Japan’s pro-active stance with Russia can be viewed as a method of strengthening its positions in bilateral relations with key diplomatic partners, the United States and China. In recent years Japan’s dependence on US security guarantees has grown against the background of China’s military rise and the progress of the DPRK’s nuclear program. Japan is trying to compensate this dependence by increasing the assertiveness of its diplomacy. In this regard, relations with Russia serve as an excellent testing ground: the stronger Japan-Russia ties are, the more confident Tokyo feels vis-a-vis Washington.

But the rise of China is no less important in explaining why Japan wants to transform its relationship with Russia. Tokyo has openly expressed serious fears of a military confrontation with Beijing over China’s claims to the Senkaku/Diaoyu Islands in the East China Sea. Japan is also uncertain about how the United States would respond to a major military incident there. Besides, Japan
feels uneasy with the prospect of the formation of an anti-Western Moscow-Beijing axis. The desire to improve relations with Russia is yet another manifestation of Tokyo’s hedging policy aimed at preventing Moscow’s excessive diplomatic isolation and hindering its political rapprochement with Beijing that would include a strong anti-Japanese element.

For Russia, good relations with Japan are necessary for deepening its economic and political integration with the dynamically developing Asia-Pacific region. The strategy of the Russian Federation in the East must ensure social and economic development of the Asian part of Russia, The Russian Far East (RFE). In this context, the eastern focus in Russian energy policies demonstrates a change in the appreciation of Japan as a prospective market for Russian energy resources. Russia requires a long-term and predictable partner because of the acute need for Japanese investment and technologies to provide for a modernization breakthrough in the RFE. It is also clear to Russia that its relations with Japan must improve if it is to achieve a more balanced economic and political strategy in Asia, particularly in the context of the economic and military rise of China.

Though disappointed with Japan’s sanctions policy, Russia still acts on the premise that the Ukrainian issue does not affect Japan’s national interests directly and gives Japan special treatment, separating her from the other G7 countries. Moscow does not overly criticize Tokyo in state-controlled media and in senior officials’ public statements. Japan’s sanctions against Russia are portrayed as ‘insignificant’ and ‘compelled’ under severe pressure from Washington.

In Moscow, attention is focused on the fact that Japan is actually withdrawing from the consolidated Western front by demonstrating greater flexibility towards Russia. In Moscow’s view, Tokyo could play the role of mediator, capable of conveying Russia’s position to the West. An additional motivation towards good relations with Ja-
pan is created by Russia’s financial crisis caused by the unprecedented decline in oil prices in 2015-16.

Moscow sees improving personal relations between President Putin and Prime Minister Abe as additionally important in making its policy towards Japan. Such relations are especially important given personality-oriented loyalties of the electorate in both countries.

**Historical issues in Russia’s relations with Japan**

Russia traditionally refrains from overly criticizing Japan with the theme of unresolved historical issues. During the Cold War, the Soviet historiography, for obvious reasons, paid much more attention to the facts and events related to the Great Patriotic War against Nazi Germany. The main motive for the Soviet Union to attack Japan at the end of World War II was not retribution for Japanese military crimes, but the fulfilment of Moscow’s obligations to its allies. Moreover, unlike China and both Koreas, the USSR, after having signed the Soviet-Japanese Joint Declaration of 1956, considered all bilateral issues related to the past war completely settled, so there was no reason to bring up any “unresolved” issues.

Another factor in Moscow’s self-restraint was its geopolitical rivalry with Washington: playing the game of the Cold War, the USSR nourished hope to tear Japan away from its alliance with the United States or at least to neutralize it. And as the political relations between the USSR and Japan remained strained, largely because of the still unresolved matter of the bilateral peace treaty, Moscow did not want to add other obstacles.

The Sino-Soviet conflict of the 1960s also influenced Soviet-Japanese relations. In Moscow’s eyes, excessive attacks on Japan for the actions of the Imperial Army in China would be ill-advised, as they might indirectly support the Chinese view of those events. Under these circumstances, official Soviet historiography refrained from too vehemently criticizing Japan for its war crimes, con-
centrating instead on the threat of a resurgent Japanese militarism.

This situation did not change much after the end of Cold War. The rapprochement with China did not lead to Moscow’s siding with Beijing in its criticism towards Japan. Neither does Moscow take Beijing’s side in its territorial dispute with Japan. Russia has been extremely cautious concerning these matters, consistently resisting China’s offers of striking a deal, in which Beijing would acknowledge the ‘Northern territories’ as Russia’s while Moscow would take the Chinese side in the Senkaku dispute. Russia’s main motive is not to add such sensitive issues to the list of mutual grievances with Japan.

Russia’s unspoken hope regarding Japan is based on historical experience. Japan has often shown a sense of political expediency, reluctant to stick to ‘democratic principles’ in situations affecting her national interests. For example, in its Official Development Assistance (ODA) policy, Japan was always the first to lift sanctions against ‘undemocratic’ regimes should they harm Japan’s economy, as was the case with China in the wake of the Tiananmen incident of 1989. And earlier, in 1980, Japan had been very formal in joining Western sanctions against the USSR after the entry of Soviet troops into Afghanistan. Despite these sanctions, Japan continued to intensify trade and investment relations with Moscow which grew rapidly in the early 1980s. At present Russia hopes Japan will remain pragmatic following the principle of ‘business as usual’ with Moscow, and that in future she might play the role of a ‘bridge’ in normalizing Russia’s relations with the West in exchange for certain economic benefits.

The problem of a peace treaty

Importantly, Russia recognizes the need to continue discussions with Japan on the territorial issue. However, it is noteworthy that the Japanese side seems to place its main hopes, at least outwardly, not on these negotiations,
but on the political will of the two leaders. At the final press conference during Abe’s visit to Sochi in May 2016, the Japanese leader spoke about the possibility of resolving the dispute together with the Russian president: “We agreed to resolve it while establishing a future-oriented relationship between Japan and Russia.”

Abe again put forward the idea of a ‘new approach, free from the ideas of the past’, refraining from details, but adding that Japan’s proposal stemmed from the fact that the negotiations on a peace treaty were stagnant and brought no result. Cabinet spokesman Yoshihide Suga was more articulate stressing that, in this new approach, there is no change in the basic position of signing a peace treaty after the determination of the sovereignty of the four islands. This might suggest that the main aim of the ‘new approach’ is to demonstrate the intention of moving the negotiation process from its deadlock. And yet, as historical experience of the peace treaty negotiations shows, discussions of ‘new ideas’ can last infinitely long.

Is a ‘new approach’ possible at all? Japan is obviously counting on concessions from Russia which is interested in developing economic ties with Japan and improving relations with the West. However, Tokyo’s fundamental miscalculation lies in the underestimation of the fact that most Russians do not understand the essence of the territorial issue with Japan, perceiving it solely as Japan’s ‘groundless territorial claims’. Therefore, it is difficult to imagine a scenario in which Putin would transfer any territories to Japan, even within a legally flawless solution. In the eyes of many Russians, ‘trading the Kuril Islands’ would be tantamount to betrayal of the memory of fathers and grandfathers who gave their lives for them.

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2 http://www.sankei.com/politics/news/160507/plt1605070007-n2.html
3 http://www.yomiuri.co.jp/politics/20160509-OYT1T50112.html
However, it is not obvious that a radical solution to the territorial issue is welcome in Japan either. Its existence allows the nation to maintain a sense of psychological comfort on the basis of a ‘wounded national dignity.’ All administrations persistently upholding the territorial claims receive extra voter support. In Japan, there are powerful pressure groups interested in keeping the problem alive. The ‘Northern territories’ campaigns receive lavish budget allocations while some Hokkaido municipalities receive huge government subsidies. Even less motivation to make progress on this issue is shown by those officials to whom political leaders, in fact, delegated the responsibility for its settlement – foreign ministry bureaucrats of both countries, several generations of whom have grown up with the territorial issue and who find the very essence of their existence in reproducing again and again the well worn-out arguments.

Thus Tokyo’s policy of maintaining the “Northern territories issue” as the primary issue of the political agenda of bilateral relations with Russia should be viewed within the paradigm of the general drift towards populist politics in Japan. The dispute with Russia is mostly an internal resource of political capital for Japanese politicians rather than a serious international problem whose resolution would result in a qualitative leap forward in bilateral relations. In other words, in its policy-making towards Russia, the generally pragmatic Japanese political elite remain hostages to public sentiment driven mostly by nationalistic rhetoric. It is well known that much worse political relations and territorial disputes do not stop Japan from developing relations with China and South Korea that are vital trade and economic partners of Tokyo.

Economic ties between Russia and Japan

The economic component in bilateral relations is rather modest. In 2014, Russia’s share in Japan’s total trade turnover was only 2.2%. Russia ranked in 14th
place among Japanese trade partners in exports (1.5%) and 12th in imports (2.8%). Japan’s share in Russian foreign trade was 3.9% in 2014 (seventh among Russia’s partners). There is no substantial cooperation on other issues important to national interests of both countries.

It is true that the natural gas production project with Japan in the RFE has proved more successful than expected with production to be doubled in the future. The Sakhalin-2 project, operated by Russian, Japanese, US and British companies, started production of LNG in 2009 with 20 percent of the output shipped to Japan.

Although export volumes are growing, Russia, in comparative terms, does not sell large amounts of oil and gas to Japan. Russia’s priority export destination in Asia is China, especially in terms of oil and gas. Even if Japan refused to buy Russian oil and gas, this would do little damage to the Russian economy. The situation is totally different from Europe, Russia’s main export destination and the principal source of foreign currency earnings. In 2014, the volume of Russian gas exports to Japan was approximately 700 billion yen. Russia’s share in Japan’s gas market is below 10%, compared to almost 30% in European markets.

Unlike Japan’s ties with China, Russo-Japanese economic relations are not mutually complementary and have a low level of interdependence. Russia is not included in the system of intra-industry division of labor in East Asia and is not integrated into logistical and technological chains of production. All Russian exports to Japan, including energy materials, could easily be substituted by other suppliers. Investment cooperation between the two countries also remains insignificant.

Therefore, neither the Russian nor the Japanese economy would experience serious difficulties because of sanctions, should they remain in place for a long time. Neither country is capable of using sanction policy as an effective pressure tool against the other. The only thing Japan could do is to cut its modernization assistance pro-
grams in Russia. Though very limited in scale, such sanctions and other self-restrictions would have a serious negative effect on the general atmosphere of Russo-Japanese relations, as Russian expectations towards Japan are especially high regarding high technologies.

Despite economic sanctions, Japan will possibly continue to maintain at least some level of economic cooperation with Russia to deny China’s significantly benefiting from the situation by filling the niches created by the withdrawal of Western and Japanese companies. At present, Japan still shows keen interest in involving the regions of Siberia and the RFE into the integration processes of the Asia-Pacific region. The best opportunities for bilateral cooperation exist in the sectors of energy, infrastructure (including the Arctic maritime route), agriculture, housing, energy conservation, healthcare, and IT. Given its wealth and size, Japan could continue to be one of Russia’s most important energy markets for years to come, especially in view of the deep structural reforms of the nation’s energy sector after Fukushima. But these opportunities cannot be realized unless Russia stabilizes its international position and pursues its own deep structural reforms.

Conclusion

Stronger economic relations would inevitably improve the two countries’ importance to each other. If Russia considered Japan a major contributor to the development of the RFE and Siberia, it would increase the role and value of Japan in Moscow’s foreign policy. For Russia, it is very important not to rely on one partner in the Far East, but to have at least several major partners. This is essential for the realization of Russian national interests in this region. For Japan, cooperation with Russia is also indispensable. Ensuring good neighborly and friendly relations with Russia is important for Tokyo’s pursuits to counter-balance China, diversify its energy and oth-
er resource supplies, successfully address regional security challenges including North Korea’s nuclear program, and accomplish many other strategic tasks. Therefore, the main promise in bilateral relations lies in the efforts of both sides to remove the problem of a peace treaty from the center of the political agenda and to concentrate on more productive and positive issues.