





# Japan's Silk Road Diplomacy

## Paving the Road Ahead

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**"Japan's Silk Road Diplomacy: Paving the Road Ahead"** is a *Monograph* published by the Central Asia-Caucasus Institute and the Silk Road Studies Program. *Monographs* provide comprehensive analyses of key issues presented by leading experts. The Joint Center is a transatlantic independent and non-profit research and policy center. It has offices in Washington and Stockholm and is affiliated with the Paul H. Nitze School of Advanced International Studies of Johns Hopkins University and the Stockholm-based Institute for Security and Development Policy. It is the first institution of its kind in Europe and North America, and is firmly established as a leading research and policy center, serving a large and diverse community of analysts, scholars, policy-watchers, business leaders, and journalists. The Joint Center is at the forefront of research on issues of conflict, security, and development in the region. Through its applied research, publications, research cooperation, public lectures, and seminars, it functions as a focal point for academic, policy, and public discussion regarding the region.

This publication is kindly made possible by support from the Swedish Ministry for Foreign Affairs. The opinions and conclusions expressed are those of the author/s and do not necessarily reflect the views of the Central Asia-Caucasus Institute and the Silk Road Studies Program or its sponsors.

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ISBN: 978-91-85937-46-2

Printed in Singapore

Cover photo credits: Photo of children in classroom is courtesy of Noriko Gakkyu, Uzbekistan; Russian-made combine harvesters for Kyrgyzstan and a road construction project in Tajikistan are both financed by Japanese grant aid. Photos courtesy of the Ministry of Foreign Affairs of Japan.

Distributed in North America by:

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Distributed in Europe by:

The Silk Road Studies Program  
Institute for Security and Development Policy  
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*Hirose Tetsuya*

## Key Abbreviations

ADB	Asian Development Bank
AFP	Arc of Freedom and Prosperity
AOC	Arabian Oil Company
ASEAN	Association of Southeast Asian Nations
BTC	Baku-Tbilisi-Ceyhan
CACO	Central Asian Cooperation Organization
CIS	Commonwealth of Independent States
CNPC	China National Petroleum Corporation
DPJ	Democratic Party of Japan
EBRD	European Bank for Reconstruction and Development
EU	European Union
GCC	Gulf Cooperation Council
GUAM	Group made up of Georgia, Ukraine, Azerbaijan and Moldova
GUUAM	Group made up of Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova
IMU	Islamic Movement of Uzbekistan
ISAF	International Security Assistance Force in Afghanistan
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
JNOC	Japan National Oil Corporation
JOGMEC	Japan Oil, Gas and Metals National Corporation
KRJC	Kyrgyz Republic-Japan Center
LDP	Liberal Democratic Party

METI	Ministry of Economy, Trade and Industry of Japan
MITI	Ministry of International Trade and Industry of Japan
MOF	Ministry of Finance of Japan
MOFA	Ministry of Foreign Affairs of Japan
MSDF	Maritime Self-Defense Force
NIS	Newly Independent States
NAC	North Atlantic Council
NATO	North Atlantic Treaty Organization
ODA	Official Development Assistance
SAARC	South Asian Association for Regional Cooperation
SCO	Shanghai Cooperation Organization
SDF	Self-Defense Forces



## Preface

This volume started with a simple idea – to reflect on Japan’s role in Central Asia since the Central Asian republics gained independence following the collapse of the Soviet Union. Japan has been involved in Central Asia since the early 1990s but its role has largely been overshadowed by the activities of other more prominent external actors that operate in the region, the key ones being Russia, China and the United States.

This is the product of a collaborative effort between the Central Asia-Caucasus Institute and Silk Road Studies Program (U.S./Sweden), the Slavic Research Center at Hokkaido University (Japan) and the Islamic Area Studies, University of Tokyo (Japan) in the form of a one-day workshop that took place in Tokyo on September 22, 2007. The aim of the workshop had been to discuss and better understand the critical role that Japan plays in Central Asia, as well as to examine how Japan should proceed with its future engagement.

The year 2007 is a significant date because it marked the tenth anniversary of the launch of Japan’s Eurasian Diplomacy. Back in July 1997, the Japanese Prime Minister, Hashimoto Ryutaro, introduced the concept of Eurasian Diplomacy as a pillar of Japan’s foreign policy which would encompass Russia, China as well as the Newly Independent States in the Central Asia-Caucasus region. The idea is that Japan should play an active and leading role to help the countries foster political and economic stability. While Japan’s engagement with Russia and China have been well documented over the past decade, Japan’s contribution to the Central Asia-Caucasus region is less known, and in fact, poorly understood, especially outside Japan. This publication concentrates mostly on Japan’s engagement with Central Asia and we hope that it would shed some light on this subject matter.

There have been great changes in the Central Asia region and its surrounding area since 1997: (1) China and Russia have made great strides into Central

Asia with the formation of the Shanghai Cooperation Organization in 2001; (2) separately, Russia, which regards Central Asia as its own backyard, is attempting to re-assert itself in the region; (3) China is also steadfastly increasing its security, political and economic links with the region on a bilateral basis; (4) meanwhile, Afghanistan is currently undergoing post-conflict rehabilitation and reconstruction. It is still a weak state facing a host of threats and the area bordering Pakistan remains particularly volatile. The stability of Central Asia is closely tied to the situation in Afghanistan; (5) Japan has also stepped up its engagement with the region with the launch of the Central Asia Plus Japan Initiative in August 2004. Most recently, it has developed a more resource-oriented approach towards Central Asia.

Looking at these developments over the past decade, we feel that it is timely to examine Japan's interest, role and contribution in Central Asia. This publication represents the effort of a group of authors who have sought to clarify Japan's role in Central Asia from both the Japanese and Central Asian perspectives. It includes both Japanese and non-Japanese scholars who have an interest in this subject, as well as ex-Japanese diplomats who personally played important roles in the formulation and implementation of Japan's Central Asian policies.

The publication consists of ten chapters. In Chapter One, Kawato Akio provides a highly enriching account of the formulation of Japan's Central Asian policy from his perspective as a Japanese diplomat. He also offers invaluable insights into how Japanese officials and politicians regard Central Asia. Christopher Len in Chapter Two provides an overview of Japan's activities in the region while clarifying Japan's development strategies for the region and its implications. In Chapter Three, Yuasa Takeshi looks into how the Japanese Ministry of Foreign Affairs set out to create a new "values oriented" pillar for its foreign policy with the vision of an "Arc of Freedom and Prosperity" and the rationale behind this short-lived initiative.

This is followed by a detailed examination of the Shanghai Cooperation Organization by Iwashita Akihiro in Chapter Four. Iwashita sought to explain the emergence of the SCO and also suggests that Japan could perhaps play an intermediary role between China and Russia on one side, and the United States on the other, to get all parties to work together for the benefit of the region. In Chapter Five, Erica Marat provides an interesting account of

the bilateral relationship between Japan and Kyrgyzstan and how it could be further strengthened. In Chapter Six, Uyama Tomohiko places Japan's Central Asian policy within a broader context of Japan's Asian diplomacy and Japan-U.S. relations so as to allow readers to gain a more holistic understanding of Japan's diplomatic approach. Timur Dadabaev's contribution in Chapter Seven takes an in-depth look into the effectiveness of Japan's development strategy in Central Asia and how it could be improved. He also provided some interesting polling data on how the general population in Central Asia perceives Japan's contribution to the region.

In Chapter Eight, Niklas Swanström looks into the issue of regional economic cooperation as a confidence-building tool in Central Asia and the factors that impede such a development. He then turns his attention to the growing political and economic linkages between Northeast and Central Asia and explains why this is a positive momentum that should be encouraged, and also carefully managed. In Chapter Nine, Shimao Kuniko discusses Japan's energy strategy towards West and Central Asia and provides some interesting information on Japan's energy interests in these two regions.

Finally, in Chapter Ten, Hirose Tetsuya provides an account of his time working in the Japanese Ministry of Foreign Affairs as the first Director of the Newly Independent States (NIS) Division which was set up following the collapse of the Soviet Union. This closing chapter is indispensable for those who seek to understand the priorities and objectives of Tokyo with regards to Central Asia since 1991.

Through this edited volume, our intention is to reach out to policy-makers and scholars everywhere with an interest in Central Asia to help them better understand the intentions and role of Japan in Central Asia. At the policy level, we hope that this publication would help facilitate better coordination of inter-governmental strategies for the development of the region. A Japanese version of this publication will also be forthcoming in 2009. This will enable us to better engage our Japanese colleagues in the discussion of Japan's role in Central Asia and Eurasia. Ultimately, this would help to ensure that Central Asian states maintain the course of political and economic reform and develop as a vibrant and autonomous region integrated

with the rest of the world. Such an outcome would be in the best interest not just for the region, but for the entire Eurasian continent.

We are particularly grateful for the patience of our authors for the numerous drafts of their chapters. We would also like to express our heartfelt appreciation to Professor Komatsu Hisao at the University of Tokyo who greatly contributed to the organizing of the workshop. The editors would also like to thank Artyom Matusov, Jonathan Nuss and Kyle Mitchell for their assistance during the editing process.

Finally, in accordance with traditional Japanese practice, the Japanese names presented here are with the family name first, followed by the given name. However, the names reflected in the English language works being cited will reflect the Japanese names as they have appeared in the original source.

Christopher Len

Uyama Tomohiko

Hirose Tetsuya

## Executive Summary

1. Japan recognizes that democratization is an important aspect of Central Asia's modernization process. It would like the Central Asian republics to improve their democratic record. At the same time, it is mindful of the fact that democratization should be inculcated domestically as part of a political evolution process, in tandem with development strategies. Democratic values should not be imposed or transplanted from outside. Japan's strategy has thus been to coax rather than to cajole Central Asia's leaders to open up to democratic practices. Japan could do more to assist the Central Asian republics in this field but at the same time, it should be acknowledged that there is a limit to the extent of Tokyo's influence in the Central Asian capitals.
2. Japan should be understood as having a *developmental* rather than a *geopolitical* focus on the region. This is an important distinction because it helps to inform on Japan's activities in the region and provide a more accurate basis for assessing Japan's contribution to the region. It is also a reflection of Japan's attempt to carve out a distinct role for itself in international affairs.
3. At present, Central Asia is not considered as a critical aspect in Japan's diplomatic or economic strategy. There is a need to further discuss how Japan could improve its development strategy and profile in Central Asia. At the same time, it should be stressed that the ultimate responsibility for the development of Central Asia rests on the respective Central Asian governments themselves.
4. Japan is not in competition with Russia and China in its engagement drive with the Central Asian republics. Tokyo recognizes the importance of engaging these two countries as part of the strategy for Central Asia to develop as an open-region. If the "Arc of Freedom and Prosperity" is revitalized as part of Japan's diplomacy, Tokyo should find constructive

ways to engage Russia and China within the context of this diplomatic strategy.

5. Japan's developmental commitment, China's growing political and trade engagement, as well as South Korea's growing economic interest in Central Asia underline the fact that Northeast and Central Asia are slowly converging particularly in the diplomatic and economic spheres. However, it remains to be seen if these three Northeast Asian states could formulate a collective response in engaging Central Asia –but this is something that should be encouraged.
6. Access to energy resources is not the primary rationale for Japan's current focus in Central Asia. However, Japan has developed a more resource-oriented approach towards Central Asia in recent years and this trend is expected to continue.
7. Looking ahead, Japan could play a leading role in the region by bringing all the external actors who are interested in Central Asia to develop a coherent development agenda for Central Asia. This would help with the region's development as an autonomous and open region.

# Part I: Japan's New Role in Central Asia





## I. What is Japan up to in Central Asia?

Kawato Akio\*

### Introduction

Central Asia is not an area for Japan's vital interest. Yet this region, neighbored by Russia and China and with abundant natural resources, can play a significant role for Japan both politically and economically. Japan, though generally considered to be modest in world politics, could be a meaningful force in this region even politically with its economic power and its untainted historical relations with Central Asia. Especially when the USA and the EU have difficulty in taking initiatives in Central Asia due to human rights considerations, Japan may be able to act, rendering help to the countries in the region, at the same time, making appeals for more reform and democracy. In this chapter, I look back at the brief history of relations between Japan and Central Asia, Japan's current policy and perspectives for the future.

### How Japan's Diplomacy in Central Asia Started

Japan was very ignorant about Central Asia, in spite of the latter's cultural influence on ancient Japan. The Soviet rule of Central Asia made the region even more remote in the eyes of the Japanese, mixed up with the image of Russia. As the Japanese did not have a positive view towards the USSR, Central Asia was even more neglected because it was considered to be a mere "backward" part of the USSR.

Right after the Soviet Union's fall in 1991, U.S. Secretary of State James Baker made a blitz tour of the newly independent states of the Commonwealth of Independent States (CIS), promising support and announcing the opening of U.S. embassies. Japan was slow in following suit.

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\*Kawato Akio is former Ambassador of Japan to Uzbekistan and Tajikistan.

Its first embassies in Central Asia were opened only in January 1993 in Kazakhstan and Uzbekistan. It reflected Japan's lack of interest in this part of the world as well as its rigorous bureaucratic regulation; a new embassy can be opened only when an established embassy elsewhere is scrapped. This measure, designed to restrain the overall number of embassies, hampers a quick response when a large empire collapses to generate a row of new independent countries. Even after the new embassies were opened, they were not provided with enough personnel or a sufficient budget.

In the first half of the nineties, Kyrgyzstan out of the Central Asian countries drew the most attention of the Japanese government. President Askar Akayev at that time was generally considered by Japanese officials to be the most reform-oriented among CIS leaders. It was assumed that because the Kyrgyz economy is small, Japan's assistance would be more effective, turning Kyrgyzstan into a showcase of Japan's Official Development Assistance (ODA), and thus, greatly enhancing Japan's position among CIS countries and Russia. It was the first Central Asian country to which a Japanese foreign minister visited in 1992.

However, the Kyrgyz government was not prepared for the implementation of large assistance projects because of its small-sized economy, and gradually, the priority of the Japanese government was transferred to Kazakhstan and Uzbekistan, the two most populous Central Asian states. If Kazakhstan is important due to its large oil reserves, Uzbekistan occupies a geopolitically vital place at the center of the Eurasian continent. If the situation becomes unstable in this country, it will easily spread to neighboring states, affecting the balance-of-power in the eastern half of Eurasia. In 1995, Japan accorded its first large yen-loans to Kazakhstan and Uzbekistan to improve their communication systems. Since then, it has endeavored to maintain parity in the scale of ODA conferred to both countries.

Turkmenistan had from an early stage drawn the attention of the Japanese business community because of its huge natural gas reserves. However, relations developed slowly because Japan did not have an embassy there; it was only in 2005 that Japan opened its official liaison office in Ashkhabad. Towards the end of the civil war in Tajikistan, Japan showed interest in the post-war settlement and economic development in that country. Japan endeavored to lift its international status by rendering altruistic help to other

countries, including Tajikistan. However, its presence in Tajikistan only became permanent when it opened a liaison office there in 2002.

One has to note that there were Japanese politicians and officials who had from the start approached Central Asia out of strategic consideration. In parallel with Kyrgyzstan, Uzbekistan became a constant target of their attention. By sheer coincidence as well as by Japanese Ambassador H.E. Magosaki Ukeru's personal efforts, officials of the Ministry of Finance (MOF) were particularly interested in Uzbekistan. As one ex-official of MOF later told me, they saw the geopolitical importance of Uzbekistan and its meaning for Japan's foreign policy. For them, Central Asia, located between China and Russia, is vital for the maintenance of the balance-of-power and stability in eastern Eurasia, and if Japan had a firm footing there, it would become a good diplomatic asset for Japan.

In 1994, Uzbek President Islam Karimov made his first visit to Japan, and by 1997, Japan was to give about US\$500 million in soft loans and grants to Uzbekistan, making the latter a showcase of Japan's assistance in Central Asia. Kazakhstan was always in Japan's sight, too. Watanabe Michio, Japanese Foreign Minister, already made a visit to this country in 1992, and Kazakh President Nursultan Nazarbayev visited Japan in April 1994, one month ahead of Karimov. However, being rich in oil resources, Kazakhstan was not enthusiastic about receiving Japanese economic assistance, which for Japan is one of its limited means to promote bilateral relations. For many Japanese, Kazakh officials seemed intractable, leading to preference for the Uzbeks who always received the Japanese very cordially.

### **Japan's Silkroad Diplomacy**

With the announcement of the "Silkroad Diplomacy" in 1997 came the second wave of Japan's involvement in Central Asia. By 1997, Japanese diplomats had realized the geopolitical importance of the Caucasus and Central Asia and that Japan should not fall behind in filling the vacuum in this region. They calculated that Japan's clout there would benefit its diplomacy vis-à-vis Russia, China, and the Middle East, though they could not specify what kind of concrete benefit would be brought about.

The Department of European and Oceanic Affairs of the Ministry of Foreign Affairs (MOFA) of Japan formulated three principles which were later named “Silkroad Diplomacy” and gradually started promulgating them. Toward the end of June and the beginning of July of 1997, Obuchi Keizo, a member of the Lower House who became Prime Minister in 1998, headed a large delegation numbering approximately sixty people consisting of politicians, government officials, businessmen, and academics to Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan. This initiative was undertaken under the name of “Eurasian diplomacy.”

Simultaneously in July 1997, an instruction came down all of a sudden from the Prime Minister's Office to MOFA to prepare a major speech on “Eurasian” diplomacy, even providing a draft of the speech to the MOFA staff. The Department of European and Oceanic Affairs in one night summarized the office's ideas, including “Silkroad Diplomacy,” and revised the prototype. The speech, as revised by MOFA, was delivered by Prime Minister Hashimoto Ryutaro to the Japan Association of Corporate Executives (Keizai Doyukai) on July 24 and it called for political dialogue, economic cooperation and collaboration in democratization and security.<sup>1</sup>

Japan's “Silkroad Diplomacy” was highly lauded by countries in the Caucasus and Central Asia. They anticipated not only Japan's ODA, but also its political involvement, which would dilute the effect of their overdependence on either Russia or the U.S. However, in 1998 Hashimoto had to step down as Prime Minister because of a defeat for the Liberal Democratic Party (LDP) in the House of Councillors (Upper House) elections. Almost at the same time, there was a rotation (a regular one) in MOFA, and the officials who had initiated the policy toward Central Asia moved elsewhere. Implementation of “Silkroad Diplomacy” was left to their successors, who achieved slow but steady progress.

In May 1999, Minister for Foreign Affairs Komura Masahiko visited Uzbekistan. Liaison Offices were opened in Tajikistan in January 2002 and in Kyrgyzstan in January 2003. The Japan International Cooperation Agency

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<sup>1</sup> Prime Minister of Japan and His Cabinet, “Address by Prime Minister Ryutaro Hashimoto to the Japan Association of Corporate Executives (Provisional Translation),” July 24, 1997, [www.kantei.go.jp/foreign/073idouyukai.html](http://www.kantei.go.jp/foreign/073idouyukai.html) (February 1, 2008).

(JICA) opened its offices in Tashkent in 1999 and Kyrgyzstan in 2000 respectively, starting active support for development and reforms in these countries. VIP visits remained rare, but Japan's footing in Central Asia grew. Japan by then had become the No.1 donor of ODA for Kazakhstan, Kyrgyzstan, and Uzbekistan and hosted in Tokyo a Consultative Group Meeting of donors for Tajikistan in 2001, inviting President Emomali Rakhmonov.<sup>2</sup>

Japan's global economic assistance can be classified into two categories. The first category is loans that are long-term and low interest, and open to third countries, called "Yen loan" while the second category is grants and technical assistance. The loans are generally used for the construction of infrastructure. The total amount of Japan's yen loans to Central Asia is about US\$2 billion so far; grant aid is rather small, totaling US\$600 million up to now. Within that sum, about US\$260 million is for technical assistance towards capacity building.<sup>3</sup>

Japan attaches importance to the loans because it thinks that the recipient government will be more attentive in selecting projects and be more disciplined in implementing them, because otherwise they will have difficulty in repaying the loan. Using the yen loan, Japan built quite a lot of infrastructure in Central Asia: roads, modernization of airports, railways, optical fiber lines, bridges, power plants, vocational schools – more than 60 vocational schools in Uzbekistan – water supply and canalization system in Astana, and so on. Projects under the yen loan are located in such a way that they provide a good connection between Central Asia and the outside world – construction of roads, railways and telephone lines and modernization of airports.

Japan's official development aid has serious problems, however. First of all, it is slow, being too meticulous in securing accountability. Secondly, a large part of the assistance money is spent on the upkeep of personnel and for

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<sup>2</sup> It is Japan's policy to make a contribution for conflict solutions. Japan had sent Professor Akino Yutaka to join the United Nations Mission of Observers in Tajikistan (UNMOT) but he was killed by Tajik insurgents in July 1998. This augmented Japan's involvement in Tajikistan.

<sup>3</sup> Data available from Japan's Ministry of Foreign Affairs website (in Japanese), [www.mofa.go.jp/mofaj/gaiko/oda/data/index.html](http://www.mofa.go.jp/mofaj/gaiko/oda/data/index.html) (February 1, 2008).

services by Japanese and third country's consultants, a common problem also experienced by Western countries who give aid. What is more, Japan's total ODA budget has been constantly cut because of Japan's economic depression and criticism by NGOs and the media on the alleged inefficient use of money.

China also started generously offering loan assistance to Central Asian countries. As the IMF and the World Bank set a very strict quota on foreign loans received by each Central Asian government, Japan and other donor countries are being shoved out of this field. Thus, Japan's ODA may lose much of its edge as a tool of Japanese diplomacy in some Central Asian countries.

### **After September 11, 2001 and the Inauguration of "Central Asia Plus Japan"**

The September 11 terrorist attack in New York and the ensuing battle in Afghanistan increased international attention on Central Asia. A large part of the humanitarian aid to Afghanistan by the UN went via Central Asia. This was largely financed by Japan and was supervised by Oshima Kenzo, then Deputy Director-General of the UN. Simultaneously, the Japanese government conferred more than US\$20 million of urgent grants to Tajikistan and Uzbekistan.<sup>4</sup> They were used for importing capital goods, which were vital for the economic development and political stability of these countries. In Tajikistan, for example, combines, tractors, and other agricultural machinery were imported from Uzbekistan, Russia, and Ukraine.

In July 2002, Sugiura Seiken, Senior Vice Minister for Foreign Affairs at that time, made a tour of Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan, heading a mission on energy affairs. This was done on the initiative of MOFA, which attempted to draw the attention of the Japanese business community to this part of the world. However, MOFA's efforts did not materialize as hoped because of sheer economic reality. The total volume of trade with Central Asia in 2003 was merely US\$446 million (about 0.5 per

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<sup>4</sup> Ibid.

cent of Japan's foreign trade)<sup>5</sup> and Japanese companies had not invested much in this region because it is landlocked and business is subject to many inconveniences, the remnant of the rigid socialist economy.

In late July 2002, President Karimov made his second official visit to Japan. He visited Washington, D.C. in March and had signed a document on "Strategic Partnership" with the U.S. Having decided to provide the Hanabad base for use by the American Air Force, he shifted the pivot of his foreign policy to the U.S. and Japan. He probably calculated that with the lucrative financial aid provided by Japan and the U.S., Uzbekistan would be able to accomplish a smooth transformation into a developed economy.

Karimov urged Japan to sign a document to form a "Strategic Partnership" as he did with the U.S. and to also sign a separate document on economic cooperation. Japan's assistance for the construction of infrastructure in Uzbekistan<sup>6</sup> had contributed not only to the economy, but also served Karimov's political objective. He was aware that Japan does not possess any imperialist ambition vis-à-vis Central Asia, and saw it as a safe and reliable force for diluting over-dependence on both Russia and the U.S. During the visit, he also promoted the idea of constructing a new railway to reduce dependence on Russia and Turkmenistan, opening a new transportation route: a route to the Persian Gulf via Afghanistan.

Japan, however, could not go along with his ideas as quickly as expected by the Uzbeks. The general atmosphere in MOFA was not positive towards Central Asia, because it was still considered to be an unknown newcomer in world politics and a "mere part of the former Soviet Union." Officials in charge of the Central Asia desk tried to arrange a visit, either of the Prime Minister or the Minister of Foreign Affairs to the region, but their attempts were always thwarted by other departments, which promoted "more urgent" visits elsewhere.

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<sup>5</sup> Data from the Japan External Trade Organization (JETRO) website (in Japanese): [www.jetro.go.jp/biz/world/russia\\_cis/uz/stat\\_01/](http://www.jetro.go.jp/biz/world/russia_cis/uz/stat_01/) (February 1, 2008).

<sup>6</sup> Japan's yen loan was used for laying a vast network of fiber optic lines across the country, modernization of local airports, opening of tens of vocational colleges, construction of a factory to repair old railway wagons, construction of a huge power plant, etc.

The situation in the Ministry of Finance was much the same. A new generation of officials did not share the passionate view on Uzbekistan of their predecessors. Their priority was to follow the line of the IMF and the World Bank, which became increasingly doubtful of Uzbekistan's performance concerning human rights issues and economic reforms. The yen loan of up to ¥16,4 billion for the construction of the new railway in Uzbekistan was only finally approved in August of 2004.<sup>7</sup>

At the same time, a new idea was gradually fermenting among interested Japanese diplomats. As ambassador at that time, I suggested to Uzbek officials that regional integration such as ASEAN would serve the interests of all Central Asian countries in strengthening their political status and economies. My colleagues in other Central Asian countries and in the Tokyo home office were also reaching a similar idea independently. This common thinking found a concrete form when the first Central Asian ambassadorial meeting was held in Tashkent in September 2003 with the participation of high-ranking officials from the home office. All participants expressed support when an idea was floated to establish a "Central Asia Plus Japan" forum to strengthen multilateralism and regional coordination, if not integration, in the region. When the Uzbek Foreign Minister at that time, Sadyk Safaev, paid his first official visit to Japan in December 2003, this idea was formally presented to him by the Japanese Foreign Minister at that time, Kawaguchi Yoriko. Simultaneously, Japan's MOFA started coordination with other Central Asian states to launch a joint forum called "Central Asia Plus Japan."

At that time, the future form of Japan's involvement in Central Asian affairs was a subject of much discussion among Japanese officials. One option was to join the Shanghai Cooperation Organization (SCO). But the consensus among Japanese officials was that if Japan joined this mechanism as the only non-socialist country, it might end up being merely used by the members, and that without the involvement of Western countries, SCO will not become an effective organization anyway. Another option was to hold a joint meeting with the Central Asian Cooperation Organization (CACO).

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<sup>7</sup> Information is from Japan's Ministry of Foreign Affairs website (in Japanese): [www.mofa.go.jp/mofaj/gaiko/oda/data/zyoukyou/h\\_16/yo40826\\_1.html](http://www.mofa.go.jp/mofaj/gaiko/oda/data/zyoukyou/h_16/yo40826_1.html) (February 1, 2008).



However, CACO did not seem a reliable body – and because Russia was accepted as a member in May 2004. The only viable choice for Japan was to therefore launch a new forum “Central Asia Plus Japan.” The model was ASEAN + 3 (Japan, China, and South Korea). This form would ensure flexibility for Japan; while the door is not closed for the participation of other countries, Japan could forgo cumbersome coordination with a large number of participants, at least for the time being.

As consummation of this initiative, Kawaguchi, the Foreign Minister at that time, made official visits to Uzbekistan, Kazakhstan, Tajikistan, and Kyrgyzstan in August of 2004. In Tashkent, she delivered a major speech in front of the local dignitaries and foreign representatives, announcing three principles in dealing with Central Asian countries: respect for diversity, a cooperative competition, and openness to the participation of third parties. Kawaguchi eloquently called for further democratization and economic reforms in Central Asia, cautioning the conservative forces in an unusually frank tone from attempting to guard their vested interests under the guise of the beautiful word “tradition.”<sup>8</sup>

On August 28, she held a joint meeting in Astana, Kazakhstan with the Ministers of Foreign Affairs of all the Central Asian countries except Turkmenistan. These ministers were in Astana to attend a regular meeting of the CACO; however, they met Kawaguchi separately from the CACO framework. The ensuing Joint Statement declared that Japan and the four Central Asian countries had agreed to launch the new forum, “Central Asia Plus Japan.” It is striking that Kawaguchi did not resort to “check-book diplomacy” and did not announce any spectacular aid package.

This visit, in spite of having limited economic results, caught the attention of the Chinese and the Russian media more than it did the Japanese media. This demonstrated the fact that Japan’s presence in Central Asia can not only be economic but also political. In Japan, however, neither the Prime Minister’s Office nor the Diet showed much interest, leaving the initiative fragile since

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<sup>8</sup> Ministry of Foreign Affairs of Japan, “Policy Speech by Ms. Yoriko Kawaguchi, Minister for Foreign Affairs of Japan at the University of World Economy and Diplomacy, Tashkent, Uzbekistan on August 26, 2004, ‘Adding a New Dimension: Central Asia Plus Japan,’” [www.mofa.go.jp/region/europe/uzbekistan/speecho408.html](http://www.mofa.go.jp/region/europe/uzbekistan/speecho408.html) (February 1, 2008).

Central Asia has merely a marginal place in the general thinking of the Japanese.

### **The Andijan Tragedy and a Changed Political Map in Central Asia**

On May 13, 2005 a group of armed intruders assaulted a prison in Andijan to free the inmates. In the ensuing event, a large number of peaceful citizens were killed by the Uzbek authorities. The EU and the U.S. blamed the Uzbek authorities for killing the unarmed citizens, whereas Russia and China openly defended the actions of the Uzbek government. Japan took a cautious approach and urged the Uzbek government to provide a more plausible explanation about the cause and the outcome of the incident, avoiding a public denunciation of the Uzbek authorities.

On July 5, the SCO held its annual summit in Astana, and all participants demanded in their Joint Declaration that the U.S. define more clearly how long its armed forces intended to use the bases in Central Asia, inasmuch as the situation in Afghanistan seemed to be heading towards stability and the mission of the American armed forces was being fulfilled. Later, on July 29, the Uzbek government sent a blunt diplomatic note to the American Embassy in Tashkent, urging it to withdraw all U.S. forces within six months. By November, all U.S. troops and airplanes had left Uzbek territory, and soon after that, Karimov flew to Moscow and signed a treaty on mutual security. It was clear from this that Uzbek foreign policy has made a turnabout.

One has to note that even before the Andijan incident, the U.S. and Russia had been gradually switching places in the eyes of the Uzbeks. If America in the past seemed to be a liberator and generous financier for Central Asian countries, the authoritarian regimes in Central Asia had by then come to be wary of the U.S., fearing that the U.S. may attempt to topple their regime in the name of democracy and reforms. Sensing such a danger after the “Rose Revolution” in Georgia in 2003, Uzbekistan began a new tilt towards Russia. Upset by the fact that the U.S. did not appreciate them enough for their independent policy from Russia and for the introduction of economic reforms, the Uzbek authorities turned to Russia, which could provide some money from its new huge oil income, and, more importantly, would not attempt to topple the government.

Russia gladly took advantage of this situation and even touted itself as a bridgehead of political freedom and economic reforms. The Uzbek elite, eager to maintain their position from the days of the Soviet Union, welcomed the return of Russia, which they still consider as the center of world civilization. Russia looks attractive to the common people in Central Asia as well. Expectations that someday an American would knock on their door to offer lucrative help never came true, and what is more, the U.S. imposes, in their eyes, a foreign culture which is not compatible with their own. Unlike in the U.S., where Central Asia is not known, it is easier for the Uzbeks to do business in Russia where they are better understood. Their knowledge of Russian, and Russian mores, contrast with their weak knowledge of the English language and American ways of thinking. The Andijan incident and the ensuing conclusion of a security pact between Uzbekistan and Russia have made this tendency decisive.

China's political role in Central Asia started to rise too. Shortly after the Andijan incident, Karimov flew to Beijing for an official visit as scheduled, and China publicly announced its support for the Uzbek government in its handling of the Andijan incident. China, in the 2005 Joint Declaration of the SCO, objected to the stationing of American troops in Central Asia. China had by then become attractive as a donor of economic assistance, too. In the 2004 SCO summit, China's President Hu Jintao announced that China was going to offer Central Asia soft loans to the amount of US\$900 million. Representatives of Chinese oil and natural gas companies had started to frequent Central Asia searching for energy resources, promising to finance a wide range of projects.

### **A New "Great Game"?**

For some years the world media has been talking about a new "Great Game" in Central Asia. However, no big power other than Russia has a vital interest in this region. When Russian influence became limited after the fall of the Soviet Union, a power vacuum was created in the region. Without a serious caretaker, Central Asia was becoming an orphan in world politics. They were eager to find a new protector who would offer political and economic guarantees without breaking the network of their vested interests.

The U.S. at that time was not able to formulate an articulate policy towards Central Asia, being unable to synthesize various considerations: oil in Kazakhstan, the need to secure the use of military bases for operations in Afghanistan, and aspirations to spread democracy and market economy. China has a burning desire for energy resources in Central Asia, but apparently does not possess a political ambition in Central Asia. It is China that constantly resists the idea that the SCO widen its sphere to the field of security. China, whose economic dependence on the U.S. is much greater than Russia, apparently wants to avoid offending the U.S. too much in Central Asia. As long as Central Asia, which neighbors the politically delicate Xinjiang and Tibet provinces, stays calm, China could go along even if it is under Russia's control, as this situation would be far better than having Central Asia under the influence of the Americans. Moreover, China still lacks the capacity to project its military power in this region. Its culture and the mentality of the people are also greatly different from those in Central Asia.

The EU has a propensity to expand its cultural, economic and (eventually) political spheres, and Central Asia is no exception. Central Asia is a rare region in the world where both the Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD) are active. The members of the EU have been rendering substantial economic assistance and advice to the Central Asian countries. Yet in business, they face severe commercial competition with other major powers, and their hands tend to be tied by their own domestic public opinion which denounces assistance to authoritarian regimes.

India, Iran, and Turkey all have strong historical ties with Central Asia. They are reinstating their interests in this region after the fall of the Soviet Empire, but their capacities are still limited. Japan's economic assistance plays a substantial role in Kyrgyzstan, Tajikistan, and Uzbekistan, but its involvement in Central Asia still lacks general understanding and support in its own society. Japan does not possess serious weight in political and security affairs in the region.

Therefore, there is no "New Great Game" in Central Asia; even after the rapprochement between Uzbekistan and Russia substantially changed the political map in Central Asia. The arena remains open for the participation

of any country as long as the Central Asian countries remain independent to choose partners they like to work with at their own discretion.

### **Japan's Premier Koizumi's Visit to Central Asia**

In June 2006, the second joint meeting of the Ministers of Foreign Affairs of "Central Asia Plus Japan" was held in Tokyo. Turkmenistan did not send a delegate, but Afghanistan was represented this time. This proactive gesture by Japan drew the attention of some foreign media, more so because it took place just one week before the SCO's annual summit.

Shortly afterwards, Prime Minister Koizumi Junichiro gave an order to MOFA to arrange an official trip to Central Asia. His farewell visit to the U.S. was approaching at that time, and the feud over Yasukuni Shrine made his visits to China and South Korea impossible. Central Asia was a natural choice for Koizumi because of its "freshness" in the eyes of the Japanese public since no Japanese Prime Minister ever visited this region and because of the prevalent pro-Japanese attitudes within the region.

The visit was brief (August 28-30), with him visiting just Kazakhstan's capital Astana and Tashkent and Samarkand in Uzbekistan. Notably, Koizumi did not engage in "check-book" diplomacy. He reiterated Japan's interest in energy resources, including uranium, but did not go beyond giving his blessing to what Japan's private companies had been doing. The visit was the culmination of the policy symbolized by the forum "Central Asia and Japan," which appealed to the Central Asian countries for more unity, open cooperation with all interested third parties, and further democratization and economic reform.

Koizumi's visit coincided with moves by the U.S. and EU. Richard Boucher, Assistant Secretary of State, had visited Uzbekistan at the beginning of August. The EU also sent a high-level delegation to Uzbekistan in late August. These moves were not closely orchestrated, but they reflected a change in the general atmosphere among the western countries vis-à-vis Uzbekistan.

Koizumi's visit coincided with yet another positive move. On September 2, 2006, the leaders of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan held an informal CACO summit in Astana and declared that they were going to

accelerate intra-regional cooperation. This group had not met by itself since at least 2004, when CACO admitted Russia as a member. Following this meeting, Karimov switched his visit to Kazakhstan into a bilateral state visit, overtly demonstrating his friendship with Nazarbayev.

### **Aso Taro's Initiative "The Arc of Freedom and Prosperity"**

Mr. Aso Taro, who stayed as Japanese Foreign Minister in the new Cabinet under Prime Minister Abe Shinzo, launched a new initiative "The Arc of Freedom and Prosperity" in the autumn of 2006.<sup>9</sup> It was in fact an inverted expression of the American terminology "The Arc of Instability," which was much used during the first term of the Bush administration. The concept covered the regions extending from the Baltic States, the Balkans, the Caucasus, the Middle East to Central Asia, which were left in a power vacuum after the collapse of ex-Empires such as Ottoman Turkey, Austria-Hungary and the Soviet Union. The U.S. called for special attention to these areas, since they can become hotbeds of terrorism.

Mr. Aso turned the nature of the concept from negative to positive, trying to promote ties with these countries with a view to enhancing their political stability and economic development. Japanese diplomats at that time named three objectives of the initiative. First, although Japan has neither the intention nor the capacity to impose hasty reforms on Central Asian countries, it wants to have its final goal – realization of democracy and freedom in the region – understood by them. Second, Japan wants to render a service to its ally, the United States, by transforming "The Arc of Instability," into an "Arc of Freedom and Prosperity." Third, Japan will be able to look nice in comparison with China, which is widely believed to be lacking in freedom and democratic values.

However, it was striking that Prime Minister Abe never used the phrase "The Arc of Freedom and Prosperity" himself, although the essence of his policy did not differ from it. After the early collapse of the Abe government,

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<sup>9</sup> Ministry of Foreign Affairs of Japan, "Speech by Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the Japan Institute of International Affairs Seminar 'Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons,'" November 30, 2006, [www.mofa.go.jp/announce/fm/aso/speech0611.html](http://www.mofa.go.jp/announce/fm/aso/speech0611.html) (February 1, 2008).

the concept went out of use, though the nature of Japan's policy toward Central Asia has not changed.

### **Japan's Goal: An Independent, Safe and Developed Central Asia**

Currently, the situation in Central Asia is mostly stable. Their economy is growing thanks to either high commodity prices or revenue from working in Russia and Kazakhstan. At the same time, elements of instability are gradually encroaching, namely, the resurgence of the Taliban in Afghanistan and growing inflation. The Central Asian governments remain authoritarian and do not show any real sign of liberalization. The tendency in today's Russia to centrally regulate economic activities may spread to Central Asia and further delay their economic reforms.

In this milieu, several targets should be determined as mid-term common goals for Central Asia. First of all, no "great game" is needed. All interested countries should not be too egoistic in this part of the world. Maintenance of independence and stability in Central Asia would serve the interests not only of Central Asian countries themselves but of all interested powers, and should become a golden rule for all. Second, stability in Afghanistan is greatly needed. Otherwise Uzbekistan, Tajikistan, and Turkmenistan would have to depend upon outside forces for their security. Perhaps, the member countries of ISAF in Afghanistan and Central Asia could hold a joint meeting to discuss and coordinate activities in Afghanistan.

Japan and other countries need to continue assistance to Central Asian countries for the purpose of realizing a positive sum economy. All major countries now have some form of collective consultation with the Central Asian nations: "Central Asia Plus Japan", "Central Asia Plus EU", "The U.S. and Central Asia" and the SCO. Therefore, a joint meeting of all these fora may be held in order to play up the importance of Central Asia.

On a closing note, I have very often observed negligence and ignorance, and even contempt on the part of Westerners, toward Central Asian countries while working in Uzbekistan. The civilization of Central Asia is actually much older than most other civilizations and may in fact be one of the origins of civilization. We should learn to respect the history and culture of these Central Asian countries.





## 2. Understanding Japan's Central Asian Engagement

Christopher Len \*

### Introduction

In 1997, Japan's Prime Minister, Hashimoto Ryutaro, introduced the concept of Eurasian Diplomacy, outlining Japan's foreign policy towards Russia and China, as well as the newly independent states in the Central Asia and Caucasus (or "Silk Road") region.<sup>1</sup> The idea is that Japan should improve relations with these states to help them foster political and economic stability and integrate with the international community, and to contribute towards the establishment of a peaceful Eurasian continent spanning the above-mentioned countries through enhanced cooperation. During his speech, Hashimoto laid out the idea that it was time for Japan to forge a new Eurasian diplomatic perspective "viewed from the Pacific" instead of one viewed "from the Atlantic." Broadly speaking, this strategy sought to promote the idea that Japan as an Asian state could play a leading role in influencing Eurasian affairs.

The focus of this chapter is Japan's Central Asian diplomacy.<sup>2</sup> This region has often been described as an unstable region due to the fact that it is surrounded by great powers, because of its rich energy resources and also its strategic geographical status as a crossroads between Asia and Europe. The

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<sup>1</sup> Prime Minister of Japan and His Cabinet, "Address by Prime Minister Ryutaro Hashimoto to the Japan Association of Corporate Executives (Provisional Translation)," July 24, 1997, [www.kantei.go.jp/foreign/o731douyukai.html](http://www.kantei.go.jp/foreign/o731douyukai.html) (October 30, 2005).

<sup>2</sup> While Japan's "Silk Road" diplomacy refers to Central Asia and the Caucasus, I will only cover the Central Asian states. To learn more about Japan's diplomatic activities in the Caucasus, see Michael Robert Hickok, "The Other End of the Silk Road: Japan's Eurasian Initiative," *Central Asian Survey*, Vol. 19, No. 1, 2000, p. 22. See also Irina Komissina, "Will Japan and the Caucasus be linked by the Silk Route?," *Central Asia and the Caucasus*, Vol. 15, No. 3, 2002, pp. 27-37.

stability and independence of the Central Asian republics has been an issue of international significance since the collapse of the Soviet Union, and Hashimoto's Eurasian Diplomacy is in large part an attempt to help maintain stability in the region through Japan's engagement of Central Asia and its regional neighbors, Russia and China.

Interestingly and perhaps ironically, a decade on, most of these Eurasian states<sup>3</sup> identified by Hashimoto have managed to improve their relationships, and in forging regional cooperation with the establishment of the Shanghai Cooperation Organization in 2001 – without Japan. Furthermore, despite the fact that Hashimoto stressed the importance of developing intra-regional cooperation in Central Asia, Japan did not seem interested in creating its own regional multilateral initiative involving Japan and the Central Asian states until 2004, when the Central Asia Plus Japan initiative was inaugurated.

This initiative, followed by Prime Minister Koizumi Junichiro's visit to Kazakhstan and Uzbekistan in 2006, a first visit by a Japanese Premier, was regarded as an attempt to catch up with Russia and China in developing regional policy on Central Asia. Japan is also often neglected in the analysis of Central Asia's security and economic interests with authors usually focusing on China, Russia, the United States and their neighboring Asian states. To give one example, a 2006 RAND publication, which examined how the Central Asian states are influenced by their Asian neighbors, examined the roles of China, Iran, Afghanistan, India and Pakistan and the implications of their interests for the U.S. There were no references to Japan.<sup>4</sup>

What exactly is the relevance of Japan's Central Asian strategy? To answer this question, Japan's engagement strategy and the role that Japan plays in the region will be examined. This will include an overview of Japan's diplomatic activities in the region, followed by clarification of Japan's strategies for the region and its implications.<sup>5</sup>

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<sup>3</sup> Excluding states in the South Caucasus.

<sup>4</sup> Rollie Lal, *Central Asia and Its Neighbors: Security and Commerce at the Crossroads*, Santa Monica, CA: RAND Corp, 2006.

<sup>5</sup> Portions of this chapter have previously been discussed by the author in Christopher Len, "Japan's Central Asian Diplomacy: Motivations, Implications and Prospects for

## Overview of Japan's Central Asian Diplomacy

Japan's motivations and activities in Central Asia can be described as having undergone different phases starting with Japan's initial entry into Central Asia (Phase 1: 1992-1997), followed by Hashimoto's Eurasian Diplomacy – a part of it being the Silk Road Diplomacy (Phase 2: 1997-2004); and what could be regarded as the on-going third phase (Phase 3: 2004-Present) with reference to the "Central Asia Plus Japan" initiative.

### *Phase 1: 1992-1997*

With the collapse of the Soviet Union, Japan had the opportunity to engage the post-Soviet newly independent states, in particular Russia. Japan had hoped to resolve its long-standing territorial dispute over the Northern Territories (Kuril Islands) and also recognized the fact that the Russian Far East possessed abundant energy resources that could help with Japan's energy diversification strategy. However, there was little progress on the territorial dispute issue and thus Japan decided to turn its focus from the resource rich Siberian Far East towards the other newly independent states in Central Asia instead.<sup>6</sup>

Another motivation is the fact that unlike the Russian Far East fields in eastern Siberia which have not yet been properly developed, the key energy-rich states in Central Asia, namely Turkmenistan and Kazakhstan, were already exporters. Japan's Ministry of International Trade and Industry (MITI) also promoted the use of natural gas as a means to diversify Japan's energy import sources and because gas was recognized as a cleaner form of

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the Region," *The China and Eurasia Forum Quarterly*, Vol. 3, No. 3, November 2005, pp. 127-49. Most of the analyses provided here in this current chapter are offered in the way of filling gaps that existed in the earlier piece and contains new and updated information.

<sup>6</sup> Clayton Jones, "Japan Diverts Aid to Central Asia in Bid for Strategic Edge," *Christian Science Monitor*, October 20, 1992, p. 3. It was also reported that at an energy symposium, Ogura Kazuo, Director-General of the Ministry of Foreign Affairs' Economic Affairs Bureau, said that despite in-principle interest in the Siberian fields, "there is a limit to the extent to which [Japan] can cooperate with Russia" in light of the territorial dispute between the two countries. Japanese officials thought there would be less political baggage in its new engagement with these Central Asian states. See Lisa Twaronite, "Japanese Expected to Shun Siberia, Focus Hunt for Oil on Central Asia," *Journal of Commerce*, February 8, 1993, sec. B, p. 6.

energy compared to oil.<sup>7</sup> Thus, the idea of creating oil and gas pipelines from Central Asia through China into Japan was mooted and served as an additional cause for greater engagement with the Central Asian states. At the international level, Japan also recognized the fragility of the new Central Asian republics and wanted to help counter the threat of militant Islamic fundamentalists against the new governments. There was also a degree of romanticization of the Central Asian region<sup>8</sup> as well as a sentimentality because some Japanese were brought to Central Asia as prisoners-of-war during the Second World War.<sup>9</sup>

Japan's attention towards Central Asia should be understood within a larger context. At the beginning of the 1990s, Japan noted the U.S. and Europe's use of expressions such as "from Vancouver to Vladivostok" and the "Euro-Atlantic Community" during their engagement with Eastern Europe and Russia, as well as NATO's post-Cold War expansion plans.<sup>10</sup> Thus, Tokyo realized that it had to become more active in the international arena to prevent its own isolation. Next, it had to counter-balance the U.S. and Europe's diplomatic focus on Eastern Europe and Russia so as to minimize the negative impact such development could have on Japan's strategic environment, especially its relationship with Russia and China. It was then that Japan saw an opportunity to carve out a special diplomatic role for itself in Eurasia, with significant focus on the new (Central) Asian republics.<sup>11</sup>

In May 1992, Japanese Foreign Minister Watanabe Michio visited Central Asia and this marked the start of Japan's support for the nascent republics in this region in the form of development aid. Even though they were members

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<sup>7</sup> Mehmet Ögütçü, "Eurasian Energy Prospects and Politics," *Cemoti* 19 (Janvier Juin 1995): 23, <http://cemoti.revues.org/document223.html> (September 16, 2005).

<sup>8</sup> Even in Prime Minister Hashimoto Ryutaro's speech on Eurasian Diplomacy, there was a nostalgic reference of Central Asia, referring to that "Japan has deep-rooted nostalgia for this region stemming from the glory days of the Silk Road." Prime Minister of Japan and His Cabinet, "Address by Prime Minister Ryutaro Hashimoto to the Japan Association of Corporate Executives (Provisional Translation)," July 24, 1997, [www.kantei.go.jp/foreign/0731douyukai.html](http://www.kantei.go.jp/foreign/0731douyukai.html) (October 30, 2005).

<sup>9</sup> Aleksei Volosevich, "Eight hundred and seventeen Japanese, WWII POWs, are interred in Uzbekistan," *Ferghan.ru*, August 28, 2006, <http://enews.ferghana.ru/article.php?id=1571> (September 1, 2007).

<sup>10</sup> Reinhard Drifte, "Japan's Eurasian diplomacy: power politics, resource diplomacy or romanticism," in Shirin Akiner, ed., *The Caspian: Politics energy and security*, London and New York: RoutledgeCurzon, 2004, pp. 278-94.

<sup>11</sup> *Ibid.*

of the European Bank for Reconstruction and Development (EBRD), Japan lobbied for these states to be admitted into the Asian Development Bank (ADB) as well. The Central Asian republics were thus able to draw credits from both banks, an unprecedented arrangement. In terms of business engagements, Japanese companies sought to secure drilling rights to establish large-scale joint ventures. For instance, in 1992, Mitsubishi Corporation had plans to conduct a feasibility study for the creation of a 7000km pipeline to transport gas from Turkmenistan via Kazakhstan to the oil fields of the Tarim Basin in Western China.<sup>12</sup> Preliminary studies were then started together with Exxon's Esso China unit and the China National Petroleum Corporation (CNPC).<sup>13</sup> The following year, in 1993, Japan National Oil Corporation (JNOC) similarly announced the carrying out of a fully-fledged feasibility study in Turkmenistan, Uzbekistan and Kazakhstan for the commercial production of oil and gas.<sup>14</sup> In 1995, it was reported that an additional study, based on the earlier preliminary study reported in 1992, would be undertaken in September 1995 between Mitsubishi, Exxon and the CNPC to study the feasibility of the gas pipeline linking Turkmenistan to Japan, via the Tarim Basin across China and South Korea.<sup>15</sup> This project has been referred to as the "Energy Silk Road Project."<sup>16</sup>

The suggested linkages in energy pipelines through China could be interpreted as an attempt to engage China to counter-balance Russia in the new post-Cold War environment. It indicated Japan's openness and cooperative attitude towards China at the start of the new post-Cold War environment and reflected a period when China was regarded as a potential serious partner for Japan's engagement of Central Asia; unlike the current sentiment which skews towards the need to balance China's penetration of the region. Another notable point is that these studies by Japanese companies also suggested that Tokyo was attempting to examine the economic viability

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<sup>12</sup> "Mitsubishi to Study Gas Pipeline for Central Asia," *Yomiuri News Service*, December 28, 1992, p. 6.

<sup>13</sup> Jonathan Standing & Steve Stroth, "Exxon, Others to Study Asian Pipeline Project," *The Houston Chronicle*, August 23, 1995, p. 1.

<sup>14</sup> "Japan Seeks Output of Oil, Gas in Central Asia States," *The Daily Yomiuri*, March 31, 1993, p. 6.

<sup>15</sup> Standing and Stroth, "Exxon, Others to Study Asian Pipeline Project."

<sup>16</sup> Kuen-Wook Paik, *Gas and Oil in Northeast Asia*, London: Royal Institute of International Affairs, 1995, p. 186.

and sustainability of Central Asia so that its interaction with the region would not be entirely dependent on aid.

*Phase 2: 1997 to 2004 – Hashimoto's Silk Road Diplomacy*

By 1997, relations between Japan and the Central Asian states were warm but commercial progress, especially in the energy sector, was limited. This was when Hashimoto outlined Japan's new Eurasian foreign policy in a speech delivered to the Japan Association of Corporate Executives (Keizai Doyukai).<sup>17</sup>

By 1997, Japan's political leaders and diplomats understood the need to improve its relationship with Russia as part of its effort to establish a stable post-Cold War order in Northeast Asia and because China's rise was beginning to alter the power balance in Asia.<sup>18</sup> Tokyo had by then also recognized the growing strategic importance of Central Asia in the context of international security and sought to play a more active role as an Asian nation in Eurasia. In December 1997, Watanabe Koji, executive advisor to the Japan Federation of Economic Organizations and Japan's former ambassador to Russia, again emphasized Japan's recognition of the geopolitical importance of Central Asia and further elaborated on Tokyo's rationale. He publicly stated that "Central Asian countries' development is important to the Eurasian continent because...it is desirable that they play a role as a buffer region for the maintenance of peace" since the region is surrounded by Russia, China, Iran and Afghanistan, all with important roles to play in international politics.<sup>19</sup>

In his speech, Hashimoto acknowledged that the Caspian Sea region has a growing influence on the world's energy supply because of its rich oil and gas resources. Thus, while Japan's engagement with Central Asia would also include the energy sector, such engagement would be a means to foster prosperity for the region, not so much as an end for Japan. Such an attitude is partly because Japan has come to accept that its energy interests in the region

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<sup>17</sup> Prime Minister of Japan and His Cabinet, "Address by Prime Minister Ryutaro Hashimoto to the Japan Association of Corporate Executives (Provisional Translation)."

<sup>18</sup> I am grateful to Professor Uyama Tomohiko for highlighting this point.

<sup>19</sup> "Central Asia Should Serve as Eurasian 'Buffer Zone'," *The Daily Yomiuri*, December 5, 1997, p. 15.

are hard to realize due to the region's poor infrastructure. The resources exported from Central Asia would travel more easily, and over a shorter distance, into Russia and China since they are located right next to the region. In contrast, Tokyo's ambitions on connecting Central Asian resources to Japan would require the cooperation of a number of transit states since Central Asia is landlocked. This has affected Japan's resource development and diversification strategy in Central Asia.

Hashimoto also indicated the great potential the Silk Road region has as a distribution trade route within the Eurasian region. Japan would therefore focus its assistance on intra-regional integration between Central Asia, especially in the communication, transport and energy networks within the region. The idea is that in order for the region to develop and to attract greater foreign investment, Central Asia needs to create a regional economy so as to create a bigger market for investors. Japan's blueprint for the region is thus to examine ways to better integrate the countries in the region, and the strategy put forth is to promote political dialogue, economic and resources development cooperation, upgrading of basic transport and communication infrastructures, accelerating intra-regional cooperation, and peace-building (including human resource development and environmental assistance).

*Phase 3: 2004 to Present – Central Asia Plus Japan Initiative and the “Arc of Freedom and Prosperity”*

Since the launch of the Silk Road Diplomacy in 1997, Central Asia has experienced a rapid change in its strategic environment. The most important development is the formation of the SCO which started as the Shanghai Five process in 1996 and developed into the SCO in 2001. It has since made notable institutional progress in a bid to consolidate its position not only in Central Asia but also Eurasia. The SCO has provided not only the basis for improving confidence between China and the Central Asian republics because of common political and security imperatives, but also served as a platform for strategic cooperation between China and Russia. While it is premature to talk about SCO's membership expansion, the participation of observers from the surrounding states (Iran, India, Pakistan and Mongolia) as well as the establishment of the SCO-Afghanistan Contact Group

indicates the dynamic ambitions to make the SCO relevant in the wider Eurasian context and possibly the creation of a regional bloc in which neither the U.S. nor its liberal allies are part of. While the SCO does not pose a direct threat towards the U.S., Europe or Japan at the moment, there are concerns that this regional bloc might develop in a way leading to the exclusive entrenchment of Russian and Chinese interests, and a hardening of autocratic values in the region to the detriment of American, European and Japanese interests.

Outside the SCO framework, Russia has started to reassert itself in Central Asia through bilateral and regional arrangements to safeguard what it considers its own backyard,<sup>20</sup> and to consolidate its position as an energy “superpower” through Central Asia’s oil and gas wealth. Similarly, China has actively sought to engage the Central Asian republics bilaterally in terms of energy cooperation and trade. Compared to Japan, China has made more significant strides in terms of resource cooperation with Central Asian states.

Besides referring to the post-Cold War environment, we can also refer to the post-9/11 challenges and how it affected the way Japan is perceived in the region. Afghanistan is in a process of reconstruction after the U.S. drove the Taliban out of power following the 9/11 attack in New York. Central Asia’s stability is profoundly tied to Afghanistan’s state-building endeavors, especially in the area of anti-terrorism, religious radicalism and the illegal drug trade. It is in this context that Japan sought to play a more active role in Afghanistan’s rehabilitation and develop a new engagement plan for Central Asia.<sup>21</sup> Also, the states neighboring Central Asia, namely Iran, India and Pakistan, have all made efforts to engage with the Central Asian governments through diplomatic, trade, transport and energy linkages with varying degrees of success.<sup>22</sup>

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<sup>20</sup> Namely, the Collective Security Treaty Organization and the Eurasian Economic Community.

<sup>21</sup> Takeshi Yuasa, “Japan’s Multilateral Approach toward Central Asia,” in Akihiro Iwashita, ed., *Eager Eyes Fixed on Slavic Eurasia: Volume 1, Russia and Its Neighbors in Crisis*, 21<sup>st</sup> Century COE Program Slavic Eurasian Studies, No. 16-1, Sapporo: Slavic Research Center, Hokkaido University, June 2007, pp. 75-77.

<sup>22</sup> Rollie Lal, *Central Asia and its Neighbors: Security and Commerce at the Crossroads*, Santa Monica, CA: RAND Corp, 2006.



According to a 2006 speech by Japan's Foreign Minister, Aso Taro, the total amount of Japanese Official Development Assistance (ODA) to Central Asia ranging from education, health, and infrastructure development (such as roads, airports, electrical generating stations, etc) to capacity building rose to ¥280 billion (over US\$2.5 billion) by the end of the fiscal year 2004.<sup>23</sup> Japanese ODA is said to comprise approximately 30 per cent of all ODA given to Central Asia by major countries who are members of the Development Assistance Committee of the OECD.<sup>24</sup> Senior official exchanges have increased and total trade figures with the region in 2006 are said to be seven times what they were in 1991.<sup>25</sup> To better understand Japan's role in Central Asia, several developments deserve greater attention.

### *Central Asia Plus Japan*

2004 marked an important milestone for Japan as it was the year the Central Asia Plus Japan initiative was inaugurated. In the White Paper released by the Ministry of Foreign Affairs on Japan's ODA for 2005,<sup>26</sup> it was explained that Japan's Central Asia policy is presently based on two pillars: (1) to further enhance efforts to strengthen bilateral relationships and develop closer ties between Japan and each Central Asian country, and (2) to advance dialogues with the entire Central Asian region in order to promote intra-regional cooperation aiming at further development of the Central Asian countries.<sup>27</sup> It was stated that the initiative, involving all five Central Asian states with Turkmenistan as observer, was "initiated with the objective of materializing the second pillar."<sup>28</sup>

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<sup>23</sup> Ministry of Foreign Affairs of Japan, "Central Asia as a corridor of peace and stability,' Speech by Mr. Taro Aso, Minister for Foreign Affairs at the Japan National Press Club," June 1, 2006, [www.mofa.go.jp/region/europe/speecho6o6.html](http://www.mofa.go.jp/region/europe/speecho6o6.html) (August 5, 2007).

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Japan's Official Development Assistance 2005 Report: [www.mofa.go.jp/policy/oda/white/2005/index.htm](http://www.mofa.go.jp/policy/oda/white/2005/index.htm) (May 5, 2006).

<sup>27</sup> White Paper on Japan's Overseas Development Assistance 2005 – Central Asia and the Caucasus section, [www.mofa.go.jp/policy/oda/white/2005/ODA2005/html/honpen/hp202030300.htm](http://www.mofa.go.jp/policy/oda/white/2005/ODA2005/html/honpen/hp202030300.htm) (May 5, 2006).

<sup>28</sup> Ibid.

The Basic Principles of the Central Asia Plus Japan initiative are “respect for diversity,” “competition and coordination” and “open cooperation” with members stressing the importance of deepening the mutual understanding of culture and civilization in “respect with diversity.”<sup>29</sup> Practically, this initiative seeks five pillars of engagement: (1) policy dialogue,<sup>30</sup> (2) intra-regional cooperation,<sup>31</sup> (3) business promotion, (4) intellectual dialogue and (5) cultural and people-to-people exchange. During the first meeting in August 2004 among the foreign ministers in Astana, Kazakhstan, the importance of intra-regional cooperation was stressed as a means to face regional challenges such as the reconstruction of Afghanistan, illegal drugs, terrorism, environment, energy, water, transportation, trade and investment.

In essence, the Central Asia Plus Japan initiative is a continuation of the Silk Road Diplomacy set out in 1997. Whereas Japan's earlier dealings with the Central Asian Republics were primarily bilateral in nature, the current initiative is aimed at dealing with the latest developments listed above in a multilateral manner and on a regional scale.

Compared to the other regional initiatives which were set up mostly during the 1990s, Japan's effort seems somewhat overdue considering the fact that the idea of intra-regional cooperation was first formulated by Hashimoto in 1997. In fact, just a month before the inauguration of the Central Asia Plus Japan initiative, the Asian Development Bank released a report on regional cooperation in Central Asia pointing out that the Central Asian republics are involved in too many regional organizations and this has produced a counter-productive effect.<sup>32</sup> Specifically,

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<sup>29</sup> Central Asia Plus Japan Official Joint Statement, Tokyo, June 5, 2006.

<sup>30</sup> Dialogue among members and through cooperation in the international arena such as a nuclear weapon free zone in Central Asia and Japan's permanent membership in the UN Security Council.

<sup>31</sup> This consists of: (1) terrorism and narcotics, (2) clearance of anti-personal mines (especially Tajikistan and Kyrgyzstan), (3) poverty alleviation, (4) health and medical care, (5) the environment, (6) (natural) prevention and reduction, (7) energy and water, (8) trade and investment and (9) transport.

<sup>32</sup> This is a broad sample of the various regional initiatives Central Asian states are involved in: Indigenous initiatives/groups include Central Asian Cooperation Organization (CACO) which first started out as the Central Asian Union, and Treaties of Eternal Friendship which were bilateral treaties signed among the five Central Asian states. Non-indigenous initiatives/groups can be divided into two sub-groups. (1) Those that are formed exclusively among the post-Soviet states are as

the multiplicity of regional organizations among [Central Asian republics] and their immediate and distant neighbors has tended to dissipate the limited managerial and decision-making capacity in the region and perhaps led to a degree of cynicism about regional cooperation. More importantly, it has not allowed any synergy to develop across these initiatives.<sup>33</sup>

Nevertheless, Japan's initiative was welcomed by the Central Asian governments. This is because Japan's efforts and contributions complemented the primary objectives of the Central Asian regimes, namely, regime survival, economic growth and state autonomy.<sup>34</sup> With regards to the timing of the initiative, an explanation is that Japan had to step up its engagement of Central Asia in response to the rapid change of Central Asia's strategic environment since 1997. A complementary explanation offered by a Japanese scholar has been that the initiative came about at this moment in time due to the emergence of an epistemic community on the study of Central Asia in Japan. The number of Central Asian experts in academia, research organizations and government bodies has increased since the 1990s and is now at a point of maturity. By 2004, Japanese scholars as well as senior

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follows: Commonwealth of Independent States (CIS), Eurasia Economic Community (EURASEC), GUUAM, Single Economic Space, Strategic Partnership Agreements with Russia. (2) Those that are not based exclusively on post-Soviet states only are: Conference on Interaction and Confidence-building Measures in Asia (CICA), Organization for Security and Cooperation in Europe (OSCE), Shanghai Forum / Shanghai Cooperation Organization (SCO), Economic Cooperation Organization (ECO); Turk Cooperation, Caspian Cooperation, NATO Partnership for Peace (PfP) / Euro-Atlantic Partner Council (EAPC), Asian Development Bank's Central Asia Regional Economic Cooperation (CAREC), EU cooperation projects with Central Asia which include the Partnership and Cooperation Agreements (PCA), Border Management in Central Asia (BOMCA), Transport Corridor Europe-Caucasus-Asia (TRACECA), Interstate Oil and Gas Transport (INOGATE).

<sup>33</sup> Regional Cooperation Strategy and Program for Central Asia Regional Economic Cooperation (CAREC) Member Countries: Regional Cooperation Strategy, Asian Development Bank 2005-2007, July 2004, p. 4, [www.adb.org/Documents/CSPs/CAREC/2004/CSP-CAREC-2004.pdf](http://www.adb.org/Documents/CSPs/CAREC/2004/CSP-CAREC-2004.pdf) (May 5, 2006).

<sup>34</sup> For an elaboration on how Japan complemented these three objectives, see Christopher Len, "Regional Cooperation in Central Asia and Japan's Belated Regional Initiative," in Anuradha M. Chenoy and Ajay Patnaik, eds., *Commonwealth of Independent States: Energy, Security and Development*, New Delhi: Knowledge World (KW) Publishers, 2007, pp. 150-52.

government officials were beginning to form a consensus that in addition to bilateral relations with each Central Asian state, it was important to strengthen relations with the Central Asian governments to tackle regional issues via a multilateral approach.<sup>35</sup>

*Koizumi's Visit to Central Asia and the "Arc of Freedom and Prosperity"*

In 2006, Japan adopted a bolder and more proactive attitude towards the Central Asian region as reflected through several events. On June 1, 2006, a week before the Second Foreign Minister's Meeting within the "Central Asia Plus Japan" framework in Tokyo, Aso made a public policy speech on Central Asia whereby he outlined the past, present and future commitment of Japan towards Central Asia. During the speech, he stated the following:

It goes without saying, however, that we are not now in the age of imperialism. We cannot allow Central Asia to be tossed about by, or forced to submit to the interests of outside countries as a result of a "New Great Game." The leading role must be played by none other than the countries of Central Asia themselves.<sup>36</sup>

In August 2006, Prime Minister Koizumi, who was due to step down in the following month, visited Kazakhstan and Uzbekistan in a move which was widely perceived as his attempt to secure energy resources for Japan, as well as to counter the influence of China and Russia in the region.<sup>37</sup>

After the departure of Koizumi as Prime Minister, Aso, who remained as Foreign Minister under the new administration of Prime Minister Abe Shinzo, made another major speech in November 2006, during which a new pillar of Japan's diplomacy was laid out.<sup>38</sup> He spoke about Japan's new

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<sup>35</sup> Yuasa, "Japan's Multilateral Approach toward Central Asia," pp. 77-80.

<sup>36</sup> Aso, "Central Asia as a corridor of peace and stability."

<sup>37</sup> "Koizumi Begins Central Asia Visit," *BBC News*, August 28, 2006, <http://news.bbc.co.uk/1/hi/world/asia-pacific/5291858.stm> (August 5, 2007). See also Breffni O'Rourke, "Central Asia: Japanese Premier Visits Energy-Rich Region," *RFE/RL*, August 27, 2006, [www.rferl.org/featuresarticle/2006/8/a72cccb8-471d-4dba-b768-c51e1e64c3cf.html](http://www.rferl.org/featuresarticle/2006/8/a72cccb8-471d-4dba-b768-c51e1e64c3cf.html) (August 5, 2007).

<sup>38</sup> Ministry of Foreign Affairs of Japan, "Speech by Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the Japan Institute of International Affairs Seminar 'Arc of

strategy for building an “arc of freedom and prosperity” around the outer rim of the Eurasian continent (including Central Asia) in support of the “budding democracies” that exist in these areas. This new diplomacy will emphasize universal values such as democracy, freedom, human rights, the rule of law, and the market economy.<sup>39</sup> However, this framework came to a premature end when Abe shuffled his cabinet in August 2007 after the Liberal Democratic Party (LDP) suffered a crushing defeat in the July House of Councillors (Upper House) election. Aso lost the Foreign Minister post and his successor Machimura Nobutaka, who leads a different faction within the LDP, did not continue with the “arc of freedom and prosperity” framework.<sup>40</sup>

### Understanding Japan's Engagement

This chapter started out by asking about the relevance of Japan's role in Central Asia. Having outlined Japan's engagement towards Central Asia, what should one make of it?

#### *Comparing Japan with Russia and China*

To begin, Japan's engagement with Central Asia should not be compared to that of Russia and China. Just as Japan has sought to resolve its territorial disputes with Russia, the Shanghai Five (which is the predecessor of the SCO) was started as a means to settle border disputes between China and its neighbors in Central Asia and Russia.<sup>41</sup> Its success led to the creation of the SCO as part of the confidence-building process which has in fact stabilized the region. The nature of interaction is thus different and so is the developed outcome.

It should also be pointed out that Russia and China, both of which share borders with Central Asia, have a different set of priorities compared to

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Freedom and Prosperity: Japan's Expanding Diplomatic Horizons,” November 30, 2006, [www.mofa.go.jp/announce/fm/aso/speecho611.html](http://www.mofa.go.jp/announce/fm/aso/speecho611.html) (August 5, 2007).

<sup>39</sup> Ibid.

<sup>40</sup> Yuasa Takeshi has a chapter in this volume analyzing in-depth the “Arc of freedom and Prosperity” as a pillar of Japan's diplomacy so the details concerning this framework will not be covered here.

<sup>41</sup> Iwashita Akihiro has a chapter in this volume on this subject of the role of the Shanghai Five in border dispute settlements.

Japan. These two neighbors have to factor in the security dimension of engagement more so than Japan. Russia and China also share similar political and security imperatives with the Central Asian states ranging from terrorism, militant Islamic fundamentalism, the illegal drug trade, to developmental (social and economic) challenges. Being a landlocked region inevitably means that the Central Asian governments have to develop a more extensive and intrinsic relationship with these two as part of their external engagement strategy.

Meanwhile, Japan has a different set of priorities. This is reflected in the contrasting fact that while Russia and China are trying to penetrate the region as a means to couple their economic and security interests with the region, Japan on the other hand has a more general objective of linking Central Asia with the rest of the world as an open region. There may be an element of strategic disparity but Japan's strategy in itself is not meant to wreck Russia and China's engagement with the region. Actually, besides the Central Asian states themselves, the two biggest beneficiaries of Japan's contribution to the development of the region are actually Russia and China. Japan's development strategy for Central Asia – including the implementation of the market economy, human resource development and the upgrading of basic infrastructure, especially in the transport and communications sectors – are in fact “public goods” which the Russians and Chinese would get to harness too.

#### *Japan's Overlooked Development Strategy*

Japanese officials understand the fact that unlike Eastern Europe, Central Asia has a bigger challenge in its transition to a market economy since they do not have the historical economic experience in such a system and because they do not share borders with states that possess more advanced economies. Thus, Japan's engagement is based on economic development towards a market economy, institutional building, human resource development, and infrastructure investment to connect the region with the rest of the world.<sup>42</sup> In thinking about Japan's contribution to Central Asia's development, it

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<sup>42</sup> This is the attitude and approach the Japan International Cooperation Agency (JICA) has adopted as its Central Asian strategy. See JICA website: <http://www.jica.go.jp/english>.

should be stressed that the ultimate responsibility in the modernization of the Central Asian states should rest on their respective governments instead. While Japan could offer support, it certainly could not dictate the terms or enforce its will on these states.

The next point concerns the media's representation of Japan's activities in Central Asia. When external actors are discussed in the context of Central Asia, the role of Japan tends to be neglected during such coverage. As a result, its important contribution to the region is less understood. This is because most analyses of the region in relation to external actors focus on the "geopolitical" dimension, as opposed to the "developmental" contribution in such engagements.<sup>43</sup> This partly explains why Japan's Central Asian strategy has a weak public profile compared to Russia and China. For example, during Koizumi's visit to Central Asia, the focus of media reports from the U.S. and Europe skewed towards Japan's effort to counter the influence of China and Russia in the region and its intention of securing resources from the region.<sup>44</sup> While these factors may be in Japan's diplomatic calculus, Japan's key strategy of development assistance to the region, which constitutes its most distinguished and important priority for the region, is typically overlooked.

Japan's motivation and significant contribution to the region, especially among non-Japanese researchers, is therefore not as widely acknowledged or appreciated as it should be. Japan's policy towards Central Asia is in fact neither supine nor a result of poor geopolitical maneuvering. Instead, it should be understood as a low-key but high impact development agenda which has strategic implications.

## Conclusion

Now that the Central Asian states have attained independence with the collapse of the Soviet Union, Japan's strategy is to help them assert this independence. Tokyo does not only regard Central Asia as a strategic region,

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<sup>43</sup> Central Asia: Governance, Geopolitics and Developmental Challenges, *Briefing Paper*, Overseas Development Institute, May 2007, [www.odi.org.uk/publications/briefing/bp\\_may07\\_central\\_asia.pdf](http://www.odi.org.uk/publications/briefing/bp_may07_central_asia.pdf) (August 20, 2007).

<sup>44</sup> "Koizumi Begins Central Asia Visit," *BBC News*, August 28, 2006, <http://news.bbc.co.uk/1/hi/world/asia-pacific/5291858.stm> (August 5, 2007). See also O'Rourke, "Central Asia: Japanese Premier Visits Energy-Rich Region."

but also believes that the Central Asian states themselves can play a strategic role. Japan's vision becomes clearer when one stops thinking about Central Asia as a *buffer* region, but to think ahead to see how Japan is attempting to help the region become an *anchor* for the maintenance of stability in the Eurasian continent instead.

Japan's engagement with Central Asia is not without mistakes or lapses, as the other contributors in this volume have pointed out. Nevertheless, Japan's benign attitude towards the region as well as its generous financial commitment to the region means that it is not a *player* in the "new Great Game" in Central Asia. Instead, Japan which recognizes the importance of external engagement for Central Asia should be recognized as a *partner* of the Central Asian states. It is thus no surprise why the Central Asian governments have welcomed the Central Asia Plus Japan initiative. It is admirable for a country like Japan to contribute so much to improving the investment potential of the region while having a negligible economic stake in it. Another good way to understand the importance of Japan's contribution to Central Asia is to imagine how Central Asia would look like today without Japan's financial assistance.

On the point of political engagement, the United States and Europe have more difficulty in engaging the political leaders in this region because of Central Asian regimes' poor democratic and human rights record. In this context, Japanese efforts to engage the Central Asian leaderships and to help the region develop links with the rest of the world, beyond Russia and China, should be acknowledged as a significant contribution by this Asian nation and be supported.

Looking ahead, the "next phase" for Japan's Central Asian policy should continue with the philosophy of open-regionalism. However, in this instance, Tokyo would have to think about ways not only to engage the Central Asian states, but also Russia and China, as well as the U.S. and Europe. Ten years after the introduction of Eurasian diplomacy, Hashimoto's formulation remains as relevant as ever.



### 3. Consolidating “Value-Oriented Diplomacy” towards Eurasia? The “Arc of Freedom and Prosperity” and Beyond

Yuasa Takeshi\*

#### Introduction

In 2006, the Japanese Ministry of Foreign Affairs (MOFA) set out to create the Arc of Freedom and Prosperity (AFP) as a new pillar for Japanese diplomacy. The AFP was a remarkable concept in two respects. It meant, first, the initiative for foreign policy to construct stable regions, based on “universal values” like democracy, among the entire area along the rim of the Eurasian continent, including ASEAN countries, Central and South Asia, the Middle East, the Black Sea region, and Central and East Europe. Second, the AFP had another aspect as a geopolitical term, referring to those regions.<sup>1</sup> These aspects were raised both inside and outside of Japan because of the newly proactive approach emerging from Japan. However, as argued later, after Prime Minister Abe Shinzo relinquished his position and Fukuda Yasuo was nominated as the new leader of the government in September 2007, the AFP appears to have been withdrawn as a main initiative of Japanese foreign policy. Since then, the AFP as a regional concept has hardly ever been discussed.<sup>2</sup>

The AFP as an initiative stressed “value-oriented diplomacy.” It is a noteworthy trend that Japan has adopted values for its own foreign policy in earnest. On the other hand, however, if Japan had only stressed such values in its diplomatic activities, it might be of limited practicality for promoting its national interest in international relations. As E. H. Carr described of the

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<sup>1</sup> *Diplomatic Bluebook 2007*, Tokyo: Ministry of Foreign Affairs, 2007, pp. 2-3.

<sup>2</sup> In *Diplomatic Bluebook 2008*, published in March 2008, there is little mention on the AFP initiative.

frictions between utopianism and realism, or morality and power in *The Twenty Years' Crisis*, the initiative related to “value-oriented diplomacy” should be handled carefully.

The AFP initiative may also be noteworthy in the sense of its geographical understanding. Why did Japan focus on Eurasia and the AFP region when it was searching for its own value-oriented diplomacy? Was it an inevitable quest? Or, is it effective for Japanese foreign policy to establish such a regional framework?

If we look at the trend of Japanese foreign and security policy, the focus on Eurasia has changed drastically since the Cold War ended. As I showed in my previous review of the trend in another publication, it changed during the period of Hashimoto Ryutaro's administration in the middle of the 1990s.<sup>3</sup> Prime Minister Hashimoto tried to search for linkage of his policies toward Eurasia multilaterally, while also performing actions separately in East Asia, Southeast Asia, Russia, etc. in order to achieve each bilateral agenda. His policy stance was also related to the quest to identify the importance of Central Eurasia for Japan. Multilateralism and comprehensive geographical understanding is a tendency of Japan's Eurasian policy and the AFP initiative has also succeeded in such characteristics since the Hashimoto administration.

The aim of this chapter is to examine the background to the construction of the initiative and to survey practices of the policy related to value-oriented diplomacy. I will also describe how the AFP initiative is assessed in Japanese foreign and security policy in relation to its previous approach toward Eurasia.

### **Shaping the Initiative**

Foreign Minister Aso Taro himself was one of the driving forces behind the AFP initiative. He used it to make not only diplomatic appeals, but also proposals to distinguish his vision regarding the contemporary situation in Eurasia and (roughly) diplomatic strategy. He is a rare example of a foreign

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<sup>3</sup> Yuasa Takeshi, “Japan's Multilateral Approach toward Central Asia,” in Iwashita Akihiro, ed., *Eager Eyes Fixed on Slavic Eurasia: Volume 1, Russia and Its Neighbors in Crisis*, 21st Century COE Program Slavic Eurasian Studies, No. 16-1, Sapporo: Slavic Research Center, Hokkaido University, June 2007, pp. 65-84.

minister who announces his own ideas in simple words to Japanese citizens. In June 2007, he published his own speeches and monologues in a book entitled *Arc of Freedom and Prosperity*.

According to Aso, the AFP was conceived during his time as foreign minister from October 2005. In particular, his visit and speech at the North Atlantic Council (NAC) of the North Atlantic Treaty Organization (NATO)<sup>4</sup> was a major opportunity to create the AFP initiative. He also suggested that the experience of Japan’s Self-Defense Forces (SDF) to collaborate with NATO countries opened up the following two possibilities for Japanese diplomacy: First, when NATO enhances its area of activity from the west to east while extending beyond its nature as an organization based on the right of collective self-defense in the Cold War era, Japan also realizes the significance of cooperating or collaborating with NATO. Furthermore, he acknowledged the importance of linkage with NATO countries in the context of maturing the relations between Japan and the United States. Here I quote Aso’s words:

NATO is the very organization that is supported by the United States. Therefore, making an approach to NATO is another way of strengthening Japan’s relations with the United States. Although Japan has seen the United States only through the Pacific, the Japan-US alliance will be more durable if we embrace through the Atlantic via Europe.<sup>5</sup>

Such a perspective on international relations may be compared with an idea that Prime Minister Hashimoto Ryutaro once put forward in his concept of “Eurasian diplomacy” in 1997: Back then, Hashimoto also argued the necessity of forging “a perspective of Eurasian diplomacy viewed from the ‘Pacific,’” while he understood that enlargement of NATO to the east in the

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<sup>4</sup> Ministry of Foreign Affairs of Japan, “Aso Taro, ‘Japan and NATO in a New Security Environment,’ speech at the NAC Meeting in Brussels, Belgium,” May 4, 2006), [www.mofa.go.jp/announce/fm/aso/speecho605.html](http://www.mofa.go.jp/announce/fm/aso/speecho605.html) (February 1, 2008).

<sup>5</sup> Aso Taro, *Jiyu to hanei no ko* [Arc of freedom and prosperity], Tokyo: Gentosha, 2007, p. 19.

mid-1990s was “Eurasian diplomacy viewed from the Atlantic.” After the end of the Cold War, Japanese leaders understood the geopolitical significance of Eurasia for its own policy. Both statesmen might share an understanding of international politics because they collaborated in the same cabinet headed by Hashimoto. Although belonging to another faction in the ruling Liberal Democratic Party (LDP), Aso was a member of the Hashimoto administration as the Director General of the Economic Planning Agency. In September 1997, immediately after Hashimoto’s “Eurasian diplomacy” speech, Aso visited Kyrgyzstan, Kazakhstan, and Uzbekistan. Hashimoto and Aso shared the point of tangency on their policies and activities towards Eurasia including Central Asian countries.

To argue about the peculiarities of the AFP, we should pay attention to the fact that the initiative was inspired while Japan was eager to construct linkage with NATO activities. Of course, Aso did not visit NATO headquarters unexpectedly. Until the event, there had been many mutual exchanges of leaders’ visits between Japan and NATO, especially after 9/11.<sup>6</sup> NATO had also requested partnership with Japan. Since the end of the Cold War, NATO has found a way to exist as an organization conducting activities outside of its treaty area. Following Jaap de Hoop Scheffer’s inauguration as NATO Secretary-General in 2004, NATO has embraced the policy to construct close relations with non-NATO countries. The policy also coincided with Japan’s stance during Koizumi Junichiro’s term as Prime Minister to cooperate with Western countries regarding the “war on terror” since 9/11. As news sources suggested, in April 2005, when de Hoop Scheffer went to Japan as the NATO Secretary-General after an interval of eight years since Secretary-General Javier Solana’s visit, he called on Prime Minister Koizumi to contribute troops for the International Security Assistance Force (ISAF) in Afghanistan.<sup>7</sup>

Against this background and circumstances, in the speech at NATO, Aso lastly petitioned: “Let us start talking to one another more often and on a much more regular basis, with a view of the possibility for operational

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<sup>6</sup> See Sase Masamori, “Nihon to NATO [Japan and NATO],” *Kaigai jijo*, Vol. 55, Nos. 6, 7-8 and 9, 2007. This article is quite informative and gives many suggestions for my research.

<sup>7</sup> “Japanese prime minister, NATO chief discuss Afghanistan, Iraq,” *BBC Monitoring Asia Pacific*, April 4, 2005.

cooperation in the future.”<sup>8</sup> As Aso himself reflected later, it was “a rather in-depth speech.”<sup>9</sup>

Aso remained Foreign Minister even in Abe Shinzo’s cabinet, inaugurated in September 2006. Prime Minister Abe also set out to attach importance to the linkage with NATO. On January 12, 2007, Abe visited Brussels as the first Japanese head of government to address the North Atlantic Council. Apparently, it was the moment that Japan suggested its most positive stance for cooperation with NATO. In his speech, Abe stressed that Japan and NATO were partners, which “have in common such fundamental values as freedom, democracy, human rights and the rule of law.” His suggestion was along the same line as that of de Hoop Scheffer’s or Aso’s speeches.<sup>10</sup> On the other hand, however, Abe did not include discussions about “operational cooperation” with NATO as Aso did. A scholar suggested the results of the NATO summit meeting in Riga (November 28-29, 2006) influenced the position taken by Japan in Brussels. At the summit meeting, France opposed the orientation to expand missions of the organization geographically and functionally. Therefore, the “Global Partnership” concept, insisted mainly by the United States as a framework to work more closely with countries outside NATO such as Australia and Japan, was withdrawn. As a result, in the declaration there was no clear mention about “likeminded states” including Japan.<sup>11</sup>

Anyway, there was no clear difference between Abe and Aso regarding ideas to strengthen linkage with NATO until the beginning of 2007. However, it is doubtful whether the Abe cabinet sustained the orientation. In his policy speech to the Diet on January 26, Abe introduced the phrase “Proactive

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<sup>8</sup> Aso, “Japan and NATO in a New Security Environment.”

<sup>9</sup> Ministry of Foreign Affairs of Japan, “Speech by Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the Japan Institute of International Affairs Seminar ‘Arc of Freedom and Prosperity: Japan’s Expanding Diplomatic Horizons,’” November 30 2006, [www.mofa.go.jp/announce/fm/aso/speech0611.html](http://www.mofa.go.jp/announce/fm/aso/speech0611.html) (February 1, 2008).

<sup>10</sup> Ministry of Foreign Affairs of Japan, “Speech by Prime Minister Shinzo Abe at the North Atlantic Council ‘Japan and NATO: Toward Further Collaboration,’” January 12, 2007, <http://www.mofa.go.jp/region/europe/pmvo701/nato.html> (February 1, 2008).

<sup>11</sup> Besides these words, Riga Summit Declaration uses the customary phrase as “[interested] Contact Countries,” [www.nato.int/docu/pr/2006/p06-150e.htm](http://www.nato.int/docu/pr/2006/p06-150e.htm) (February 1, 2008).

Diplomacy,” which was founded on three pillars: (1) strengthening partnership with countries that share the fundamental values of freedom, democracy, basic human rights and rule of law; (2) creating an Asia that is open and rich in innovation; and (3) contributing to global peace and stability.<sup>12</sup> However, he did not stress here domestically about the cooperation with NATO, even though it was right after his return to Tokyo from Brussels.

Moreover, a subtle inconsistency in foreign policy had occurred between Abe and Aso. On the same day as Abe's policy speech, Aso gave another policy speech to the Diet, categorizing three pillars that differed from Abe's speech: the Japan-U.S. alliance, international cooperation, and taking neighboring nations in Asia seriously. Then, he emphasized the AFP as a fourth pillar giving “further clarity to our country's future course.”<sup>13</sup> A Japanese researcher pointed out the lack of unity inside the government, questioning whether Japanese diplomacy was Abe's diplomacy or that of Aso.<sup>14</sup> The prime minister's side was more eager to promote the “Asia Gateway Initiative,”<sup>15</sup> which is equal to Abe's second pillar mentioned above, and the geographical target of the initiative overlaps with the AFP. However, there was no clear mention from the government on how both Japan's main initiatives could link with each other.

While such contradiction inside the government was unconcealed, Aso had tried to stress the AFP initiative consistently. Continuing on from the speech at the seminar of the Japan Institute of International Affairs in November 2006, he also made the speech about AFP on the occasion of the twentieth anniversary of the founding of the Japan Forum on International Relations, emphasizing the necessity to develop cooperation with NATO. However, his tone in general shifted to focus particular attention on dialogue and human resources development, while abstaining from providing ideas for operational cooperation with NATO concretely. Moreover, he suggested the possibility

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<sup>12</sup> Prime Minister of Japan and His Cabinet, “Policy Speech by Prime Minister Abe Shinzo to the 166th Session of the Diet,” January 26, 2007, [www.kantei.go.jp/foreign/abespeech/2007/01/26speech\\_e.html](http://www.kantei.go.jp/foreign/abespeech/2007/01/26speech_e.html) (February 1, 2008).

<sup>13</sup> Ibid.

<sup>14</sup> Tanaka Akihiko, *Ajia no naka no Nihon* [Japan in Asia], Tokyo: NTT shuppan, 2007, p. 317.

<sup>15</sup> See the Website of the Council for Asian Gateway Initiative: [www.kantei.go.jp/foreign/gateway/index\\_e.html](http://www.kantei.go.jp/foreign/gateway/index_e.html) (February 1, 2008).

of working together with Russia and China in the field of Central Asia, and of cooperating with India as a major nation sharing common values with Japan.<sup>16</sup>

## Practice of the Initiative

### *Searching for New Strategic Partners*

The eager attitude of the Abe cabinet to construct a more positive linkage with NATO gradually began to wane. As mentioned previously, NATO’s own retreat from initiating its Global Partnership may be an external factor which made it difficult for Japan to continue its aggressive approach to create new relations with NATO. Domestically, on the other hand, Japan is legally bound to restrict its activities for “operational cooperation” in Afghanistan, which Aso suggested earlier, and cannot describe any future activity in detail.

On the other hand, as Aso’s speeches suggested, Abe’s government, especially towards the latter half of its term in office, tried to construct strategic partnerships with major countries both inside and outside of Eurasia, and to pursue policies as long as Japan’s existing constitution and legislation permitted its activity. Judging from the results, Japan focused on Australia and India as its future partners.<sup>17</sup> There was a mutual understanding among experts in Japan that both Australia and India would become strategic partners to Japan or its ally, the United States. These specialists on international politics were used for eager discussions on policies, seeking appropriate opportunities for cooperation.

For example, former U.S. Deputy Secretary of State Richard Armitage and former Assistant Secretary of Defense for International Security Affairs Joseph Nye released *The US-Japan Alliance: Getting Asia Right through 2020*

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<sup>16</sup> Although the speech in the Japanese version, [www.mofa.go.jp/mofaj/press/enzetsu/19/easo\\_0312.html](http://www.mofa.go.jp/mofaj/press/enzetsu/19/easo_0312.html) (February 1, 2008), suggested Central Asia clearly in the context of collaboration with Russia and China, the English version has changed the nuance subtly by erasing the words “Central Asia.” [www.mofa.go.jp/policy/pillar/address0703.html](http://www.mofa.go.jp/policy/pillar/address0703.html) (April 1, 2008).

<sup>17</sup> Regarding the contemporary situation on Japan’s security cooperation with Australia or with India, see Takahashi Sugio, “Japan: Aiming for Broader, Deeper Regional Security Cooperation,” in The National Institute for Defense Studies, ed., *East Asian Strategic Review 2008*, Tokyo: The Japan Times, 2008, pp. 201-28.

from the Center for Strategic and International Studies (CSIS) in February 2007 (hereafter, the “second Armitage report”),<sup>18</sup> in which both Australia and India are suggested as partners for the United States and Japan, and accordingly that efforts should be intensified to construct bilateral or trilateral cooperation for stabilization in the Asia-Pacific region. At the time as its release, although being a report from a civilian think tank, the second Armitage report attracted attention as a policy guide for the next US government because it was written in a bipartisan fashion. Japan's approach towards Australia and India at that moment could be understood in the context of this report. The report also asserted the importance of cooperation with Australia and India founded on common values such as democracy, respect for human rights, and dealing with China which has different value systems from the United States or Japan. The report called for shared value oriented diplomacy with the AFP.<sup>19</sup>

Although Australia is not a Eurasian state, it continued to dispatch staff to support the peace-building process in Afghanistan and Iraq in accordance with the policy of Prime Minister John W. Howard. Since the Koizumi era, Japan has tried to construct bilateral partnerships with Australia following the statement of “Creative Partnership” on May 1, 2002.<sup>20</sup> The Japan-Australia Joint Declaration on Security Cooperation, signed by Abe and Howard on March 13, 2007, was the first bilateral statement for Japan except for the documents signed with the United States on security cooperation after World War II. In the declaration, both leaders of Japan and Australia committed themselves “to strengthening trilateral cooperation” including

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<sup>18</sup> Richard L. Armitage, Joseph S. Nye, *The U.S.-Japan Alliance: Getting Asia Right through 2020*, Washington, D.C.: Center for Strategic and International Studies, 2007. The first Armitage report, *The United States and Japan: Advancing Toward a Mature Partnership*, was issued from the US National Defense University's Institute for National Strategic Studies (INSS) in October 2000. Regarding the estimation on the second Armitage report, see Katahara Eiichi, “The United States: The Bush Administration Makes a Course Correction,” in The National Institute for Defense Studies, ed., *East Asian Strategic Review 2008*, pp. 169-200.

<sup>19</sup> This was suggested promptly in: Suzuki Yoshikatsu, “Nichibei ‘kachi no gaiko’ to Amiteiji hokoku II [Both ‘value-oriented diplomacy’ of Japan and the United States, and the Armitage Report II],” *Sekai shuho*, March 23, 2007, pp. 10-13.

<sup>20</sup> Ministry of Foreign Affairs of Japan, “Joint Press Statement by Prime Minister John Howard and Prime Minister Koizumi Junichiro, ‘Australia-Japan Creative Partnership’,” [www.mofa.go.jp/region/asia-paci/pmvo204/joint.html](http://www.mofa.go.jp/region/asia-paci/pmvo204/joint.html) (February 1, 2008).



that with the United States. In this context, the statement follows the line stressed in the second Armitage report. On the basis of the declaration, each bilateral document between Japan and Australia invariably mentioned trilateral cooperation. Furthermore, the declaration emphasized that “Japan and Australia will strengthen their cooperation and construction on issues of common strategic interest in the Asia-Pacific region and beyond.” This may mean that both governments will encourage the existing cooperative relations in Eurasia such as Afghanistan or Iraq where the Australian troops have been dispatched.<sup>21</sup> The leaders positively stated their commitments to develop an action plan to advance security cooperation in about nine areas including law enforcement on combating transnational crime.<sup>22</sup> The declaration was followed up with ministerial meetings in Tokyo from June 5-6. One of the meetings in Tokyo was significant as the first Japan-Australia Joint Foreign and Defense Ministerial Consultations, the so-called “2+2.”<sup>23</sup>

Regarding cooperation with India, Japan has encouraged security dialogues and cooperation bilaterally since the agreement between the Japanese Prime Minister Mori Yoshiro and Indian Prime Minister Atal Bihari Bajpayee in August 2000, to develop the “Japan-India Global Partnership in the 21<sup>st</sup> Century.”<sup>24</sup> During the Abe administration in Japan, the prime ministers exchanged visits. Manmohan Singh visited Japan from December 13 to 16, 2006, and Abe visited India from August 21 to 23, 2007. Several statements,

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<sup>21</sup> Ministry of Foreign Affairs of Japan, “Japan-Australia Joint Declaration on Security Cooperation” March 13, 2007, [www.mofa.go.jp/region/asia-paci/australia/jointo703.html](http://www.mofa.go.jp/region/asia-paci/australia/jointo703.html) (February 1, 2008).

<sup>22</sup> Ibid. Except that, the statement lists up the following areas of cooperation: Border security; counter-terrorism; disarmament and counter-proliferation of weapons of mass destruction and their means of delivery; peace operations; exchanges of strategic assessments and related information; maritime and aviation security; humanitarian relief operations, including disaster relief; and contingency planning, including pandemics.

<sup>23</sup> Japan Ministry of Defense, “Japan-Australia Joint Foreign and Defense Ministerial Consultations Joint Statement 2007,” June 6, 2007 [www.mod.go.jp/e/publ/latest/presso5.html](http://www.mod.go.jp/e/publ/latest/presso5.html) (February 1, 2008). Directly before the conference, on June 2, Japan-Australia-US defense ministers’ meeting was held in Singapore, connected with the 6th IISS Shangri-La Dialogue, [www.mod.go.jp/j/news/youjin/2007/06/02c.html](http://www.mod.go.jp/j/news/youjin/2007/06/02c.html) (February 1, 2008).

<sup>24</sup> Mori Yoshiro, “21 seiki ni okeru Nichi-In gurobaru patonashippu no kochiku [Constructing global partnership between Japan and India in 21st century]” [www.mofa.go.jp/mofaj/press/enzetsu/12/ems\\_0824.html](http://www.mofa.go.jp/mofaj/press/enzetsu/12/ems_0824.html) (February 1, 2008).

which were signed in these meetings, suggested “strategic” global partnership between the two countries.<sup>25</sup> While understanding that both countries are “natural partners as the largest and most developed democracies in Asia” and “share universal values of democracy, open society, human rights, rule of law and market economy,” Japan and India presented the roadmap to enhance bilateral cooperation including not only in the political, security, and defense areas, but also on economic issues, science and technology, and exchanges. In the joint statement in August 2007, Abe and Singh suggested studying future bilateral security cooperation while sharing a “common interest in such fields as maintaining the safety and security of sea lanes in the Asia Pacific and the Indian Ocean regions, and fighting against transnational crimes, terrorism, piracy and the proliferation of Weapons of Mass Destruction.” On August 22, 2007, when making a speech at the Indian parliament, Abe referred to the AFP and stressed the importance of partnership with India.<sup>26</sup> However, differing from the cooperation between Japan and Australia, this statement and speech did not reflect any mention of trilateral cooperation with the United States. On the other hand, as recent as 2007, some positive activities have been observed such as the first Japan-India-U.S. trilateral maritime exercise on April 16, and “Malabar 07-02,” a multilateral joint exercise that involved Japan, India, the United States, Australia, and Singapore from September 4-9.

Although Abe’s visit to India was significant, the achievement of the trip was overshadowed because of his sudden resignation as prime minister. According to news sources, Abe’s health was deteriorating during his roundtrip of Southeast Asian countries and India from August 10 to 25. Although he reshuffled his own cabinet on August 27 and traveled abroad again to participate in the summit meeting of the Asia-Pacific Economic

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<sup>25</sup> Ministry of Foreign Affairs of Japan, “Joint Statement Towards Japan-India Strategic and Global Partnership,” Tokyo, December 15, 2006 [www.mofa.go.jp/region/asia-paci/india/pdfs/jointo612.pdf](http://www.mofa.go.jp/region/asia-paci/india/pdfs/jointo612.pdf) (February 1, 2008); Ministry of Foreign Affairs of Japan, “Joint Statement On the Roadmap for New Dimensions to the Strategic and Global Partnership between Japan and India,” New Delhi, August 22, 2007, [www.mofa.go.jp/region/asia-paci/pmvo708/joint-2.html](http://www.mofa.go.jp/region/asia-paci/pmvo708/joint-2.html) (February 1, 2008).

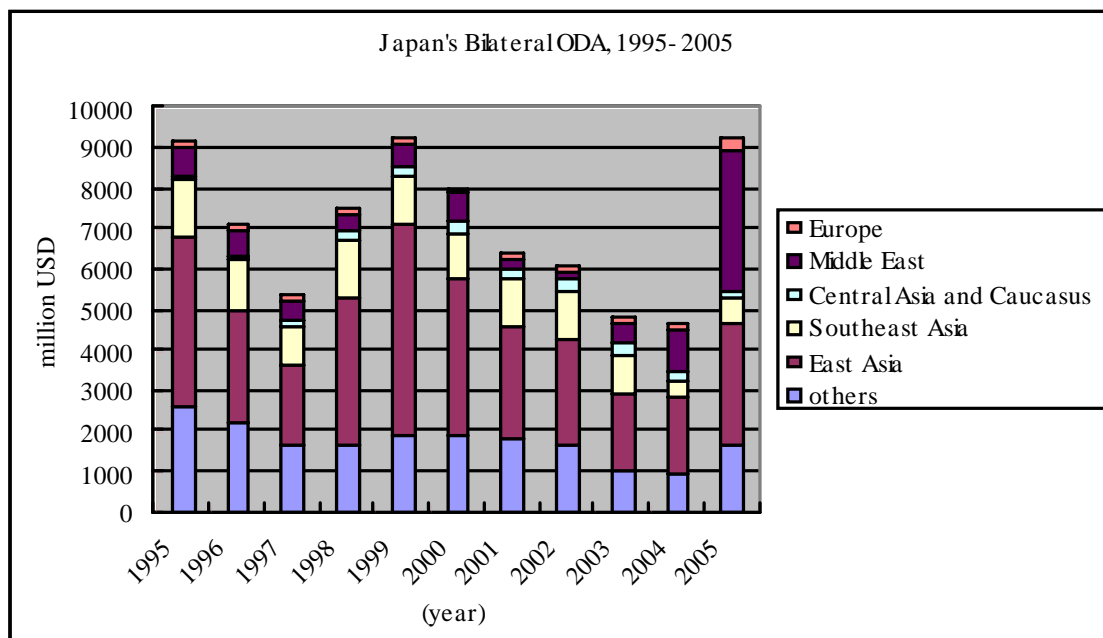
<sup>26</sup> Ministry of Foreign Affairs of Japan, “Confluence of the Two Seas” Speech by H.E.Mr. Shinzo Abe, Prime Minister of Japan at the Parliament of the Republic of India,” August 22, 2007, [www.mofa.go.jp/region/asia-paci/pmvo708/speech-2.html](http://www.mofa.go.jp/region/asia-paci/pmvo708/speech-2.html) (February 1, 2008).

Cooperation in Australia from September 8 to 9, Abe’s bad health caused him to resign early on September 12.<sup>27</sup> Until just before he stepped down, Abe had tried to follow up his own initiative on newly strategic partnerships. However, his efforts towards “Proactive Diplomacy” had become deadlocked along the way.

### ODA and Multilateral Dialogue

As mentioned earlier, at the speech in March 2007, Aso suggested two important points for the AFP while explaining that “our menu of options can be said to offer no great innovations in overall approach”: One is dialogue and the other is providing Official Development Assistance (ODA), “with particular attention going to human resources development.”<sup>28</sup> Hereafter, according to the classification by Aso, I will examine Japan’s ODA and multilateral dialogue trends, in the context of the AFP initiative.

Figure 1. Japan’s Bilateral ODA, 1995-2005



Sources: Gaimusho Kokusai Kyoryoku Kyoku [International Cooperation Bureau, MOFA], *Seifu kaihatsu enjo ODA kunibetsu deta bukku* [Data book of Official

<sup>27</sup> *Yomiuri shimbun*, September 13, 2007.

<sup>28</sup> Aso, *Jiyu to hanei no ko*, pp. 50-52 (English version of this speech is available from the website of the Foreign Ministry of Japan at: [www.mofa.go.jp/policy/pillar/address0703.html](http://www.mofa.go.jp/policy/pillar/address0703.html) (February 1, 2008).

Development Assistance (ODA)] (Tokyo: Ministry of Foreign Affairs), yearbooks of 2004, 2005 and 2006.

Figure 1 shows the tendency of bilateral ODA's distribution by region since 1995. Unfortunately, I do not yet have any crucial data for 2006-2007, when the AFP was proposed. The graph explains how much assistance was donated or loaned in each year; categorized by sub-region under the AFP ("Others" means any region except the AFP). It is clear that Japan had given assistance to those AFP countries, especially to East and South East Asian countries mainly, even before the initiative was advocated. Around 70 per cent of Japan's bilateral ODA had been given to the AFP region. Only temporarily in 2005 did the amount of assistance towards the Middle East increase significantly. This was because the debt by Iraq, including export insurance, had been forgiven by appropriation as a grant for Iraq.<sup>29</sup>

It is a common understanding that Japan has given more assistance to East and Southeast Asia than to any other region. However, such a tendency has decreased since its peak in 1999. Japan should set its finances in order by cutting down expenses, and in this respect, the development assistance should also be decreased. In this context, developed countries like China, South Korea and some of the ASEAN countries have been regarded as "graduating" from Japan's assistance in recent years. On the other hand, there is a new tendency whereby independent countries in Central Asia and the Caucasus have become a new target of Japan's ODA. Although only 0.6 per cent of the total amount of Japan's bilateral ODA was supplied to the regions in 1995, the percentage increased to its maximum of 5.8 per cent in 2003.

Existing evidence suggests that the AFP initiative covered some regions that Japan considered as being important traditionally for its assistance. In this sense, the AFP is not an idea to change such a tendency for assistance fundamentally. On the other hand, the AFP may have provided new ideals to find new frontiers for Japan's strategy for development assistance, while several countries will "graduate" from such assistance.

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<sup>29</sup> Kusano Atsushi, *Nihon wa naze chikyu no uragawa made enjo suru no ka* [Why does Japan give assistance even toward the other side of globe?], Tokyo: Asahi shimbunsha, 2007, pp. 21-24.

As for multilateral dialogues, which Aso emphasized as another component AFP, progress was being made. This is reflected in the use of existing and emerging frameworks such as dialogue with CLV (Cambodia, Laos and Vietnam), the “Central Asia Plus Japan” dialogue, and “Visegrad Four and Japan” (consisting of the Czech Republic, Slovakia, Poland and Hungary) talks, which started during the Koizumi administration era. Moreover, dialogue with GUAM (Georgia, Ukraine, Azerbaijan and Moldova) countries, assistance to the Community of Democratic Choice (CDC), and cooperation with the South Asian Association for Regional Cooperation (SAARC) are also covered by the AFP initiative.

However, these new frameworks did not institutionalize maturely during the Abe administration. For example, the Central Asia Plus Japan dialogue kicked off in 2004. The second ministerial meeting was held in Tokyo in June 2006 and member states released an action plan for the dialogue.<sup>30</sup> However, this effort began before the AFP initiative started substantially and there had been no clear progress within the framework since the initiative had been proposed. According to an inside source, there was a plan to hold the third ministerial meeting in New York in September 2007. The idea was for Aso and his counterparts from Central Asia to meet while they attended the General Assembly of the United Nations. However, the plan could not be realized because Aso resigned from the post of foreign minister beforehand. Similarly, in the case of the newly emerged framework “GUAM Plus Japan,” the dialogue took its first-and-only step in June 2007, when Yabunaka Mitoji, Deputy Minister for Foreign Affairs, visited the GUAM summit meeting in Baku.<sup>31</sup> News sources suggested that a diplomatic staff member from the United States also participated during the meeting and “GUAM Plus the US” was also held there.<sup>32</sup>

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<sup>30</sup> See Yuasa, “Japan’s Multilateral Approach toward Central Asia,” pp. 80-82.

<sup>31</sup> Ministry of Foreign Affairs of Japan, “Joint Press Statement GUAM-Japan Meeting, Baku, June 18 2007,” [www.mofa.go.jp/region/europe/guamo706.html](http://www.mofa.go.jp/region/europe/guamo706.html) (February 1, 2008).

<sup>32</sup> Natalia Leshchenko, “GUAM in Search of Purpose,” *Global Insight Daily Analysis*, June 20, 2007. The author personally searched the US Department of State website to verify the media claim but to no avail. As far as the author is aware, there was no official information on the participation of a high-ranking US official (Under Secretaries or Assistant Secretaries) at the meeting in Baku.

### **(Dis)continuity of the Initiative**

In July 2007, the governmental coalition was severely defeated in the election of the House of Councilors of the National Diet. As mentioned above, after the roundtrip to India and the ASEAN countries, Abe reshuffled his Cabinet on the basis of the result of the defeat. With this, Aso left the Cabinet and took office as the Secretary-General of the LDP. Machimura Nobutaka, Aso's successor in MOFA, who is the leader of another faction different from that of Aso in the LDP, did not continue to implement the AFP initiative. After the appointment of Machimura as foreign minister, the AFP banner on the front page of MOFA's website was erased.

Moreover, following the sudden resignation of Prime Minister Abe on September 12, Aso was defeated in the election for the chairmanship of the LDP by Fukuda. In the Fukuda administration, former Defense Minister Komura Masahiko was moved to assume the Foreign Minister position. Neither Komura nor Fukuda used the AFP initiative positively as their own policy slogan. On the other hand, however, these Japanese statesmen will probably be confronted by occasional situations whereby their foreign counterparts continue to refer to the AFP initiative when mentioning Japan's foreign policy. For example, at the meeting with the Russian Foreign Minister Sergei Lavrov in Moscow on April 14, 2008, Komura listened to the comments on the AFP from the Russian side.<sup>33</sup>

Aso's time as foreign minister in office was too short to bring the AFP initiative to maturation. It is too early to evaluate Japan's diplomatic achievements under the AFP framework. For instance, Japan's security cooperation with Australia and India had just started before Aso left his post as foreign minister.

On the other hand, at the working level, regional cooperation and frameworks for dialogue have functioned step by step without being hurried, even on the initiative of the present Fukuda administration. For example, although the next ministerial meeting has not yet been scheduled as mentioned above, the third senior officials' meeting of the Central Asia Plus

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<sup>33</sup> "Komura gaimu daijin no roshia homon: Kekka naiyo" [Press release on Foreign Minister Komura's visit to Russia], [www.mofa.go.jp/mofaj/kaidan/g\\_komura/russia\\_08/kg.html](http://www.mofa.go.jp/mofaj/kaidan/g_komura/russia_08/kg.html) (February 1, 2008).

Japan dialogue was held in Dushanbe on December 13, 2007.<sup>34</sup> Regarding the dialogue with the wider Black Sea countries or the meeting of GUAM Plus Japan, they have been continued by the Fukuda administration. Japan invited eight experts and governmental officials from GUAM countries from September 16 to 24,<sup>35</sup> and track two level meetings were twice held in Tokyo.<sup>36</sup> These events suggest that frameworks for dialogue once adopted by the government as a policy would continue to gradually become effective even though the AFP has not been mentioned.

## Conclusion

Since the Fukuda administration took office, the international political environment has changed significantly: France, which once opposed NATO's Global Partnership initiative, is now interested in the initiative. The new French President Nicolas Sarkozy intends to increase French participation in NATO military activities. At the end of 2007, NATO Secretary-General de Hoop Scheffer completed his second visit to Tokyo, which emphasized his intention to further develop relations with Japan.<sup>37</sup> On

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<sup>34</sup> Ministry of Foreign Affairs of Japan, “Chuo Ajia + Nihon” taiwa dai 3 kai kokyu jitsumusha kaigo no Kkaisai” [Press release on the 3rd senior officials’ meeting of the Central Asia plus Japan dialogue], [www.mofa.go.jp/mofaj/press/release/h19/12/1176648\\_818.html](http://www.mofa.go.jp/mofaj/press/release/h19/12/1176648_818.html) (February 1, 2008).

<sup>35</sup> Ministry of Foreign Affairs of Japan, “Heisei 19 nendo GUAM jitsumusha shohei keikaku: Gaiyo to kekka” [Press release on the invitation programme for officials from GUAM countries in FY 2007], [www.mofa.go.jp/mofaj/area/europe/guam/0709\\_jsgh.html](http://www.mofa.go.jp/mofaj/area/europe/guam/0709_jsgh.html) (February 1, 2008).

<sup>36</sup> The Second Japan-Black Sea Area Dialogue “Japan and Black Sea Area in the Rapidly Changing World” (sponsored by the Global Forum Japan [GFJ], Tokyo, November 20-21, 2007. Conference papers have published at the website of GFJ, [www.gfj.jp/jpn/dialogue/26/cp.pdf](http://www.gfj.jp/jpn/dialogue/26/cp.pdf) (February 1, 2008); The 10th Anniversary of the Founding of GUAM: For Democracy and Economic Development (hosted by the Japan Institute for International Affairs, Tokyo, December 6, 2007), [www2.jiia.or.jp/report/kouenkai/071206-guam.html](http://www2.jiia.or.jp/report/kouenkai/071206-guam.html) (February 1, 2008).

<sup>37</sup> “NATO Secretary General meets the Japanese Prime Minister,” *NATO Press Release*, 140, 2007. On December 13, Secretary-General Jaap de Hoop Scheffer made a speech in Tokyo, concluding that, “What really matters is not the degree to which our relationship is formalized. What matter is that our relationship works – that it is making a real contribution to international security.” This statement was made to acknowledge the domestic debate within Japan on the interpretation of Article 9 of the Constitution and Japanese support to naval operations in the Indian Ocean. See “Meeting the Security Challenges of Globalization,” Speech by the NATO Secretary

the other hand, Australian Prime Minister John Howard lost the general election on November 24, 2007 and the new Labor Party's government led by Kevin Michael Rudd came into office. The new prime minister intends to decrease the number of Australian troops in Afghanistan gradually. These overseas trends are important factors for Japan as it considers its future options for constructing strategic partnerships in Eurasia.

Moreover, there are also noteworthy trends inside Japan, which should be characterized not as a development of "value-oriented diplomacy" ideas, but as a debate on such a diplomatic approach. In 2007, the LDP lost its majority in the House of Councillors (Upper House) in the Diet. As a result, the opposition parties, including the Democratic Party of Japan (DPJ), currently control the House and they oppose the extension of the special measures law for the "war on terror." As a result, the existing law expired on November 1, 2007 and the Maritime Self-Defense Force (MSDF)'s activities in the Indian Ocean eventually ceased. On January 11, 2008, after renewing the special measures bill which limits the MSDF's activities to providing fuel and water to other ships, the ruling coalition led by the LDP saw to it that the Diet passed the bill into law. It did so by taking advantage of a seldom-used rule in the Constitution that permits a bill that has been rejected by the Upper House to become a law when passed a second time by the Lower House by a majority of over two-thirds of its members present. With the new law coming into effect, the MSDF's ships resumed their refueling mission in the Indian Ocean on February 21, 2008.<sup>38</sup>

It was interesting that even the opposition DPJ proposed an alternative plan for the stabilization of Afghanistan aggressively during the period of interruption of the MSDF's activities. After the victory in the Upper House election, Ozawa Ichiro, president of the DPJ, proposed a policy to enable Japan's Self-Defense Forces' participation with the ISAF on the basis of his cherished world view centered upon the United Nations.<sup>39</sup> Defense Minister Ishiba Shigeru objected, stating that "there is no sense of having a dispute without constructing any substantial reasons, demands, and standards. Such

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General, Jaap de Hoop Scheffer, Tokyo, Japan, December 13, 2007, [www.nato.int/docu/speech/2007/so71213a.html](http://www.nato.int/docu/speech/2007/so71213a.html) (February 1, 2008).

<sup>38</sup> *International Herald Tribune*, January 12-13, 2008.

<sup>39</sup> Ozawa Ichiro, "Ima koso kokusai anzen hoshu no gensoku kakuritsu wo" [Establish principles for international security right now], *Sekai*, November 2007, pp. 148-53.



dispute would be even more irresponsible. Without any well-founded background, we could never easily take part in the ISAF, or cooperate with the PRTs (Provincial Reconstruction Teams).” On the other hand, Ishiba initiated further debate by making statements like “nobody determines what Japan will do in the ISAF and nobody knows what Japan will be requested to do.”<sup>40</sup> Practical issues for value-oriented diplomacy such as strengthening collaboration with NATO and international cooperation for peace-building relate to several critical matters that touch the heart of contemporary Japanese foreign and security policy: How the Constitution ought to be interpreted when the SDF are dispatched to fields outside of Japanese territory for peace-building. According to news sources, the Japanese government has examined the development of such activities not by legislation of a specified duration, but by a general law for international peace cooperation in the future.<sup>41</sup>

Connected to these debates, one question in particular should be raised: Why does each successive Japanese government proposing initiatives on foreign and security affairs fix its gaze on Eurasia? As shown in this chapter, in the case of the AFP, Japan’s positive attitude to strengthening the relationship with NATO must be the main factor for that. Moreover, we can explain it based on the following historical background: During the Cold War era, under the policy of the “Yoshida Doctrine” depending heavily on the United States,<sup>42</sup> Japan regarded the Soviet Union as a main threat and was satisfied with defining its own security environment within a relatively narrow geographical interest. After the end of the Cold War and the collapse of the Soviet Union, Japan was faced with an unstable security environment in Eurasia including East Asia which is close to Japan itself, and Tokyo shifted its understanding of threat and its areas of interest. During the Cold War period, it was enough for Japan was to focus on the security of the Far East. Since then, it has expanded its foreign and security policies to include the Asia-Pacific and Eurasia. Viewed from a different angle, the recent history of

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<sup>40</sup> Ishiba Shigeru, “Jieitai kaigai haken ni kansuru ichi kosatsu” [A study of overseas deployment of the Self-Defense Forces], *Sekai*, December 2007, pp. 142-47.

<sup>41</sup> *Yomiuri shimbun*, Evening edition, January 8, 2008, *Sankei shimbun*, January 9, 2008.

<sup>42</sup> On the Yoshida doctrine, see Yuasa, “Japan’s Multilateral Approach toward Central Asia,” pp. 66-67.

the Japan-U.S. alliance suggests that both states were required to redefine the alliance after the collapse of the Cold War structure. They have been facing a new test of having to collaborate multilaterally in Eurasia, rather than through the traditional bilateral Japan-U.S. alliance format.

The AFP initiative is fading. However, considering the changing environment surrounding Japan, Tokyo may continue to produce grand initiatives on foreign and security policies fixed on Eurasia. Although few adopt the word AFP or Eurasia, the Fukuda administration has suggested its way of foreign policy as the “synergy between consolidating the Japan-U.S. alliance and promoting diplomacy toward Asia.”<sup>43</sup> If Fukuda understands that his geographic concept of “Asia” is a part of Eurasia, there is essentially little difference between Abe, Aso, and Fukuda regarding the geographical priorities of Japan’s foreign policy, although it must be said that Fukuda places emphasis on relations with China personally.<sup>44</sup> If the DPJ were to assume power in the future, the government will pay attention to Eurasia as long as Japan maintains an interest in Afghanistan.

Initiatives proposed by Japanese statesmen after Hashimoto’s “Eurasian diplomacy” have been attempts to revise Japan’s long-term foreign and security policy after the end of the Cold War; one that would take the place of the “Yoshida Doctrine.” However, the Japanese government has yet to create a new doctrine although it has sought to introduce the AFP initiative based on “value-oriented diplomacy.” It would be natural for Japan to attain a policy that propagates “universal values” that Japan itself has enjoyed with

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<sup>43</sup> See, e.g., Prime Minister of Japan and His Cabinet, “Policy speech by Prime Minister Yasuo Fukuda to 168th Session of the Diet,” October 1, 2007, [www.kantei.go.jp/foreign/hukudaphoto/2007/10/oisyosin\\_e.html](http://www.kantei.go.jp/foreign/hukudaphoto/2007/10/oisyosin_e.html) (February 1, 2008).

<sup>44</sup> It is possible to understand that Fukuda could put forward the diplomacy toward Asian countries because even his predecessor, Abe, had an “Asianism” character in his diplomatic style, slightly. In his analysis of Abe’s monograph *Utsukushii kuni e* [Towards the beautiful country], Inoue Toshikazu, professor of Gakushuin University and a scholar specializing in the history of Japanese diplomacy, suggests that there is a dilemma between the anti-American orientation and the independent trait in the foreign policy of Abe. To eliminate this dilemma, Inoue also argues the necessity to construct “Asian regionalism which does not exclude the United States.” See Inoue, “Ajiashugi ni Amerika wo makikome” [Engage US to Asianism], *Chuo Koron*, December 2006, pp. 94-103.

prosperity under the democratic regime since its defeat in World War II.<sup>45</sup> However, there are many tasks ahead for Japan as it seeks to consolidate its foreign policy toward Eurasia.

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<sup>45</sup> See, e.g., the comment by Hosoya Yuichi on AFP at the Symposium hosted by the Foreign Ministry, “Searching the Arc of Freedom and Prosperity: Newly Progressive Development of Japan’s Diplomacy for Human Rights and Democracy” (February 24, 2007), available in Japanese at: [www.mofa.go.jp/mofaj/gaiko/free\\_pros/syo702.html](http://www.mofa.go.jp/mofaj/gaiko/free_pros/syo702.html) (February 1, 2008).



**Part II: Japan-Central Asian  
Relations in the Global and  
Regional Contexts**



## 4. The Shanghai Cooperation Organization: Beyond a Miscalculation on Power Games

Iwashita Akihiro\*

### A Hastily Acquired Image on the SCO

What is the Shanghai Cooperation Organization (SCO)? Almost every participant at conferences, when discussing China, Russia, Central Asia, or even South Asia, implicitly or explicitly, mentions the SCO. Value judgments of the SCO often jump from one extreme to another. Most of the representatives from China and Russia highly praise the SCO and its development in the post-Cold War period, advocating the SCO as a base of “democratized” international relations or as a “new model” for an emerging “multi-polar” world. On the other hand, many western researchers ignored the existence of the SCO when it was first established in June 2001, although it is worth pointing out that U.S. officials expressed interest in participating as a kind of observer to the SCO in the early 2000s, after the organization was established. The offer was rejected because the SCO at that time had yet to establish a system for inviting participants from outside Central Asia. In Japan, little attention was paid to the SCO. A few discussed the emergence of the SCO, while there were also those who uncritically labeled it a “coalition for counterbalancing against the United States.”<sup>1</sup>

The situation between the SCO and the West worsened during the 2005 SCO summit in Astana. A negative image of the SCO emerged as a result of the SCO Declaration issued on June 5:

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<sup>1</sup> Discussions of the SCO as a “counterbalance” bloc are easily found on the sites on the internet. See, e.g., *Eurasia Insight*, August 20, 2007; *The Asia Times*, August 14, 2007; *Pravda* (English online), June 16, 2006.

We are supporting and shall continue to support the efforts by the international coalition, conducting antiterrorist operation in Afghanistan. Today we are noticing the positive dynamics of stabilizing internal political situation in Afghanistan. A number of the SCO member states provided their ground infrastructure for temporary stationing of military contingents of some states, members of the coalition, as well as their territory and air space for military transit in the interest of the antiterrorist operation. Considering the completion of the active military stage of antiterrorist operation in Afghanistan, the member states of the SCO consider it necessary, that *respective members of the antiterrorist coalition set a final timeline for their temporary use of the above-mentioned objects of infrastructure and stay of their military contingents on the territories of the SCO member states* (italics by the author).<sup>2</sup>

The U.S. immediately reacted negatively to the Declaration. Speculation of a Russo-Chinese plot to exclude the U.S. from Central Asia was widespread. Some western analysts even argued that the SCO was developing into an “anti-U.S.” organization.<sup>3</sup> However, the facts behind the scene revealed a different account. Uzbek President Islam Karimov was said to have suddenly proposed that a harsh phrase about the U.S. military presence in Central Asia be inserted into the Declaration. Russia and China in response persuaded Uzbekistan to tone down the statement. It is clear that the Andijan incident which occurred a month before had unnerved Karimov. He was worried that the U.S. would attempt to overthrow him for his efforts to quash a “democratic revolution.” Getting the SCO behind the demand that U.S. forces leave the region would secure his regime, but both Russia and China

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<sup>2</sup> Declaration of Heads of Member States of Shanghai Cooperation Organisation (Astana, July 5, 2005) [www.sectSCO.org/html/00500.html](http://www.sectSCO.org/html/00500.html) (February 1, 2008).

<sup>3</sup> One of the harshest reactions comes from Stephen Blank, a professor of the U.S. Army War College. See Bruce Pannier, “U.S. Security Expert Talks About SCO Exercises, Summit,” *RFE/RL*, August 9, 2007, [www.rferl.org/featuresarticle/2007/08/53F5C1A4-3D0F-46EA-AED8-97D8A788F93E.html](http://www.rferl.org/featuresarticle/2007/08/53F5C1A4-3D0F-46EA-AED8-97D8A788F93E.html) (February 1, 2008).



wanted to avoid a confrontation that may lead to a deterioration of relations between the U.S. and the SCO.<sup>4</sup>

An unfortunate event followed in 2006. U.S.–Iranian diplomatic ties have been frozen since 1980, after the notorious U.S. embassy hostage crisis in Teheran. There had been some thaw in bilateral relations following Iranian President Mohammad Khatami’s announcement of “a dialogue between civilizations.” However, his successor and current president, Mahmoud Ahmadinejad, produced an abrupt change in Iran’s international position. His aggressive criticism of Israel and the U.S. overlapped with the statements put out by al-Qaeda and also reflected the “anti-U.S. mood” within some Eurasian countries. Ahmadinejad found the SCO, which Iran only joined as observer in 2005 as a result of the previous president’s decision, to be a useful tool for his campaign against the Americans. He accepted an invitation to the 5th anniversary ceremonial SCO summit planned in Shanghai, along with the Pakistan President, Perez Musharraf, and the Mongolian President, Nambaryn Enkhbayar.

The U.S. was uncomfortable with Ahmadinejad’s presence in the SCO. Ignoring the presence of presidents from Pakistan and Mongolia, the U.S. focused mainly on the Iranian President. There have been some U.S. commentators who accused the SCO of being a kind of “rogue states union,” stopping short of calling it an “axis of evil.” The plan by some staff in the U.S. State Department was to bypass the SCO by dealing with the Central Asian states directly. Having set up the “Central Asia Plus Japan” initiative in August 2004, Japan also accelerated its own approach to Central Asia to create a different regional platform from that of the SCO. The then-SCO Secretary General, Zhang Deguang, while trying to calm down the unilateral criticism against the SCO,<sup>5</sup> asserted that the SCO would never act as a bloc against others and would maintain its openness.

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<sup>4</sup> The information available is that Russian President Putin utilized some “anti-US” moves within the SCO in his favor to restrain the US presence in Central Asia. Nevertheless, most of the diplomatic sources and local reports openly hint that Uzbekistan was a key factor in the resolution. For example, see *What the Paper Say*, June 6, 2005; June 7, 2005; July 11, 2005.

<sup>5</sup> Daniel Kimmige, “Does the Road Go to Shanghai through Teheran,” *RFE/RL Reports*, June 12, 2006, available at: International Institute of Strategic Studies,

In 2007, U.S.-Russian relations soured and the Russians sought to call the American's bluff by playing up the idea that the SCO could be an effective organization to offset U.S. influence in the world. Russia did so by proposing a joint exercise between the Collective Security Treaty Organization (CSTO) and the SCO, an idea China rejected.

### Getting the SCO Right

While it is unfortunate that the SCO has been reflected in negative light, a tide for bridging the gap between the U.S. and the SCO is underway. Views breaking with the past have appeared in embryonic forms. To give some examples, Oksana Antonenko, a senior researcher at the London-based International Institute for Strategic Studies, wrote a policy recommendation advising the EU to make a more concerted commitment to the SCO.<sup>6</sup> Alyson Bailes, director of SIPRI, zeroed in on the functional aspects of the SCO and commented on its positive role as a regional organization.<sup>7</sup> Roger Greatrex, a professor at Lund University, focused on China's constructive role within the SCO and suggested possibilities for partnership between the SCO and EU.<sup>8</sup>

Besides researchers, segments of the political elite have also started to adopt this attitude. To give one example, Germany continued to maintain an airbase at Termez in southern Uzbekistan even after the Andijan incident, quietly working to bring Uzbekistan back into the fold.<sup>9</sup> As the EU Chair during the first six month of 2007, Germany also strived for an economic-political breakthrough for Europe in Central Asia, particularly, to offer new opportunities to diversify energy sources, and to gain access to a vast

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[www.iiss.org/whats-new/iiss-in-the-press/press-coverage-2006/june-2006/does-the-road-to-shanghai-go-through-tehran/](http://www.iiss.org/whats-new/iiss-in-the-press/press-coverage-2006/june-2006/does-the-road-to-shanghai-go-through-tehran/) (February 1, 2008).

<sup>6</sup> Oksana Antonenko, "The EU should not ignore the Shanghai Cooperation Organization," *CER Policy Brief*, May 11, 2007, [www.cer.org.uk/pdf/policybrief\\_sco\\_web\\_11may07.pdf](http://www.cer.org.uk/pdf/policybrief_sco_web_11may07.pdf)

<sup>7</sup> Alyson J. K. Bailes, Pál Dunay, Pan Guang and Mikhail Troitskiy, *The Shanghai Cooperation Organization*, SIPRI Policy Paper, No. 17, 2007.

<sup>8</sup> A presentation made by Roger Greatrex, at a conference on the SCO on May 24-25, 2007 held by the Center for East and Southeast Asian Studies, Lund University, Sweden.

<sup>9</sup> Shaun Walker, "At the Crossroads. A New Role for Central Asia," *RussiaProfile*, May 16, 2007.

potential market for its high-tech products. This approach has been described as “cautious rapprochement” with the SCO.<sup>10</sup>

In Japan, a policy recommendation on the SCO was also prepared. A report on “Japan’s Eurasian Diplomacy” written by this author and issued by Japan’s Institute for International Affairs in March 2007 closely reflected some tendencies within Japan’s Foreign Ministry, which was seriously considering steps to establish constructive relations with the SCO. The report mentioned the following: The rise of the SCO is one of the key fields in which Japan could play the role of intermediary between Russia and China on the one side, and the U.S. on the other. Maintenance of the transparency and openness of the SCO for non-member states is an acute task. In order to encourage an atmosphere of partnership between the SCO and the U.S., the report proposed some ideas, including an invitation to the Japanese Foreign Minister as a guest to Bishkek on the eve of the 2007 SCO summit. In turn, Japan, as an ally of the U.S., could also persuade the U.S. not to push the SCO to an extreme position, which would be detrimental to the common interests of both the U.S. and Japan.<sup>11</sup>

Such a Japanese proposal was welcomed by the EU researchers and even amongst those in the U.S. In July 2007, following a SCO workshop sponsored by the Sasakawa Foundation,<sup>12</sup> Antoneko suggested that Japan invite the heads of the SCO member states to the G8 summit at Lake Toya, Hokkaido scheduled in 2008. According to Antoneko, this would be a valuable contribution towards establishing dialogue between the SCO and western countries. During the workshop, this author introduced how a Japanese “Eurasian interaction initiative” could take place:

- Utilizing SCO Charter Article 14: This would allow external parties to engage the SCO as a “Dialogue Partner,” without the need to be accepted as an “Observer”;

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<sup>10</sup> “Germaniia ne otdast Rossiui kitaitsum” [Germany does not give Russia for Chinese], *Vremiia novostei*, April 5, 2007.

<sup>11</sup>The report in Japanese is available at: [www2.jiia.or.jp/pdf/global\\_issues/h18\\_eurasia/h18\\_eurasia.pdf](http://www2.jiia.or.jp/pdf/global_issues/h18_eurasia/h18_eurasia.pdf) (February 1, 2008).

<sup>12</sup> See Akihiro Iwashita, ed., *Toward a New Dialogue on Eurasia: The Shanghai Cooperation Organization and Its Partners*, Sapporo: Hokkaido University Slavic Research Center, 2007.

- Create an ad hoc status at the summit, perhaps with a “Guest” status. A precedent had already been set; it would be similar to the status Afghanistan has with the SCO in the form of a SCO-Afghanistan Contact Group;
- Pre-summit interactions: for example, inviting the Japanese Foreign Minister to meet the SCO members in Bishkek on the eve of the 2007 SCO Summit;
- Establishing a “SCO Plus Alpha” format; from a “Guest” toward a “Partner.” The framework could be laid out in the form of the SCO Plus Three (EU, U.S., Japan), the SCO Regional Forum and so on;
- Linking the SCO and other regional organizations such as SAARC, ASEAN, the Six-Party talks (a potential future Northeast Asian security forum) and others toward reshaping a Eurasian security community.

Particularly, the concept of “SCO Plus Alpha” or “SCO Plus Three” sounds attractive. A participant from the U.S. at the workshop, Mark Katz, a professor at George Mason University, also supported dialogue between the U.S. and the SCO although he expressed concern over Russia’s intention to develop the SCO as a bloc aimed at balancing the U.S. Indeed, Russia had tried to table, on the Bishkek SCO summit agenda, discussion of the contentious U.S. plan to introduce a missile defense shield in the Czech Republic and Poland; but its efforts were rebuffed. Instead, the Bishkek Declaration mentioned the following: In pursuit of the principle of non-alignment, not targeting a third country or region, and opening to the outside world, the SCO is willing to carry out various dialogues, exchanges and cooperation with any other country and other international or regional organizations.

Fortunately, rational efforts to encourage dialogue between the SCO and the U.S. seem to have made some progress. Evan Feigenbaum, Deputy Assistant of Secretary State for South and Central Asian Affairs, who, reportedly, has

a “hardline” attitude towards the SCO,<sup>13</sup> mentioned at the Nixon Center, Washington DC, on September 6, 2007:

We don't seek to become a member or observer of the SCO. But we welcome all initiatives that complement the affirmative agenda we believe we are pursuing with our Central Asian partners. And we certainly would welcome transparency with regard to the SCO activities.<sup>14</sup>

At a luncheon organized by the Carnegie Peace Endowment in Washington DC on September 28, 2007, the Foreign Minister of Kyrgyzstan, Ednan Karabaev, concluded that one of the most important results of the Bishkek Summit was that it showed the transparency of the SCO towards the world. According to him, this is shown by the presence of the UN Under-Secretary General, as well as the Turkmenistan President (as a “guest”) at the summit.<sup>15</sup>

The misunderstanding of the SCO and a perception gap between the SCO and outsiders seems to be fading. The positive tendencies should neither be ignored nor rejected, even if hardliners in Japan or the U.S. try to play up the notion of a SCO threat. The key to further discussions is through understanding the reasons behind the widespread miscalculations among the parties concerned. A behind-the-scenes tour of the SCO process is necessary to understand those reasons. The origin of the SCO must be considered and reconfirmed first.

### **The Spirit of the SCO and its Development**

The SCO was born following the “Shanghai Process” on the basis of the “Four (Russia + the Three Central Asian countries of Kazakhstan,

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<sup>13</sup> According to the author's own sources from some ministries.

<sup>14</sup> Evan Feigenbaum, “The Shanghai Cooperation Organization and the Future of Central Asia,” September 6, 2007, [http://dushanbe.usembassy.gov/sp\\_09062007.html](http://dushanbe.usembassy.gov/sp_09062007.html) (February 1, 2008).

<sup>15</sup> On a related topic, see “Shanghai alliance not military, U.S. told,” *The Washington Times*, October 1, 2007, [www.washingtontimes.com/article/20071001/FOREIGN/110010030](http://www.washingtontimes.com/article/20071001/FOREIGN/110010030) (February 1, 2008).

Kyrgyzstan and Tajikistan) Plus One (China)” framework. The predecessor to the SCO, the so-called “Shanghai Five,” was born as a forum to discuss Confidence-Building Measures (CBMs) and the demarcation issues in the former Soviet-Chinese border region under a Russo-Chinese co-initiative. The border issue has a long history. The Soviet-Chinese border, consisting of a 4300 kilometer (eastern) section from the eastern edge of Mongolia to the Tumen River of North Korea, and a 3200 kilometer (western) section from the western edge of Mongolia to the Tajik-Afghanistan border junction, was delineated mainly by the Russian Empire and the Qing Dynasty in the late 19th century.<sup>16</sup>

The Chinese side claimed a loss of over one-and-a-half million kilometers of its “own territories” on the basis of “unequal treaties” between Russia and China that were signed in the 19th century. Later this was the cause of Soviet-Chinese military conflicts such as the Damanskii Incident in 1969. In the late 1980s, when Soviet-Chinese reconciliation was brought about by Gorbachev’s “new thinking” initiatives, both sides agreed to create measures to prevent potential military conflicts and resolve territorial issues in the border area. The former led, in April 1990, to an agreement on the leading principles of arms reduction and confidence-building in the military field on the border. The latter led to a 1991 agreement that resolved 98 per cent of the eastern border between the Soviet Union and China, with two disputed islands, Heixiazi and Abagaitui, untouched.

After 1993, the “Four Plus One” formation was put into practice through two regular committees for confidence-building and arms reduction, and for joint boundary demarcation. The first fruit borne by the committee for confidence-building and arms reduction was the Shanghai agreement, in 1996, on confidence-building, in the military field, in the border area. All concerned states agreed to stabilize their border areas by establishing non-military zones and promising to exchange military information. The overall effectiveness was dubious, but it did represent a symbolic step towards peace and cooperation on the former Sino-Soviet border, which had been

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<sup>16</sup> For the details and the formation process of the “Shanghai Five,” relating to the Sino-Soviet border talks, see “Beyond the Border Issue,” in Akihiro Iwashita, *A 4,000 Kilometer Journey Along the Sino-Russian Border*, 21st Century COE Program Slavic Eurasian Studies, No. 3, Sapporo: Hokkaido University Slavic Research Center, 2004.

historically plagued by severe military conflicts and deep-rooted mutual distrust. Since then, the “Shanghai Five” have established a special meaning of “stability and trust” among the five member countries.

In February 1997, the leaders of Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan met in Moscow to sign an agreement on the mutual reduction of armed forces in the border area. The level of “stability and trust” among the concerned parties was also then upgraded by the agreement for the limitation of arms and personnel within the 100 kilometer zone of the former Sino-Soviet border, as well as the mutual inspection of its implementation. The name “Shanghai Five” became popular following the second summit. The “Four Plus One” formula advanced the border demarcation process on the western border.

The “Shanghai Process” thus became institutionalized and developed into a multilateral cooperation organization, widening its membership to include Uzbekistan as a full-fledged member in 2001. The SCO also granted Mongolia, India, Pakistan and Iran formal observer status a little later. While maintaining the original spirit of the “Shanghai Process,” the SCO developed a step beyond border and economic regional cooperation to include security cooperation aimed at combating “terrorism, separatism and religious extremism,” referred to by SCO members, especially China, as the “three evils.”

### **Sino-Russian Border Solution as a Prelude to SCO Regional Cooperation<sup>17</sup>**

The SCO methodology could be summed up in two points: A step-by-step approach for a solution, and a kind of “fifty-fifty” division of disputed land in the final stages of negotiation. The former is as follows: (1) a negotiable border should first be determined with talks on the disputed territory coming later; (2) a border agreement is to be signed and implemented except on the disputed territory; (3) on the remaining disputed territory, the concerned parties should continue negotiating in good faith. The approach was born in

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<sup>17</sup> On the framework of the border negotiation; see Akihiro Iwashita, “An Inquiry for New Thinking on the Border Dispute: Backgrounds of ‘Historic Success’ for the Sino-Russian Negotiations,” in Akihiro Iwashita, ed., *Siberia and the Russian Far East in the 21st Century: Partners in the “Community of Asia”*. Vol. 1: *Crossroads in Northeast Asia*, Sapporo: Hokkaido University Slavic Research Center, 2005.

the late 1980s, when border negotiations were resumed under a Mikhail Gorbachev -Deng Xiaoping initiative. The Soviet Union and China still had bad memories of the 1969 military clash on Damanskii Island. The clash was caused by harsh disputes on the ownership of Heixiazi Island near Khabarovsk. Therefore, both sides agreed to a step-by-step approach to resolve the deadlock in the most difficult places. The question as to how the two sides would resolve the most difficult territorial disagreements remained unclear during the process. The “fifty-fifty” formula was subsequently conceived to further the negotiation process.

The “fifty-fifty” formula is a political judgment for resolving territorial problems. Basically it suggested dividing a disputed area in “half.” It does not necessarily mean that disputed territories must be partitioned in equal halves. The formula also attempted to balance each country’s interests.

This formula was accidentally born in 1997. At that time, the Primor’e Krai in the Russian Far East resisted the transfer of a 300 hectare tract of land in the Khasan region (located near the Sino-Russo-Korean triangle border point), which was confirmed to be handed over to China in the 1991 agreement. The possibility of the 1991 agreement falling apart in the mid-1990s brought uneasiness about border stability for both Russia and China. China and Russia unexpectedly agreed to divide the disputed territories irrespective of juridical mannerisms. Some 140 hectares would remain under Russian control with the rest going to China. Some important places for Russia, including a Russian cemetery for war veterans, were left in Russian hands. When President Yeltsin announced a “win-win” settlement in November 1997, following the completion of the 1991 agreement with Chinese President Jiang Zemin in Beijing, the Primor'e also declared the outcome as a victory.

The formula was also applied to the remaining disputes between Russia and China. The news was made public in October 2004 when Vladimir Putin and Hu Jintao declared the finalization of all disputes over the border. They again adopted the “fifty-fifty” formula for resolving the remaining disputed islands. Both Heixiazi Island and Abagaitui Island were partitioned off in almost equal halves: 171 square kilometers of Heixiazi were handed to China, while 164 remained Russian territory. 38 square kilometers of Abagaitui were partitioned off to China while the remaining 24 went to Russia. The balance-



of-interests was also considered. For example, a farm, dacha, church and some military hardware on Heixiazi Island remained under Russian control while the Kazakevichevo Channel of the Amur River was ceded totally under Chinese control. A water reservoir for local residents on Abagaitui Island remained under Russian control while China retained a greater area of land. The joint statement made note of the formula's applicability to other cases involving territorial disputes. The reason is simple: the formula was not only applicable to Sino-Russia relations but was also acquired within the SCO framework.

### **SCO's Contribution to Central Asia's Border Dynamics**

The negotiations over the former Sino-Soviet western border had a basis for applying the step-by-step approach as well. Following the collapse of the Soviet Union, the western part of the border was divided into four sections – the 50 kilometer Sino-Russian border, the 1,700 kilometer Sino-Kazakh border, the 1,000 kilometer Sino-Kyrgyz border, and the 430 kilometer Sino-Tajik border.

China and the three Central Asian countries succeeded in signing a border agreement, accomplishing the second stage of the negotiation process. In 1994, the Sino-Kazakh border was agreed upon, with two sectors of the latter, Shagan-Oba and Saryshilde, remaining undecided. Sino-Kyrgyz border negotiations began in 1992, and at the time, it had five disputed sectors, four of which were resolved in the 1996 agreement. However, a sector of territory in Bedel was hotly debated. The Sino-Tajik border negotiations remained in deadlock for a long time. Other governments seemed to have little room to compromise over the so-called “twenty thousand square kilometers” (one-seventh of all Tajikistan territories), in the Pamir claimed by China. The only section covered by the agreement in 1998 was supposedly Karazak and Markansu near the Kyrgyz-Sino-Tajik joint border point. The so-called “Pamir” problem remained untouched.

A solution was again found in the “fifty-fifty” formula. In 1998, when the third “Shanghai Five” summit was held in Almaty, they finalized the Sino-Kazakh supplementary agreement. The results of the Kazakhstan case are as follows: 940 square kilometers – two portions of the disputed territory,

Shagan-Oba and Saryshilde – were partitioned off following the “fifty-fifty” formula. 56 per cent of the disputed territory was given to Kazakhstan while the rest went to China. The final resolution of the Kyrgyz-China territorial disputes also applied the “fifty-fifty” formula. In the Bedel region, 70 per cent of the territory was accorded to Kyrgyzstan while the remaining 30 per cent (950 square kilometers) went to China.

President Jiang Zemin and Tajik President Emomali Rakhmonov signed a supplementary agreement on the border issues between China and Tajikistan on May 17, 2002. It is difficult to confirm the actual content of the agreement because neither the Tajik nor Chinese media reported the details. Although the deal remained concealed, it was probably a “mutual compromise” following the “fifty-fifty” formula.

The SCO method created by Sino-Russian deals in Sino-Central Asian border negotiations has been elaborated on. The benefits, after resolving the border issue in Central Asia, are much more salient than previously thought. It could be explained in two different dimensions: a state-regional dimension and a border-regional dimension. Owing to the stability and the resolution of border disputes on the Sino-Central Asian border, both China and the Central Asian states began to enjoy new benefits. China signed friendship treaties with Kazakhstan, Kyrgyzstan and Tajikistan respectively just after resolving the border issue.

For China, it means that a peaceful area extends west beyond Siberia and the Russian Far East. Defining the border provided a sense of security against threats of “terrorism, separatism, and extremism” emanating from the Xinjiang Uyghur region. The Chinese People’s Liberation Army has since conducted some joint exercises with its Central Asian neighbors and Russia, under the auspices of the SCO. For the Central Asian states, cooperation with China offers big opportunities, particularly for “small” countries. As a price of peace and stability in the region, China provided Kyrgyzstan and Tajikistan with assistance. Tajikistan successfully completed the withdrawal of Russian guards from its border vis-à-vis China just after the completion of the border demarcation, which made Tajikistan less dependent on Russia. As a result, Russia was obliged to assist more than US\$2 billion in investments

to Tajikistan in order to maintain its influence.<sup>18</sup> Uzbekistan, a member state of the SCO which does not share a border with China, began to enjoy the benefits of regional stability derived mainly from tight controls against “separatists” and from regional cooperation from a Kyrgyz transit from/to China.

The Sino-Central Asian partnership has moved steadily forward despite the presence of a “negative psychological barrier” existing on the border area between China and the Central Asian states. An oil pipeline from Kazakhstan to China’s Xinjiang Uyghur was already laid down through Alashankou, close to a battlefield between Soviet and Chinese forces in 1969, which is located next to Saryshilde, a former Sino-Kazakh disputed area. It was only when confidence measures, which helped defuse the border disputes, were introduced that such an enterprise could be realized. The Irkeshtam Pass for Kashgar was opened in 1998 after a territorial dispute in Nura Village was resolved following the finalization of the 1996 Sino-Kyrgyz agreement. In May 2004, Tajikistan opened a customs point in Murgab on the Pamir. This was the first direct route to China. All of these events were realized after the dispute.

### **SCO and the Balancing Game**

As the SCO developed in the 1990s, another dimension of the “Shanghai Process” gained ground but in an arbitrary way. The Sino-Russian “strategic partnership,” which is often interpreted as a “counter-balance” against the U.S. when the U.S.-Russian or the U.S.-Chinese relations face challenges, is more worrying for the U.S. because of its involvement with Central Asia.<sup>19</sup> In stark contrast with the 2005 SCO Astana summit, scant attention was paid to the creation of the SCO. The events of 9/11 dispersed U.S. concerns about the Sino-Russian partnership going “against” the U.S., because both Russia and China immediately supported the U.S. reaction against al-Qaeda and the war in Afghanistan. The world also seemed to have forgotten the SCO, even

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<sup>18</sup> RFE/RL *Newsline*, October 20, 2004.

<sup>19</sup> Transformation of the “strategic partnership” and its interpretation from the late 1990s up to now is reviewed in Akihiro Iwashita, “Primakov Redux? Russia and the ‘Strategic Triangles’ in Asia,” in Akihiro Iwashita, ed., *Eager Eyes Fixed on Eurasia: Vol. 1 Russia and Its Neighbors in Crisis*, Hokkaido: Slavic Research Center Hokkaido University, 2007, pp. 170-77.

though its members have been warning about the threat of international terrorists for some time.

The existence of Uzbekistan in the SCO, a new comer to the process, must be factored in to properly analyze the situation. Uzbekistan was the only member-state of the SCO to strongly support the U.S. and western military presence in the region; Kyrgyzstan and Tajikistan soon followed suit. In a sense, Russia was obliged to accept the U.S. presence after these other Central Asian countries jumped on the bandwagon to support the U.S. mission in Afghanistan after the Uzbek initiative.

Why did Uzbekistan make such a decision? Several reasons come to mind. Particularly, Uzbekistan was then seen as an independent player, separate from Russia in the region. Uzbekistan quit the CIS collective security arrangement in 1998, joined the GUUAM group, made up of Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova, a sort of de-Russianization coalition. Uzbekistan also welcomed Western presence in Central Asia in order to offset Russian influence in the region. Uzbekistan also established good ties with China in order to strike a balanced foreign policy.

The geographical position of Uzbekistan in the region seems more important as it does not share a border with either Russia or China. It keeps aloof from the former Sino-Soviet border collaboration, even though Uzbekistan could realize some benefits from the Sino-Kyrgyz-Uzbek triangle cooperation on transportation via the borders. As for the geopolitical implications, Uzbekistan is "free" from any border arrangement accumulated by the "Shanghai Process" and has a kind of "free hand" foreign policy within the SCO.

Thus, the way Uzbekistan acts in the SCO is decisive for the orientation of the SCO. This became apparent following the SCO's reaction just after the 9/11 terrorist attacks, and Uzbekistan's decision to permit the U.S. presence in Central Asia. It is also worth remembering the SCO response at Astana in 2005 after the freezing of U.S.-Uzbek relations, owing to the Andijan incident. Uzbekistan appears to play a steering role within the SCO, particularly in its political attempts at balancing.

The enlargement of the SCO drove it into the fold of geopolitics. Particularly, Iran's role is similar to that of Uzbekistan's. Iran shares its

borders with countries like Iraq, Pakistan, Afghanistan, Turkmenistan and others in the Gulf region. Iran had been absolutely indifferent to “the Shanghai Spirit.” The invitation from the SCO to become an observer was a good window of opportunity for Iran, a country that has long been isolated even in the Gulf and highly pressed by the U.S., particularly over the ongoing nuclear issue. Iran views the SCO as a good place for maneuvering against the U.S.. In the fall of 2006, the Iranian Foreign Minister announced that Iran would establish a SCO security center in Teheran. Iran’s eagerness to join the SCO as a fully-fledged member could be understood in terms of a kind of balancing game between Iran and the U.S. In turn, owing to the presence of Iran in the SCO (as well as Uzbekistan), the SCO is often accused of being a kind of “alliance of rogue states” in the mind of the U.S.

Having no shared border with Central Asia, India has a “free hand” diplomacy in and around the SCO. However, India has not followed the Uzbek path, though it could play a similar role as Iran. Such “free hand” diplomacy does not necessarily mean an “anti-U.S.” orientation, rather a “pro-U.S.” one influenced by outside factors. India finds more advantages in following the U.S. line, including the nuclear deal in 2006, while the SCO is a low priority for them. Basically, they see the SCO as a sort of balancing organization against Pakistan, or, at the very least, a channel to express Indian presence within Central Asia. As of 2007, India has yet to send its premier to a SCO summit, choosing instead to send a ministerial representative in charge of foreign affairs. This shows that India has yet to pay any “specific” attention to the SCO.

In contrast, Mongolia should be viewed in a different light. Mongolia’s geopolitical presence is critical. Mongolia’s geographic position between the western and the eastern Soviet-China border area could cause problems unless the Sino-Russian border security arrangement takes Mongolia into account. It is said that Russia and China had an agreement that Mongolia would be the first country to be invited into the SCO. When this author conducted interviews with experts in Ulaanbaatar in early 2004, most of them gave negative responses to my question of whether Mongolia would join the SCO or not. The exceptions were the Foreign Minister and the Secretary General of the Security Council, who both suggested that Mongolia would join the SCO. Mongolia eventually became the first state to

join the SCO as an observer in June 2004. It is well-known that Mongolia hopes to develop its relations with the U.S. and Japan as a “third neighbor country” beyond its border. Nevertheless, Mongolia was obliged to accept the invitation from its two giant neighbors, and join the SCO as observer for its border security interests.

Pakistan's case is similar to Mongolia's. The difference is that Pakistan has shown a strong will to make a commitment to the SCO from the beginning. Pakistan was the first non-Central Asian country to apply for membership in 2000, on the eve of the establishment of the SCO. After being refused nomination, supposedly because of its deep commitment to the Taliban regime in Afghanistan, Pakistan maintained a positive attitude and endeavored to improve ties with Central Asian countries like Tajikistan, which had doubted Pakistan's sincerity and eligibility. Pakistan's commitment to the SCO was naturally backed by China, a traditional ally, and Uzbekistan, a country which saw the SCO also as a kind of organ for regional political balancing. Eventually, the SCO invited Pakistan to join as an observer, as well as India to show its goodwill and balanced policy toward South Asia.<sup>20</sup> We should note that Pakistan's motivation was different from India's. Pakistan had established all-round relations; at least for stabilizing the border area vis-à-vis Central Asia. The reason why Pakistan is committed to the “Shanghai Process” is mainly due to Pakistan's geopolitical position, sharing borders with Afghanistan and China.

### **Putting the SCO on Track: Beyond a Balance Game**

The conclusion of this chapter is straightforward. To properly describe the SCO, two separate dimensions of the dynamics need to be considered. The most important is to properly understand the SCO in terms of border politics and regional cooperation following the “Shanghai Spirit.” Another important point is to minimize the secondary but diffusing aspect of the SCO in and around balancing, particularly promoted by Uzbekistan and Iran. The latter might bear short-term results for some member countries but could cause

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<sup>20</sup> For South Asian relations with Russia, China and Central Asia, see Nirmala Joshi, “India-Russia Relations and the Strategic Environment in Eurasia,” in Iwashita, ed., *Eager Eyes on Eurasia*, Vol. 1, pp. 195-210; Fazal-ur-Rahman, “Pakistan's Evolving Relations with China, Russia, and Central Asia,” in Iwashita, ed., *Eager Eyes on Eurasia*, Vol. 1, pp. 211-29.

huge damage to SCO unity and dignity in the long run. The mess caused by the overplaying of balancing in and around the SCO might push the SCO towards a dangerous position. A position from which the U.S. and Europe could escalate potential contradictions towards an irreversible conflict, as witnessed during the Cold War period.

An imminent and vital task is to defuse problem areas that may result in a collision between the SCO and the West, particularly the U.S. The SCO must enunciate the original spirit of “Shanghai” more clearly to those outside the SCO, while the U.S. should stop casting suspicion towards the SCO. It is vital that both sides seek mutually acceptable common ground, and avoid disputes over ideological terms such as “democracy.” Current U.S. foreign policy, reflecting on some of the lessons learned from the Iraq war, should pay heed to voices from other countries. The importance of establishing and maintaining dialogue with various international partners to promote regional stability should not be overlooked. This should be done without insisting the export of “democracy” when conditions are not yet ripe.

As for the SCO, it must be more open and transparent, following the tradition of the original Shanghai Spirit, namely, “never be against a third party,” or “being a new model for the post-Cold War.” The idea that the SCO should work “against a unilateral foreign policy” is understandable to a degree but the SCO must not act as an exclusive forum against the U.S. and Europe from the point of view of the Shanghai Spirit. How can we bridge that gap between them? Constructing a partnership between the SCO and the U.S., Europe, Japan and other countries that want to establish a peaceful and stable regime in Central Eurasia, does make sense. Action plans for promoting mutual interaction between the U.S., Europe, Japan and the SCO should be elaborated on in the near future. In fact, the SCO declaration from the latest 2008 Dushanbe SCO Summit stated that the SCO is open for constructive dialogue with all international and regional organizations. This is a positive development and an encouraging sign for the region.





## 5. Kyrgyzstan: Japan's Prime Partner in Central Asia?

Erica Marat\*

### Introduction

Japan was the first Asian country to become actively involved in the Central Asian region following the collapse of the Soviet Union. In addition to opening embassies in all of the Central Asian states, Japan has also sought to establish economic ties and implement cultural and educational programs. Today, special coordinating centers seek to tailor Tokyo's projects in Kazakhstan, Kyrgyzstan and Uzbekistan using the framework of Japan's Silk Road diplomacy strategy. Of these Central Asian states, Kyrgyzstan most exemplifies the region's growing ties with Japan. The country's open political climate could make it Japan's primary link to the region despite its weak economy, limited territory, and small population. Furthermore, Kyrgyzstan has the potential to be an active promoter of the regional Central Asia Plus Japan dialogue in the future.

Kyrgyz President Kurmanbek Bakiyev's visit to Tokyo in November 2007 is the latest reminder of Kyrgyzstan's growing interest in building links with Japan. During his visit, Bakiyev met with Emperor Akihito and Prime Minister Fukuda Yasuo. The president signed an agreement of friendship and partnership between the two states and commemorated the 15-year history of Kyrgyz-Japanese relations. During his 14-year tenure, former Kyrgyz President Askar Akayev visited Japan three times between 1993 and 2004. In analyzing Kyrgyz-Japanese relations, this chapter presents a detailed picture of Japan's relations with the Central Asian region. It will examine Japan's role in Kyrgyzstan's domestic development, the international competition Tokyo faces in the country, and the future prospects for strengthening Kyrgyz-Japanese relations.

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Kyrgyzstan represents a unique case for the international community. Since independence, both the state and society have shown a great degree of trust and curiosity towards foreign partners who are present in the country. The fact that the international community has been more successful in Kyrgyzstan than in any neighboring states is illustrated by the number of international organizations working in the country. Even religious organizations representing other confessions are able to operate in Kyrgyzstan, while being banned in other parts of the Central Asian region.

### **Japan's Role in Kyrgyzstan's Development**

Since 2005 the Kyrgyz political situation has been unstable, with several political forces fighting to maximize their power. Despite the fact that, in 2005, President Bakiyev gained quick popularity thanks to his anti-corruption rhetoric, his government since then has been plagued by corruption, and democratic governance continues to deteriorate. By marginalizing former Prime Minister Felix Kulov as well as other opposition members, and carrying out snap constitutional reform, Bakiyev has increasingly concentrated powers in his hands. Furthermore, the president followed in the footsteps of his counterparts in Kazakhstan, Tajikistan and Russia by constructing a strong pro-presidential political party which is interested in maintaining the current regime. Today, Bakiyev and his political bloc Ak Zhol are driven by short-term goals such as falsifying election results and curbing the activities of opposition members.

The president is also showing an inability to produce and implement effective political and economic policies that would allow for the continuation of the country's development after his presidential term expires. Like his predecessor Askar Akayev, Bakiyev's current policies are aimed at eliminating competition during the presidential elections in 2010. Such a short-sighted political outlook hampers the establishment of economic links with international partners. There is a risk that the Central Asia Plus Japan dialogue will continue to stall due to local regional government corruption. This will be especially true if the initiative pushes the Kyrgyz government (and other member states) to enhance political and economic openness. Under such a scenario it will undoubtedly encounter difficulties in expanding. In this sense, organizations not demanding transparent

governance, such as the Shanghai Cooperation Organization (SCO) and the Commonwealth of Independent States (CIS), have a greater chance of achieving internal consolidation and further expansion. Should Japan ever openly criticize the Kyrgyz government for deviating from democratic values, it will likely receive a negative reaction from Kyrgyz political leaders.

### *Japan's Activities in Kyrgyzstan*

Among donor countries Japan occupies a leading role in Kyrgyzstan, and Kyrgyz-Japanese relations are one of the top priorities in Kyrgyzstan's foreign policy. Japan's main assistance areas in Kyrgyzstan include: (1) enhancement of transport infrastructure; (2) agricultural development; (3) social development; (4) human resource development in an open market environment; and (5) greater access to basic human needs, including human security.<sup>1</sup> Since independence, Kyrgyzstan has received US\$430 million in bilateral financial assistance from Japan in the form of credits and grants. A number of Japanese special funds are involved in providing assistance to Kyrgyzstan and Central Asia through the World Bank and Asian Development Bank. Bilateral assistance is carried out by Japan's International Cooperation Agency (JICA), the Ministry of Foreign Affairs and Japan Bank for International Cooperation.

The chief impact of Japan's input into Kyrgyzstan's economy can be felt through its infrastructure projects. With the Japanese government's support, Kyrgyzstan is currently implementing a number of projects and programs in the transportation, tourism, entrepreneurship, health care and education sectors. Japan's primary infrastructure projects in Kyrgyzstan include a loan of US\$45.5 million for the reconstruction of the Manas International Airport, and another loan of US\$41 million for the construction of the Bishkek-Osh highway which costs a total of US\$110 million to pave.<sup>2</sup> JICA has been actively training Kyrgyz entrepreneurs in business development and tourism promotion. The reconstruction of the Bishkek-Osh road is among the most important infrastructural projects in Kyrgyzstan. Not only does the road link two parts of the country, north and south, it also softens divisions between

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<sup>1</sup> Newsletter, May 31, 2007, Japan Embassy in Bishkek, Kyrgyzstan.

<sup>2</sup> "Japan-Kyrgyz Relations," Shingetsu Institute, November 6, 2006, [www.shingetsuinstitute.com/japan-kyrgyzstan.htm](http://www.shingetsuinstitute.com/japan-kyrgyzstan.htm) (January 28, 2008).

political elites. The road promotes better access to the capital from remote areas in the south and facilitates trade within the country, as well as with its southern neighbors. Japan also contributed to the building of the Bishkek-Naryn road which will provide a remote region with a vital connection to the capital. After 1999, when it became evident that the Kyrgyz economy was not able to repay credits to foreign donors, Japan adjusted its assistance to Kyrgyzstan in the form of grants. Although current business ties between Japan and Kyrgyzstan are weak, Japan may be interested in the natural resources and rare minerals in the country.

The JICA office in Bishkek primarily works with the Kyrgyz Ministry of Finance and Ministry of Transport. Some of Japan's long-term projects include promoting good governance, reforming the health care system, improving the agricultural sector, and several projects on tourism management. Japan's positive impact and achievement of concrete reform in these areas boosted the Kyrgyz government's ties with Asian states. Kyrgyz political leaders eventually realized that Japan is able to allocate resources to areas such as education and the health care system, and this built a basis for supporting the Central Asian Plus Japan dialogue in 2004. This initiative has potential for even further expansion.

Kyrgyz politicians acknowledge that Japan is an active promoter of a market economy and democratic governance. Japan is also rarely categorized with the Western community of states and is often not factored into analysis of geopolitical competition among Kyrgyzstan's larger neighbors for influence in the country and the region. Even the Central Asia Plus Japan dialogue, which has been rather feeble since it began in 2004, is not compared to the Shanghai Cooperation Organization (SCO). This is partly due to the absence of purely political motives behind Japan's presence in the region. Most Kyrgyz experts agree that, to date, Japan's role has been very important in Kyrgyzstan. However it is rarely acknowledged that the potential for cooperation is greater, and it is often left to the Kyrgyz side to explore further directions for joint projects. Japan's involvement in Kyrgyzstan and the Central Asian region is placed under the category of Official Development Assistance, but both countries are exploring more ways to collaborate in cultural affairs.

### *Comparisons with the SCO*

With some positive experience in Kyrgyz-Japanese cooperation, the SCO still represents an unprecedented example of rapidly growing ties between Kyrgyzstan and other Central Asian states and China. Although the SCO is driven more by political motives rather than to help its weaker member states recover economically, the organization enjoys wide support among political and social actors. The SCO, in effect, overtly claims to be a guarantor of future stability. However, it rarely criticizes policy choices made by its members. In a few instances, the SCO platform was used by its leaders to voice disagreement to U.S. policy in the region. This *modus operandi* has been the main driver behind the SCO's success in the past few years.

It is highly unlikely that Japan will openly pressure the Kyrgyz government to pursue democratic political and economic reform. Instead, soft diplomacy has been the traditional characteristic of Japan's engagement in the international arena. Compared to other Western actors present in the Central Asian region, Japan has been less critical of undemocratic behavior by local leaders. To a certain extent, Japan may contribute to democratic development in a newly independent state through humanitarian assistance without direct political pressure. If such cooperation continues in the future, Japan may prove to be among the most efficient international agents in bringing about democratic development in the region, while retaining friendly diplomatic relations. However, for this to be achieved, both Japan and the Central Asian states must retain enough incentives to cooperate. In the case of Kyrgyzstan, representatives of the Foreign Ministry highly value cooperation with Japan. The Kyrgyz embassy in Tokyo is known for its active promotion of bilateral links. There is also a need in Kyrgyzstan for Japan's continued economic assistance. The three most successful areas of Kyrgyz-Japanese relations thus far consist of projects in rebuilding infrastructure, healthcare and education.

Importantly, both the SCO and the Central Asia Plus Japan dialogue encourage cooperation among the Central Asian states. Yet this cooperation is emphasized by different means and in different areas. The SCO mainly stresses security issues and energy cooperation among the states. The bulk of

the SCO's budget is spent on annual military exercises, in addition to which the organization recently moved to promote a joint energy market. Both fields of cooperation are quite asymmetric, with economically stronger states – Russia, China and sometimes Kazakhstan – having greater leverage in policy-making compared to weaker states – Kyrgyzstan, Tajikistan and often Uzbekistan. Stronger states have greater financial and military resources to offer for joint cooperative activities within the SCO. Likewise, stronger states are in the position of choosing the direction in which the SCO should proceed, while weaker states are mere observers to the organization's activities. In contrast to this, the Central Asia Plus Japan dialogue emphasizes more horizontal cooperation, equal participation of the member states and human security.

#### *The Japan Center in Kyrgyzstan*

The Kyrgyz Republic-Japan Center (KRJC) plays a major role in the growing popularity of the Japanese language and culture in Kyrgyzstan. The Japan Center was initiated by Japan's Ministry of Foreign Affairs, former Japanese Ambassador to Moscow Watanabe Koji and former Kyrgyz President Askar Akayev. The basis for the Center was a bilateral agreement between Japan and Kyrgyzstan in 1995. The Kyrgyz National University has taken an active role in facilitating the Center's functioning, and both students and faculty members are engaged in the work of the Center. The University also has a respectable department of Eastern Studies which has been popular among local students for many decades.

However, unlike the Russian, Chinese, or Turkish languages, Japanese is rarely taught outside of the KRJC. As Hamano Michihiro, the director of KRJC notes, "Japan still hasn't found its chair in Kyrgyzstan."<sup>3</sup> Indeed, compared to Russia or Turkey, which have historical connections in the region, Japan, although sharing some cultural similarities with the Central Asian people, is still fairly foreign to the local public. Other Asian languages enjoy greater popularity among the Kyrgyz population. Also, there is a near-total dominance of Russian-speaking mass media in Kyrgyzstan. Russian and local mass media outlets regularly report on the progress of Kyrgyzstan's relations with Russia. Such reporting often creates a false image of the real

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<sup>3</sup> Author's interview with KRJC's director Hamano Michihiro, Bishkek, July 2007.

weight of Russia's economic assistance in Kyrgyzstan. By contrast, there are only a number of limited reports on other donor communities' presence in the country available to the wider public. In the case of Japan, information about its activities rarely appears in mainstream mass media outlets.

The Japan Center initially started out with a twofold goal to deepen bilateral understanding between the two countries and to increase assistance in Kyrgyzstan's reform implementation in the economic and political sectors. To achieve these tasks, the Center began organizing special courses and training programs to improve the administration of enterprises and the management of economic issues. The Center also introduced special Japanese language courses and the possibility for local students to receive training at Japanese universities. Its aim was to produce high-level specialists in economics and finance based on Japan's unique experience. While including a wide variety of economic issues in its educational programs, the Center's training primarily attracts young entrepreneurs. Finally, the Center promoted international exchanges of information and human resources in the fields of economics and culture.

The number of graduates from the four-year Japanese language program at the KRJC has been increasing each year. In the 2006 academic year, the number of graduates rose to 969. Similarly, KRJC reports that its business seminars have been highly popular – a total of 77 seminars have been conducted since 1995 with 3,436 participants. Today, Kyrgyzstan has several experts in Japanese culture and language and Hamano believes that they have the potential to contribute to Kyrgyz-Japanese relations. The Japan Center also offers access to international news channels through satellite television and internet resources. The center's library contains a wide variety of periodical publications and literature in Japanese, English, and Russian. In this regard, the Japan Center acts as an informational center for the local population.

The KRJC and JICA's professional courses are conducted twice each quarter. The number of applicants to these courses often substantially exceeds the available capacity. In particular, courses dealing with the development of small and medium businesses, strategy and administration of enterprises, open market conditions and enterprise development, promotion of tourism,

and the Japanese method of enterprise management have proven to be popular among local students. A number of large Japanese enterprises that have considerable experience in conducting these types of courses in other parts of the CIS, including the Bank of Japan, Sakura Institute of Research and the Mitsubishi Corporation, participate in these courses. Courses on banking and finance provide information on global trends and practical methodologies in these fields. The courses specifically emphasize the importance of mobilizing the economy in the open market environment. They include the following themes: practice of transnational transactions, finance and economics, international credit and financial markets, and the development of stock markets. The primary participants are representatives of public institutions that specialize in international finance and trade. Faculty members dealing with the above themes are involved as well.

Furthermore, a number of courses in marketing and accounting are regularly conducted. These courses are primarily aimed at developing individual skills among participants in financial reporting, analysis, accounting and marketing. In all of these fields, Japanese experts share their knowledge of Western techniques. The courses also include in-depth descriptions of Japan's own experience in the finance and economic sectors. Japanese instructors are usually familiar with the specifics of the Kyrgyz market and they are encouraged to use interactive methods of teaching. Existing and potential economic links between Kyrgyzstan and Japan are given special attention in such courses. Japanese instructors often promote possibilities for bilateral cooperation. Participants interested in exploring these possibilities have an opportunity to undergo special business language courses. Japanese embassies throughout the CIS organize international language contests for Japanese language students.

However, alongside mainly positive remarks about Japan's contribution to Kyrgyzstan's education system, many questions arise. For instance, how and whether graduates of Japanese universities and specialized courses are able to find jobs? Or what practical value do courses in Japanese financial and economic issues have? While these questions do pertain to any developmental help by donor countries, Japan's geographical distance and cultural differences with Kyrgyzstan make it more likely that humanitarian assistance may fail to reach the goals initially set. For instance, Japan's boom



in technological innovation is a distant reality for a Kyrgyzstan that has been experiencing a brain drain since independence. Also, some advanced skills in finance and marketing learned by participants of JICA courses may not be relevant in Kyrgyzstan due to the country's general underdevelopment. There is also a tendency to overemphasize some cultural similarities among the Japanese and Kyrgyz people. While both have Asian backgrounds, Kyrgyzstan's 70-year Soviet history has considerably transformed the local population's mentality. Lastly, knowledge of English may prove to be more important for local entrepreneurs than Japanese. There is, in effect, no analysis of how Japan, along with other donor countries, is reaching the goals it set through its development assistance.

### **Japan and Other International Actors**

Kyrgyzstan's openness to foreign influences has also led to greater competition among international actors. Since the establishment of the U.S. military base on its territory in late 2001, Kyrgyzstan has been witness to increased competition between Russian, Western and Chinese influence over its political allegiances. Akayev's decision to establish a Russian airbase within the country in the summer of 2003 was a prudent measure that helped to balance Kyrgyzstan's cooperation with the two major powers. This balance was disrupted when the regime changed in March 2005. The new government, led by President Bakiyev, displayed an inability to retain cooperative relations with all major powers present in the country and began curtailing the U.S. military presence. Meanwhile, the rise of the SCO in the region, where China and Russia are the two leading countries, and its expansion in terms of the inclusion of observer states exacerbated Russian and Chinese influence in Kyrgyzstan. Like his regional neighbors, President Bakiyev sought to support his domestic policies by turning to SCO member states rather than his Western partners. He also relied on the organization's backing to push ahead with snap parliamentary elections in 2007 and to promote his political bloc Ak Zhol. At the constitutional referendum on October 21, 2007, both the SCO and CIS member states recognized the voting results, while the Western community claimed the referendum was illegitimate and that the government had forged the results.

Russia has traditionally exercised a strong political influence in Kyrgyzstan. However, Russia's real economic power in the country is often exaggerated by local politicians, while the influence of states such as China and Kazakhstan are slowly growing in significance. At the same time, the importance of Western influence in local policymaking is often undervalued by local experts. The Western community has played a central role in areas such as the reform of public institutions and promoting a free market economy. Western influence is often associated with U.S. hegemony as opposed to a community of states promoting open market reforms and the rule of law. As the U.S. global image declines, the Kyrgyz public has grown increasingly skeptical about the benefits of U.S. presence in the country in particular, as well as Western influence in general. Against this backdrop, China and Russia are now perceived as reliable partners interested in long-term cooperation. However, both states also have a poor record of democratic leadership and therefore are likely to buttress authoritarianism in Kyrgyzstan and other Central Asian states.

It is evident that while Kyrgyzstan became accustomed to receiving financial assistance and support for the country's education programs, there was little progress in the development of business ties between Japan and Kyrgyzstan. According to the Shingetsu Institute website, JETRO reported that Japan's trading relationship with Kyrgyzstan in 2005 made up less than 0.1 per cent of total Japanese imports and exports. Japan's exports to Kyrgyzstan stood at about US\$2 million while its imports from Kyrgyzstan were less than US\$1 million.<sup>4</sup> Indeed the major reason for this insignificant level of cooperation in the business sector lies in the fact that both countries are geographically too distant from each other, with limited transportation links that pass mostly through neighboring states. The Kyrgyz government also showed little success in developing new industrial sites or exploring natural resources. The existing profitable economic sectors such as hydropower production and transit service for Chinese goods are plagued by corruption. Another factor was the hostage crisis in the Batken region in 1999, when four Japanese explorers were taken hostage by guerrillas of the Islamic Movement of Uzbekistan. When taken together, these barriers make Kyrgyzstan

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<sup>4</sup> "Japan-Kyrgyz Relations," Shingetsu Institute, November 6, 2006, [www.shingetsuinstitute.com/japan-kyrgyzstan.htm](http://www.shingetsuinstitute.com/japan-kyrgyzstan.htm) (January 28, 2008).

unattractive to foreign investors, especially those located as distantly as Japan. In Japan, Kyrgyzstan is still associated with high risks and rampant corruption. Japanese officials admit that corruption in the public sector considerably hinders greater cooperation. In many respects, Japan is unable to track corrupt deals in the country and ensure that all allocated funds are spent properly.

### **Future Prospects**

Like other foreign donors in Kyrgyzstan such as Germany and Britain, Japan's work with the local population is an important contribution to Kyrgyzstan's development. For instance, projects with rural entrepreneurs and students would produce more substantial and long-term effects in the development of peripheral areas. This type of assistance to Kyrgyzstan's economy may be more efficient than cooperation in the military and security sectors with neighboring states.

In the future, the Japanese embassy in Bishkek and other Central Asian capitals should increase information campaigns and media outreach towards the local population. Often, activities by JICA and KRJC are left unknown to the larger public. Broader public awareness could lead to greater rewards for Japan's relations with Kyrgyzstan and even other Central Asian states. This is due to the fact that Kyrgyz civil society groups are active participants in influencing the country's foreign policy and at times achieve substantial results in lobbying certain societal interests in the political domain. There is a growing tendency among political actors in Kyrgyzstan to apply the successful experiences of Asian states in designing economic and political policies in Kyrgyzstan. Japan, Singapore, and South Korea are among the most popular countries for drawing parallels between human resources, development of public policies and fighting corruption. During discussions of Asian models, political actors often refer to the notion of a "Japanese miracle," which refers to Japan's unique experience in harnessing human capital for technological development and economic progress. Today Kyrgyzstan has few credible specialists in East Asian studies and discussions on what aspects of Asian democracies can be applied in Kyrgyzstan remain quite superficial.

During his November 2007 visit to Tokyo, Bakiyev met with the Vice President of Toyota Motor Corporation, Nakagawa Katsuhiro, and officially invited Toyota to open a representative office in Kyrgyzstan, promising a liberal business environment and the possibility of serving the entire regional market. Although it remains to be seen if such large-scale business links are viable, Bakiyev's visit laid the groundwork for the further expansion of Kyrgyz-Japanese links. Simultaneously with Bakiyev's visit to Tokyo, the Kyrgyz government announced the initiation of a new direct flight from Bishkek to Seoul. The flight will allow connecting Kyrgyz labor migrants to go through South Korea and will facilitate an increased Korean economic presence in Kyrgyzstan. Importantly, the flight will also provide easier access to Japan and other East Asian countries.

Kyrgyz-Japanese relations will surge in the future should Kyrgyzstan or the Central Asian region restore its trade links with Asian countries. These prospects are fairly realistic due to the fact that in the pre-Soviet era, Central Asian societies cooperated more with their southeastern neighbors than with the north. One of the key factors in Kyrgyzstan's restoration of its links with its Asian partners is stability in Afghanistan. As long as Afghanistan's domestic situation remains dangerous and unsuitable for developing safe market relations, Kyrgyzstan and other Central Asian states will stay isolated, both from their southeastern neighbors and from gaining access to the sea. Few political leaders emphasize the importance of southeastern economic ties and most still regard Russia and Europe as the major destination for the export of products.

With all of the strengths and weaknesses of bilateral cooperation between Kyrgyzstan and Japan described above, it should be added that there is still a great potential for growth. Kyrgyzstan is comparatively more open politically and economically than its regional neighbors. The local population and political leaders are quite receptive to innovation and expanded relations with Asian countries. There is more space for finding common interests between the two countries in the economic, political, and cultural sectors. The trend over the past few years has been the gradual increase in the number of Japanese cooperative programs, surpassing those in neighboring states. This is evident from the expanding scope of implemented transport infrastructure projects, specialized courses organized by the KRJC and,

importantly, the number of local students learning Japanese and studying at Japanese universities. These positive manifestations of Japanese-Kyrgyz cooperation could well become a driving force behind the Central Asia Plus Japan dialogue.



## 6. Japan's Diplomacy towards Central Asia in the Context of Japan's Asian Diplomacy and Japan-U.S. Relations

Uyama Tomohiko\*

### Introduction

There is little consensus on how to evaluate Japan's Central Asian diplomacy. Although officials and experts in Central Asian countries and major outside powers know that Japan has been active in its diplomacy with Central Asia, they often have a vague understanding of its aims and achievements. In Japan, the general public and political circles do not always recognize the importance of Central Asia, and diplomats and experts who work with this region have often had difficulties in explaining why Central Asia matters.

There is also hardly any established analytical framework of Japan's Central Asian diplomacy in academic circles. Most of the few non-Japanese researchers of this subject overemphasize Japan's interest in oil and gas in the Caspian region.<sup>1</sup> The place of Central Asia in Japanese diplomacy in general is not self-evident: Japan has not clearly linked Central Asian diplomacy

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<sup>1</sup> For example, see Kent E. Calder, *Japan's Energy Angst and the Caspian Great Game*, NBR Analysis, Vol. 12, No. 1, Seattle: The National Bureau of Asian Research, 2001, [www.nbr.org/publications/analysis/pdf/vol12no1.pdf](http://www.nbr.org/publications/analysis/pdf/vol12no1.pdf); Michael Robert Hickok, "The Other End of the Silk Road: Japan's Eurasian Initiative," *Central Asian Survey*, Vol. 19, No. 1 (2000), pp. 17-39; Esen Usubaliev, "Politika Iaponii v stranakh Tsentral'noi Azii v kontekste vozmozhnogo poiavleniia novogo tsentra sily," *Tsentral'naia Aziia i Kavkaz*, No. 5, 2001, pp. 159-65; A. E. Abishev, "Politika i interesy Iaponii," in B. K. Sultanov, et al., *Politika i interesy mirovykh derzhav v Kazakhstane*, Almaty: Daik-Press, 2002, pp. 175-86. Christopher Len, although mostly based on secondary sources, rightfully perceives Japan's strategy of avoiding the energy rivalry and attempting to stabilize Central Asia through long-term development aid. See Christopher Len, "Japan's Central Asian Diplomacy: Motivations, Implications and Prospects for the Region," *The China and Eurasia Forum Quarterly*, Vol. 3, No. 3, 2005, pp. 127-49, esp. p. 129.

with its policy toward Russia and China, the two common great neighbors of Japan and Central Asia. Nor has Japan simply followed U.S. strategy toward Central Asia; on the contrary, Japanese and U.S. approaches to this region differ significantly despite their close alliance. Japan has basically conducted its diplomacy towards Central Asia independently of its relations with other major powers.

However, at least on the level of mentality, Japan's Central Asian diplomacy has been affected by the Japanese perception of "Asia," which, in turn, is related to Japanese attitudes toward the West, especially the United States. In this chapter, I trace the history of Japan's relations with Asia and the United States, placing Japan's Central Asian diplomacy in this context, and make proposals for Japan's future strategy.

### **Asianism and Japan-U.S. Relations before World War II**

Situated in East Asia and having ended the policy of seclusion after the arrival of U.S. warships in 1853, Japan has always placed diplomatic priority on its relations with Asia and the United States. In the late nineteenth and the early twentieth centuries, the Japanese were ambivalent toward both the West (including the United States) and Asia. On one hand, they wanted to modernize and westernize themselves, and disassociate from Asia (*datsua nyuo*, Fukuzawa Yukichi's famous slogan). On the other hand, they often felt alienated from Western powers, and wanted to be the leader of Asia. After the Russo-Japanese War 1904-05, Japan became more and more deeply involved in the power game among Western countries, and both cooperation and friction with them grew.

The uneasy feeling toward the West gave rise to the idea of Asianism (*Ajia shugi*), advocating solidarity with and liberation of the Asians.<sup>2</sup> Although Asianism was never proclaimed to be an official ideology, it was reflected, often in distorted forms, in the establishment of Manchukuo as a land of

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<sup>2</sup> I will not elaborate here on the complex origins of Asianism and diverse currents within it. According to Takeuchi Yoshimi, Asianism was partly motivated by domestic factors such as the need to promote patriotism and social reforms. See Takeuchi Yoshimi, "Nihon no Ajiashugi" [Japanese Asianism; originally published in 1963], in Takeuchi Yoshimi, *Nihon to Ajia*, Tokyo: Chikuma shobo, 1993, pp. 314-16.



“harmony between the five peoples (*gozoku kyowa*),” the idea of the “Greater East Asia Co-Prosperity Sphere (*Daitoa Kyo-eiken*),” and other ideas.

However, a number of contradictions were characteristic of Asianism. First, although many Japanese had a sentimental affinity with Asia, their perception of Asia was often vague, and it was not always clear whether “Asia” actually meant East and Southeast Asia or the whole of Asia. Moreover, the situations and interests of Asian countries varied, and Japan did not have the ability (and probably the intention) to coordinate them. Second, Japan already had very close relations with the United States and European countries, and Asianism was a sign of ambivalence rather than simple hatred toward the West. Even Manchukuo was strongly dependent on the American economy.<sup>3</sup> Third, pretending to be a protector of Asian countries, Japan actually invaded and subjugated them, behaving as a colonial empire modeled on the Western countries.

Despite the militant discourse of Asianism, the American economic and cultural influence on the Japanese increased in the 1930s. Even when the war in China escalated and Japan approached Nazi Germany, it often sought political partnership with the United States. The war with the United States in 1941–45 was the result of Japanese miscalculation and mutual over-reaction of both countries, rather than the manifestation of Asianism. It may be strange at first glance that Japan became a close U.S. ally after the tragedy of Hiroshima and Nagasaki, but the close relationship with the United States was the continuation of one of the main diplomatic lines of prewar Japan.

### **After World War II: Japan's Dependence on the U.S. and the Search for Proactive Diplomacy**

After World War II, the Allied Powers occupied Japan for seven years. Even after the end of the occupation, the United States continued to exercise huge influence on Japan's foreign and domestic policies. Some observers have said that Japan is essentially a passive actor and the impetus for policy change is typically supplied by outside pressure, and called Japan a “reactive state.”<sup>4</sup>

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<sup>3</sup> Inoue Toshikazu, *Ajiashugi wo toinaosu* [Asianism reconsidered], Tokyo: Chikuma shobo, 2006, pp. 79–86.

<sup>4</sup> Calder, “Japanese Foreign Economic Policy Formation.” For discussions and critique of the “reactive state” model, see Miyashita Akitoshi and Sato Yoichiro, eds., *Japanese*

This view may be correct in a number of cases, but the aspiration to take initiatives in the international community, especially in Asia, did not disappear with the end of the war. In 1945–1946, the Study Group on Postwar Problems, which worked under the Ministry of Foreign Affairs with the participation of former officials of the Ministry of Greater East Asia and prominent economists, pointed out the close economic interdependency of Japan and other East Asian countries, and emphasized the unique role that the Japanese economy could play in the development of Asia.<sup>5</sup> As Japan's voice in international political and military affairs was limited by its position as a defeated nation and its neighbors' criticism of its colonial past, engagement with Asia on the basis of economic relations and aid became a principle of its foreign policy.

In attempting to pursue a proactive Asian diplomacy, Japan faced two problems. The first one was evident since the prewar period: the difference of interests among the Asian countries and Japan's inability to overcome it. Friction within Asia became even more serious with the development of the Cold War, and some countries' distrust of Japan's colonial past was added to this. Thus, when Prime Minister Kishi Nobusuke proposed a "Southeast Asian Development Fund" in 1957, Southeast and South Asian countries reacted either coldly or negatively, citing their ties with the Soviet Union, the United States, the United Kingdom, and China.<sup>6</sup>

Second, the United States did not always welcome Japan's proactivism. Unlike the prewar Asianists, the postwar Japanese government always tried to harmonize its Asian policy with the United States, but there was an evident difference in strategy: while the United States took diplomatic decisions based on the Cold War ideology, Japan attached more importance to establishing friendly relations with Asian countries than the ideological war with Communism. Therefore, room for proactivism grew when there were no ideological demands and pressures from the U.S. side. Thus, after

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*Foreign Policy in Asia and the Pacific: Domestic Interests, American Pressure, and Regional Integration*, New York: Palgrave, 2001.

<sup>5</sup> Watanabe Akio, "Sengo Nihon no shuppatsuten" [The starting point of postwar Japan], in Watanabe Akio, ed., *Sengo Nihon no taigai seisaku*, Tokyo: Yuhikaku, 1985, pp. 12–23; Inoue, *Ajiashugi wo toinaosu*, pp. 225–26.

<sup>6</sup> Inoue Toshikazu, "Sengo Nihon no Ajia gaiko no keisei" [The formation of Japan's postwar Asian diplomacy], in Nihon seiji gakkai, ed., *Nihon gaiko ni okeru Ajiashugi*, Nenpo seijigaku 1998, Tokyo: Iwanami shoten, 1999, pp. 143–44.

the Americans' defeat in Indochina, Japan initiated a proactive policy toward Communist Vietnam. Japanese diplomacy in the 1970s was called *zenhoi gaiko* (omnidirectional diplomacy), and in 1975, Foreign Minister Miyazawa Kiichi said, "Japan can contribute to the stabilization of Southeast Asia by promoting mutual understanding and maintaining friendly relations with all the countries in this area, even though some of them have a different political system from ours." However, after the intensification of the U.S.–Soviet rivalry and Vietnam's occupation of Cambodia at the end of the 1970s, Japan was obliged to retreat from proactive diplomacy and, under the pressure of the United States, to isolate Vietnam.<sup>7</sup>

Due to Japan's continuous efforts, however, its diplomacy toward Southeast Asia was basically successful. With the declaration of the "Fukuda doctrine" in 1977, Japan succeeded in erasing its image as a potential military threat and economic aggressor. Japan contributed to bringing peace to Southeast Asia by active participation in peacemaking and reconstruction in Cambodia. The development of cooperation among the Southeast Asian countries themselves in the framework of ASEAN also made Japan's engagement easier.

Japan also occasionally pursued policies independent of the United States in relation to other Asian countries. Thus, Japan established diplomatic relations with the People's Republic of China in 1972, outpacing Sino-American rapprochement; Japan criticized Israel's occupation of Arab territories in 1973, as part of its pro-Arab policy in the wake of the Oil Shock; after the 1989 Tiananmen Square incident, Japan took a softer line toward China than the West; and Japan has been eager to participate in developing Iranian oil fields despite U.S. objections.

However, Japan's diplomatic success has been limited in East Asia, where anti-Japanese sentiment remains, as well as in relation to the countries in South Asia and further west, whose interests vary markedly and are weakly connected with Japan. Even in Southeast Asia, Japanese presence has been partly eroded by the expansion of Chinese influence. The United States is still watchful of Asian economic integration that could potentially move

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<sup>7</sup> Hirata Keiko, "Cautious Proactivism and Reluctant Reactivism: Analyzing Japan's Foreign Policy toward Indochina," in Miyashita and Sato, eds., *Japanese Foreign Policy in Asia*, pp. 82–95.

beyond U.S. control, and occasionally hinders Japan's proactivism. Thus, Japan's proposal to establish an Asian Monetary Fund to prevent the spread of the financial crisis in 1997 was blocked by the United States.

### **Japanese Perception of Asia Reflected in Central Asian Diplomacy in the 1990s**

During the Soviet period, Soviet Central Asia was never an object of great interest to Japanese diplomacy. When Asianism was a salient element in diplomacy, Japan collected information about Soviet Central Asia, but did not engage in this region directly. As exemplified by Abdurreshid Ibrahim, a famous Pan-Islamist who came to Japan in 1933 under the conduct of Japanese military officials, émigré Tatar Muslims played considerable roles in Japanese policy, but they were expected to serve as leaders of the Muslim community in Japan and to contribute to Japanese operations targeted at Muslims in China.<sup>8</sup> Although Japan intended to contain Soviet power by mobilizing Islamic networks across non-Soviet parts of Asia, it could not conduct operations directly targeted at Soviet Muslims because of its lack of ability and the absence of local partners. Interestingly, Mustafa Chokay, a prominent leader of the Central Asian independence movement exiled in Europe, warned that Japan could risk antagonizing independent Muslim countries by becoming involved in the Pan-Islamist movement.<sup>9</sup> In 1941, the Imperial Railway Society announced its idea of constructing a "Trans-Central Asian Railway," but the most favored route was to run through Xinjiang, the Wakhan Corridor and Kabul, thus bypassing Soviet Central Asia.<sup>10</sup> Needless to say, postwar Japan had neither motive nor chance to actively engage in this region.

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<sup>8</sup> Sakamoto Tsutomu, "Abudyureshito Ibrahimu no sairainichi to Mokyo seiken ka no Isuramu seisaku" [Abdurreshid Ibrahim's revisit to Japan and Islamic policy under the Mengjiang government], in Sakamoto Tsutomu, ed., *Nicchu senso to Isuramu: Manmo-Ajia chiiki ni okeru tochi-kaiju seisaku*, Tokyo: Keio Gijuku Daigaku shuppankai, 2008, pp. 1-37; Matsunaga Akira, "Tokyo kaikyo dan cho Kurubangari no tsuiho to Isuramu seisaku no tenkai" [Deportation of Kurbangali, head of the Tokyo Muslim Society, and the development of Islamic policy], in Sakamoto, ed., *Nicchu senso to Isuramu*, pp. 179-232.

<sup>9</sup> Matsunaga, "Tokyo kaikyo dan cho," pp. 215-18.

<sup>10</sup> "Chuo Ajia Odan Tetsudo keikaku no zenbo" [The whole picture of the Trans-Central Asian Railway plan], *Tairiku shinpo*, February 20, 1942, [www.lib.kobe-u.ac.jp/das/jsp/ja/DetailView.jsp?LANG=JA&METAID=00103806](http://www.lib.kobe-u.ac.jp/das/jsp/ja/DetailView.jsp?LANG=JA&METAID=00103806) (April 01 2008).

Central Asian countries entered the sphere of Japanese diplomatic activities after the fall of the Soviet Union in 1991.<sup>11</sup> Although it may seem odd, the Japanese Foreign Ministry classified them as a part of Europe, apparently because it would be inconvenient to divide the former Soviet Union into two regions that different bureaus dealt with. The proposal to transfer Central Asian diplomacy from the European Affairs Bureau (called the “European and Oceanian Affairs Bureau” until 2001) to the Middle Eastern and African Affairs Bureau was rejected. In substance, however, Japan has neither treated Central Asian countries as an attachment to Europe, nor used them in attempts to contain Russia. Although the statements made by President Akaev of Kyrgyzstan<sup>12</sup> at the close of the Soviet period in favor of the return of the Northern Territories to Japan served as the first opportunity to turn the attention of Japanese officials to Central Asia, Japan has seldom clearly connected Central Asian diplomacy with its diplomatic goals in relation to Russia.

Prime Minister Hashimoto Ryutaro's 1997 speech on “Eurasian diplomacy” declared the principles of Japanese diplomacy toward Russia, China, Central Asia and the Caucasus. Russian diplomacy and Central Asian diplomacy were included in one speech as a result of the simultaneous growth of two trends: first, Hashimoto and other top officials were eager to resolve the northern territories dispute and improve Japan-Russia relations, and second, they wanted to activate Central Asian diplomacy that until then depended on the personal enthusiasm of bureaucrats who were directly in charge.<sup>13</sup> In substance, Russian diplomacy and Central Asian diplomacy were treated separately in this speech, and it is not accidental that the section on Central Asia and the Caucasus was later called “Silk Road diplomacy,” rather than

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<sup>11</sup> For an analysis of Japan's Central Asian diplomacy until the early 2000s, see also Uyama Tomohiko, “Japanese Policy in Relation to Kazakhstan: Is There a ‘Strategy?’” in Robert Legvold, ed., *Thinking Strategically: The Major Powers, Kazakhstan, and the Central Asian Nexus*, Cambridge, MA: American Academy of Arts and Sciences, 2003, pp. 165–86. The text contains errors that occurred in the editing process. For more accuracy, see the Russian version published by the same publisher in 2004, *Strategicheskie perspektivy: vedushchie derzhavy, Kazakhstan i tsentral'noaziatskii uzul*.

<sup>12</sup> For the close relationship between Akaev and Japanese diplomats directly before and after the demise of the Soviet Union, see Edamura Sumio, *Kak raspadalas' imperiia: Vospominaniia posla Iaponii v Moskve, 1990–1994*, Moscow: Iaponiia segodnia, 2003.

<sup>13</sup> For the structure of the Japanese Foreign Ministry and the diplomats' efforts in charge of Central Asian diplomacy in the 1990s, see Hirose's chapter in this volume.

simply being considered part of Eurasian diplomacy. The speech re-emphasized the objectives Japan had pursued in relation to Central Asia since 1992, rather than declaring entirely new principles, but it undoubtedly raised both Japan's recognition in Central Asia and the priority of Central Asian issues inside the Japanese government.

Japan's Central Asian diplomacy in the 1990s, both before and after Hashimoto's speech, was influenced by the Japanese perception of Asia in general and inherited various elements of postwar Asian diplomacy. First, Japanese officials considered that Japan should acquire new "friends" in Central Asia, thus partially compensating for the lack of friendly countries in East Asia and strengthening Japan's position in the United Nations. The image of Central Asia also evoked nostalgia and exoticism, sentiments that the Japanese had traditionally projected to Asia in general. The officials' first target was Kyrgyzstan, with a population even physically resembling the Japanese. President Akaev repeatedly expressed his friendly feeling and gratitude to Japan,<sup>14</sup> and Japanese officials thought it relatively easy to make this small nation "pro-Japanese." They also became interested in Uzbekistan, as they found a resemblance between the Uzbeks with their politeness and communal traditions, and the Japanese of yore.<sup>15</sup> Abundant remains of the ancient Silk Road in Uzbekistan also produced a favorable impression of this country, as the Silk Road is believed to have played an important role in connecting ancient Japan to the outside world. In contrast, relations with Kazakhstan, which emphasizes its Eurasian rather than Asian character, were not initially so smooth.

Second, Japan promoted its own model of economic development among the Central Asian countries. This was an extension of the idea of Japan's

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<sup>14</sup> In reality, Akaev's "pro-Japanese" attitude was part of his omnidirectional diplomacy. As Tanaka Tetsuji (adviser to Kyrgyz president, who himself popularized the image of Kyrgyzstan as a pro-Japanese country) notes, Akaev showed the same friendly attitude to Russia and Western countries. Tanaka Tetsuji, *Kirugisu daitoryo komon nikki: Shiruku Rodo no shinnichi koku de* [Diary of an adviser to Kyrgyz president: In a pro-Japanese country on the Silk Road], Tokyo: Chuo koron shinsha, 2001, pp. 98–101.

<sup>15</sup> Nakayama Kyoko, former ambassador to Uzbekistan, writes: "Every Japanese person who visits Uzbekistan will feel relieved as if he/she has returned to the Japan of the good old days." Nakayama Kyoko, *Uzbekisutan no sakura* [Cherry blossoms in Uzbekistan], Tokyo: KTC chuo shuppan, 2005, p. 10.

postwar diplomacy in which the Japanese economy could play a unique role in the development of Asia. Moreover, the Japanese model was regarded as an alternative to the IMF model: many Japanese scholars and officials criticized the latter for being market fundamentalist and disastrous to fragile post-Soviet economies. Uzbekistan, which declared a “step-by-step” approach to economic reforms, shared the concern regarding the IMF model, and Japanese officials from the Ministry of Finance worked closely with this country. Magosaki Ukeru, the ambassador to Uzbekistan in the mid-1990s, advocated the need to help Uzbekistan, citing President Karimov's statements that “Asian approaches are suitable for Asians” and “Japan would be the best model” of economic management.<sup>16</sup> Here, we can observe the intention of both the Japanese and Uzbek sides to join hands through a shared Asian identity and anti-IMF economic policy.<sup>17</sup>

Third, although Japan referred to the need for further democratization of Central Asia in a number of official documents, it apparently did not put great emphasis on this issue. In a sense, this represented the realism and non-ideological character of Japanese diplomacy, which had already been manifested in the Cold War period when Japan was less enthusiastic about the fight against Communism. At the same time, however, this was also a sign of skepticism about democracy, deep-rooted in some Japanese bureaucrats and politicians. Magosaki cites, and supports, a high-ranking official at the Ministry of Finance who advised Karimov, “It is impossible to expect Uzbekistan to establish democracy in a few years” because democratic consolidation needs hundreds of years, and “it is sufficient to go forward [to democracy] slowly.”<sup>18</sup> Although the experience of postwar Japan is an

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<sup>16</sup> Magosaki Ukeru, “Chuo Ajia de nani ga okotte iru ka: Uzubekisutan to Nihon gaiko” [What is going on in Central Asia? Uzbekistan and Japanese diplomacy], *Chuo koron*, May 1994, p. 160.

<sup>17</sup> Some analysts in Central Asia allege that Japan began economic aid to Uzbekistan in the second half of the 1990s as an obedient executor of US strategy (Esen Usubaliyev, “Aspekty iaponsko-amerikanskogo sotrudnichestva v Tsentral'noi Azii,” *Tsentral'naia Aziia i Kavkaz*, No. 2, 2004, pp. 167–74), but this view contradicts reality. Japan started deeply engaging Uzbekistan earlier than the United States, with a distinct intention.

<sup>18</sup> Magosaki Ukeru, “Gaikoryoku kyoka ni wa mazu Nihon no kankeisha to no kyoryoku kankei wo” [Cooperation among the Japanese parties concerned is needed in the first place to enhance diplomatic power], *Gaiko foramu*, August 1995, p. 71. In the subsequent period of more than ten years, democracy in Central Asian countries regressed rather than progressed, but a number of bureaucrats of the senior generation

example of successful democratization by drastic measures in a short period of time, one may assume that the U.S. “imposition” of Western democracy on Japan left a psychological wound among some Japanese, which produces sympathy for Central Asian governments that resist Western demands for democratization.

Needless to say, the above-mentioned three aspects of Japan's Central Asian diplomacy present a striking contrast with U.S. approaches. However, there is no indication that this difference caused a serious conflict between Japan and the United States. This is because, first, Japan's discreet behavior did not hurt U.S. interests, and second, U.S. interests in Central Asia in the 1990s were limited to specific issues such as Caspian oil, containment of Iran's influence, and removal of the nuclear weapons that Kazakhstan inherited from the Soviet Union; therefore, there was no need to coordinate general policy toward Central Asia with Japan. In other words, the Americans' indifference helped Japan to conduct its own independent diplomacy in Central Asia.

However, the originality of Japanese diplomacy was not fully recognized by Central Asian nations and the international community, and did not achieve great success. The policy to turn Central Asian nations “pro-Japanese” was popular in Japan, but did not carry particularly attractive messages to Central Asian countries. The promotion of a Japanese model of the economy was difficult to introduce into Central Asia with a very different institutional heritage (the Soviet system of economy) and industrial structure. Moreover, Japan's long economic depression and the adoption of the American neoliberal model in the process of recovery undermined Japan's motivation to propagate its own unique model. The nuanced approach to democratization was, after all, nothing other than simple approval of the present state of Central Asian politics.

Another important reason why Japanese engagement was unintelligible for foreign observers was the relatively low level of Japanese economic interests in Central Asia. Although the abundance of energy resources in the Caspian region was well known to the Japanese, their participation in the

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still share the opinion that “hasty democratization” is not required. See “Chuo Ajia-Kafukasu 3 taishi zadankai” [A discussion by three ambassadors to Central Asia and the Caucasus], *Mainichi shinbun*, March 11, 2008.



development of Caspian oil and gas was low-profile, because most of the feasible transportation routes were directed to the west, and it was evident that all the oil and gas that would flow east would be consumed by China. Therefore, the large amount of ODA that Japan provided to Central Asian countries lacked such clear-cut aims as were seen in the case of the aid that Japan provided to Middle Eastern countries to secure oil supplies. Investment in non-energy sectors was also inactive. In particular, investment in Kazakhstan stagnated despite its relatively large potential, because of the shock caused by some incidents including the cancellation of a contract between Karaganda Metallurgical Combine and Japanese companies guaranteed by the Kazakh government in 1995.<sup>19</sup>

However, the low level of economic and geopolitical interest had its own benefit. Japan could emphasize the benign nature of its engagement with Central Asia,<sup>20</sup> and indeed there are many Central Asians who say that Japan is the only country that has provided aid without excessive ambition. The attention Japan paid to Kyrgyzstan, Uzbekistan, and Tajikistan in the period when other major powers were fascinated by Caspian oil deserves special mention, and Japan has achieved a modest but noticeable presence in these countries. Relations with Kazakhstan have also been good despite some awkward moments. Overall, Japan's Central Asian diplomacy in the 1990s was quite effective considering the limited human resources mobilized for it and the relatively low interest of the government and the general public in this region.

### **New Trends in the 21st Century: The “Central Asia Plus Japan” Dialogue and the Idea of an “Arc of Freedom and Prosperity”**

The situation surrounding Japan and Central Asia has changed since the turn of the century. The United States became seriously interested in Central Asia after 9/11, and American officials and experts began to exchange opinions about policy towards Central Asia with the Japanese more often than before. The generation of Japanese officials who ardently pursued the

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<sup>19</sup> For more details of this incident, see Uyama, “Japanese Policy in Relation to Kazakhstan,” pp. 173–74.

<sup>20</sup> Watanabe Koji, “Japan and the New Central Asia,” in Sherman W. Garnett, et al., *The New Central Asia: In Search of Stability*, New York, Paris, and Tokyo: The Trilateral Commission, 2000, p. 39.

policy of making Central Asian countries “pro-Japanese” and propagating the Japanese model of economy, a kind of godfather of Japan’s Central Asian diplomacy, has retired. In particular, the position of bureaucrats at the Ministry of Finance now is much closer to the United States and the IMF.<sup>21</sup> Uzbekistan, Japan’s traditional partner, is in economic stagnation, and its relations with the United States have deteriorated because of human rights issues since 2004 (and especially after the Andijan event in 2005), while Kazakhstan has emerged as a regional economic giant thanks to its oil and gas resources.

Linked with these changes directly and indirectly, the Japanese government has proposed two ideas during the last few years. The first is the “Central Asia Plus Japan” dialogue launched in 2004. I will touch upon this only briefly, because it is the subject of Ambassador Kawato’s chapter in this volume. This concept presupposes not a bilateral but a multilateral dialogue with all the Central Asian countries, and urges their own initiatives and mutual cooperation, thus coping with their diverse interests. It is based on Japan’s experience with ASEAN, a relative success in the history of Japanese diplomacy.

Given the lesser amount of common interests between Japan and Central Asia, the results will inevitably be more modest than the case with ASEAN. However, it is significant that the formation of this framework including all the five Central Asian countries puts the brakes on the competition among the “lobbies” of Kyrgyzstan, Uzbekistan and other countries for limited resources inside the Japanese government. This dialogue has been made possible also by organizational improvement of sections dealing with Central Asia at the Ministry of Foreign Affairs and Japan International Cooperation Agency (JICA), and the establishment of embassies in all five countries.<sup>22</sup> This is the result of efforts of those officials who worked on Central Asian diplomacy in the earlier periods.

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<sup>21</sup> See Kawato’s chapter in this volume.

<sup>22</sup> The New Independent States Division at the Ministry of Foreign Affairs, which covered all the CIS countries except Russia, was reorganized into the Central Asia and Caucasus Division in 2004. The establishment of embassies in the Central Asian countries was completed by the opening of an embassy in Turkmenistan in January 2005.

The “Central Asia Plus Japan” dialogue is a manifestation of Japan’s independent diplomacy, where Japan will work as an independent player, without either depending on or confronting any of the other great powers, while consulting with them when required. This dialogue also departs from the simple approval of the Central Asian countries’ policy. Foreign Minister Kawaguchi Yoriko, delivering a speech on the basic concept of the dialogue in Tashkent in August 2004, said that “human rights and democracy can be realized within each country’s cultural and historical context,” and “it is important to distinguish between what is truly rooted in tradition and what is rooted merely in vested interests handed down from the past.”<sup>23</sup> This can be interpreted as an implicit criticism of the Central Asian governments who refer to tradition as an excuse for neglecting democratization.

The second is the idea of an “Arc of Freedom and Prosperity,” proposed by Foreign Minister Aso Taro in a speech in November 2006; but earlier, in June 2006, he gave a speech on “Central Asia as a Corridor of Peace and Stability,” so we will first examine the latter speech. This is, in a sense, an extended version of the concept of the “Central Asia Plus Japan” dialogue. Aso emphasized that Japan and Central Asian countries should be proactive actors free from the games of the major powers, saying, “We cannot allow Central Asia to be tossed about by, or forced to submit to the interests of outside countries as a result of a ‘New Great Game.’ The leading role must be played by none other than the countries of Central Asia themselves.”<sup>24</sup>

This speech touched upon “universal values,” a point that would be later developed in Aso’s idea of the “Arc of Freedom and Prosperity,” but in concrete terms, Aso here only mentioned a purely technical issue (bankruptcy law). Another interesting point in this speech is the proposal to build a “southern route” linking Central Asia with the sea by a road across

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<sup>23</sup> Policy speech by Ms. Kawaguchi Yoriko, “Adding a New Dimension: Central Asia Plus Japan,” August 26, 2004, [www.mofa.go.jp/region/europe/uzbekistan/speecho408.html](http://www.mofa.go.jp/region/europe/uzbekistan/speecho408.html)

<sup>24</sup> Ministry of Foreign Affairs of Japan, “‘Central Asia as a corridor of peace and stability,’ Speech by Mr. Taro Aso, Minister for Foreign Affairs at the Japan National Press Club,” June 1, 2006. [www.mofa.go.jp/region/europe/speecho606.html](http://www.mofa.go.jp/region/europe/speecho606.html) (February 1, 2008). Aso tried to show the region’s importance by saying that it is a “weak link in the chain” of Eurasian security. This expression seems exaggerated, as the Central Asian countries since their independence have never been a source of serious threat to the outside world despite sporadic incidents of local significance.

Afghanistan. Although this route had been discussed in Japan for some time, his emphasis on it reminds us of the idea of “Greater Central Asia” proposed by American experts.<sup>25</sup>

The concept of the “Arc of Freedom and Prosperity”<sup>26</sup> is a fundamental departure from traditional Japanese diplomacy in the sense that it places strong emphasis on “universal values” such as democracy, freedom, human rights, the rule of law, and the market economy. As Aso later stated, this idea represented “the undertaking of a new investment by Japan in the foundations of the Japan-US alliance,”<sup>27</sup> and was apparently in line with U.S. diplomacy under George W. Bush.

Geographically, this arc stretches from Southeast Asia to South Asia, Central Asia, the Caucasus, Turkey, Central and Eastern Europe, and the Baltic states, and seems to avoid Russia and China. Aso gives the following explanation of this geographic scope:

The outer rim of the Eurasian continent is a region where the United States and the Soviet Union confronted each other during the Cold War, and was called an “arc of crisis.” Now young democracies are being born one after another there. We want to share the same values with them and connect them as a belt. This belt is the “Arc of Freedom and Prosperity.”<sup>28</sup>

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<sup>25</sup> S. Frederick Starr, *A “Greater Central Asia Partnership” for Afghanistan and Its Neighbors*, Washington, D.C. and Uppsala: Central Asia-Caucasus Institute & Silk Road Studies Program, Silk Road Paper, 2005.

<sup>26</sup> Ministry of Foreign Affairs of Japan, “Speech by Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the Japan Institute of International Affairs Seminar ‘Arc of Freedom and Prosperity: Japan’s Expanding Diplomatic Horizons,’” November 30 2006, [www.mofa.go.jp/announce/fm/aso/speech0611.html](http://www.mofa.go.jp/announce/fm/aso/speech0611.html) (February 1, 2008). On the background and development of this idea, see Yuasa’s chapter in this volume.

<sup>27</sup> Ministry of Foreign Affairs of Japan, “On the ‘Arc of Freedom and Prosperity’ – An Address by H.E. Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the 20th Anniversary of the Founding of the Japan Forum on International Relations, Inc, International House of Japan,” March 12, 2007, [www.mofa.go.jp/policy/pillar/address0703.html](http://www.mofa.go.jp/policy/pillar/address0703.html) (February 1, 2008).

<sup>28</sup> Aso Taro, *Totetsumonai Nihon* [Tremendous Japan], Tokyo: Shinchosha, 2007, p. 161.

This explanation may invite criticism: Is this not a remnant of Cold War thinking? If Russia and China are excluded because they are not democracies, why then are the authoritarian states of Central Asia included? Anyway, although his real intention was not clear, it is no wonder that many observers interpreted his idea as an attempt to contain China's excessive rise by strengthening the Japan–U.S. alliance.

Aso's attitude to Asia, especially China, was ambiguous. He said that he celebrates and welcomes the rise of China, while warning that it should not restore an empire with Sinocentrism (*kai chitsujo*).<sup>29</sup> While entitling one of his book chapters "New Asianism: Aso Doctrine,"<sup>30</sup> the image of Asia he describes is vague, representing nothing more than "Asian optimism" and "the most vibrant trade network in the world."

Aso called Central Asia one of the most important regions in the formation of the "Arc of Freedom and Prosperity,"<sup>31</sup> but the inclusion of Central Asia in this concept was contradictory and untimely. First, the political systems of Russia and China serve as models for the Central Asians, and it is difficult to imagine Central Asian political leaders seriously embarking on democratization as long as Russia, China, and Kazakhstan enjoy economic prosperity under authoritarian regimes. Second, the Iraq War and the "color revolutions" in Kyrgyzstan, Ukraine and Georgia heightened Central Asians' suspicion about the U.S. strategy of democratization, and if Japan had emphasized the role of the Japan–U.S. alliance in the formation of the Arc that would include Central Asia, it would have received a negative reaction.

In reality, the idea of the "Arc of Freedom and Prosperity" did not fundamentally change Japan's Central Asian diplomacy. First, according to this idea, Japan was supposed to serve as an "escort runner" to support countries in a marathon of democracy without forcing regime change, and Japan logically could do nothing in relation to those countries that evaded democratization. Second, it is hard to say that Aso's idea was supported by

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<sup>29</sup> Aso Taro, *Jiyu to han'ei no ko* [Arc of Freedom and Prosperity], Tokyo: Gentosha, 2007, pp. 5, 154.

<sup>30</sup> Aso, *Totetsumonai Nihon*, pp. 153–88.

<sup>31</sup> *Ibid.*, p. 173.

the whole government.<sup>32</sup> After Aso left the post of Foreign Minister in August 2007, the government ceased using the phrase “Arc of Freedom and Prosperity.” Thus, it ended as a short-lived idea, but it was a rare attempt for Japan to speak of a clear strategy looking at both Asia and the United States, and provides lessons for the future.

### **Conclusion: A Proposal for a Diplomacy Based on Open-minded Asianism**

Historically, Japan's diplomacy toward Asia, and particularly toward Central Asia, has been directly or indirectly affected by Japanese views of East Asia and the United States. A number of officials sought to make Central Asian countries “pro-Japanese” in compensation for Japan's isolation in East Asia. This was also connected with vague Asianistic sentiments and antipathy to the imposition of American values, but Japan has avoided open confrontation with the United States. When China began to rise, some officials sought to redefine the relations with Asia on the basis of the Japan–U.S. alliance. Behind these views is the sense of Japanese loneliness as a nation who held the position of the only developed country in Asia (and the only Asian country among the developed ones) for a long time. However, this “world's orphan” syndrome has produced policies that do not fit the realities of individual regions including Central Asia. It is high time to break away from it.

Of course, Japan's Central Asian policy has not been motivated solely by such sentimental factors. The idea that Japan should enhance its position through development aid and other forms of contribution to the international community has taken root in Japanese diplomacy. Diplomacy toward Central Asia has also been developed and matured on the basis of this idea. However, this idea is not sufficient to show the importance of Central Asia to Japan among other regions of the world.

Here I would like to propose a new geopolitical-based diplomacy. There is no doubt that East Asia will serve as one of the locomotives of the development

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<sup>32</sup> For the subtle difference in foreign policy between Aso and Prime Minister Abe Shinzo, see Yuasa's chapter in this volume. Abe, although basically pro-American, set the major goal of amending the constitution adopted under the US occupation, and probably could not endorse “universal values” so wholeheartedly as Aso.

of the world for the next decades to come. In East Asia, China occupies a dominant position in terms of the size of population and land, as well as the speed of growth in recent years. However, China has a number of factors of internal instability and external frictions such as poverty, human rights issues and nationality problems, and it will be unfortunate for the world and China itself if China is burdened with the role of the sole leader of East Asia. It is important that Japan, as a mature developed country, supports the development of East Asia together with China, sometimes cooperating with and sometimes adjusting the course of each other. Both countries are also obliged to further expand the positive influence of the development of East Asia on surrounding regions, namely Southeast Asia, South Asia, Central Asia, and the Russian Far East.

It is appropriate to call East Asia and its neighboring regions “Broader East Asia” or “Eastern Eurasia,” as a macro region where Japan should actively share the responsibility for its peace and prosperity.<sup>33</sup> Such a wide spatial concept is more natural than a narrow arc. Central Asia occupies an important place in Broader East Asia in two aspects. First, Central Asia is a region that has not sufficiently benefited from the prosperity of East Asia, and there is plenty of room for expanding mutual relations. Second, Central Asia is a region to which surrounding countries and world powers are paying much attention, and is a good place for showing Japan's presence.

I do not mean, of course, that Japan should participate in a Great Game where powers compete for hegemony over Central Asia. As I wrote elsewhere,<sup>34</sup> I deem a Great Game harmful, and agree with Aso's June 2006 speech on this point. In reality as well, Central Asian countries have rejected overt foreign interference, and it is unthinkable that one particular country would place Central Asia under its exclusive influence, or great powers would divide it into distinctive spheres of their influence. However, geopolitical concepts devoid of selfish motives are helpful to put diplomacy in a broader context, and are useful to explain Japan's engagement with

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<sup>33</sup> Needless to say, Japanese diplomacy toward Broader East Asia should not exclude but coexist with traditionally close relations with the West and the Pacific region, as well as new tasks such as activization of assistance to Africa.

<sup>34</sup> Uyama, “Japanese Policy in Relation to Kazakhstan,” p. 185.

Central Asia because Central Asian countries themselves emphasize their geopolitical importance.<sup>35</sup>

What I propose does not aim at simply creating “pro-Japanese” countries. In the contemporary world, each country is interdependent with a large number of other countries, and it would be unrealistic to think of one country always supporting Japan. It is especially difficult to imagine Central Asian countries, neighbors of Russia and China, allying with Japan and totally neglecting the interests of its two neighbors. As the Japanese government has stated, Japan should continue to coexist with Russia and China in dealing with Central Asia. At the same time, it should play the role of intermediary between the Central Asian countries, Russia, and China, on the one hand, and the Western countries, on the other, so that they do not fall into confrontation.<sup>36</sup>

In other words, Japan should pursue proactive diplomacy based on new Asianism – not a narrow-minded anti-Western Asianism, but an Asianism open to other parts of Eurasia and the world. As Japan is nothing other than an Eastern and Asian country in the eyes of Central Asian people, and Asia is the sole geographical concept that includes both Japan and Central Asia, it is natural for both sides to emphasize Asian ties. At the same time, relations with the West, Russia and other countries are also crucial to Japan and Central Asia, and the Asian orientation should serve not as an exclusive principle, but rather as a mechanism that supports the multidirectional diplomacy of Japan and Central Asian countries.

Relations with the United States need special attention here. Its moral authority has been hurt by its inconsistent behavior in democratization strategy and especially by the Iraq War. It has failed to become a “global empire” and has awkward relations with a number of countries, including those of the former Soviet Union. In this situation, the independent diplomacy of Japan toward Central Asia does not hurt U.S. interests; on the contrary, an increased presence of Japan as a country that is not rejected as a

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<sup>35</sup> For example, President Nazarbaev has said that “by virtue of its geopolitical situation and economic potential, Kazakhstan is not entitled to lock itself into narrow regional problems.” Quoted in B. K. Sultanov, “Aziatskii vektor vneshnei politiki Respubliki Kazakhstan,” in *Kruglyi stol: Kazakhstansko-iaponskoe sotrudnichestvo: sostoianie i perspektivy*, Almaty: KISI pri Prezidente RK, 2007, p. 5.

<sup>36</sup> See Iwashita’s chapter in this volume.



U.S. proxy but shares basic values with the U.S. would ultimately benefit U.S. goals.

In order to enhance its presence in Central Asia, Japan has to activate economic relations with Central Asia, which has been low-key except in ODA.<sup>37</sup> Japanese politicians, especially the prime minister and other ministers, also need to constantly declare that Japan deems relations with Central Asia important, as Central Asian mass media and political leaders refer to statements by the highest ranking officials.

The “Central Asia Plus Japan” dialogue has to become even more active. In parallel, Japan also has to create strategy in dealing with the diverse interests of each country. The structure of ODA shows that Japan has been working with Central Asia with due consideration of the individual needs of each country,<sup>38</sup> and it will not be difficult to more clearly declare priority aims in relation to each country, such as the development of resources, nurturing of civil society, and poverty reduction.

The most delicate topic is democratization, and Japan has to give advice – not necessarily official, but also unofficial advice – for the prevention of human rights violations and on improving governance for the sake of the well-being of Central Asians themselves, while taking into consideration the negative reactions that categorical demands for democratization can evoke. Japan can share with Central Asians its experience in difficult but resolute

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<sup>37</sup> Recently, Japan's participation in the development of natural resources in Central Asia, especially in Kazakhstan, has become active. Besides the Kashagan oil field project in which INPEX Corporation has been participating since 1998, a number of Japanese companies joined uranium development in Kazakhstan in 2007. Rare metals in Central Asia also attract the Japanese. Meanwhile, Japanese commitment to trade and service sectors remains low-profile.

<sup>38</sup> In relation to Kazakhstan, a country with a relatively high level of self-supporting capacity, yen loans for the improvement of infrastructure occupy the most part of the Japanese ODA. Japan has given the largest amount of grant aid and technical assistance to Uzbekistan, Kyrgyzstan and Tajikistan, including “grassroots aid” and human development programs, although also providing yen loans to Uzbekistan. Assistance to developing infrastructure in Tajikistan has been carried out in the form of grant aid, not yen loans, in consideration of the tragic results of the civil war. ODA to Turkmenistan has been minimal, since the former President Saparmurat Niyazov was reluctant to receive foreign assistance. See the Ministry of Foreign Affairs of Japan web site: [www.mofa.go.jp/mofaj/gaiko/oda/data/gaiyou/odaproject/europe/index.html](http://www.mofa.go.jp/mofaj/gaiko/oda/data/gaiyou/odaproject/europe/index.html) (in Japanese) (February 1, 2008).

democratization. Although it is difficult to expect radical democratization in Central Asia in the near future, such efforts, in the long run, will contribute to deconstructing the image of modern democracy as a Western and foreign phenomenon, and to making Asia a continent of democracy and prosperity.

## 7. Models of Cooperation in Central Asia and Japan's Central Asian Engagements: Factors, Determinants and Trends

Timur Dadabaev\*

### Introduction

Central Asia is located between and is subject to the influence of several powerful neighboring states. Historically, Russia and China have been significant actors in the region, and more recently, Japan has become active as well. The nature of this influence depends on the objectives, the resources applied to enforce their national interests in this part of the world, and local perceptions towards these countries.

Russia has exercised heavy influence in this region due to historical, political, economic, and demographic circumstances, as well as close geographical proximity. This influence is exercised both bilaterally and multilaterally, for example, through the Commonwealth of Independent States (CIS). Besides Russia, China has also positioned itself as a supporter of the status quo in the region and a reliable partner for Central Asian governments, despite the fact that the Central Asian leaderships are often accused of having poor governance and human rights records.<sup>1</sup> In addition, cooperation within the Shanghai Cooperation Organization (SCO)<sup>2</sup> offered additional impetus to further develop relations.<sup>3</sup>

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<sup>1</sup> About factors influencing further development of China-Central Asian relations, see Gaël Raballand and Agnès Andrésy, "Why should trade between Central Asia and China continue to expand?" *Asia-Europe Journal*, No. 5, 2007, pp. 235-52.

<sup>2</sup> The Shanghai Six (renamed The Shanghai Forum in 2000 and later the Shanghai Cooperation Organization, SCO) comprises four CA countries (Kazakhstan, Kyrgyzstan and Tajikistan and Uzbekistan), as well as Russia and China. It was originally set up in 1996 to resolve border and security issues along the old Sino-Soviet

On par with Russia and China, Japan is searching for its own mode of engagement in Central Asia. Its standing in the region has strengthened significantly in the decade after the collapse of the Soviet Union, as Japan provided large contributions, both in terms of Official Development Assistance (ODA) and Japanese financial loans to regional countries.<sup>4</sup> However, there is a sense both in Japan and in the majority of Central Asian countries, that potential for cooperation between Japan and the Central Asian countries is not fully and properly realized. The impact of its assistance and cooperation programs often falls short of the expectations by the Central Asian governments and general population.

How can cooperation between Central Asian states and their geographically larger and more powerful neighbors be conceptualized at the present time? What are the factors that influence these cooperation frameworks? What can Japan learn in its efforts to make its involvement in this region more dynamic? These are the questions examined in this chapter.

This chapter is structured in five parts. First, it will conceptualize the ongoing cooperation initiatives through a theoretical perspective, emphasizing a trend towards functionalist approaches in such frameworks. The second part will describe why functionalism is gaining strength in this region as a particularly favored approach used to shape relations among Central Asian states with their neighbors. It will not go into the details of the SCO and Eurasian Economic Community initiatives, as they have already been discussed extensively elsewhere. Rather, it will briefly discuss certain aspects of these cooperation schemes to show why functionalism best

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frontier. Subsequently, its focus changed to fighting terrorism, separatism and religious extremism and now is expanding its areas of cooperation into the economic field.

<sup>3</sup> This was well-narrated in the chapter by Iwashita Akihiro in this volume.

<sup>4</sup> For several recent examples, see Viktor Dukha, "Atomnyi al'yans: Yaponiia vtorgaetsya na atomnye rynki Srednei Azii" [Atomic alliance: Japan penetrates atomic market of Central Asia], RBK, April 4, 2007, available at: [www.centrasia.ru/newsA.php4?st=1177619820](http://www.centrasia.ru/newsA.php4?st=1177619820) (April 1, 2008); "Japan issues grant for six grassroots projects in Uzbekistan," *Uzreport.com Business Information Portal*, March 7, 2007, available at: [www.news.uzreport.com/uzb.cgi?lan=e&id=28892&print=y](http://www.news.uzreport.com/uzb.cgi?lan=e&id=28892&print=y) (April 1, 2008); Zhyldyz Mamytova, "V Bishkeke otkryli filial Yaponskogo Universiteta 'Kokushikan'" [The branch of Japanese University is opened in Bishkek], *IA 24.kg*, March 1, 2007, available at: [www.centrasia.ru/news2.php4?st=1172696520](http://www.centrasia.ru/news2.php4?st=1172696520) (April 1, 2008); For a general description and data, see Takeshi Yagi, "Central Asia Plus Japan" dialogue and Japan's policy toward Central Asia," *Asia-Europe Journal*, No. 5, 2007, pp. 13-16.

accommodates the aspirations of the actors involved. The third part will then argue that promotion of the mode of cooperation (among regional states) along functionalist lines will reap greater benefits for Japanese engagement with Central Asia compared to other alternative approaches.<sup>5</sup>

This approach is further explored in part four on how to increase the effectiveness of a great number of programs funded and initiated by the Japanese in the region. While acknowledging that Japanese assistance to Central Asia is indispensable and highly appreciated, analysis in this part of the chapter will involve critically singling out some cases where Japanese initiatives, although very important, fall short of their ultimate goals. By doing so, this chapter aims to emphasize certain factors which need to be given careful attention in order to avoid the situation when genuine intentions, efforts and financial investments by the Japanese and Central Asian counterparts do not necessarily translate into desired outcomes. The last part of this chapter will analyze how Japanese engagement is perceived by the general public in the region. For this purpose, the social polling outcomes of the Asia Barometer for 2005 will be used.

### Theory and Practice of Cooperation Schemes

When considering cooperation schemes between the Central Asian countries and their ambitious counterparts such as Russia and China, scholars of international relations appeal to various theories, which are helpful in understanding the essence and logic behind the successes and failures of such

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<sup>5</sup> Functionalism here needs to be understood not in a bilateral but in regional and local contexts. To sum up the functionalist approach, “functionalism is the idea that international cooperation should begin by dealing with specific transnational problems... where there is a prospect for applying specialized technical knowledge and where the success of ad hoc functional arrangements will hopefully lead to further efforts the experience in an ever-widening process.” See Martin Griffiths and Terry O’Callaghan, *International Relations: The Key Concepts*, London: Routledge, 2002, p. 116. Hence, the Japanese foreign policy emphasized importance of cooperation in Central Asia in recent years in a wider regional perspective in addition to bilateral cooperation. When arguing for stronger Japanese support for a functionalist mode of cooperation in Central Asia, this article primarily refers to the support rendered by Japan to initiatives of regional scale. This eventually is supposed to bring more benefits not only to regional states but also result in a higher degree of efficiency of Japanese engagement in this region.

cooperation.<sup>6</sup> For instance, for those looking into the political aspects of cooperation between the states, the national interests, and the notions of relative and absolute gains achieved through such schemes are the key factors leading to successes and failures of these processes. For those analyzing such cooperation schemes from an economic point of view, enhanced economic relations, intensified trade between and among regional countries, formation of customs unions, free trade areas, common markets, and a developed economic community indicate stages or steps towards intensifying economic inter-relationships.<sup>7</sup> For those specializing in the socio-cultural aspects of these interactions, issues of values and identities, both regional and national, and the task of unifying regional perspectives for commonly perceived goals, are the primary focus.<sup>8</sup>

While all of these approaches are valid academic tools of analysis, the recent history of international cooperation in Central Asia emphasizes the issue of pragmatism, functionality and efficiency of such cooperation. This dominates domestic and regional political discourses, defining the depth and potential for further cooperation. Support for the functionalist (limited, sector-based, step-by-step, expert-centered) approach grew among Central Asian governments based on their experiences in the initial years of independence when cooperation with Russia was built on perceived common historical ties or common Eurasian identity, instead of the actual benefits to be derived from such cooperation.<sup>9</sup> Today, the attitude of Central Asian states towards cooperation is influenced by two main factors: (1) the failures and weaknesses of the CIS scheme, and (2) their perception that functionalist approaches better reflect the complexity of Central Asia's situation, since they offer a step-by-step timing for cooperation with other states, as well as outline the sector-by-sector pace for it.

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<sup>6</sup> Peter Smith, *The Challenge of Integration: Europe and the Americans*, New Brunswick, NJ: Transaction Publishers, 1992, p. 55.

<sup>7</sup> Hendrik Spruyt, "Prospects for Neo-Imperial and Non-Imperial Outcomes in the former Soviet Space," in Karen Dawisha and Bruce Parrott, eds., *The End of Empire? The Transformation of the USSR in Comparative Perspective*, New York: M.E. Sharpe, 1997, pp. 315-37, especially p. 319.

<sup>8</sup> For instance, see Bill McSweeney, *Security, Identity and Interests: A Sociology of International Relations*, Cambridge: Cambridge University Press, 1999.

<sup>9</sup> For details of this argument, see Timur Dadabaev, *Towards Post-Soviet Central Asian Regional Integration: A Scheme for Transitional States*, Tokyo: Akashi shoten, 2004.

While the CIS attempted to foster cooperation between these countries on notions of common historical heritage, common paths of development, and inter-linkages of economic structures and other systems of member-states, such efforts failed to bring about constructive and effective cooperation, reflecting the differences in aspirations and approaches of participating countries. Consequently, this resulted in a great number of unfulfilled agreements. This then translated into resentment by post-Soviet states, including those in Central Asia, for the schemes of cooperation which are large and difficult to manage. The majority of former Soviet constituencies now opt for regional and sub-regional schemes and this has given birth to smaller, more focused, and less encompassing agreements, as exemplified by the frameworks of the SCO and the Eurasian Economic Community.

For the majority of these states, regionalization and regionally-based groupings symbolize more attractive and rewarding cooperation arrangements than those previously pursued.<sup>10</sup> The member states of the CIS grouping have diversified interests and goals which are difficult to unite and even more difficult to achieve. It has been recognized that the post-Soviet cooperation schemes including the CIS have been designed as a reactionary response during the process of separating from each other and as acknowledgement to the challenges member states face in the post-independence transitional period. The cooperation processes that took place in the initial years after the collapse of the USSR mainly supported newly established nationhood and safeguarded the political independence of member states. Currently for these states, building smaller but efficient and functional schemes has a different purpose. This is important recognition of the fact that there are a number of areas and sectors in which cooperation is essential.

The functionalist approach to various cooperation schemes suggests that states engaging in close cooperation can separate social, technical and

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<sup>10</sup> For interesting view points on the new regionalism, see, for instance, Yoshinobu Yamamoto, ed., *Globalism, Regionalism and Nationalism*, Oxford: Blackwell Publishers, 1999; or Edward D. Mansfield and Helen V. Milner, "The new wave of regionalism," *International Organization*, Vol. 53, No. 3, 1999, pp. 589-627; Fawcett Louise, "Exploring regional domains: A comparative history of regionalism," *International Affairs*, Vol. 80, No. 3, 2004, pp. 429-446; Raimo Väyrynen, "Regionalism: Old and New," *International Studies*, Vol. 5, 2003, pp. 25-52.

humanitarian matters from political matters and then concentrate on solving them. In addition, political factors are not considered necessarily important for closer and effective cooperation unless there are social, technical and humanitarian grounds for the latter.<sup>11</sup> The emphasis in such schemes, as exemplified by the SCO and the Eurasian Economic Community, is a pragmatic approach to solving particular problems of common concern important for every participating party. Those who support such functionalist approaches to regional cooperation schemes prefer a problem-solving logic and would approvingly cite David Mitrany's pronouncement that what matters most is "not the government of men but the administration of things."<sup>12</sup> The functionalists also quite logically entertain the hope that cooperation in economic and social fields may spill over into the political field as well. The habit of cooperation and the accumulated agendas of constructive work may eventually bring about very complicated, effective cooperation schemes.<sup>13</sup> In addition, it is not unreasonable to expect that the process of cooperation in certain fields, conducted successfully, could have a confidence-building effect. These ideas in the modified format combined with the neo-functionalist rhetoric about "expansive logic"<sup>14</sup> of cooperation offer a clue to the successes in the "Central Asia Plus Japan" initiative.<sup>15</sup>

### Functionalism as the Mode of Cooperation in Central Asia

The message of functionalism for the states engaging in such schemes in the Central Asian region, and for Japan in particular, is that cooperation, in

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<sup>11</sup> David Mitrany, *A Working Peace System*, London: Royal Institute of International Affairs, 1943, p. 7.

<sup>12</sup> *Ibid.*

<sup>13</sup> For a number of critical remarks regarding this approach to cooperation schemes, see Dadabaev, *Towards Post-Soviet Central Asian Regional Integration*.

<sup>14</sup> For instance, critics of functionalism question the assumption of the spillover effect. The neo-functionalists do not reject either the functionalists' approach or the arguments of the critics of functionalism. They take an intermediate position, arguing that functional spillover emphasizes the idea that when a group of countries embarks on a scheme of cooperation or limited economic integration, spillover effects arise, which drive them on to higher levels of interrelations. Countries might enter into one form of cooperation, which includes the free movement of goods, services and factors, while excluding monetary matters – but end up with another more expansive form.

<sup>15</sup> Dennis Swann, *European Economic Integration: The Common Market, European Union and Beyond*, Cheltenham: Edward Elgar, 1996, p. 9.



whatever region it takes place, should first focus on one or two particular areas (for instance, borders in the case of the SCO and economic interaction in the case of the Eurasian Economic Community). When success in one particular area is achieved, cooperation can then move on to the next area, and potentially to the next level of cooperation, taking on new tasks and responsibilities<sup>16</sup>.

Among the factors which led to the successful engagement of Central Asian states by China and Russia is a defined goal of cooperation with clearly allocated time frames and resources. They had successes in varying degrees. The formation and functioning of the CIS, mentioned in the previous part, was successful only in facilitating the orderly dissolution of the Soviet Union.<sup>17</sup> In contrast, the SCO and Eurasian Economic Community schemes, which are in their initial stages, have all the necessary prerogatives to succeed, such as a common vision of strategic and economic goals, and a shared vision of tasks (e.g. resources, trade, transport) and security issues (militant religious groups, border issues and opposition to the U.S. presence in the region), which bring these states closer to each other.

Even Uzbekistan, which initially was not part of the scheme, later realized the efficiency of such approaches and joined. As the SCO achieved its goals in border delineation and coordination in the fight against terrorism, separatism and religious extremism, its goals and objectives progressed towards expanding the scope of cooperation into areas of intensified

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<sup>16</sup> For a brief outline of functionalism from various perspectives, see Chris Brown with Kristen Ainley, *Understanding International Relations*, New York: Palgrave MacMillan, 2004, pp. 118-25.

<sup>17</sup> This evaluation of the CIS's role is accepted by scholars in Central Asia and outside of the former Soviet Union. Even Russian scholars conceive that the "historical role of the CIS was that of an empire-dismantlement/nation-building aid, not a reintegration mechanism." See Dmitri Trenin, "Russia and Central Asia: Interests, Policies, and Prospects" in Eugene Rumer, Dmitri Trenin and Huasheng Zhao, *Central Asia: Views from Washington, Moscow and Beijing*, London: M.E. Sharpe, 2007, p. 95. For earlier analysis with similar views, see Shireen T. Hunter, *Central Asia Since Independence*, Washington, D.C.: Centre for Strategic and International Studies, 1996, pp. 110-11. For regional view of integration schemes such as CIS and SCO and geopolitical transformation, see F. Tolipov, *Bolshaia Strategiia Uzbekistana v Usloviiah Geopoliticheskoi i Ideologicheskoi Transformatsii Tsentral'noi Azii* [Great Strategy of Uzbekistan in the Conditions of Geopolitical and Ideological Transformation in Central Asia], Tashkent: Fan, 2005.

economic relations and developing infrastructure such as transportation corridors and new pipeline routes. This again emphasized the point that successes in certain areas will have a determining effect on the attitudes of member states towards more ambitious goals.

The lesson to be learnt from these schemes is that any cooperation scheme being set up in this region, whether it is initiated by Russia, China or Japan, should first define its objectives clearly. These objectives need to be realistic and achievable. Otherwise, as in the case of the CIS, implementation will be ineffective. As if realizing this importance and reflecting on its own weaknesses, the CIS is now attempting to reform around the concept of a common economic space (with only partial participation of member states), defining shared economic objectives and economic security concerns, and forming strategies that benefit all participating parties.

Other conditions for successful cooperation would include mutual confidence, and common approaches including standardized norms for resolving particular problems. From the cases of the SCO, CIS and Eurasian Economic Community, one can conclude that cooperation between geographically, politically and economically disparate countries is often approached with hesitation and great sensitivity on the part of smaller states, on account of the perceived ambitions and aspirations of the larger ones. This is especially the case at the initial stages of such cooperation. Yet, if properly conducted, these schemes have potential to succeed. Confidence-building measures play a determining role in this process. The Central Asia Plus Japan initiative has a special role to play in this process of building confidence between regional communities and in uniting their perspectives. This is possible because of the perceived impartiality and absence of territorial disputes and other problems between Japan and the Central Asian countries.

As is the case with the cooperation schemes mentioned above, setting up institutions and defining time frames for such institutionalization needs to be approached very cautiously, in line with the step-by-step functionalist approach. While it is recognized that a lack of institutional structures damage the prospects of cooperation, the creation of new structures, called upon to facilitate this process, should not be the final goal but rather a means of supporting further cooperation. Otherwise their effectiveness becomes

doubtful. Institutional support should develop as a means to support further cooperation. In this respect, introducing ambitious institutional schemes similar to the European Union or ASEAN at the initial stages of cooperation might be unproductive, or worse, even self-defeating.

The potential areas of cooperation both within the region and with partners from outside of the region would include the stimulation of economic development, resource development and utilization, and water-management policies and strategies. These areas in particular are considered to impact upon the long-term economic sustainability in the region and on inter-state security in Central Asia.

### **Japan's Central Asian Policy and Areas of Cooperation<sup>18</sup>**

Japanese policy towards Central Asia in the post-Soviet period culminated in the first visit by the Japanese Prime Minister Koizumi Junichiro to the Central Asian republics of Kazakhstan and Uzbekistan in August of 2006 as part of Japan's efforts to shape its foreign policy towards this resource rich and strategically important region.<sup>19</sup> This visit became a continuation of the abrupt efforts by Japanese policymakers to find the most suitable and effective track for Japanese diplomacy in Central Asia. It is widely accepted among policymakers and academics that initial Japanese interest towards Central Asia in the aftermath of the Soviet Union's collapse was mainly connected to Japan's foreign policy towards Russia. This was clearly defined in the Eurasian Diplomacy concept formulated by the former Prime Minister of Japan, Hashimoto Ryutaro, in 1997. It mainly featured political dialogue, economic cooperation, and cooperation in nuclear non-proliferation, democratization and maintaining stability in this region. In real terms, this implied maintaining bilateral ties with Central Asian countries but, more importantly, dealing with Central Asia in a broader Eurasian context, taking into account Russian interests in the region.

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<sup>18</sup> This part of the article builds on the ideas developed in Timur Dadabaev, "Japanese Central Asian Diplomacy and its Implications," *Central Asia and the Caucasus Analyst*, Vol. 8, No. 17 (2006), pp. 3-6.

<sup>19</sup> For an original periodization of the Japanese initiatives in Central Asia see Christopher Len, "Japan's Central Asian Diplomacy: Motivations, Implications and Prospects for the Region," *The China and Eurasia Forum Quarterly*, Vol. 3, No. 3, pp. 127-49.

This policy of engagement was continued by Prime Minister Obuchi Keizo, who previously played an active part in the formulation of Hashimoto's policy towards Central Asia. Following that, the Koizumi administration attempted to change certain patterns in Japan's involvement in the region.<sup>20</sup> This happened largely against the background of intensified Chinese policy towards the region through the SCO, Chinese efforts to dominate energy-export related projects in the region, and the growing Russian influence in the region through the Russia-led Eurasian Economic Community organization. Under the Koizumi administration, Japan's policy of engagement with Central Asia materialized in the "Central Asia Plus Japan Dialogue" initiative announced by Foreign Minister Kawaguchi Yoriko in 2004, the distinctive feature and competitive advantage of which was to encourage Central Asian regional integration and to enhance the capacities of these countries to deal with regional problems by regional means.

This direction of Japanese foreign policy was further supported by Kawaguchi's successor, Foreign Minister Aso Taro, who, in a June 2006 speech, stressed a regional holistic approach to Central Asia, support for regionalism, and the promotion of democracy and a market economy in the region.<sup>21</sup> Such attempts by Japan to assert a more active Central Asian diplomacy, under the rhetoric of strengthening the capacities of the regional states in dealing with their own problems, are seen by many as a part of Japan's efforts to limit Russian and Chinese attempts to subvert the Central Asian countries. Whether or not this is the intention of Japanese policy or wishful interpretation is uncertain. What is clear is that Prime Minister Koizumi's visit to Central Asia exceeded all previous efforts of Japanese diplomacy and aimed to accomplish a breakthrough in relations with regional states.

There are several areas in Central Asia which are of special interest to Japan. These include areas of cooperation in education, economic development and

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<sup>20</sup> For an interesting account of the Japanese diplomacy in Central Asia, see Takeshi Yuasa, "Japan's Multilateral Approach toward Central Asia," in Akihiro Iwashita, ed., *Eager Eyes Fixed on Eurasia: Russia and Its Neighbors in Crisis*, Sapporo: Hokkaido University Slavic Research Center, 2007, [www.src-h.slav.hokudai.ac.jp/coe21/publish/no16\\_1\\_ses/04\\_yuasa.pdf](http://www.src-h.slav.hokudai.ac.jp/coe21/publish/no16_1_ses/04_yuasa.pdf) (March 30, 2008).

<sup>21</sup> See Taro Aso, "Central Asia as a corridor of peace and stability," *Asia-Europe Journal*, No. 4, 2006, pp. 491-97.

political reforms. In terms of energy resources, Japan aims to compensate for its own lack of resources and over-dependence on Middle Eastern oil, gas and similar products. In addition, Chinese and South Korean policies attempting to secure major pipeline routes from Central Asia added to Japanese motivations.<sup>22</sup> These issues predetermined the main themes of Prime Minister Koizumi's visit to Kazakhstan where a memorandum on cooperation on the peaceful exploitation of nuclear energy and on uranium mine development was signed. This not only symbolized the national interests of Japan to secure stable supplies of energy resources but also reflected on the desire of private Japanese corporations to have governmental commitments on both sides in securing access to energy resources.

In Uzbekistan, in addition to energy-related talks and commitments on both sides to launch a framework for working-level talks on various issues, Prime Minister Koizumi emphasized two main themes: first, to provide Japanese aid for education projects to increase the number of students from Uzbekistan attending Japanese educational institutions; and second, encouraging political reform and improving human rights. The first theme is seen as an attempt to enforce the plans made during the announcement of the Central Asia Plus Japan forum in 2004, which envisaged the provision of educational opportunities to a considerable number of students and professionals from Central Asia in Japanese educational institutions.<sup>23</sup> This step is also connected to the overall task of encouraging democratization, human development and various reforms in Uzbekistan by providing educational opportunities and engaging the younger generations of policymakers. Another significant point during the Japanese leader's visit to Uzbekistan is that this was the first head of state from the industrialized world to visit Uzbekistan following the previous year's Andijan events, when the U.S. and other Western countries heavily criticized the Uzbek government for excessive use of force in dealing with the riots in Andijan.

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<sup>22</sup> For the latest South Korean efforts see "Yuzhnaia Koreia tozhe khochet pokupat' energoresursy v Tsentral'noi Azii" [South Korea also wants to buy energy resources in Central Asia], *Ferghana.ru*, March 27, 2008, [www.ferghana.ru/news/php?id=8746](http://www.ferghana.ru/news/php?id=8746) (March 27, 2008).

<sup>23</sup> See "Joint Statement "Central Asia + Japan" Dialogue/Foreign Ministers' Meeting—Relations between Japan and Central Asia as They Enter a New Era—" made during the Kawaguchi's visit on August 28, 2004 in Astana, Kazakhstan.

These Japanese-supported initiatives also tend to emphasize narrower, more specific approaches to cooperation both with and in the Central Asian region. As outlined above, these would primarily include cooperation in energy resource transportation and production, as well as support for educational projects. This is also a clear move away from the Japanese “bird watching” observation strategy of post-independence years in favor of more pragmatic cooperation in this region.<sup>24</sup> What needs to be done now is to define exactly how cooperation in these one or two areas should be conducted, and what the ultimate goals of such cooperation are. Cooperation in the energy and education sectors also need to be more focused, with realistically achievable and clearly defined goals to be outlined. Currently, the criteria for making judgments about the kind of projects that need to be supported and whether such cooperation is successful is still ambiguous. This often translates into a low level of effectiveness for the pursued initiatives.

### **Effectiveness of Japan's Engagements with Central Asian Countries**

As mentioned above, there are several areas in which various Japanese institutions and agencies are engaged in Central Asia.<sup>25</sup> These include much needed projects in technically equipping local educational institutions and providing educational grants, as well as granting technical assistance to agricultural producers, to name a few. The achievements of Japan's engagement in Central Asia are striking and unquestionable both in terms of the necessity of such engagement, and in terms of the amount provided for economic assistance and the number of projects conducted.<sup>26</sup> These projects

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<sup>24</sup> While Japanese foreign policy launched several post-Soviet, Russian and Eurasian diplomatic initiatives in Central Asian region, most of them remained on paper with very little practical outcomes. While the Japanese government attempted to generously support these initiatives with financial allocations to Central Asian states, very few of these were directly linked to the initial goals forwarded by the Japanese initiatives.

<sup>25</sup> These are also outlined in the chapters by Erica Marat and Uyama Tomohiko in this volume.

<sup>26</sup> For an interesting analysis and outline of the achievements of the Japanese policy in Central Asia see an article by the Deputy Director-General of the European Affairs Bureau, Ministry of Foreign Affairs of Japan Takeshi Yagi, “Central Asia Plus Japan dialogue and Japan's policy toward Central Asia,” *Asia-Europe Journal*, No. 5, 2007, pp. 13-16.

target fields with a long term focus, which might prove to be more effective in the longer term than those involving military or political cooperation.<sup>27</sup>

However, there are several thought provoking examples which reminds us of the need for cautious and selective approaches. While functionalism emphasizes the importance of clearly defined fields of cooperation, the effectiveness and adequacy of these Japanese-sponsored programs for local conditions needs to be stressed too. The improper identification of fields of cooperation will make Japanese involvement less effective, despite the scale of the financial resources that may be committed for such projects. In addition, Japanese engagement with the region will make an important impact on those they target if it aims to assist in real local capacity-building, as opposed to just humanitarian assistance schemes and diplomatic gestures. This is because capacity-building implies the empowerment of the local population economically and socially and at the community level. On the other hand, humanitarian assistance projects of the kind currently provided (technical, medical, etc) largely duplicate those which are already conducted by international or national organizations.

This means that projects which ideally result in establishing production or service cycles which can later be continued self-sufficiently by local actors should be given priority. Consequently, only when the difference between the projects that can be conducted by the local governmental and non-governmental actors on their own, and those potentially sustainable initiatives that need start-up assistance from outside is made clear, can the selection and provision of financial support be properly conducted. Finally, a clear distinction must be made between those projects which will have a long-lasting profit-generating and sustainable effect, and those which are geared towards humanitarian assistance. The first type needs to be given higher priority if the initial purpose of ODA assistance, which implies assisting self-sufficient development, is to be pursued.

Take one example of providing local schools with computers and equipment to enhance their educational capacity.<sup>28</sup> The concept is undoubtedly

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<sup>27</sup> For examples of these projects refer to the chapter by Erica Marat in this volume.

<sup>28</sup> Author's field research findings during the "Survey on Agricultural and Rural Development based on Population Issues" in 2003 with the Asian Population and

important and is very much welcomed by local educational institutions. Hypothetically, the potential outcomes of such assistance programs far outweigh the costs in the long run. However, what happens in many urban and rural settings in Central Asia is that while resources for computers are granted by the Japanese government, computers have often been ordered from Japan or, in the best cases, imported from outside of these countries. Undoubtedly this is done in order to guarantee the quality of computers, copy-rights of software and ensure the maintenance services. However, their costs are thought to have increased dramatically, thus allowing for only a limited number of computers to be provided. Yet, even that number is not frequently utilized properly. In certain schools, the computers were installed but the internet connection was so expensive that computers, if used at all, were mostly utilized for computer typing exercises. In addition, even if these computers can arguably be used for compiling student reports, a great number of schools lack maintenance capacities such as the consistent provision of printer ink or printing paper.<sup>29</sup>

As a result, for the administration of these schools and educational institutions, the computer equipment is, in real terms, not a tool to enhance their educational program but more of a burden which implies responsibility for safeguarding such equipment. Ultimately, the administrations of these schools take advantage of such equipment only when high ranking or foreign

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Development Association (APDA). Some of the results of the survey (without the interviews cited in this article) are available in printed form in Japanese and English language. For English language version, see *Survey on Agricultural and Rural Development based on Population Issues: The Republic of Uzbekistan*, Tokyo: Asian Population and Development Association (APDA), March 2003, and *Survey on Agricultural and Rural Development based on Population Issues: The Republic of Kazakhstan*, Tokyo: Asian Population and Development Association (APDA), March 2002.

<sup>29</sup> In a recent interview with the Japanese Embassy staff official in one Central Asian country, the author was informed that the current policy of Japanese government in provision of technical assistance is that contracts for provision of such assistance are granted on a competitive basis. Local contractors are given the same privileges as Japanese ones. It was also emphasized to the author that local contractors are even preferred in certain situations as it makes the tasks of provision of technical assistance easier. The only concern in this case is that in many cases local contractors are not yet fully familiar with the documentation procedures and proper formalities for participating in tenders for contracts and they do not always have capacity to provide the necessary equipment. This puts foreign-based and Japanese companies in a better position resulting in the situation referred in the chapter. Author's personal communication, March 2008.



commissions visit these schools and when administrators can demonstrate how advanced the school's technical base is. However, once the commission is gone, the computer rooms are frequently kept locked until the next commission arrives. These administrators do not understand that such equipment becomes increasingly obsolete as time passes.<sup>30</sup>

Another case involves Japanese-initiated educational programs. Although the education provided by Japanese institutions is a very important part of the capacity-building process, these programs need to be thoroughly reconsidered. In many cases, the Japan Cultural or Human Resource Development Centers in these countries provide Japanese language classes and assist local educational institutions in providing Japanese education and language classes.<sup>31</sup> However, in Central Asia, possessing Japanese language skills alone does not necessarily translate into employment or high levels of expertise in certain fields, despite the fact that such graduates have higher potential than those not exposed to such language programs. Even those admitted to the Japanese business skill development programs (in their own countries) or educational institutions (in Japan), often obtain knowledge and skills that can rarely be used in their home countries. Therefore, there is an urgent need to link such educational activities with the labor needs of the region and real (not perceived) opportunities.

A similar case is the assistance to the agricultural sector, where farmers are provided with machinery from the Japanese ODA scheme. Their production capacity is expected to be enhanced by the introduction of equipment, which is more sophisticated compared with Russian and Belarus-produced equivalents. Yet, farmers generally have mixed attitudes toward such initiatives. On the one hand, farmers did not mind having it. They suggested that when these machines work properly, they are much better than anything produced in the former Soviet republics. However, they encounter several problems when using the machines. The first one was that a majority of those involved in operating these machines did not know how to repair them. Every time the device broke down, the farm operators had to wait for a technical team dispatched from a remote location to repair it. Farmers

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<sup>30</sup> Author's personal communication in August 2002 with the administration of the school.

<sup>31</sup> For practical examples, see the chapter by Erica Marat in this volume.

suggested that the costs of such repairs far exceed what they were prepared to pay for each of these types of problems. Interestingly, farmers suggested they would prefer machinery produced in the countries of the former Soviet Union (mainly Russia, Ukraine and Belarus) because they knew how to repair such equipment and cheap spare parts are easily available. Secondly, the capacity of the machinery far exceeded the needs of individual farmers. Therefore, they either needed to share it (on a rental basis) or refrain from having it at all.<sup>32</sup>

These few episodes might be purely anecdotal cases and do not necessarily reflect on the general situation or on the effectiveness and adequacy of Japanese assistance programs. However, they provide good cases for further consideration on this issue since they underline the importance of having practical and realistic plans that would genuinely serve the needs of the local population.

Among the reasons for the inadequacy of the assistance schemes, two points can be made: first, the attitude of local governments to these schemes needs fundamental re-evaluation. For instance, when an official of the Cabinet of Ministers of one of the Central Asian countries responsible for dealing with foreign assistance was confronted with the question about the effectiveness of the Japanese assistance described above, his answer was a simple citation of the Russian proverb: “Do not look into the teeth of the horse which has been presented as a gift” – which is quite symbolic of the general attitude of governments in Central Asia. Such attitudes towards Japanese ODA as some kind of “present” indicate that the Central Asian governments have been unclear as to the type of assistance they need from donors and the type of cooperation to pursue. It also implies a lack of knowledge by Central Asian officials as to what their own population requires in terms of assistance.<sup>33</sup> As a result, they often regard any assistance schemes purely as an opportunity to gain access to financial or technical resources. Secondly, these issues also imply that assistance projects are not deeply thought through and are rarely

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<sup>32</sup> Author's interview conducted during the “Survey on Agricultural and Rural Development based on Population Issues” in 2003 with the Asian Population and Development Association (APDA).

<sup>33</sup> The point about importance of democratization and necessity to reflect the views of populations in governmental decision-making was legitimately emphasized in the concluding remarks of the chapter by Uyama Tomohiko.

evaluated for their effectiveness by both the Japanese and Central Asian officials.

One aspect of Japanese assistance, namely, the fact that Japan has provided huge sums for infrastructural development of Central Asia can be considered an important contribution and strategy for cooperation which might follow the functionalist logic (when applied within a regional cooperation context). Yet the practice of developmental assistance indicates that even these projects need to be carefully considered in terms of their long-term efficiency, and necessity of Japanese assistance. Japan assisted greatly in modernizing infrastructure such as airports and related facilities. However, the functioning of some of these transportation facilities remains inefficient and largely under-used.<sup>34</sup>

### **Expectations of Central Asia's General Public towards Japan**

Similar to Japan's interests of the region, there are considerable expectations from the Central Asian leadership and public towards Japan. In particular, leaders of regional countries would like to see the Japanese government more actively encourage direct investment by Japanese corporations and companies, especially in the fields of energy resource development and the transportation of these resources. In this sense, the interests of regional countries and their Japanese counterparts coincide in that both sides want to see an intensification of business and trade ties. Also, there is an expectation of Japanese support through the Central Asia Plus Japan scheme in strengthening regional integration, creating a common market in the region, as well as promoting regional cooperation in water management. In return for Japan's assistance, the leaders of the Central Asian countries have continuously and consistently expressed their support for Japan's bid to become a permanent member in the UN Security Council and joined in support of Japanese concerns about the situation on the Korean peninsula.

Such expectations from the Central Asian leadership towards Japan contrasts with the confusing attitude of the general public in Central Asian countries

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<sup>34</sup> See T. Ibragimov, "Samarkand – mehta o turisticheskome rae" [Samarkand – a dream of a tourist heaven], *Nemetskaia Volna*, March 27, 2008, [www.centrasia.ru/newsA.php4?st=1206613200](http://www.centrasia.ru/newsA.php4?st=1206613200) (March 28, 2008).

towards Japanese initiatives in the region. On the one hand, Japanese involvement is accompanied by relatively significant public support among the population in Central Asia. In autumn 2005, the University of Tokyo conducted the Asia Barometer poll throughout Central Asia. In Kazakhstan, 40 per cent of respondents thought that Japan has *good* and *rather good* influence on their country (10.4 per cent *good* influence and 30.3 per cent *rather good* influence). In Uzbekistan, the number who thought of Japan to be *good* and *rather good* stood at 52.2 per cent (15.9 per cent and 36.3 per cent respectively).<sup>35</sup>

On the other hand, Russia had a higher *good-rather good* rating in Kazakhstan of 80 per cent (38.9 per cent and 41.1 per cent respectively), while in Uzbekistan, Japan ranked third after Russia (56.8 per cent and 34.1 per cent) and South Korea (28.6 per cent and 40.1 per cent). Such higher ratings can be attributed to the close proximity of Russia, historical linkages and large resident minority groups of Russians and Koreans in Central Asia. In addition, aggressive Korean industrial and business expansion in the region, increasing labor migration to Russia and increasing economic ties with China add to the popularity and awareness of the Central Asian public about contributions to the economic development by countries other than Japan. While extensive Russian influence in the region is understandable and to some extent even unavoidable, the strong performances of China and South Korea and their popularity not only among the leadership but also among the general public can primarily be explained not through their historical ties but largely through their economic expansion into the region and their

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<sup>35</sup> For the results of Asia Barometer project regarding Central Asia, see Timur Dadabaev, "Post-Soviet realities of society in Uzbekistan," *Central Asian Survey*, Vol. 23, No. 2, 2004, pp 141-66; Timur Dadabaev, "Shifting patterns of public confidence in post-Soviet Uzbekistan," *Central Asia-Caucasus Analyst*, Vol. 6, No. 5, 2005, pp. 9-11; Timur Dadabaev, "Living conditions, Intra-Societal Trust and Public Concerns in Post-Socialist Turkmenistan," *Central Asia and the Caucasus*, Vol. 4, No. 40, 2006, pp. 122-32; Timur Dadabaev, "How does transition work in Central Asia? Coping with ideological, economic, and value system changes in Uzbekistan," *Central Asian Survey*, Vol. 26, No. 3, 2007, pp. 407-28; Timur Dadabaev, "Trajectories and public choices of development in Turkmenistan," *Asian Affairs: An American Review*, Vol. 3, Fall 2007, pp. 131-50; For full data set of 2005, see Takashi Inoguchi, ed., *Human Beliefs and Values in Incredible Asia: Focus on South and Central Asia*, Tokyo: Akashi shoten, 2008. For data set of 2003, see Takashi Inoguchi, Miguel Basanez, Akihiko Tanaka and Timur Dadabaev, eds., *Values and Life Styles in Urban Asia*, Mexico City: SIGLO XXI Editors, 2005.

contribution in generating economic wealth and lifting the population's living standards. A number of plants which produce various products ranging from automobiles to electric devices and household appliances throughout the region make a large impact on the public's perception of the countries involved. This again brings to light the importance of redefining the fields and the way the Japanese participate in the region's development. The functionalist approaches may be useful in further enhancing Japan's standing in the region. Such thinking might help Japan in formulating regional penetration policies with higher degrees of effectiveness, which would have a larger impact on the lives of the general population.

### **Conclusion**

Central Asia-Japan relations have always had very promising potential. Yet just a fraction of this potential has materialized in the 17 years after the collapse of the Soviet Union, and there is certainly room for further development. Following the independence of the Central Asian republics, Japan recognized the importance of its Central Asian diplomacy but lacked concrete policy objectives, political will and dynamism in its engagement with the region. In this sense, the first visit by the Japanese Prime Minister Koizumi to Central Asia was an encouraging sign, indicating a departure from the years of passive Japanese involvement in the region. The ambitious task of intensifying Central Asia's role in Japanese foreign policy is a challenging one with many obstacles and problems ahead. Japan needs to re-evaluate its own strategies in the region and learn from other more successful initiatives like the ones exemplified by China and Russia.

Although the establishment of the Central Asia Plus Japan initiative is often wishfully praised as a turning point in Japanese engagement with Central Asia, whether it will really turn into one depends largely on the real, tangible outcomes such cooperation brings. Besides the government level, success will be judged on whether this initiative would really improve the living standards of the general population and help foster a living environment that would be self-sustainable.

The success of Japan's foreign policy in Central Asia depends on a range of other factors. This will first include the importance of promoting

functionalist models of inter-state relations within the Central Asia Plus Japan initiative; which would require a clear definition of goals, and consistently pursuing cooperation beginning with a limited number of sectors and areas. Good examples are cooperation in water management or environmental projects.<sup>36</sup> Once there are significant achievements in these areas, the expansive logic of cooperation will generate momentum and open up other related areas for collaboration. Second, the effectiveness of on-going bilateral engagements in the various Central Asia countries is another important factor. Proposed projects should be thoroughly researched before they are carried out and evaluated once more after their implementation.<sup>37</sup> Third, the effectiveness of such Japanese-initiated programs shapes the views of the public towards Japan. Therefore, the expectations and perceptions of people in Central Asia towards Japan largely depend on the effectiveness of this process.

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<sup>36</sup> For instance, see “Vsemirnyi Bank vydelyaet grant Ministerstvu sel'skogo hoziiastva RK na razvitie rybnogo hoziiastva v Proaral'e” [World Bank allocates grant to the Ministry of Agriculture of RK for Development of Fishery in Aral region], *Kazinform*, March 28, 2008, [www.centrasia.ru/news/A.php4?st=1206872760](http://www.centrasia.ru/news/A.php4?st=1206872760) (March 28, 2008).

<sup>37</sup> On certain occasions, such data has been collected. Yet access to this data is limited to the officials of the Japanese agencies and ministries and is rarely made available to a wider public. One example was revealed to the author in February 2008 by an official involved in running Japan-financed education programs for governmental officials in Central Asia. The data on the number of officials enrolling into Japanese Universities and their further careers are apparently being collected by the Japanese agencies running these programs which are later checked and compared with the data provided by Central Asian ministries. Yet this author found it extremely difficult to gain access to these data due to the regulations and rules of these agencies.

## **Part III: Economic Aspects of Japan-Central Asian Relations**





## 8. Economic Cooperation and Conflict Management in Central Asia: What Role for Northeast Asian Actors?

Niklas Swanström<sup>\*</sup>

### Introduction

Since the dissolution of the Soviet Union, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan (hereafter Central Asia) have been adversely affected by poor economic development and have suffered extreme drops in their gross domestic product.<sup>1</sup> In the political sphere, there have been some improvements in terms of cooperation between the Central Asian states and external actors. This is evidenced primarily within the framework of the Shanghai Cooperation Organization (SCO) and through a multitude of bilateral arrangements. However, there are still major issues to be addressed in the current political climate.<sup>2</sup> These issues are most apparent *between and within* the Central Asian states. Furthermore, one can say that the SCO primarily serves as a vehicle for cooperation between China and Russia – and their respective bilateral relations with the Central Asian states – rather than for cooperation among the Central Asian states themselves.

The absence of cooperation schemes within Central Asia is notable, especially seen from an international perspective. Political rhetoric at regional groupings aside, the level of cooperation between these states remains low because of the lack of economic development (and interaction), political instability within the states, as well as a sense of rivalry and distrust between the states. From an international perspective, Central Asia is

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<sup>1</sup> Tamás Borkó, “Overall development and the role of competitiveness in Caucasian and Central Asian countries,” *Caucasus & Central Asia (CCA) Review*, Vol. 1, No. 2, July 2007, p. 16.

<sup>2</sup> Niklas Swanström and Nicklas Norling, “Editors Note – The SCO and the Bishkek Summit,” *China and Eurasia Forum Quarterly*, Vol. 5, No. 3, August 2007.

characterized by poor political and economic structures and weak conflict management mechanisms. In addition to distrust between the states, the attitude among the general populations towards their governments remains one of suspicion and cynicism.<sup>3</sup> This chapter will discuss the impact economic cooperation could have in establishing conflict management structures in Central Asia, followed by an analysis of its limitations as a result of the current conditions in the region. The assessment will focus primarily on the role of Northeast Asian states in Central Asia within this context.

### The Role of Regional Structures

It is now apparent that there are limitations to what political cooperation can achieve in Central Asia. Looking at the most notable regional organization, the SCO, as an example, member states, especially the ones from Central Asia, have been uneasy with the idea of having to pool sovereignty and integrate along the lines of the European Union (EU) model. In fact, the EU does not serve as an appropriate model for regional integration in Central Asia, mainly because there is neither the political foundation nor the historical and cultural base for such an initiative. On the other hand, the Association of Southeast Asian Nations (ASEAN) can be considered a possible model for development, with the SCO sometimes described as an “ASEAN for Central Asia.” This is because the SCO, like ASEAN, “began as a state-centric fraternal association of neighbouring nations in a developing region, collectively concerned about internal disruption and possible mutual friction.”<sup>4</sup> Similar to ASEAN, this grouping developed based on dialogue, “emphasizing security cooperation and economic development among members.”<sup>5</sup> It has also been pointed out that the SCO’s “Shanghai Spirit” is in many ways similar to the “ASEAN Way” with its emphasis on

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<sup>3</sup> Ibid.

<sup>4</sup> Secondary quote from Bunn Nagara, “An ‘Asean’ for Central Asia?,” *The Star*, June 18, 2006; quoted from Christopher Len, “Energy Security Cooperation in Asia: An ASEAN-SCO Energy Partnership?,” in Mark Hong and Teo Kah Beng, eds., *Energy Perspectives on Singapore and the Region*, Singapore: Institute of Southeast Asian Studies (ISEAS), 2007, p. 169.

<sup>5</sup> Ibid.

“mutual trust and benefit, equality, consultation, respect for different civilizations, and common prosperity.”<sup>6</sup>

While there are some basic aspects for comparison, the situation in Central Asia has notable differences. The main problem is the current political climate in the region. At this point in time, there is little trust among the Central Asian states, and much of the current interaction is played out with a realist's zero-sum mentality. The drawback of this is that the cooperation initiated in Central Asia and within the SCO context is resting on a very fragile base. It is defined by tensions between the Central Asian states, and competition between Russia and China, rather than positive trends. The SCO has yet to prove itself as an organization which could survive a serious Sino-Russian fall-out should it occur.

The SCO seems to recognize the importance of greater economic cooperation, investments in regional infrastructure, and the need to improve business practices and norms in the region. In an effort to improve the business climate, the SCO has devoted greater resources to improve structures for economic development, with China and Russia using their influence in the region to draw the Central Asian states closer into their sphere. Cooperation has deepened but the idea of further integration in the future tends to be viewed with skepticism among the Central Asian leaders as they worry that these two powers might end up dominating them.

Nonetheless, increased cooperation could very well be a remedy for both the poor conflict management structures and the lack of trust between Central Asian states. Economic cooperation has long been seen as a confidence-building tool used to foster better relations between states. The creation of the EU, the Andean Community, APEC, NAFTA and MERCOSUR are but a few examples of this approach.<sup>7</sup> Thus, regional structures, especially in the sphere of economic cooperation, are increasingly accepted as tools for further integration and peaceful development among states. On the other hand, there is also evidence that economic cooperation and integration suffer from limitations with respect to defining inter-state relations. In Northeast Asia,

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<sup>6</sup> Len, “Energy Security Cooperation in Asia,” p. 169.

<sup>7</sup> Niklas Swanström, *Regional Cooperation and Conflict Management: Lessons from the Pacific Rim*, Uppsala: Uppsala University Department of Peace and Conflict Research, 2002.

for example, political tensions remain significant even though the integration of regional economies is among the highest in the world. What then is the potential of economic cooperation as a tool for reducing tension and building trust in Central Asia?

## **The Central Asian Context**

### *Improving Economic Opportunities and Infrastructures*

While the economic situation in Central Asia has improved for some, poverty remains widespread. This is due to a number of reasons, one of which relates to the very low level of regional economic cooperation and the low degrees of complementarities between the Central Asian economies.<sup>8</sup> Suspicions among the Central Asian states have caused economic inefficiencies and have consequently restricted opportunities for cooperation and joint development. To give one simple example, the current border controls between Central Asian states slow down the movement of people and goods across borders. Poor infrastructure and transportation access are other factors which limit the potential benefits of cross-border trade. The issue of border relations is particularly problematic in the region.<sup>9</sup> Uzbekistan placed mines on certain stretches of its border with Tajikistan as a result of the Islamic Movement of Uzbekistan (IMU) crossing into the country from Tajikistan in 1999 and 2000.<sup>10</sup> Meanwhile, Kyrgyzstan fears that instability in Uzbekistan may spillover into its territory should Uzbeks flee across the border as refugees.<sup>11</sup> These realities impede on the creation of better cross-border networks.

If regional trade is to expand, there is need to create strong regional institutions which can foster some degree of trust between economic institutions in individual states, even if the spillover to political institutions is sometimes less evident, as is the case in Northeast Asia. In Central Asia,

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<sup>8</sup> S. Frederick Starr, ed., *The New Silk Roads: Transport and Trade in Greater Central Asia*, Washington, D.C. and Uppsala: Central Asia-Caucasus Institute & Silk Road Studies Program, 2007.

<sup>9</sup> International Crisis Group, "Central Asia: Border Disputes and Conflict Potential," *Asia Report*, No. 33, April 4, 2002.

<sup>10</sup> *Ibid.*, p. 11-12.

<sup>11</sup> International Crisis Group, "Uzbekistan: in for the long haul," *Asia Briefing*, No. 45, February 16, 2006, p. 10.

governments have a propensity to be heavily involved in economic transactions because state-owned enterprises tend to dominate the economic sector, especially in key industrial sectors, such as energy, mining and agriculture. This has made inter-state economic transactions more challenging. Compared to the private sector, these governments tend to be over-protective and extremely cautious of how economic transactions may affect the respective leaderships' political interests. Such attitudes impede closer economic cooperation. Furthermore, it does not appear that this reality will change in the near and mid term. Given this, it is crucial to involve governments when dealing with economic sector reform and transnational cooperation.

Moreover, there is a remarkably low level of complementarity in trade between the Central Asian states where energy and water resources are major assets, and where the manufacturing sector remains weak. Most of the consumer goods and higher end products are primarily delivered by Russia and China. The failure of the Central Asian states to develop a manufacturing sector means that most Central Asian states are essentially primary resource exporters. This is made much worse by the very uneven distribution of wealth among people and between the various sub-regions within the respective Central Asian states. In all states, there is a clear separation between the various sub-regions – uneven economic opportunities and disparities have created a fair amount of domestic tension. In some cases, it is virtually impossible to travel by land between different sub-regions without first crossing into another state, a primary example being the route between Tajikistan's capital Dushanbe and Khujand/Penjikent. This is partly a result of Soviet policy, but more importantly, the governments sometime have little interest in connecting the peripheral regions. The first reason is because some of these regions are the power bases of their political rivals. The second reason is that there would be limited economic impact even if there were heavy investments on infrastructure in the region. An example is the failure to integrate the Pamir region into the Tajik economy.

#### *Role of External Players*

Due to the low level of economic cooperation in the region, many of the economic incentives and investments need to come from outside: Japan,

China and South Korea play an important role in this regard. China and South Korea have placed minor emphasis on the internal political affairs of the Central Asian states, preferring to focus on economic and trade relations. Meanwhile, Japan has been a keen player in Central Asia and is particularly active economically in Kazakhstan, with its foreign direct investment standing at US\$1.344 billion as of 2006 (cumulative).<sup>12</sup> In addition, Japan provides development aid and focuses on human security issues in its interactions with the Central Asian states, while simultaneously treading sensitively when it comes to the issue of political reform in Central Asia. This is in contrast to the United States and European governments which tend to put higher demands on democratization and human rights issues. The EU itself is also far too divided to find a strategy that could potentially match the respective Northeast Asian governments' inroads into the region. As for Russia, it is currently the single most important actor in the region politically and militarily. However, its influence is waning as a consequence of internal economic and political problems.

In reality, it seems unlikely at present that substantial economic cooperation in Central Asia can develop since the region lacks substantial external investment. U.S. support for the initialization of the European integration-project was indispensable in the aftermath of the Second World War. Similarly, there is a need for external assistance and encouragement of the Central Asian governments if institutionalized cooperation is to be realized. For this endeavor to succeed, external actors in Asia, the U.S. and Europe would have to better coordinate strategies by working closer together. This would be the most ideal development as it would enable Central Asia to diversify its trade routes and improve relations with both the West and Asia. Importantly, it would fulfill the Central Asia governments' desire to keep the region open.

There is a need to establish a cooperative structure that could consolidate the region and improve links with the outside world. In an earlier paper, this author suggested an Oil and Gas Union that would connect the wells to the refineries and to consumers, with secure pipeline systems working at full

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<sup>12</sup> Ministry of Foreign Affairs of Japan, "Japan-Kazakhstan Relations," January 2008, [www.mofa.go.jp/region/europe/kazakhstan/index.html](http://www.mofa.go.jp/region/europe/kazakhstan/index.html) (January 25, 2008).

capacity in order to make the project economically feasible.<sup>13</sup> In building new lines of communication, trade links and more joint productions, states in the region would not only foster greater integration with the consumer markets (oil and gas) and the production markets (consumer goods) in the East, but also among themselves. The construction of pipeline systems could potentially bring investments with benefits reaching not only one or two states, but also transit states through transit-payment. Basically, this means that the Central Asian region should be consolidated in order to create greater market opportunities and benefits for all the parties involved.

This said, there are still several major problems that need to be addressed. One of the chief hurdles is that the new infrastructures that have been built only connect the major trading centers in the region, while villages and smaller cities remain outside the main trading routes, consigned to the periphery. There is also increasing competition between the Northeast Asian states and other extra-regional states over resources and influence in Central Asia. Key actors include the U.S., China, some of the European states (most notably Germany), Turkey, Russia, Iran, India, and Pakistan. Among the Northeast Asian states, Japan has been very active, and its influence cannot be underestimated.<sup>14</sup> Ultimately, Central Asia will only be stable if it remains an open region and when external actors have a collective and inclusive development strategy in place.

Another problem which undermines the development of the Central Asian market is the failure to take full advantage of intra-regional trading patterns. Despite increased investments in Central Asia, intra-regional trade in Central Asia is still ranked among the lowest in the world. Much of the investments create direct links with the investors but this has not translated into inter-state links that could contribute to confidence-building. Domestic center-periphery problems are substantial in Central Asia, and the peripheries often lack viable infrastructure links to the center. Consequently, peripheral areas often suffer from missed opportunities in the form of lost

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<sup>13</sup> Niklas Swanström, "An Asian Oil and Gas Union: Prospect and Problems," *China and Eurasia Forum Quarterly*, Vol. 3, No. 3 (November 2005), pp. 91-95.

<sup>14</sup> Christopher Len, "Japan's Central Asian Diplomacy: Motivations, Implications and Prospects for the Region," *China and Eurasia Forum Quarterly*, Vol. 3, No. 3 (November 2005), pp. 127-49.

trade. This has generated a great deal of social conflict, and much of the domestic tensions that results from this will impact Central Asian politics.

### *The Challenges of State-Building*

Economic investments and infrastructural development by themselves are not sufficient. The most fundamental problem in the region is the weakness of the governments and the political systems of the states. Corruption is endemic in the region, though the Kazakh government deserves special mention for being relatively the least corrupt and most stable. The problem of corruption has escalated to such an extent that some influential figures within the governments are in fact directly or indirectly connected to organized crime – thus undermining any opportunity for legitimate economic development.<sup>15</sup> It will be difficult to build an effective and sound economic structure if such political vice and abuse of power are not dealt with adequately.

The solution to this problem is not to impose *carte blanche* changes by introducing neoliberal economic policies aimed at reducing the role of the state in economic management or by importing Western-style democratization. Rather, the most urgent need in this area would be to help foster stable political and legal structures in the region, which are basic requisites in state-building efforts.<sup>16</sup> The strategy should not be about abrupt transfiguration which may cause more harm than good, but rather to focus on the gradual transformation of state institutions. The survival of the governments in the region would, in the middle-to-long run, depend on economic development and international investment. Therefore, it is important that the weak state institutions be supported and strengthened, especially in the legal and economic spheres. If state institutions are further compromised, the economies would be severely undermined since “bad money would drive out good money” – criminals would seek to convert their

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<sup>15</sup> Niklas Swanström, “Political Development and Organized Crime: The Yin and Yang of Greater Central Asia?,” *China and Eurasia Forum Quarterly*, Vol. 5, No. 4, November 2007, pp. 83-102.

<sup>16</sup> *Ibid.*



ill-gotten wealth into legitimate assets, and thereby undermine the role of genuine investors in the process.<sup>17</sup>

### **The Northeast Asian States as Actors in Central Asia**

China, Japan and South Korea are three states in Northeast Asia that have shown an increasingly strong interest in Central Asia since states in the latter region attained their independence in 1991. Central Asia has become, in varying degrees, part of the national strategies for all three states and in certain cases, the Central Asian states have become a security concern. For all three Northeast Asian states, Central Asia has an important role in their energy security strategy. In the case of China, the Central Asian states have even become crucial in political and military security – particularly in the struggle against separatism in Xinjiang.

Politically, the influences of Northeast Asian states seem to be uneven, with China appearing as the most dominant actor among the three. This influence has primarily been manifested by the institutionalization of the SCO through which China has launched political and military cooperation with the Central Asian states (with the exception of Turkmenistan).<sup>18</sup> This has been conducted with a very strong border security dimension from the Chinese side. China has successfully expanded its political and “soft” power in the region, but not without problems.<sup>19</sup> Japan and South Korea have largely been bystanders to this development until recently. Indeed, Beijing has developed into one of the most important political backers of the regimes in the region, even if its political, and especially military, influence in Central Asia remains second to the Russians. The fear is that as China consolidates its position in Central Asia together with Russia, other external actors would be pushed out of the region.

Dating back to the era of the ancient Silk Road, Central Asia has always been an economic partner and transit route for merchandise from and for

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<sup>17</sup> Margaret E. Beare and Stephen Schneider, *Money Laundering in Canada: Chasing Dirty and Dangerous*, Toronto: University of Toronto Press, 2007, p. 61.

<sup>18</sup> Niklas Swanström, “Chinese Business Interests in Central Asia: A Quest For Dominance,” *Central Asia Caucasus Analyst*, June 18, 2003, [www.cacianalyst.org/view\\_article.php?articleid=1495](http://www.cacianalyst.org/view_article.php?articleid=1495) (February 1, 2008).

<sup>19</sup> Niklas Swanström, “China’s Role in Central Asia: Soft and Hard Power,” *Global Dialogue*, Vol. 9, Nos. 1-2, 2007.

Northeast Asia. During the Soviet period, the region served as a choke point as Russia closed the borders towards Western China and prevented interaction. The current economic activity of the Northeast Asian states in Central Asia can be observed in several different sectors, such as mining and agriculture (i.e. the cotton trade), even though the energy sector is by far the most important. Few would contest the idea that the Northeast Asian states are increasingly interested, and to a certain extent increasingly dependent, on Central Asia, especially with regards to natural resources and the potential of transit trade. The complementarities between the Northeast Asian economies (which are primarily based on manufactured goods) and the Central Asian economies (which are primarily resource-oriented) are high. Investments in infrastructure, pipelines, development of the oil and gas sector, and also mining create stronger relationship links between Central and Northeast Asia than among the Central Asian states themselves.

Both Japan and South Korea have increased foreign direct investments in Central Asia, following a pattern resembling China's inroads into the region. Japan is one of the main investors in the region, with South Korea trailing behind these two major investors. As a means to consolidate its position in Central Asia, Japan initiated the Central Asia Plus Japan dialogue in August 2004, and their Prime Minister, Koizumi Junichiro, made a four day visit to Kazakhstan and Uzbekistan in August 2006. Generally speaking, and in comparison to Chinese investors, Japan is rather slow in terms of business expansion into the region. It has not fully capitalized on the goodwill cultivated through its development aid programs to fully explore and invest in the available business opportunities available in the region. A fundamental reason for this is that Japanese firms tend to be averse to risk and are unwilling to enter the Central Asian trade and service sectors due to the uncertainties surrounding the region. The exception is in the resource sector. Japan's INPEX Corporation has been involved in oil exploration in the Caspian Sea for a number of years. Japanese companies have also been increasing their investments in uranium development in Central Asia since 2007.<sup>20</sup>

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<sup>20</sup> Todd Crowell, "Toshiba Goes Nuclear," *Asia Sentinel*, April 14, 2008, [www.asiasentinel.com/index.php?Itemid=32&id=1149&option=com\\_content&task=view](http://www.asiasentinel.com/index.php?Itemid=32&id=1149&option=com_content&task=view) (May 1, 2008).

The then South Korean President, Roh Moo-hyun, visited Central Asia in 2004. Following his visit, the Korean government has been aiming to raise trade levels with the Central Asian countries, from US\$1 billion in 2006 to US\$10 billion by the end of 2015. Seoul also aims to increase the value of construction deals for roads, ports and housing in the region from the present US\$1 billion in 2006 to US\$5 billion.<sup>21</sup> South Korea held its first Korea-Central Asia Cooperation Forum in November 2007, where nearly 160 participants from government, business and academic circles in Korea met with representatives from all five Central Asian states. At this meeting, discussions dealt with a wide range of issues, including: access to resources, construction, IT, culture, education, and tourism. There were also commitments made to promote people-to-people exchanges and increase networking with Central Asian states.<sup>22</sup>

The positive effects of this accelerated engagement include increased trade links between Central and Northeast Asia, new investments in infrastructure, and the initiation of joint venture operations that would spread over time to small and medium sized companies in the region. The bulk of investments are made in the area of natural resource extraction (oil, gas, uranium and minerals) that are exported to Northeast Asia as primary products. It is important to note that very little processing and refinement of these natural resources take place in Central Asia.

This growing engagement has its downside, however. On the one hand, the governments of Central Asia and Northeast Asia have improved trust with a growing number of bilateral treaties signed in many areas of economic and political life. On the other hand, increased economic, and in the case of China, political leverage, has increased tension between governments and sowed distrust among the general Central Asian population towards the Northeast Asian governments. This is particularly problematic for China,

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<sup>21</sup> "Korea to Expand Economic Ties with Central Asian Countries," *Korea.Net*, November 9, 2006, [www.korea.net/News/News/NewsView.asp?serial\\_no=20061108040](http://www.korea.net/News/News/NewsView.asp?serial_no=20061108040) (November 20, 2007).

<sup>22</sup> "The First Korea-Central Asia Forum to be Held," *Korea.Net*, November 8, 2007, [www.korea.net/news/news/newsView.asp?serial\\_no=20071112013&part=101](http://www.korea.net/news/news/newsView.asp?serial_no=20071112013&part=101) (November 20, 2007); "Korea, Central Asia coming Closer Together," *The Korea Times*, November 18, 2007, [www.koreatimes.co.kr/www/news/opinion/2008/02/198\\_13914.html](http://www.koreatimes.co.kr/www/news/opinion/2008/02/198_13914.html) (November 20, 2007).

which has earned a fair degree of support among the countries' elite, but has been increasingly regarded as a problem in some grassroots quarters. In these latter circles, China is viewed as merely replacing Russia as the dominant power in the region. In response to such fears, the Central Asian governments have become reluctant to take in too much Chinese investments and goods. Japan and South Korea present a partial solution as alternative partners to this problem; rather than being regarded as imminent threats, they are (at least for now) viewed as balancers against Russian and Chinese hegemony. Thus, diversified trade links together with improved political cooperation with other external actors, would significantly reduce the reliance on Russia and China. This has presented Japan with an opening to expand its economic clout and political influence in the region. However, this has not been capitalized on fully by Tokyo, which continues to play a relatively passive role despite recent diplomatic efforts.

The problems created by the new investments in Central Asia are especially significant at the local level, as Northeast Asian companies have crowded out local businesses. This problem mainly results from Chinese behavior, but increasingly, other Northeast Asian states are having an impact on the local business environment.<sup>23</sup> Northeast Asian investments are not primarily oriented towards businesses that will increase employment opportunities, and the Chinese, in particular, have used their own labor force to build Chinese-sponsored infrastructure-links in the region. This has reinforced the negative attitude among the Central Asian population towards China's engagement. Paradoxically, if one were to visit a bazaar in Central Asia, it will be primarily dominated by Chinese-made products, rather than local products. When Japanese and South Korean products eventually find their way to Central Asia, Japan and South Korea will be faced with a problem similar to China's. The problem will not be as acute, as Japanese and South Korean products are of a higher quality and do not necessarily compete with the lower grade products originating from Central Asia. Nevertheless, Japan and South Korea need to be mindful about how they present themselves to

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<sup>23</sup> S. Frederick Starr, "Central Asia in the Global Economy," in Asia Development Bank, *Central Asia: The Way Forward*, 2004, [www.adb.org/Documents/Events/2004/Ca-Global-Economy/CentralAsia.pdf](http://www.adb.org/Documents/Events/2004/Ca-Global-Economy/CentralAsia.pdf) (February 1, 2008).

both the leaderships and the general population in the region, and refrain from committing the same mistakes as China.

### **Conclusion and Recommendations**

Regional conflict management structures and mechanisms which help to increase trust in Central Asia are largely absent. The SCO has attempted to fill this gap, but with modest success so far. In the short-term, expectations should be kept realistic on the SCO being the platform for conflict management in the region. In the longer term, this role will ultimately depend on the evolution of Sino-Russian relations.

Intra-regional trade has its limitations and, at least for the time being, there will not be much improvement in this sphere due to the current political condition and poor infrastructure networks. The lack of infrastructure in the region is a major drawback, and must be dealt with as soon as possible. Without a functional infrastructure network, trade across the region will remain sub-optimal. Disparities in trade patterns will likely increase inter-state distrust and also affect the center-periphery relations inside the Central Asian states.

Investments are required in capital markets, in the natural resource sector and in infrastructure (particularly transportation networks). However, the problems of corruption and organized crime have to be tackled in order for the economies to reach their full potential. Legal, political and economic institutions have to be reformed so as to strengthen the states' foundation. Strong and stable states, which abide by international business practices and political norms, are crucial for economic development and the building of trust between the different actors. Currently, interaction potentially creates more distrust and causes friction due to low predictability in the systems. Japan can play a greater guidance role in this matter, due to its own economic success after the Second World War and the creation of a first class economic system.

In this chapter, discussion of the roles of Northeast Asian states, China, Japan and South Korea have been conducted separately and the stress has been on their role as economic and investment actors. This is because Northeast Asia lacks both regional cooperation institutions and

institutionalized conflict management mechanisms of its own. In this aspect, the Northeast Asian region does not serve well as a conflict management model for the Central Asian states to look up to. Nevertheless, the impact of these three states on Central Asia, in both current and potential terms, cannot be dismissed because their presence help to ensure that the region remains open and because they serve as dynamic economic models in which the Central Asian states could learn from. While the impact of the Northeast Asian states in Central Asia remains mixed, Northeast Asian economic and political commitment to the region should be regarded in a positive light since they add value to Central Asia's economy and stability in the long term.

Negative sentiments have grown apace, with Northeast Asian companies' entry into the Central Asian market, especially those from China. Although they have brought some benefits to the region, Central Asian firms find it hard to compete with their Northeast Asian counterparts, resulting in the crowding out of local companies in certain business sectors. The economic impact of the Northeast Asian states is growing ever more significantly, but they need to be more mindful of their image and activities if they are to play a positive stabilization role in the region. This also applies to their increasing political clout in the region. Japan deserves to be singled out. It has an important role to play in balancing Russia and China, and in guiding the Central Asian economies closer towards greater openness. Japan can also play the role as a moderator between the Central Asia governments and the U.S. and Europeans.

What then is the potential for economic cooperation as a tool for reducing tension and building trust in Central Asia? The challenges facing Central Asia are multi-faceted. In order to initiate greater economic cooperation, state institutions have to be reinforced and criminal networks have to be dealt with. Next, governments and donors alike have to be mindful of equitable development and investment so as to prevent domestic tensions as a result of local economic and social disparities. Finally, while foreign investments and development aid are appreciated, external actors, including those from Northeast Asia, need to be sensitive with respect to their conduct and strategies when engaging the region.

## 9. Japan's Energy Strategy towards West and Central Asia under Contemporary Globalization

Shimao Kuniko\*

### Introduction

The importance of energy security has increased in recent years, and Japan has been looking for ways to strengthen its energy strategy. This chapter focuses not only on Central Asia but also West Asia<sup>1</sup> including the Caucasus. Central Asia has attracted attention because of its energy resources, but the Middle East is traditionally of central importance to Japan's energy security. A discussion of both regions simultaneously can help us better understand Japan's energy strategy.<sup>2</sup>

In addition to the regional perspective, the global point of view is also significant in the discussions of energy-related matters, and the issues should be discussed in the context of economic globalization.<sup>3</sup> By contemporary

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<sup>1</sup> The areas of West Asia and the Middle East are different—the former is the western part of Asia from Afghanistan to Turkey and includes the Caucasus region, while the latter is the area from West Asia to North East Africa but not including Afghanistan and the Caucasus. Japanese people often use the phrase “the Middle East” to describe the area from West Asia to North Africa but not including the Caucasus. I prefer West Asia because this phrase is neutral, while the Middle East is the region as seen from West Europe. But I use the phrase the Middle East instead of West Asia especially when I do not refer to the Caucasus.

<sup>2</sup> Of course such an approach to energy security is not new; there are a lot of works like that, for example, Julia Nanay assessed the contribution of Russia and the Caspian Sea region to Western energy security with comparison to that of the Middle East. See Julia Nanay, “Russia and the Caspian Sea Region,” in Jan H. Kalicki and David L. Goldwyn, eds., *Energy and Security: Toward a New Foreign Policy Strategy*, Washington, D.C.: Woodrow Wilson Center Press, 2005.

<sup>3</sup> I use the word “globalization” in the sense of “the process of increasing interconnectedness between societies such that events in one part of the world more and more have effects on peoples and societies far away” as is argued in Steve Smith and John Baylis, “Introduction,” in *The Globalization of World Politics: An introduction to international relations*, Oxford: Oxford University Press, 2001.

globalization, I mean the process of globalization after the end of World War II, but with more focus on the period after the end of the Cold War.<sup>4</sup> At the same time, rising concerns over environmental issues has prompted the development of energy alternatives including biofuels, nuclear, and solar power. In this regard, Japan is also interested in the development of resources such as uranium in Central Asian countries such as Kazakhstan and Uzbekistan.

This chapter first discusses the complex situations concerning Japan's energy strategy mainly from the 1990s onwards in the context of International Relations, International Political Economy, and globalization studies. The first section provides an overview of global energy developments and Japan's energy strategy under contemporary globalization. The second section explores the relationships between Japan and countries in West and Central Asia. This will be followed by the conclusion where I will discuss Japan's energy strategy toward these regions in the context of contemporary globalization.

### **Overview of Global and Regional Energy Developments and Japan's Energy Strategy**

Fossil fuels, especially oil, will remain the primary energy source in the foreseeable future but rising oil prices are a major concern for energy import countries such as Japan, West Texas Intermediate (WTI) futures already reached US\$100/bbl on January, 2 2008 and the prices are expected to continue to go up.

So far, it has been difficult to find remedies for what are the four main causes of rising oil prices: the first is geopolitical risks in oil-producing countries particularly in West Asia. In 2007, Japan's then-Foreign Minister Aso Taro argued that Japan should secure and reinforce maximum stability in this oil-producing region. According to him, the stability in the region can be achieved by making full use of Japan's economic, intellectual and diplomatic

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<sup>4</sup> Contemporary globalization overlaps with the modern and postmodern phase of globalization. See Simon Sweeney, *Europe, the State and Globalisation*, Essex: Pearson Education, 2005.



resources.<sup>5</sup> He also argued that “Japan has maintained close dialogue with the countries in the region in an effort to promote stability.”<sup>6</sup> However, there is a limit as to how much Japan can influence the situation by maintaining dialogue with the countries in the region.

The second main cause of rising oil prices is the concern over rising global oil demand. According to the International Energy Agency (IEA), experts estimate that the primary dependence and growth in demand for fossil-energy will continue until 2030.<sup>7</sup> With the growth of population and economy, fossil-energy demand will rise, particularly in developing countries such as China and India. Rising oil demand will translate into higher oil prices and this has been a factor leading to uncertainty in world energy security.<sup>8</sup>

The third is the difficulty of developing alternative energy. In recent years, production and consumption of biofuels such as ethanol has increased. However, they are not enough to cover the growth in energy demand. At the same time, it has caused a rise in food-commodity prices. The development of solar energy is making progress, but the cost of production remains high. Nuclear energy has safety and cost problems to grapple with as well.

The fourth is an influx of speculative capital into the oil market. Over the past year, the escalation of oil prices has stemmed from concern over geopolitical risks and the shortage of oil supplies for future demand. Another cause is the uneasiness over global financial markets and the health of the U.S. economy, because of the sub-prime mortgage problem in the U.S. As a result, hedge funds, investment banks, and securities companies have sought to seek refuge in commodities and the oil market instead. In October 2007, the OPEC Secretary General argued that the recent escalation in oil prices is driven by market speculators and stated that OPEC believes that “fundamentals are not supporting current high prices and that the market is

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<sup>5</sup> Ministry of Foreign Affairs of Japan, “Middle East Policy As I See It – An Address by H.E. Mr. Taro Aso, Minister for Foreign Affairs, Organized by the Middle East Research Institute of Japan, Hotel Okura, February 28, 2007,”

[www.mofa.go.jp/region/middle\\_e/address0702.html](http://www.mofa.go.jp/region/middle_e/address0702.html) (November 1, 2007).

<sup>6</sup> Aso Taro, “Japan’s foreign policy and global energy security,” *OECD Observer*, No. 261, 2007, p. 37.

<sup>7</sup> IEA, *World Energy Outlook* (Paris: OECD/IEA, 2007).

<sup>8</sup> *Ibid.*

very well supplied.”<sup>9</sup> Thus, OPEC will not increase oil production to ease the concern over the shortage of supplies in the oil market.

As Japan's Ministry of Economy, Trade and Industry (METI) points out, the impact of recent high crude oil prices on the Japanese economy is less than that in the periods of oil crises in the 1970s.<sup>10</sup> METI argues the impact can be lessened by reducing dependency on oil imports, and reducing the basic unit of energy consumption respectively.<sup>11</sup> The dependence on oil has been reduced since the oil crisis of 1973 as a result of an energy diversification strategy. The basic unit of energy consumption has also been reduced since 1973 by energy conservation measures.<sup>12</sup> A stronger Japanese yen has also helped to reduce the impact of recent high oil prices on the Japanese economy to some extent.<sup>13</sup>

Japan, like many countries and international organizations, has emphasized the promotion of a strategic energy policy for the achievement of energy security. These include the development of energy alternatives and energy conservation, the diversification of sources, the development of next-generation transportation energy, the safe and peaceful use of atomic energy, resource diplomacy, and cooperation for environmental protection and energy development in Asia.<sup>14</sup>

Japan seeks to promote dialogue and cooperation with both energy-producing countries and energy-consuming ones in Asia through bilateral and

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<sup>9</sup> Press statement by OPEC Secretary General, no 12/2007, Vienna, October 16, 2007, [www.opec.org/opecna/press%2oreleases/2007/pr122007.htm](http://www.opec.org/opecna/press%2oreleases/2007/pr122007.htm) (November 30, 2007); “Riyadh Declaration,” Riyadh, November 17-18, 2007, [www.opec.org/aboutus/III%20OPEC%20Summit%20Declaration.pdf](http://www.opec.org/aboutus/III%20OPEC%20Summit%20Declaration.pdf) (November 30, 2007).

<sup>10</sup> METI, ed., *Enerugi Hakusho 2007* [White Paper on Energy 2007], Tokyo: Gyosei, 2007.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Council on Economic and Fiscal Policy, “Economic and fiscal reform 2007,” June 19, 2007 (in Japanese), [www.keizai-shimon.go.jp/minutes/2007/0619/item1.pdf](http://www.keizai-shimon.go.jp/minutes/2007/0619/item1.pdf) (October 16, 2007). Prime Minister of Japan and His Cabinet, “Basic principles of FY2007 budget formulation,” December 1, 2006 (in Japanese), [www.kantei.go.jp/jp/singi/keizai/kakugi/061201yosan.html](http://www.kantei.go.jp/jp/singi/keizai/kakugi/061201yosan.html) (October 16, 2007). The government's “Basic principles of FY2008 budget formulation,” December 4, 2007, [www.keizai-shimon.go.jp/cabinet/2007/decision1201\\_04.pdf](http://www.keizai-shimon.go.jp/cabinet/2007/decision1201_04.pdf) (January 14, 2008)) does not mention energy cooperation in Asia but suggests that Japan takes some factors including current high oil prices into consideration.

multilateral frameworks for stable oil supplies and enhancing emergency preparedness.<sup>15</sup> Then-Foreign Minister Aso sought to focus Japan's energy diplomacy through the "security of supply," "energy and environment," and "importance of the IEA."<sup>16</sup> He pointed out that the challenges stem from geopolitical uncertainty, resource nationalism in the energy-producing countries, as well as the vulnerability of energy transportation routes. Aso believes that "creating free and open markets, based on dialogue and co-operation between producers and consumers, will provide an attractive alternative to resource nationalism," and also stated that "to mitigate the risks to supply security, we need further international co-operation for enhancing the security and diversity of energy transportation routes."<sup>17</sup> Furthermore, he stresses the significance of the role of the IEA and calls for bilateral and multilateral cooperation through the IEA as well as G8 collaboration.<sup>18</sup> Indeed, Japan has addressed the issues of security of supply, energy development and environmental protection, and bilateral and multilateral cooperation with countries in the region and international institutions.

In addition to the strategy of dialogue and cooperation, the Japanese government has also promoted oil development projects and provided support for Japanese companies in the Middle East, because it is in Japan's national interests that Japanese companies take advantage of opportunities in these countries.<sup>19</sup> The Agency for Natural Resources and Energy notes that as part of Japan's energy strategy, "[t]he oil volume ratio in exploration and development by Japanese companies will be raised to around 40% by 2030."<sup>20</sup> This means that Japanese energy companies need to be more active in their dealings abroad.

The key government organization which had played a role in providing financial and technical support to promote oil and gas exploration and

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<sup>15</sup> IEA, *Energy Policies of IEA Countries Japan 2003 Review*, Paris: OECD/IEA, 2003.

<sup>16</sup> Aso, "Japan's foreign policy and global energy security," p. 37.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Aso, "Middle East Policy As I See It."

<sup>20</sup> Ministry of Economy, Trade and Industry of Japan, Agency for Natural Resources and Energy, "New National Energy Strategy," May 31, 2006, [www.meti.go.jp/english/newtopics/Backissueindex.html](http://www.meti.go.jp/english/newtopics/Backissueindex.html) (January 14, 2008).

development activities by Japanese companies was the Japan National Oil Corporation (JNOC); but this organization ceased operation in 2004. In its place, the Japan Oil, Gas and Metals National Corporation (JOGMEC) was established on February 29, 2004 by the merger of JNOC with the Metal Mining Agency of Japan. The aim of this merger was cost effectiveness, to facilitate the establishment of an effective oil supply strategy, as well as the increase of oil imports from Japanese-owned concessions.<sup>21</sup>

Japan is also working to address environmental issues in relation to energy usage. With the growth of world population and the global economy, environmental problems are also increasingly serious. Aso stated that “[e]nergy security and environmental protection have to be compatible,” and calls for the improvement of energy efficiency in both developed and developing countries.<sup>22</sup> He also mentioned that Japan has provided energy development assistance and technical cooperation in the promotion of energy conservation, biomass energy and clean coal technology.<sup>23</sup>

Despite Japan's efforts in energy security cooperation, some writers argue that resource-scarcity can be the cause of war and conflict as competition for supplies increases under globalization.<sup>24</sup> The future remains uncertain, because the situation surrounding world energy resources has changed with the rise of developing countries such as China and India. As world energy demand increases and the prices of energy resources rise, many countries have developed a competitive attitude in their attempt to secure energy resources for themselves. In such circumstances, can Japan continue to promote dialogue and cooperation with fellow consumer countries?

A report written by Kentokai on international economic cooperation mentions that the rise of emerging countries such as China, India, and Brazil has contributed to the development of world economy. However, it has also created a tendency to intensify international competition over energy

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<sup>21</sup> IEA, *Energy Policies of IEA Countries Compendium) 2005 Review*, Paris: OECD/IEA, 2005.

<sup>22</sup> Aso, “Japan's foreign policy and global energy security,” p. 37.

<sup>23</sup> Ibid.

<sup>24</sup> John Gray, *False Dawn: the Delusions of Global Capitalism*, London: Granta Books, 2002; first published in 1998.

resources and business opportunities.<sup>25</sup> China in particular has strengthened its economic ties and clout in the Asian region and become a more active global player.<sup>26</sup> This situation has produced a new element of competition between China and other countries, including Japan.<sup>27</sup> The report suggested that under such a situation, it is important to improve relations between Japan and China. While the two have different political ideals, they also share many common interests as neighboring countries. There is also a need to encourage China to play a greater political and economic role in Asia as well as internationally.<sup>28</sup>

Furthermore, there are other non-traditional security threats that have surfaced since the end of the Cold War. One particular concern in the energy context is the threat of terrorism. Terrorists may seek to undermine the development of energy resources in West and Central Asian countries and the stable supply of oil and gas by targeting energy infrastructures.<sup>29</sup> In order to reduce the risk of terrorism, Japan needs cooperation with countries in the region as well as international institutions.

## Japan's Energy Strategy towards West and Central Asia

### *Japan's Crude Oil Import from West and Central Asian Countries*

Looking at the statistics of Japan's imports of crude oil from the 1990s onwards, Japan is still highly dependent on imports from oil-producing countries in the Middle East. The share of Middle Eastern oil supply has been over 80 per cent from 1996 onwards: the amount was 1,325 MMbbl, or 80 per cent of the total of 1,657 MMbbl, in 1996; it was 1,363 MMbbl, or 89.2 per

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<sup>25</sup> *Hokokusho* [Report] by Kentokai on international economic cooperation, 2006, available at: [www.kantei.go.jp/jp/singi/oda\\_2/houkoku.pdf](http://www.kantei.go.jp/jp/singi/oda_2/houkoku.pdf) (October 16, 2007).

<sup>26</sup> *Ibid.*

<sup>27</sup> *Ibid.*

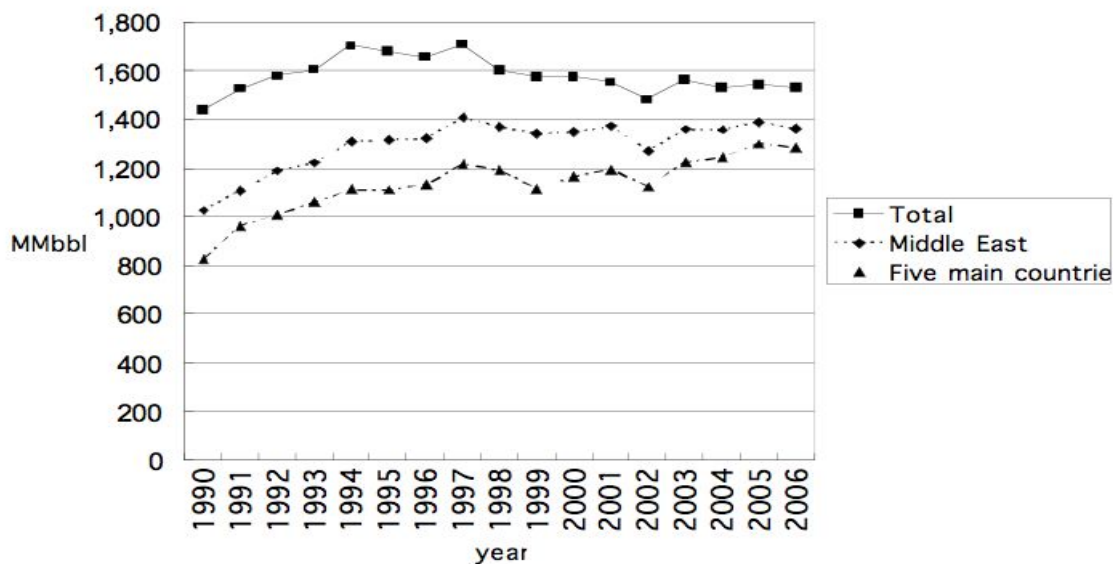
<sup>28</sup> *Ibid.*

<sup>29</sup> In the context of post-Cold War and post-9/11, overlapping the postmodern era of globalization, with sophisticated technologies like the Internet, mobile phones, international bank accounts and transportation systems, terrorists have been able to carry out attacks easier than before.

cent of the total of 1,529 MMbbl, in 2006;<sup>30</sup> and the share was 84.3 per cent in November 2007.<sup>31</sup>

The five main oil-producing countries Japan has relied on in the past several years are Saudi Arabia, the United Arab Emirates (UAE), Iran, Qatar, and Kuwait. Together, Saudi Arabia (30 per cent), the UAE (25.4 per cent), Iran (11.5 per cent), Qatar (10.2 per cent), and Kuwait (7.1 per cent) provided about 84.2 per cent of Japan's total imports in 2006. Japan has tried to reduce its dependence on oil and to diversify supply sources, enhance relations with oil-producing countries and give financial and technical support to oil and gas exploration.<sup>32</sup> However, Japan cannot reduce the share of Middle Eastern oil in a short period of time.

Figure 1. Japan's annual crude oil imports in total and that from the Middle East from 1990 to 2006



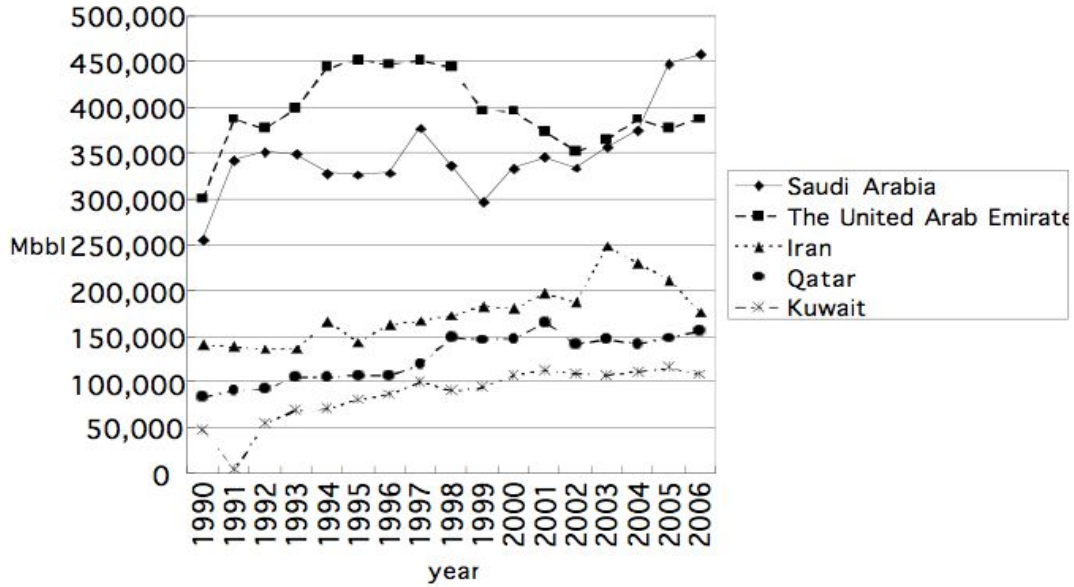
Source: METI, Yearbook of Mineral Resources and Petroleum Products Statistics, 2001, 2006.

<sup>30</sup> METI, Yearbook of Mineral Resources and Petroleum Products Statistics, 2006. The measure of the quantity of oil in the original data is kilolitre.

<sup>31</sup> METI, Monthly Report of Mineral Resources and Petroleum Products Statistics (November 2007).

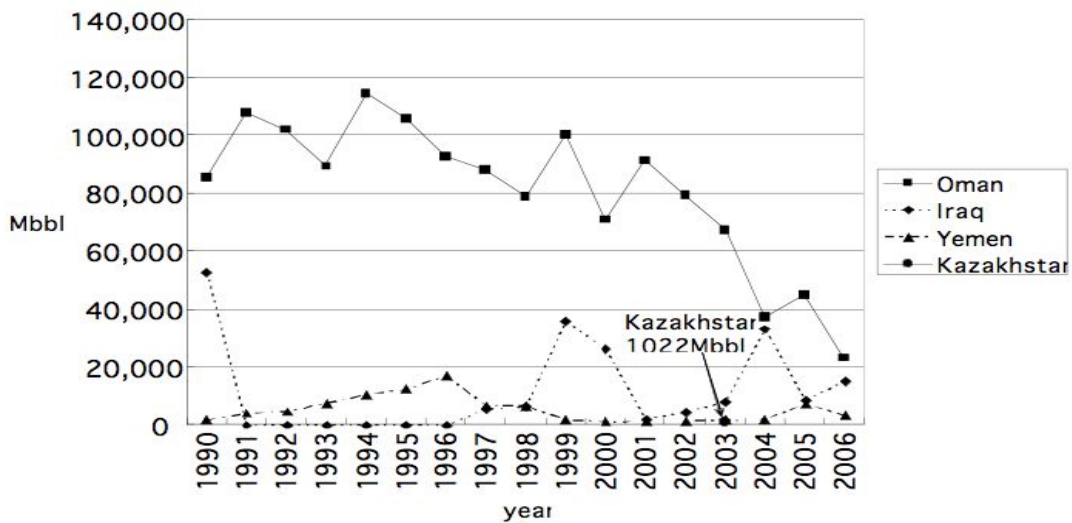
<sup>32</sup> IEA, Energy Policies of IEA Countries Japan 2003 Review, Paris: OECD/IEA, 2003.

Figure 2. Annual crude oil imports from top-five oil exporting countries to Japan



Source: METI.

Figure 3. Japan's annual crude oil imports from other main oil-producing countries in West and Central Asia including Oman, Iraq, Yemen, and Kazakhstan



Source: METI.

How about other countries in West and Central Asia? The share of oil imported from Oman was higher than that of Kuwait before 1996 and that of Qatar from 1990 to 1992 and 1994.<sup>33</sup> Imports from other countries including Iraq, Yemen and Kazakhstan have been less. Crude oil imports from Iraq was below 1 per cent of the total amount of Japan's crude oil import except in 1990 (3.664 per cent of the total of 1,439 MMbbl), 1999 (2.273 per cent of the total of 1,575 MMbbl), 2000 (1.664 per cent of the total of 1,576 MMbbl), and 2004 (2.168 per cent of the total of 1,531 MMbbl).<sup>34</sup>

Imports from Yemen made up less than 1 per cent of Japan's total oil import except in 1996 (1.025 per cent of total 1,657 MMbbl).<sup>35</sup> Japan imported 1,022 Mbbl of crude oil from Kazakhstan, or just 0.065 per cent of total 2003 imports (1,563 MMbbl).<sup>36</sup> Figure 3 does not show Japanese crude oil imports from Azerbaijan, but Japan imported 948 Mbbl from this country in the first quarter of 2007.<sup>37</sup>

In this sense, with regard to energy security, the Middle East has been of central importance for Japan whereas Central Asia and the Caucasus remain marginal. Oil supply in the Caspian Sea region cannot substitute supplies from the Middle East, but they are important by allowing countries to diversify supply sources. At the Round Table of North and Central Asian oil-producing countries, hosted by India in November 2005, participants including ministers from major Asian consumer countries noted the significance of mutual dependence and investment to Central Asia.<sup>38</sup>

#### *Projects Japanese Companies Participate in West and Central Asia*

Japanese companies have participated in oil development projects in the Middle East for decades. One of the main projects in recent years was in the Neutral Zone between Kuwait and Saudi Arabia. The concession that Japan's Arabian Oil Company (AOC) held expired in January 2003. However, the AOC has continued to operate in the Kuwaiti portion of the

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<sup>33</sup> METI, *Yearbook of Mineral Resources and Petroleum Products Statistics*, 2001, 2006.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> METI, *Monthly Report of Mineral Resources and Petroleum Products Statistics* (November 2007).

<sup>38</sup> METI, *White Paper on Energy 2007*.



Neutral Zone under a contract and has received about 50,000 bbl/d from the joint development.<sup>39</sup>

Among other main projects is the development of the Azadegan oil field in Iran which is estimated to hold 6 billion barrels of recoverable oil reserves.<sup>40</sup> A Japanese oil company, INPEX corporation, was awarded a US\$2 billion contract to develop the oil field in February 2004 and held a 75 per cent stake. However its share was subsequently reduced to 10 per cent in October 2006.<sup>41</sup> This will be discussed in the later part of this chapter.

Japanese companies have also been engaged in oil development projects in the Caspian Sea region. Japanese companies, INPEX and Itochu Oil Exploration Co., Ltd. have participated in the Azeri-Chirag-Guneshli (ACG) Project in Azeri territory of the Caspian Sea. These two companies acquired 10 per cent and 3.92 per cent stakes respectively. The oil fields are estimated to hold 5.4 to 6.9 billion barrels of recoverable reserves.<sup>42</sup> It has already produced oil since November 1997, and will subsequently increase production to 1 MMbbl/d.<sup>43</sup> Japan only imported crude oil from Azerbaijan in 2007. The transit routes of crude oil were a significant issue in the development of oil fields in the region; Japan supported the construction of the Baku-Tbilisi-Ceyhan (BTC) petroleum pipeline which Japanese enterprises also participated in.

The oil development project of the Kashagan offshore oil field in Kazakhstan is also important as this oil field has 13 billion barrels of recoverable reserves, the largest among oil fields found after 1980.<sup>44</sup> The Kashagan oil field was found in 2000, and further development plans have been approved by the Kazakh government.<sup>45</sup> INPEX has had a 8.33 per cent stake in the oil field since September 2001.<sup>46</sup> Crude oil is expected to be produced from 2008.<sup>47</sup>

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<sup>39</sup> EIA, "Country Analysis Briefs: Japan," 2006, [www.eia.doe.gov/cabs/Japan/Oil.html](http://www.eia.doe.gov/cabs/Japan/Oil.html) (January 14, 2008).

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> METI, *White Paper on Energy 2007*.

<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

<sup>46</sup> INPEX, "Our business: Countries of Caspian Sea Area," [www.inpex.co.jp/english/business/project/caspian.html](http://www.inpex.co.jp/english/business/project/caspian.html).

## **Japan's Relations with West and Central Asian Countries**

For the development of energy resources, as well as securing stable supplies of them, Japan has strengthened its relationships with West and Central Asian countries. The relationships with these countries are not only for securing stable supplies of energy resources but also for the maintenance of peace, security, stability, and prosperity in the region. The background to Japan's relations with countries in the Middle East, Central Asia, and the Caucasus are different. Japan has been promoting relations with oil-producing countries in the Middle East particularly after the oil crisis of the 1970s when Japan learned the significance of securing reliable oil supplies. The rationale for the dialogue and cooperation with these countries has been to secure the stable supply of oil.

On the other hand, it has strengthened relationships with countries in Central Asia and the Caucasus only from the early 1990s onwards. The rationale for cooperation with these countries has been the maintenance of peace, security, stability and prosperity with the establishment of democratic countries in the region. Economic reasons, including securing stable oil supplies, have been of secondary importance.<sup>48</sup> Nonetheless, taking a general view of Japan's relationships with the main energy-producing countries in West and Central Asia in recent years, senior officials from Japan and these countries have engaged in mutual visits, and the Japanese private sector has also dispatched high-level missions to strengthen bilateral and multilateral relations.

### *Relations between Japan and Middle Eastern Countries*

Relations with the Gulf Cooperation Council (GCC) countries including Saudi Arabia, the UAE, Qatar, Kuwait, Oman, and Bahrain have been significant because Japan imports most of its oil from these countries. At the meeting between Japan and the GCC countries' foreign ministers held on the occasion of the United Nations General Assembly in New York in September 2005, both sides agreed to strengthen relations in various fields including economic cooperation. They also held meetings to launch formal

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<sup>47</sup> METI, *White Paper on Energy 2007*.

<sup>48</sup> Hirose Tetsuya, "Nihon no shirukurodo chiiki gaiko" [Japan's Silk Road diplomacy (provisional translation)], in Onozawa Masaki, ed., *Yurasia to Nihon* [Eurasia and Japan], Ibaraki: Graduate Program in Asia Studies, University of Tsukuba, 2006.

negotiations on a Free Trade Agreement (FTA) in 2006. During the official visit of Prime Minister Abe Shinzo to Middle Eastern countries, including main oil producers Saudi Arabia, the UAE, Kuwait, and Qatar, from April 28 to May 2, 2007, Japan and these countries declared their determination to promote bilateral relations and cooperation in various fields such as economics, politics, the environment, education and culture.<sup>49</sup> In the area of energy production, the significance of the stability of the international oil market, reliable oil supplies to Japan, and Japan's technical cooperation and support for them were stressed.<sup>50</sup>

Before that, the Crown Prince Sultan Bin Abdulaziz Al-Saud, who holds the positions of Deputy Prime Minister, Minister for Defense and Aviation, and the Inspector General of the Kingdom of Saudi Arabia, made an official visit to Japan in April 2006. On this occasion, Japan and Saudi Arabia recognized that the amity between the two countries had been mutually beneficial. The two countries expressed their will to strengthen bilateral ties and to build a strategic partnership. Japan further stressed cooperation through dialogue on energy supply, on the basis of a complementary relationship with the GCC countries.<sup>51</sup> Japan also emphasized the importance of holding bilateral meetings of the Joint Committees/Joint Economic Committees as well as Business Forums with these countries including Saudi Arabia, the UAE, and Qatar as a means to strengthen relations with these countries.<sup>52</sup> Japan and Kuwait also stressed the significant role played by the Businessmen's

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<sup>49</sup> Ministry of Foreign Affairs of Japan, "Joint Statement between the State of Kuwait and Japan," May 1, 2007, [www.mofa.go.jp/region/middle\\_e/pmvo704/joint\\_kuwait.html](http://www.mofa.go.jp/region/middle_e/pmvo704/joint_kuwait.html) (January 14, 2008); Ministry of Foreign Affairs of Japan, "Joint Statement between the Kingdom of Saudi Arabia and Japan," April 28, 2007, [www.mofa.go.jp/region/middle\\_e/pmvo704/joint\\_saudi.html](http://www.mofa.go.jp/region/middle_e/pmvo704/joint_saudi.html) (January 14, 2008).

<sup>50</sup> *Ibid.*

<sup>51</sup> Ministry of Foreign Affairs of Japan, "Joint Statement: towards the building of strategic and multi-layered partnership between Japan and the Kingdom of Saudi Arabia," April 6, 2006, [www.mofa.go.jp/region/middle\\_e/saudi/jointo604.html](http://www.mofa.go.jp/region/middle_e/saudi/jointo604.html) (January 14, 2008).

<sup>52</sup> Ministry of Foreign Affairs of Japan, "Joint Statement: 1st Meeting of the Japan-United Arab Emirates Joint Economic Committee," December 17, 2007, [www.mofa.go.jp/region/middle\\_e/uae/jointo712.html](http://www.mofa.go.jp/region/middle_e/uae/jointo712.html) (January 14, 2008).

Committee between the two countries; both sides also expressed the intention to form a joint committee.<sup>53</sup>

Iran and Iraq are also important for Japan's energy strategy because these countries have the second and third largest crude oil reserves in the world, next to Saudi Arabia. When Japan held meetings with Iran, both countries confirmed their willingness to cooperation to stabilize oil supplies in the international oil market and to exchange information about their energy policies.<sup>54</sup> On the other hand, Japan has condemned the Iranians over their handling of the Iranian nuclear issue, and called upon other countries to cooperate and work towards a peaceful solution over this issue.<sup>55</sup>

Japan has sought to enhance its relationship with Iraq through cooperation and financial support, for example, with the dispatch of Self-Defense Forces to Iraq, and by providing about US\$5 billion in Official Development Assistance (ODA) and US\$6 billion in debt relief.<sup>56</sup> In December 2005, Japan and Iraq agreed to cooperate in the field of oil and gas; Japan expressed its support for the reconstruction of Iraq's oil fields by providing yen loans.<sup>57</sup> At the first meeting of the joint committee between METI of Japan and the Oil Ministry of Iraq in 2006, Japan expressed its readiness to contribute to the development of oil fields and the reconstruction of facilities for oil exports in Iraq through some projects in which Japanese companies would participate. However, Japan also recognized that the first priority for Iraq was to secure domestic stability and security of the country.<sup>58</sup>

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<sup>53</sup> Ministry of Foreign Affairs of Japan, "Joint Statement between the State of Kuwait and Japan."

<sup>54</sup> METI, *White Paper on Energy 2007*.

<sup>55</sup> "Joint Statement: towards the building of strategic and multi-layered partnership between Japan and the Kingdom of Saudi Arabia," "Joint Statement between the State of Kuwait and Japan," "Joint Statement between Japan and the United Arab Emirates," "Press Statement between Qatar and Japan."

<sup>56</sup> Ministry of Foreign Affairs of Japan, "Waga kuni no Iraku ni taisuru kongo no torikumi" [Japan's basic strategy toward Iraq (provisional translation)], Press Release, March 16, 2007 (in Japanese), [www.mofa.go.jp/mofaj/press/release/h19/3/1172833\\_800.html](http://www.mofa.go.jp/mofaj/press/release/h19/3/1172833_800.html) (March 28, 2008).

<sup>57</sup> METI, *White Paper on Energy 2007*.

<sup>58</sup> Press conferences given by the Minister of Economy, Trade and Industry, October 17 and 20, 2008.

*Relations Between Japan and the Central Asia and Caucasus Countries*

On the official visit of Prime Minister Koizumi Junichiro to Kazakhstan and Uzbekistan from August 28 to 29, 2006, Japan and these countries agreed to the strengthening of bilateral relations and cooperation in the fields of politics, the economy, the environment, culture and education.<sup>59</sup> They also discussed the development of energy resources such as uranium. During his visit to Kazakhstan, the two countries agreed to promote the development of resources such as oil and uranium in Kazakhstan. Kazakhstan also welcomed the participation of Japanese companies in development projects.<sup>60</sup> Again, both sides agreed to the strengthening of the “Central Asia Plus Japan” dialogue<sup>61</sup> which was initiated during the official visit of then-Foreign Minister Kawaguchi Yoriko in August 2004 to Central Asia and at the Senior Officials Meeting (SOM) held in March 2005. After Koizumi’s official visit to Kazakhstan, the two countries have also strengthened their strategic partnership on the peaceful use of nuclear power, and agreed to cooperate in some projects. Japan and Uzbekistan have also strengthened their bilateral relations in the energy field at both the government and private levels.

Japan and Azerbaijan have sought to improve bilateral relations through enhanced dialogue and cooperation, especially from the mid 1990s onwards. During President Ilham Aliyev’s official visit to Japan in March 2006, both sides emphasized bilateral, especially economic relations. The two countries created an economic committee to further develop their cooperation in the field of energy.<sup>62</sup>

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<sup>59</sup> Ministry of Foreign Affairs of Japan, “Joint statement between Kazakhstan and Japan,” August 28, 2006 (in Japanese), [www.mofa.go.jp/mofaj/kaidan/s\\_koi/kaz\\_uz\\_06/kaz\\_s.html](http://www.mofa.go.jp/mofaj/kaidan/s_koi/kaz_uz_06/kaz_s.html) (January 14, 2008); Ministry of Foreign Affairs of Japan, “Joint press statement between Uzbekistan and Japan,” August 29, 2006 (in Japanese), [www.mofa.go.jp/mofaj/kaidan/s\\_koi/kaz\\_uz\\_06/uz\\_s.html](http://www.mofa.go.jp/mofaj/kaidan/s_koi/kaz_uz_06/uz_s.html) (January 14, 2008).

<sup>60</sup> Ministry of Foreign Affairs of Japan, “Joint statement between Kazakhstan and Japan.”

<sup>61</sup> Ibid.

<sup>62</sup> Ministry of Foreign Affairs of Japan, “The Joint Statement on the Further Development of Friendship and Partnership between Japan and the Republic of Azerbaijan,” March 10, 2006, [www.mofa.go.jp/region/europe/azerbaijan/jointo603.html](http://www.mofa.go.jp/region/europe/azerbaijan/jointo603.html) (January 14, 2008).

*A Question on the Relations with West and Central Asian Countries*

While Japan's relationships with these countries differ by country and region, the basic policy toward these countries is essentially the same: dialogue and cooperation as well as formulating a mutually beneficial relationship. This position is challenging in terms of promoting cooperation with countries like Iran because of Japan's position as a U.S. ally. How can Japan overcome the difficulty of the situation?

Essentially, Japan sees "the art of persuasion" as key to its diplomacy;<sup>63</sup> this phrase suggests Japan's difference in approach compared from other countries in the international community. Japan's position on the relationship with Iran is different from that of the U.S. Basically Japan continues dialogue with all countries in the Middle East including Iran. Oil development in Iran is an important part of Japan's policy to diversify supply sources. One of the motives of Japan's focus on the development of the Azadegan oil field was the experience in Saudi Arabia: AOC lost its concession in the Saudi portion in February 2000. To make up for the loss, Japan signed a joint statement concerning the cooperation between Japan and Iran including the development of the Azadegan oil field when President Mohammad Khatami paid an official visit to Japan in 2000.<sup>64</sup> However, in 2003, the U.S. warned of sanctions against members of a Japanese consortium if they sign a long-pending deal to develop the Azadegan oil field.<sup>65</sup>

After Mr. Mahmoud Ahmadinejad became the President of Iran in 2005, Iran became even more isolated from the international community. As a result of pressure from the U.S., the oil development projects by Japanese companies in Iran have stalled. Japan has not completely abandoned the development of the Azadegan oil field but this has been recognized as a high risk project in recent years because of the Iranian nuclear issue.

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<sup>63</sup> Aso, "Middle East Policy As I See It."

<sup>64</sup> Ministry of Foreign Affairs of Japan, "Joint Statement Concerning Cooperation Directed Toward the Twenty-First Century Between Japan and the Islamic Republic of Iran," November 1, 2000, [www.mofa.go.jp/region/middle\\_e/iran/pv0010/joint.html](http://www.mofa.go.jp/region/middle_e/iran/pv0010/joint.html) (December 1, 2007).

<sup>65</sup> "Iranian oil and nuclear power: will America invoke sanctions?," *The Economist*, August 2, 2003.

## Conclusion

Japan has reduced its dependence on crude oil in percentage terms from its total energy needs after the oil crisis of the 1970s, but the actual amount of crude oil imports has not decreased that much. Japan's dependence on Middle Eastern oil has increased from the 1990s onwards. Japan has energy policies that promote energy alternatives and conservation measures to reduce its oil dependence; it also tries to create an appropriate environment for stable oil supplies through the dialogue, and by seeking to develop new oil fields.

Japan has sought to establish strategic relations with oil-producing countries in the Middle East including Saudi Arabia, the UAE, Iran, Qatar, Kuwait, Oman, and Iraq. It will continue to rely on Middle Eastern oil, thereby making the Middle East a significant part of Japan's energy strategy. Tokyo has also developed an interest in the energy resources located in Central Asia and the Caucasus although supplies from that part of the world to Japan remain small. Tokyo has made an effort towards confidence-building with the countries in the region and this can be expected to produce beneficial outcomes, particularly in the field of nuclear energy cooperation.

The Japanese government has helped to create opportunities for Japanese companies to participate in projects in West and Central Asia. However, the Middle East has political and geopolitical risks that may obstruct further energy development projects; the situation in Central Asia and the Caucasus is no different.<sup>66</sup> The associated risks need to be examined on a country-by-country basis. In the case of Iran, as long as the U.S. does not change its policy towards Iran, the Japanese companies will continue to find it difficult to work there.

Other challenges which stem from global factors including high prices of crude oil, international competition over energy resources, and terrorism should also be considered. In addition to that, environmental issues are key to forming Japan's new energy strategy toward West and Central Asia.

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<sup>66</sup> Nanay, "Russia and the Caspian Sea Region." See also Shimizu Manabu, "Kasupikai enerugi shigen no kokusai mondaika" [Energy resources in the Caspian Sea region as international issues (provisional translation)], in Shimizu Manabu, ed., *Kasupikai sekiyu kaihatsu to chiiki saihensei* [Oil development in the Caspian Sea Region and the regional reorganization (provisional translation)], Tokyo: Institute of Developing Economies, 1998.

The intensifying international competition over energy resources may make cooperation between energy-import states more difficult and this is a challenge Japan would have to address. Overall, Japan has been willing to maintain dialogue and cooperation with both export and import countries as it seeks to address its own energy. This reflects an open and inclusive strategy when dealing with the challenges of contemporary globalization.



# Part IV: Closing Chapter



## 10. Japan's Diplomacy in Central Asia: The Perspective of a Working-Level Policy Maker

Hirose Tetsuya<sup>\*</sup>

### Introduction

Diplomatic relations between Japan and the Central Asian countries were established in 1992 and, in the 16 years since, Japan has positively advanced its own unique diplomacy. I had been engaged in promoting Japan's diplomatic relations with the Newly Independent States (NIS) and Russia since April 1993, first as Director of the NIS Division at the Ministry of Foreign Affairs (MOFA) of Japan, then as Consul-General in Vladivostok, Russia. After that, I was the first resident Ambassador in Azerbaijan (also accredited to Georgia) until I retired from the foreign service in July 2002.

Although I did not make a presentation at last September's workshop due to time constraints, I decided to prepare one for this publication. In section one of this chapter, I discuss Japan's diplomatic policies toward NIS countries other than Russia, especially towards the Central Asian countries, in the mid-1990s. This will be based on my experiences in policy making at a working-level and their implementation during that period.<sup>1</sup>

In section two, I provide an overview of the relationship between the Central Asian countries and Japan after the start of the Silk Road Diplomacy proposed by Prime Minister Hashimoto Ryutaro in July 1997. I will outline Japan's assistance to the Central Asian countries and investment in energy resources for the purpose of supplementing the content of chapters by other

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<sup>\*</sup> Hirose Tetsuya is the first Director of the NIS Division at the Ministry of Foreign Affairs of Japan and former Ambassador of Japan to Azerbaijan.

<sup>1</sup> For more details, see Hirose Tetsuya, "Chuo Ajia Shokoku to Nihon" [Central Asian States and Japan (provisional translation)], *Chuto kenkyu*, No. 405, 1995; Hirose Tetsuya, "Nihon no Shirukurodo chiiki gaiko" [Japan's Silk Road Diplomacy (provisional translation)], in Onozawa Masaki, ed., *Yurasia to Nihon* [Eurasia and Japan], Ibaraki: Graduate Program in Area Studies, University of Tsukuba, 2006.

authors in this volume. In section three and as a conclusion, I offer my own ideas on what should be done with regard to Japan's diplomacy toward Central Asia.

In addition I introduce as supplementary attachments to this chapter, the presentations of two workshop discussants. The first is by Mr. Tamura Keisuke, then-Deputy Director of the Central Asia and Caucasus Division, MOFA of Japan, who made remarks on the development of Japan's policy towards Central Asia which reflected the stance of MOFA. The second attachment consists of remarks made by Mr. Sugimoto Tadashi from the Euro-Asian Research Institute on the possibility of international cooperation on energy.

### **Japan's Diplomacy in Central Asia in the mid-1990s**

#### *A New Horizon – Start of Diplomatic Relations with NIS countries*

Japan's diplomacy in Central Asia began as a part of its diplomacy towards the NIS countries other than Russia.<sup>2</sup> Because Ukraine, Belarus and Moldova in the European part of the former Soviet Union, and three South Caucasus countries faced many of the same problems as the Central Asian countries – such as the preservation of former Soviet systems – the following foreign policy was mostly also applied to these countries. The Government of Japan recognized the NIS countries on December 28, 1991 (except for Georgia, which it recognized in April 1992) and established diplomatic relations with the countries between January and September 1992. Deputy Prime Minister and Minister for Foreign Affairs Watanabe Michio visited Kazakhstan and Kyrgyzstan in April and May of the same year.

MOFA, as the organization responsible for diplomatic endeavors, opened embassies in four populous NIS countries, namely, Kazakhstan and Uzbekistan in Central Asia, and Ukraine and Belarus in Europe (a Charge d'affaires ad interim was stationed in Belarus and resident ambassadors assigned to the other three posts) in January 1993. In Tokyo, the “Newly

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<sup>2</sup> Hereafter, “NIS countries” will not include the Russian Federation unless specifically stated.

Independent States (NIS) Division,”<sup>3</sup> which deals with political and economic relations between Japan and eleven NIS countries, was established in the European and Oceanian Affairs Bureau of MOFA on April 1 of the same year. I was appointed first Director of the Division and remained in that post until January 1996.

We developed our strategy with the little information on the NIS countries available in those days, and the NIS governments themselves were inexperienced in diplomacy. Therefore the situation was one of “thinking on the run.” Unlike Russia, the U.S. and China, which were able to install embassies in all NIS countries just after they gained independence, we could not establish embassies in all NIS countries because of MOFA’s tight administrative budget and insufficient manpower. There were extremely few personnel engaged in drafting and enforcing policy at the ministry as well as in the embassies. Much depended on the personal efforts of the first resident ambassadors – Ambassador Suezawa Shoji in Ukraine, Ambassador Matsui Akira in Kazakhstan, Ambassador Magosaki Ukeru in Uzbekistan and Charge d’affaires ad interim Tateyama Akira in Belarus – and their handful of staff. Professor Uyama Tomohiko was one of those few staff members. Representatives of Japanese business firms and local parties interested in establishing the foundations for friendly relations also contributed in building relations.

In this sense it could be said that Japan’s NIS diplomacy initially suffered from poor preparation due to limited funds. On the other hand, however, the budget for humanitarian and technical assistance to the NIS countries (including Russia) was appropriated separately, and the Division for Assistance to NIS countries carried out humanitarian and technical assistance tasks. As a part of this technical assistance program, “Japan Centers” which are bases for technical cooperation focused on developing human resources, were first established in Russia and Kyrgyzstan. At these centers, training courses for young experts in the region were conducted, for the sake of promoting administrative and economic reform. In addition,

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<sup>3</sup> After MOFA’s restructuring in 2004, the Division became the Central Asia and Caucasus Division in the European Affairs Bureau, with responsibility for matters relating to eight countries in Central Asia and the South Caucasus.

assistance for denuclearization in Russia, Ukraine, Belarus, and Kazakhstan was started by another bureau.

Japan's NIS diplomacy thus got into full swing slowly but steadily. To provide a legal foundation to govern bilateral relations between Japan and NIS countries, we adopted the principle of succession of treaties and conventions concluded between Japan and the Soviet Union, except where unsuitable, for the countries concerned. Nevertheless, negotiations with each country took time. Ukraine established an embassy in Tokyo in September 1994, followed by Belarus in July 1995, and both Uzbekistan and Kazakhstan in February 1996.

### *Japan's Strategy and Policy*

Under NIS diplomacy we paid attention to the following particular features of Central Asia.

- Geopolitical importance: peace and stability in the region is essential for all of Eurasia;
- Enormous economic potential: Central Asia has abundant natural resources and its population of 50 million people has a literacy rate of more than 90 per cent and thus a viable educated workforce is present;
- Microcosmic character: the region is valuable in terms of human civilization. This reasoning was replaced with "historical and cultural ties with Japan" as the rationale after the start of "Silk Road Diplomacy" in July 1997;
- Most recently, the geopolitical and economic importance of the region has been stressed.

With the aim of establishing long-term relationships of mutual trust with NIS countries, we adopted the strategy of strengthening relations on multiple levels. In terms of concrete policy, we focused on:

- Promoting political dialogue and human exchange;
- Providing humanitarian assistance and official development assistance (ODA) to contribute to the self-help efforts of the countries in the

region toward nation building, democratization and market economization;

- Encouraging economic interaction and cooperation in the private sector;
- Promoting mutual understanding and cultural exchanges.

From the viewpoint of promoting political dialogue, we started inviting the presidents of the NIS republics in due course. We also promoted interpersonal exchange through various programs, inviting both diplomats and youth representatives. I will discuss the visits to Japan by these presidents and Japan's bilateral relations with the countries concerned later in the chapter.

As early as 1991, the Japanese government began offering technical cooperation including accepting trainees, dispatching experts and providing humanitarian assistance to former Soviet countries. Humanitarian assistance was achieved mainly through grants of medical supplies and vaccines as part of a US\$200 million emergency humanitarian assistance package to former Soviet countries. Japan started to provide Official Development Assistance (ODA) after the Central Asian countries were added to the list of developing countries by DAC in January 1993.<sup>4</sup>

In the mid-1990s, ODA to Central Asian countries was focused on the provision of yen loans for the construction of transportation, communication and other infrastructure to meet the requirements of landlocked countries, technical cooperation with an emphasis on developing human resources, and grant aid mainly for medical care. In addition, Central Asian countries had already joined the European Bank for Reconstruction and Development (EBRD), so Japan took the initiative to enable these countries to participate in the Asian Development Bank (ADB). Thus they could get credit from both banks.

Central Asians had high expectations of cooperation with Japan. Other governmental organizations in Japan besides MOFA – mainly the Ministry

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<sup>4</sup> ODA started for the South Caucasus countries and Moldova in 1994 and for Ukraine in 1997; ODA is not given to Belarus.

of International Trade and Industry (MITI)<sup>5</sup> and the Ministry of Finance (MOF) – as well as parliamentarians and parties in the private sector and academia began to show strong interest in Central Asia, and missions were dispatched. Bilateral Joint Economic Commissions between Japan and Central Asian countries were established from about 1993, the members from Japan coming from private firms and members from Central Asian countries being led by the government officials. The Japanese government promoted Japanese language education and cultural exchange mainly through the Japan Foundation.

It may be said that Japan's policy towards Central Asia and also the Caucasus, compared with that of the Western countries (the U.S. and West European countries), had different characteristics. One of the key features of Japan's policy is that Japan has approached oil producing and non-oil producing countries alike equally; whereas the Western countries have largely devoted their attention to the energy resources of Central Asia and given priority to strengthening relations with oil-producing NIS countries.

As was pointed out by Len in his chapter, there also existed in Japan a desire to participate in oil and natural gas development in the Caspian region and the construction of a pipeline. Since 1993, Mitsubishi Corporation and China National Petroleum Corporation (CNPC), with the participation of Exxon, conducted a feasibility study on a China-bound pipeline from Turkmenistan. Since around 1994, MITI and the Agency for Natural Resources and Energy through the Japan National Oil Corporation (JNOC) proceeded in building relationships with countries of the Caspian region. JNOC made an agreement with the Kazakh government for cooperation to explore the geological structure in 1994.<sup>6</sup> However, considering the uneasy political situation in Central Asia and the Xinjiang Uygur Autonomous Region, Japan's economic recession at the time, the cautiousness of Japanese firms and the actual ability of oil companies, realization of the pipeline construction was deemed as being too difficult and the project was shelved.

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<sup>5</sup> Currently the Ministry of Economy, Trade and Industry (METI).

<sup>6</sup> Tanabe Yasuo, "Kasupikai sekiyu shigen no seijikeizaigaku" [The political economy of oil resources in the Caspian region (provisional translation)], *Gaiho forum*, August-September 1998. Tanabe is a former Director, Development Division, Petroleum Department, Agency for Natural Resources and Energy.



From there, it was judged from the viewpoint of comprehensive foreign policy planning that establishment of long-term friendly relations based on mutual trust, rather than the acquisition of energy resources, was most important for Japan. Tokyo came to realize that a stable and independent Central Asia free from hegemonic control was in Japan's greatest national interest.

Both Japan and the Western countries have a common goal of promoting democratization and market economization in the NIS countries. However, the people of Central Asia are mindful of authority and thus stability-oriented in outlook. They prefer stability of life to democratization if the latter brings uncertainty to their livelihood. It was clear in such a situation that the imposition of "the Western standard" did not always have a beneficial effect. Tokyo has always thought that democratization should be allowed to permeate slowly, in balance with nation building and the achievement of stability. In this regard, we focused on human development.

In terms of economic reforms, the Western countries were going to push the so-called "IMF/Anglo-Saxon method" to measure market economization, together with strong monetary and fiscal tightening over a short period. On the other hand, Japan tried to present the "Japan/East Asia model" as one of the alternative choices, in which the government plays a major role in the market economy. We dispatched experts from Japan and offered courses in economics and business management, attempting to convey Japan's own experiences. Indeed, Uzbekistan and Turkmenistan which adopted "gradualism", a step-by-step shift to a market economy, as manifested in their government-led industry management systems, were able to restrain the decline in production caused by shocks from the collapse of Soviet-style economic systems at the initial stage of market economization. From this perspective, they fared better than Kazakhstan and Kyrgyzstan, which adopted a radical system switchover process, and Tajikistan, which was caught up in civil war.

Thus Japan's Central Asian policy is not necessarily in line with those of the U.S. and Europe, and the arguments that Japan's primary target in Central Asia was energy, or that Japan only finally initiated a Central Asian policy

around 1997 following the United States, are either misconceptions or exaggerations.

#### *Presidential Visits to Japan, and Bilateral Relations*

We did try to stimulate political reform and made clear our policy of attaching importance to democratization. To encourage the reform efforts of President Askar Akaev, who was deemed a pioneer in democratization, we invited him for a visit to Japan in April 1993. As a result, a yen loan was provided to Kyrgyzstan in the same year and, as mentioned earlier, a Japan Center was established at Bishkek in 1995, each being a first in NIS countries other than Russia. A Japanese economist was also dispatched as an advisor to President Akaev.

Following President Akaev's visit, during my tenure as Director of the NIS Division, we invited President Nursultan Nazarbaev of Kazakhstan to Japan in April 1994, President Islam Karimov of Uzbekistan in May 1994 and President Leonid Kuchma of Ukraine in March 1995. I accompanied the presidents during their respective stays in Japan. The presidents charmed the political and economic leaders of Japan with their strong resolution toward nation-building and the realization of market economies as well as with their good sense of humor.

The variety of their national traits and feelings also surprised and charmed me: the simplicity of the Kyrgyz people, the progeny of a nomadic people in a mountainous district; the generosity and flexibility in schedule of the Kazakhs, the progeny of steppe nomads; the elaborateness of Uzbeks, the progeny of Sogdian people, settled agricultural and commercial folks; the persistence to precise sentence expression and the anti-Russian feelings of the Ukrainians. What was also common to all of them was that the president was regarded as an absolute monarch, and a cabinet minister being only another "subject". Carrying on the legacy of the Soviet era, the Central Asian officials also tended to evaluate the success of a visit to a foreign country by the number of agreements concluded and documents signed. Therefore they wanted to conclude agreements and sign as many documents as possible. As for the latter, we tried to persuade them that diplomatic achievements should be measured by the results not by the number of documents. On each visit,

we issued a joint communiqué that compiled the results of the visit, including promises of grants and yen loans.

At the time of President Nazarbaev's visit in 1994, the news of the resignation of the Hosokawa Cabinet came on the day following a summit meeting between President Nazarbaev and Prime Minister Hosokawa Morihiro, astonishing the visiting president and his party. Ambassador Matsui and I had a hard time explaining and reassuring them that the Japanese government would, by all means, keep its promises even if the leader of the government were to change.

Some Japanese people showed keen interest in President Karimov's gradual economic reforms, which was regarded as being close to the Japanese model (later, Karimov's Uzbekistan model was deemed considerably different to the Japanese model). President Karimov welcomed missions from Japan with warm hospitality. As a result, the number of Japanese supporters for Uzbekistan grew, especially among Finance Ministry officials and the private sector.

Of the Japanese soldiers and citizens illegally detained by the Soviet Union after World War II, about 60,000 were sent to Kazakhstan and about 25,000 to Uzbekistan. Local people have taken care of the graves of those who unfortunately passed away. The Navoi Theater in Tashkent constructed by the detained Japanese survived a big earthquake in 1966. During the tenure of Ambassador Magosaki, an epitaph noting that "several hundred Japanese citizens participated in the construction of this theater" was fixed onto the wall on the order of the pro-Japanese President Karimov, who apparently made the decision that the term "prisoners of war" would not be used. The Japanese government donated audio-visual and lighting equipment to the theater as a symbol of friendship in 1994.

### **Relationship between Central Asian Countries and Japan since the Start of "Silk Road Diplomacy"**

The development of Japan's Silk Road Diplomacy from 1997 is covered by other authors in this volume. Therefore, in the second part of this chapter, I will only offer a brief summary of relations between Central Asian countries and Japan, focusing on Japan's assistance to Central Asia and the

participation of Japanese companies in the Caspian region's energy sector so far.

### *Development of Relations*

Prime Minister Hashimoto's speech on July 1997 titled "Eurasian Diplomacy," a part of which was the declaration of "Silk Road Diplomacy," actually re-emphasized the policy that Japan had been pursuing since 1992, as is pointed out by Uyama in his chapter in this volume. However, bilateral relations between Central Asian countries and Japan steadily developed through the "Silk Road Diplomacy" and, after the "Central Asia Plus Japan" dialogue was launched in 2004, relations between Japan and the Central Asian region as a whole have developed remarkably.

With regards to visits by state leaders, the presidents of the Central Asian republics visited Japan many times. Prime Minister Koizumi Junichiro visited Kazakhstan and Uzbekistan in August 2006. This was the first visit of Japan's incumbent prime minister to Central Asia. Japanese embassies were opened in Azerbaijan in January 2000, in Tajikistan in January 2002, in Kyrgyzstan in January 2003, and in Turkmenistan in January 2005. Staff levels were also increased both in Japan's foreign ministry and in diplomatic missions abroad. In Japan, embassies were opened in Tokyo by Kyrgyzstan in April 2004, Azerbaijan in October 2005, Georgia in February 2007, and Tajikistan in November 2007.

Contrary to the prominence of its ODA, the small amount of Japan's trade with, and investments in the non-energy sector in, Central Asian countries betrays the expectations of the locals there. The total amount of Japan's trade with the five countries in Central Asia in 2007 was US\$971 million: US\$562 million in imports by Japan and US\$408 million in exports by Japan.<sup>7</sup> This amounts to just one per cent of the total trade amount of the five Central Asian countries which stood at US\$111.3 billion<sup>8</sup> in 2007.

Cooperation between universities in Central Asia and Japan and activities by NGOs have been dynamic. There is a private Japanese language school – Noriko Gakkyu – in the small town of Rishtan in the Fergana Valley of

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<sup>7</sup> Data from JETRO website (in Japanese), [www.jetro.go.jp/biz/world/russia\\_cis/outline/centasiao8o6.pdf](http://www.jetro.go.jp/biz/world/russia_cis/outline/centasiao8o6.pdf) (July 28, 2008).

<sup>8</sup> Ibid.

Uzbekistan. The late Mr. Osaki Shigekatsu, who previously worked as an engineer in the vicinity of Rishtan, established the school with his wife using his pension fund. In this school, supported by Uzbek and Japanese volunteers, about 150 children are learning Japanese.<sup>9</sup> There is also Japanese concern over the issue of environmental pollution in the Aral Sea. The friendship between the Central Asian countries and Japan is supported not only by government officials and businessmen, but also by many volunteers from both sides.

However, not everything has gone well. We should not forget that Professor Akino Yutaka was tragically murdered in 1998 while engaged in United Nations postwar activities in Tajikistan. Another unfortunate incident occurred in 1999 when four JICA experts were taken hostage in Kyrgyzstan by the radical Islamic militant Uzbekistan Harakat-i-Islami (Islamic Movement of Uzbekistan).

#### *Japan's Assistance to Central Asia*<sup>10</sup>

##### *Bilateral ODA*

The government of Japan has provided a total of about ¥289 billion (approximately US\$2.78 billion<sup>11</sup>) in ODA to five Central Asian countries as of FY2006<sup>12</sup> in support of basic human needs, infrastructure, capacity building, etc. Of this amount, ¥72,559 million was in grant aid and technical cooperation, and ¥216,510 million was in yen loans. Japan is one of the largest donors to the five Central Asian countries. Japan has accepted 3,852 Central Asian trainees and sent hundreds of its own experts and government-sponsored volunteers to the region. In addition to Kyrgyzstan mentioned above, Japan Centers were opened in Uzbekistan and in Kazakhstan in 2000.

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<sup>9</sup> Chiyuki Terao, "The Rishtan-Japan Center and the Noriko School in Uzbekistan," *Shingetsu Electronic Journal of Japanese-Islamic Relations*, Vol. 3, March 2008, [www.shingetsuinstitute.com/Terao%201F.pdf](http://www.shingetsuinstitute.com/Terao%201F.pdf) (May 1, 2008).

<sup>10</sup> Figures were provided by MOFA of Japan.

<sup>11</sup> Calculated at the rate of US\$1=¥104 by the author.

<sup>12</sup> The Fiscal Year for 2006 ends on March 31, 2007.

*Assistance through International Organizations*

Besides bilateral ODA, the Japanese government has been supporting Central Asian countries through special funds Japan set up in various international organizations. The number of projects affiliated with the Central Asia countries and the total sums allocated for these projects for the period 2002-2007 in Japanese trust funds established at the United Nations, United Nations Development Programme, and the World Bank Group are shown in Table 1. In addition, Japanese trust funds are held in the Asian Development Bank and in the European Bank for Reconstruction and Development.

*Table 1. Assistance through International Organizations*

UN Trust Fund for Human Security	<p>The Trust Fund for Human Security was established at Japan's initiative in the United Nations in March 1999. Japan contributed approximately ¥35.4 billion (about US\$340 million) to the Fund.</p> <p>There are ten Central Asia-affiliated projects which have been allocated US\$10,479,000 in total.</p>
Japan - UNDP Partnership Fund	<p>The UNDP/JAPAN Women in Development Fund, Japanese Human Resources Development Fund and UNDP Information and Communications Technology for Development Thematic Trust Fund were consolidated into the Japan - UNDP Partnership Fund.</p> <p>There are ten Central Asia-affiliated projects which have been allocated US\$2,120,000 in total.</p>

International Bank for Reconstruction and Development (IBRD) Policy and Human Resource Development Fund	There are twenty-eight Central Asia-affiliated projects which have been allocated a total of US\$26,985,000
International Bank for Reconstruction and Development (IBRD) Japan Social Development Fund	There are eleven Central Asia-affiliated projects allocated a total sum of US\$11,718,000
International Finance Corporation, Technical Assistance Trust Fund	There are four Central Asia-affiliated projects with a total of US\$1,590,000 allocated.

#### *Cooperation for the Denuclearization of Kazakhstan*

Japan has contributed US\$16 million (¥1,770 million) to the *Committee on Cooperation for the Destruction of Nuclear Weapons Reduced in the Republic of Kazakhstan*, based on the Japan-Kazakhstan Nuclear Non-proliferation Cooperation Agreement concluded in March 1994. Japan has also assisted Kazakhstan in establishing a *State System for Nuclear Material Accountancy and Control* and took measures to address the radioactive contamination of the area surrounding the Semipalatinsk nuclear test site.<sup>13</sup> On April 27, 2007, MOFA issued a press release<sup>14</sup> announcing that a decision had been made to start negotiations on an agreement with Kazakhstan for cooperation on the peaceful uses of nuclear energy. In connection with this, MOFA decided to

<sup>13</sup> Ministry of Foreign Affairs of Japan, "Joint Statement, 'Central Asia Plus Japan' Dialogue/(First) Foreign Ministers Meeting," August 28, 2004, Astana (in Japanese), [www.mofa.go.jp/mofaj/kaidan/g\\_kawaguchi/ca\\_mongolia\\_04/kyodo\\_b.html](http://www.mofa.go.jp/mofaj/kaidan/g_kawaguchi/ca_mongolia_04/kyodo_b.html)

<sup>14</sup> Ministry of Foreign Affairs of Japan, "Start of Negotiations to Conclude an Agreement between Japan and Kazakhstan for Cooperation in the Peaceful Uses of Nuclear Energy and the Implementation of Nuclear Security Cooperation with Kazakhstan," April 27, 2007, [www.mofa.go.jp/announce/announce/2007/4/1173224\\_824.html](http://www.mofa.go.jp/announce/announce/2007/4/1173224_824.html) (March 28, 2008).

extend about ¥500 million to help upgrade nuclear security for nuclear-related facilities in Kazakhstan under the Japan-Kazakhstan nuclear non-proliferation cooperation agreement.

In their chapters, Marat and Dadabaev point out the effects and problems of Japan's ODA from the standpoint of recipient countries. Generally, Japan's assistance is appreciated as "cooperation without political ambitions." Here I would like to mention my own experience as an example.

I attended an international conference entitled "Problems of Security in Central Asia" held in Tashkent in October 2005. There, I stated,

The Andijan tumult last May has shown that, while the people's demand for democracy is becoming stronger, the Central Asian and Caucasian region is still vulnerable to terrorist attacks and thus is far from achieving real stability. In addition, major changes in the strategic environment surrounding these countries have been seen, such as diplomatic offensives by foreign powers. Under such circumstances, the importance of intra-regional cooperation aiming for stability and development of the region as a whole should be stressed more than ever before, so that the region's countries can maintain their own political and economic governance.

I explained what Japan, as a comparatively quiet but very active partner of Central Asian countries, had done and was doing, with an emphasis on Japan's efforts to promote human security in Central Asia. Following my speech, two representatives of Uzbekistan at the conference said, "Unlike the other donors, Japan assisted us while considering the true benefits to the recipients." Even if this comment was made as an implicit criticism of the Western countries in regard to their attitude towards Uzbekistan, it shows that the policy of engagement Japan has been pursuing served to benefit the countries in the region and is being appreciated as such.



*Japan's Energy Interests**Investment*

Although they have fallen behind the Western counterparts, Japanese companies have participated in the development of petroleum resources in the Caspian region and pipeline construction since the latter half of the 1990s.

*Table 2. Japanese Energy Companies in the Caspian Region<sup>15</sup>*

Azeri-Chirag-Gunashli Fields (ACG Oil Fields of Azerbaijan)	ITOCHU Oil Exploration (Azerbaijan) Inc. (1996) – Interest ownership: 3.92%  INPEX Southwest Caspian Sea, Ltd. (April 2003) – Interest ownership: 10%
Offshore North Caspian Sea Block (Kashagan Oil Field and others)	INPEX North Caspian Sea, Ltd. (September 1998) – Interest ownership: 8.33%
Baku Tbilisi Ceyhan (BTC) Pipeline	INPEX BTC Pipeline, Ltd. (October 2002) – Interest ownership: 2.5%  ITOCHU Oil Exploration (BTC) Inc. (June 2002) – Interest ownership: 3.4%

In 1996, Itochu Oil Exploration Co., Ltd. participated in the Azerbaijan International Operating Company (AIOC) by taking over the rights of

<sup>15</sup> Information reflected in this table are available from the official websites of Itochu Oil Exploration Co. Ltd, [www.itochoil.co.jp/e/world\\_index-e.html](http://www.itochoil.co.jp/e/world_index-e.html) and Inpex, [www.inpex.co.jp/english/business/project/caspian.html](http://www.inpex.co.jp/english/business/project/caspian.html)

McDermott (Interest ownership: 2.45 per cent) in March and of Pennzoil (Interest ownership: 1.47 per cent) in July of the same year (Total interest ownership: 3.92 per cent).<sup>16</sup> This was the first case of the participation of Japanese company in an oil development project in the Caspian region and sparked a Caspian boom in Japan. Japanese companies went on to conclude Product Sharing Agreements in a few mining concessions. Table 2 on the preceding page reflects the Japanese energy companies that operate in the Caspian region.

#### *Loans by Japan Bank for International Cooperation*

The Japan Bank for International Cooperation (JBIC) has signed loan and cooperation agreements in connection with the above projects. The loans are reflected in Table 3.

*Table 3. Funding by the Japan Bank for International Cooperation (JBIC)*

Financing for the Azeri-Chirag-Gunashli Oil Fields Development Project <sup>17</sup>	Loans totaling US\$1414 million. Co-financed with private financial institutions
Project Finance Loan Agreements for Baku-Tbilisi-Ceyhan (BTC) Pipeline Project <sup>18</sup>	JBIC signed loan agreements totaling US\$580 million with the Baku-Tbilisi-Ceyhan Pipeline Company (the project company) and Baku-Tbilisi-Ceyhan Pipeline Finance B.V. (the borrower) on February 3, 2004.  Co-financed with private financial institutions.  Participation of JBIC and other public

<sup>16</sup> Mr Naito Kenichi, Technical Department, ITOCHU Oil Exploration Azerbaijan ACG purojekutono genjo to mirai [Present and Future Perspectives of the ACG Project in Azerbaijan] *Sekiyu Gijutu Kyoukai Shi*, Vol. 70, No. 2, 2005. [www.jstage.jst.go.jp/article/japt/70/2/142/\\_pdf/-char/ja/](http://www.jstage.jst.go.jp/article/japt/70/2/142/_pdf/-char/ja/) (November 1, 2008)

<sup>17</sup> Information obtained by the author directly from JBIC. No press release.

<sup>18</sup> Japan Bank for International Cooperation, "JBIC Signs Project Finance Loan Agreements for Baku-Tbilisi-Ceyhan (BTC) Pipeline Project: In Support of a Crude Oil Pipeline Project Connecting the Caspian Sea and the Mediterranean Sea for the First Time Ever," JBIC, NR/2003-38, February 3, 2004, [www.jbic.go.jp/autocontents/english/news/2004/000006/index.htm](http://www.jbic.go.jp/autocontents/english/news/2004/000006/index.htm) (March 28, 2008).

	institutions such as the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD) and Nippon Export and Investment Insurance.
Financing for Kashagan Offshore Oil Field Development Project <sup>19</sup>	JBIC signed a loan agreement totaling US\$649 million with INPEX North Caspian Sea, Ltd. (the company) on October 27, 2005. Co-financed with private financial institutions.
Cooperation Agreement with the Government of Azerbaijan <sup>20</sup>	JBIC signed a cooperation agreement to strengthen bilateral ties with the Government of the Republic of Azerbaijan on June 13, 2007.

## Conclusion

Finally, I would like to relate my views on what Japan's policy towards Central Asia should be, again based on my experiences but also referring to the analyses and proposals made in the presentations and discussions at the workshop, as well as the writings submitted by the other authors.

### *Political Dialogue and Cooperation for Intra-Regional Cooperation*

The government of President Kurmanbek Bakiev formed after the "Tulip Revolution" of Kyrgyzstan in March 2005, as Marat points out, was not necessarily democratic and no "domino effect of colour revolution" occurred in Central Asia. President Nazarbaev in December 2005 and President Karimov in December 2007 were re-elected for third terms; each for a seven

<sup>19</sup> Japan Bank for International Cooperation, "Natural Resources Financing for Kashagan Offshore Oil Field Development Project in the North Caspian Sea: Diversifying Japan's Energy Supply Sources," JBIC, October 27, 2005, [www.jbic.go.jp/autocontents/english/news/2005/000074/index.htm](http://www.jbic.go.jp/autocontents/english/news/2005/000074/index.htm) (March 28, 2008).

<sup>20</sup> Japan Bank for International Cooperation, "JBIC Signs Cooperation Agreement with the Government of Azerbaijan: To Support Strengthening Ties with this Resource-Rich Country and Expanding Business Opportunities for Japanese Companies," JBIC, NR/2007-37, June 13, 2007, [www.jbic.go.jp/autocontents/english/news/2007/000081/index.htm](http://www.jbic.go.jp/autocontents/english/news/2007/000081/index.htm) (March 28, 2008).

year term of office. Thus two major countries in Central Asia have realized long-term governments since independence. All five Central Asian countries remain under authoritarian regimes.

Although situations differ by country, there remain in general many tasks to be carried out by the governments of the region with the cooperation of the international community.<sup>21</sup> There exists a common perception among the five countries that many of the problems faced by Central Asian countries cannot be resolved by individual countries on their own. Therefore, they have to cooperate with each other to overcome challenges such as terrorism, drug trafficking, trans-border crime, environmental issues and water usage. In reality, though, intra-regional cooperation has not progressed beyond being that of a slogan because of conflicts of interests amongst these countries.

Under such circumstances, our best option is to promote the Silk Road diplomacy through two pillars: (1) political dialogue within the “Central Asia Plus Japan” dialogue framework (Foreign Ministers’ Meetings and Senior Officials Meetings); and (2) support for intra-regional cooperation. Intellectual dialogues held in parallel with intergovernmental dialogues would also be useful.

We should encourage democratization through political dialogue. We cannot but accept, as reality, “enlightened authoritarian regimes.” Admitting this, the right direction is to help the Central Asian countries in tackling the above-mentioned tasks, democratization being the top priority, in cooperation with the international community. At the time of the Andijan tumult in May 2005, the Japanese Government as well as Western countries requested that the Karimov Administration make greater efforts to promote

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<sup>21</sup> The list for political and social efforts, are: advancement of democratization, elimination of corruption, realization of social justice and human security, fight against terrorism and control over Islamic extremism, establishment of national unity with special attention to ethnic minorities, and resolution of environmental pollution. The list for economic efforts are: poverty reduction and solutions to economic disparities, construction of dynamic economic systems rooted in market principles, development of industries and recovery of agriculture, and construction of railroad, highway and communications networks vital for the economic development of landlocked countries.

democracy.<sup>22</sup> We should more strongly assert our views and make it clear in bilateral talks or through the “Central Asia Plus Japan” dialogue that, while recognizing the existence of a variety of approaches to democracy suited to the circumstances of each country, we are not satisfied with the status quo. We should also express that, at the very least, freedom of speech and other basic human rights including public participation in politics through free and fair elections must be guaranteed. At the same time, we should strengthen support for improving the legal system in this regard.

The fact that Japan need not be a player in the “new great game” is an asset for Japan. Central Asian countries may listen more closely to what Japan says given its lack of any political ambitions. Japan’s attitude should be one of dealing with Central Asians as equal partners who have the same Asian mentality. On the occasions when political dialogues take place, Japan should clearly explain its stance on not only the problems faced by this region, but also all of the problems faced by the global community. Japan should also clarify its policies towards the United States, Russia, China and the East Asian community, and ideas on the kind of new world order Japan would like to construct.

#### ODA

Japan should continue to implement the “action plan” faithfully, using its ODA as its tool. With regard to the implementation of ODA, the problems pointed out and proposals put forth by Kawato, Dadabaev and Marat in this volume are worthy of consideration. Dadabaev says that farmers in Central Asia have suggested they would prefer machinery produced in the former Soviet republics because they know how to repair this equipment and cheap spare parts are easily available. This is a very interesting suggestion. On the other hand, when I was ambassador accredited to Georgia, I was asked by the Georgian authorities to limit agricultural machinery provided through

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<sup>22</sup> On May 14, 2005 Press Secretary Takashima Hatsuhisa made an announcement. On June 1, 2005 Mr. Kusumoto Yuichi, Japanese Ambassador to Uzbekistan, submitted a demarche to Mr. Ibrohim Mavlanov, Deputy Foreign Minister of Republic of Uzbekistan. See, Ministry of Foreign Affairs of Japan, “The Situation in Uzbekistan (Meeting between Mr. Yuichi Kusumoto, Japanese Ambassador to Uzbekistan, and Mr. Ibrohim Mavlanov, Deputy Foreign Minister of Republic of Uzbekistan),” June 2, 2005, [www.mofa.go.jp/announce/announce/2005/6/0602-2.html](http://www.mofa.go.jp/announce/announce/2005/6/0602-2.html) (March 28, 2008).

Japan's grant aid to products made in Japan, avoiding products manufactured in the former Soviet countries that require frequent repairs (Georgians' anti-Russian feelings may also have been behind this request). In any case, this request was not realized under Tokyo's untied assistance oriented policy. The lesson from this is that different countries have different needs and close consideration on a case-by-case basis is required.

#### *Approach the Region from a Broad-Based Perspective*

Foreign Minister Aso Taro made a speech titled "Central Asia as a Corridor of Peace and Stability" at the Japan National Press Club on June 1, 2006. There he set out the "Three Guidelines" governing Japan's diplomatic relations with Central Asia: (1) approach the region from a broad-based perspective; (2) support open regional cooperation; and (3) seek partnership rooted in universal values that are held in common. I agree with these guidelines in principle and think that in relation to Aso's guidelines (1) and (2), special attention should be paid to the situation of Afghanistan, the SCO's development as a regional organization, and the possibility of broader regional integration in future.

#### *Afghanistan*

The stability of Central Asia is closely linked to realizing stability in Afghanistan. Central Asia is also geographically connected to the South Asia economic zone and the Indian Ocean via Afghanistan. In Afghanistan, which remains unstable, Japan and the United Nations-led DDR (disarmament, demobilization and social reintegration of former soldiers) has achieved remarkable results. Japan's US\$2 billion<sup>23</sup> assistance for the reconstruction of Afghanistan became a good example of successful "visible face" cooperation. Afghanistan was also invited as a guest to the second "Central Asia Plus Japan" Dialogue Foreign Ministers' Meeting in June 2006. Japan also provided special assistance to Afghanistan's neighbors Tajikistan

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<sup>23</sup> The pledged amount of US\$2 billion was announced by Foreign Minister Komura in a speech. See Ministry of Foreign Affairs of Japan, "Statement by H.E. Mr. Koumura, Minister for Foreign Affairs, Japan, International Conference in Support of Afghanistan, 12 June 2008, Paris," [www.mofa.go.jp/region/middle\\_e/afghanistan/state0806.html](http://www.mofa.go.jp/region/middle_e/afghanistan/state0806.html) (October 9, 2008).

and Uzbekistan in Central Asia. The international community should continue supporting Afghanistan in its reconstruction efforts.

### SCO

Iwashita and other authors have addressed the question of the SCO in their chapters. The direction of the SCO is still not very clear-cut. In addition to the member countries of China, Russia and the four Central Asian countries, the participation of Mongolia, India, Pakistan and Iran as observers has given the SCO the character of a huge “resource community” of energy resource-rich countries and major consumers. As a matter of fact, the creation of an “energy club” has reportedly been proposed by some members in the group. SCO member countries have also conducted numerous joint military exercises in the name of combating terrorism. Thus the SCO also has the character of a quasi-military organization. We must pay attention to these points. The SCO may not be an “anti-American” alliance, but at present it is “non-American” and “non-Western” friendly. Within this grouping, only India and Mongolia are democracies. The SCO, by asking that the U.S. withdraw from Central Asia, has also attracted international attention. The statement let out during the 2005 SCO Summit gave the impression that it is trying to edge the U.S. out of the Central Asian region.

Japan's MOFA has begun exchanges of views with Central Asian countries, as well as Russia and China, on the SCO, and has contacted the SCO Secretariat. Japan, the U.S. and the Europeans should continue to request that the SCO become more transparent and open. In that respect, the SCO's invitation to foreign military attaches to act as observers to anti-terrorism military exercises has been highly regarded. Japan, the U.S. and the Europeans should ask the SCO Secretariat to hold periodic exchanges of views that allow us to attend various SCO meetings as “guests” to the extent that is possible.

There is in fact room for cooperation between the SCO and Japan and the West on the issue of regional stability and development. To begin with, cooperation in specific projects may be possible. The proposal made by some authors of this publication that we develop a SCO+3 (U.S., Europe, Japan) framework deserves further examination.

*Possible Broader Economic Integration in the Future*

The five Central Asian countries have a total population of about 59 million (67 million, if Azerbaijan is included) and a total GDP of US\$120 billion. If they seek the formation of a broader economic community or a common market in the future, will the parent body be the Chinese-led SCO or the Russian-led Eurasian Economic Community (EAEC or EURASES)? Russia and China are not monolithic. Alternatively, the linking of the Economic Cooperation Organization (ECO) to the Islamic West Asian countries, although currently not very active, could be a possible parent body. The shift could change the entire situation in Eurasia significantly. This underlines the uncertainty facing the region and should be a basis to motivate Japan to work closer with the Central Asian republics to ensure that open-regionalism prevails and that the region remains autonomous.

*Economic Relations between Japan and Central Asian Countries*

From a long-term perspective, cooperation in developing the energy resources of this region will contribute to the economic development and stability of the countries concerned, and the region as a whole. It would also help with the energy diversification strategy of Japan. Japan's government and private sectors should try to support and participate in projects as much as possible. Cooperation on the development of uranium resources and other natural resources is also expected.

High country risk, an insufficient trade and investment environment, poor access to landlocked countries and other problems in Central Asia are faced by not only Japanese companies but other foreign firms equally. However, these cannot be reasons for the paucity of trade and investment from Japan. The issue is how the parties can work to overcome these obstacles. During the visit of President Nazarbayev to Japan in June 2008, the Foreign Ministers of Japan and Kazakhstan signed a memorandum on the basic agreement of a new tax treaty.<sup>24</sup> The Japanese government also signed an

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<sup>24</sup> During this visit, besides the basic agreement of a new tax treaty, the both governments agreed to start the negotiations of the investment treaty, to work for the early conclusion of atomic energy agreement negotiations and to build a framework composed of governments and private sectors to talk in comprehensive manner on improvement of trade and investment environment and cooperation in the economic field. The Memorandum on Mutual Cooperation toward Expanding Trade and



investment agreement with Uzbekistan on August 15, 2008.<sup>25</sup> At the same time, Japan should implement technical cooperation to improve systems in this field.

### *Japanese “Soft Power” – Cultural Relations between Japan and the Central Asian Countries*

The necessity of more public relations and media efforts to highlight Japan's “Silk Road diplomacy” and Japan's ODA has been pointed out at the workshop and in this publication. Japan has sought to reach out to the population through its language and culture. In international relations, importance is given usually to political matters and then to economic matters; cultural matters have comparatively low priority. However, the strong influence of culture over the long term must not be ignored. Japan's MOFA is considering increasing Japanese language education centers from the current 39 locations to more than 100 locations worldwide in the near future, bringing them to the same level as other major countries. The establishment of such centers in Central Asia, where a growing number of people are learning Japanese, can be expected. Needless to say, the increase of business relations between Japan and Central Asia is also expected to ensure employment for persons who have studied Japanese. It would be useful now to introduce modern Japanese pop culture, such as animated cartoons, cuisine, design, and fashion that is sweeping over the world, into cultural exchange programs.

### *Formation of an “All-Japan” Mechanism to Promote Silk Road Diplomacy*

We in Japan should develop strategies and policies towards Central Asia based on the latest information about circumstances in Central Asia itself

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Investment was signed between Japan's Minister of Economy, Trade and Industry Amari Akira and Kazakhstan's Minister of Industry and Trade Vladimir Shkol'nik, [www.mofa.go.jp/mofaj/area/kazakhstan/visit/o8o6\\_gh.html](http://www.mofa.go.jp/mofaj/area/kazakhstan/visit/o8o6_gh.html) (July 28, 2008).

<sup>25</sup> Ministry of Foreign Affairs of Japan, “Signing of Investment Agreement between Japan and the Republic of Uzbekistan,” August 15, 2008, [www.mofa.go.jp/announce/announce/2008/8/1182656\\_1040.html](http://www.mofa.go.jp/announce/announce/2008/8/1182656_1040.html) (October 9, 2008). The text of the agreement is available at: Ministry of Foreign Affairs of Japan, “Agreement Between Japan and the Republic of Uzbekistan for the Liberalization, Promotion and Protection of Investment,” August 15, 2008, [www.mofa.go.jp/region/europe/uzbekistan/agreeo8o8.pdf](http://www.mofa.go.jp/region/europe/uzbekistan/agreeo8o8.pdf) (October 9, 2008).

and in adjacent Afghanistan and Southwest Asia, especially Pakistan and Iran. Japan should also pay close attention to the strategies of the major powers of Russia, China, the U.S. and India, which have great impact not only on Central Asia but also on the whole of Eurasia. The information to be collected would range from safety issues and general political and economic circumstances to business opportunities.

I would like to propose the establishment of a consultation mechanism in Japan for information analysis, policymaking and strategy formulation consisting of relevant persons in the Diet, governmental organizations, the business community, academia, think tanks, mass media, and NGOs to promote Silk Road diplomacy by “Japan as one.” Finally, since “Silk Road diplomacy” also covers the South Caucasus, I hope similar discussions will be held on Japan’s policy on the South Caucasus in the near future.

## Attachment 1

### **The presentation of Mr. Tamura Keisuke,\* a discussant at Session 1 (Japan's New Role in Central Asia) of the International Workshop "JAPAN'S SILK ROAD DIPLOMACY" on September 22, 2007**

There are mainly two reasons why Japan pursues an active interest in Central Asia.

First, the peace and stability of Central Asia is indispensable for those of the Eurasian Continent. Second, Central Asia has abundant energy resources, and the stability of Central Asia as a source of energy supply will contribute to the stability of international energy markets as a whole. For these reasons, we want a stable, open, and prosperous Central Asia, and for that objective, we have formulated our foreign policies towards Central Asia.

Now, I would like to tell you the outline of the development of our policies towards Central Asia. First, immediately after the independence of the Central Asian countries, Japan started to provide assistance. Second, former Prime Minister Hashimoto formulated Japan's policy toward Central Asia as "Silk Road Diplomacy," promoting bilateral relations with each of the countries. Third, we started "Central Asia Plus Japan" Dialogue in 2004. The "Central Asia Plus Japan" Dialogue should be considered as a multilateral framework for dialogue and cooperation, whereas the "Silk Road Diplomacy" was conducted on a bilateral basis. Under the framework of "Central Asia Plus Japan" Dialogue, we held two Senior Official Meetings and two Foreign Ministers' Meetings. In the second Foreign Ministers' Meeting in June 2006, we, together with the Central Asian countries, adopted the "Action Plan," which promotes concrete actions for regional cooperation. Many of the problems faced by Central Asian countries are not solved only by one country. The problems go beyond the borders. Therefore, the Central Asian countries have to cooperate with each other to overcome the challenges. In this regard, Japan would like to be a catalyst for enhancing cooperation.

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\* Tamura Keisuke is from the Ministry of Foreign Affairs, Japan.

In addition to these activities, there was an epoch-making event in 2006, which is that then-Prime Minister Koizumi Junichiro visited Central Asia for the first time as an incumbent prime minister. The event gave impetus to the further development of amicable relations between Japan and Central Asian countries. Lastly, former Foreign Minister Aso Taro made a speech about “the Arc of Freedom and Prosperity” in November 2006, in which Japan envisaged that it would create an “arc of freedom and prosperity” in the budding democracies that line the outer rim of the Eurasian continent. Central Asia is, of course, an important part of the arc.

Against these backgrounds, we are now proceeding to put the “Action Plan,” which was adopted in the Second Ministers’ Meeting, into concrete projects. For example, the construction of a bridge that connects Tajikistan and Afghanistan across the river was completed with U.S. assistance in August 2007, and Japan is now rehabilitating roads in Tajikistan from Nizhniy Pianj, where the bridge starts, to Dusti, north to Nizhniy Pianj and on the way to Dushanbe. Also, a seminar was held early 2007 with the participation of experts from Central Asia to prevent trafficking and terrorism in cooperation with the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders (UNAFEI).

I will now turn to make brief comments on the presentations in this session.

Ambassador Kawato’s presentation clearly shows Japan’s policy toward Central Asia from the past to present to future, and there is nothing much to add to his presentation. I would just like to mention the Ambassador’s idea that now is the time for the West and the SCO countries to jointly form a mechanism to ensure security, stability and development in Central Asia. It is an interesting idea, and we will take it into consideration to complement “Central Asia Plus Japan” Dialogue.

Mr. Len’s presentation is very interesting in the sense that Japan’s policy towards Central Asia was analyzed in-depth from the viewpoint of geopolitics. I am not in a position to tell you that such analysis is correct or not, however, it seems to me that the points Mr. Len raised to explain why Japan has a special role to play in Central Asia are exactly to the point. Since we believe that Japan has a special role to play in the region, we do not think

that “Central Asia Plus Japan” Dialogue is another duplication with other organizations in the region.

Dr. Yuasa’s detailed analysis on the concept “Arc of Freedom and Prosperity” is very up to date and interesting even to people like me working in the foreign ministry. We agree with Dr. Yuasa’s opinion that “Central Asia Plus Japan” Dialogue should be more institutionalized. Since its start in 2004, “Central Asia Plus Japan” Dialogue has offered the opportunity for us to gain momentum to promote cooperation with Central Asian countries. We think that we should continue the cooperation, and in this sense the institutionalization of “Central Asia Plus Japan” Dialogue can be one of the most effective tools to keep momentum.

Thank you.

**Attachment 2.**

**The presentation of Mr. Sugimoto Tadashi,\* a discussant at Session 3 (Economic Aspects of Japan-Central Asian Relations) of the International Workshop “JAPAN’S SILK ROAD DIPLOMACY “ on September 22, 2007.**

It is a great honor that the organizers of this workshop extended to me an opportunity to act as a discussant in this session. This panel covers all three of my concerns based on my specialty: (1) Soviet and Russia’s energy development (40 years experience), (2) Promotion of economic relations between Japan and the USSR, Russia and the CIS (40 years experience), (3) Regional cooperation (economic community in Northeast Asia)

I will introduce to you two of my viewpoints on “economic cooperation.”

1. On how a conflicting relationship could turn into one based on cooperation, eventually resulting in closer regional integration, we can refer to the experience of France and Germany and their decision to jointly set up the multilateral European Coal and Steel Community (ECSC) in 1951. This formed the basis for the formation of the European Union.
2. Regarding the role of energy resources, the gas pipeline that was created, linking West Germany and the Soviet Union, is worth remembering as it was a large-scale and long term (20-30 years) deal that was struck in the atmosphere of the “East-West Confrontation.” In this case, both sides needed to commit a large amount of trust towards each other. West Germany had to trust that the Soviet Union would never shut-off the gas supply, while the Soviet Union had to trust that the West Germans would continue to buy Soviet gas. The deal would not have taken place if there was no mutual trust or if the deal was not mutually beneficial. In my opinion, this “Contract of the Century” reduced the “East-West” division between the two sides,

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helped to facilitate the demise of the Soviet Union and is one of the most significant factors in the construction of the present *World Order*.

My concerns:

1. In Central Asia, both the resource rich countries and those that could serve as transit states have been using the energy factor to play diplomatic power games. My interest is whether the Central Asian states would be able to work closer among themselves the way France and Germany did in the formation of the ECSC.
2. The Russian, Americans, and the Chinese have been active in asserting their interests in the Central Asian region and this has affected the political stability and diplomacy strategies of the Central Asian states. My interest is whether Japan could play a stronger leadership role in managing the energy development dynamics, and to also help stimulate trade and investments in this region.
3. Japan very rarely takes the initiative in energy development projects because compared to the major oil companies, Japanese oil companies lack the financial clout and technical expertise. They also tend to be risk adverse. With these factors in mind, will Japan be able to play a bigger role in the resource development of the region?

To address the three questions I mentioned above, I would also like to raise the experience of energy cooperation in Northeast Asia. I have been studying Northeast Asia for a long time and engaged in various activities in this region.

Northeast Asia is exceptional because it has no regional cooperation framework. I do not deny that there exist multilateral consultation forums, but most of them are nothing but places to chatter. In fact, there is even a dispute over the international name of the sea located in the center of Northeast Asia which the Japanese refer to as the Sea of Japan (a name the North and South Koreans reject).

None of the countries in Northeast Asia are energy self-sufficient. Thus, the idea of a Northeast Asia Energy Community which would tap into the Russian Far East as a major energy supply source could be a basis for regional

cooperation. This proposal has been attracting a lot of positive attention and many international conferences have been organized to discuss this idea. However, no progress has been observed in reality.

I have tried to interpret the situation in my own way: The fact that intergovernmental cooperation is strictly an issue of governmental competence is the first essential point. The initial premise is recognition and action at the governmental level. The ECSC was established at the government level and so was the Gas Pipeline deal between West Germany and the Soviet Union.

The second important point is the existence of advocates. The ECSC was initiated by the top leadership of the countries concerned, proposed initially by the French foreign minister. The Gas Pipeline deal was implemented as a result of political decisions made by the heads of West Germany and the Soviet Union, namely Willy Brandt and Leonid Brezhnev. Another factor is the existence of visionary statesmen who committed their determination to find ways to cooperate and promote confidence-building.

Nobody would argue against the benefits cooperation might bring or the disadvantage enmity causes. Everyone agrees that pipelines and power transmission lines would not only transfer oil, gas and electricity, but also deliver reciprocal trust. If so, why has momentum towards cooperation not been generated?

Some say that Europe and Asia are not the same: their heritage, culture, social history and so on are different; and this explains why Europe is successful in their regional cooperation endeavors while Asia is unable to do so. As for myself, I believe that regardless where we live, the heart we have is one and the same.

Both Central and Northeast Asia share the same problems when it comes to regional cooperation and it could be said that there are some lessons to be learnt from the European experience. Instead of feeling resigned, we should strive to change the negative attitudes and perceptions that hinder the potential of Asia.

Let's pave the road ahead together!