

The Political and Economic Strategy of Japan towards Central Asia

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INTRODUCTION

Central Asia, which is surrounded by powerful neighbors — China to the east, Russia to the north and Iran to the south— is becoming one of the main regions of interest for Japanese policy-makers because of its natural wealth. Tokyo’s priority in the region is to strengthen the political, economic, and social stability of Central Asian countries. In this regard, Tokyo has been providing Official Development Assistance (ODA) to strengthen bilateral relationships, develop closer ties between Japan and each Central Asian country to achieve its objectives in the region. ODA is the major tool of Japanese foreign policy making system to achieve objectives not only in Central Asia but through out the world. Japan has identified the areas of cooperation such as, human resource development, infrastructure, technology transfer, etc for the development of Central Asian states. In addition, another important component of Japan’s Central Asia policy is non-proliferation of nuclear weapons in the region. Japan supports the conclusion of the Central Asian Nuclear Weapons Free Zone Treaty.

Japan-Central Asia relations have been and remain predominantly economic in nature, and will continue to remain so for a long time. Though Japan’s economic involvement in the region has expanded in the last few years, but its potential is yet to be tapped. Central Asia has not yet achieved the status of main trading partner of Japan.* Tokyo is increasing its economic, political and cultural links with Central Asian countries.

This paper is based on following assumptions: First, Japan’s foreign policy towards Central Asia requires a clear direction. Second, Japan seems to be interested in zone of influence politics in Central Asia. Third, Japan is not the player in the “new great game” and is not having geo-political/strategic ambitions in Central Asia. Japan cannot afford the confrontational structure in Central Asia.

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*Japan’s main import partners are: China, U.S.A., European Union, Saudi Arabia, and United Arab Emirates. Her export partners are: China, U.S.A, South Korea, Taiwan, Hong Kong, Singapore, Thailand, and Germany.

JAPAN'S CENTRAL ASIA POLICY

Writing about the factors of Japan's foreign policy more than thirty five years ago Professor Ian Nish identified three objects of Japan's foreign policy: First, development markets for her goods and ensuring supplies of raw materials; second, pursuing friendship with all countries; and third, maintaining the alliance with the United States. (1) Interestingly nothing has changed in the basic framework of Japan's foreign policy since then. This has been and remains the pattern of behavior Japan has adopted in pursuing its interests in relations with other states. What has changed with the passage of time and the changing nature of international relations, after the end of the Cold war in general, and in the post-9/11 in particular, is the shift in Japan's foreign policy strategies, emphasis and approach, rather than a basic shift in her foreign policy framework. In addition, "Japan's current foreign policy is responding to new challenges which are taking place regionally and globally". (2)

Japan recognized Central Asian countries as soon as they declared their independence in 1991, and established diplomatic relations with them in January 1992. The first comprehensive statement of Japan Government's policy regarding Central Asian countries was made by Keizo Obuchi Mission which traveled to Central Asian countries and Russian 1997. This was followed by Prime Minister Ryutaro Hashimoto's speech in the same year, which is generally known as "Eurasian diplomacy", "Silk Road Energy Mission 2002", and "Central Asia+Japan Dialogue 2004".

Between 1992 and 2004 the Central Asian countries were looked after by the New Independent States Assistance Division in the Ministry of Foreign Affairs in Tokyo. In 2004, the Ministry established Central Asia and Caucasus Division under the European Affairs Bureau, (3) headed by a Director, and two Deputy Directors. One Deputy Director of the Bureau has been appointed as special representative for Central Asia to organize Japan-Central Asia Dialogue meetings. In addition to the Ministry of Foreign Affairs, other ministry and agencies interested and involved in Japan's Central Asia policy are: Ministry of Economic, Trade and Industry, and two independent administrative agencies, JICA (Japan International Cooperation Agency) and the Japan Foundation. The logic of Japan's Ministry of Foreign Affairs is unclear why Central Asia, an Asian region, has been put under the Russian Division of European Affairs Bureau in *Gaimusho*. The Central Asian region should have been a part of Asian Affairs Bureau in the Ministry. Chinara Essengul, a Kyrgyz intellectual who has done her Master's degree in Japan told that "many Japanese policy-makers still perceive Central Asia as pro-Russia".(4) The Japanese policy-makers should treat Central Asia as an Asian region, and follow the spirit of Japanese policy of engagement in the region, and to help these countries for political and socio-economic stability.

Japan's policy towards Central Asia started with assistance. The ODA donations by Japan to Five Central Asian countries in 1993 was \$ U.S. 2.57 million. It reached to \$ U.S. 108.48 million in 2008.

1. Ian Nish, "The Emergence of Japan", in F.S.Northedge (ed), *The Foreign Policies of the Powers*, Faber and Faber, London, 1974, p. 297.

2. *The Trust Fund for Human Security 2006*, The Ministry of Foreign Affairs, Government of Japan, Tokyo, 2006, p. 7.

3. Yuasa Takeshi, "Japan's Multilateral Approach Toward Central Asia". http://src-h.slav.hokudai.jp/Coe_21/publish/no16_1_sec/04_yuasa.pdf.

WHY JAPAN IS INTERESTED IN CENTRAL ASIA?

Japan's engagement with Central Asia can be divided into three periods: First, in the 1930s and up until 1945 numerous studies were conducted in Japan regarding Central Asian affairs dealing with economic and political conditions and nationality problems of Soviet Central Asia. The aim of these sponsored studies was to investigate the weak points of the Soviet Union which was then considered one of the greatest threats to Japanese Empire. (5)

The second phase covers the period between 1992 and 2004. During this phase Japan recognized the newly independent states of Central Asia in 1992. This period can be considered a period of unclear policy objectives of Japan towards Central Asian Republics. Throughout the 1990s the "Japanese policy-making agents", according to Glenn D. Hook, "were more eager for historical reasons, to develop relationships with Central Asian Republics". (6)

The third and the current phase of Japan's Central Asia engagement start in 2004 when Central Asia+Japan Dialogue evolved. In the same year the Central Asia and the Caucuses Division was established in the Japanese Ministry of Foreign Affairs. During the current phase Japan interact with Central Asian Republics at three levels: diplomatic/political intercourse; trade, and investment; and, aid and assistance.

It is noteworthy that Japan-Central Asia trade ties, shown in following tables, are not encouraging as it should have been given the importance of Central Asian countries. The current trade trends, investment and Japan's ODA assistance to Central Asian countries reveals that the region has not yet achieved the important place in Japan's foreign policy-making. It seems that Japanese policy-makers still lacks a clear direction towards Central Asia.

4. Interview with Chinara Esengul was conducted in Bishkek on July 27, 2011. Chinara is senior instructor, AFP Fellow, Institute for Integration of International Educational Programs, School of International Relations, Kyrgyz National University, Bishkek, Kyrgyz Republic.

5. <http://asj.iou.u-tokyo.ac.jp/eng/html/essoo6.html> Accessed on June 17, 2011.

6. Glenn D. Hook, et. al., *Japan's International Relations: Politics, Economic, and Security*, 2nd edition, Rutledge, London, 2001, pp. 416-417.

Table-I

Japan-Central Asia Trade and Investment, 2008

Country	Exports to Japan	Imports from Japan	Investment from Japan
Kazakhstan	87.9 billion Yen	21.5 billion Yen	\$ U.S. 5 billion
Kyrgyz Republic	110 million Yen	03.58 million Yen	No Direct Investment
Tajikistan	0.6 million Yen	180 million Yen	No Direct Investment
Turkmenistan	215 million Yen	7.7 billion Yen	No Direct Investment
Uzbekistan	32.4 billion Yen	7.9 billion Yen	1.4 billion Yen

Source: <http://www.mofa.go.jp/region/Europe/index.html>. Accessed on

Table-II**Aid and Assistance from Japan to Central Asia, 2008**

Country	ODA	Cultural Grant Aid
Kazakhstan	Loan 88.78 billion Yen *	407.4 million Yen (Cultural Grant Aid)
	Grant 05.91 billion Yen	9.6 million Yen (Grassroots Grant Aid)
	Technical Cooperation 11.04 b Yen	
Kyrgyz Republic	Loan 25.66 billion Yen	187.7 million Yen (Cultural Grant Aid)
	Grant 11.21 billion Yen	
	Technical Cooperation 8.62 b Yen	
Tajikistan	Grant 8.634 billion Yen	187.2 million Yen (Cultural Grant Aid)
	Technical Cooperation 2.927 b Yen	50.2 million Yen (Grassroots Grant Aid)
Turkmenistan	Loan 4500 million Yen	65.6 million Yen (Cultural Grant Aid)
	Grant 620 million Yen	
	Technical Cooperation 481 m Yen	
Uzbekistan	Loan 97.552 billion Yen	412.7 million Yen (Cultural Grant Aid)
	Grant 18.879 billion Yen	42.7 million Yen (grassroots Grant Aid)
	Technical Cooperation 100.12 b Yen	141.0 million Yen (Grant Aid for Cultural Heritage)

Source: ibid

* In August 2010 Japan signed 6.361 billion Yen ODA loan agreements with Kazakhstan for Central Asia Regional Economic Cooperation CAREC Transport Corridor (Zhambyl Oblast) improvement project. This route would connect Asia and Europe.

The perceptive observer of Japan-Central Asia relations will notice that Central Asia is attractive for Japan because of its natural resources, including hydro-carbon reserves of Kazakhstan, Turkmenistan, and Uzbekistan, and rare earth metals* (REM) required for making high-tech consumer products such as, computer screens, hybrid cars, and super conductors.

China is the largest producer of REM. It produces 93 percent of world's REM. Japan is the biggest user of REM in the world. The 2010 defecto embargo by China on REM exports to Japan has compelled Tokyo to look for alternative sources of these metals. The Sumitomo Corporation of Japan has signed an agreement with Summit Atom Rare Metals-Earth Company of Kazakhstan---the biggest trading partner of Japan in Central Asia---to produce 1500 tons of REM in 2012 to supply the global market which has been squeezed by Chinese export cuts. (7) "Japan does not look to Central Asia because of its oil and gas, but because of region's rare earth metals", said the Second Secretary of embassy of Japan in Bishkek. (8)

The annual consumption of oil in Japan is nearly 200 million tons. Its current gas consumption is 55 billion cubic meters, which could reach to 100 cubic meters by 2020. More than eighty percent of Japan's oil supplies come from the Middle East. The other oil suppliers are Indonesia, Brunei, and Mexico. However, Liquid Natural Gas (LNG) is supplied by Australia, Malaysia, and Indonesia.

The "Obuchi Mission" (1997); Hashimoto's "Eurasia Diplomacy" speech (1997); "Silk Road Energy Mission" (2002); "Central Asia+Japan Dialogue" (2004, which became active in 2006); and Taro Aso's "Silk Road Diplomacy" (2006, originally part of "Eurasia Diplomacy") stress the need of Japan's economic support to Central Asian countries, and cooperation with them in the area of natural resources development. It is noteworthy that, "many completed and ongoing development projects of transport network in Central Asia are funded by Japan and the Asian Development Bank". (9) These development projects will further connect Central Asia with Japan.

* The Rare Earth Metals (REM) are: Scandium, Yttrium, Lanthanum, Cerium, Praseodymium, Neodymium, Promethium, Samarium, Europium, Gadolinium, Terbium, Dysprosium, Holmium, Erbium, Thulium, Ytterbium, and Lutetium. (http://en.wikipedia.org/wiki/Rare_earth_elements # list. Accessed on July 19, 2011.

7. For further details see, Olga Orininskaya and Robin Paxton, "Central Asia Joins for Rare Earth Metals", <http://www.reuters.com/article/2011/03/24/us-metals-kazakhstan-rare-indUSTRE 72 N1XG 20110324>. Accessed on August 3, 2011. .And Richard Orange, "Japan Looks to Central Asia for Rare Earth Supply", <http://www.theirational.ae/businessenergy/japan-looks-to-central-asia-for-rare-earth-supply>. Accessed on July 22, 2011.

8. Interview with Gosuke Horiguchi, Second Secretary, Embassy of Japan, Bishkek, Kyrgyz Republic. July 19, 2011.

Japan's top 15 oil suppliers in 2010 were: Saudi Arabia, UAE, Iran, Kuwait (accounted for almost 70% of total crude petroleum imports), Russia, Iraq, Oman, Indonesia, Sudan, Algeria, Ecuador, China, Angola, Nigeria, and Brazil. These countries provided 85.4 % of Japan's total crude oil imports in 2010. <http://www.suite101.com/content/Japanese-crude-oil-imports-in-2010-by-supplying-country-a359208>. Accessed on July 22, 2011.

Currently, Central Asia is connected with Japan through three routes: Trans-Siberian Railway (TSR), China Land Bridge (CLB), and Turkmenistan-Iran's Chabahar Port. Transportation cost from Central Asia to Japan is high. The TSR route is declining because Japanese consignors, forwarders and shipping companies believe that this route has lost economic competitiveness over the deep sea route. The CLB route is also expensive because of high transport tariffs for transit of goods across of China to the Pacific ports. Since 2000 most Japanese cargo has moved to the Iran route since it is more than \$ U.S.1500 cheaper than the TSR route. (10)

In addition, oil from Kazakhstan, Uzbekistan and Turkmenistan could be transported to Japan through a pipeline. "Japan is not interested in developing a pipeline from Central Asia to Japan", said Gosuke Horiguchi. He further added that "in future if Japan would have to develop a pipeline from Central Asia to Japan, it would not be through Iran, Pakistan or China, but will be through a Siberian route. Our [Japan] uneasy political relations would not affect our economic relations with Moscow". (11)

It is very interesting to note that the prospects of Japan-South Korea security partnership are growing. Both countries, the world leaders in manufacturing and technical expertise, are concerned about China's "hegemonic" designs in future. Both countries have growing economic interests in Central Asia. Therefore, in future both could work together for the development of a pipeline from Central Asia to Sea of Japan through Siberia.

9. V. Khoshimov, "Foreign Policy of Japan and Central Asia", http://www2.jiia.or.jp/pdf/fellow_report/081218-valijion_v_khoshimov.pdf

10. For further details see *ibid.* And, Hisako Tusuji, "Japan and the Republic of Korea" at <http://www.erina.or.jp/en/research/db/pdf2002/02030e.pdf>. Accessed on July 26, 2011.

11. Interview with Gosuke Horiguchi, *op. cit.*

Japan-Russia relations are not smooth. There is a territorial dispute between both the countries over the Northern Territories islands of Etorofu, Kunashiri, Shikotan, and Habomai, occupied by the Soviet Union at the end of the Second World War. There are reports that Russia has stationed cruise missiles in the disputed Northern Territories.

Central Asia-Japan Overland and Sea Routes



1. Central Asia-Russia (Trans-Siberian Railway TSR) Route
2. Central Asia- Urumqi-Beijing (China Land Bridge CLB) Route
3. Central Asia-Iran-Chabahar Port (Two ports of Chabahar: Shahid-Kalantary Port and Shahid-Beheshti Port)

The mineral wealth of Central Asia and its geo-strategic location has attracted the neighboring and outside actors for influence, which is known as “new great game”. The United States, Russia, China, Iran, Pakistan, Turkey, and India are the main actors of this “game’ who are struggling for influence in Central Asia and trans-Caucuses. “The new great game in Central Asia is centering around regional petroleum politics, in which pipeline, tanker routes, petroleum consortiums, and contracts are the prize of the new great game”.(12)

Japan is not engaged in “new great game” politics, and is worried about the consequences of the “game”. Japan cannot afford the destabilization of Central Asia. If there would be destabilization in the region, its natural resources will not be freely utilized. According to Dr Akio Kawato, the former ambassador of Japan to Uzbekistan and Tajikistan, “Japan is mainly interested in peace and security in the region”. But at the same time Japan would not like to see Central Asian region under the influence of China.

On the other hand, the Central Asian states are playing very smartly and, “have sought balance in their international relations. They have not been consigned to any single geo-political “camp”. Russia, China and the United States cannot dictate the outcomes. Turkey and Iran also does not play decisive and desirable role in Central Asia. (13). In the opinion of Chinara Esengul, the Central Asian countries, “...want to be sovereign and independent from external influences”. (14)

12. http://en.wikipedia.org/wiki/The_New_Great_Game. Accessed on June 11, 2011.

13. Martha Brill OLCOTT, “Eye on Central Asia: How to Understand the Winners and Losers”, at http://src-h.slav.hokudai.ac.jp/coe21/publish/no16_1_ses/01_olcott.pdf Accessed on August 1, 2011.

14. Chinara Esengul, *The Politics of Regionalism in Central Asia*, Kyrgyz Diplomatic Service, Bishkek, Kyrgyzstan, 2009, p.131.

CONCLUSION

The main concern of this research paper has been to examine Japan-Central Asia relations since the early 1990s. It has been observed that Japan cannot promote relations with Central Asian countries by economic means alone. Tokyo has to play a more active role to cultivate close relations with these countries. The Central Asian countries have strong desire to learn from Tokyo's experience and thinking through dialogue. Therefore, frequent dialogue and discussions are required for further understanding. Japan should provide intellectual know-how when necessary.

At the level of people there is still a little understanding of Japan in Central Asia and vice versa. Therefore, much emphasis needs to be placed to create understanding not among experts but among ordinary people. Japan's Ministry of Foreign Affairs figure shows that the total number of Japanese citizens (excluding diplomatic staff) living in all five Central Asian countries as of October 2009 was four hundred only. Among them, the highest, one hundred twenty one, was living in Uzbekistan, and the lowest, twelve, was living in Turkmenistan. In order to promote greater grass-roots interaction, Japan should send more volunteers to work in Central Asian countries because they would like to learn about Japan and its gifted people. Out of five Central Asian countries Japanese volunteers are working only in Kyrgyz Republic and Uzbekistan at the moment. From 2000 to November 2009 eighty nine Japanese volunteers visited the Kyrgyz Republic. Between 2000 and 2010, more than one hundred and forty Japanese volunteers had been dispatched to Uzbekistan. In addition, there are still very few people involved in Japan-Central Asia exchange programs, and funding for exchange activities is also limited.

The focus of Japan Government's policy statements and documents since the 1990s has been on economic support and cooperation in the area of natural resource development. These documents are lacking the important factor i.e. people-to-people and cultural contacts between Japan and the Central Asian countries. It is despite the fact that "at the public level Japan is being considered positively in Central Asian countries", said Chinara Esengul. (15) The durable relations between Japan and the Central Asian countries should be sustained through people-to-people and cultural contacts.

Among the Central Asian countries, Kazakhstan is leading in attracting the Japanese capital. Most of this capital goes to the oil sector and infrastructure development. Japan is fully aware of the fact that oil, gas and REM boom in Central Asia will be followed by economic process of growth and will raise the demand for capital goods, especially in the area of infrastructure. Therefore, stable Central Asia will serve the long-term interests of Japan.

Many in the academic world would agree with Christopher Len that, "Japanese efforts to encourage the Central Asian leaderships and to help the region develop links with rest of the world, beyond Russia and China, should be acknowledged as a significant contribution by this Asian nation and be supported."(16)

15. Interview with Chinara Esengul, op. cit.

16. Christopher Len, et. al., (eds), *Japan's Silk Road Diplomacy: Paving the Road Ahead*, Central Asia-Caucasus Institute and Silk Road Studies Program, Johns Hopkins University, Washington, D.C., 2008, p. 46