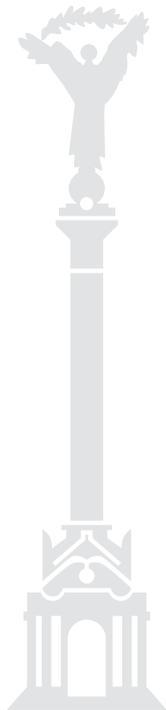


UKRAINE-JAPAN:

HOW TO SECURE AN EFFECTIVE GLOBAL PARTNERSHIP?





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Ukrainian-Japanese relations over the past six years have been perhaps the best in the history of the bilateral relationship. They could improve even more were it not for a Japanese core policy focus on its territorial dispute with Russia or attempted deals of a questionable nature with China on the Ukrainian side.

Despite the bilateral nature of relations, Ukrainian-Japanese dialogue has been — and will by all accounts continue to be — largely vulnerable to the influence of other countries, above all, Russia and China. So, the real challenge will become how, despite these external influences, to develop and put into practice a broad and mutually beneficial bilateral agenda, and also to assert Ukrainian-Japanese relations as a vital element of relations between Japan and Europe, and not Japan and Russia.

THE RULE OF LAW AS THE UNIVERSAL RESPONSE OF TOKYO

At the conclusion of 2020, Japan declared its six top foreign policy priorities. First — further strengthening of the Japanese-American Alliance as the cornerstone of the Japanese foreign policy¹. Second — tackling outstanding issues of concern regarding North Korea. Third — advancing diplomacy with neighboring countries, such as China, South Korea, and Russia. Fourth — addressing the increasingly tense situation in the Middle East. Fifth — engaging in economic diplomacy in which Japan would lead efforts to establish new common rules. Sixth — addressing global issues.

At least two of these priorities directly coincide with the interests of Ukraine. One is contributing to common global issues where Ukraine and Japan are both interested — however for different reasons — in preserving and restoring (as in the case of Ukrainian Crimea) the rules-based order and a secure Euro-Atlantic space, a goal unreachable so long as Europe's only active war, between Russia and Ukraine, continues.

Economic diplomacy has also been a specific focus of Ukraine's foreign policy since the beginning of Volodymyr Zelensky's presidency. Furthermore, most Ukrainians believe that economic diplomacy should be Ukraine's top foreign policy priority².

Ukraine could use this policy priority from the Japanese side to begin negotiations on a free trade area between Ukraine and Japan (see: "Trade — with caution" section).

Other priorities, perhaps more indirectly, also affect Ukraine. In particular it is important for Kyiv to recognize that Japan's foremost foreign policy priority will always be its alliance with the U.S. At the bilateral partnership level, the United States is a key priority for Ukraine as well, and Kyiv unquestionably aspires to transition from a partner to an ally of Washington. Therefore, Tokyo and Kyiv could intensify their dialogue on their experience partnering with the United States, especially in the security sphere. It is noteworthy that in the 2019 annual report³ the top priority for Japanese foreign policy appeared more detailed: aside from strengthening its alliance with the USA, it included also the development of global alliances and partnerships. So far, Tokyo has decided to prioritize exclusively its alliance with the United States. And in contrast from the previous year, Japan's foreign policy strategy included references to China, North Korea, and Russia — neighbors with which Japan intends to "advance diplomacy".

For Ukraine, Japan's greatest value from a political standpoint is Tokyo's membership in the Group of Seven (G7) — the only country in Asia that belongs to this forum. Accordingly, Japan is the only country in Asia

¹ Diplomatic Blue Book 2020, Ministry of Foreign Affairs, Japan

² Diplomacy 2021. Expectations of Ukrainian society. New Europe Center, December 2020, <http://neweurope.org.ua/en/analytics/diplomatiya-2021-ochikuvannya-ukrai-nskogo-suspilstva/>

³ Diplomatic Blue Book, 2019, Ministry of Foreign Affairs, Japan



to impose sanctions against Russia following its illegal annexation of Crimea and initiation of war in Donbas. Even though, according to some experts, Japan's sanctions were levied in such a way, so as to leave the door open for negotiation with Russia on its most important issue with Moscow — returning the Northern Territories (better known in Ukraine as the "Southern Kuril Islands").

For example, from the list of individuals banned from entering Japan under its sanctions policy, it is still unclear which of the 23 Russian civil servants are banned from visiting Japan: a number of individuals under EU and U.S. sanctions have already visited Japan since they were imposed (including Sergey Naryshkin, Viktor Gerasimov, Igor Sechin). However, given Japan's participation in the G7, its sanctions against Russia have great symbolic importance, as their lifting would call into question the western sanctions infrastructure. In this context, it is worth remembering that G7 sanctions, particularly the exclusion of the Russian Federation by its members, laid the foundation for the entire western sanctions infrastructure.

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It is important to highlight that the question of maintaining international sanctions against the Russian Federation remains critical for Ukraine despite the fact that the Zelensky government has not drawn as much attention to sanctions compared to his predecessor, Petro Poroshenko. Under Poroshenko, the question of "how to

punish Russia" was no less important than "how to reward Ukraine". Under Zelensky a rhetorical shift has taken place, and the question of "how to punish Russia" does not figure as important, perhaps because Zelensky appears to retain hope that he will succeed brokering an end to war in Donbas with Putin⁴. At the same time, it should be noted that it was under President Zelensky that a position for the Special Representative of Ukraine for Sanctions Policy was formed at the MFA.

Ultimately, the issue of sanctions is not a top priority for Ukrainian-Japanese relations and their ongoing security dialogue. The most relevant question, now and in the future, is what ramifications Russia's illegal annexation of Crimea might have for the stability of the international rules-based order and status quo, particularly in Asia.

For Japan, upholding the rule of law and "rules-based order" is a critical issue. The Japanese MFA has declared that strengthening the rule of law remains one of the foundational principles of its foreign policy. Why has Japan chosen this priority? There are a few explanations. First, the belief that the rule of law will play a key role in deciding the peaceful (not military) settlement of international disputes is widely held in Japan; secondly, the rule of law is the basis of good governance in countries where Japan has economic interests. Not surprisingly, Japan has actively and consistently supported initiatives aimed at establishing the rule of law in Ukraine — both within the G7 format

⁴ Volodymyr Zelensky, Interview, BBC HARDTalk, 12 October 2020, <https://www.bbc.co.uk/programmes/m000njvy>

and within the G7 Support Group, at the ambassadorial level in Ukraine.

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For Japan the rule of law in international affairs is not an abstract concept. This issue has a very practical dimension, on the basis of which Ukraine could strengthen its partnership with Tokyo. What is meant by this?

Japan understands the significance of Russia's occupation of Crimea given the ongoing Russian occupation of its Northern Territories, where its military presence is also increasing.

Japan also continues to consider the illegal annexation of Crimea in the context of a dangerous international precedent which could affect its own national security, in particular the potential for Chinese encroachment on Japanese territorial integrity in the East and South China Sea.

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The presence of Russian-occupied territories and the potential for Chinese regional destabilization suggests that Japan's position on Crimea will remain unshakeable, owing to Japan's own interests. Tokyo understands that any weakening of its position on Crimea could send the wrong signal to Russia and China. Ukraine should communicate the issues and precedence of Crimea more actively and systematically for the wider circle of Japanese allies.



NOT JUST THE G7

The main political document guiding bilateral relations between Ukraine and Japan remains the Joint Statement on Japan-Ukraine Global Partnership, which was signed under ex-President Yanukovych back in 2011. This is not reflective of the type of relationship Japan maintains with key partners. For example, in 2014, Japan signed a Declaration of Special Strategic and Global Partnership with India⁵. However, in the case of Ukrainian-Japanese relations, bilateral relations only showed signs of a truly global partnership after 2014. The first (and only!) visit by a Japanese Prime Minister to Ukraine took place in 2015.

Obviously, Ukraine and Japan have a similar understanding of what a global partnership should be based on, even if the emphasis of both sides is slightly different. From the Japanese perspective, the basis of bilateral relations between Ukraine and Japan — as well as their partnership at the international level — should be on values: democracy, freedom, and the rule of law. Ukraine has emphasized that their interactions within international formats should be based on the commitment of the Japanese side to the principles of protecting the sovereignty and territorial integrity of Ukraine.

Kyiv has often underestimated how the Japanese view of global partnership is measured by a marked desire to work with other countries not as much in a bilateral format, but primarily in a multilateral format. This explains why Japanese-Ukrainian relations are often wrapped up in broader Japan-Europe relations, while Japan speaks with increasing frequency about its hopes for Ukraine's successful European integration as an important element of regional stability as well as its desire to broaden its circle of international partners sharing its commitments to democratic values. While some European countries have problems recognizing Ukraine's place in Europe, there is no such debate in Japan. In Japanese diplomacy, both organizationally and in reference to its written documents, Ukraine has long been considered a part of Europe.

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⁵ Tokyo Declaration for India-Japan Special Strategic and Global Partnership, September 1, 2014, <https://www.mea.gov.in/bilateral-documents.htm?dtl/23965/Tokyo+Declaration+for+India++Japan+Special+Strategic+and+Global+Partnership>

Speaking of multilateral cooperation with Japan, we mean not only cooperation within traditional international organizations, but also more "exclusive" formats; Japan has often been inclined

to this form of diplomacy (for example, Japan-Central Asia, Japan-Visegrad Group, etc.). One of such formats in which Ukraine participates is GUAM-Japan. In recent years, many experts have come to believe that Japan's interests in the union exceeded that of its immediate founders, including Ukraine. Given the low priority of GUAM for Kyiv and the inactivity of this initiative in recent years, it may be worthwhile for Ukraine and Japan to have bilateral discussions on the effectiveness and appropriateness of including Tokyo within this format and the possibility of launching new, perhaps more necessary, multilateral platforms (e.g., Lublin Triangle-Japan).

considered, Ukraine's strategy for the Indo-Pacific region should take into account the approaches of European partners in the region, which are based on the support and solidarity with the Japanese concept of a free and open Indo-Pacific region.

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Ukraine, in turn, should consider more active relations with Asian countries through the "Free and Open Indo-Pacific" (FOIP) concept introduced and actively promoted by Tokyo and Washington. Active cooperation with countries in this region fits logically within the concept of global partnership between Ukraine in Japan based on shared values. It is worth mentioning that for Japan a "Free and Open Indo-Pacific" region is not just a regional concept, but also an important element of its overall strategy aimed at establishing the rule of law in international relations. Many Japanese experts have elevated FOIP to a key agenda item in Europe-Asia discussions. Given that it is within this context (Europe-Asia) that Japanese-Ukrainian relations would be



MULTIDIMENSIONAL SECURITY

Opportunities for expanding practical security cooperation between Japan and Ukraine are rather limited, but the security and defense dialogue is worth continuing and strengthening. The first step has already been taken — the two countries have begun security consultations in the "2+2" format with the participation of representatives of the Ministries of Foreign Affairs and the Ministries of Defense. Similar consultations in the "2+2" format exist with key global partners, but at the ministerial level. It is the ministerial level of "2+2" consultations which could be the next goal for increasing dialogue and strengthening relations. Such a format is needed at the very least to discuss common challenges from Russia and China.

One also must not forget that the situation is changing in Japan as well. It was during Abe's premiership that a security law was passed expanding the powers of national self-defense forces, including taking part in military activities abroad. However, Abe failed to amend Article 9 of the Japanese Constitution, which in 1947 enshrined the state's renunciation of war and banned the creation of its own army, navy and air force. Ukraine would be interested in seeing Tokyo's defense policies change, which might open the door for Ukrainian-Japanese military and technical cooperation. However, at the same time, Kyiv should approach the issue realistically, given that Japan lacks expertise in such security cooperation with international partners.

As the IT sphere becomes more of a priority in relations, dialogue on cybersecurity

may become of greater interest (within the framework of the above-mentioned consultations). Two rounds of consultations on cybersecurity have already taken place. Japan is the first foreign country with which Ukraine is carrying out intergovernmental (not inter-ministerial) consultations on this topic. For Japan — Ukraine is one of the eleven countries with which it maintains such a dialogue. The result of this cooperation is cooperation between the National Security and Defense Council of Ukraine and the Japanese National Center of Incident Readiness and Strategy for Cybersecurity (NISC). What will be important in this ongoing dialogue is the extent to which private IT companies can be involved in these consultations.

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At the same time, it is necessary to recognize that Ukraine and Japan maintain a different focus in the bilateral security dialogue. Traditionally, one of the most important issues for Japan in bilateral relations with Ukraine has been preventing the transfer of Ukrainian technology to China that might be a threat to Japan's national security. The need to discuss this topic arose from the attempted acquisition of "Motor Sich" by a Chinese company. Japan continues to monitor the resolution of the sale of "Motor Sich", as well as the legislative processes

that will allow for proper screening for sensitive investments. The need for continued consultations on these topics will remain even after such legislation is passed.

Kyiv may have interest in Japan's practical contribution to the settlement of the Donbas conflict in the form of security consultations, if the results of negotiations become more substantive. So far, Japan has sent two experts to the OSCE Special Monitoring Mission (SMM), but Japanese representation could be much greater. Also, over the past five years, the Japanese government has provided more than \$40 million in free direct assistance through UN programs to rebuild Ukraine's eastern regions and provide aid and assistance to the affected population.

Were the Donbas conflict to advance to a more lasting phase of conflict resolution, it is important to remember that over the past twenty years Japan has trained many experts in the fields of peacebuilding and post-conflict settlement. The Japanese understand that many conflicts and civil wars may flare up over time which is why it is particularly important to provide support during the post-conflict period; to provide meaningful assistance requires a significant number of trained professionals.

As a result, a number of non-governmental organizations have emerged concerned with sending trained professionals to assist in peacebuilding. At present, Ukraine does not figure in these organizations' areas of focus. Ukraine could establish contacts (particularly at the level of the Ministry for Reintegration of the Temporary Occupied Territories) so that during this stage of settlement Japanese partner organizations might cover a wider range of issues related to a negotiated settlement in Donbas, thus drawing Japan's

attention to Russia's ongoing aggression and war in Eastern Ukraine. Tokyo's interests in the settlement of the Donbas conflict are perhaps closer tied to the interests of Japan to be seen as a peace-loving country, promoted by Japanese diplomats worldwide under the policy of "active contribution to peace".

These efforts are important for Japan to realize its ambitions of becoming a permanent member of the UN Security Council. It is important that Ukraine takes this factor into account when forming its position on cooperation with Japan.

Japan and Ukraine are united as well on the questions related to nuclear disarmament. Both Kyiv and Tokyo have strong arguments to be credible promoters of a world without nuclear weapons. In the case of Japan, it is the fact that it was the only country in the world to have suffered a nuclear attack as well as the constant threat it faces of North Korea, which continues to develop its nuclear program. As for Ukraine — it is the abandonment of its nuclear arsenal — the third-largest in the world — in exchange for security assurances from the United States, United Kingdom, Russia, France, and China, which, as it turned out in 2014, were not effective and from the point of view of Ukraine, require more substantive discussion by all parties interested in a world without nuclear weapons.

Unique to the context of Ukrainian-Japanese relations is the existence of an ongoing dialogue along the lines of "Chornobyl-Fukushima". Over the two years following the accident at the Fukushima nuclear reactor, more than 25 Japanese delegations visited Ukraine to study the Ukrainian experience. This experience similarly led to the visit of



TRADE — WITH CAUTION

a large number of Ukrainian delegations to Japan. In recent years, there have been attempts to shift Japan's interest in this topic from the research to the business level; under the previous Ukrainian government discussions had been initiated on a possible solar power development consortium in the Chernobyl Exclusion Zone.

Belarus's proximity to Chernobyl was one of the two main reasons why Japan decided to open its embassy in Minsk in 2019, underscoring the importance of the issue for Tokyo.

According to Ukraine's Export Strategy, Japan is among the top five most "undertraded" partners for Ukraine, after the United States, United Kingdom, Germany, and France. Compared to 2018, in overall exports from Ukraine to Japan rose by 7.8% (to \$250 million US) The largest single category increase (+51%, or +\$700 thousand US), was in the export of Ukrainian honey.

This is significant in that agriculture and IT figure to be the most promising areas of cooperation for Ukraine and Japan . It is worth remembering that this position is shared in both countries and there is a certain consensus on trade priorities. In recent years, several important changes have been made to increase trade potential in both areas.

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As for Ukrainian agricultural exports to Japan, the following elements should be noted:

First, in 2017, Ukraine received permits to export dairy products to Japan. In the last roughly twenty years, there has been a noticeable demand for Ukrainian dried milk products. It was the demand for these products which helped initiate the entry of Ukrainian dairy products into the Japanese market.

In 2019, Ukrainian poultry and egg producers received health certificates allowing for

export to Japan. The latter was the result of several years of lobbying efforts by the Ukrainian concern MHP, resulting in a three-year contract with the Japanese company Marubeni to import its products into the Japanese market.

In 2019, Ukrainian companies took part in the largest Japanese agricultural exhibition for the first time. One such exhibition has existed in Japan for 44 years. The participation of Ukrainian companies in this exposition was made possible in part by grant support from international donors (including the EBRD, UN FAO та UHBDP project), which provide consulting support to small and medium-sized business for entry into the Japanese market. The Ukrainian company COIN has become a consulting hub for the participation of Ukrainian manufacturers in Japanese exhibitions and the Japanese market more broadly.

The extent to which entry of Ukrainian products to the Japanese market and Japanese companies in Ukraine bolsters the Free Trade Area between Ukraine and EU remains unknown, because of specific and stringent (and in some cases stricter than EU) requirements needed for Ukrainian production to get into Japanese market.

At the same time, many Japanese experts have assured that Ukraine's free trade agreement with the EU has already made Ukraine more attractive for Japan; the effective implementation of the Association Agreement would undoubtedly have a positive effect on trade relations, as it would strengthen confidence in the Ukrainian business environment. Some have opined that this is a primary distinguishing factor between Japan and, for example China, for whom a free trade agreement between

Ukraine and the EU is not an influential factor. Beijing's implementation of the 17+1 and Belt and Road Initiative gives reason to believe that China has chosen to focus its bets on European countries where regulations are not as actively applied, such as the Western Balkans.

The effective implementation of the Association Agreement would undoubtedly have a positive effect on trade relations, as it would strengthen confidence in the Ukrainian business environment.

Unlike other Asian countries, Japan may be of interest to Ukrainian producers because of its well-developed business culture (in particular the absence of risk of nonpayment for products as sometimes happens in other Asian countries, as well as a high overall level of purchasing power).

The challenge for Ukrainian businesses remains short-sightedness and an unwillingness to plan for the future while entering the Japanese market may take up to a three-year commitment. This is the experience of Ukrainian companies exporting to the Japanese market, and how long it took from the negotiations phase until goods were first exported to the Japanese market.

Another motivating factor for Ukrainian producers is the fact that Japan imports at present more than 60% of its food. According to experts, in the coming years this figure is only bound to grow. Without additional effort on the part of Ukraine, however, the niche for Ukrainian producers will not increase, but will narrow. While focusing on the potential benefits of the EU-Ukraine Free Trade Area,



Ukraine should not lose sight of the Japan-EU Free Trade Area, which is the largest free trade area in the world.

Today, Ukrainian products are most competitive to the Japanese buyer in terms of price and quality — coming in somewhere in the middle of the price range. However, once the free trade zone between Japan and EU goes fully into effect, the price of European goods will come much closer to Ukrainian goods, due to the abolition of 25% import duties in five years. In anticipation of this situation, Ukraine would be well served to conclude its own Free Trade Agreement with Japan. It would also be useful to analyze specific provisions of the Free Trade Agreement between Japan and the EU so as to update the Association Agreement between Ukraine and the EU.

The most promising agricultural products for Japan are honey, vegetable oil, legumes, soybeans, feed, processed vegetables (tomato paste is one of such products actively exported by Ukraine), berries, and nuts. Special attention should be paid to honey, as Japan is one of the largest consumers of honey in the world. Today it imports 95% of its honey, and 90% of these imports are from China, which is cheaper than Ukrainian but also of lower quality (containing sugar).

Volodymyr Zelensky's visit to Japan [in 2019], and his meeting with the founder of Rakuten (the parent company of the popular Viber messenger) helped elevate political support to investments in Ukraine's vibrant IT sphere. This company could be a valuable potential partner in the implementation of the "state in a smartphone" project championed by the current Ukrainian government. Rakuten has already announced the opening of a

R&D office in Kyiv, as well as an expansion of its office in Odesa. For Rakuten, Ukraine is considered a priority area of investment due to the number of IT professionals, as well as the saturation of the Viber messaging app on the Ukrainian market — 96% of Ukrainian smartphone owners use it.

It is important to note that, regardless of the fact that officially, Ukrainian investments in Japan are not registered, IT companies may become Ukraine's first investors in Japan.

As for Japanese investments in Ukraine generally, they can be divided into several categories. First — there are manufacturing facilities for the production of automobile parts for the European market. These factories are located primarily in the western regions of Ukraine. However, these investments have been challenging. One of the biggest problems faced by Fujikura in the L'viv Region is labor scarcity; this problem is persistent throughout western Ukraine, as is the (unexpectedly) high cost of labor. Japanese partners have also struggled with complex customs policies. In general, Japanese businesses are reluctant to expand their investments in Ukraine and open new businesses until there is a significant improvement in the investment climate in Ukraine.

Another group of investors are small and medium IT and agriculture companies. Among such investors is the agricultural enterprise "Kivshovata" from Kyiv region, which in 2016 became a part of the Japanese parent company SDGs Corporation.

Unlike the most powerful Japanese companies that are members of the business association known as "Keidanren", these types of companies generally need

a hub to facilitate entry into the Ukrainian market. In this context, there is a need for a Japanese expert who would cooperate with a Ukrainian investment promotion agency. Also, opening a full-fledged office of JETRO (Japan External Trade Organization — an organization subordinate to the Japanese Ministry of Economy, Trade and Industry) in Ukraine would be beneficial and valuable. Previously, a JETRO representative was based in Ukraine as part of the work of the Ukraine-Japan Center at the Kyiv Polytechnic Institute. It is important to renew and strengthen this practice, given the importance of economic diplomacy for this government.

More thoughtful work is needed with the aforementioned Keidanren association. Its experience cooperating with Ukraine is somewhat ambiguous, mainly due to its often-negative interactions with state institutions.

The Japanese business environment either openly lacks knowledge of the potential of the Ukrainian market, or the negative experience of previous investors has influenced potential ones. The cancelation of the visit of the Minister for Development of Economy, Trade and Agriculture of Ukraine to Japan in December 2019 at the last moment played a serious reputational loss for Ukraine, as well.

However, the issue does not lie exclusively with communication. Japanese business tends to be more conservative and risk-averse; it takes its cues from the assessments of international financial institutions — in particular, the OECD, World Bank, and EBRD. It is important to remember that Japan is a co-founder of the EBRD and is one of its largest contributor countries.

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The invitation of representatives of Japanese companies to the National Investment Council (in particular Marubeni) and the analogous invitation of Rakuten by President Zelensky represent two steps in the right direction. These gestures should be reinforced in the future.



DONORS OVER INVESTORS

The Japanese case is unique in comparison to other Asian countries, in that direct assistance from Japan to Ukraine has always played a significant role in relations. Japan should therefore be considered in Ukraine as both an investor as well as a donor. Aid has long played a central role in Japanese diplomacy worldwide, not just in Ukraine. Since the beginning of the COVID-19 pandemic, this diplomatic focus has only strengthened, especially in Asia.

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It is important to note that the Japanese government offers a wide range of assistance: grants, technical assistance programs, Yen-denominated loans, emergency aid, and assistance through international organizations. Tokyo relies on the analysis of the World Bank in determining the type of assistance to provide to Ukraine. In terms of GDP per capita, the World Bank classifies Ukraine as a country with below-average income; Japanese grant aid has typically been directed at countries classified as least developed. As such, Ukraine should not expect an increase in grant aid from Japan.

It would be more fruitful to focus attention instead on Japanese Yen loan projects under the Official development assistance (ODA) framework. In particular, this program could help increase investment in quality infrastructure, and thereby indirectly in

overall economic development, which Japan has said is problematic absent quality infrastructure. These loans are financed by the Japan International Cooperation Agency (JICA). It will continue to be more profitable for Ukraine to receive long-term infrastructure development assistance (one of the key priorities of Zelensky's presidency) than short-term grant-based assistance. This is despite the fact that the opening of JICA offices in Kyiv in 2018 expanded the possibilities for Japan to provide technical assistance within the framework of Kyiv's existing reform plans. For example, technical assistance to the "Suspilne" public broadcaster is expected to last at least a few more years.

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Japan's provision of assistance to Ukraine is ultimately in pursuit of three foreign policy objectives: 1) through targeted projects reaffirm its support for Ukraine's independence, sovereignty and territorial integrity, 2) to support the reform process in Ukraine, and 3) to strengthen regional stability. The first goal is based on the aforementioned importance for Japan that international borders are not redrawn by force, as was the case in Crimea. The second goal is based on the idea that comprehensive

reform of Ukraine is the key to its resilience and sustainability. The third goal stems from Japan's desire to play a more active role internationally ensuring peace, stability and prosperity worldwide. Assistance to Ukraine — from this point of view — helps ensure regional stability in Ukraine, which, due to its location between Russia and the EU, is important for regional stability in Japan as well. This helps explain why immediately after the illegal annexation of Crimea and the beginning of military conflict in Donbas, Japan announced its intention to provide assistance to Ukraine in the sum of \$1.86 billion US. Since 1992, Japan has provided Ukraine over \$3.2 billion US as part of the ODA.

It should be noted that the experience of project implementation in Ukraine has been varied. Bureaucratic and procedural obstacles, as well as corruption and patronage, are today the main obstacles to Ukraine securing aid from Tokyo. As a result, projects with the support of the Japanese government, such as the badly-needed infrastructure upgrade of the reconstruction of Terminal D at Boryspil Airport earlier and another construction project of the Bortnychi aeration plant currently are turning into decades-long efforts. Similar project delays have affected the launch of two other projects — construction of a bridge in Mykolaiv and the "Waste Management in Large Cities" project. Ukraine should pay attention to consider the more positive experience implementing Japanese aid of some Central Asian countries, in particular Uzbekistan and Kyrgyzstan.

The Ukrainian government needs to refine its process of coordinating international assistance. The government recently shifted these responsibilities from the Ministry

for Development of Economy, Trade and Agriculture of Ukraine to the Secretariat of the Cabinet of Ministers. International donors viewed this move as an opportunity to more effectively coordinate international assistance, as the Ministry for Development of Economy, Trade and Agriculture of Ukraine has not always succeeded in this capacity as it fell under a co-equal ministry. However, there are concerns that the Secretariat will only cover technical assistance, and not loan-based assistance. The Ukrainian MFA should play a more active role coordinating and monitoring projects under various assistance models.



UKRAINE'S SOFT POWER IN JAPAN

In Japan, Ukraine is most commonly associated with Chernobyl as well as war (and to be said, quite often under the influence of Russian-driven "civil war" narratives). These two commonly held associations affect the overall perception of Ukraine.

Given the low level of awareness of Japanese society about Ukraine, it is worth discussing a campaign focused not on improving Ukraine's image, but simply getting to know Ukraine. Ukraine's embassy has attempted to fill the information gaps, which have stood in the way of effective diplomacy in Japan for years. One particular shortcoming was the lack of communication in Japanese.

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Second, Ukraine has not adapted to communicating on social networking sites influential and popular in Japan, rather than in Ukraine, for example, Twitter over Facebook. It is also important to keep in mind that many Japanese obtain information about global events mainly from the internet instead of television, as in Ukraine.

Third, in order to gain the sympathies of the Japanese audience, it is important

to inform about the country, its history, and culture, while avoiding political messages transmitted through overly formal press releases. For some time, Ukrainian diplomats have been advised to adopt a communication strategy with a more interactive public diplomacy, such as the Chargé d'Affaires of Georgia in Japan, Teimuraz Lezhava, whose Twitter account is very popular among Japanese. The ambassador's profile combines well-written Japanese with illustrative and engaging accounts of Georgia's history and culture, while organically weaving in important political signals about Georgia's occupied territories. Taking into account the popularity of this diplomat's social media presence, many Japanese will tend to give greater credence to narratives from Georgia's ambassador himself, rather than Russian embassy press releases translated into Japanese. Importantly, this line of communication from Georgia was established in relatively short time — over one to two years.

One of the results of successful public diplomacy on the part of Georgia was the sudden popularity even of certain Georgian dishes. Influenced by this prominent diplomat, one Japanese food chain even added a Georgian dish to its menu. This fact in itself is important — culinary diplomacy comprises an important component of public diplomacy, within Japan especially.

With the arrival in Japan of Ukraine's new ambassador, Sergiy Korsunsky, Ukrainian diplomats adopted Twitter diplomacy as

a form of effective public diplomacy. The initial results have been promising. Several Japanese newspapers wrote about the ambassador's Twitter presence, where he introduced his Japanese followers to the traditional Ukrainian Cossack "Bulava" or mace, as well as traditional Ukrainian dishes. He was also profiled on a main Japanese TV channel, confirming the importance of people-to-people diplomacy and trust building, sharing culture, history and cuisine.

Another measure of the effectiveness of this type of communication is the popularity of "Chicken Kyiv" — a dish which appeared on the seasonal menu of the widespread Japanese retail chain "Ministop", with over 1,700 locations across Japan. However, there are no Ukrainian restaurants in Japan. The restaurant "Kyiv", which opened in Kyoto many years ago, is considered Russian-Ukrainian, which helps explain in part Ukrainian perception in Japanese society. In 2021, Kyiv and Kyoto will celebrate 50 years as sister cities, an occasion that should be celebrated to promote Ukraine in Japan's ancient capital.

Another perhaps more serious opportunity to improve its image in Japan will be the Summer Olympic Games hosted by Tokyo. One option could be commercials including well-known Ukrainian athletes, including Sergey Bubka and Andriy Shevchenko, popular in Japan since his days with the football club AC Milan. Ukrainian judoka Daria Bilodid is becoming increasingly popular in Japan as well.

In general, public diplomacy in Japan has nuances and limitations which need to be accounted for by Ukrainian stakeholders. Often, Ukrainian partners disclose

information Japanese partners would prefer not to be made public at certain stages of negotiations. As a result, trust in Ukrainian stakeholders is undermined, and the desire to work with Ukrainians again in the future is diminished. To avoid such situations in the future, communications strategies should be coordinated during any Japanese-Ukrainian bilateral dialogue.

Ukraine's opportunities as a tourist destination for Japanese is unknown. This year, a book "Ukraine Fanbook" appeared in Japanese bookstores, partly written as a guide to Ukraine, but also containing history, including Ukraine's recent history. Its author was a former Japanese diplomat, now the editor of the Japanese service of the Ukrinform agency, Takashi Hirano.

Any promotion campaign for Ukraine should consider the example of Poland. One of the hidden successes of its public diplomacy is the successful creation of an image of a "loving country". Poland and Poles alike appear often on Japanese television, often with commentary emphasizing Poles' love of Japanese culture and the popularity of the Japanese language in Poland. As a result, Poland is seen as a country that loves Japan and everything Japanese; these feelings have seemingly been reciprocated. The strong Faculty of Japanese Studies at the University of Warsaw, and many analogous departments at institutions across Poland, have contributed positively to Poland's image in Japan. The image of a country that loves Japan and the Japanese could very well come organically to Ukraine; the sheer number of sushi bars has long surprised many foreign visitors to Ukraine. Japanese language education in Ukraine already has a fairly strong base,



which should be further developed and promoted.

An important example from the case of Poland is the interaction between think tanks of the two countries. Japan has two particularly powerful think tanks, the Japanese Institute of International Affairs (JIIA) and the National Institute for Defense Studies (NIDS), both of which have well-established relationships with the Polish Institute of International Affairs (PISM). The New Europe Center is working actively to strengthen such a dialogue between think tanks and individual experts from both countries.

Another important factor to relations with Japan is the level of cooperation of other states with China. Japanese scholars have noted that countries which have established closer relations with China in recent years, including Serbia and Hungary, have experienced a deterioration in perception within Japanese society. Therefore, the image of a country cozy with China will not be helpful overall to Ukraine's perception among Japanese.

THIRD-COUNTRY INFLUENCE: NOTICEABLE OR DECISIVE?

Today, the Ukrainian-Japanese dialogue is most heavily influenced by Ukraine's relations with China on one hand, and Japan's relations with Russia on the other. Both Japan and Ukraine have their arguments for the development of relations between Russia and China respectively. Japan seeks to maintain dialogue and cooperation with Russia, and cooperation with Asia outside of China. At the same time, both Japan and Ukraine have in China an important economic and trade partner — number one among bilateral partners.

Tokyo is concerned about the possible rapprochement of Ukraine and China for several reasons. One of them concerns the possible transfer of technology from Ukraine to China. That is why the fate of "Motor Sich" is a test case for bilateral relations. Japanese partners assume that the failure of the "Motor Sich" company to fall into Chinese hands, given the close coordination in the military in defense sectors between China and Russia, is primarily in the interests of Ukraine's own national security, and only then in Japanese interests.

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For Japan, Ukraine's intentions to use China as a deterrent in Russia's war against Ukraine by influencing Beijing's position — either to support Ukraine outright or at least constrain Russia in critical UN Security Council votes — seemed insufficiently persuasive. In general, Ukraine's attempts to balance or strengthen cooperation with China, especially in the areas of security and defense, will negatively affect Ukraine's relations with Japan.

At the same time, there are legitimate concerns from the Ukrainian side, that dialogue between Russia and Japan over the return of the Northern Territories might soften, or somehow blur, Tokyo's position on sanctions. These concerns were logical given the principled commitment to the issue for former Prime Minister Abe, who promised on his father's grave to return the islands to Japan. However, even if Abe remained Prime Minister until the end of his term in 2021, Ukraine's efforts would likely be in vain, as a consensus has been formed in Tokyo that Putin is not prepared to resolve the issue, and is only using it as bait, to increase financial support and investment from Japan.

One sign for Japan that Russia is not prepared to settle the territorial dispute was recent changes to the Russian Constitution. Abe's dialogue with Putin, stretched over a record 27 visits, began to arouse skepticism and dissatisfaction in Japanese society. Experts agree that for the current Prime Minister of Japan, Yoshihide Suga, resolving the issue with Russia is not seen as a special historical mission as it was for his predecessor. Moreover, Prime Minister



Suga noticeably focuses more on domestic and regional issues, with some emphasis on the development of relations with Asian countries in accordance with the concept of a "Free and Open Indo-Pacific" region. Some experts have interpreted Tokyo's current policy as an attempt by Japan to become a regional security hub on its own, rather than just remaining a part of the American security alliance⁶.

The new Japanese government's policy priorities on digitization are particularly important for Ukraine. Prime Minister Suga has set up a department focused on digitalization. Given the shared priority for the current Ukrainian government, new points of contact might emerge in the bilateral dialogue.

At the same time, it should be understood within Kyiv that any Japanese government, even without any illusions about resolving the Northern Territories issue, will always take into account its diplomatic relations with Russia when making decisions that affect Ukraine in one way or another. First, because the issue of the Northern Territories will remain important in Japan, regardless of who heads the government. Secondly, Japan does not seek any confrontation with Russia, fearing opening a "third front", in addition to China and North Korea. That is why Japanese security documents include threats from China and North Korea, but not Russia, even though the perception of it as a potential threat, especially in its cooperation with Beijing, exists in Tokyo.

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Kyiv should take into account that the relative priority of resolving the Northern Territories issue in Japan is not necessarily the same as the priority of cooperation with Russia as it is. The lobbying efforts of so-called "Russianists" — Japanese sympathizers and active promoters of the Russian Federation — are noticeable but have their limits. And Japanese business, which Russia has attracted for years as a large market, is quite sensitive to political risk and relies primarily on its economic presence in the United States and other Western countries. It is noteworthy that in 2019, trade between Japan and Russia amounted to only 2% of all Japanese trade, while between Japan and the United States comprised 15% of Japan's total trade, Japan-EU — 12%, Japan-China — also 12%.

It is also important to note that conditions have changed in Ukraine as well. Ukraine is in the process of building peace and finding an acceptable solution to the Russian-occupied territories — to some extent, Zelensky uses elements tested by Abe's Premiership, clearly prioritizing the search for a negotiated settlement to the ongoing issue of Ukraine's occupied territories. In this context, the Russian factor can be not only divisive, but also unifying in Ukraine's dialogue between Kyiv and Tokyo, in the sense that both parties could share their insights and lessons learned, which are important to consider in negotiations with the Kremlin.

⁶ Suga in Southeast Asia: Japan's Emergence as a Regional Security Hub, Michael Green, CSIS, October 27, 2020, <https://www.csis.org/analysis/suga-southeast-asia-japan-emergence-regional-security-hub>

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largest foreign investor in the U.S. economy after the United Kingdom and Canada, and ranks second among other countries, after the United Kingdom, in the total number of jobs created in the United States.

The American factor also figures important in the context of bilateral relations between Ukraine and Japan. Japanese diplomatic and expert circles eagerly awaited the arrival of the administration of Joe Biden, and with it a return to Tokyo's more traditional American diplomacy, in which the issue of international alliances — including the Japan-U.S. Alliance — plays the central role. In addition, as Abe's experience has shown, even the friendliest relations with Trump — which Abe seems to have enjoyed for some time — do not guarantee the emergence of unexpected challenges and problematic issues in bilateral relations (in the American example, this included the sudden demand for increased rent for U.S. military bases, tariff increases, etc.) The Japanese prefer a more predictable, traditional approach from their key partner and ally. The next U.S. administration's relations with Russia may also indirectly affect relations between Kyiv and Tokyo (for example, one of the reasons for the cancellation of Vladimir Putin's visit to Japan during Barack Obama's presidency was the negative reaction of the United States to the possibility of such a visit).

In contrast to Ukrainian-American relations, U.S.-Japan relations are based on a strong economic foundation. Japan is the third



CONCLUSIONS AND RECOMMENDATIONS:

Based on the available analysis, we offer the following conclusions and recommendations.

FOREIGN POLICY AND SECURITY

- In the political sphere, both countries share a common interest in opposing attempts to recognize the illegal annexation of Crimea. Kyiv should be aware that Japan considers observance of the rule of law as the basis of its foreign policy. Japan continues to consider the annexation of Crimea as setting a precedent that could affect its own national security in the future — particularly through encroachments on Japan's territorial integrity by China in the East and South China Sea. Ukraine should apply this analogy more actively in cooperation with its Japanese partners and in its communications with Japanese society.
- As for the settlement of the conflict in Donbas, the exchange of experiences and lessons learned between Japan and Ukraine may be very valuable, as Volodymyr Zelensky has to some extent followed the example of the former Prime Minister Shinzo Abe in pursuing a policy of the peaceful settlement and return of Russian-occupied territories
- Undoubtedly, Japan's participation in the G7 is valuable for Ukraine. The foundation of Western sanctions was laid by the G7 sanctions, in particular Russia's exclusion from the union. Were Japan to ease its sanctions on Russia, it could begin to call into question the entire Western sanctions infrastructure.
- Japan will likely continue to support Ukraine's successful European integration as an important element of regional stability and a widening of the network of partners who share democratic values and principles valued by Japan. Ukraine is interested in framing Ukrainian-Japanese relations at all levels as an element of Japan-Europe relations, and not Japan-Russia.
- Taking into account the importance for Japan, as well as the United States, in the development of the concept of a "Free and Open Indo-Pacific" Region (FOIP), and also the fact that Japan increasingly views bilateral relations with Ukraine in the context of Japan-Europe cooperation, it is important that Kyiv build out its foreign policy strategy for Indo-Pacific region countries. In doing so, Ukraine should consider the experience of its European partners in the region, particularly those that base their relations on solidarity and support for FOIP.
- Given the low priority of GUAM initiative for Kyiv and the inactivity of this initiative in recent years, it may be worthwhile for Ukraine and Japan to have bilateral discussions on the effectiveness and appropriateness of Tokyo's further engagement within this format and the possibility of launching new, perhaps more necessary, multilateral platforms (e.g., Lublin Triangle-Japan).
- In the security sphere, the risks of Ukraine's technology transfer to a country that Japan considers a threat to its own national

security — in particular China and North Korea — are critical for Japan. That is why the case of “Motor Sich”, and the search for its future owner, is a test case not only for the continuation of Japanese-Ukrainian security dialogue, but bilateral relations in general.

- The opportunities for expanding practical defense cooperation between the two countries are somewhat limited, therefore no specific expectations should be made from Ukraine at this time. However, at the same time, security dialogue, within the “2+2” format, is worth continuing and strengthening, in particular to discuss the challenges and threats faced from China and Russia. Ukraine should aim to elevate the “2+2” format to the ministerial level, as it exists in Japanese relations elsewhere in the world.
- Given the priority placed on IT development in bilateral relations, it is important to strengthen dialogue on cybersecurity. For such strengthening, it would be appropriate to involve private IT companies from both countries.
- On the issue of resolving conflict in Donbas, the overall number of Japanese representatives in the OSCE Special Monitoring Mission (SMM) could be increased. Also, in the event of a transition to a more advanced face of conflict resolution, it is important to note that Japan has a surplus of trained professionals to participate in peacebuilding and post-conflict settlement processes. At this stage, it would be important to highlight the case of Donbas to Japanese peacekeeping organizations, in order to not only draw attention to the unresolved Crimean issue, but also to Russia's ongoing war in Eastern Ukraine.

ECONOMY

- The agriculture and IT sectors can today be considered the most promising areas of economic cooperation between Ukraine and Japan. This position is shared in both Kyiv, as well as Tokyo. Therefore, we may speak of a certain consensus on priorities.
- Ukrainian agricultural producers should assume that the share of Japan's food supply that is imported will only increase from the current 60% in the years to come. However, Ukraine will likely suffer increased relative costs for its exports upon the full implementation of the Japan-EU Free Trade Agreement. It is important to take into account these costs today and conclude our own free trade agreement between Ukraine and Japan.
- The free trade zone between Ukraine and the EU has a generally positive impact on Ukrainian products' perception in Japan. However, Ukraine should not expect any additional Japanese investment until the investment climate — particularly with regards to corruption and the rule of law — improves. Furthermore, customs policies must be addressed, as should the persistent labor shortages in the Western regions most interested in attracting Japanese investment for re-export to the EU.
- For Ukrainian exporters, the Japanese market is appealing due to its well-established business culture — where there is no risk of nonpayment as in other Asian countries — and a high overall level of purchasing power. The challenge for Ukrainian business remains short-sightedness and unwillingness to plan for the future; in the Japanese market sometimes it is necessary to focus on a three-year period, according to Ukrainian



companies that have exported successfully to Japan.

- To enter the Ukrainian market, Japanese companies mostly require a hub. Given the Zelensky administration's focus on economic diplomacy, it would be worthwhile to attract a Japanese expert to work with a Ukrainian investment promotion agency. It would also be appropriate to consider opening a full-fledged office of JETRO (Japan External Trade Organization) in Ukraine.
- Ukraine should understand that Japanese businesses tend to be quite conservative and risk-averse. A high degree of importance is attached to official assessments from international financial institutions, in particular the OECD, World Bank, and the EBRD, the latter of which Japan co-founded and to which it is one of its largest contributors.
- It is important to renew trust and cooperation with the "Keidanren" association of Japanese business, whose members are large Japanese companies. Their experience partnering with Ukraine — in particular with state institutions — has been varied and needs to be improved upon.
- Japan should be considered simultaneously as both an investor as well as a donor. Moreover, the role of Japan as a donor will be more important than that as an investor in the near future. Ukraine should not expect an increase in the level of grant aid, but it would be more appropriate for Ukraine to focus on loan programs (Japanese Yen loan projects) in order to build quality infrastructure. Ukraine should consider the positive experience in some Central Asian countries implementing Japanese aid, in particular Uzbekistan and Kyrgyzstan.

- The creation of a new agency for digitalization within the Japanese government creates an opportunity for Ukraine to find new contacts and establish cooperation with Japan, as this priority is shared by the current government in Kyiv.

WHAT IS UKRAINE'S SOFT POWER IN JAPAN?

- Ukraine's associations with war and Chernobyl continue to dominate in Japanese society and do not contribute to an overall better understanding of Ukraine. One public diplomacy strategy Ukraine should consider in Japan could be the creation of an image as a "Japan-loving country", following the example of Poland.
- The Embassy of Ukraine in Japan should continue strengthening its Japanese-language communication, as began improving after the arrival of Ukraine's new Ambassador. It should also involve popular media resources and social networks (especially Twitter), and build a network of "friends of Ukraine" within Japan, particularly among decision makers and opinion leaders
- In order to attract Japanese tourism to Ukraine, it would be worthwhile to consult with Japanese travel agencies, to ensure that Ukraine is included in package offers with its neighbors, such as the Baltics, Hungary, and Poland, which have become increasingly popular destinations for the Japanese.
- The Olympic Games in Tokyo present an important opportunity to promote Ukraine

ACKNOWLEDGEMENTS

in Japan, given the recognizability of certain Ukrainian athletes (in particular Bubka, Shevchenko, and Bilodid). Attention should also be devoted to the 50th anniversary of Kyiv and Kyoto's sister city relationship.

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ABOUT NEW EUROPE CENTER

The New Europe Center was founded in 2017 as an independent think-tank. Despite its new brand, it is based on a research team that has been working together since 2009, at the Institute for World Policy. The New Europe Center became recognized by offering high-quality analysis on foreign policy issues in Ukraine and regional security by combining active, effective work with advocacy.

The New Europe Center's vision is very much in line with the views of the majority of Ukrainians about the future of their country: Ukraine should be integrated into the European Union and NATO. By integration, we understand not so much formal membership as the adoption of the best standards and practices for Ukraine to properly belong to the Euroatlantic value system.

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