign Minister Komura made a visit in 1999.

In Caucasus countries, there still exist disputes over South Ossetia and Abkhazia in Georgia and over the Nagorno-Karabakh between Armenia and Azerbaijan. At the same time, this region has potential to be a gateway connecting Asia, Europe and the Middle East and strategic importance that directly affects the peace and stability of the international community. During Foreign Minister Kono's visit to the Caucasus countries, he announced the Caucasus Initiative, the basic policy of Japan's diplomacy for this region which is comprised of two pillars: (1) assistance for human resources development of architects for state building (human resources development); and (2) assistance for paving the way to "appealing Caucasus" (infrastructure development and business environment improvement).

In Azerbaijan, a presidential election was held in April, and President Aliyev was reelected. In May, Parliamentary Vice-Minister of Economy, Trade and Industry Hiraki visited Azerbaijan to attend an International Caspian Oil & Gas Exhibition and Conference.

A signing ceremony for the Japan-Armenia Investment Agreement was held in February. In



Japan-Armenia Foreign Ministers' Meeting (September 3, Yerevan, Armenia)



Japan-Georgia Foreign Ministers' Meeting (September 4, Tbilisi, Georgia)



Japan-Azerbaijan Foreign Ministers' Meeting (September 5, Baku, Azerbaijan)

the same month, Parliamentary Vice-Minister for Foreign Affairs Manabu Horii visited Armenia and held a meeting with Minister of Foreign Affairs Nalbandian. In May, a large-scale protest took place against the accession of former President Sargsyan to Prime Minister. Without any violent suppression by the government, Prime Minister

Sargsyan resigned and Mr. Pashinyan who was a member of the National Assembly that led the opposition was elected Prime Minister.

In Georgia, a presidential election was held in October. Parliament member Zourabichvili was elected in the final voting in November and was appointed President.