

A "Hell" for Putin is the Real Chance for the Russo-Japanese Territorial Talks

By SUGIURA Masaaki

As seen in the collapse of the Soviet Union in 1991 and the Russian financial crisis in 1998, it is obvious that the Achilles' tendon of the Putin administration is the fall of oil prices. In addition to this, economic sanctions by the United States, Europe, and Japan, and also, the devaluation of ruble, pose a triple difficulty to Vladimir Putin. Currently, Putin is no longer a consummate political gambler, but it is gradually understood that he is just a leader of the 10th largest economy. As people say traditionally, "Misfortune of other tastes like honey", Japan is in a position to make use of this "misfortune of others" to resolve the Kuril Islands territorial dispute. However, seeing from a broader perspective, I feel it is still too early for the "bargaining". In my opinion, a golden opportunity for Japan to talk with Russia will come sooner or later, and therefore, Abe should keep "friendly ties" with Putin, while waiting for him to turn soft-line as he suffers "hell" on earth. Last year, the Russian economy shrunk for the first time in six years. The fiscal management of this year will be extremely tight, because current national budget is based on the assumption of the oil price of 50 dollars per barrel, but that is no longer viable in view of a sharp drop of it to around 30 dollars. Though Putin regards the auto industry as a keystone of manufacturing, General Motors closed the factory last year. The number of car sales declined 35%. Putin managed to keep high economic growth thanks to high oil prices, but his handling of the government has become extremely difficult now. While people are frustrated with rising commodity prices, the Russian government continually raids national funds to fill the budget deficit, and as a result, foreign currency reserves plummeted to 2.6 trillion rubles in 2005, which is below a half of those in the previous year. Sooner or later, those reserves will run out.

There is no doubt that influences of the United States and Saudi Arabia are behind the trouble that Putin faces. Both countries try to check and weaken Russia through leading oil prices downward. As shown in past experience, history tells us clearly that the fall of oil prices had inflicted significant damages on the old Soviet Union and Russia. The Soviet Union fell in 1991, because the United States led oil prices downward in 1990, which was one of the main reasons for the financial collapse in those days. The Russian financial crisis in 1998 was also the result of the drop in the

price of oil that accounted for 80% of the Russian export of natural resource, which exacerbated the balance of payments, and led the budget deficit to grow furthermore. Russia had fallen into default. It is quite likely that Obama takes the same strategy to weaken his longtime foe Putin, as what happens twice will happen thrice. And this sort of hardship for Russia tends to develop into a territorial cession, historically. A century and a half ago, when Russia was torn by the Crimean War, it sold Alaska to the United States, and thus, South Kuril is no exception. Shortly after the fall of the Soviet Union, Russian Foreign Minister Andrei Kozyrev proposed the “two islands (Habomai and Shikotan) and an additional return” idea to us on his visit to Japan in 1992. In those days, Russia suffered critical aftereffects of the disruption of the Soviet Union, and it needed Japanese aid desperately to finance the development of the Far East area. Kozyrev suggested the following points, (1) Russia will return Habomai and Shikotan islands in accordance with the Soviet-Japanese Joint Declaration of 1956, and (2) Both sides will continue negotiations regarding Kunashir and Iturup islands. However, Japan rejected his idea, since the Ministry of Foreign Affairs (MFA) clung to the return of all of the four islands.

On the other hand, the Japanese side made the “Kawana Proposal” in 1998. At the Russo-Japanese summit in Kawana of Shizuoka prefecture, Prime Minister-then Ryutaro Hashimoto talked with President-then Boris Yeltsin to propose a new idea. That is, (1) Both countries will set the final national border between Iturup island and Urup island, (2) Until the final agreement is reached between the government of Japan and Russia, no changes shall be made in the current situation of the four islands, and keep status quo, and (3) Both sides recognize current Russian rule over the disputed islands legal. The focal point of this proposal is that the Japanese side did not demand immediate return of Habomai and Shikotan, which was stated in Article 9 of the 1956 Declaration. In other words, both sides were supposed to treat South Kuril like Okinawa before its return to Japan. This was the maximum concession that Japan managed to make. Historically, both the Russian and the Japanese sides tend to endorse the “two islands and an additional return” idea to make a compromise, and probably, Abe has something in line with this. At the office of the Prime Minister, National Security Advisor Shotaro Yachi is supposed to share the same view. However, it is the MFA that adheres to “hardline demand for the return of the four islands” as they do traditionally, which distresses Abe very much. It is quite rare that a Japanese prime minister enjoys close personal friendship with a Russian president, and therefore, I keep an eye on the meeting of Foreign Minister Fumio Kishida and his Russian counterpart Sergey Lavrov in April, and the subsequent meeting of Abe and Putin at a Russian resort Sochi, when he visits Europe this May.

As a judoist, Putin declared “hajime!” to start the territorial negotiations right after his inauguration, and he said “We should not pursue some kind of victory. We

should make an acceptable compromise in this circumstance. That is something like 'hikiwake', which means draw". In judo, there are four kinds of scoring, which are "ippon", "waza-ari", "yuko", and "koka". Abe may explore a "koka" at least rather than a "hikiwake", and as Russia's economic difficulties grow further, things will turn in favor of him. Everything depends on how much Putin suffers "hell" on earth by this May, but the ultimate crisis will not come so soon. Last September, Foreign Minister Lavrov told Kishida emphatically, "As a result of the victory in World War II, the four islands of South Kuril have become Soviet territories. Japan is not in a position to talk about that as it lost the war". At the press conference, Lavrov stressed that Japan's economic sanctions on Russia over the Ukrainian problem had strained the bilateral relationship. The problem is whether Russia can keep such a hardline posture continually. Of course, it is obvious that Abe take sides with America, and act with Western allies to join the "encirclement against Putin" until Russia turns conciliatory to us.

(This is an English translation of the article written by Mr. SUGIURA Masaaki, Political Commentator, which originally appeared on the e-forum "Hyakka-Somei" of CEAC on February 17, 2016.)