

Situation of Russia & Japan–Russia Relation

30 October 2014

Akira Muto
Deputy Director–General,
European Affairs Bureau,
Ministry of Foreign Affairs

Content

I International Situation Surrounding Japan and Russia

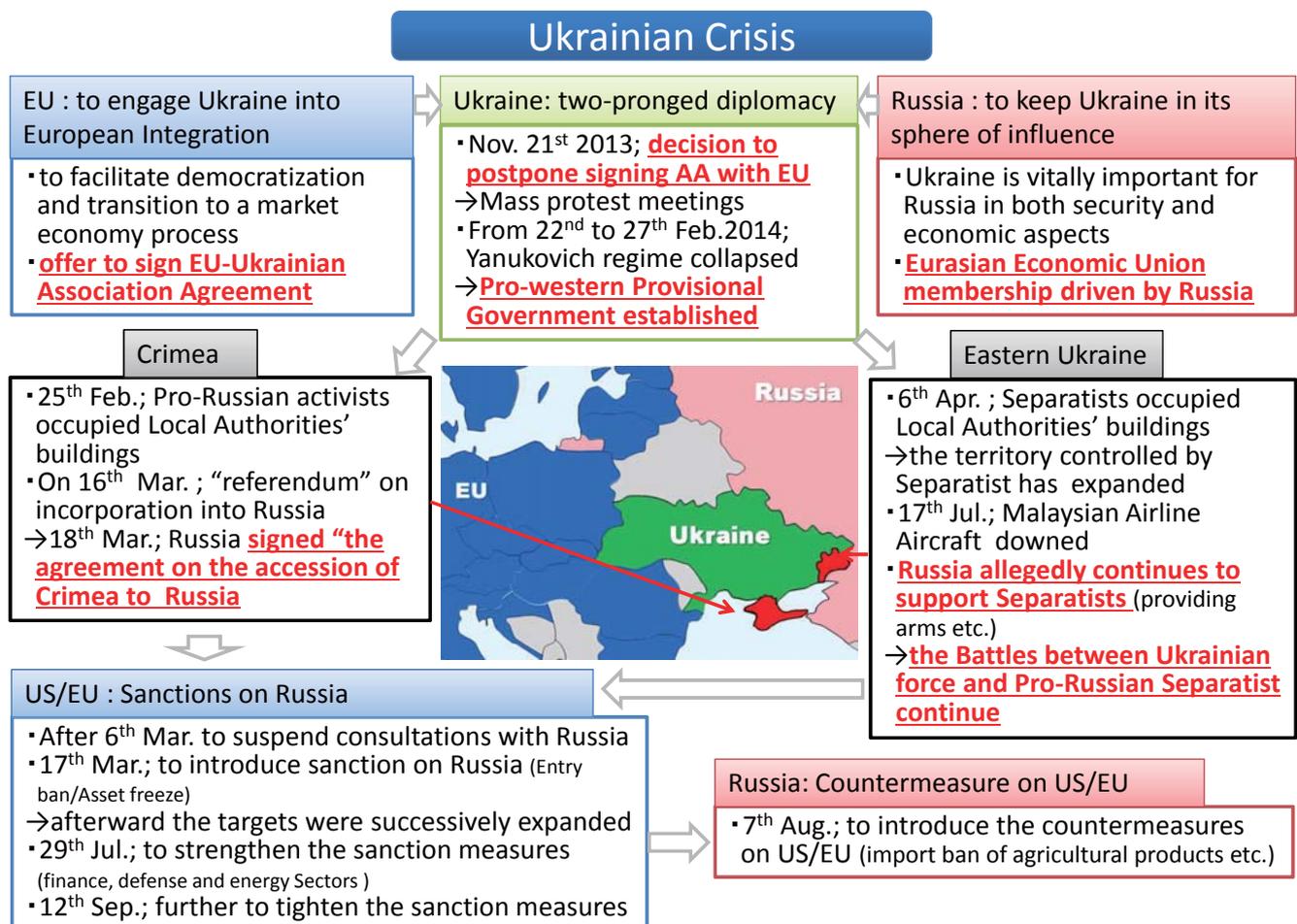
- 1 Situation in Ukraine . . . p4
- 2 G7 Measures in relation to Russia . . . p5
- 3 Dialogue with Russia . . . p7

II Bilateral Relations

- 1 Political Dialogue between Japan and Russia . . . p11
- 2 Russia' s Trade . . . p12
- 3 Natural Gas Export from Russia . . . p13
- 4 Japan–Russia & China–Russia Trade . . . p14



I International Situation Surrounding Japan and Russia



Sanctions by US and EU against Russia



Sanctions of US against Russia



Sanctions of EU against Russia

Asset Freezing	<p>57 persons and 47 entities (including 14 Russian defense firms)</p>	<p>141 persons and 34 entities (22 out of 141 persons are targets of the asset freeze)</p>
Sector Sanction	<p>➤ Financial Sector</p> <ul style="list-style-type: none"> • Debt financing Restriction: Prohibition of financing for 6 banks and 1 defense firm (with 30+ days maturity) as well as for 4 energy companies (with 90+ days maturity). • Suspension of offering credit for exporting to Russia, financing for economic development projects in Russia and new transaction by Export-Import Bank for export to Russia. <p>➤ Energy Sector</p> <ul style="list-style-type: none"> • Prohibition of exporting good, service and technology in support of exploration or production of oil for Russian deepwater, Arctic offshore or shale project to 5 energy companies. <p>➤ Defense Sector</p> <ul style="list-style-type: none"> • Suspension of issuing export licenses for defense high-technology items and defense services to Russia. 	<p>➤ Financial Sector</p> <ul style="list-style-type: none"> • Debt financing Restriction: Prohibition of financing for 5 banks, 3 defense firms and 3 energy companies (with 30+ days maturity). • Suspension of financing new operations in Russia by European Investment Bank(EIB) and European Bank for Reconstruction and Development(EBRD). <p>➤ Energy Sector</p> <ul style="list-style-type: none"> • Prohibition of export of technologies and providing service necessary for oil exploration and production in deepwater and Arctic offshore or shale oil project. <p>➤ Defense Sector</p> <ul style="list-style-type: none"> • Prohibition exporting arms and related materials to Russia as well as exporting dual-use goods and technologies for military use, for military end-user in Russia or to 9 mixed defense companies. <p>➤ Non-recognition policy of Crimea annexation</p> <ul style="list-style-type: none"> • Prohibition of import of goods originating in Crimea and Sevastopol as well as providing financing and insurance related to the import. • Prohibition of new investment, exporting equipment, financing and insurance services to infrastructure projects in transport, telecommunication and energy sectors as well as exportation of natural resources in Crimea and Sevastopol.

Japan's Measures against Russia over Situation in Ukraine

1. March 18, 2014

- (1) Suspension of consultation for easing visa regulations
- (2) Freeze of launching negotiations of ①a new investment agreement, ②an outer space cooperation agreement and ③an agreement for prevention of dangerous military activities

2. April 29, 2014

Prohibition of issuing entry visas to 23 individuals who are considered to have contributed to the violation of Ukraine's sovereignty and territorial integrity.

3. July 28, 2014

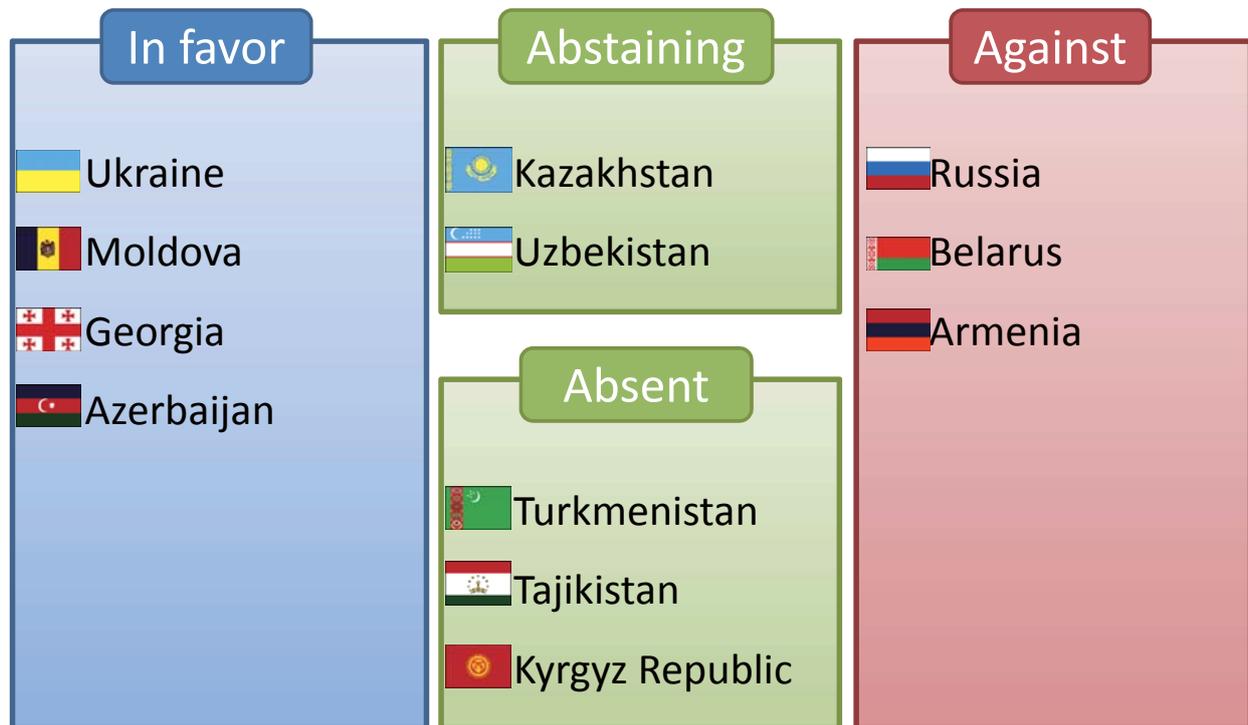
- (1) Asset freeze to 40 individuals and two entities considered to have directly involved in the annexation of Crimea and destabilization of the Eastern Ukraine;
- (2) Coordinated action in line with the EU's position on the new EBRD projects for Russia
- (3) Introduction of restrictive measures with regard to imports of all goods originating in Crimea
→The asset freeze and the restriction on import from Crimea took effect based on the Cabinet understanding on August 5, 2014

4. September 24, 2014

- (1) Reinforcement of the procedures for exports of arms and dual-use goods for military use to Russia
- (2) Prohibition of issuing securities in Japan by designated Russian banks

Russia & NIS voting to UN General Assembly “Territorial integrity of Ukraine”

27 March 2014



7

John F. Kennedy:

“AMERICAN UNIVERSITY COMMENCEMENT ADDRESS”

June 10, 1963

And second, let us reexamine our attitude towards the Soviet Union. It is discouraging to think that their leaders may actually believe what their propagandists write. It is discouraging to read a recent, authoritative Soviet text on military strategy and find, on page after page, wholly baseless and incredible claims, such as the allegation that American imperialist circles are preparing to unleash different types of war, that there is a very real threat of a preventive war being unleashed by American imperialists against the Soviet Union, and that the political aims – and I quote—“of the American imperialists are to enslave economically and politically the European and other capitalist countries and to achieve world domination by means of aggressive war.”

Truly, as it was written long ago: “The wicked flee when no man pursueth.”

Yet it is sad to read these Soviet statements, to realize the extent of the gulf between us. But it is also a warning, a warning to the American people not to fall into the same trap as the Soviets, not to see only a distorted and desperate view of the other side, not to see conflict as inevitable, accommodation as impossible, and communication as nothing more than an exchange of threats.

No government or social system is so evil that its people must be considered as lacking in virtue. As Americans, we find communism profoundly repugnant as a negation of personal freedom and dignity. But we can still hail the Russian people for their many achievements in science and space, in economic and industrial growth, in culture, in acts of courage.

So let us not be blind to our differences, but let us also direct attention to our common interests and the means by which those differences can be resolved. And if we cannot end now our differences, at least we can help make the world safe for diversity. For in the final analysis, our most basic common link is that we all inhabit this small planet. We all breathe the same air. We all cherish our children's futures. And we are all mortal.

8

Thomas L. Friedman: Who Had It Easier, Reagan or Obama?

The New York Times, Sept. 27, 2014

Most important, Reagan's chief rival, Gorbachev, won the Nobel Peace Prize in 1990 for doing something he never wanted to do: peacefully letting go of Eastern Europe. Obama's foes, like the Islamic State, will never win the Nobel Peace Prize. Reagan could comfortably challenge Gorbachev in Berlin to “tear down this wall” because on the other side of that wall was a *bad system* — Communism — that was suppressing a civilization in Eastern and Central Europe, and part of Russia, that was naturally and historically inclined toward democratic capitalism. And there were leaders there — like Lech Walesa, another Nobel Peace Prize winner — to lead the transition. We just needed to help remove the bad system and step aside.

In the Middle East, which has consumed so much of Obama's energy, the people tore down their walls — their systems — but underneath was not a civilization with the suppressed experience, habits and aspirations of democracy and free markets. Instead it was a toxic mix of Islamism, tribalism, sectarianism and an inchoate aspiration for democracy.

Reagan's leadership challenge was to bring down a wall and then reap the peace dividends by just letting nature take its course. Obama's challenge is that on the other side of the wall that the Arabs took down lies the world's biggest nation-building project, with a civilization that is traumatized, divided and often culturally hostile to Western values and institutions. It's an enormous job that only the locals can lead.

9

II Bilateral Relations



Recent Events in Japan-Russia Relations

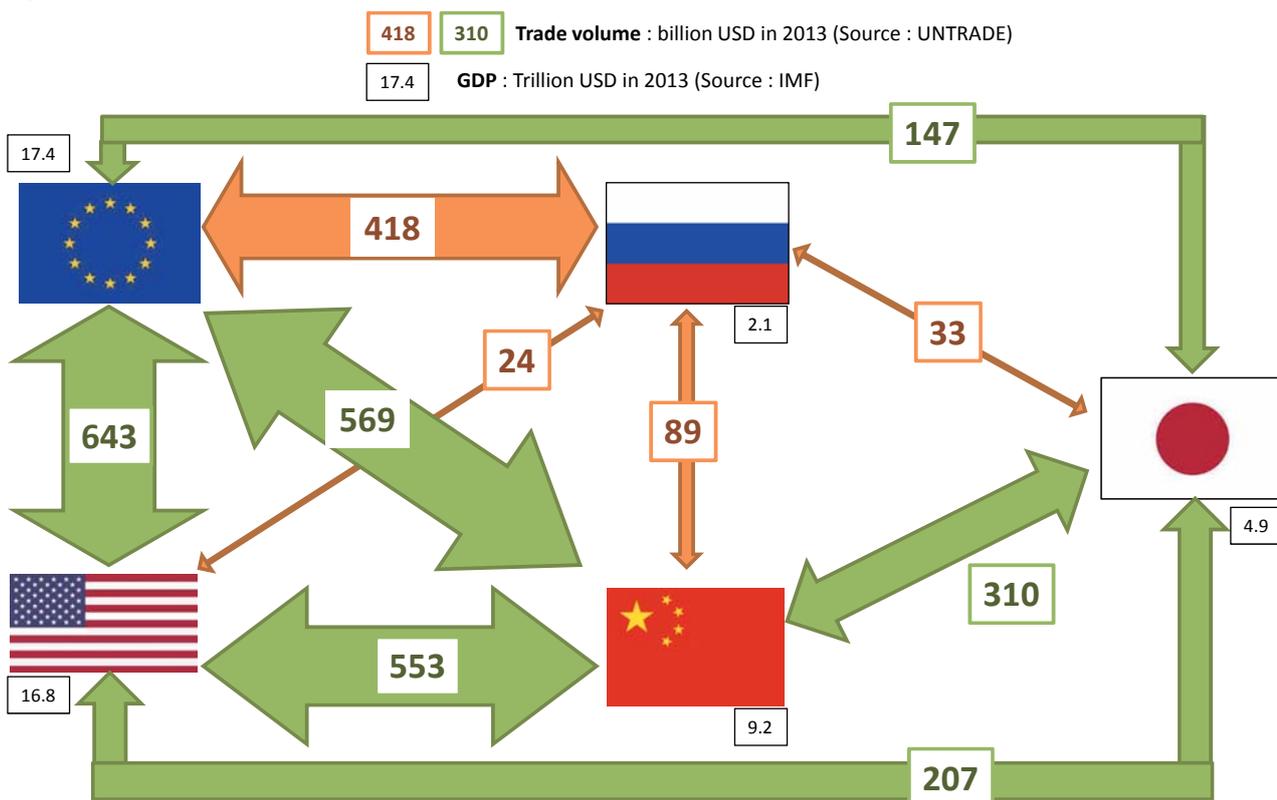
2013

- Feb. 21st Meeting between former Prime Minister Mori and President Putin
- Apr. 10th Japan-Russia Foreign Minister’s Meeting on the occasion of G8 Foreign Ministers’ Meeting
- Apr. 29th Prime Minister Abe’s visit to Russia(Japan-Russia Summit Meeting with President Putin)
- Jun. 17th Japan-Russia Summit Meeting on the occasion of G8 Summit in Lough Erne
- Jun. 27th -30th Former Prime Minister Mori’s visit to Russia(Meeting with Chairman of State Duma Naryshkin)
- Aug. 19th Japan-Russia Deputy Ministerial Consultations
- Sep. 5th Japan-Russia Summit Meeting on the occasion of G20 Summit in Saint-Petersburg
- Sep. 10th Telephone talks between Prime Minister Abe and President Putin
- Oct. 7th Japan-Russia Summit Meeting on the occasion of Bali APEC
- Nov. 1st -2nd Foreign Minister Lavrov and Defense Minister Shoigu visit to Japan, holding ”2+2”

2014

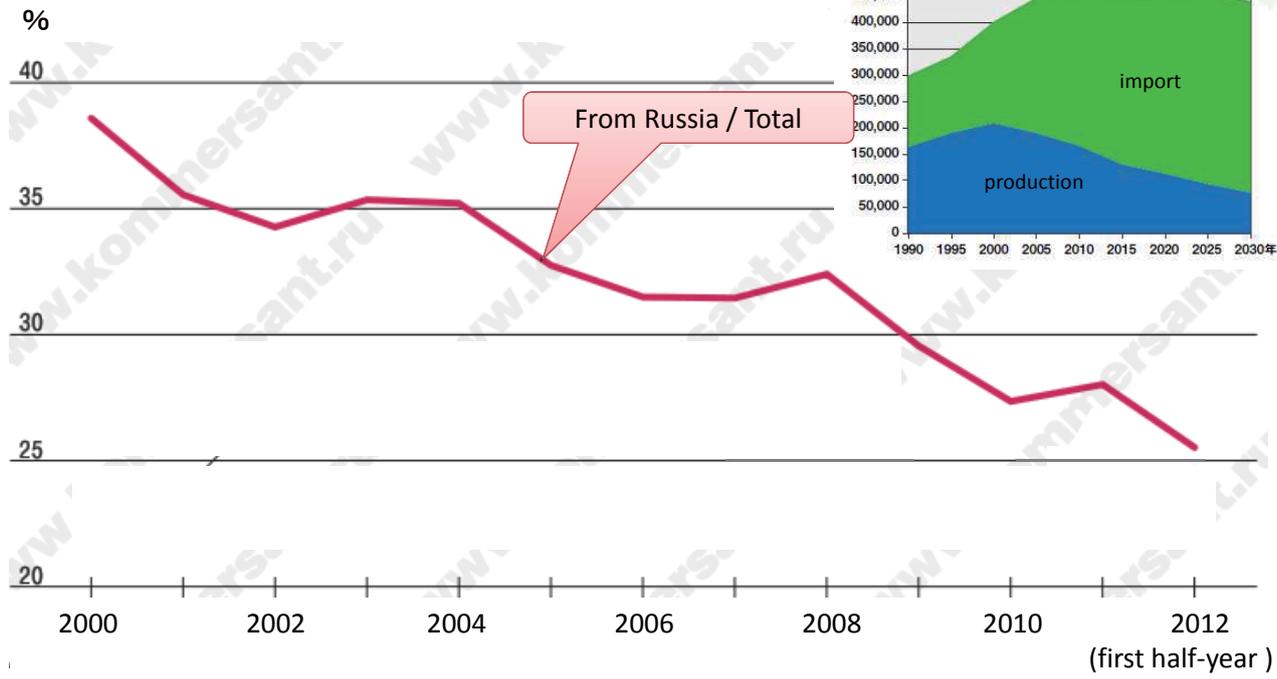
- Jan. 31st Japan-Russia Deputy Ministerial Consultations
- Feb. 1st Japan-Russia Foreign Minister’s Meeting on the occasion of the Munich Security Conference
- Feb. 7th -8th Prime Minister Abe’s attendance at the opening ceremony of the Sochi 2014 XXII Olympic winter games, Japan-Russia Summit Meeting with President Putin
- Jun. 2nd -3rd Chairman of State Duma Naryshkin visit to Japan
- Sep. 10th Meeting between former Prime Minister Mori and President Putin
- Sep. 21st Telephone talks between Prime Minister Abe and President Putin
- Oct. 7th Telephone talks between Prime Minister Abe and President Putin
- Oct. 17th Japan-Russia Summit Meeting on the occasion of the Asia-Europe Meeting (ASEM) 10 Summit Meeting

Volume of Trade between Major Economic Powers - focusing on Russia’s Trade



Natural Gas Imported from Russia to Europe

Sources: JOGMEC etc.



Trends of Japan-Russia & China-Russia Trade

