

CHAPTER 4

## Engaging Russia — A Japanese Perspective

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EARLY in the summer of 1998, Japan and Russia both regarded bilateral relations as being the best they had been in one hundred years. This perspective on relations reflected optimism about the future, as well as awareness of the great distance relations had traveled from the mistrust and suspicion characteristic of most of the century to emerging friendship befitting two neighboring countries in the post-cold war era.

Three factors accounted for the positive tenor of relations in mid-1998. First was the end of the cold war and the termination of Communist rule in the Soviet Union, and the realization that Russia no longer constituted a military or security threat to Japan. The Soviet Union was the primary target of the security treaty arrangement with the United States during the long period of the cold war.

Second, Russia's domestic political and economic situation finally seemed to stabilize since efforts to transform Russia into a democracy and a market economy started in early 1992. Boris Yeltsin was reelected president in the summer of 1996, and the economy, which had continued to decline, seemed at long last to have bottomed out at the end of 1997. Though Yeltsin suffered from constant ill health, his authority seemed unquestioned.

The third factor explaining improved relations was the personal rapport that developed between Japanese Prime Minister Hashimoto Ryūtarō and Yeltsin. The impact of this affinity was profound and cannot be overemphasized. Ever since he came to power in early 1992, Yeltsin was always assumed to be strongly interested in improving relations with

Japan. Japanese prime ministers—until Hashimoto—had never established the type of understanding with Yeltsin that was essential to improving relations. Rare among Japanese political leaders, Hashimoto was straightforward and articulate, and he gave the distinct impression of being a man who could deliver. Yeltsin clearly believed he could do business with Hashimoto.

#### HASHIMOTO AND YELTSIN PUSH RELATIONS FORWARD

The two leaders held two “no-necktie” summit meetings. The first took place in Krasnoyarsk in November 1997. This meeting was important because Hashimoto presented Yeltsin with a scheme to promote economic cooperation. Now called the Hashimoto-Yeltsin Plan, the program provided for negotiations on an investment protection treaty, a management training program for young Russian businessmen, joint study of reestablishing the Trans-Siberian land bridge, and close consultation on energy issues. The plan was the first comprehensive package of cooperative measures presented by a Japanese prime minister to a Russian president.

However, the biggest news from Krasnoyarsk was a joint announcement of the two leaders’ commitment to do their utmost “to conclude a peace treaty by the year 2000, based on the Tokyo Declaration” of October 1993.<sup>1</sup> The announcement took the Japanese by surprise and it underscored the degree of trust that had developed between the two leaders.

The second “no-necktie” summit took place in Kawana, west of Tokyo, in April 1998. It was feared that Yeltsin might cancel at the last moment in the aftermath of the dismissal of Prime Minister Viktor Chernomyrdin and in light of his own reported poor health. But Yeltsin came—and he reaffirmed the commitment made in Krasnoyarsk to the peace treaty. Hashimoto presented a Japanese proposal, as has subsequently been reported, for resolving the Northern Territories problem by drawing the borderline north of the disputed islands of Etorofu, Kunashiri, Shikotan, and Habomai, while allowing flexibility on the timing of the territories’ actual handover. Yeltsin described the proposal as “interesting.” In addition, the two leaders agreed to establish a joint investment company to promote Japanese business firms investing directly in Russia.

The breakthrough on concluding a peace treaty was the vital product of the two summits and this feat will probably be Hashimoto's single most important achievement as prime minister. He resigned in July 1998 as a result of the Liberal Democratic Party's defeat in that month's House of Councillors' election. Equally crucial though was a series of efforts undertaken to stabilize relations between Japan and Russia. These measures, which reinforced the perception of trust between the two leaders, definitely improved the general atmosphere of bilateral relations. They included:

- A fisheries agreement, concluded in early 1998, which enabled Japanese fishermen to fish in the waters of the four islands. Resolving this issue was a singular accomplishment and it set aside one of the most serious sources of friction from previous decades. Soviet/Russian authorities had seized roughly fifteen thousand fishermen and close to two thousand Japanese fishing vessels since the end of World War II. The agreement was remarkable in that it did not contain any provisions on jurisdiction — in order not to address the problem of sovereignty — and it was followed on the basis of mutual trust between the parties.
- Hashimoto announced his support for Russian membership in the Asia-Pacific Economic Cooperation (APEC) forum at Krasnoyarsk. He then pushed the proposal at the Vancouver APEC Leaders' Meeting in November 1997, and Russia was admitted as an APEC member at the Leaders' Meeting in Kuala Lumpur in November 1998.
- An investment protection treaty was negotiated and initialed.
- Japan committed US\$1.5 billion in Export-Import Bank credit to Russia as part of joint financing with the World Bank. This commitment was made in March 1997 when Foreign Minister Obuchi Keizō (now prime minister) visited Moscow. Yeltsin greatly welcomed the funding, particularly since it was “untied” and nonrestrictive.
- Exchanges in the defense area became routine practice. Exchanges of visits between the Japanese and Russian defense establishments started in spring of 1996 when Japanese Defense Minister Usui Hideo made a visit to Moscow to meet Defense Minister Pavel Grachev. Such reciprocal high-level visits became routine from 1998 when the Japanese joint chief of staff traveled to Moscow that May and the Russian chief of general staff came to Japan in December. A joint training and search-and-rescue exercise also took place

in the Sea of Japan that July. Inconceivable a decade ago, these efforts enhanced cooperation between the two countries and contributed to regional peace and stability.

But the period of optimism in 1998 about Japan-Russia relations ended with the summer. In August 1998, the Russian ruble virtually collapsed and the Russian government nearly defaulted on its debt payments. The financial debacle in Russia hit Japanese financial circles too, even though Japanese banks had relatively little exposure in Russia's money markets. Russia's credit rating plummeted, trade volumes stagnated, and there was little direct investment. The image of the Russian economy suffered once again and this was all the more disappointing since it seemed that the economy had turned the corner. After the hopeful outlook of only a few weeks earlier, Japan-Russia relations could be described as then being in a state of suspension.

#### CHALLENGING ISSUES FOR JAPAN-RUSSIA RELATIONS

Although significant developments in bilateral relations occurred in recent years, there are four basic challenges to managing present Japan-Russia relations and shaping new relations for the future. These four tasks could be described as normalizing relations through the conclusion of a peace treaty; enhancing economic relations, including ties in the energy area; responding to the specific challenge presented by the Russian Far East; and Russia's role in the political and security landscape of Northeast Asia.

##### *The Need for a Peace Treaty to Fully Normalize Relations*

Projecting sound, stable, and friendly relations between Japan and Russia in the twenty-first century implies resolution of the critical Northern Territories issue. The Northern Territories issue is the single and most serious historical obstacle to substantially improved Japan-Russia relations.

Russia is virtually the only country toward which Japan is not the guilty party from World War II. This accounts for a basic difference in Japanese attitudes to Russia when compared with Japanese attitudes toward China or Korea. Japan invaded China and it colonized Korea, so there are just causes for Japanese remorse and in fact apologies. However, Japanese feel great indignation toward the Soviet Union for the

latter's behavior at the close of World War II. The Soviet Union violated the Neutrality Pact with Japan and declared war in the last days of the war in 1945—after the United States dropped the atomic bomb on Hiroshima. It then captured Japanese soldiers in Manchuria and used them as forced labor in violation of the Geneva Convention. The number of detained Japanese soldiers amounted to 575,000, of whom more than 55,000 died in dire conditions in Soviet camps. Finally, Soviet forces occupied the islands of Etorofu, Kunashiri, Shikotan, and Habomai—in the last case, this was completed on September 5, three days after Japan surrendered on September 2. This illegal occupation has continued to this day.

In the San Francisco Peace Treaty of 1952, Japan renounced territorial rights to Southern Sakhalin and the Kuril Islands, as well as to Taiwan and Korea.<sup>2</sup> Although the Soviet Union attended the peace conference, it chose not to sign the treaty. Negotiations to normalize relations between Japan and the Soviet Union resulted in 1956 in a Joint Declaration in terms of which the Soviet Union agreed to transfer Shitokan and Habomai islands to Japan. The Joint Declaration was duly ratified and came into force, and Japan and the Soviet Union accordingly resumed diplomatic relations. However, the Soviet Union negated its commitment to transfer the two islands when Japan revised its security treaty with the United States in 1960.

At the height of the cold war, the Soviets denied the very existence of a territorial problem with Japan. This stance was only modified when President Mikhail Gorbachev came to power. During an official trip to Japan in 1991, Gorbachev agreed that territorial issues existed and that they remained to be resolved.

The Tokyo Declaration, concluded between Prime Minister Hosokawa Morihiro and President Yeltsin when the latter visited Tokyo in October 1993, provided a decisive point of departure for peace treaty negotiations. The Declaration notes:

The Prime Minister of Japan and the President of the Russian Federation, sharing the recognition that the difficult legacies of the past in the relations between the two countries must be overcome, have undertaken serious negotiations on the issue of where Etorofu, Kunashiri, Shikotan and the Habomai Islands belong. They agree that negotiations towards an early conclusion of a peace treaty through the solution of this issue on the basis of historical

and legal facts and based on the documents produced with the two countries' agreement as well as on the principles of law and justice should continue, and that the relations between the two countries should thus be normalized.

Despite renewed hope for negotiations on a peace treaty following the Tokyo Declaration, there was not much progress—until the breakthrough in Krasnoyarsk in November 1997. The ascendancy of nationalistic and conservative forces in the December 1993 and December 1996 Duma elections greatly complicated the hand of Russian negotiators vis-à-vis Japan.

The four islands have definite significance to Japan. The islands are not small—together they comprise 4,996 square kilometers or 1,929 square miles, making them much bigger than Okinawa and only a little smaller than Chiba Prefecture. In 1945, the Japanese population on the islands numbered around 18,000, excluding military. Their size and the fact that a substantive population was living there make the issue of the four islands qualitatively different to other territorial disputes involving Japan and its neighbors. In the cases of the Senkaku Islands with China and the Takeshima Islands with Korea, the islands are not inhabitable.

The islands are known for rich fishing and for mineral resources, and their geostrategic value is of particular importance. During the cold war, the islands shielded the Soviet strategic submarine fleet equipped with submarine-launched ballistic missiles (SLBMs) in the Sea of Okhotsk.

For Japan, however, resolving the Northern Territories issue is motivated neither by economic interests nor by security concerns, but by the core principle of Japan's territorial integrity as a sovereign state. Japanese view the islands as "inherent territory" (*koyūno ryōdo*).<sup>3</sup> This firmly held notion has developed through Japan's history and its geographical insularity, where surrounding oceans have determined its borders.

While negotiations on the territorial issue are at a standstill, cooperative measures toward the residents of the islands have been adopted and there has been substantive progress in improving residents' feelings toward Japan. For several years, Russian residents of the islands have regularly visited Japan, while Japanese—including former residents—have been visiting the islands without needing visas. The Japanese

government has also extended humanitarian assistance to the islands, where economic conditions remain severe and trying.

### *Economic Issues*

It seems trite to say that Japan-Russia economic relations have not met their potential. In 1997, trade between Japan and Russia was a mere US\$5.03 billion. This figure is extremely small when compared with the figures for Japan-U.S. trade (US\$190.21 billion, or 38 times larger) or for Japan-China trade (US\$62.75 billion, or 12.5 times larger) (Japan Association for Trade with Russia & Central-Eastern Europe 1999; Ministry of Finance 1998). Japanese direct investment in Russia is similarly minuscule. By January 1998, Japan had invested only US\$119.7 million, placing it sixteenth among the top twenty investors in Russia.

Various factors account for the low level of economic interaction between the two neighbors. The first concerns macro-economic adjustments. In the process of its transformation into a market economy, the Russian economy has suffered high inflation and a sharp drop in production and investment. Russia's gross domestic product is reported to have dropped 40 percent in 1997 from 1991, as did Russia's trade volume.

These macro-economic trends have had a direct impact on Japan-Russia economic exchange. Particularly noteworthy is the drastic decline in Japanese exports to Russia. In the days of the Soviet Union, export of Japanese capital goods was the backbone of trade between the two countries; now this trade has plummeted, reflecting the virtual cessation of capital investment in Russia.

Micro-economic and structural problems are the second factors behind the decline in economic activity between Japan and Russia. Conditions for foreign direct investment are still rudimentary in Russia, especially the legal and tax systems. To date, only a few cases of successful Japanese investment can be cited—in contrast with many cases of failure. In the late 1980s and early 1990s, quite a few small and medium-sized Japanese enterprises tried joint ventures in the Russian Far East, but sooner or later they had to withdraw. This tarnished Russia's image and left the impression of it being a very tough, difficult place in which to invest.

Japan-Russia trade suffers because of a peculiar financial structure. Russian commercial banks do not engage in regular financing of manufacturing, but are devoted to trying to obtain the highest possible returns

by speculating on exchange rate fluctuations and buying short-term government bonds. This strategy left many of them bankrupt in the financial crisis of August 1998.

From 1993 to 1994, the Japanese government turned to supporting reform of Russia's economic structure from providing humanitarian assistance. Programs have included establishing Japanese economic centers in Russian cities to train young Russian businessmen and transfer know-how with regard to managing small and medium-sized corporations.

The most significant contribution by the government of Japan has been close to US\$1 billion in Export-Import Bank of Japan credits to renovate Russian factory equipment and plants. The Export-Import Bank of Japan is willing to finance 85 percent of the cost of equipment, but Organization for Economic Cooperation and Development (OECD) requirements stipulate that the recipient of the credit is obliged to provide the remaining 15 percent as a down payment. This has greatly complicated project financing in Russia. The recipient manufacturing companies cannot obtain credit from Russian commercial banks since these banks are often not interested in providing this type of industrial financing.

Japanese businessmen began reevaluating the potential of the Russian economy in late 1997 and early 1998. The general impression then was that stabilization measures had finally borne fruit; that production would soon pick up, albeit modestly; and that inflation seemed to have been brought under control. So it was especially shocking to observe the virtual collapse of the ruble and the Russian government's near default on its fiscal obligations in August 1998. Japanese banks and financial houses were not that exposed to the Russian capital markets, reflecting their cautious attitude to the Russian market. Developments last August indeed reinforced this caution, as did subsequent political actions in Moscow.

Of particular concern for Japanese businessmen is Moscow's desire to distinguish between Soviet debt and more recently acquired Russian debt. Japan was the Soviet Union's second largest trade partner and one of its major creditors, so Japan is very involved in the debt rescheduling forums of the Paris and London Clubs. If Japan suffers unduly on the Soviet/Russian debt issue, Japanese business attitudes toward Russia would be further negatively affected.

Yet, on the positive side, Russia is a neighbor of Japan and it is richly



endowed with natural resources. Developing mutually beneficial relations should be possible and such relations would be important for the two countries, as well as for stability, peace, and development in North-east Asia.

### *Developing the Russian Far East*

The problems and challenges of developing the Russian Far East and its energy resources merit special attention. The Russian Far East is the essential interface between Japan and Russia, and its standing could determine Russia's place in Northeast Asia. But helping the Russian Far East become the credible economic and political link between Japan and Russia is fraught with seemingly overwhelming difficulties. Three factors negatively affect developing the Russian Far East and Japan's possible role in this process.

First, the Russian Far East has suffered in the transformation. The cold war-related fiscal support and subsidies that Moscow extended to keep its economy going for national security reasons have virtually stopped. Except for a few defense industries, the area's economy lacks viable industries and is very depressed. Its population is also gradually decreasing. Despite the worsening economic situation, the region's political leaders still tend to look to Moscow for solutions and are slow in pursuing economic relationships with Asia Pacific.

Second, defining the region's geographical expanse is subject to debate. In the narrowest sense, the Russian Far East could be said to include Khabarovsk Krai, Primorsky Krai, Republic of Sakha, Kamchatkaya Oblast, and Sakhalinskaya Oblast. Many of these regions are abundant in natural resources, such as the huge deposits of natural gas in Yakutia. Despite this bounty, the resources are not easily exploitable as the area has chronic electricity shortages.

A broader definition of the Russian Far East incorporates the trans-Baikal region, also an oil- and gas-rich area, while an even wider interpretation of the Far East includes the industrial bases of Krasnoyarsk and Irkutsk. Some wish to expand the denotation to also cover Novosibirsk and all of Siberia.

Russians will have to resolve the issue among themselves, undoubtedly with a lot of politicking among regional leaders and in close consultation with Moscow.

The third constraint on the region's development, and perhaps the trickiest issue to tackle, is the question of coordinating social and

economic policies between Moscow and regional leaders. Regional political leaders rightly claim that they are elected by direct popular vote and are thus bestowed with the mandate to make decisions. The trouble is that some of these leaders have shady economic connections and they take advantage of the dire lack of discipline and law and order.

Perhaps crime and corruption are rampant everywhere in Russia, but there is credible evidence that the crime situation in the Russian Far East is among the worst. This image greatly discourages Japanese investment in the Far East.

Despite these economic, political, and social difficulties and challenges facing the Russian Far East, it is imperative that some large-scale development plans for the Russian Far East be considered. There are some signs, admittedly modest, that Japan-Russia economic cooperation in the area might be improving.

There is growing Japanese interest in actively developing the energy resources of Sakhalin and Eastern Siberia. The most significant recent development is the participation of Japanese firms in the Sakhalin-1 and -2 projects, joint ventures between Russian and U.S. firms to develop offshore oil and natural gas resources near Sakhalin Island and involving approximately US\$20 billion in investment. Another instance is Japanese government and business interest in participating in an ambitious gas pipeline project to ship Eastern Siberian natural gas through Mongolia and China to the Pacific sea coast.

Developing the Russian Far East has profound implications on future Russia-China relations and peace and stability in Northeast Asia as a whole. Sino-Russian relations have improved to be the best they have been in decades. But circumstances in the Russian Far East could be a source of serious tension in the mid to long term unless economic conditions there undergo a qualitative change for the better.

Russia's GDP has plummeted 40–50 percent over the past six years, while China has experienced annual growth rates of over 10 percent. The population of the Russian Far East is eight million and that of Siberia is around twenty-five million. The populations of both are decreasing. In contrast, Northeast China's population numbers two to three hundred million. Heilongjiang, Jilin, and Liaoning provinces, the three Chinese provinces closest to Russia, have a combined population of eighty million, and this figure is growing.

The deterioration of the social infrastructure in the Russian Far East, such as transportation, communications, electrical, and port facilities,

is a serious hindrance to economic development. This is coupled with increasing crime and corruption, and weakening political control from Moscow.

These factors make a strong case for considering the establishment of a type of multilateral mechanism—possibly under the aegis of the World Bank—to assist in developing the Russian Far East's infrastructure.

Japan has started emphasizing the Far East in its efforts to assist in reforming the Russian economy. A special working group on the Russian Far East has been established under the Joint Economic Committee between the two governments. Special consideration to projects in the Far East is also being given in allocating Export-Import Bank of Japan credits.

Concerted efforts should be made to involve other developed countries and Asian countries, such as South Korea and China. Creating a multilateral mechanism to coordinate and promote infrastructure rebuilding in the region would have these merits:

- It would help develop the region's vast natural energy resources, thus contributing to economic revitalization.
- Working with such a mechanism could help the central government reestablish political control over the region.
- Long-term stability between Russia and its neighbors, particularly China, would be enhanced by their potential sources of tension being addressed in an international framework.

There is no precedent for establishing a multilateral mechanism for promoting the development of a region or a part of a country. But the Russian Far East warrants such an unusual effort. The reward for successfully forestalling the boiling over of simmering tensions would be regional stability and prosperity for Russia.

*Russia in Northeast Asia's Political  
and Security Framework*

Russian involvement in Asia Pacific is presently limited; some would argue that it is marginal, both in economic and political terms. Russia's potential, however, does mean that not involving it in actively building a new Asia Pacific could be counterproductive. If it so desires, Russia could play a negative and destructive role.

Few would disagree with the assertion that fostering stable relations between China, Japan, Russia, and the United States is essential for

establishing peace and stability in East Asia. So the frequent bilateral summit meetings between the leaders of these four countries in 1997 was particularly noteworthy and significant. To recap:

- Japanese Prime Minister Hashimoto met U.S. President Bill Clinton at the Group of Seven summit in Denver in June 1997, he visited Beijing to meet Chinese President Jiang Zemin in September 1997, and then met Russian President Yeltsin in Krasnoyarsk that November.
- Yeltsin met Clinton in Denver and paid a state visit to Beijing to meet with Jiang one week after he met Hashimoto in Krasnoyarsk.
- Jiang met with Clinton during his state visit to the United States in October.

Yeltsin and Jiang expressed their shared sense of appreciation of these meetings in their joint statement after their November meeting in Beijing, saying, "The two sides are extremely satisfied to point out that relations between China, Russia, the United States, and Japan witnessed positive developments during the recent summit meetings between the nations."

Looking toward the future, institutionalizing such consultations between the four powers might be wise policy. But given the diverse interests and concerns of the countries, it would be more important to institutionalize regular bilateral summit meetings than establish a quadrilateral consultative mechanism. Careful exploration of such multi-lateral consultations should be undertaken at track two and three levels.

Similarly, initiating six-party meetings on the future of the Korean peninsula—involving Japan and Russia, in addition to both Koreas, China, and the United States—would be advisable, considering that the future of North Korea and the Korean peninsula would seriously affect both Japan and Russia. This is an essential exercise. A profoundly destabilizing scenario may well unfold on the Korean peninsula in the next decade. Both Japan and Russia have very important stakes and crucial roles to play in ensuring the region's stability.

#### THE JAPANESE OUTLOOK ON NATIONAL SECURITY

When engaging Russia—and China—in Asia Pacific to enhance regional peace and stability, the very unique nature of Japan's security policy must be considered. Japanese security and defense policy has two

major pillars: strict self-restraints on defense capabilities, as stipulated in the Constitution; and the security alliance with the United States.

The exacting limitations in the Constitution on Japan's defense capabilities reflect Japan's determined commitment not to become a major military power and to learn from its negative history of militarism in the 1930s and 1940s. The Constitution renounces the use of force to resolve international disputes and, as a corollary, proscribes Japan's power projection capabilities. Though Japan's military capabilities are substantial and modern, and its military personnel are highly motivated, their tasks are restricted to self-defense and they may not to be deployed abroad for combat purposes. Japan is also a strictly non-nuclear power.

The Japan-U.S. security alliance complements the unique nature of Japan's defense forces. In terms of the arrangement with the United States, Japan provides military facilities for U.S. forces stationed in Japan and it contributes forward deployment bases for East Asia for the U.S. forces. The United States is committed to defending Japan and it also supplies a nuclear shield for Japan.

Japan believes that its fundamental defense posture of restraint and the Japan-U.S. Security Treaty constitute a basic framework for peace and stability in Asia Pacific. The majority of Japanese see no viable alternative to this arrangement for the foreseeable future. It is also unlikely, for example, that Japan would go nuclear in the near future.

The recently concluded guidelines on defense cooperation between Japan's Self-Defense Forces and the U.S. armed forces do not alter this basic arrangement. However, as Japan depends on U.S. military capabilities to secure peace and stability in the areas surrounding Japan, it was considered appropriate and desirable to make provisions for supporting U.S. forces, should the need arise. There is no provision for combat operations, in line with the essential restraint the Japanese people imposed on themselves in the Constitution.

Engaging Russia in Asian Pacific security would presuppose Russian acceptance of, or at least acquiescence to, the central framework of Japanese security and defense policy. At the same time, attempts to have some sort of multilateral consultative mechanism that complemented this framework could continue. In this context, NATO expansion has indirect implications for Northeast Asia and potentially for the Japan-U.S. Security Treaty too. Should NATO expansion continue, for example, to include the three Baltic states and the Ukraine, Russian policy toward the U.S. military presence in Asia could perhaps turn negative.

For China, the issue would be more difficult, particularly vis-à-vis Taiwan. Lee Kuan Yew, senior minister of Singapore, stated two years ago, "This region has never at the same time experienced both a powerful China and a strong Japan . . . For the present, the United States provides a comfortable buffer. It is in the interests of all parties to preserve this buffer, providing time to work out a longer-term *modus vivendi*" (Lee 1997).

Most likely, Russia can play a balancing role in East Asia and herein lies the important strategic consideration of engaging Russia in East Asia.

### POSTSCRIPT

In post-cold war East Asian politics, two potent forces are at work. One is the notion of balance of power, which focuses on competition and possibly rivalry, based on nationalism; the other is the concept of interdependence, which emphasizes cooperation and mutual benefit. Both China and Russia want a peaceful international environment in order to pursue reform without outside intervention. With the exception of the Korean peninsula, it was assumed that peace and stability would prevail for some time in East Asia.

But, as the situation that evolved in Kosovo in the spring and summer of 1999 suggests, Russian nationalism may take unexpected turns. Similarly, in the wake of the most unfortunate bombing of the Chinese Embassy in Belgrade in May 1999, China might reassess the international environment.

Given these uncertainties, it is all the more important for Asia Pacific countries, including the United States, to take a fresh look at jointly developing the Russian Far East. Such an initiative would certainly encourage those who support cooperation and mutual benefit.

In terms of Japan-Russia relations specifically, the sudden dismissal of Prime Minister Yevgeny Primakov by President Yeltsin in May 1999 was a negative development. Primakov is one of the few Russian leaders with a long interest in and involvement with Japan, and he was presumably committed to improving relations. Recent developments have suggested that political instability may last at least until the next presidential election in 2000. That Yeltsin once again proved himself capable of strength at the time of crisis is welcomed, particularly considering the exceptionally important role he plays in Russian policy toward Japan. But questions remain about his fragile health.

On the peace treaty issue, the Russians have agreed to establish two subcommittees within the framework of the peace treaty working party — one on national borders, and the other on joint economic activities on the four islands. But their response to Hashimoto's specific proposal on the territorial issue has been much less than satisfactory. The outlook for concluding a peace treaty does not allow optimism.

## ENDNOTES

1. The Tokyo Declaration of October 1993, signed between Prime Minister Hosokawa Morihiro and President Yeltsin, included a commitment to "serious negotiations on the question of final possession of Etorofu, Kunashiri, Shikotan, and the Habomai group," and that they would strive for the conclusion of a peace treaty by resolving the territorial question on the basis of law and justice.
2. See Hasegawa (1998, chapter 3) for an account of the conscious strategy of ambiguity around the term "Kuril Islands" in the San Francisco Peace Treaty.
3. See Kimura and Slavinskii (1991, 4-5), quoted in Hasegawa (1998, 512).

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