It’s Time for a ‘Grand Bargain’ Between Japan and Russia
By Jonathan Berkshire Miller

There are numerous reasons for Japan and Russia to build a closer strategic partnership in light of issues ranging from the rise of China to energy, transnational crime and North Korea’s nuclear program. Unfortunately, the unresolved dispute over the ownership of the Kuril Islands has prevented the two from formalizing a closer partnership, writes Jonathan Berkshire Miller. The time has come for a bold compromise.

Japan had arrived as a legitimate military power with its stunning defeat of the Russian Empire in the Russo-Japanese war of 1904-5. The second had a different result after the Soviet Union sent the Red Army into Manchuria to claim territorial spoils from a fatally crippled Imperial Japan at the conclusion of World War II.

While the legacies of historical wounds often remain potent, it is their tangible element that complicates attempts to repair frayed relationships. This is the case with Japan and Russia, as both states have been denied a cathartic restart due to the festering territorial dispute over the Southern Kurils (referred to as the Northern Territories in Japan). There are positive signs, however, as the two countries work together on several important bilateral and multilateral issues such as nuclear non-proliferation, counterterrorism, energy security and information technology. So while the Kuril dispute has thus far not made the two strategic rivals, it has smothered any chance of a deep and comprehensive partnership.

THE KURILS ROW
The Kuril Islands are a chain of more than 50 islands that stretches north from Hokkaido in Japan to Kamchatka in Russia. All are today administered by Russia, but diplomatic and legal attempts to decipher which country is the rightful owner of four of the southernmost islands — Etorofu, Kunashiri, Habomai and Shikotan — are muddied by a series of historical treaties dating back to 1855. Tokyo claims that the sovereignty of the Southern Kurils has never been debatable and that the four disputed islands have been part of Japan since the early 19th century. This is confirmed, according to Japan, by the Shimoda Treaty of 1855 and the Portsmouth Treaty of 1905 at the conclusion of the Russo-Japanese war.

This all changed when the Soviet Union took over the islands following World War II. For its part, Russia remains unyielding to Japan’s protests that the islands be returned by pointing to the Yalta Agreement (1945) and Potsdam Declaration (1945) as proof of its sovereignty. Russia also emphasizes that the 1951 San Francisco Treaty serves as legal evidence that Japan acknowledged Russian sovereignty over the islands, a claim that Tokyo vehemently denies.

Because of the Kurils dispute, Japan and Russia have yet to officially sign a peace treaty concluding World War II. There have been several attempts to reach an accommodation to end the row, but both sides have thus far been unable to overcome domestic political opposition to a compromise. While signing a treaty would be more ceremonial than substantial, its absence signals a sustained deficit of trust that has stymied any meaningful strategic engagement.

Perhaps the closest opportunity came in 1998 when Japanese Prime Minister Ryutaro Hashimoto, emboldened by his personal friendship...
with Russian President Boris Yeltsin, presented a visiting Russian delegation with a grand bargain to end the feud over the islands and sign a peace treaty at the same time. The “Kawana Proposal” outlined that Japan and Russia demarcate their borders indicating that the Northern Territories belonged to Japan. In return, Hashimoto promised Yeltsin that Japan would agree to continued Russian administration and joint economic development of the islands. The sweetener would be Hashimoto’s commitment that Japan would sign a peace treaty with Russia if Yeltsin agreed to the proposal. Hashimoto was essentially willing to put off tangible sovereignty in favor of legal recognition. Unfortunately, the gamble failed: Russia rejected the proposal later that fall when Hashimoto’s successor, Keizo Obuchi, traveled to Moscow with hopes that a deal could be struck.

There have been a range of other proposals, both formal and informal, since the Kawana summit. Russia once offered to return the two smaller islands to Japan (Shikotan and Habomai). Other diplomatic attempts have proposed the return of three islands to Japan (all except Etorofu) or the joint administration of the islands with no one state having sovereignty. Unfortunately, none of these compromises has been able to satiate the domestic political demands in both countries. Nationalist sentiment in Japan remains strong over the return of all four islands and it is politically difficult for perpetually weak governments to propose a compromise resolution. Similarly, the Russian public strongly opposes a return of the islands to Japan. The islands are home to thousands of Russian citizens and remain a nationalist badge symbolizing its victory during World War II. But public sentiment is not the only reason. The islands are geopolitically important to Russia and represent a strategic gateway to East Asia that complements its port in Vladivostok.

**COMMON STRATEGIC INTERESTS**

While the Kurils spat continues to weaken a bilateral strategic engagement between Tokyo and Moscow, it has not eroded their many shared interests. As the joint statement by both foreign ministers from earlier this year emphasizes, Asia’s geopolitical situation is dynamic. The “drastic changes” referred to in the ministers’ statement include the death of North Korean leader Kim Jong-il and the uncertainty surrounding his succession by son Kim Jong Un.

Japan and Russia have both invested a considerable amount of political capital in finding a resolution to Pyongyang’s latent nuclear weapons program. Despite this, both states are treated largely as spare parts for the stalled Six-Party talks. Their marginalization clouds the potential for Tokyo and Moscow to serve a greater purpose. Russia has the ability to act as a key interlocutor between North Korea and its most vociferous opponents, South Korea, the US and Japan. Russia also can work the middle ground between China and the US and use its unique position to isolate Chinese intransigence on the North’s bellicose actions. Japan also remains underutilized, mainly due to its legacy of colonialism in Korea and its inability to find adequate closure to the issue of the abduction of its nationals by the North. Despite these issues, Japan’s stake in the Six-Party talks is as vital for its national security as denuclearization is for South Korea. Moreover, while Russia has lost much of its influence over the regime in Pyongyang, it continues to act as a mediator between Japan and North Korea over the abduction issue.

A bolstered strategic relationship would also send a message to China that its ascendancy will not come without hedges and other strong powers to consider. Both countries maintain robust trading relationships with China and do not want confrontation, but they also do not want a Sinocentric continent. Historically, Japan has relied...
on its security alliance with the US — a partnership that will continue for the foreseeable future. This relationship, however, should not induce Japan to have a myopic vision of its geostrategic interests. As China continues to emerge, Japan will need to seek new strategic relationships in the region. The divide between the two is complex and is perpetuated by more than history. The real separation relates to different visions of Asia’s future course. Russia has an accommodation with China built upon the principle of non-interference, but this should not be confused as a strategic relationship. Moscow is concerned about Chinese immigration into its sparsely populated Far East and fears that Beijing will try to impose its will there through demographic and financial strength.

The strategic triangle between Japan, Russia and China is also an important consideration regarding energy security. Both Japan and China are net energy importers, while Russia is one of the world’s largest energy exporters. Tokyo’s energy needs have been magnified since the devastating earthquake and tsunami last March and the subsequent public distrust of nuclear power as an acceptable source of energy. Russia and Japan have already made an initial foray into strengthening energy co-operation through joint development of a pipeline in Eastern Siberia that would bring Russian gas to the Japanese market. They also have agreed to continue development of energy projects on the Russian island of Sakhalin. These commitments were given life as a result of the Japan-Russia Action Plan signed in 2003 by former Japanese Prime Minister Junichiro Koizumi and Russian President Vladimir Putin. Both sides continue to build momentum on this front through annual energy consultations.

There are many other significant common interests between the two countries. For the last 10 years, Japan and Russia have been successfully working together to further the disarmament of a large portion of Russia’s dated strategic nuclear arsenal. Specifically, Japan has contributed $200 million to such projects in Russia and the former Soviet Union through the G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. Japan’s efforts have thus far been focused on the dismantlement of decommissioned nuclear-powered submarines in Russia’s Far East as well as the disposal of surplus weapons-grade plutonium.

Russia and Japan also share a common goal of promoting security in Central Asia. International crime and drug trafficking from the region has proliferated in recent years due to instability in Afghanistan and the border regions of Tajikistan. Both sides view the illicit narcotics trade as a serious international security concern and have discussed ways to co-operate with the US to curb the flows. Japan and Russia also can exploit their partnership through joint investment projects in Central Asia. While this region is still in Russia’s strategic sphere, Moscow’s primacy is increasingly being challenged by China and the United States. Japan can lend its expertise in fields such as information technology and manufacturing and combine this with Russia’s regional influence and existing capital.

**MOVING PAST THE KURILS**

A strategic partnership between Russia and Japan clearly has its merits. But what are the costs, and is it palatable? Until the Kuril dispute is resolved, the two will be inhibited from proceeding further. Japan’s differences with China, North Korea and (to a lesser degree) South Korea have presented an opening for repairing relations with Russia. In fact, a closer relationship with Moscow would help improve Japan’s ties with China and Korea by demonstrating its willingness to compromise on lingering issues from the World War II.

Russia would also see its geopolitical standing in Asia increase with a strengthened relationship with Tokyo. Russia realizes that Asia is changing and that its neglected status as a Pacific power will need to be dusted off and refurbished. This can be done with or without Japan, but having Tokyo on board makes the transition easier and could result in a potential economic and security windfall.

A strong Russo-Japanese strategic partnership would not only put more multilateral security initiatives such as the Six-Party talks and international narcotic flows, but also would work to check a growing China. Both countries tacitly strive for this but recognize the political difficulties due to the Kuril dispute. Now is the time for a grand bargain on the Kurils.

For officials in Moscow and Tokyo, resolving the territorial dispute will not come without cost — both politically and economically. In 1956, they nearly agreed to a compromise solution when the Soviet Union agreed to return the two smaller islands (Shikotan and Habomai) upon the signing of a peace treaty between the two states from World War II. While the two agreed on a joint declaration, they could not conclude the peace treaty because both sides found the other’s demands unacceptable.

It will take political courage to navigate through such thorny issues, but it is imperative that Japan and Russia commit to resolving the dispute if they wish to assume primary roles in crafting the future strategic course of the Asia-Pacific region.

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