

## **The Russian Vector of Japan's Policy in the Arctic**

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**Abstract.** The article addresses the Russian vector of Japan's Arctic policy. The main areas of Japan's interest in cooperation with Russia in the Arctic region are energy, transport, and security. The article focuses on the developments that took place in these areas in 2019–2020, which have not yet received proper coverage in Russian historiography.

Pursuing the policy of diversification of energy supply sources, Japan turns its attention to the Russian Arctic as one of the promising areas of cooperation in the gas sector. In 2019, Japanese companies signed a contract for the purchase of a 10-percent stake in the Arctic LNG-2 project, which provides for Japanese investment worth almost \$3 billion. As one of the primary areas of cooperation with Russia, Japan also considers participation in the transport and logistics development of the Northern Sea Route, which is indispensable for the implementation of gas production projects on the Yamal Peninsula. In addition, Japan is interested in establishing clear and stable “game rules” in the Arctic, and, in this sense, the security sphere in the Arctic region is becoming one of the most important areas of cooperation with Russia.

The Russian vector of Japan's Arctic policy received an additional impetus in connection with the policy of rapprochement with Moscow conducted by the Abe cabinets in 2012–2020. The Arctic projects have become an integral part of the Eight-Point Plan, contributing to Japan's energy and economic security. Cooperation in the Arctic is directly linked not only to the projects of the development of the Northern Sea Route and Arctic projects for the

extraction and liquefaction of natural gas, but also to bilateral projects in the fields of “green energy”, development of port infrastructure, urban construction, fish processing, ecology, improving people’s living conditions, medicine, tourism, etc.

**Keywords:** Russian-Japanese relations, the Arctic, Arctic LNG-2, the Northern Sea Route, the Eight-Point Plan, diversification of energy supply sources.

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There is a significant amount of interest in the Russian vector of Japan’s foreign policy in the Arctic. Japan’s interest in Russian Arctic projects and its practical steps in this area do not only add a new connotation to the “Northern vector” of the country’s foreign policy, but, in fact, create a separate focus area in it.

This vector, however, is a relatively new phenomenon. In the post-war period, there was practically no significant interest in the Arctic or the Russian North issues either at the state level or at the level of private organizations. An important part in this was played by the critical reevaluation of Japan’s unsuccessful pre-war experience of relationships with Russia, in which the northern direction of the country’s external expansion proved to be the biggest failure. In the post-war years, Japan formulated its foreign policy on the basis of the postulate that there was a direct military threat from the North, which could not but affect the mental perception of the Arctic by several generations of the Japanese as something distant, unattractive, alien, and unrelated to the country’s urgent needs. Even polar scientific investigations after the war were initiated by Japan not in the Arctic, but in the Antarctic, as this was much easier to do both organizationally and psychologically against the backdrop of prevailing stereotypes of the “hostile North”.

The situation began to change in the post-bipolar period in connection with the country's search for a new global role. In the early 1990s, Japan started to present itself as a political power of global significance obligated to make a fair share of contribution to the study of the Arctic region, which is extremely important for maintaining the world environmental balance. The Arctic and particularly its Russian part with its rich natural and energy resources began to heighten Tokyo's interest also in the context of the policy of diversifying raw hydrocarbons supply sources. This interest rose especially after the Fukushima disaster, when Japan had to shutter a significant part of its nuclear facilities and rely on extended use of traditional energy sources, primarily natural gas as the most environment-friendly fossil fuel.

Moreover, Japan came to realize that, due to global warming, the Arctic could become a navigable region in the future. Thanks to Russia's active effort to develop the Northern Sea Route, cargo deliveries from Asia to Europe via the Russian Arctic waters are already becoming a reality. In this regard, Japan began to consider the transport and logistics area of bilateral cooperation with Russia in the Arctic as one of its priorities.

Finally, Japan's revised attitude towards the Arctic was also produced by changes in the global strategic balance of power in the world at large and in East Asia in particular. As a result, most of the world's largest powers started to try to mark their military presence in the Arctic. Japan is interested in establishing clear and stable game rules in the Arctic, and in this respect, security in this region is becoming one of the most important areas of cooperation with Russia.

The Russian vector of Japan's Arctic policy received an additional impetus in connection with the policy of rapprochement with Moscow conducted by the Shinzo Abe cabinets in 2012–2020. In May 2013, Japan, with the support from Russia, became an observer in the Arctic Council [Kurmazov 2015, p. 59]. In May 2016, during his informal meeting with Russian President Vladimir Putin in Sochi, Prime Minister Abe initiated the Japan-Russia Cooperation Plan consisting of eight points, which was highly appreciated in Russia as a bold decision challenging the G7 policy to isolate Russia after the 2014 Crimean events. Its main areas

included energy, transport, agriculture and technology, medicine, urban infrastructure development, energy, and complex development of the Far East. Many projects for bilateral cooperation in the Arctic have become an integral part of the Eight-Point Plan. Among them are projects for the development of the Northern Sea Route and Arctic projects for the extraction and liquefaction of natural gas, which are very important for Japan's national interests, contributing to the country's energy and economic security. Many projects for the integrated development of the Far East are also associated with the Arctic, as well as projects for transport and port infrastructure, urban construction, fish processing, environmental protection, improvement of living conditions, medicine, tourism, etc. For instance, Russian northern regions are interested in having Japanese technologies of housing construction in extreme climatic conditions which make it possible to achieve phenomenal heat saving through the use of modern building materials.

The main areas of Japan's interest in projects for cooperation with Russia in the Arctic are energy, transport, and security. This article aims to analyze these areas of cooperation, focusing on the changes that took place in 2019–2020, which have not yet received proper coverage in Russian historiography.

### **The Northern Sea Route**

Figuring prominently among the projects for cooperation with Russia in the Arctic is the Northern Sea Route (NSR). The length of sea communications from Japan to Europe is about 20 thousand kilometers if goods are delivered by the traditional southern route via the Indian Ocean and the Suez Canal, or about 13 thousand kilometers via the NSR. In other words, transportation through the Arctic route is 40 percent shorter in distance and about 10 days shorter in time than through the southern route.<sup>1</sup> This means a substantial saving of time and fuel, which significantly reduces the cost of transportation.

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<sup>1</sup> For instance, the distance from Yokohama to Rotterdam is 20,742 kilometers by the southern route, while by the northern route it is 12,038 kilometers.

What also makes the NSR more attractive for Japan is that, thanks to lower fuel consumption, its use can significantly reduce greenhouse gas emissions, which is particularly important in connection with the abandoning of nuclear power after the Fukushima disaster and the forced transition to traditional energy sources. Thus, the development of the NSR is evaluated in the context of solving “green development” problems and combating global warming. In addition, the NSR is safer than the southern route because ships do not need to pass through the water areas that are unsafe in terms of piracy and terrorism, including the Strait of Malacca or the eastern coast of Somalia. In general, Japan recognizes the high degree of the NSR readiness, taking into consideration the Russian technological and infrastructure capabilities to ensure shipping, including the capacities for icebreaking support and carrying out rescue, repair, and other ancillary works. The availability of such facilities and resources reduces the risks of environmental consequences of large accidents leading to possible large-scale fuel leakage. Japan also highly values Russia's potential of pilotage service, especially in view of the shortage or even lack of highly skilled pilots in other Arctic countries, including Nordic countries. For example, special mention is made of the fact that Russian experienced pilots can unerringly determine the thickness of ice by sight and choose the right course, which their foreign colleagues cannot do [Kitagawa 2013].

At the present time, however, the transition to the NSR presents a lot of difficulties for Japanese freight carriers. First of all, the route in its present state can be used, for obvious reasons, only for a limited time within a year. Therefore, at issue are only long-term prospects related, for example, to the development of an icebreaking services network and also the extension of the shipping season due to the acceleration of ice melting.

Russia has not yet managed to fully implement most parts of the plan to improve the NSR infrastructure, build icebreaking, emergency and rescue and auxiliary fleets, and equip the NSR with land transport vehicles and aviation technology. Most of the managerial decisions on

the Arctic development have only been made quite recently [Grinyaev, Zhuravel 2020, p. 55]. For instance, the Plan for the Development of the NSR Infrastructure for the Period up to 2035 was approved by a decree of the Russian Government only in December 2019. There are no conditions for the development of container shipping and bringing in large international shipping companies and cargo owners to the NSR. It is planned to transform the NSR into the basic element of a competitive international and national maritime transport corridor not earlier than in 2031–2035 [Grinyaev, Zhuravel 2020, p. 146].

As an Arctic country, Russia, following the Polar Code of the International Maritime Organization, made effective on January 1, 2017, makes regulatory requirements for all foreign ships of the non-icebreaking type which pass through the NSR to use icebreaker escort, to have a Russian pilot on board, etc. [Leksyutina 2021, p. 17]. In this connection, Japan worries that Russia, being a monopoly service provider, will be able to establish unreasonably high transit tariffs for escort services. For instance, Japan was greatly concerned about the decision of the Russian government to restrict the right to transport LNG from the Yamal fields by Russian tankers. It should be mentioned, however, that in early December 2020, at the working Russian-Japanese meeting on cooperation in the transport sphere, the Russian side explained that, in the case of appropriate requests from transport companies, the lifting of this restriction would be considered.<sup>2</sup>

Another disadvantage of the NSR in Japan's opinion are the restrictions imposed by the bottom topography. In order to reach the Arctic Basin from the Pacific Ocean, ships have to go through the relatively shallow Bering Strait (the minimum navigable depth is 36 meters), which significantly limits the possibility of navigation for large-tonnage ships. Another big problem for Japan is that large-sized vessels can potentially inflict irreparable damage on the fragile environment of the Arctic because of the large amount of emissions and the risk of massive consequences in case of an accident. Finally, the small traffic through

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<sup>2</sup> <https://www.logi-today.com/412966>

the NSR makes it very difficult for Japanese insurance companies to assess insurance risks, which in turn complicates the evaluation of the insurance premium level for ship owners [Kitagawa 2013].

Nevertheless, the development of transport communication via the NSR is not only at the assessment level but is also discussed from a practical perspective. In October 2018, Japanese Foreign Minister Taro Kono told the Arctic Circle Assembly about the intention to encourage Japanese companies to place greater focus on business in the Arctic taking into consideration the potential possibilities of the Arctic route.<sup>3</sup> Among promising prospects for Japan, which are actively promoted by the Russian Ministry for the Development of the Far East, is the launch of a regular container line on the NSR.<sup>4</sup> Japan's interest in this route is confirmed by the fact that, several years ago, Hokkaido's prefectural administration began to assess the possibility of using the port of Tomakomai, located on the coast of the Tsugaru Strait, as a high-potential transport terminal to serve Japan's needs in the case of its transition to the NSR [Holroyd 2020, p. 324].

## **Energy**

The energy area is of primary importance for Russian-Japanese cooperation in the Arctic. It should be mentioned that this sphere on the whole is the backbone of Russian-Japanese trade and economic relations. Energy resources account for nearly 70 percent of Japan's total imports from Russia. The Japanese government considers energy to be one of the most important elements of its effort to strengthen partnership with Moscow.

Japan's interest in the Arctic LNG projects located on the Yamal and Gydan Peninsulas is not accidental. The point at issue are major

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<sup>3</sup> <https://asia.nikkei.com/Politics/International-relations/Arctic-emerges-as-collaboration-hot-spot-for-Japan-and-Russia>

<sup>4</sup> <https://tass.ru/ekonomika/10504149>

natural gas reserves accounting for about 20 percent of the world's gas resources. Leonid Mikhelson, president of the Russian Novatek gas producing company, estimates the potential of gas production on Yamal and Gydan (taking into account not only the share of Novatek but also that of Gazprom) at 130–140 million tons of LNG per year, which is 50 percent bigger than the entire annual production in Qatar.<sup>5</sup> Back in December 2017, Novatek put into operation the first gas liquefaction plant on the Yamal Peninsula with a capacity of 16.5 million tons per year in the Arctic port of Sabetta.<sup>6</sup> In 2020, the plant already worked with an average load of 114 percent of the nominal capacity and produced 18.8 million tons of LNG.<sup>7</sup>

Another project, called Arctic LNG-2, is currently (early 2021) under construction. The project, based on the hydrocarbon resources of the Utrenneye field, which amount to 1.978 billion cubic meters of natural gas and 105 million tons of liquid hydrocarbons (according to the Russian classification of reserves) on the Gydan Peninsula adjacent to Yamal, involves the construction of three LNG production lines with a designed capacity of 6.6 million tons of LNG per year each (Figure 1).<sup>8</sup> The first LNG line is to be launched in 2023, while the second and the third – in 2024 and 2026 respectively.<sup>9</sup> The result will be 19.8 million tons of LNG and at least 1.6 million tons of stable gas condensate per year. The total investment is projected to reach US \$20–21 billion.

Yamal projects open up for Japan, which fully satisfies its domestic demand for natural gas with LNG imports, great prospects

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<sup>5</sup> <https://www.kommersant.ru/doc/3695432>

<sup>6</sup> <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/093020-japan-eyes-participating-in-kamchatka-lng-reloading-terminal-official>

<sup>7</sup> <https://www.argusmedia.com/news/2188198-zagruzka-zavoda-iamal-spg-v-2020-g-dostigla-114?amp=1>

<sup>8</sup> <https://neftegaz.ru/news/spg-szhizhenny-prirodny-gaz/651369-obshchiy-progress-po-artktik-spg-2-sostavlyayet-29/>

<sup>9</sup> <https://tass.ru/ekonomika/7585953>

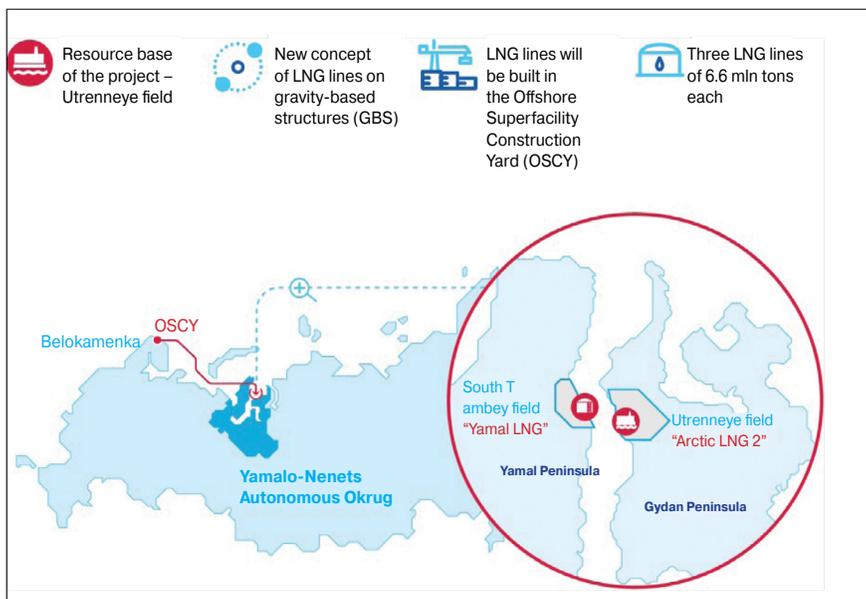


Figure 1. Arctic projects for natural gas production and liquefaction<sup>10</sup>

for ensuring a high level of energy security. Japan pursues a policy of balanced distribution of LNG supply sources in different regions of the world – the USA, Russia, South-East Asia, and the Middle East. It strives not to be in excessive dependence on one supplier or country and to exclude the factor of unforeseen risks associated with political events or natural disasters in partner countries. Table 1 shows that, among the supplier countries, there are both its reliable political allies and countries that Japan sees as ideological and political opponents.<sup>10</sup>

Along with LNG supplied by Russia to Japan from Sakhalin since 2008, Yamal gas in the future can make a significant segment of Japan's domestic market. For instance, between January and August 2020,

<sup>10</sup> <https://energybase.ru/>

Japan imported from Russia 3.629 million tons of LNG, which makes about 7.5 percent of Japan’s total LNG imports. In 2019, Russia ranked 4<sup>th</sup> after Qatar among Japan’s LNG supplier countries.<sup>11</sup>

*Table 1*

Japan’s imports of LNG in 2019 (by country)<sup>12</sup>

| LNG Supplier Countries | Total Imports (tons) | Total Value (thousand yen) |
|------------------------|----------------------|----------------------------|
| Australia              | 30,116,008           | 1,756,177,031              |
| Malaysia               | 9,330,527            | 492,022,088                |
| Qatar                  | 8,734,971            | 510,420,743                |
| Russia                 | 6,398,638            | 337,528,306                |
| Brunei                 | 4,320,630            | 248,174,455                |
| Indonesia              | 4,153,037            | 243,067,415                |
| Papua New Guinea       | 3,741,745            | 216,672,924                |
| USA                    | 3,695,647            | 196,835,711                |
| Oman                   | 2,894,035            | 144,333,845                |
| UAE                    | 2,168,486            | 123,767,579                |
| LNG Supplier Countries | Total Imports (tons) | Total Value (thousand yen) |
| Nigeria                | 833,291              | 32,436,813                 |
| Peru                   | 677,128              | 36,467,369                 |
| China                  | 70,560               | 2,250,297                  |
| Equatorial Guinea      | 68,819               | 3,623,685                  |
| Egypt                  | 62,119               | 3,495,559                  |
| Algeria                | 61,438               | 2,505,334                  |
| Total                  | 77,327,079           | 4,349,779,154              |

<sup>11</sup> <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/093020-japan-eyes-participating-in-kamchatkas-lng-reloading-terminal-official> (accessed on: 15.06.21)

<sup>12</sup> <https://www.trade.gov/knowledge-product/japan-liquefied-natural-gas-lng>

As demonstrated by Table 1, supplies from Australia, Malaysia, and Qatar account for about 60 percent of Japan's total LNG imports. Thus, Japan's participation in the Arctic LNG-2 project would help diversify the sources of LNG supplies and decrease the country's dependence on major suppliers. Of particular importance for Japan is the fact that the cost of gas production in the Arctic is relatively low and comparable with that in Qatar. In particular, this is due to the fact that it is cheaper to chill gas below 0° C in the polar latitudes than in the thirty-degree heat like in the Middle East [Ishikawa 2019]. In addition, according to officials from the Japanese Ministry of Economy, Trade and Industry, LNG supplies from the Russian Arctic enhance Japan's energy security, because the supply route does not pass through the Strait of Hormuz.<sup>13</sup>

From the very beginning, Japan showed interest in LNG development projects on Yamal. After the Russian government adopted the Integrated Plan for the Development of LNG Production on the Yamal Peninsula on October 11, 2010, Japanese companies became participants in the Yamal LNG project. For instance, a joint venture of two major Japanese engineering companies, JGC and Chiyoda, became a contractor for the design, equipment supply, and construction for the needs of the project. In December 2016, the venture received financial support from the Japanese Bank of International Cooperation (JBIC), which opened a line of credit in the amount of 2 billion euros to implement this project [Leksyutina 2021, p. 13]. In 2018, the Japan Oil, Gas and Metals National Corporation (JOGMEC) signed a memorandum of understanding and possibilities for cooperation on projects on the Yamal Peninsula in the Arctic, including projects on the Gydan Peninsula. Shortly after, the Japanese gas distribution company (Fukuoka Prefecture), which supplies city gas to the northern part of the Kyushu Island, signed a memorandum of understanding with Novatek

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<sup>13</sup> <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/093020-japan-eyes-participating-in-kamchatkas-lng-reloading-terminal-official>

regarding the end-consumer market entry and optimization of LNG supplies in the Asia-Pacific region, including construction of the Hibiki terminal in the Japanese port of Kitakyushu.<sup>14</sup>

After lengthy negotiations at the G20 summit in Osaka, on June 29, 2019, a contract was signed for the purchase by the Japanese side of a 10-percent share in the Arctic LNG-2 project, which gave Japan the right to receive 10 percent of the produced gas. To get this transaction, the Japanese Mitsui&Co corporation and JOGMEC outcompeted several international oil companies, including Saudi Aramco and KOGAS. Along with Novatek, which holds a 60-percent stake, and the Japanese companies, the other participants in the project are the French Total company and two Chinese state corporations – China National Oil and Gas Exploration and Development Company (CNODC) and CNOOC, each holding 10 percent of the stock.

Speaking at the Osaka summit, Japanese Prime Minister Shinzo Abe put a high value on the signed agreement, emphasizing that the transaction “facilitates Russia’s efforts to develop the Arctic and ensures sustainable energy supply to our country” [Sassi 2019]. In turn, President Vladimir Putin told the summit that Japan’s total investment in the project would amount to nearly \$3 billion.<sup>15</sup>

The record of the final investment decision on the Arctic LNG-2 was signed at the Eastern Economic Forum in Vladivostok in September 2019. Mitsui and JOGMEC, whose shares in the general package of Japanese investments were 25 percent and 75 percent respectively, figure in the project through the Dutch joint venture Japan Arctic LNG B.V.

Of great interest is the structure of the transport and logistics support for the Yamal projects. The only possible channel of LNG supply is the Northern Sea Route. This means that the tankers should be specialized LNG carriers of the 7Arc class or nuclear icebreakers should be used for escort. In 2020, about 15 specialized tankers of the Arc7 ice class

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<sup>14</sup> <https://www.jetro.go.jp/biznews/2019/06/20dfaacd91922362.html>

<sup>15</sup> <https://rg.ru/2019/07/01/putin-prinial-uchastie-v-sammite-g20-i-vstretilsia-s-trampom.html>

were used to serve the Yamal LNG plant.<sup>16</sup> Four of them are owned by Mitsui O.S.K. Lines (MOL), a major shipping company that is part of the Mitsui subsidiaries group. In September 2019, MOL, JBIC, and Novatek signed an agreement on cooperation in LNG transshipment projects on Kamchatka and in Murmansk, and also in construction of floating storages for transshipment of LNG from icebreaking tankers to ordinary LNG tankers. Plans to create an LNG transshipment hub on Kamchatka are evaluated in Japan in the context of supporting measures for the growing LNG market in Asia, which meets Japan's national interests. The Kamchatka hub is expected to cut the cost of maritime transportation and to reduce the delivery time to the rest of Asia. Unlike the previously established model of LNG trade, focused on long-term contracts, Arctic LNG directed to Asian markets will be sold through spot transactions. In the future, these shipments will help form a new LNG spot market in the Asia-Pacific region, which meets Japan's interests because such a market would enhance the possibility of price maneuvering in the context of uncertain demand for natural gas.

Arrangement of LNG shipments to Japan from the Yamal projects is already at the practical stage. In late June 2020, the icebreaking LNG tanker *Vladimir Rusanov* left the port of Sabetta and on July 23 entered the Tokyo Bay at the Ogishima LNG terminal, for the first time in history delivering there LNG from the Russian Arctic.<sup>17</sup>

However, it is logical to ask the following questions: why did it take several years to reach an investment agreement and why, in the end, is there only one Japanese private company in it. Initially, two trade and investment corporations with extensive experience of participation in Russian energy projects, Mitsui & Co. and Mitsubishi Corp., were to take part. But Mitsubishi refused to participate, finding the project conditions not favorable enough. Apparently, they figured that the political situation

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<sup>16</sup> <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/093020-japan-eyes-participating-in-kamchatka-lng-reloading-terminal-official>

<sup>17</sup> <https://www.mol.co.jp/en/pr/2020/20038.html>

around Russia was unfavorable for long-term investment, primarily taking into consideration the escalating conflict of Russia with the West, which, not without reason, was recognized as long-lasting and not having visible prospects for relaxation. The company took into consideration the risk of being put under the US anti-Russian sanctions in the case of their tightening in the future [Brown 2019].

Moreover, Japan considers Russia to be a country of high country risks, in which there is no independent judicial system and therefore the main role is played by informal mechanisms of interaction with the authorities, which often falter. In addition, there is an unpleasant memory of the political pressure put on the company in 2006: the consortium with Mitsubishi's participation had to reduce its stake in the Sakhalin-2 project when Gazprom decided to have its controlling interest.

Finally, there were certain doubts about the profitability of the project in view of the reduction of the country's needs in the long term. The payback of such projects takes decades, while the departure from carbon energy is akin to an avalanche. It is difficult to figure out the price and demand for gas in some 20 or 25 years, but this should be the planning timeframe for such projects.

In this regard, it is pertinent to note the general trend to reduce Japan's needs in hydrocarbons. According to long-term forecasts, the proportion of gas in electricity generation is expected to somewhat decrease in Japan, and therefore there will hardly be any significant rise in demand for LNG in the future.<sup>18</sup> It should also be taken into consideration that the departure from nuclear power generation that emerged after the Fukushima disaster has somewhat slowed down after the restart of the nuclear reactors that were shut down after the accident; as a result, the proportion of nuclear power generation has not decreased as much as it was initially expected. Moreover, Japan, as the leader of the movement against global warming, has to discontinue the use of hydrocarbons, relying instead on renewable sources and,

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<sup>18</sup> [https://www.enecho.meti.go.jp/en/category/special/article/energyis-sue2019\\_01.html](https://www.enecho.meti.go.jp/en/category/special/article/energyis-sue2019_01.html)

again, nuclear power in order to honor its commitments under the Paris Agreement.

This poses the question of what the governing motive for Mitsui to join the project was. Apparently, a significant role, if not the main one, was played by political considerations. It bears remembering that Mitsui made this decision only after the Japanese state corporation JOGMEC proposed financing 75 percent of the transaction, thereby violating its rule to finance not more than 50 percent of the total investments.<sup>19</sup> Given the high politicization of this decision, it can be assumed that it was made as a result of Mitsui's informal agreement with the Japanese government. It is not accidental that Hiroshi Meguro, head of Mitsui's representative office in Moscow, said in a public interview that the project "could not be implemented without the government's support."<sup>20</sup>

There are several possible reasons for the activization of political lobbying by Tokyo officials in favor of the participation of Japanese capital in the Russian Arctic projects. First of all, during Abe's premiership, a significant role was played by Japan's expectations regarding the imminent signing of a peace treaty and the solution to the border problem. In fact, Shinzo Abe put the resolution of this issue at the forefront of his political career. The Arctic was integrated in the economic aid program and was intended to enhance the seriousness of the Japanese prime minister's intentions to resolve this issue by creating appropriate economic incentives for Russia. In other words, Tokyo believed that joint projects on the development of the NSR and natural gas production in the Arctic would help set in motion negotiations on border delimitation [Leksyutina 2021, p. 13]. It should be mentioned, however, that these expectations declined substantially in the last period of Abe's premiership, and after his resignation they practically disappeared.

The reason for the Japanese government's active position can also be seen in the aggravation of international competition for a stake in the very

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<sup>19</sup> <https://www.highnorthnews.com/en/japans-mitsui-and-mitsubishi-take-10-percent-stake-novateks-arctic-lng-2>

<sup>20</sup> <https://www.hokkaido-np.co.jp/article/508913>

attractive Yamal projects. It was mentioned above that Japan competed for a stake in the Arctic LNG-2 project with the Saudi and Korean national corporations. In turn, the French Total company managed to get 16 percent of Novatek's shares, as well as 20 percent of the shares of the Yamal LNG project and 10 percent of the shares of the Arctic LNG-2 project. In this situation, the Japanese state-owned company JOGMEC, which was granted the right to buy stakes in foreign assets as per the amendments adopted in November 2016,<sup>21</sup> stepped up its efforts in the competition for Novatek's stake, trying to keep up with Total and other rivals.

In the context of international competition for the Arctic resources, the Chinese factor came into sharp focus. Specifically, Tokyo sought to prevent China from being too active in the Arctic under the patronage of Russia and receiving unilateral benefits and advantages there. Indeed, China was far ahead of Japan in receiving substantial stakes in the Arctic projects by taking advantage of Moscow's political and diplomatic isolation after the 2014 Crimean events and the imposition of economic sanctions against Russia, which Japan had to join (Chinese companies received a 30-percent stake in the Yamal LNG project).<sup>22</sup> It is also important that the anti-Russian sectoral sanctions provided for restrictions on participation in projects for the development of natural resources in the Arctic zone, including technologies and investment, which placed Japan in a dilemma: either to "give" Russia to China and other Asian competitors not participating in the sanctions, or to bypass them, formally remaining a member of the anti-Russian sanctions bloc.

It can be recalled that, in the early 1980s, the sanctions imposed against the USSR after its military intervention in Afghanistan did not prevent Japan from continuing the economic cooperation projects that it considered important for itself, including the projects on Sakhalin, where Japan supplied large-diameter pipes, and the projects for the development

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<sup>21</sup> <https://www.reuters.com/article/us-japan-jogmec-idUSKBN1360UC>

<sup>22</sup> <https://www.rbc.ru/newspaper/2019/04/26/5cc19b4b9a794744f3d7b676>

of forest resources in Eastern Siberia and the Far East [Ozawa 2019, p. 413–415]. This tradition has been inherited by contemporary Japan, whose leaders in the post-bipolar period have repeatedly made decisions to resume and continue ODA projects with regard to those countries that fall under international sanctions for violations of human rights and democratic principles.

Another apparent motive for Japan is the realization of the need to maintain stable economic ties with Russia without making a mandatory requirement for a short-term payback on cooperation projects. Generally, Tokyo understands that economics supports politics and that economic ties with Russia can promote good-neighbourly relations between the two countries. And since business thinks in terms of profitability and payback or builds its policy on the striving to avoid risk at any cost, it is the government policies that should correct the negative consequences of opportunistic and momentary decisions. In this case, the subject of government policies should be not a separate bureaucratic structure but a flexible and, at the same time, stable system of ties between the government, ministries, and the business community, which makes it possible to mobilize administrative and material resources and to use them as efficiently as possible [Polkhova, Sergunin 2020, p. 121].

In addition to the LNG sphere, another promising area of cooperation with Russia in the Arctic region is “green energy”. Projects in this area help Japan achieve its goal to reduce greenhouse gas emissions. One example is the joint Russia-Japan project with the participation of the Japanese companies NEDO, Takaoka Toko, and Mitsui to create a unique wind-diesel complex in the Arctic settlement of Tiksi (Yakutia). On December 22, 2020, officials from Japan and Russia participated in an online conference that was held there on the occasion of the launch of a power generation system. In addition to the installation of three wind-driven generators specially designed for extreme cold areas, it is also planned to deliver here Japanese-made diesel generators and storage batteries for the efficient supply of electricity to the region throughout the year. This is the second example (after Kamchatka) of the introduction of wind-driven generators in the Far East. “I believe

that the facilities built in cooperation with Japan will for a long time be working for the benefit of the people of these places,” said Aisen Nikolaev, Head of the Republic of Sakha (Yakutia).<sup>23</sup>

## Security

The Arctic component is inevitably present in the Russian-Japanese relations in the security sphere. Japan keeps a close eye on the development of military and political situation in the Arctic region. It did not go unnoticed by Tokyo that, in December 2014, Russia established a new Joint Strategic Command, called North and designed to protect the natural wealth of the Arctic region and to safeguard the security of the Northern Sea Route, and built six military bases which were completed by 2020 [Grinyaev, Zhuravel 2020, p. 59].

Japan’s greatest concern is that China steps up efforts to consolidate its military presence in the Arctic. Back in 2012, the icebreaker *Xuelong* (*Snow Dragon*) went from China to the Arctic via the Bering Strait. In 2015, China sent another five ships to the Arctic.<sup>24</sup> In January 2018, China published an Arctic white paper for the first time, in which the Northern Sea Route was called “Polar Silk Road” and which stated China’s willingness to take part in the development of natural resources and transport communications in the Arctic. In September 2018, the first icebreaker of Chinese production, *Xuelong-2*, was launched in Shanghai.<sup>25</sup> Taking into account China’s intention to speedily build up its naval power of the deep-water type and to create port infrastructure around the world in order to consolidate its interests in certain regions, Japan perceives China’s Arctic policies with a large dose of alarmism.

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<sup>23</sup> [https://www.hokkaido-np.co.jp/article/497749?rct=n\\_politics](https://www.hokkaido-np.co.jp/article/497749?rct=n_politics)

<sup>24</sup> <https://www.reuters.com/article/us-usa-china-military-idUSKC-NOR22DN20150902>

<sup>25</sup> <https://www.sankei.com/politics/news/181115/pl1811150001-n2.html>

It should be mentioned that it is not only Russia and China that augment their military presence in the Arctic. So do the USA and its NATO allies adjacent to the Arctic. In Norway, the USA keeps permanent Marine Corps forces, the personnel of which is renewed on a rotational basis, builds tracking stations at the Russian-Norwegian border, etc. In 2018, for the first time in 27 years, Washington sent its aircraft carrier to the Arctic region during NATO military exercises.<sup>26</sup> Moreover, Sweden and Finland, which are not NATO members, have started to take part in the bloc's military exercises in the Arctic. According to Prof. Toshiyuki Ito, a Japanese military expert, some countries have begun to compete in the Arctic, which is manifested in symbolic gestures demonstrating their military presence in the region.<sup>27</sup> Following this logic, in 2020, Japan, too, sent to the Arctic its battleship *Kashima* with 310 crew members and trainees on board. In late August it left Hiroshima, passed through the Bering Strait in early September and on September 8 held a communications exercise with the use of hand flags jointly with the US Coast Guard.<sup>28</sup>

Since it is China that Tokyo considers its main military and political adversary, China's military efforts are perceived as a threat to the safety of the West in general and of Japan in particular. Kobayashi Takayuki, a Diet member from the ruling Liberal Democratic Party in the House of Representatives, wrote in his blog that China's activity in the Arctic "causes concerns with regard to the Chinese Navy's increasing influence in the Arctic Ocean, the Bering Sea and the Sea of Okhotsk, in the northern part of the Pacific." The Japanese politician is especially concerned about the prospect of free movement of Chinese nuclear submarines in the Arctic, which, in his opinion, can lead to "a rapid decline in the level of deterrence of China by

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<sup>26</sup> <https://www.interfax.ru/world/634200>

<sup>27</sup> <https://s.japanese.joins.com/JArticle/272541?sectcode=A00&servcode=A00>

<sup>28</sup> <https://s.japanese.joins.com/JArticle/272541?sectcode=A00&servcode=A00>

America and a serious disruption of the balance of forces in East Asia” [Kobayashi 2015].

Japan evaluates the possible placement of Chinese warships in the Arctic, first of all, in the context of a threat to its main ally, the USA. While, from the territory of China, the attack power of its Navy and missile potential is aimed primarily at the US West Coast, from the Arctic, the East Coast becomes equally vulnerable to a Chinese missile strike. Japan perceives this threat as a blow to its own strategic interests and therefore strives to make the advance of the Chinese military to the Arctic as difficult as possible. In this regard, we cannot but admit that, in the foreseeable future, the US-Japan relations will remain a major factor influencing Japan’s policy in the development of the Arctic [Doroshev 2018, p. 159].

According to some Japanese strategists, this circumstance enhances the significance of dialogue with Russia, whom Japan does not want to see as a partner of China (much less its “little brother”) in establishing rules of conduct in the Arctic. However, in the opinion of some Japanese experts, this threat does exist because of the weaker economic power of Russia as compared to China. Moreover, Japan is mindful of Russia’s gradual lagging behind China in technical potential, which is associated with the lack of appropriate resources to modernize the Russian naval forces,<sup>29</sup> and strongly appeals to the challenges and threats for Russia’s national interests related to the military penetration of China into the Arctic. Japan would not like Russia, the only Euro-Asiatic country with maritime access to the Arctic, to let the Chinese Navy in this region [Kobayashi 2015]. Japan proceeds from the assumption that Russia will seek to maintain a bilateral balance of forces with China [Hyodo 2014, p. 868], and therefore it should cooperate with Japan in order to “control” China’s advance to the Arctic.<sup>30</sup>

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<sup>29</sup> <https://www.sankei.com/politics/news/181115/plt1811150001-n2.html>

<sup>30</sup> <https://asia.nikkei.com/Politics/International-relations/Arctic-emerges-as-collaboration-hot-spot-for-Japan-and-Russia>

## Conclusion

From the strategic perspective, the Arctic policy helps to cast new light on the role of Japan in the geopolitical landscape taking shape in the post-COVID era. Evidently, the development of the Yamal gas projects and the integration of the Northern Sea Route into the global transport and communications network make it possible to create a new logistics link that will connect Russia and Japan with other countries in the Indo-Pacific region. On the roadsides of this trade and transport route are economically depressed regions of the Russian Arctic and of the Russian Pacific Coast, developed regions of post-industrial Japan, and rapidly growing industrial regions in the countries of Southeast and South Asia. This route integrates Russian gas, Japanese finance and technologies, labour resources and industrial facilities of the ASEAN and South Asia countries in a single whole. The sea communications that encircle Eurasia from the North, East, and South can provide a new logistics basis for the future economic development of both regional and world economies. In this sense, Russian-Japanese cooperation in the Arctic obtains not only regional but also world-wide dimensions. Cooperation projects can be incorporated both in the Japanese concept of the free and open Indo-Pacific region and in the concept of Greater Eurasia promoted by Russia, which will help integrate the two concepts in a form meeting the interests of both countries.

It is also important that, despite the competitive relations with China, the Arctic projects give Japan a unique opportunity to cooperate with that country on a mutually beneficial basis. Japan's participation in the Arctic LNG-2 project is in line with Japan's declared readiness to move beyond competition to cooperation with China in the sphere of infrastructure development, which was announced during summit meetings, particularly during Prime Minister Abe's visit to China in October 2018.

Russia, too, can benefit from cooperation with Japan in the Arctic. It can help Russia to move away from the undesirable tilt of economic ties towards China and to expand the list of buyers in Asia.

In addition, this is also an opportunity to expand access to Japanese technologies, especially in off-shore works and other areas of energy resource production [Morozov & Klimenko 2015, p. 45; Gutenev 2017, p. 81].

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