

Does Japan Matter in Central Asia?

by

Ambassador Kawato Akio

S. Frederick Starr: Good afternoon, ladies and gentlemen. I am very happy that you are here, and I thank you all very much for coming. I want to remind you of the visit to Central Asia a year ago of Mr. Koizumi of Japan. It was greeted with a certain degree of skepticism, if not outright opposition, in some quarters outside of Central Asia, as if there was something improper or inappropriate about his being there. It struck me at the time as a very inappropriate reaction. On the contrary, he had every reason in the world to be there because there is really no country that has been more generous and supportive in providing humanitarian assistance all over Central Asia than Japan. There is no country that has had a more steady record of support in other areas than Japan.

More recently, Japan has organized a consultative group involving all the countries of Central Asia. It is called "Central Asia Plus Japan." For several years this has operated at a very high level, and with a high level of trust and confidence on all sides. Therefore, it seemed to me that it is very long past due for Washington, Europe, not to mention Russia, China, and others to realize the significant role that Japan is playing in Central Asia. Therefore, I want to turn the microphone over to Ambassador Kawato, and welcome you all once again.

Kawato Akio: Thank you very much, Professor Starr. Ladies and gentlemen, this is a great honor to be able to speak at SAIS, which I have always respected. Today, I have been asked to talk about our relations

with Central Asia. I thank the Sasakawa Peace Foundation USA for inviting me.

Japan is located rather far away from Central Asia, but it is separated only by China. I served in Moscow for many years, and was appointed to Tashkent only in 2002. Before that, I had never been to Uzbekistan. When I took office in Uzbekistan, I was surprised to see that Tashkent was a very big and modern city. Later I came to realize that the average standard of living there is higher than in India, which is today much touted as one of the BRIC countries.

Working in Uzbekistan was a very useful experience for me, because I could acquire knowledge and experience in handling official economic assistance, which Japan is doing actively in Central Asia.

The Importance of Central Asia in World History

Before my service in Uzbekistan, my knowledge of world history was very incomplete. For me, world history was comprised of many separate fragments: Egypt, China, Ancient Greece, Europe, Russia, and so on. But in Uzbekistan I came to realize that "The Orient," which covers the vast area from Central Asia up to Morocco, binds the world together.

Central Asia has a very close relationship with China and we cannot interpret or understand Chinese history without knowing Central Asia and Persia. Do you know who unified China for the first time?

Yes, it was the Qin Dynasty and its great emperor Shi. Do you know to which ethnicity he belonged? Do you think that he was a pure Han Chinese? No. He was a descendant of a nomadic tribe. And later, the great Tang Dynasty was founded by a family which had mixed blood, Han and nomadic peoples. The army of the Tang dynasty consisted of nomad forces and Han forces. And later, during the Yuan dynasty, people from Central Asia and Persia played important roles in Chinese history. They were in charge of the economic administration of the Yuan dynasty and conducted its foreign trade. So Chinese history has had many interactions with the Oriental region.

India is also a part of Central Asian civilization and Persian civilization. Do you know who founded the Indian Mughal Dynasty? It was a Timurid prince, Babur. So Indian civilization is not a separate civilization; it is part of Oriental civilization.

Even Ancient Greece is part of Oriental civilization. You might think that Greece is the origin of Western European culture, but Greece received considerable influence from Oriental civilization—Egyptian and Mesopotamian. Greece and Persia were culturally not so separate, either, as is widely accepted. Indeed, many Greeks were employed as mercenaries in the Persian Army. When Alexander the Great went to Persia to fight the Persian king, he had to fight against his Greek countrymen.

So the Orient, including Central Asia, is a kind of binding region between East and West. We cannot draw a clear line between the East and West—the line gets blurred if we think about Central Asia. Central Asia might have even been the origin of world civilization, who knows?

Japan-Central Asia Relations

Let me come now to the history of bilateral relations between Japan and Central Asia. It starts, of course, after the fall of the Soviet Union. The Soviet Union fell in 1991 and at that moment I was posted in Moscow. Actually, I was on vacation in Denmark when the Soviet Union fell on December 25th. We collected lots of data on the Central Asian Republics in order to establish diplomatic relations. But Japan could not easily open embassies because of many constraints: shortage of personnel and budget and the strict limit on the total number of embassies abroad. I remember how Mr. Baker, the Secretary of State at that time, made a blitz visit to all of the Central Asian Republics, announcing the opening of embassies in each country. It was amazing for the Japanese, who are very bureaucratic. It took two or three years before we could open our embassies, and even then only in Kazakhstan and Uzbekistan.

So our diplomacy vis-à-vis Central Asia effectively started in about 1994 when Mr. Nazarbayev and Mr. Karimov paid official visits to Japan for the first time. In 1997, our Prime Minister at that time, Mr. Hashimoto, launched the so-called “Silk Road Diplomacy.” It did not have any concrete or rich content. It was rather an expression of our intention to be present in ex-Soviet Republics, and to take part in a kind of competition to establish influence in the republics which used to be part of the Soviet Union. However, after our launching of Silk Road Diplomacy, Japan was not so active in promoting relations with Central Asian republics. In a region where Japan does not have a vital interest, its diplomacy can become “on-and off.” Only when proactive officials take office can policy become active.

Japanese Policy

I took office in Uzbekistan in 2002. It was just after a peak in the bilateral relations between Japan and Uzbekistan; just after the second visit by the President of Uzbekistan, Mr. Karimov, to Japan. And we became strategic partners, just four months after the United States had become a strategic partner of Uzbekistan. I was momentarily given a very high protocol order by the Uzbek government, and I felt very much embarrassed by that because I was afraid of the jealousy of the other ambassadors. I was made to be seated just after the American ambassador and in front of the Russian ambassador. But I was quite aware of the fact that the Uzbek government conferred such high diplomatic protocol order to me not because of me, but because of Japanese assistance and Japanese importance in the eyes of Uzbekistan.

Having talked to Mr. Kamilov, Minister of Foreign Affairs at that time and other Uzbek dignitaries, I came to realize that not only Japanese economic assistance to Uzbekistan mattered, but perhaps some political factors were playing a role in the eyes of Uzbekistan. And I finally noticed that Japan is a neutralizing factor for Uzbekistan in order to negate the impression that Uzbekistan is too dependent on the United States or Russia. To eliminate such an impression, Japan was a suitable choice because our influence is not so small and our international status is not so low.

So I decided to take advantage of this Uzbek calculation. In other words, I wanted to strengthen our political weight in Central Asia. Fortunately, I found some like-minded colleagues in the home office of the Ministry of Foreign Affairs of Japan at that time. I found two such officials in

key posts, and actually that was enough to promote our policy. We three shared the view that the interests of Japan and Central Asian countries totally coincide when it comes to the maintenance and strengthening of their fledging independence. For this goal, Central Asian countries would have to augment unity in a similar way to ASEAN, which was formed forty years ago. With such a position in mind, we promoted a visit by the Japanese Foreign Minister to Central Asia. It materialized, and in August 2004 our Foreign Minister at the time, Ms. Kawaguchi, paid an official visit to all Central Asian countries except Turkmenistan. She started in Uzbekistan and ended in Kyrgyzstan. She made a keynote speech in Tashkent, thereafter she went to Almaty and had a joint meeting with all the Foreign Ministers of Central Asian countries except Turkmenistan.

Principles and Philosophy

In this way, we inaugurated the so-called “Central Asia Plus Japan” forum on a ministerial level and on a working level. We are now having an annual meeting of Foreign Ministers. Let me quote some words from the keynote speech of Ms. Kawaguchi, which was made in Tashkent in August. You can get the whole text on the Internet. The speech was striking in the sense that it stressed Japanese political intentions and the Japanese political role in international politics, not only in the economy. Here are two quotes: “Japan has no selfish objectives towards Central Asia” and “Japan has a major interest in securing peace and stability in this region as it affects the peace and stability of the entire Eurasian Continent.” So it clearly demonstrates that we take Central Asia as an important component of our diplomacy, in the maintenance of a balance of power in

the Eurasian Continent, especially vis-à-vis China and Russia.

Let me continue with Ms. Kawaguchi's speech, because it is very useful in explaining our main policies towards Central Asia. "Central Asia Plus Japan would have its basis in three principles, namely: respecting diversity, competition, coordination, and open cooperation." That first principle, respecting diversity, refers to the differences among all five Central Asian countries. There are many people who tend to think that all Central Asian countries must be the same. But in reality, although they are rather new international entities, they contain different traditions and nations. So in Ms. Kawaguchi's statement, we honored this fact.

The second principle is "competition and coordination." This refers to a tendency of Central Asian countries to be jealous of each other, and their tendency to have conflicts. Japan calls it "competition" and encourages more coordination among Central Asian countries.

The third principle is "open cooperation." It refers not only to Central Asian countries, but to all third countries. The Shanghai Cooperation Organization is closed to third parties. However, Central Asia Plus Japan should be open for everyone to take part. It may well become a catalyst for a broader mechanism.

Ms. Kawaguchi's speech impressed many people with its outspoken language—unusual for Japanese diplomacy—about human rights and reforms. She brought home to Central Asian people that it is possible to realize democratization while observing and guarding their traditions, referring to the Japanese example. She said, "Japan has, through its long history,

developed its own unique culture while also realizing a democracy which respects the inherent dignity of human beings. It now stands as one of the freest nations in the world." That is true. We are now very free, so free that my colleagues, officials in the government, sometimes have great difficulty in dealing with our society. Further, Ms. Kawaguchi went so far as to very strongly criticize the vested interests that hamper democratization and other reforms in Central Asia. Let me quote, "The countries of Central Asia are rooted in thousands of years of tradition, and yet it is important to distinguish between what is truly rooted in tradition and what is rooted merely in vested interests handed down from the past."

Reforming these systems requires significant moral and political courage. Japan discovered this 150 years ago when it stopped its practice of paying salaries to the samurai. And these words are relevant vis-à-vis Russians and Islamic peoples as well, when we urge them not to mix their vested interests with their traditions. The privileged people are hiding behind the word "tradition" to guard their vested interests.

Although not explicitly mentioned in Ms. Kawaguchi's speech, the basic philosophy of Japan's policy toward Central Asia may be summarized in two points: The first is a regional approach, ASEAN as a model. When ASEAN was formed forty years ago, no one took it seriously, saying that it is a mere gathering of weak countries and it will not mean anything. ASEAN is still a very loose organization today, but occasionally plays a significant political as well as economic role. ASEAN has become a very precious diplomatic asset for Japan, as well. The United States is also able to use

ASEAN as a kind of tool in their diplomacy.

We hoped that Central Asian countries, in spite of all the problems and in spite of all the conflicts and jealousy, would form a unified, if not monolithic, entity in the future. Only in such a way, we think, can they promote their independence and economic prosperity. Each Central Asian country is too small to be regarded as a sizable market, so we need a kind of loose structure, not unification.

The second point is, independence and stability in the region is our common interest. It serves Japanese interests if we have an independent and stable entity in the Central Asian region. In view of its geographical position between big powers like China, Russia, and Iran, the Central Asian region has a substantial bearing on the overall balance of power in Eurasia. Independence and stability in the region is more than welcomed by Central Asian countries themselves, so our interests completely overlap. That is the second point.

Lastly, it goes without saying that the final goal of our policy is the realization of human welfare and human rights in Central Asia. It will serve the interests of Central Asian people as well.

All these points are consummated in the new initiative by the Japanese Foreign Minister, Mr. Taro Aso, who is coming to Washington in a few days. He announced a new policy, the “Arc of Freedom and Prosperity.” That may be an inversion of the “Arc of Instability” which was mentioned by the American government several years ago. Japan proposes to change the arc of instability into a region of freedom and prosperity.

Economic Assistance

So much for principles and philosophy. Now let me explain the tools we use to realize our objectives vis-à-vis Central Asia. As Japan does not use military means for realizing its diplomatic objectives, the main tool is naturally economic assistance; that is quite huge. We used to be donor number one for many Central Asian countries including Uzbekistan, Kazakhstan, Kyrgyzstan, but the United States has overtaken Japan. The United States is very quick in coming and leaving.

Japan’s economic assistance can be classified into two categories. The first category is loans that are long-term and low interest and open to third countries. These loans are generally used for the construction of infrastructure. The total amount of our loans to Central Asia is about \$2 billion so far; grant aid is rather small, totaling \$600 million up to now. In that sum, about \$260 million is for technical assistance for capacity building. We prefer loans because we think that the recipient government will be more attentive in selecting projects and be more disciplined in implementing them, because otherwise they will have difficulty in repaying the loan.

Using this assistance, we built quite a lot: roads, modernization of airports, railways, optical fiber lines, bridges, power plants, vocational schools—more than 60 vocational schools in Uzbekistan—water supply and canalization system in Astana, and so on.

The map of our projects shows that intentionally or unintentionally, we have been building a good connection between Central Asia and the Indian Ocean—roads and railways and highways. The highway

in Pakistan serves as a good connecting route, not only between the Indian Ocean and Central Asia, but also between the Indian Ocean and China, incidentally, because China is now building a good seaport in Pakistan. Our economic projects are also directed toward the modernization of airports in Central Asia.

Our official development aid has severe problems. First of all it is slow, being too meticulous and accountability-nervous. When I was ambassador in Uzbekistan, I worked very hard to realize our loan project to construct a railway in Uzbekistan, but it took two years before we could put a signature on it. We had several missions, four or five delegations and missions for the investigation of feasibility and so on. We demanded that the Uzbek government provide data on how many passengers will use that railway decades later, and how many tons of goods will pass along this railway. We have to be meticulous, because several years ago, our government was heavily criticized by an NPO for the lack of controls on the use of assistance money. We were under harsh criticism in Parliament and we had to trim the assistance budget. So naturally, we became very nervous about accountability, and it makes our assistance even slower.

Secondly, the per head cost of our economic assistance is also rising, as is the case in other Western countries. A large part of the assistance money is spent on upkeep of personnel and for services by Japanese and third country's consultants. Also, the budget for economic assistance has been constantly reduced, not only by the Ministry of Finance but also by the Parliament. We do not get much support from Parliamentarians for official development aid because this money does not benefit their constituencies.

China is now generously offering loan assistance to Central Asian countries. We do not have anything against it—it's good. But please note that the IMF and the World Bank set a very strict quota on each Central Asian government for receiving foreign loans. The IMF and the World Bank want to ensure the capability of Central Asian governments to repay the loans. So if the Chinese government provides a large amount of soft loans, then other countries, including Japan, will not be able to provide credit to Central Asian countries. Our hands are now tied by this. In Central Asia, ODA may lose much of its efficacy as a tool of Japanese diplomacy.

What kind of other tools do we have? Trade? Japan is famous for its huge volume of trade, but we cannot use this tool vis-à-vis Central Asian countries because the amount is very small. Our total trade with Central Asia is approximately \$620 million annually, and Japan's global trade is \$1,226,583 million annually. So we cannot use trade as a means to promote our relations with Central Asian countries. Investment? Japan indeed has invested a large amount of money in many countries, but in Central Asia its scale is rather limited. So far, we have \$500 million in Kazakhstan, mainly in the oil sector. This is not enough at all.

So perhaps energy resources can promote our relations with Central Asian countries, but this tool, too, has its own limitations. If we take oil for example, only Kazakhstan is an oil-rich country, rich enough to export it to other countries in large quantities. But even in this, Japan has only a limited interest. So far, only a half-governmental organization for the exploitation of oil is taking part in exploiting Kazakh oil. Japanese private companies are dubious and unenthusiastic about importing oil from

Kazakhstan. First of all, the transportation cost is too high, and also Japanese companies complain about the lack of transparency on the part of many Kazakh people. Japanese companies would have to violate compliance. So nowadays, corruption hinders our business in Central Asia. Things are much the same with natural gas. So far, we do not have any sizable projects in the field of oil and natural gas in Central Asia.

So the only item that has real prospects for Japanese business may be uranium. You must know that Kazakhstan has the second largest deposits of uranium ore in the world. I'm happy to say that there are Japanese companies who noticed this very early. They have made agreements with the Kazakhs concerning the importation of large quantities of uranium to Japan. But this is not so easy, because we cannot import uranium ore from Kazakhstan directly. It needs some initial processing and also enriching before we can import it. Usually this initial processing and enrichment is done in Russia, so we cannot avoid using the services of the Russians. So that is why we are going to conclude some agreements on cooperation in the nuclear field with Russia by the end of this year.

So this was an outline of our policy vis-à-vis Central Asia. All in all for Japan, Central Asia does not have the imminent meaning that East Asia has. We do not have vital interests in the Central Asian area. Our resources are limited. And yet what Japan has been doing in this area is not marginal. Therefore, when I was working in Uzbekistan and Tajikistan, I always tried to be in line with what the world community is doing toward and thinking about Central Asia. For example, I always maintained a very close dialogue and coordination with

the American Ambassador Jon Purnell, my personal friend for many years. In Tajikistan, the American government has built a bridge across the river that divides Tajikistan and Afghanistan. Later, we built a road that connects that bridge with Dushanbe. It was a kind of joint project with the Americans.

However, we are now a bit cautious in openly mentioning our collaboration with the United States, because leaders of some Central Asian countries have suspicions about the U.S.'s intentions in Central Asia. If we generate an impression that Japan is a proxy for American interests, it will not serve the common interests of Japan, the United States, and Central Asia.

Common Goals

Then what is our common goal? "Our" means Japanese, Central Asian and other countries' common goal. First of all, I want to say that no "great game" is needed in Central Asia. There is no reason to fight for our own interests in Central Asia. We need only stability and the maintenance of the independence of the Central Asian republics. In pursuing such long-term objectives, we can have several medium-term goals.

Firstly, stability in Afghanistan is greatly needed. Otherwise, Uzbekistan, Tajikistan, and Turkmenistan will not feel secure. They will always be worried about all sorts of Taliban-type groups and other terrorists in their own territories and it will tie their hands in implementing further reforms. So stability in Afghanistan is much needed.

By the same token, they need assurances of the status quo so that there will not be any "great game" against the status quo, that is, maintenance of their independence and the

present borders in Central Asia. So perhaps we can have some Central Asian version of the CSCE in the near future with the participation of Japan, U.S.A., EU, and all interested countries to confirm today's borders and so on.

We also need to continue our assistance to Central Asian countries for the purpose of realizing a positive sum economy. We need patience, lots of patience, because the Central Asian region is an ex-socialist region, where most of the economy in fact belongs to the government. In such a society, "democratization" would be construed by ambitious people simply as an opportunity to accumulate as much government property as possible. You can help establish opposition parties, but opposition parties will not work for the benefit of the society. Instead, they would rather work for their own benefit, trying to acquire as much wealth as possible for themselves. Reforms should be executed in these countries with great care and patience.

Lastly, we should have respect for their history and culture. Working in Uzbekistan, I very often observed negligence and ignorance and even contempt on the part of Westerners toward Central Asian countries. But Central Asian countries are even older than our own civilizations, and it is one of the origins of our civilizations. We should have more respect for them as an independent civilizational entity. I prepared something more about authoritarianism and human rights in Central Asian countries, but perhaps I should stop here for time's sake. Perhaps I can talk about authoritarianism and human rights later. Thank you very much.

Evan A. Feigenbaum: Well, thank you very much. Having been in the "hot seat" here, I must say it is nice to be a

commentator, as opposed to a speaker. It's a particular pleasure to do this because I'm the Deputy Assistant Secretary of State for Central Asia, but you may know that a very considerable part of my career has been working with Japan or on Japan. So it's nice to have the chance to talk about Japan and the United States and Central Asia.

This is Kawato-san's night, so I will be brief. I'm just going to make three points: one about Japan; one about Central Asia; and one about U.S.-Japan relations. And then I'm going to put a few questions out there.

Widespread Interest in Central Asia

So first, on Japan.

I was in Bishkek last week, and in addition to meeting a variety of people in Kyrgyzstan, the Foreign Minister of Lithuania happened to be in town. So I had a cup of coffee with him. And it was very interesting because he was there partly on EU business, but partly also on bilateral business to talk about Lithuania's relationship with Kyrgyzstan and other countries. And that's interesting because we are living at a moment in time when almost everyone seems to be interested in Central Asia—Russia, China, the United States, Europe, Japan, India, even Lithuania. So at times like these, when everyone is interested in this part of the world, how do you sort through that? One way I sort through it is to ask myself a couple of questions:

The first is: the countries that are interested in the region hit what I think of as all of the major "baskets" of interests. What are these baskets? (1) Do they have a strategic interest in the region, a real strategic interest? (2) Do they have a commercial

interest in the region? (3) Do they have an assistance program in the region? And (4) do they do project finance in the region?

Then, the second question I ask myself is: how do you measure that interest? There are a couple of measures that at least I rely on. One is: is the country present? Does it have embassies? Does it have a presence across the region? Because not everybody does in this region. What about levels of political interest and attention? What about money?

Japan's Presence in Central Asia

The interesting thing about Japan in this region is that it hits all of the major baskets of interests. And you can measure those baskets of interests in a very tangible way, which is why I think Japan will become an even more important player in the Central Asian equation.

It's easy to see the strategic and political interest, and Kawato-san talked a little bit about this. You see it going back to the 1990s with Prime Minister Hashimoto's declaration of "Silk Road Diplomacy." But you see it particularly in recent years, with the visit of Prime Minister Koizumi to the region and with the establishment of the "Central Asia Plus Japan" mechanism, with Afghan involvement. You see it in a whole variety of ways.

Japan has a very robust assistance program in the region through JICA, the Japan International Cooperation Agency. Japan, we all know, does project finance very well through JBIC, the Japan Bank for International Cooperation. It has been very active in, I think, all five countries, even Turkmenistan.

As Kawato-san has said, there hasn't been a lot of commercial interest, but there's growing commercial interest, particularly in industries like uranium development and processing, as you said. Part of the challenge for Japanese industry has been that most Japanese business interests in the region have been in the implementation of Yen loans rather than in direct private sector FDI into the region. But that is going to change, I think, in certain sectors: beginning small, but five years, six years, ten years down the road, I think, the trends are upward.

Likewise, if you look at the measurements of interest that I gave you, Japan has embassies in all five capitals, which is something I can say for very few countries. Japan has some level of political interest as we see with the Prime Minister's visit. And most importantly, Japan has made substantial investments in the region through JBIC and through JICA.

So as you sort through the clutter of speculation about Central Asia—who is interested, who is not interested, and what does it mean to be interested—it has always struck me that Japan, in all of these dimensions, has played, and will continue to play, a fairly substantial role, certainly comparatively and I think increasingly robust over time.

The Needs of Central Asia

Second, I want to make a point about Central Asia.

One of the things that, I think, from an American vantage point, is most interesting is that we are living at a moment when what Central Asia needs, particularly on infrastructure and on the economy, happily coincides with a lot of Japanese strengths.

And you see this particularly in sectors like power generation, infrastructure, transport infrastructure, rail infrastructure, road infrastructure—and Kawato-san has talked about some of those things—and also education, healthcare, and the transition to a more market-based economy. And you see that reflected in the assistance program, but also in the Yen loan program that Japan has developed for the region.

The infrastructure, I think, is most interesting, in part because of the American government equity in the bridge. We are building a \$36 million bridge that I saw last week. I drove down from Dushanbe to the Afghan border to see the bridge: it is almost done; it's pushed all the way across the river, and it is going to open over the summer. And what is interesting is that you can conceive of a future in which this bridge links to a road system that is being built in Afghanistan—a ring road in Afghanistan, which is a genuinely multinational project—but also links to the various road projects that Japan, China, the Asian Development Bank, and others have been so heavily invested in inside Tajikistan. So as Kawato-san said, you have this genuinely multinational infrastructure built in partnership with Tajikistan, Afghanistan, and other countries in the region. And so you will have an international road linked to an American-built bridge, linked to a Japanese-built road, which links ultimately to Chinese-built roads, and there is other infrastructure in the region, too. And so Central Asian countries, working in partnership with Japan, the United States, China, and others are beginning slowly—but in what will be a very substantial way over time—to create the kind of infrastructure that will facilitate trade, not just from Central to South Asia but within Central Asia itself. Same on

airports, roads—and Kawato-san talked about some of those.

Expanded U.S.-Japan Global Cooperation

The third point I wanted to make is on U.S.-Japan relations. Because we are also living in a moment when two trends that are quite interesting are converging at the same time:

One is what I would call the “globalization” of the U.S.-Japan bilateral relationship: a U.S.-Japan relationship that increasingly is focused on problems, challenges, opportunities, not just in East Asia but on a global scale, and on challenges of global scope.

It makes sense. Because if you look at the international architecture, it was established in the late 1940s, largely by Americans and Europeans, and it in many ways does not reflect the weight that Japan—and Asia, more generally—has come to have in the international system. It's why you have a Permanent Five in the UN Security Council without Japan. It's why the voting weights in the International Financial Institutions are skewed in many ways toward a heavy voting weight for the Europeans and a much lower voting weight for China, for instance, which has only a 3% voting share in the IMF. I think it is about 3%.

In light of Japan's extraordinary role in the world—second largest economy, second largest donor of development assistance, a major financial and commercial player—in all these senses, you have seen the trend in U.S.-Japan relations toward an increasingly global scope to that relationship. And Central Asia fits nicely into that. It's not the only region where the U.S. and Japan have some common and overlapping interests. But in many ways, it is a natural

area for the United States and Japan to expand their coordination.

That converges nicely with the second trend, which is the American search for partners in Central Asia.

We have some traditional partners, like the European Union, that we work very well with, and that we have worked very well with for a long time. But we are also at a moment when we have discovered that the United States working alone—or other partners working alone—can't pursue the kind of common agenda that we have tried to pursue with Central Asian countries for stability, for security, for market-based reform, for democratic reform. We can pursue that more effectively, more efficiently, and much more expansively working with partners than working alone.

So we are looking both to our traditional partners and to some non-traditional partners. It is one of the reasons why, in the eight months that I have been doing this job, in addition to spending a lot of my time on the road in Central Asia, I spent a lot of time around the world. I have been to Tokyo. I have been to Seoul. I have been to Ankara. I have been to Brussels and London and Berlin. And I'll go off to Delhi very soon. So, we are looking for partners, both traditional and nontraditional. And Japan, we feel, is one of our best and most promising partners in the region.

So you have this interesting convergence of a U.S.-Japan relationship that is globalizing, at a time when the United States is also looking for partners in Central Asia.

So, on our part, we are doing a lot of interesting things with Japan in the region. We have inaugurated some policy talks.

These are really integrated policy talks: they concern strategy and policy, but also assistance as well. Because it is not enough just to talk about policy. So, we try to talk about our strategic priorities, but also our policy priorities, and then the assistance priorities that flow from that. We have done that once. We are going to do it again. We do it on a genuinely interagency basis.

We have a lot of very robust assistance coordination between the U.S. Agency for International Development and JICA. We are talking to the Asian Development Bank (ADB)—Japan, the European Union, and some of the member countries—about the possibility of taking the ADB's Central Asia Regional Economic Cooperation (CAREC) mechanism and trying to create something we like to call "CAREC Plus 3"—the three being the major market economies, the United States, Japan, and the European Union, as a way of coordinating with the international financial institutions and the member countries that are part of the CAREC program in order to help promote market-based solutions to the challenges in the region. So that is something we have been talking both to our Japanese and European colleagues about, and also to the ADB in Manila, and others.

As Kawato-san's story about coordination with the American ambassador in Tashkent demonstrated, we coordinate a lot in the field, on the ground, where it matters. And we do that among Chiefs of Mission. But we also do that among personnel at embassies. And we do that among our assistance missions as well. In fact, I was in Dushanbe and Bishkek just last week, and I met with our Japanese counterparts on the ground and a lot of others, too. But it all reflects, I think, the fact that we view

Japan as having a potentially important and genuinely unique role to play in the region.

I'll stop and just leave you with a couple of questions that occurred to me.

The first is: can Japan continue to sustain the level of interest that we have seen in the region over the last few years? The Koizumi visit was important, but unprecedented. And there is a question of whether we will continue to see that same level of political interest in Central Asia that I think we have seen in the last few years.

A second question, as I think both Kawato-san's comments and my own suggestions pointed to, is whether Japan, particularly Japanese private sector companies, can develop a real commercial interest in the region? So there is a transition from just doing Yen loans to the kind of private sector FDI and commercial interest that ultimately will help to promote the kind of business environment that really will promote further investment in this region from everybody, not just Japan but from American companies, European companies, and for that matter Russian companies and Chinese companies.

A third question is: can Japan sustain the kind of bilateral relationships with Russia and China that I think will facilitate a greater Japanese role in the region?

Fourth: can Japan, working with the United States, the European Union, and the international financial institutions, try to create the more robust coordination mechanisms that I think would be reflected in something like a "CAREC Plus 3"?

And finally, building on Foreign Minister Aso's talk about values-based diplomacy,

what role are values, political reform, democratic reform, good governance, the rule of law, open institutions, going to play in Japanese diplomacy toward this part of the world? Is it something that is a natural area for the United States and Japan to not just have a dialogue on, but to be pursuing, if not a joint agenda, at least a complementary agenda?

So I'll just conclude by saying that for our part, in the U.S. Government, we are excited about the prospects for U.S.-Japan coordination and cooperation in the region. It does not mean we have to do things jointly. It just means we hope to do things in a complementary way. And that is true of all of our partnerships whether they are with Beijing or Moscow or Ankara or with Brussels. So thanks for having me, and I'm looking forward to the discussion.

Starr: Thank you very much, Evan. You have already preempted us with four very important questions. I'll turn the floor immediately to Ambassador Kawato. You can choose among those four.

Feigenbaum: They were rhetorical questions, right?

Starr: Not quite.

Russia, China, and Coordination with the U.S.

Kawato: You posed so many interesting questions. I could talk for maybe one hour. Let me first address Russia and China in our diplomacy. Our bilateral relations with Russia and China are now okay. Of course, we have territorial issues left vis-à-vis Russia, and we will continue our efforts to solve this issue. In parallel, we are also promoting our economic relations with Russia, especially in the nuclear field as I

told you, and also in direct investment. For example, Toyota will soon open a factory in Russia. A new trend has started among Japanese companies to make investments in Russia.

If we take China, perhaps you might still remember those anti-Japanese demonstrations in China, but they already belong to the past, fortunately. The Chinese government, apparently, came to realize that such demonstrations do not serve their own interests, and that they will be diplomatically hurt by doing that. Recently, Chinese Prime Minister Mr. Wen Jiabao paid an official visit to Japan, reiterating their intention to improve relations. We also reciprocate this goodwill. We do not have any deep-rooted anti-Chinese sentiment, and anyway belong to a similar civilization. Central Asia is a kind of balancing factor in our diplomacy vis-à-vis Russia and China, but we do not have any intention to antagonize China and Russia.

On Dr. Feigenbaum's comment on the possibility of strengthening our coordination with the United States and the EU and other countries in, more or less, a formal way or in an institutional way, one possibility is a kind of enlargement of the Central Asia Plus Japan forum. The EU recently held such a Central Asia Plus EU meeting. Also, we could take up a grandiose effort such as holding a kind of Central Asian version of the CSCE. I hope that all of you still remember the CSCE or OSCE, Conference on Security and Cooperation in Europe, which took place in 1973 in Helsinki, the so-called "Helsinki Declaration," which confirmed the status quo in Europe, and all parties agreed not to change the existing borders by armed means. Borderlines can be changed only through peaceful negotiations. So perhaps

we could take that example in Central Asia. Perhaps I should stop here.

Starr: Let me open the floor. Yes, please.

The SCO

Questioner: You mentioned at the beginning of your talk that Japan saw the SCO as a closed organization. Is that still the current Japanese view? And how might Japan and other countries try to open it up further in your opinion?

Kawato: I still consider the SCO to be a rather closed organization. From the start, it was intended as an organization which would neutralize the effects of American advances in Central Asia. So, naturally, America will not be welcomed to the Shanghai Cooperation Organization, and maybe the main countries in that organization will not welcome Japan, either. It is true that they have accepted India, Pakistan, and Mongolia as observers, but when it comes to the United States or Japan, I think it still remains closed, although we are not so enthusiastic about asking for membership in that organization. Maybe we should try to create an even larger forum than the Shanghai Cooperation Organization, taking as a model the CSCE or bringing together such forums as Central Asia and the U.S.A. Round Table, Central Asia Plus Japan, Central Asia Plus EU, and the SCO.

A More Active Japan

Questioner: Thank you. I'm actually a current SAIS student taking a class from Professor Starr and also a Japan Studies concentrator. So, I have studied a lot about Japanese foreign policy and politics. Just looking at what I have learned about Central Asia and also what we discussed in

my Japanese foreign policy class, Professors here have stressed that Japan is really looking for a more active means of doing foreign policy, not just being so passive. They are fairly successful in Southeast Asia, but less so elsewhere in the world. So I was wondering if you think that Central Asia could develop into a region where Japan is a more active player, and if maybe the Central Asia Plus Japan forum can serve as a seed for that?

Kawato: Yes, that is our intention, to make a greater contribution in Central Asia. We have a kind of free hand in Central Asia. We do not have any historical liabilities in Central Asia. We do not have any conflicts of interest with the United States and the EU, either. Our hands in Central Asia are rather free. But as I told you, we have limitations, including a shortage of personnel. The total number of officials in our government is strictly limited by law, and this cannot be changed so easily. So, new embassies can be opened only on the principle of “scrap and build.” If we want to open a new embassy, we have to close an embassy elsewhere.

Japanese Public Opinion Toward the U.S.

You mentioned Japan-U.S. relations. Let me make a digression here, because recently I have been rather worried about the current mood in Japanese society. The thing is that many Japanese people feel frustrated vis-à-vis the United States. They allege that the security pact with the United States is not bringing concrete benefits for Japan. For example, they say that the U.S. government did not support our attempt to become a permanent member of the Security Council of the United Nations, and the American administration has abruptly changed its position on the North Korea

nuclear issue, hurrying to strike a deal. In cheap periodicals I see a lot of harsh words about the alliance with the United States.

But here I see that many people do not remember the situation a few years ago. Five years ago, for example, we were telling the Americans not to be too negative with the North Koreans. We were telling the Americans that such a stance will disrupt the stability of the Korean peninsula and put South Korea in a difficult position. Japan went so far as to have Mr. Koizumi pay a visit to North Korea. Now today, as if we had totally forgotten about it, we are urging the United States to be more tough toward the North Koreans. Japan is in a phase to again mull over the meaning of the alliance with the U.S. But so far, the majority understands the efficacy of the security pact with the United States and our cooperation with the U.S. will not be impaired.

Japan’s Staying Power in Central Asia

Starr: Let me, if I may, return to part of Dr. Feigenbaum’s question. It is a kind of ironic response to a comment that you made regarding America’s staying power, and he asked about Japan’s staying power in Central Asia. Specifically, the two engines that usually make a long-term relationship have not really been discussed.

One is that there be real investment, and Japanese business is really conspicuous in its absence in Central Asia. Maybe it just takes a very cautious, strategic, and careful approach, and there are better opportunities elsewhere. Obviously, that is the judgment that has been made. But do you see this changing? That is the first part of my question.

The second part of the question is that you usually have some kind of a cultural component that follows in the wake of business relationships. You have students studying in the country and so on. Are there going to be or are there now large numbers of Central Asian students studying in Japan, people coming there, going back and forth and so on, is this happening? In other words, in these two areas, what are the prospects over the next five, ten years for the Japanese presence in the region?

Kawato: In order for us to maintain our influence in Central Asia, I think Uzbekistan is a very pivotal country for both Japan and United States. Uzbekistan is the only country which has common borders with all Central Asian countries, and it has the biggest population as well as potentially the largest economy. So talking about Japanese direct investment in Uzbekistan, the general status is rather moribund. However, the Isuzu company made a small investment in Uzbekistan, cooperating in making mid-sized autobuses. But it will not develop into a large stream, because profitability in Central Asia is rather limited, and regulation on the part of local governments is arbitrary and strict. In some cases, foreign companies will have difficulty in converting the profit into foreign currency and vice versa.

In dealing with the Central Asian countries, one more thing should be discussed: human rights and democratization. I have to say, though unfortunately, that if you get too hasty in trying to achieve human rights in Central Asia, it might work against your geopolitical interest. You might destabilize their society or you may be forced to leave the country as American troops were evicted from Hanabad air base in Uzbekistan. We have to balance our geopolitical interest with humanitarian

considerations. But when local governments in Central Asia resort to excessively harsh measures incommensurate with the necessity, then Japan should work as a moderating force, giving advice from a position as a friend.

We should keep in mind that in the background of the human rights violations there lies a sad reality in the societies of Central Asia. Namely, the people of Central Asia have become accustomed to authoritarian practices over hundreds of years. And if you are not authoritarian enough, you will be seen as a weak leader, a weak person. You will not be respected—you will not even be reckoned with. You cannot easily change the mentality of the people. It takes time. It takes economic development first of all. So, in order to achieve our final goals of human rights and reforms, we must find an adequate tempo and the correct means.

To implement reforms, Central Asian countries need security and stability. For them, therefore, stability in Afghanistan is needed more than anything. And to achieve stability in Afghanistan we will need a rapprochement between India and Pakistan, because the latter used to help the Taliban in order to realize its geopolitical interests vis-à-vis India.

Last but not least, about the cultural exchange between Central Asia and Japan. We have been engaging in a very active exchange with Central Asian countries. From Tajikistan, we have already invited more than 500 people in the last five years. We have many Uzbek students in Japanese universities. I'm teaching at Waseda University now, and I was greeted by one Uzbek student when I was hurrying to the airport this time. And I almost missed the airplane because of his long greeting. So,

we have a very active program for the exchange of students. Fortunately, we see that more and more Japanese students and scholars are specializing in Central Asian cultures, although the total number is still very much limited. They are amazingly active, and study at universities in Tashkent and in many other Central Asian cities.

Starr: I want to end our program now, I'm afraid we are out of time. It seems to me that both you and Evan Feigenbaum today have raised some very, very provocative questions, and I would not say that the answers are equally provocative, but that is the situation today.

What I sensed from your very complimentary, mutually harmonious presentations is a kind of groping process that is taking place, certainly outside of this region. And that is looking for the right—and you used the word several times and I was very pleased to hear it—balances. This means institutions, it means nations, and so on.

What I understood from both of your comments and from Evan Feigenbaum's peripatetic existence today, is that the balances have become more complex, they are going to become even more complex in the future, and that maybe the institutional structures that we have, whether they are technically closed or partly closed or not, we are still groping for institutional structures that correspond not just to the interests of stability and peace, if you will, because any structure that is only in one direction or is too narrow or closed is going to be destabilizing, inevitably. But do we have structures that correspond to the needs of Central Asian sovereign states themselves?

The conclusion that I'm drawn to by these very interesting comments is that there is now a groping process taking place in many countries. In Japan, obviously, in the United States Evan speaks about need for collaboration and partnerships and so on, this is also taking place in Europe, India, many are involved in this.

But Japan's role really is grossly underestimated, it seems to me, because while you have spoken today just about government policies, you have to add the role of the ADB, in which Japan is very heavily invested. No international financial institution has played a more active and, in my judgment, a more creative role than the ADB, which certainly has a strong Japanese stamp on it.

Now, where does this lead us? It is much too early to say. Neither of these very well informed guests today has offered an answer. But what it may lead to is a continued institutional improvisation in which gradually a kind of 360-degree consultative process comes into being. Today, it is not 360 degrees, it is, basically, 90 degrees or around 120 degrees heading north and east; and maybe it is increasingly that the consultative process is Western, too. But this has only just begun. I hope you will continue to write and speak on this, and that you will be a longer-term visitor here before long, Ambassador Kawato. And I certainly hope that Evan Feigenbaum keeps building up the frequent flier miles because his efforts in creating this 360-degree web of consultation are, I think, extremely positive and fruitful. So thank you, Ambassador Kawato. Thank you, Evan, very much. And thank you all for coming.