

Japanese Prime Minister Arrives to Boost Business Ties and Restart Territorial Talks

By [The Moscow Times](#)

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TOKYO — Japan and Russia expect to clinch up to 20 deals, launch an investment fund and reopen talks on a territorial row that has kept them from signing a peace treaty formally ending World War II when Japan's prime minister holds talks in Moscow this week.

Japan also expects Russia to present a proposal for Japan's participation in building a pipeline connecting East Siberian gas fields and a planned \$38 billion Vladivostok gas hub built by Gazprom, Deputy Chief Cabinet Secretary Hiroshige Seko said late last week.

The summit, which is due to start Monday between Shinzo Abe and President Vladimir Putin, the first between leaders of the two countries in a decade, may open the door to progress in the long-stalled territorial talks given converging strategic interests and a Japanese premier who, for the first time in a decade, appears to have the influence and staying power

needed to make commitments.

Japan is the largest importer of liquefied natural gas, or LNG, in the world and could provide Russia with the money and technology to develop its under-populated east. Japan, for its part, sees Russia as a strategic partner as it looks to diversify and cut the costs of LNG imports, which shot up after a 2011 disaster at its Fukushima nuclear plant.

"With the aim of diversifying energy supplies in mind, we look forward to an offer from the Russian side during this visit," Seko said. He added, however, that a major deal on the project was unlikely during Abe's visit.

Abe's trip follows two months of talks on expanding gas-supply agreements, in which Japan has been pressing Gazprom to present a detailed plan of the Vladivostok project that would spell out the potential role of Japanese companies.

Abe will be accompanied by a 120-strong business delegation including 30 to 40 chief executives of trading houses, banking, healthcare and agriculture companies, Seko said.

"We want to sign up to 20 MOUs [memoranda of understanding] between Japanese and Russian companies and launch an investment platform," he said. Japan Bank for International Cooperation and the Russian Direct Investment Fund are looking to start a fund of up to \$1 billion to encourage investment in Russia, sources said.

The two countries will hold a business seminar on Tuesday attended by, among others, representatives of Olympus Corp, Sumitomo Heavy Industries and Kawasaki Heavy Industries according to an agenda.

"With this business mission, we want to convince Russia of the merits of having a good long-term relationship with Japan," Seko said. "Through forming strong personal ties between the leaders, we want to make Russia feel that by quickly solving the Northern Territories issue, Japan can contribute to the development of Russia and Siberia in particular."

A dispute over four sparsely populated islands in the Pacific, known as the Northern Territories in Japan and the Southern Kuril Islands in Russia, has prevented the countries from signing a peace treaty ending World War II. The issue has overshadowed relations for more than 60 years.

"Until now, because of the Northern Territories, Japan wasn't able to talk to Russia about matters other than energy. That issue has always been a major bottleneck," Seko said. In February, Abe said he wanted to find a "mutually acceptable solution" to the row.

The islands were seized by the Soviet Union after it declared war on Japan on Aug. 8, 1945, just days before Japan surrendered, forcing about 17,000 Japanese to flee. They are near rich fishing grounds and close to oil and gas production regions of Russia.

Abe's visit comes a month after a Moscow trip by Chinese leader Xi Jinping. Deals between the world's biggest energy producer and its biggest customer, China, have been hard to come by. Xi's visit yielded a deal for Russian state giant Rosneft to gradually treble oil supplies to China, but the sides are short of a deal on the supply of pipeline gas to China, thwarted for years by prices.

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