

# DYNAMICS OF JAPAN-CENTRAL ASIA RELATIONS

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## **Abstract:**

In this paper, the author profiles the Japan-Central Asian relations since 1990s. Politically and diplomatically, their relations sound smooth and cordial though, yet in economic and strategic terms, such relations are not worthwhile perhaps because of geographical disconnect. The two regions have a diverse locational composition, one situated amid sea and another off the sea. Nevertheless, a lot of scope exists for their mutual cooperation in different fields, energy, and trade in particular. No doubt, Japan is industrially advanced, but she is handicapped for want of energy. On the other hand, Central Asian countries are energy-abundant but industrially in-advanced, exception apart.

The author rightly suggests that Japan and Central Asian states can reasonably exchange and share energy, expertise and technology, which would eventually push up their trade volume from millions to billions of \$US. He further suggests that Siberian route is the best possible option for Central Asian energy imports compared to other routes, which are fragile due to strained Japan-China and Japan-Russian relations over some territorial spaces. The author has outlined following four major findings in the paper: first, competition is not and will not remain a defining feature of Japan's Central Asia policy; second, Japan is not a player in the "new great game" and is not having geo-political/strategic ambitions in Central Asia; third, Japan cannot afford the confrontational attitude in Central Asia and fourth, Japan's foreign policy towards Central Asia requires a clear direction.

## **Keywords:**

Japan, Central Asia, REM, ODA, Hashimito, Hasegawa.

## **Introduction:**

Central Asia has drawn a considerable attention of Japanese policy-makers because of the region's economic and geo-political importance. The Japanese private sector also views Central Asia as one budding economic zone with multiple opportunities for investment in different sectors. In order to achieve multifarious objectives, Tokyo has been providing Official Development Assistance (ODA) to develop close ties with Central Asian countries. This increased particularly after Japanese Prime Minister Hashimito's "Eurasia Diplomacy" speech in 1997. The Japanese ODA donations to five Central Asian countries in 1993 was \$ U.S. 2.57 million and \$ U.S. 108.48 million in 2008. The identified areas of Japanese-Central Asian cooperation are human resource, infrastructural development, technology transfer, etc.

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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. On the other hand, Central Asia's oil, gas and rare earth metals (REM) are being considered vital for Japan's "economic security", which according to Masanori Hasegawa "is getting more and more importance for her national security."<sup>1</sup> Though Japan's economic involvement in the region has expanded in the last few years, yet its potential of investment for lucrative benefits is not fully realized; hence, it does not figure among the main trading partners of Central Asia.

### **Japan's Policy towards Central Asia:**

Japan gave diplomatic recognition to Central Asian countries only a year after their independence in 1991. The first comprehensive statement of Japan Government's policy regarding Central Asian countries was made by Keizo Obuchi Mission which visited Central Asian countries and Russia in 1997. This was followed by Prime Minister Ryutaro Hashimoto's speech in the same year, which is generally known as "Eurasia Diplomacy," and to which "Silk Road Energy Mission 2002," "Central Asia-Japan Dialogue 2004," and Taro Aso's "Silk Road Diplomacy," were essential segments.

Between 1992 and 2004, the Central Asian countries were looked after by the new Independent States Assistance Division in the Ministry of Foreign Affairs (Gaimusho) in Tokyo. In 2004, the Ministry established Central Asia and Caucasus Division under the European Affairs Bureau,<sup>2</sup> headed by a Director, and two Deputy Directors. One Deputy Director of the Bureau was appointed as a special representative for Central Asia to organize Japan-Central Asia Dialogue meetings for cooperation, which was subsequently supported by the *Japanese Ministry of Economic, Trade and Industry*, *Japan International Cooperation Agency* (JICA), and the *Japan Foundation*. However, one does not understand the logic as to why Central Asia, an Asian region, was placed under the Russian Division of European Affairs Bureau in *Gaimusho*. In fact, the Central Asian region should have been a part of Asian Affairs Bureau in the Ministry of Foreign Affairs. Chinara Esengul, 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."<sup>3</sup> The Japanese policy-makers

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<sup>1</sup> Hasegawa M., "Economic Security: Its Strategic Types and Usefulness," *Memoirs of Shonan Institute of Technology*, Japan, 43(1), 2008, 135.

<sup>2</sup> Takeshi Y., "Japan's Multilateral Approach Toward Central Asia," [http://src-h.slav.hokudai.jp/Coe21/publish/no16\\_1\\_sec/04\\_yuasa.pdf](http://src-h.slav.hokudai.jp/Coe21/publish/no16_1_sec/04_yuasa.pdf).

<sup>3</sup> Interview with Esengul C., was conducted in Bishkek, on July 27, 2011. Chinara is a

should treat Central Asia as an Asian region, and follow the spirit of Japanese policy of engagement in the region, and to continue help these countries for political and socio-economic stability.

### **Japan's Interests in Central Asia:**

Central Asia is a key emerging energy player in the world. Region's oil, gas and rare earth metals (REM) are important for Japan's "economic security." According to the Copenhagen School of Security Studies, the "Japanese economic security is related to the access of resources and markets."<sup>4</sup> It is a resource hungry country. Its annual consumption of oil is nearly 200 million tons. Its current gas consumption is 55 million cubic meters. According to Japan Oil and Gas Report, Japan's consumption of imported oil and natural gas will further rise as a result of nuclear power generation losses in the wake of 2011 earth quake and tsunami. The Report further indicates that by 2016, the country is expected to consume 4.46 mn b/d of oil. Consequently, Japan's combined oil and gas import bill would be \$ U.S. 201.8 billion.<sup>5</sup> More than eighty percent of Japan's oil supplies come from the Middle East. The other oil suppliers are Indonesia, Brunei, and Mexico.<sup>6</sup> The Japanese policy-makers are fully aware that instability in the political situation in the Middle East could cause disruption in oil supplies from the region. Therefore, she seeks to reduce dependence on the Middle East supplies, though, compared to China and South Korea, Japan is still slow in the process. However, Liquid Natural Gas (LNG) is supplied by Australia, Malaysia, and Indonesia. Japan is the largest LNG importer in the world.

In addition to oil and gas, Japan is dependent on the import of REM

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<sup>4</sup> For further details see: Buzan B., *Peoples, States and Fear: An Agenda for International Security Studies in the post-Cold War Era*, 2<sup>nd</sup> edition, Colorado: Lynne Rienner, Boulder, 1991, chapter 6, 230-269; Buzan B., et. al., *Security: A New Framework for Analysis*, Colorado: Lynne Rienner, Boulder, 1998, chapter 5, 95-118.

The Copenhagen School of Security Studies is led by Barry Buzan, Ole Waever, and Jaap de Wilde. According to this School, the term Security includes five separate sectors: the military covering their defensive and offensive capabilities, political sector involving the internal and external stability of states; environmental security defined as a protection of ecological biosphere; sector of societal security meaning the stability of culture; and economic security related to the access to resources and markets.

<sup>5</sup> Japan Oil and Gas Report Q 1, 2012, *Business Monitor International*, London, November 2011.

<sup>6</sup> Japan's top 15 oil suppliers in 2010 were: Saudi Arabia, UAE, Kuwait, Russia, Iraq, Oman, Indonesia, Sudan, Algeria, Ecuador, China, Angola, Nigeria, and Brazil.

required for making high-tech consumer products, such as computer screens, hybrid cars, super conductors, cell phones, and information technology devices. Currently, Japan is the biggest user of REM in the world. China is the largest producer of REM in the world. It produces 93 percent of world's REM. However, in exchange for a stable supply of REM, the Chinese Government demanded that Japanese companies manufacturing products using REM should move their plants to China, which Japanese companies are disinclined to lest it should leak their technologies.<sup>7</sup>

The above discussion indicates that Central Asian countries are not visible in Japanese oil, gas and REMs imports. The 2010 embargo by China on REM exports to Japan compelled Tokyo to look for alternative sources of these metals. The development of REM mines in Kyrgyz Republic is believed to be one of the most promising fields of cooperation between Japan and Kyrgyz Republic. The *Sumitomo Corporation of Japan* 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 2013, which is due to make up Chinese export cuts in the global market.<sup>8</sup> On the other hand, Japan and India have agreed in 2011 to jointly develop REMs. Similarly, Australia has committed to supply REMs to Japan as was reported in the *Asian Wall Street* journal November 24, 2010. *The Japan Times* editorial, March 12, 2011, reports that Japan's Trade and Industry Ministry is pushing for stockpiling REM and creation of its allied technology to mine such metals from hydro-thermal deposits in the Japanese Sea. The editorial further suggests that a large amount of REM can be extracted from electronic devices if they are integrated into the nation's recycling system for electronic goods.

Nevertheless, Japan-Central Asia bilateral trade has not been worthwhile as regards trade trends, investment, and Japan's ODA disbursement to Central Asian countries, which is alarming to Japan's foreign policy-makers. The following 2 tables<sup>9</sup> are indicative of the same:

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<sup>7</sup> *The Daily Yomiuri*, September 8, 2011.

<sup>8</sup> Orninskaya O. & Paxton R., "Central Asia Joins for Rare Earth Metals," [posted at http://www.reuters.com/article/2011/03/24.us-metals-kazakhstan-rare-indusTRE72N1XG2011o324](http://www.reuters.com/article/2011/03/24.us-metals-kazakhstan-rare-indusTRE72N1XG2011o324); 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>.

<sup>9</sup> See for details, <http://www.mofa.go.jp/region/Europe/index.html>.

**Table I**  
**Japan-Central Asia Trade and Investment, 2008**

Country	Exports to Japan	Import 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

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

Country	ODA	Cultural Grant Aid (Cumulative Total Fiscal 1975-2007)
Kazakhstan	Loan 88.78 billion Yen <sup>10</sup>	407.4 million Yen (Cultural Grant Aid)
	Grant 05.91 billion Yen	9.6 million Yen (Grassroots Grant Aid)
	Technical Cooperation 11.04 billion Yen	
Kyrgyz Republic	Loan 25.66 billion Yen	187.7 million Yen (Cultural Grant Aid)
	Grant 11.21 billion Yen	
	Technical Cooperation 8.62 billion Yen	
Tajikistan	Grant 8.634 billion Yen	187.2 million Yen (Cultural Grant Aid)
	Technical Cooperation 2.927 billion 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 million 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)

<sup>10</sup> 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.

Despite these unhealthy indicators, Central Asia remains one of the important alternatives of oil, gas and REM supplies to Japan. According to the 2011 estimates, the share of world oil reserves of Kazakhstan, Turkmenistan, and Uzbekistan were 02.22, 0.04 and 0.04 percent respectively.<sup>11</sup> Similarly, the natural gas reserves of Central Asian countries in the same year were 7,940,000,000,000 billion cubic meters (bcm) as regards Turkmenistan; 2,407,000,000,000 bcm Kazakhstan, 1,841,000,000,000 bcm Uzbekistan, 5,663,000,000 bcm Tajikistan, and 5,663,000,000 bcm as regards Kyrgyzstan:<sup>12</sup> Turkmenistan is the 4<sup>th</sup> largest producer of natural gas in the world.

Currently, Central Asia is connected with Japan through three routes: *Trans-Siberian Railway* (TSR), *China Land Bridge* (CLB), and *Turkmenistan-Iran's Chabahar Port*. The transportation cost from Central Asia to Japan is high. The TSR route is declining because Japanese consigners, 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 from 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 from the TSR route.<sup>13</sup> When Taro Aso was the Foreign Minister, he pointed towards the fourth route and said, "it is necessary to build a southern line in Central Asia where the oil and the natural gas of Central Asia could be transported to the Indian Ocean through Afghanistan and Pakistan."<sup>14</sup> Though such a route has security implications of far reaching consequences and Afghanistan is susceptible to yet another civil war or power-divide between Pashtun and non-Pashtun population after US/NATO withdrawal in 2014, yet US supports it to reinforce Afghan economy and marginalize Russian and Iranian monopoly on Central Asian energy trade.

In addition, oil and gas from Central Asian countries could be transported to Japan through pipelines though the successive Japanese governments lack a decision in this regard perhaps because of Japan-China strained relations over Senkaku islands, the basic route for Central Asian energy imports through pipelines. On the other hand, it is difficult if not impossible for Japan to import Central Asian energy through the Persian Gulf of Iran for the current Iran-US/UN deadlock over

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<sup>11</sup> <http://exploredia.com/oil-reserves-by-country-2011/>.

<sup>12</sup> <http://exploredia.com/natural-gas-reserves-by-country-2011/>.

<sup>13</sup> Khoshimov V., "Foreign Policy of Japan and Central Asia," [http://www.2.jiia.or.jp/pdf/fellow\\_report/081218-valijion\\_v\\_khoshimov.pdf](http://www.2.jiia.or.jp/pdf/fellow_report/081218-valijion_v_khoshimov.pdf); Tusu H., "Japan and the Republic of Korea," <http://www.evina-or.jp/en/research/db/pdf/2002/02030e.pdf>.

<sup>14</sup> "Chinese Agency View Japan's Strategic, Economic Motives in Central Asia," *BBC Monitoring Asia Pacific*, London, August 31, 2006.

Tehran's nuclear programme. This route will strongly be opposed by the United States.

All the three routes, Central Asia-Russia (Trans-Siberian Railway TSR) Route, Central Asia- Urumqi-Beijing (China Land Bridge CLB) Route and Central Asia-Iran-Chabahar Port (Two ports of Chabahar: Shahid-Kalantary Port and Shahid-Beheshti Port) are important though, yet Central Asia-Russia (Trans-Siberian Railway TSR) Route is preferable for oil and gas pipelines notwithstanding territorial dispute over the Northern Territories islands of Etorofu, Kunashri, Shikotan, and Habomai, occupied by the Soviet Union at the end of the Second World War. There are also reports that Russia has stationed cruise missiles in the disputed Northern Territories in 2010. Gosuke Horiguchi, Second Secretary, Embassy of Japan, Bishkek, opined on the issue as under: "Japan is not interested in developing a pipeline from Central Asia to Japan... in future if Japan would have to develop a pipeline from Central Asia to Japan, it would be through a Siberian route. Our [Japan] uneasy political relations would not affect our economic relations with Moscow."<sup>15</sup>

Probably, his assessment is correct. For example, in 2009, Japan Oil, Gas and Metals National Corporation, a government owned explorer, and Russia's Irkutsk Oil Co. agreed to jointly develop two fields in Eastern Siberia.<sup>16</sup> According to the Japan Oil and Gas Report, Japan is in the process of constructing 850 km gas link, connecting Sakhalin in Russia and the Aomori prefecture of Northern Japan. This project to be completed in 2014, is being carried out by Japan's Pipeline Development Organization and Russia's Stroytransgaz.<sup>17</sup> The Development of Chayanda gas field in Russia is another example in this regard. When 3,000 km pipeline from Chayanda field to Vladivostock will be completed, it will be able to meet any supply requirements of Japan. Russian leader Putin is calling for Japan to participate in the Chanyanda Development Project.<sup>18</sup>

Japan-Russia cooperation in this field will pave the way for Japan to build pipeline from Central Asia to Japan via Siberia. Significantly, Japan-South Korea growing security partnership would also facilitate the energy transmission through Siberian route. On the other hand, Japan and Russia are equally concerned about China's "hegemonic" designs in future. Having, therefore, commonality of economic interests, both can

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<sup>15</sup> Interview with Horiguchi G., Second Secretary, Embassy of Japan, Bishkek, Kyrgyz Republic, July 19, 2011.

<sup>16</sup> *The Japan Times*, May 13, 2009, 2.

<sup>17</sup> Japan Oil and Gas Report Q 1, 2012, *Business Monitor International*, London, November 2011, 36.

<sup>18</sup> *The Daily Yomiuri*, January 28, 2012.

work together for the development of pipelines from Central Asia to the Sea of Japan through Siberia. *The Daily Yomiuri* in its editorial, “Japan Needs to Rewrite Strategy on Northern Territories” has rightly pointed out that “despite their separation by sea, it would be in the national interest of Japan and Russia to deepen cooperation.” It further quoted the meeting of the two foreign ministers on January 28, 2012, in which both agreed to “increase bilateral relations in the security, economic, energy, and maritime areas.”<sup>19</sup>

If the arch enemies like India and Pakistan, and China and India have given preference to trade and commerce in their respective relationships, then why Japan and Russia can't do the same? They have separated trade from politics, which does not mean that the Indo-Pak and Indo-China territorial disputes have ended. Similarly, if Japan and Russia opt for bilateral trade and commerce, it won't mean a reversal of Japan's historical stand on Northern Territories. However, one of the main stumbling blocks in Japan-Russia relations is the public opinion in Japan. According to the public opinion on Japan's Relations with Other Countries conducted by the Cabinet Office in Tokyo, 21.5 percent Japanese favoured good relations with Russia followed by 69.9 percent poor, and 8.6 percent other.<sup>20</sup> The response in this regard is, therefore, far from satisfactory. However, few Japanese opine that the country should not rely on Russia for more than 15 percent of its energy imports.<sup>21</sup>

It has been mentioned earlier that Japan is not the player in the “new great game” in Central Asia. The mineral wealth of Central Asia and its geo-strategic location has attracted the neighbouring 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 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.”<sup>22</sup>

Japan is not engaged in the “new great game” politics and is worried about the consequences of the “game.” She cannot afford the destabilization of Central Asia lest its natural resources are freely utilized. According to Akio Kawato, the former Ambassador of Japan to Uzbekistan and Tajikistan, “Japan is mainly interested in peace and security in the region.” But she would not like to see Central Asian region

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<sup>19</sup> *The Daily Yomiuri*, January 30, 2012.

<sup>20</sup> *Facts and Figures of Japan, 2008*, Foreign Press Centre, Tokyo, 2008, 62.

<sup>21</sup> *The Daily Yomiuri*, January 28, 2012. Russia accounted for 8.6 percent gas imports in 2010.

<sup>22</sup> [http://en.wikipedia.org/wiki/The-New\\_Great\\_Game](http://en.wikipedia.org/wiki/The-New_Great_Game).

under the influence of China either.”

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 do not play decisive and desirable role in Central Asia.”<sup>23</sup> In the opinion of Chinara Esengul, “the Central Asian countries... want to be sovereign and independent from external influence.”<sup>24</sup>

### **Conclusion:**

Given Japan-Central Asia relations since the early 1990s, one understands that Japan cannot promote relations with Central Asian countries through economic means alone. Tokyo has to diversify its role as Central Asians cherish strong ties with Japan for her multilayered growth in the changing world order. Therefore, frequent dialogue and discussions are required for further understanding. Japan should provide intellectual know-how to Central Asian countries as and when necessary.

At the peoples level also, the two countries lack mutual connect. Therefore, much emphasis needs to be placed to create understanding not among experts but among ordinary people. Japan’s Ministry of Foreign Affairs’ estimates of October 2009 show that the total number of Japanese citizens (including diplomatic staff) living in all the five Central Asian countries was hardly around four hundred, and among them, one hundred twenty one, lived in Uzbekistan, and only twelve in Turkmenistan. In order to promote grass-root level interaction, Japan should send more volunteers to work in Central Asian countries for dissemination of knowledge and expertise. Importantly, Japanese volunteers are mostly working in Kyrgyzstan and Uzbekistan. 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 visited Uzbekistan for different purpose. In addition, there are still very few people involved in Japan-Central Asia exchange programmes, and funding for different research and collaborative projects are inadequate.

The focus of Japan Government since 1990s has been on economic support and cooperation in the area of natural resource development. However, efforts to promote people-to-people and cultural contacts are less focused notwithstanding the fact that Japan has a “good image in the Central Asian space,” said Chinara Esengul.<sup>25</sup> The mutual relations in

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<sup>23</sup> Olcott M. B., “Eye on Central Asia; How to Understand the Winners and Losers,” [http://src.h.slav.hokudai.ac.jp/coe21/publish/no16\\_1\\_ses/01\\_olcott.pdf](http://src.h.slav.hokudai.ac.jp/coe21/publish/no16_1_ses/01_olcott.pdf).

<sup>24</sup> Esengul C, *The Politics of Regionalism in Central Asia*, Kyrgyz Diplomatic Service, Bishkek, Kyrgyzstan, 2009, 131.

<sup>25</sup> Olcott M. B., “Eye on Central Asia; How to Understand the Winners and Losers.”

different sectors require be sustained and strengthened to the maximum possible.

Among the Central Asian countries, Kazakhstan is the leading country to attract the Japanese capital in the energy and infrastructural sectors. Japan realizes that oil, gas and REM boom in Central Asia will be followed by greater demand for capital goods, especially in the area of infrastructure. Therefore, stable Central Asia will serve the long-term interests of Japan. A noted scientist, Christopher Len, rightly argues 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.”<sup>26</sup>

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<sup>26</sup> Len C., 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, 46.