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Eurasia Border Review Second Series
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Eurasia Border Review Second Series

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Preface: Russia, Ukraine and Japan in Eurasia

In October 2020, the *Eurasia Border Review* began its Second Series in a tumultuous period. The world was in the throes of COVID-19, with travel restrictions and domestic lockdowns impacting on our lives in very real ways. The new series was envisaged as providing a forum able to respond nimbly and rapidly to emerging developments in the world.

Fast forward two years, and in October 2022 the world appears superficially more settled than at COVID-19's height. Daily life has returned to normal for much of Europe and America, and while East Asia remains noticeably more cautious, Japan, South Korea and Taiwan have all re-opened their borders to tourists earlier this month. China's future is less certain, and much hinges on the whims of Xi Jinping, who will ultimately choose whether to maintain or ameliorate that nation's zero-COVID policy.

This return to cross-border movement, however, has been accompanied by border disruption. By far the most significant disturbance in this regard is taking place at the border between Russia and Ukraine. This has been contested by Russia since its seizure of Crimea and parts of eastern Ukraine's Donetsk and Luhansk regions in 2014, and unilaterally breached by its full-scale military invasion of February 24, 2022. The war this has unleashed appears at present to be tilting Ukraine's way, but its final outcome, and the impact any lasting settlement will have on the world, are yet to be determined.

It therefore seems an appropriate juncture to publish a second issue of the *Eurasia Border Review*, to analyse what remains a rapidly-changing situation. This volume provides a nuanced look at what the conflict means from the perspective of border studies, and as seen from a vantage point at the opposite end of Russia from Ukraine itself. While the conflict's epicentre is a long way from Japan, its effects will inevitably felt here too—Japanese companies are mulling over whether and how to protect their extensive investments in Russia, while the presence of Ukrainian evacuees is currently impacting upon Japan's border policies.

This publication enables a Japanese, and more particularly a Slavic-Eurasian Research Center, perspective on the current conflict to be disseminated more widely. The Center's academic engagement with the war in Ukraine is fuelled by its resonance for two priority areas of research: The East Eurasian Studies (EES) project sponsored by National Institute for the Humanities, and the Eurasia Unit for Border Research (UBRJ). It also chimes with the International Relations and Economics group (IRE) of the newly established Platform for Explorations in Survival Strategies. The three articles contained in this issue expertly set out the wider Eurasian implications of Putin's invasion, the impact of the invasion on Russia's economy and society, and the global impact which is sure to stem from Russia's brazen disavowal of international norms which its earlier incarnation, the USSR, helped to establish.

While the outcomes of the conflict remain confused and to be determined, the pieces here will help us discern the contours of the landscape within which any settlement will be reached. It is to be hoped that it provokes questions and further critical reflection on this ongoing tragedy.

October 2022
Hyunjoo Naomi Chi & Edward Boyle

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The Russian War in Ukraine: An Invasion Named "Liberation"

Akihiro Iwashita

Fukuzawa Hideo, a former inhabitant of the Habomai Islands, one of the four Northern Territories, has this to say about the Russian invasion of Ukraine: "It brought back strong memories of how Russia expelled us from our island. A TV report showing crying children under attack in Ukraine reminded me of myself at the time."

On August 18, 1945, when the Soviet Union army began its invasion and occupation of the Shumushu Island at the northern edge of the Kuril Islands of Japan, there was fierce fighting with the Japanese army units they encountered. However, Japan had already accepted the Potsdam Declaration on August 14 and implemented "disarmament" of the Southern Kurils (Etorofu and Kunashiri), Shikotan and Habomai Islands, and therefore offered no resistance to the Soviet occupation after the battle of the Northern Kurils. Many Japanese soldiers were sent to Siberia as prisoners of war, and in 1948 the local Japanese residents were forced to leave their islands for the mainland by the Russian authorities. Subsequently, the Russians repopulated the islands, resulting in the situation as it is today.

Russia say that they "liberated the Kuril Islands from Japanese militarism," but in fact the Soviet Union unilaterally broke the Soviet-Japan Neutrality Pact, and invaded and conquered Japanese territory. The islands were made into Russian territory by ejecting residents by force and having Russian nationals move in. In the Russian dictionary, "liberty" means "invasion."

Et tu, Ukraine?

Why did Russian President Vladimir Putin initiate this invasion? Let us take a look at his reasoning in a public speech[1] that he gave right before the invasion. First, it was to counter the eastward expansion of NATO. At the end of the Cold War, the West said it would not expand NATO. But they have not kept their promise, instead expanding its size and acting provocatively toward Russian borders. Second, he said that the United States is the root of all evil. The United States is an "empire of lies" that violated international law in Iraq, Syria, Libya and so forth. Third, he said that Ukraine was massacring civilians in the eastern parts of the country and that this must be stopped. This last argument is thought to be the direct reason for the invasion.

All of his arguments are "lies" or self-justification. The first point can easily be count-

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er-argued. For example, Norway, which borders the Soviet Union, joined NATO as a founding member but did not deploy foreign (non-Norwegian) forces even under the NATO treaty, understanding Russia's concerns. In the earlier post-Cold War period, the Baltic states, which also share a border with Russia, joined NATO in 2004 in the Putin era. In the same year, Slovakia, Romania, Bulgaria and others joined. What has Putin been doing for nearly 20 years?

To begin with, NATO enlargement in the post-Cold War period has not been a simple story of the United States tricking Russia in order to expand its "sphere of influence." The "Partnership for Peace (PfP)" by the Clinton administration [in 1994] was rather a means to put a brake on NATO enlargement, paying attention to Russia. There was even talk of Russia joining NATO. Reality branches out from that point. Some of the East European countries such as Poland, the Czech Republic and Hungary, believing that a "thaw" would not last long, aimed to join NATO all in one go, and this was realized in 1999. They feared that if they missed the opportunity, Russia would eventually "come back." There may have been pro-Eastern Europe lobbies in the United States, and the PfP then turned out to be a step toward NATO membership. In response, Russia demanded certain privileges, such as veto powers, as a condition of NATO membership. NATO refused. Russia grew increasingly distrustful of the eastward expansion. Given this background, it is unreasonable to claim that NATO enlargement alone triggered this invasion. So why? They could not allow it because it was Ukraine.

Russia's roots lie in the Kievan Rus. It is often said that Russia and Ukraine were one. I will not go into the history here, because the history of Ukraine cannot be simplified. Suffice to say, the territory is vast and diverse with influence from Lithuania, Poland, the Crimean Khanate, and the Hapsburg and Ottoman Empires, as well as Russia. Every city has a different profile, one more profound than simply whether it is located in the east or the west of the country. A famous German historian, Karl Schlögel, defines Ukraine as a "borderland" country and a "miniature Europe[2]." From Ukraine's point of view, there have always existed centrifugal forces emanating from Russia on the historical basis of past experiences such as the Communist "invasion and rule" and Stalin's Holodomor (Terror Famine), but Putin strongly believed that Ukraine should be with Russia (and Belarus), rejecting the country's own path. Ukraine, the "closest relative" of Russia, was turning towards the United States. This was the end result of Eastern European countries leaving Russia one after another, drifting to the other side. Putin must have thought that the Ukrainians would never do such a thing under normal circumstances. They are surely being threatened and deceived by the United States. Wake up, my brothers. The impure ones shall be cleansed by me. Thus began the "fratricide." Nothing is more unforgivable than a traitor in your family. There is a kind of gangster logic about setting an example. So this is not a war between countries. It is simply a "holy" struggle to set straight a brother who has lost his way.

“Derzhava”: The Great Power’s Mission

We also have the second reason in Putin’s speech with responsibility lying with the “empire of lies,” America. This seems convincing at first glance. The United States is said to have acted in innumerable ways in violation of international law, including the war in Afghanistan that was retaliation for 9/11 and the war on Iraq of 2003 on the pretext of Iraq possessing nuclear weapons (which was later found to be untrue). It was not so long ago that the U.S. Special Forces captured Saddam Hussein alive and killed Osama bin Laden. I am sure quite a few would agree with criticism against the unilateral military actions of the United States, conducted in the name of “democracy” by a “superpower.”

The problem is what comes after that. In the background, it is clear that this is supposed to justify the idea that “Russia can do it too.” What is so wrong about Russia as the great power with nuclear weapons doing the “same thing” as the United States? Why is Russia so criticized when the United States is not? It is “discrimination.” After the invasion, there was news that Putin’s approval ratings were rising, but that is better interpreted simply as a result of Putin’s repression of the people and information control. I remember the message of the world-famous figure skater Evgeni Plushenko to “Stop discrimination against Russians” and “Russians, raise your heads.” He recently supported Putin’s full-fledged war expressing his will to go to the front[3]. In a sense, that was an expression of the intuitive nationalism of Russians.

What we must not make any mistake about is that the Russians do not believe themselves to be the “loser” of the Cold War. They believe they overcame the Cold War together with the West. But the reality is that they are treated like a “loser.” They have endured that humiliation, but are now at their limit.

We fellow researchers have a similar story. Initially, we thought “All Russian researchers are against the war, but they can’t speak up before Putin.” Of course, there are quite a few conscientious researchers against the war, but I have heard that there are also many scholars who praise Putin and send out messages of wholehearted support. Russian ressentiment runs deeper than we can imagine, and I presume that there are many people who wholeheartedly support this “war” (which they call a special military operation).

I feel that their excessive self-awareness also plays a role in this. Russia was often criticized overseas in the period of the Soviet Union for its “Great Powerism.” They call it “Velikaia Derzhava” in Russian. The criticism referred to the Soviet Union’s invasions of Czechoslovakia and Afghanistan. Yet this was not something many Russians ever understood in the first place. They simply think “Russia is naturally greater. These things happen because we’re a great power.” Russians seldom recognize that their “great” behavior irritates those in surrounding countries. On the contrary, they really believe that they are doing their neighbors a good turn.

Russia, like the United States, is a great power with a mission (but in a different sense).

Russia, which is oppressed in Europe, prides itself on its civilized nature with regard to eastern Eurasia and has tried to enlighten the more barbaric East. It also does not hesitate to use force. The history of the Far East has been one of Russian expansion, involving local massacres and subsequent relocation of Russians (often Ukrainians) there. After having conducted repeated local massacres, Yerofey Khabarov (1603–1671) became one of the Russian "great men," and the name Khabarovsk comes from him. Vladivostok literally means "Ruler of the East." All of these were sacred acts from Russia's point of view.

On the other hand, their mission vis-à-vis other peoples is simple in terms of control. "Just do as Russia says." According to Dr. Aoshima Yoko of the Slavic-Eurasian Research Center, Hokkaido University, the Soviet understanding of history used to consider the Russian Empire as a "prison of nations" and emphasized the harshness of rule and its emphasis on Russification. However, recent historical studies have tended to argue that Russia's assimilation policy was loose and that it effectively recognized diversity as a "cradle of nations." If you compare this to the Putin administration, the handling of the Chechen Republic is a typical example. Kadyrov's dictatorship, which is worse than that of any gangster's, is friendly with Putin and so is given free rein. Putin is very kind to "friends" who do not go against Russia and who listen to Russia.

Mocking International Law

Even if this in itself is nothing new, Putin's final emphatic claim of genocide by Ukraine is interesting. When Putin launched the annexation of Crimea in 2014, he applied the principle of the "right to self-determination" in the United Nations Charter while citing Ukrainian persecution of Russian residents. The Crimean Peninsula has about 60% Russian residents and by using the argument that they wish to belong to Russia, the goal was achieved "peacefully" through a referendum. As original triggers, the Russian interference with the expulsion of the pro-Russian regime by the Ukrainian democratization movement (Maidan) and their military intervention in eastern Ukraine are considered problematic. It is true that the principle of the right to self-determination constantly infringes on territorial integrity in international law, and difficult issues in world conflicts have often had to do with this balance.

This time, the true intention of Putin's use of genocide as an expedient is not clear, but the Russian residents of Lugansk and Donetsk oblasts in eastern Ukraine, of which part came under control with the 2014 conquest, make up only 40% of the total population, while control also extends only to part of the oblast, so using the "right to self-determination" as the main justification was probably not feasible. As such, they came up with the pretext of protecting Russian residents by turning genocide by Ukraine into an excuse. But this short-sighted approach has had serious consequences that undermine its own legal legitimacy.

The Convention on the Prevention and Punishment of the Crime of Genocide (the

Genocide Convention) is known as a breakthrough international treaty, born from sincere reflection on the Nazi genocide. The convention punishes not only those responsible for ordering the genocide, but also those involved on the ground, including private persons. Conventional legal thinking considered the organizational integrity of the military and was aimed only at those giving the orders, but regret over not having been able to stop the actual massacres has led to prosecution also of those who commit the acts. The Soviet Union and Ukraine (which had a separate seat at the United Nations) signed the Convention in 1954. At the time, both had reservations about Article 9 of the Genocide Convention, a clause that required disputes to be resolved in the International Court of Justice, but they withdrew their reservations in 1989 and, as is well known, Russia became the legal successor of the Soviet Union and remained a signatory.

Ukraine appealed to the International Court of Justice regarding Putin's claims of genocide in the east by Ukraine to justify military invasion. The International Court of Justice (the majority, with the exception of China and Russia) ordered Russia to suspend its military operations as a kind of provisional measure before conducting a trial to verify veracity of the genocide claim[4]. In short, it took procedural steps to seek a "preservation of rights" for the trial and ordered an immediate suspension of military operations.

Russia has completely ignored the binding directives of the International Court of Justice. This not only has made the world aware that Russia is willing to break international laws that it has accepted, but it also suggests that Russian claims cannot withstand legal debate. Currently, the massacres perpetrated by the Russian Armed Forces against civilians around Kiev and elsewhere (as part of the Russian invasion of Ukraine) are bring documented. Suspicions about genocide are falling not on Ukraine but on Russia. This genocide debate is a double-edged sword for Russia.

Invasion Labeled as Liberation

Simply put, what Russia has done to Ukraine during the post-Cold War period takes on the appearance of the conventional tactics of a gang seeking expand their territory. First, at the time of the dissolution of the Soviet Union, Ukraine relinquished its nuclear weapons in exchange for the promise that Russia would guarantee its sovereignty and territorial integrity (Budapest Memorandum on Security Assurances). Russia then annexed Crimea on the grounds of a right to self-determination, and even while recognizing that the eastern parts were Ukrainian territory, the Russian army was sent in to effectively establish some control under the guise of "special status" (Minsk Protocol, Minsk II). Russia subsequently made the accusation that Ukraine was not fully complying with the agreement, threatening (a non-nuclear-weapon state) with nuclear weapons and launching a military invasion. The hope was to capture Kiev and establish a government in Ukraine that bows to Russia. Even if that were not possible, they could solidify Russian control in southeastern Ukraine.

Of course, the narrative given above is one-sided, and in reality the story is one with considerably more twists and turns in it. Amidst these, Russia had ample opportunities to take a different path, rather than leading us to where we are today. But the end result is that Russia is increasingly a country that does not keep its promises, continues to deceive other countries, and to expand its territory. This is a Russia which claims to be uninterested in what the world thinks of them. Russia is a great power that is only doing what is natural. It appears that they (somehow) honestly believe that they are setting straight a Ukraine that has lost its way, and that the Ukrainians should even be grateful.

This is a kind of disease. While the impact of COVID-19 on international relations cannot be measured, the diplomatic freeze of the past two years has caused countries to turn inward, with leaders becoming more introverted. This is an unsubstantiated hypothesis, but without COVID-19, diplomacy might have been effective before things got this bad.

Today's Putin is somewhat reminiscent of Stalin, albeit on a different scale. Stalin, willing to sacrifice many of his own people in collectivization and concentration camps, invaded Poland, annexed the Baltic States and some parts of Galicia (Lviv) and Bessarabia, waged war on Finland, and restored many of the territories of the Czars that had been lost following the Russian Revolution. He was a "great man" who won the German-Soviet War, liberated Nazi Ukraine and expanded Russia's sphere of influence to the East European countries, elevating the country's position to that of a global great power alongside the United States.

Along with the territorial expansion, Stalin did not hesitate to forcibly move residents (through expulsion or relocation to other parts of the region). Every time I think about what is happening in Ukraine right now, Stalin comes to mind.

Cold War 2.0?

Putin's goal is said to be to change the current US-centered international order. I think the current situation is similar to what we had after World War II in the early Cold War, when the spheres of influence had yet to be settled[5]. It is fluid period, where new lines are being drawn, and new national borders are likely to be established when military action stops. The world is divided into "friendly" and "unfriendly countries" with regard to Russia, and so a second Cold War begins. The question is how far it will extend beyond Europe. Combining Putin has ultimately annexed the territories controlled by Russia, including most parts of the two "people's republics of Donetsk and Lugansk," into the Russian Federation. However, any "border" between Russia and Ukraine has been fragile and far from fixed. Under Russian rule, the replacement of residents and erasure of "Ukraine" could take place. By contrast, the current Ukrainin state might be called a "democratic republic" and may join NATO. The boundaries between these two state structures, even if unfixed, will became fortresses, dividing "friend" and "enemy" for decades.

The former Cold War was also a struggle between different economic systems: socialism and capitalism. But now Russia is embedded in the world economy to a far greater extent than the Soviet Union, which is why Western economic sanctions are beginning to take effect. China is key here. China, one of the world's leading economic powers, is now building its own renminbi system that does not rely on foreign countries. Will Russia, cornered by economic sanctions, become more dependent on China, one of its few remaining friends? However, economic dependence on China could end up meaning Russia clings to a country they looked down on as a "little brother" during the Cold War period. Russia as a great power may self-destruct.

What will happen to Northeast Asia, where we live? North Korea has become more confident about its own correctness in continuing to develop nuclear weapons, welcoming Putin's strong stance vis-à-vis the United States by launching missiles. On the other hand, it is unclear whether Japan and South Korea, who stand on either side of the chasm of historical and other issues, can work together with the United States as they once did.

China also appears to be faltering. Even if Xi Jinping gave the green light to the war, he would not have anticipated how protracted it has become. Supporting Russia has the merit that it weakens the position of the United States, but it also has the demerit of increasing suspicions of China in the world, and of them being lumped in with Russia. China must be taking both aspects into account. It is widely anticipated that China will follow Russia's lead and launch an invasion to "liberate" Taiwan, but when you look at the probability of a strong American response over Taiwan, and consider that it will have to take the form of a landing war, as with Russia in Ukraine, this may not go as China wishes. Furthermore, while China and Russia tend to be regarded as despotic states today, but as their former empires have different histories and ways of thinking, many Chinese people must have been astonished by Russia's barbarism. Although the two countries now maintain a quasi-alliance, the Chinese have not forgotten how Russia carved up China in the nineteenth century and held back China again in the twentieth, under the guise of being a liberator from Japan. The same is true of the border clashes between the two countries in the 1960s, which were said to have nearly escalated into nuclear war. Chinese intellectuals familiar with history have anticipated and prepared for Russia since immediately after the dissolution of the Soviet Union. Even if it will not happen right now, they will probably not rule out the possibility that Russia may head eastward again.

When war envelops a region, the first places to experience tension are national borders. Just like in the Cold War period, rumors began to circulate that Russia would invade Hokkaido. The border is poised to become a fortress again. Wakkanai City and Nemuro City, which could be termed Japan's northern gateway, are facing exactly this crisis. Wakkanai was previously concerned with cross-border exchanges to the extent that there was a division in the city hall called the "Sakhalin Division," bearing the name of the partner region, but this division has now been renamed the "International Exchange Division" with Sakhalin-related projects more

or less suspended. Despite the difficulties of the territorial dispute, Nemuro continuously interacted with Russians resident on the Northern Territories, through the "visa-free travel" regime. However, this system has now been indefinitely suspended so that the possibility of former islanders being able to again return to their islands is now at risk. First and foremost, though, it is memories of the Soviet Union's invasion which are now being resuscitated. The discourse surrounding Russia is divided into "enemy" or "friend" and forces us to take sides. The larger waves of the second Cold War have yet to reach Northeast Asia, but the prospect of war looms nevertheless.

[1] Address by the President of the Russian Federation on February 24, 2022. [http://en.kremlin.ru/events/president/transcripts/67843]
[2] Karl Schlögel, *Ukraine: A Nation on the Borderland*, Reaktion Books, 2018.
[3] After President Putin announced a "partial mobilization" of military reservists on September 21, many Russians left the country for fear of mobilization. Plushenko responded in a media interview as follows: "[…] if an order comes, I will not run anywhere. I will gladly go through the training We must protect our children and our future. That's my position. I would like everyone to hear." [https://romania.postsen.com/local/94478/Evgeni-Plushenko-Former-Olympic-Figure-Skating-Champion-If-an-Order-Comes-I-Won%E2%80%99t-Run-Anywhere-I-Will-Enjoy-Training.html]
[4] https://www.icj-cij.org/public/files/case-related/182/182-20220316-PRE-01-00-EN.pdf
[5] https://src-h.slav.hokudai.ac.jp/center/essay/PDF/Iwashita0815.pdf

*This article was originally posted to Discuss Japan on October 3, 2022. [https://www.japanpolicy*forum.jp/diplomacy/pt20221006170735125 78.html]

Impact of Economic Sanctions on the Russian Economy (As of October 17, 2022)

Shinichiro Tabata

This report analyzes the impact of economic sanctions on the Russian economy, as of October 17, 2022. On the one hand, there are significant influences visible in the production of some goods and imports. On the other, impacts on the price index and national currency seem temporary, and their influence on national finances currently seems ambiguous. While state revenues are supported by oil and gas exports, increases in military expenditures, although hidden by the fiscal authorities, are about to outpace revenues.

GDP

Russia's GDP grew by 3.5% in January-March but decreased by 4.1% in April-June compared to the previous year (Chart 1). In January-March, it appears that the favorable economic conditions of 2021 remained in place. Growth rates were high in key sectors: mining, manufacturing, construction, and transportation. However, the apparently high rates were also accentuated by poor performance in the first quarter of 2021. In April-June, decreases were recorded in sectors such as wholesale and retail trade, manufacturing, and transportation. Forecasts for Russia's economic growth in 2022 by the Ministry of Economic Development of the

(in percent of the corresponding quarter of the previous year)

	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
GDP at basic prices	-0.3	10.5	4.0	5.0	3.5	-4.1
Agriculture, forestry and fishing	-0.8	-0.6	-5.6	4.7	1.5	1.7
Mining	-7.4	7.3	8.2	9.7	8.6	-0.8
Manufacturing	0.1	10.2	3.1	4.6	5.1	-4.0
Construction	2.6	10.4	3.3	6.1	4.7	3.4
Wholesale and retail trade; repairs	1.7	21.2	5.6	5.7	3.7	-14.1
Transportation and warehousing	-2.4	20.0	8.2	6.4	5.4	-3.9
Finance and insurance	6.9	12.7	7.5	5.3	6.6	4.4
Real estate	-0.3	2.5	0.8	0.7	0.2	1.4
Professional, scientific and technical service	-1.4	6.5	5.5	7.3	4.8	-2.3
Public administration and defense; social security	0.5	0.5	1.0	2.5	0.9	1.1
Education	-0.8	1.3	0.9	0.5	0.0	-0.4
Health and social work	-0.6	4.9	0.4	0.4	0.0	-0.5

Sources: Compiled by the author from Rosstat's website.

Chart 1. Growth rate of Russia's GDP by industry

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Russian Federation, the Central Bank of Russia, the IMF, and the World Bank are generally in the range of negative 3-6%.

Industrial Production

Industrial production increased 0.9% in the period from January to August but fell 0.1% in August compared to the same period the previous year, indicating that economic sanctions have had an impact (Chart 2). The breakdown for August shows a 0.8% decline in the manufacturing sector. Looking at August's production in the mining sector, natural gas and coal production had respective decreases of 22.3% and 0.5%, while LNG and crude oil production increased 59.2% and 2.1% respectively. In the manufacturing sector, output in August fell 42.9% in automobiles, showing that the withdrawal of Western companies from Russia has had a significant impact. In addition, other transportation equipment fell 7.2%, chemicals 4.3%, and food 2.3%. The impact of the Western ban on exports of high-tech components and other products is also expected to emerge in the future.

	2022	
	August	Jan-Aug
Industrial production	-0.1	0.9
Mining	1.0	2.4
Manufacturing	-0.8	0.0
Food products	-2.3	0.2
Petroleum products and coke	-1.1	-0.7
Chemicals	-4.3	-3.0
Pharmaceuticals	14.3	22.7
Rubber and plastic products	-0.7	3.8
Other non-metallic mineral products	4.1	0.8
Metallurgy	16.0	5.0
Metal products	5.9	12.1
Computing, electronic and optical equipment	-0.9	4.8
Electrical equipment	0.9	-4.1
General machinery and equipment	9.1	6.7
Automobiles	-42.9	-42.3
Other transport equipment	-7.2	-2.0

	2022	
	August	Jan-Aug
Crude oil	2.1	3.1
Natural gas	-22.3	-10.4
LNG	59.2	13.5
Coal	-0.5	-1.6

Sources: Compiled by the author from Rosstat's website.

Chart 2. Growth rate of Russia's industrial production by industrial sector

International Trade

The Federal Customs Service of Russia has not released any trade-related statistics since April, and the website remains inaccessible. The Central Bank of Russia has not released a detailed balance of payments since April. The information on trade and current account available at this point is almost limited to information in Chart 3. This year's performance shows a marked increase in exports, leading to a substantial increase in the trade and services account as well as current account surpluses compared to the same period last year. The current account

surplus in the first half of this year (146.5 billion dollars) has already surpassed its surplus recorded in the whole year of 2021 (122.0 billion dollars) which was the largest since Russia's independence in 1991. The increase in exports is mainly due to the sharp rise in oil and gas prices. On the other hand, imports fell both in the second quarter and the first half of 2022 due to the restrictions on exports to Russia imposed by the EU and other countries. Whether the increasing trend in the trade and services balance and the current account balance will continue depends on oil and gas exports.

	2021				2022			
	Jan- March	April	May	Jan-May	Jan- March	April	May	Jan-May
Current account	22.5	5.1	4.5	32.1	58.2	37.6	14.5	110.3
Trade and service account	25.8	9.4	9.4	44.5	66.3	40.2	17.8	124.3
Export	104.8				156.7			
Import	79.0				90.4			
Primary and secondary income	-3.3	-4.3	-4.8	-12.4	-8.1	-2.6	-3.3	-14.0
Receipt	16.6				22.5			
Payment	19.8				30.6			
Capital account	0.2				0.0			
Financial account	22.7				58.0			
Net errors and omissions	0.0				-0.3			

Sources: Compiled by the author from CBR's website.

Chart 3. Current account of Russia, in billion dollars

Exchange Rate

The exchange rate for the Russian ruble plummeted from the end of February to the end of March 2022 (Chart 4), falling 38% from 74.7 rubles to the US dollar on February 11 to 120.4 rubles to the dollar on March 11. However, the ruble appreciated rapidly thereafter and returned to its pre-invasion value by around April 9.

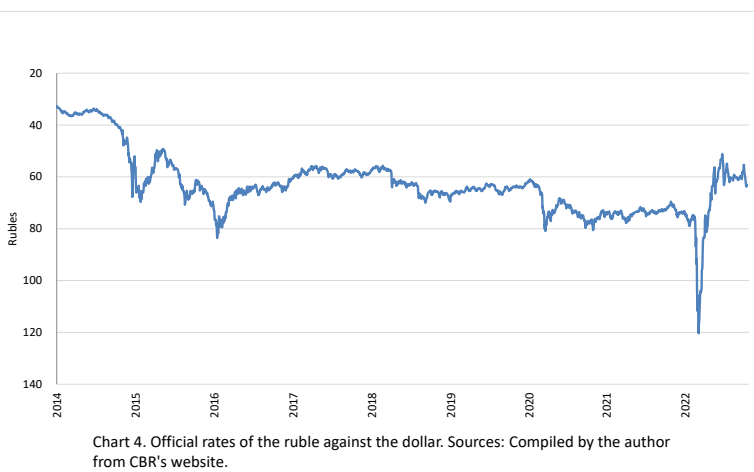

Chart 4. Official rates of the ruble against the dollar
Sources: Complied by the author from CBR's website.

One of the major factors contributing to this recovery was the introduction of a measure obliging exporters to sell 80% of their foreign currency earnings (Presidential Decree No. 79, February 28). The continued export of oil, gas, and other commodities, added with soaring oil and gas prices, has resulted in an abundant inflow of foreign currency into the foreign exchange market.

On May 26, the ruble exchange rate rose to 56.3 rubles to the US dollar, the standard around February 2018. Given the high inflation rates, this means that ruble has strengthened considerably in real terms. Taking these circumstances into account, the mandatory sale of foreign currency was reduced from 80% to 50% of foreign currency on May 23 and virtually abolished on June 9 (Presidential Decrees No. 303, May 23 and No. 360, June 9). As long as exports of oil, gas, and other commodities continue, another collapse of the ruble is unforeseeable.

Foreign Exchange Reserves

Russia's foreign exchange reserves reached an all-time high of over $630 billion in 2021 (Chart 5). This is the fourth highest level in the world after China, Japan, and Switzerland. In 2022, the reserve peaked at $643.2 billion on February 18 and has been declining, falling by $90 billion from the beginning of the year to the beginning of October.

The Central Bank of Russia announced it would begin intervening in the foreign ex-

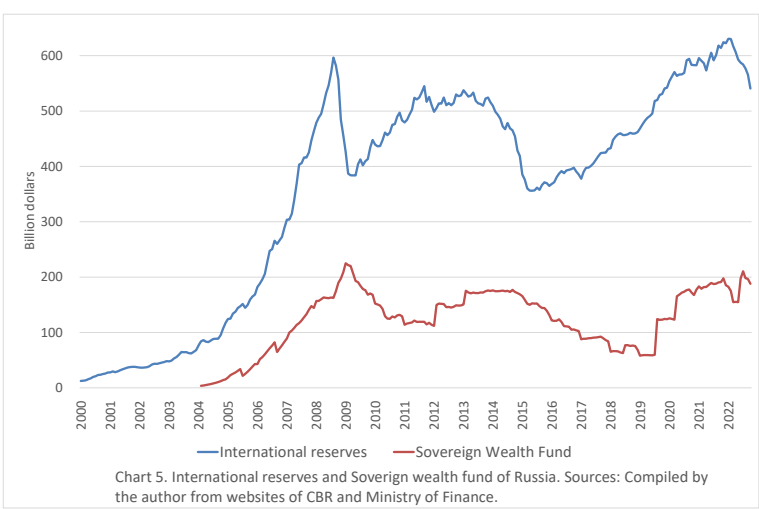

Chart 5. International reserves and Sovereign wealth fund of Russia
Sources: Complied by the author from websites of CBR and the Ministry of Finance.

change market, which they officially have not done since August 2015. The data is available on the Bank's website (https://www.cbr.ru/hd_base/valintbr/) and shows that intervention took place on February 25 and 28 for a total intervention amount of $1.2 billion.

Because the Bank has stopped releasing data on the breakdown of foreign exchange reserves since March, the reason of their decrease is not clear.

Inflation

The inflation rate remained at the same level as the previous year until February 2022 (8.4% in 2021) but jumped sharply in March. On a year-on-year basis, inflation was 9.2% in February, 16.7% in March (Chart 6). On a month-to-month basis, there was an unusual increase of 7.6% in March (Chart 7). Particularly notable was the increase in non-food prices, which rose 11.3% in March. This rise may have been due to Russians' panic shopping, reacting to

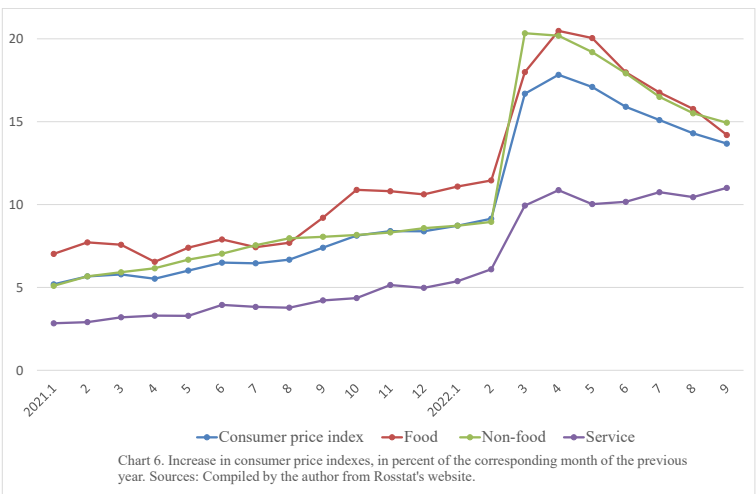

Chart 6. Increase in consumer price indexes, in percent of the corresponding month of the previous year Sources: Compiled by the author from Rosstat's website.

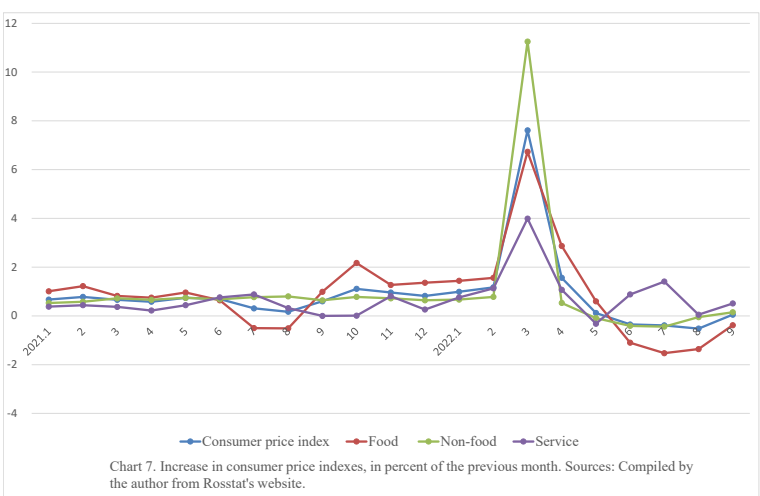

Chart 7. Increase in consumer price indexes, in percent of the previous month Sources: Compiled by the author from Rosstat's website.

the implementation of sanctions. The ruble's depreciation during the same period, which led to increasing prices for imported goods, also contributed to the inflation.

In contrast to this March spike, monthly inflation rate has fallen substantially since April. This suggests that the March inflation rate spike was temporary. However, because of the sharp increase in March, the annual inflation rate for 2022 will be as high as 14%, supposing that the monthly rate of price increase after October is the same as last year's.

Public Finance

Since April, the Federal Treasury has ceased to publish federal budget performance and the Ministry of Finance has also restricted its publications. Some of the data in Chart 8, including expenditure data, are obtained from reports published by the Economic Expert Group (EEG), a think tank of the Russian Ministry of Finance.

According to Chart 8, total revenue increased by 12.2%. This is due to a considerable increase in oil and gas revenues. As shown in Chart 9, most oil and gas revenues come from mineral extraction taxes and export duties. Compared to the same period of last year, total oil and gas revenues in January-September 2022 increased by 37.5%, while mineral extraction taxes and export duties grew by 55-56%. The first reason for this increase is the rise in oil and gas prices. Second, the West did not reduce its imports of oil and gas from Russia as much in January-September. On the other hand, non-oil and gas revenues decreased by 4.3% (Chart 8).

	Jan-Aug of 2011		Jan-Aug of 2022			
	Billion rubles	Share (%)	Billion rubles	Share (%)	Increase, billion rubles	Increase rate (%)
Total revenue	15,697.8	100.0	17,606.9	100.0	1,909.1	12.2
Oil and gas revenue	5,465.7	34.8	7,818.3	44.4	2,352.6	43.0
Non-oil and gas revenue	10,232.1	65.2	9,788.6	55.6	-443.5	-4.3
Corporate tax	991.2	6.3	1,163.0	6.6	171.8	17.3
Value-added tax	5,716.5	36.4	5,861.0	33.3	144.5	2.5
Other (calculated value)	3,524.4	22.5	2,764.6	15.7	-759.8	-21.6
Total expenditure	14,620.7	100.0	17,469.4	100.0	2,848.7	19.5
National business	1,041.0	7.1	818.0	4.7	-223.0	-21.4
National defense	1,824.1	12.5	914.0	5.2	-910.1	-49.9
Security	1,346.4	9.2	1,053.0	6.0	-293.4	-21.8
National economy	2,102.4	14.4	2,176.0	12.5	73.6	3.5
Housing and public business	316.7	2.2	498.0	2.9	181.3	57.2
Environmental protection	277.3		213.0	1.2	-64.3	-23.2
Social and cultural measures	6,337.3	43.3	6,794.0	38.9	456.7	7.2
Government debt interest payment	675.3	4.6	890.0	5.1	214.7	31.8
Transfer to regional finance	700.3	4.8	712.0	4.1	11.7	1.7
Other (calculated value)	-0.1	0.0	3,401.4	19.5	3,401.5	
Budget surplus	1,077.0	…	137.4	…	-939.6	-87.2

Sources: Compiled by the author from websites of Federal Treasury, Ministry of Finance, and EEG.

Chart 8. Federal budget performance of Russia, in billion rubles

In the January-August period, total expenditure increased by 19.5%. Although national defense expenditures halved this year in Chart 8, this was due to changes in definition of these expenditures. Since May of this year the Ministry of Finance published small figures for national business, national defense, and security. As a result, volume of "Other" increased tremendously, which had been almost zero until March of this year. It is clear that the fiscal authorities are trying to hide the inconvenient figures.

In this period, total revenue slightly surpassed total expenditure. However, since June there have been recorded deficits of the federal budget every month. The overall finance in 2022 is expected to face a deficit, the scale of which depends on what happens to oil and gas revenues in the future.

In Russia, budget deficits have in the past been compensated for by drawing down the National Welfare Fund, a sovereign wealth fund, rather than by government bonds. This fund's primary role is to cover budget deficits when oil prices are low, and is formed by accumulating a portion of oil and gas revenues when oil prices are high. As seen from Chart 5, the Fund has been increasing since 2019. As of the beginning of October 2022, its volume was 10.8 trillion rubles or 7-8% of GDP of this year. It may be depleted within a couple of years, if annual deficits are in the range of 2-3%.

	2021 Jan-Sept	2022 Jan-Sept		
	Billion rubles	Billion rubles	Increase, billion rubles	Increase rate (%)
Total	6,184.6	8,506.5	2,321.9	37.5
Mineral extraction tax	4,918.4	7,662.4	2,744.0	55.8
Crude oil	4,337.4	6,880.4	2,543.0	58.6
Natural gas	413.2	489.5	76.3	18.5
Gas condensate	167.9	292.3	124.4	74.1
Export duty	1,406.1	2,187.3	781.2	55.6
Crude oil	485.6	487.7	2.1	0.4
Natural gas	658.3	1,493.8	835.5	126.9
Petroleum product	262.4	205.7	-56.7	-21.6
Additional income tax on mining of hydrocarbon raw materials	642.5	1,373.9	731.4	113.8
Excise tax on oil materials	-782.6	-2,717.0	-1,934.4	247.2

Sources: Compiled by the author from Minfin's website.

Chart 9. Oil and gas revenues of Russia

Epitaph to a Post-Cold War World: Russia Remakes the International Order and a Crisis for Japan

Akihiro Iwashita

End of the "Interglacial Period"

Russia's invasion of Ukraine has become a protracted conflict. TV shows are obsessed with the war, which has conveniently replaced the Covid-19 pandemic as a daily news topic. And anyone who hesitates to accept that "Ukraine is good; Russia is bad" risks censure from the general public.

In Japan, this manifests itself in odd ways. Russian language road signs in the northern city of Wakkanai in Hokkaido, just across the strait from Sakhalin island, have been a target of some media attacks, and the municipal authorities' voicemail and inboxes are overflowing with demands for the immediate removal of Russian signage. The "Sakhalin Division," a term the municipal office used for many years, was renamed the "International Exchange Division" immediately after the invasion.

A hot topic on the internet recently is a Russian "invasion of Hokkaido." A news reporter took the possibility seriously and came to talk to me. I told him that I was reminded of the uproar when Soviet forces shot down Korean Air Lines Flight 007 off Sakhalin in 1983. Then, too, there were rumors of a "Soviet invasion of Hokkaido," which came to nothing.

It is all reminiscent of the atmosphere of the Cold War period, with attempts being made to clarify the "friend-enemy" distinction. The world now appears to be entering a new kind of "Cold War." It has changed from the previous Cold War because, firstly, Russia/Soviet Union, a founder of the post-World War II international order and the norms and rules under which it operated, is now violating them by aggressing against its neighbor. Second, the threat of nuclear annihilation has localized the war, and the reactions of countries inside and outside the region differ in intensity, making escalation into a global war unlikely. Third, the forceful revision of borders and space has created new fault lines in the world, and we may begin to see these cracks calcify and widen.

This new "ice age" (the world's second Cold War) also begins in Europe. The period from 1991, when the Soviet Union was dismantled and the Cold War ended, to the present was the "post-Cold War period." The prefix "post" implied that while the Cold War was certainly over, we did not yet know would come next. Now the "post-Cold War period" has come to an end. That 30 years of "peace and stability" resembled a warm period between two "ice ages," so I call it the "interglacial period."

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The First Cold War Period and its End

World War I was a landmark in the emergence of the twentieth century's international order. The war was a total one, unleashing mighty military forces reflecting scientific and technological developments, controlling economies and mobilizing populations. Centered in Europe but extended to Asia, the war inflicted tremendous damage on civilians and shook the state system, including through the outbreak of revolutions. After the war, the League of Nations was established, and international norms promoted that prohibited war (except in cases of self-defense) and committed parties to the peaceful resolution of disputes.

Nevertheless, these measures did not prevent a second world war on a much larger scale. The Great War is the "first" world war, and the period between the two wars, 1919–1939, is the "interwar period." "20 years of crisis" (E. H. Carr) nevertheless saw an entente in Europe, and a "period of relative stability." This was then shattered by World War II.

Following that conflict, the United Nations was established on the basis of the non-use of force, with the prohibition of aggression confirmed in its Charter. The Genocide Convention became effective in 1951 and the "people's right to self-determination," stipulated in the UN Charter, led to "Declaration on the Granting of Independence to Colonial Countries and Peoples" of 1960. Many colonies in Asia in the 1950s and in Africa in the 1960s achieved independence on the basis of "self-determination." "Westphalianization" created sovereign states all over the world. On the other hand, the world was also "divided" due to the confrontation between the two nuclear powers, the United States and the Soviet Union, the victors of World War II. This division began with the outbreak of the Cold War in postwar Europe.

That European crisis was of course linked to colonial liberation and independence movements in Asia, and to the involvement of the United States and the Soviet Union. In Northeast Asia, with the collapse of Japan's Imperial rule, a frigid international system emerged, divided between South Korea and North Korea, China and Taiwan, and so forth. In Southeast Asia, too, Indochina moved closer to the Soviet camp, while ASEAN emerged as an "anti-communist bastion." The same trends were also visible in the Middle East and Africa. While some countries tried to distance themselves from "bi-polarization" through "non-alignment," the intensification of conflict brought all parties closer to one camp or the other.

Since the 1960s, there was talk of a "transformation" of the Cold War system through "multi-polarity." Nuclear-armed France sometimes challenged U.S. hegemony, while China confronted the Soviet Union in their borderlands. In the 1970s, a détente was sought to entrench the status quo in Europe (in the Helsinki Accords). Outside Europe, by contrast, the United States and the Soviet Union engaged in repeated interventions, accompanied by military force.

After a brief period of heightened tension in the late 1970s and early 1980s, this global "bi-polarization" took a dramatic turn with Roland Reagan, G.H. W. Bush, and Mikhail

Gorbachev. In particular, the Soviet Union's perestroika diplomacy led to the collapse of the communist-dominated system in Eastern Europe in 1989, which liberated those states from the bi-polar structure; the "wall" that had divided Europe broke down, and in 1991, the Soviet Union was dissolved. This was when the era known as "post-Cold War" began.

Entente of the Great Powers: *Uti Possidetis Juris* and the Renaissance of Regional Organizations

People were initially jubilant. The world seemed to have become "one," and phrases such as "the end of history" and "a world without borders" proliferated. International legal norms were applied in the wake of the dissolution of the Soviet Union and the emergence of newly independent countries. In accordance with the principle of *uti possidetis juris*, which had been applied during the decolonization of Latin America, Africa, and parts of the Middle East, existing administrative boundaries, here those of the constituent republics of the Soviet Union, were to be recognized as national borders. The application of these principles was aimed at the peaceful transition of the international order, as far as possible. The rule against forcefully modifying borders was also reaffirmed.

Of course, there were failures, such as the Yugoslav civil war, but in many former communist spaces, the transition proceeded peacefully. However, this meant the non-recognition of autonomous republics or provinces, sub-regional actors that asserted their sovereignty under the new system. During the transition period, the international community generally excluded the "unrecognized states" (e.g., South Ossetia, Abkhazia, Primorskiye Dniester, etc.) from the political map, although these polities had, effectively, established their own areas of rule within the former Soviet space.

During the first stage of the "interglacial period" (from 1991 to around 2002), the opening of borders and liberalization of internal migration in the former communist countries had an enormous impact. The rapid introduction of the market economy dramatically increased interdependence across the world. Although not as dramatic as in Europe, even in regions with firm borders, such as Northeast Asia, there were increases in the flows of people between nations, and in the levels of interdependence between them. The establishment of diplomatic relations between South Korea, the Soviet Union, and China and the admission of North Korea and South Korea to the UN increased regional integration; people moved more frequently between Taiwan and China, and there was increased dialogue even amongst Japan, South Korea, and North Korea. In Southeast Asia, the Indochina countries joined ASEAN and established a forum encompassing the rest of the region. In Central Asia, a Sino-Russian initiative established the Shanghai Cooperation Organization, seeking to build confidence and stability in the borderlands. The ambiguity of the "strategic partnership" between the two countries, "not enmity" and "not an alliance" (towards a third party), reflected the mood of the times.

Regional cooperation also became more active in the West. This was the case with the enlargement and deepening of the EU and the establishment of NAFTA. The 1990s thus saw a renaissance of regional organizations, but their openness, and the overlap of multiple institutions, prevented the emergence of a clear "friend-enemy" distinction. Even "NATO's eastern expansion", which Vladimir Putin today uses as a pretext for invading Ukraine, did not necessarily exclude Russia at the time. Russia became a member of the G8 in 1998, and this U.S.-Russia "honeymoon" was much praised at the time of 9/11 in 2001.

Of course, even though the trend was towards entente amongst the great powers, regional conflicts were not extinguished. A number of disputes also arose or manifested as a result of the disappearance of the "bi-polarity" characteristic of the Cold War. The Somali civil war, the Yugoslav civil war, the Kashmir conflict, Indian-Pakistani nuclear weapon development, the identification of "rogue states" such as Iran, Iraq, and North Korea, and the escalation of Israeli oppression of Palestine, all become normalized to varying degrees, and the challenges posed to states by non-state or sub-regional actors also became more pronounced. In turn, many states attempted to cooperate in responding to these conflicts, with multilateral attempts to combat "terrorism" and "separatism" constituting the clearest expression of this.

From Rivalry to Confrontation: 2008 and 2014

The second stage of the "interglacial period" was characterized by growing cracks in the relationship between the Russia and the United States. The occasion was George W. Bush's invasion of Iraq. Putin, who now calls the United States a "lying superpower," always mentions this at the first opportunity. Based on the "lie" that there were "weapons of mass destruction," a multinational force invaded Iraq, captured Saddam Hussein, and detained him in a U.S. facility (he was executed after a trial in a special Iraqi court). Putin sees this as a violation of international law (and hence argues that Russia, as another great power, has the right to behave in a similar manner).

The Color Revolutions, Rose in Georgia in 2003, Ukraine's Orange of 2004 and Kyrgyzstan's Tulip of 2005, rocked former Soviet Space: Russia would claim that these popular mobilizations against corrupt governments were fomented by U.S. and Western hands. After them, Georgia and Ukraine became more reliant on the West. President Bush opened a "future" path to NATO for both countries, though the West recognized Russian uneasiness over NATO's expansion among its former Soviet neighbors.

Two situations that arose in 2008 called into question the very rules that defined the "post-Cold War." The West's recognition of Kosovo's independence in February marked the beginning of a shakeup of the order that uti possidetis juris had created. The fact that an autonomous region became an independent sovereign state that the majority of the world immediately recognized set a precedent, however peaceful and democratic it may have been. In

August of the same year, in the Russo-Georgian War, Russia in turn recognized South Ossetia and Abkhazia as sovereign states. However, as it could be argued that Georgia initiated the war, the West did not necessarily see it as a change of the current order precipitated by Russian force.

The year 2014 can be understood as the opening of the third stage in the sense that it ended the period of entente amongst the great powers, and created deeper fissures between the West and Russia (with Russia becoming clearly positioned as "revisionist"). The Maidan Revolution in Ukraine and the country's turn to the West provoked a furious response from Russia, which seized Crimea and effectively invaded eastern Ukraine, shocking the world. With Russia's expulsion from the G8 and the West and Japan's imposition of economic sanctions, Putin's willingness to change the order became clear. Even so, Putin still justified his actions by claiming that the annexation of Crimea was based on the principle of the "people's right to self-determination" or the "will" of Crimea's population, 60% of whom were of Russian-descent. The intervention in eastern Ukraine was also justified as a form of "civil war," and the subsequent ceasefire and Minsk Protocol recognized Ukraine as a sovereign state and called for autonomy for Luhansk and Donetsk. In short, while trying to forcefully break the status quo as the "revisionist," Russia had yet to "violate" international rules themselves.

Although relations with the West stalled after 2014, Russia grew closer to China, leading to what could be called a quasi-alliance. Xi Jinping, who took over as leader in 2012, has tightened his grip on the country, as if in step with Putin, and is unabashedly strengthening China's presence in neighboring spaces. The two countries had established a "relationship of trust" by resolving border issues during the "interglacial period," and that relationship has since deepened daily, not only through military and economic cooperation, but also because of growing similarities between their regimes, such as tighter information control and the establishment of a repressive rule against dissidents and minorities. Their common interest in countering U.S. efforts to shore up the existing international order has strengthened the bond between them.

The deepening of Sino-Russian relations may have impacted on the Central Eurasian order as well. For example, the Shanghai Cooperation Organization admitted the extra-regional observer countries of India and Pakistan as official members in 2015. Although tensions between China and India over land and sea borders persist, the two countries' economic interdependence deepened during the "interglacial period," and there is a growing view in India that China is not necessarily the main enemy. The triangular Sino-Indian-Russian "strategic partnership" proposed by then Russian Premier Evgeny Primakov in 1998 has also taken root, with Russia acting as a "bridge" between China and India. Moreover, the three countries work together in BRICS and other areas, while cooperation between Russia and Pakistan over "anti-terrorism" and other issues has led to cooperative relations among the four countries in the context of the Shanghai Cooperation Organization. Heads of state, prime ministers, foreign ministers, defense ministers, and others meet annually at their respective levels, holding bilateral consultations.

Relations between the U.S.-led group and the rest of the world are becoming increasingly complex, with a multilayered order is being formed.

Japan as a Key Battlefield in the Second Cold War

Russia's invasion of Ukraine ended the "post-Cold War" by openly challenging international borders and the international order by force. A group of "unrecognized states" that the international community was unwilling to acknowledge now seeks recognition, and Russia is using this as leverage to redraw the map of Europe. However, the coming "ice age" will not be a "bi-polar" one; rather, various vectors of conflict based on "multi-polarity" will emerge in different regions, in the context of global relationships. When a non-state actor, such as ISIL, complicates these conflicts, and threatens the fundamental interests of both the United States and Russia, this would lessen confrontation between the great powers.

If so, Japanese position during the second Cold War period must also be multilayered. First, we firmly oppose Russia's challenge to the international community. Japan must clearly support Ukraine as a state and be in the camp of law and order.

Second, this is the beginning of a new era in Europe, but the phenomenon has not yet spilled over into Asia. Learning from the first Cold War, we must prevent the fissures opening up in Asia from solidifying and deepening in tandem with the Cold War. For example, if China and Russia unite in a military alliance, Japan will face an unprecedented threat in confronting them in tandem with North Korea, which has already welcomed Russia's stance toward the United States with missiles.

New confrontations in the maritime domain will also submerge Japan. The previous Cold War was mainly land-based conflicts—the Chinese Revolution, the Korean War, and the Sino-Soviet Split—and left Japan, surrounded by the sea, as an island of sorts, but this is unlikely to continue. Japan has maritime disputes (including territorial disputes) with all its neighbors, and could be a "key battleground" of the second Cold War. Furthermore, Japan-Korea relations are still in a state that is difficult to repair. The challenge for South Korea, which regained "diplomatic freedom" during the interglacial period and "rediscovered" historical issues with Japan that date back to before World War II, has the potential to make the U.S.-Japan-South Korea partnership dysfunctional.

In retrospect, at the beginning of the last Cold War, the U.S.-Japan alliance was not a given, and was one that deepened as the axis of confrontation, U.S.-Japan-ROK vs. Soviet Union-China-DPRK, became entrenched. After the end of the Cold War and into the interglacial period, the alliance strengthened, not loosened. This was the decision of Japan's political elite, which sought to bolster its security by embracing the United States on the premise that it could not acquire nuclear weapons. In the new Cold War, the U.S.-Japan alliance meansthat Japan has only one partner on which to rely: the United States. However, despite the U.S.-Japan Security

Treaty, U.S. interests are not the same as those of Japan. The United States is distant from the region and will not necessarily confront China and Russia in it. There is no guarantee that the United States will not return to a cooperative relationship with China, in which case, Japan would be isolated.

Reshaping Japan's Foreign Policy through its "Neighborhood"

The time has come for Japan to develop a "neighborhood diplomacy" that prioritizes its own interests. Up until now, Japan has relied too heavily on diplomacy based on relations with the United States (as well as the Quad, which has recently become fashionable). It is now necessary to establish relationships based on shared interests with China, Russia, and South Korea as "neighbors." A local perspective that is not reduced to the national is also needed here.

How should we deal with Russia today? Russia has taken a tough stance toward Japan as an "unfriendly" country with regard to territorial issues and sovereignty, and discontinued "non-passport/visa" exchanges for Japanese, which began during the interglacial period. For the time being, any sort of "homecoming" for former Northern Territories islanders, whose average age is 87, is impossible.

Let us build an argument based on interests and livelihood. First, with regard to energy, Japan should maintain, not suspend, its interests in Sakhalin II. Second, it is important to maintain the benefits of local waters. For example, the fishing industry is considered one "thread" that ties Japan and Russia together (Takeshi Hamada, *Hokkaido Shimbun*, April 28, 2022). Of course, fishery negotiations, including at the national level where they are tied to sanctions, are tough. However, these negotiations still proceed in a businesslike manner, and the effects of the war are virtually nonexistent.

In April 2022, negotiations were concluded with Russia regarding salmon/trout fishing in Japan's 200 nautical mile zone. Additionally, kelp fishing from Nemuro to the Kaigara Island, a few kilometers distant but a part of the Russian-controlled Habomai Islets, was realized under the Russian authorities in late June as usual (though slightly delayed). Perhaps a 200 nautical mile reciprocal fishing agreement for horse mackerel and mackerel, a package that includes operations on the Japanese side, which the Russians strongly desire, will also be concluded in the future.

By reflecting on the experiences of the last Cold War and the interglacial period, we can devise survival strategies for the coming "Cold War." We are not at war with Russia. According to former Habomai residents of the Northern Territories, which were overrun by Soviet forces at the end of World War II, "Russian leaders are not the same as the ordinary Russian citizens, who are good and trustworthy." This view has developed out of their experiences of interacting with Russian islanders through annual travel, via the "non-passport/visa" exchanges during the interglacial period. Hence, the appropriate stance is not "black and white." What we need the

most is the wisdom to navigate through the various fissures and overcome the crisis.

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