REVIEW

Russo-Japanese Peace Treaty Negotiations And Plans For Joint Economic Activity on the Southern Kuril Islands

Zhmakin Iliya  Voda Kristina*

Center for Asia-Pacific Studies, Primakov National Research Institute of World Economy and International Relations Russian Academy of Sciences, Moscow, 117997, Russian Federation

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ABSTRACT

The article analyzes the Russo-Japanese peace treaty negotiations in 2013-2019. Despite the rapprochement in the trade, economic, political and humanitarian spheres, the territorial dispute remains an obstacle, significantly complicating bilateral ties. There remain disagreements on the sovereignty over the southern Kuril Islands, on acceptable conditions for resolving a territorial dispute, as well as on the significance of the territorial dispute for the development of bilateral relations. The plans for the implementation of joint economic activities on the southern Kuril Islands are also analyzed. It is concluded that Russia and Japan need to continue to build upon the result of rapprochement initiated by the leaders of the countries and continue negotiations on the peace treaty that will upgrade their relations.

1. Introduction

In 2013-2019 Russo-Japanese relations have entered the period of dynamic development after a long period of stagnation. In 2012, for example, Russian scholars pointed to the lack of a clear strategic vision of future cooperation and slow progress in negotiations on the difficult issues of bilateral relations. The Japanese side was said to be unwilling to develop full-scale relations with Russia without progress in resolving the territorial dispute on its terms[1].

Shinzo Abe, who became the Prime Minister of Japan in 2012 for the second time, proposed to improve Russian-Japanese relations, advance peace treaty negotiations, and resolve a Kuril Islands dispute [2]. The Russian side responded positively as Russia regards the conclusion of a peace treaty with Japan as a necessary condition for bringing bilateral relations to a qualitatively new strategic level.

In 2013-2019 the contacts between high-ranking Russian and Japanese officials intensified, the spectrum of bilateral talks broadened (including the dialogue in politics, economy, security, international issues, culture), and the economic cooperation was revitalized. The quantity of contacts between the leaders of Russia and Japan has grown significantly – Vladimir Putin and Shinzo Abe held their 27th meeting in Vladivostok on
September, 2019. In this paper, we aim to examine the progress in Russian-Japanese peace treaty negotiations in 2013-2019, as well as plans for economic cooperation on the southern Kuril Islands. The analysis of recent developments around the Kuril Islands will contribute to the discussion of this topic, which has received increased attention in literature [3].


The current rapprochement between Russia and Japan began when Shinzo Abe took the office of the Prime Minister of Japan in December 2012. Abe expressed a desire to end the territorial dispute with Russia. By doing this, Abe – a descendant of prominent post-World War II politicians – aimed to leave his mark in Japan’s history as an influential leader, who managed to return the lost territories [4]. Abe made a bid to establish a trusting personal relation with Russian President Vladimir Putin. Thus, Abe followed in line with the widespread Japanese idea that the territorial dispute with Russia can be resolved at the highest political level only. In April 2013, Abe visited Moscow for the first time. During the meeting between Abe and Putin, the parties recognized the absence of a peace treaty between the countries as “abnormal” and agreed to resume and expedite consultations on its signing [5]. In June of the same year, Russia-Japan vice-ministerial-level consultations on a peace treaty began.

The “Ukrainian crisis”, which began in 2014, suspended the Russian-Japanese rapprochement. Japan expressed solidarity with the restrictive measures against Russia taken by Western countries. In March-December 2014, Japan imposed sanctions on individuals and companies from Russia. Japan supported the suspension of Russia’s membership in the G8. In addition, consultations between officials in a number of significant areas were halted. Negotiations on visa facilitation, bilateral investment agreement, and military and space cooperation actually stopped. Despite the fact that Japanese sanctions were much softer than those of the US and the EU, the act itself has been deemed by Russia as an unfriendly gesture that hinders the bilateral relations [6].

Meetings of Russian and Japanese officials resumed in 2016, despite the lack of contacts between Moscow and other G7 member countries. On May 6, 2016, Prime Minister Abe visited Russian resort Sochi, where he held talks with President Putin. During the talks Abe stated that a “new approach” that is free from traditional stereotypes was needed to solve difficult problems in Russo-Japanese relations, including a territorial dispute. Japanese Prime Minister expressed confidence that it is possible to find a way out of the impasse in the peace treaty negotiations, as the leaders agreed to work together to resolve this issue by creating future-oriented relations. At the meeting in Sochi, the Russia and Japan agreed to continue peace treaty consultations, which resumed in June 2016 in Tokyo.

In addition, Abe proposed to Putin an “8-point economic cooperation plan”, providing for intensification of cooperation in the energy sector, small and medium-sized businesses, industrialization of the Far East, expansion of the export base, advanced technologies, including nuclear energy, and in the field of humanitarian exchanges. In accordance with this plan, Japanese ministries were instructed to prepare specific projects for the development of economic cooperation with Russia. A special group was created at the Prime Minister’s Office of Japan, which included all the deputy ministers of the economic sector. Japanese Minister of Economy, Trade and Industry Seki Hiroshige was appointed responsible for the development of economic relations with Moscow.

Abe has somewhat deviated from the traditional Japanese approach that linked the development of the economic cooperation with Russia with progress in resolving the territorial problem on Japanese terms. Instead Abe considered building up Russian-Japanese economic cooperation as a necessary step for creating favorable conditions and friendly atmosphere that will help to resolve difficult problems in bilateral relations. In Russia, where Japan is seen as a welcome and promising economic partner, as well as a source of advanced technology and investment, Abe’s economic proposals were received positively. At the same time, Russian leaders denied the possibility of any concessions in the territorial dispute in exchange for expanding the Japanese investment in the Russian economy [7].

The first state visit of Russian President Vladimir Putin to Japan in 11 years (held in the cities of Nagato and Tokyo) took place on December 15-16, 2016. The business part of the summit ended with the signing of more than 80 agreements and memorandums of future cooperation, the total value of which was estimated at 2.54 billion dollars. Plans were announced for the creation of a Russo-Japanese investment fund of $1 billion, the joint founders of which were the Japan Bank for International Cooperation (JBIC) and the Russian Direct Investment Fund. Also, Putin and Abe gave start to consultations on conducting joint economic activities on the southern Kuril Islands, which was presented as a step towards the conclusion of a peace treaty on the basis of compromise. The parties reaffirmed their determination to sign a peace treaty, continuing to discuss unresolved issues that
impede the achievement of this goal.

The advancement of Russian-Japanese economic cooperation under the “8-point plan” was discussed during Abe’s visit to Moscow on April 27, 2017. More than 20 documents were signed on the implementation of joint projects in various fields, including the development of a gas field in Russian city of Irkutsk, the construction of a medicine center in the city of Khabarovsk, the introduction of the “smart city” system in Voronezh, etc. Leaders called the year of 2018 the Cross year of Russia and Japan, with more than 300 events planned and carried out under its framework, aimed at acquaintance with the culture of a neighboring country and developing humanitarian exchanges. Measures are proposed for organizing charter flights to the southern Kuril Islands for their former residents that would replace sea trips that are irregular due to bad weather conditions and thus inconvenient.

In 2017-2018 Russian-Japanese official contacts have become regular. At the same time, the lack of progress in peace treaty negotiations was becoming increasingly apparent. The intention to accelerate negotiations on the basis of the Soviet-Japanese Joint Declaration of 1956, was announced at the Russia-Japan summit meeting in Singapore on November 14, 2018. Since paragraph 9 of the Declaration states that the Soviet side will transfer to Japan the islands of Shikotan and Habomai after the conclusion of the peace treaty, the results of the Singapore meeting was taken by some as an agreement reached by Abe and Putin to transfer the southern Kuril Islands to Japan.

After the Singapore summit meeting Abe announced that in 2019 there would be a “turning point” in the Russian-Japanese negotiations, and said that the transfer of the southern Kuril Islands requires the full consent of their current residents. Then the Japanese media reported that Japan could offer a waiver of compensation related to the southern Kuril Islands, which the Japanese side is currently claiming. These statements caused a widespread public uproar in Russia that it took the intervention of the Russian Ministry of Foreign Affairs, which pointed out to the Japanese side through its ambassador that such public statements were unacceptable. In addition, in early January 2019, a bill “On Japan’s Territorial Claims to the Russian Federation” which prohibits the transfer of the Kuril Islands, was introduced to the State Duma of the Russian Federation. More over, in a number of Russian cities, including Moscow and Yuzhno-Sakhalinsk, public meetings were held against the transfer of the Kuril Islands to Japan. According to surveys, more than 70% of Russian residents and almost 100% of the inhabitants of the southern Kuril Islands advocate that the islands remain under Russian sovereignty.

It appers that the domestic political situation in Japan, where a number of significant events took place in 2019, including the elections to the upper house of parliament, forced Prime Minister Abe to accellerate negotiations with Russia. In addition, Abe’s term as Japan’s Prime Minister expires in 2021, which may explain his intention to make 2019 a “turning point” in the peace treaty negotiations. In turn, the absence of detailed information on the progress and content of the talks between Putin and Abe, some of which are held behind closed doors, has led to widespread fears and rumors in the public space of both countries.

However, a surge of public concern did not lead to the suspension of official contacts between Russia and Japan. On June 28, 2019, President Putin paid a visit to Japan and participated in the G-20 Summit in Osaka. On September 4, Prime Minister Abe visited the Eastern Economic Forum in Vladivostok. The parties confirmed their interest in developing dialogue, concluding a peace treaty and resolving contentious issues in their relations. The Russian side pointed to the need to continue rapprochement in the trade, economic, political and humanitarian spheres. The Russian side believes that to further advance relations with Japan it is important to establish a visa-free regime with Japan, conclude an agreement on trade in services and investments, conclude an agreement on the exploration and use of outer space, etc.

Under the “8-point economic cooperation plan” by the autumn of 2019 approximately 100 joint projects have entered the implementation stage. The largest project is the participation of the Japanese consortium Mitsui&Co and Jogmec in Arctic LNG-2, a project for the construction of a natural gas liquefaction plant in the Yamal-Nenets Autonomous Region, with investments worth more than $ 5 billion. In addition, a test project of cargo transportation from Japan to Europe by the Trans-Siberian Railway is underway. Negotiations are ongoing on more than 100 projects in the fields of tourism, agriculture, infrastructure construction, etc. The Japanese side has repeatedly stated the great potential for developing relations between Russia and Japan and expressed its intention to maximize this potential in the future.

3. Russia and Japan Positions on the Territorial Dispute

Despite the rapprochement of Russia and Japan in a wide range of areas in 2013-2019, the territorial dispute remains an obstacle, significantly complicating bilateral ties. There remain disagreements on the sovereignty over the southern Kuril Islands, on acceptable conditions for resolving a terri-
torial dispute, as well as on the significance of the territorial dispute for the development of bilateral relations.

Firstly, on the issue of island ownership, the Japanese position is that the “Northern territories” - Habomai, Shikotan, Iturup and Kunashir Islands - are “ancestral territory” of Japan that are not included in the Kuril Islands, which Japan lost in accordance with The 1951 San Francisco Peace Treaty. In addition, Japan considers illegal the occupation of these territories by the Soviet Union, which occurred as a result of the USSR entering the war against Japan on August 8, 1945, and demands their return. According to the Russian position, Japan should recognize the post-war historical realities - that is, the Russian sovereignty over all the Kuril Islands.

Secondly, at present, the Russian side considers the Soviet-Japanese Joint Declaration of 1956 to be the basis for solving the issue of territorial demarcation with Japan. This is the only document, which was ratified by both parties and has the status of an international treaty [11]. At the same time, the Russian President Vladimir Putin has repeatedly criticized the content of the document, noting that, although this declaration states that the Soviet Union is ready to consider the transfer of two islands to Japan, nothing is said about the conditions and whose sovereignty over these islands would be established [12]. In turn, Japan considers the provision contained in paragraph 9 of the Joint Declaration as an obligation of Russia to transfer the islands of Shikotan and Habomai. Thus, according to Japan’s position, the essence of negotiations on the territorial issue is to determine the way of transferring the other two islands. There is no evidence so far for a change of posture by either party. Moreover, in 2019, Russia and Japan on different levels have confirmed their basic positions, which makes the task of reaching a compromise on the territorial issue difficult.

Regarding the significance of the territorial problem for the development of Russian-Japanese relations, Japan believes the issue of the sovereignty over the southern Kuril Islands to be the most significant topic of bilateral relations. Japan regards the resolution of the status of the four islands as a prerequisite for signing a peace treaty. Russia claims that the resolution of a territorial dispute should be a consequence of the normalization of Russo-Japanese relations. As Russian Foreign Minister S. Lavrov noted, “closer interaction of our economies and civil societies, the establishment of good relations between our business people, mutual investments and implementation of joint economic, trade, infrastructure and foreign policy initiatives will help create an atmosphere that will be more favorable for signing agreements on even the most difficult issues” [13].

Thus, the significant disagreements between Russia and Japan, the unwillingness of the parties to abandon their basic positions, make the resolution of Kuril Islands issue highly unlikely in the short term.

4. Plans for Joint Economic Activity on the Southern Kuril Islands

Joint economic projects on the southern Kuril Islands have been discussed by current leaders of Russia and Japan since 2016. However, for the first time, the idea to establish joint mutually beneficial economic activity on the islands was expressed in the text of the Joint Soviet-Japanese statement of April 18, 1991, signed during the visit to Japan of USSR President Mikhail Gorbachev [14]. Then discussion of this issue continued during the presidency of Boris Yeltsin. Then, parties had high hopes of a breakthrough after informal meetings between the leaders of Russia and Japan in the Russian city of Krasnoyarsk (1997) and the Japanese city of Kawanai (1998). However, plans for the joint development of these territories did not become the reality because Russia and Japan could not agree on the legal framework of cooperation on the islands. The issue of joint economic activity again came to the official level in 2009, when Russia proposed it to Japan during the visit of Russian Deputy Foreign Minister Alexey Borodavkin to Tokyo. The initiative was not further developed because Japan entered a period of political turbulence due to the frequent change of governments. In addition, the visit of the Russian President Dmitry Medvedev to Kunashir on November 1, 2010 met opposition from Japan and led to deterioration of bilateral ties.

The agreement to begin joint economic activity (JEA) on the southern Kuril Islands was announced at the summit of the leaders of Russia and Japan in December 2016 in Tokyo. Five priority areas for the development of cooperation were identified: aquaculture, greenhouses, tourism, wind energy, and waste recycling. Russian proposal on JEA, which included the provision that all joint projects should be implemented in accordance with Russian legislation, was initially rejected by the Japanese side [15]. The reason was the impossibility for Japan to recognize Russia’s sovereignty over the southern Kuril Islands. The final joint statement signed by the leaders of Russia and Japan in Tokyo indicated the need to reach an agreement on the legal framework for the implementation of the JEA, including conclusion of a separate international treaty. In addition, it was clarified that the JEA should not “damage the positions of the Russian Federation and Japan on the issue of a peace treaty” [16].

In 2017-2018 Japan sent three missions to the southern Kuril Islands to study the possibility of implementing the
The first mission, which included 69 Japanese officials and business representatives, visited Kunashir, Iturup and Shikotan Islands from June 27 to July 1, 2017. As the Japanese media noted, despite the fact that the mission was sent in a hurry, the Japanese government managed to attract big business. Most of the companies were from the Japanese island of Hokkaido, adjacent to the Kuril Islands [17]. The governor of the Russian Sakhalin Region Oleg Kozhemyako who accompanied the first mission indicated that local authorities were ready to create a favorable environment for the Japanese businesses, using mechanisms of public-private partnerships, subsidies, and provide access to the necessary infrastructure [18]. The second mission visited the southern Kuril Islands on October 26-31, 2017, and the third was sent on August 16-22, 2018. As a result, by the fall of 2019, two test projects in tourism and waste disposal were prepared for implementation. The Japanese expressed interest in developing cooperation in other areas such as growing strawberries in greenhouses, cultivating sea cucumbers and scallops, building wind farms, and creating tourist complexes [19].

Agreeing on a legal framework for conducting the JEA on the southern Kuril Islands is one of the main objectives that will determine the success of joint projects. Japan’s refusal to conduct business on the islands in accordance with Russian legislation, and the related legal uncertainty, discourages businesses to implement commercial projects on these territories.

One of the important aspects of the JEA is the visiting regime for Japanese citizens to the southern Kuril Islands. The Japanese government doesn’t support the standard way to travel to the islands on a Russian visa through the city of Sakhalin, thereby once again confirming the non-recognition of Russian sovereignty over these territories. In 1991-1998 the Ministry of Foreign Affairs of Russia and the Ministry of Foreign Affairs of Japan agreed on the visa-free exchanges between Russian citizens permanently residing on the islands of Iturup, Kunashir, Shikotan and the citizens of Japan [20].

In recent years, within the framework of “visa-free exchanges”, 15-20 Japanese groups visit islands every year with a total number of about 300-500 people. Since 1992, approximately 20 thousand Japanese citizens visited the southern Kuril Islands [21]. According to the Japanese government, Japanese groups should include certain categories of citizens: former residents of the islands and their descendants, politicians, officials, journalists, doctors, scientists etc. Japanese trips are aimed at visiting former Japanese settlements on the islands, and familiarizing the inhabitants of the islands with Japanese culture, traditions, teaching the Japanese language. The composition of the groups is approved by the Ministry of Foreign Affairs of Japan on the basis of applications submitted through authorized organizations, such as the Hokkaido Committee to Promote Exchanges with Four Northern Islands, the Northern Territories Issue Countermeasures Association, the League of Residents of Chishima and Habomai islands, etc. The travel plan for the year is agreed upon during Russian-Japanese consultations on the regional and diplomatic levels. In addition, the program of each trip requires approval by the diplomatic authorities of the two countries. Thus, the lack of a free movement for the Japanese citizens on the southern Kuril Islands complicates the implementation of the JEA on these territories. Russia has repeatedly called to expand the visa-free regime throughout the Sakhalin Region. However, Japan has not yet accepted this proposal, advocating the preservation of the regime of “visa-free exchanges” only for four islands.

Thus, the implementation of the JEA on the southern Kuril Islands is complicated by the problems of harmonizing the legal framework for doing business. In 2019, the Russian side expressed dissatisfaction with the volume of business projects and the speed of their coordination, as stated by Foreign Minister S. Lavrov, calling the size of the JEA “modest and unimpressive.” [22]. The Japanese government, in turn, continues to seek special conditions for doing business on the islands.

5. Conclusion

In 2013-2019 Russia and Japan expanded political, diplomatic, trade, economic and humanitarian interaction. At the same time, the parties could not overcome the deep differences on the issues of territorial demarcation and the conclusion of a peace treaty. The intention of Russia and Japan to advance in solving the territorial problem on the basis of a mutually acceptable compromise was expressed in the plans for joint economic activity in the southern Kuril Islands. Despite the difficulties in coordinating the economic and legal aspects of operating businesses on the islands, Russian and Japanese officials continue negotiations on the issue, which led to the project launch in 2019. This reconfirms the interest of both sides in joint activities aimed at building confidence and increasing interdependence in these territories. The immediate task for Russia and Japan is to continue to build upon the result of rapprochement initiated by the leaders of the countries and continue negotiations on the peace treaty that will upgrade their relations.

References


Abe’s grandfather - Kishi Nobusuke (Prime Minister of Japan from 1957 to 1960) signed a security agreement with the United States. Abe’s granduncle - Sato Eisaku (Prime Minister from 1964 to 1972) - Nobel Peace Prize laureate (1974). Abe’s father - Abe Sintaro (Minister of Foreign Affairs from 1982 to 1986) was known for his desire to normalize relations with the USSR, participated in the preparation of the visit of M.S. Gorbachev to Japan.

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The regime of “visa-free exchanges” involves annual visits by Russian citizens - residents of the southern Kuril Islands to Japan. Since 1992, more than 8 thousand inhabitants of the islands have visited Japan.