

## Territorial Disputes: Can Japan and Russia Reconcile?

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**ABSTRACT** The Ukraine crisis may have effectively ended the rapprochement between the US and Russia, and in turn affecting relations such as those of Japan and Russia. Prior to this crisis, and the subsequent Western sanctions on Russia, Tokyo and Moscow had been reaching out to each other, and hope flickered for a resolution to the territorial dispute over the Northern Territories or Southern Kurils. This paper argues that with nationalist governments in power in Russia and Japan, the time is ripe for resolving the dispute. The conflict in Syria has also shaped the possibility that the West and Russia could cooperate once again, thus easing pressure on Japan-Russia ties. India, which shares cordial ties with both countries, should carefully watch the new dynamics in Russia-Japan relations.

### INTRODUCTION

There is an unprecedented diffusion of power in many parts of the world. This owes to various factors such as the relative decline of the US, the rapid economic and military growth of China, the Ukraine crisis and subsequent sanctions on Russia, and the expected emergence of India as a strong power. There is also the growing power of the Internet and the rise of non-state actors, all of which contribute to the changes in geostrategic patterns that, in turn, influence bilateral and multilateral relations.

While there has been extensive examination of the relations between major powers, no parallel

focus has been paid to the state of interactions between Russia and Japan. Relations between these two nations are important because while Japan is an ally of the US, relations between Russia and the West have turned sour. Russia, for its part, has forged closer ties with China, and this in turn is emerging as a major strategic challenge for the US. On the other hand, bilateral relations between China and Japan have been extremely tense in the last few years, particularly due to China's assertive behaviour in the East China Sea. Thus, relations between Tokyo and Moscow are a key component of global power dynamics.

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The Russo-Japanese relationship carries strategic significance for India as both nations are important partners for New Delhi. Japan's significance to India can be seen in the 2014 Tokyo Declaration which elevated their relationship to that of a 'Special Strategic and Global Partnership.' India under the Modi Government also altered its long-standing 'Look East Policy', enhancing it to the 'Act East Policy'.

As for India-Russia relations, not many countries can match the enduring partnership that the two have shared since the 1960s. Today the deep-seated traditional ties are based primarily on defence cooperation, with a number of high-profile defence production projects on the anvil. Moreover, during the Ukraine crisis, India refrained from backing sanctions against Russia. It must be noted, however, that despite Prime Minister Narendra Modi's reference to Moscow as "India's closest friend", Moscow's growing relations with China and Pakistan are being watched closely by India. Moscow's relations with Islamabad and Beijing have the ability to determine Indo-Russian ties, as well as the kind of influence India would have in the South Asian region. It thus becomes more important to study the relationship, considering that Moscow and Tokyo are starting to review the status of their relationship, albeit in a tentative manner.

Japan and Russia, though technically at war (not having signed a peace treaty at the end of the Second World War), had in the last couple of years, been taking steps to reach out to one another. In March 2013, their peace talks began, renewing hopes for new beginnings in their relations. The then newly elected Japanese Prime Minister Shinzo Abe had made improving relations with Russia a top priority. Abe visited Russia in April 2013, becoming the first Japanese Prime Minister to do so in a decade. Since assuming office in late 2012, Abe has met his counterpart, Vladimir Putin, five times. Tokyo and Moscow have also agreed on a visit by Putin to Japan in the latter part of 2015, which had already been postponed several times. The two leaders agreed to revive

talks on a peace treaty, and even set up a new dialogue mechanism, i.e., the 2+2 meetings between their foreign and defence ministers. This is a setup that Japan shares with only the US, Australia and India.

This outreach was prompted first, by the converging strategies and interests of Russia and Japan on key issues in this geographic region. Both Russia and Japan share concerns over the North Korean nuclear programme, and both are worried, in varying degrees, about China's rise.

Moreover, since the Fukushima Daiichi nuclear plant disaster in 2011, Japan's energy policy had resembled a playground seesaw. Despite the Japanese government's successful efforts in restarting its nuclear energy programme, Tokyo is looking for alternatives and views Russia as a potential supplier of hydrocarbons.

Similarly, Moscow, which is currently hit by Western sanctions, views Asia—where gas consumption is set to double in a decade—as an opportunity to expand its markets.<sup>1</sup> Russia, in order to avoid a monopsony—where hydrocarbon exports would be dependent on either only China or only Europe—views Tokyo as a potential customer given their geographical proximity.

Russia also sees Japan as an essential partner for the development of its Far East region, which remains underdeveloped and shares a long border with China. This vast territory is rich in fertile land and mineral resources, but is sparsely populated, being home to only 7.4 million Russians over a six million square-kilometre-territory. In comparison, about 111 million people live in the three Chinese provinces bordering the Russian Far East.<sup>2</sup> Naturally, this has led to Russian fears of large-scale immigration from China. Russia sees development of the Far East as the only solution to make sure that it remains an integral part of Russia. Another reason for Russia seeking Japan's involvement in the development of the Far East is to balance China's economic engagement with the region. Today China is a major international investor and trade partner of the region. It has become the

largest export destination for the region since 2000, overtaking Japan.<sup>3</sup>

However, there are a number of hurdles to Russo-Japanese cooperation, the most vexed issue being their conflicting claims on four islands in the Pacific Ocean, known in Russia as the South Kuril Islands and in Japan as the Northern Territories. Larger domestic issues add more barriers to compromise, such as hostile public opinion fostered by nationalism in both states. The Ukraine crisis had also dashed any hopes of a *détente* between Tokyo and Moscow, changing the geopolitical landscape, and demonstrating how a far-flung crisis can affect remote disputes.

For months after the crisis broke out, the Japanese leadership under Abe tried to display utmost pragmatism and confined itself to *de jure* condemnation. However, Japan finally had to join the G-7 sanctions due to strong pressure from Washington. Despite the sanctions imposed by Japan being cosmetic in nature and affecting only already stalled bilateral projects, Russia viewed this as Tokyo's inability to take foreign policy decisions independent of its closest ally, the US.

There is no doubt that the Ukraine crisis has indeed pushed back the outreach between the two countries seeking to find a solution to the territorial dispute; and that any rapprochement between Japan and Russia is contingent on resolution of the island dispute. However, with Abe and Putin in power there are signs of hope in solving this dispute.

Most recently on 21 September 2015, Japanese

Foreign Minister Fumio Kishida visited Russia and held bilateral talks with his Russian counterpart, Sergei Lavrov. Further, the decision for the resumption of talks on 8 October 2015 between Deputy Foreign Minister Shinsuke Sugiyama and his Russian counterpart, Igor Morgulov, is another step forward. There was also an agreement to hold meetings on the fringes of the 70th United Nations General Assembly, and Abe and Putin have agreed that as part of such efforts, they would continue talks on the sidelines of international conferences in November, including the Group of 20 summit in Turkey and the Asia-Pacific Economic Cooperation forum in the Philippines. Japan and Russia have also committed to a Tokyo visit by President Putin.

**MAP: JAPAN AND RUSSIA'S DISPUTED TERRITORIES**



Source: [www.carnegie.ru](http://www.carnegie.ru)

## THE DISPUTE OVER THE ISLANDS: HISTORICAL BACKGROUND

North of Japan's northernmost prefecture, Hokkaido, lie these islands namely, the Iturup (known in Japanese as Etorofu), Kunashir (Kunashiri), Shikotan, and the rocky Habomai islets. The southernmost islet in the Habomai group lies only a few kilometres off Nemuro on the Japanese island of Hokkaido. Japan claims all four islands but they are currently under Russian control.

The two countries' entrenched positions have been muddled by a series of historical treaties. Japan claims that the sovereignty of the Northern Territories/Southern Kurils has never been debatable and that the four disputed islands have been part of Japan since the early 19th century. According to Japan, this is confirmed by, among other treaties, the Shimoda Treaty of 1855, the 1875 Treaty for the exchange of Sakhalin for the Kurile Islands (Treaty of St. Petersburg), and the Portsmouth Treaty of 1905 signed at the conclusion of the Russo-Japanese war.

**TABLE 1: THE NORTHERN TERRITORIES/  
SOUTHERN KURILS: A SNAPSHOT**

Total Population of Islands	30,000
Ethnicity of population	Russians, Ukrainians, Belarusians, Tatars, Koreans, Nivkhs, Oroch, and Ainu
Languages Spoken	Mainly Russian; some Japanese and Ainu as well
Primary Occupation	Fishing

For its part, Russia points to a number of international treaties—including the Yalta Agreement (1945) and Potsdam Declaration (1945) — as proof of its sovereignty. Russia also emphasises that the 1951 San Francisco Treaty serves as legal evidence that Japan acknowledged Russian sovereignty over the islands. Under the 1951 San Francisco Peace Treaty, Tokyo

renounced “all right, title and claim to the Kuril Islands”. However, the Soviet Union never signed the peace treaty and Japan refused to concede that the four disputed islands were in fact part of the Kuril chain. The Soviet Union seized the islands at the end of World War II and by 1949 had expelled all of their 17,000 Japanese residents.

In 1956, Japanese Prime Minister Ichiro Hatoyama became the first Japanese prime minister to visit the Soviet Union. It was suggested that two of the four islands would be returned to Japan once a peace treaty was signed. However, persisting differences prevented the peace treaty from being signed. The two countries signed the Japan-Soviet Joint Declaration, which only restored diplomatic relations between the two nations.

Subsequently, the Soviet Union even refused to recognise that there was a territorial dispute, to begin with. This changed only in 1991, when Mikhail Gorbachev became the first Soviet leader to visit Japan and signed the Japan-Soviet Joint Communique with Prime Minister Toshiki Kaifu. In this, the Soviet Union recognised that the four islands were the subject of a territorial dispute.

Since then, there have been a number of attempts to resolve the dispute. The 1993 Tokyo Declaration signed by the leaders of Japan and Russia affirmed to conclude a peace treaty by solving the issue of the attribution of the islands. Further, it established clear guidelines for negotiations, stating that the territorial issue should be resolved first based on historical and legal facts, second based on the documents to which both parties have agreed, and third based on the principles of law and justice. Thus, all negotiations were to be conducted in accordance with these clear guidelines established by the two countries.<sup>4</sup>

In 1997, through the Krasnoyarsk Agreement, Japanese Prime Minister Ryutaro Hashimoto and Russian President Boris Yeltsin agreed to make utmost efforts to conclude a peace treaty by the year 2000.<sup>5</sup> In April 1998, Japan made its proposal known as the 'Kawana Proposal' for the resolution



of the territorial issue. Tokyo proposed approaching the issue as that of a border delineation issue rather than a dispute. It was suggested that a border between Russia and Japan be demarcated between the lines of Iturup (Etorofu) and Uruppu (Urup), thus locating all disputed islands within Japan's territory.<sup>6</sup> In return, Hashimoto promised Yeltsin that Japan would agree to continued Russian administration and joint economic development of the islands. Hashimoto also promised that Japan would sign a peace treaty with Russia if Yeltsin agreed to the proposal. However, later that fall Russia rejected the proposal and both countries were unable to conclude a peace treaty.

In March 2001, hope of solving the dispute soared again at the Irkutsk Summit. Prime Minister Yoshiro Mori and President Vladimir Putin defined the Japan-Soviet Joint Declaration of 1956 as the starting point of the negotiating process to conclude a peace treaty and confirmed its legal validity in writing for the first time since 1960.<sup>7</sup> They also reaffirmed their common recognition that, on the basis of the 1993 Tokyo Declaration, a peace treaty should be concluded by solving the issue.

In January 2003, during Prime Minister Junichiro Koizumi's visit to Russia, the Japan-Russia Action Plan was adopted. The plan cited the Japan-Soviet Joint Declaration of 1956, the Tokyo Declaration of 1993, and the Irkutsk Statement of 2001 as the foundation for future peace treaty negotiations.<sup>8</sup>

Since then, a number of high-profile visits have paved the way for improved chances in solving the island dispute. However, tensions once again heightened in 2010 and 2012 due to visits to the disputed islands by then Russian President Dmitry Medvedev. His visit in 2010 was the first ever by a Russian leader to the disputed islands, and in protest the Japanese Prime Minister Naoto Kan recalled his country's ambassador to Russia.

Moreover, the Russian government decided to speed up the construction of military facilities on

these disputed islands, as well as create an economic zone on the Kuril Islands that would offer tax benefits and simplified administrative procedures to the 30,000 Russian residents on these islands. These incidents have resulted in large protests and immense dissatisfaction of the Japanese government.

## RUSSIAN AND JAPANESE PERSPECTIVES

The current positions of these two nations on the dispute may appear irreconcilable. Russia is willing to hand over two small islands, as specified in the declaration of 1956. Yet Japan insists on the handover of all four islands before any peace talks can take place.<sup>9</sup> Tokyo also rejected this offer as these two islands – Habomai and Shikotan – comprise only seven percent of the total disputed land.<sup>10</sup>

However, there have also been signs of flexibility from Tokyo, which realises that prolonging the status quo is detrimental to its interests. The Japanese government holds the position that if the attribution of the Northern Territories to Japan is confirmed, then Japan would be prepared to respond flexibly to the timing and manner of their actual return. Moreover, although the Russian government forcibly displaced the 17,000 Japanese citizens living on those islands at that time, the Japanese government is eager to forge a settlement with the Russian government so that the approximately 30,000 Russian citizens who now live there will not face the same fate as that of the Japanese residents.

Further, this entire argument over the Northern Territories/ the South Kuril Islands is nothing more than a display of extreme nationalism on both sides. If Japan were to let these islands go, it would not only lose face, domestically (since any compromise solution over the territorial issue will inevitably be used in domestic politics), but it would also jeopardise its chances in other territorial disputes it is engaged in, such as with South Korea (Takeshima/Dokdo

Islands) and with China (the Senkaku/Diaoyu Islands).

On the other hand, for the Kremlin, it is essential to maintain strong nationalism, particularly after the Ukraine crisis. At a time where the sanctions are beginning to hurt its economy, holding on to these islands is important for Russia. Moscow holds the position that it will not negotiate the territorial issue with Tokyo while the sanctions are in place.

However, from Japan's perspective, removing sanctions would not only undermine the G-7's coordinated action against Russia, but also send the wrong signal to China because Japan draws parallels between Moscow's annexation of Crimea and Beijing's muscle-flexing in the East and South China seas as attempts to change the status quo by force.

## THE WAY FORWARD

The current charged atmosphere throughout North East Asia, as well as South East Asia over the territorial issues portrays a dreary image with little scope for compromise. The security environment in this area has also become increasingly tense partly due China's rising territorial assertiveness and its ongoing military build-up.

However, the situation is not discouraging and key sources of friction can be overcome. Japan and Russia can benefit greatly if they are able to take their relationship forward. The peaceful resolution of the Russia-Japan territorial dispute would not only reduce the overall conflict potential in the Asia-Pacific, but it would also pave the way as a model for the resolution of other territorial disputes plaguing this region.

The only way the dispute can be resolved is if both countries agree to compromise on their respective positions. For starters, the two countries could agree to jointly administer the four islands and have free movement of trade and people. There is already historical precedent for this in the 19th century.

The fact that the leaders of the two countries have continued to meet on the sidelines of multilateral conferences and reassure one another that they can keep the momentum going until Russia-US tensions in Europe subside, shows that all hope of a reconciliation may not be lost.<sup>11</sup>

Incidentally, Japan and Russia have the best chance of resolving their dispute under Abe and Putin. Both leaders have a strong political hold in their respective nations and have huge nationalist appeal. Thus, if a compromise solution is arrived at, neither leader is likely to be accused of selling out his nation's interest. Moreover, Russian President Putin's popularity is at around 87 percent,<sup>12</sup> while Prime Minister Abe's ruling Liberal Democratic Party (LDP) of Japan has a huge majority in the lower house of the Diet. Further, Putin will be in power till 2018. Abe in turn saw his LDP achieve a landslide victory in 2014, putting him in power till 2016.

Another point is that Russia will be eager to reach out to Japan to prove that it is not isolated and may even be willing to make some concessions. This just may be the best time to solve this long-standing island dispute, and finally pave the way forward for more enhanced bilateral cooperation between the two states. However, for even some incremental progress to take place, there will have to be a change in the West's policy of isolating Russia.

## IMPLICATIONS FOR INDIA

Though some experts believe that there is little sign of an India-Japan-Russia concertation, given its cordial relations with both countries, India could act as a bridge between Japan and Russia. For example, India could bid for projects in the Russian Far East. These could be executed by international consortiums of Indian and Japanese companies created to implement projects in the Russian Far East.

Given the present situation playing out in the Asia-Pacific, it is clear that Japan and India are wary of a rising China. Russia, despite its economic

and strategic engagements with China — China is buying Russian gas, and the two hold regular military drills—is renewing efforts to find other nations in Asia to act as a hedge. Russia has been reaching out to Japan, India, South Korea and Indonesia. With the emergence of this scenario, all three states – Japan, India and Russia — would benefit greatly by cooperating bilaterally, as well as trilaterally in balancing China. Thus, this would meet the strategic interests of all the three countries.

Further, India could also partially address some of its energy security requirements if India and Japan could come to an oil swap arrangement where India could direct its share of production from Sakhalin-1 (India's state-owned Oil and Natural Gas Corporation has a 20-percent stake) to Japan in exchange for an equivalent part of Japanese hydrocarbon imports from the Middle East. This will create a win-win situation for both countries, making hydrocarbons cheaper for both due to decreased transportation costs.

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