



Weekly Briefing

**Lithuania external relations briefing:
Lithuania takes a step forward in relations with Japan by proposing
cooperation in energy and security
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Lithuania takes a step forward in relations with Japan by proposing cooperation in energy and security

The newly elected President of the Republic of Lithuania Gitanas Nausėda, who stepped into office on 12 July, has shown remarkable enthusiasm for putting Lithuania on the global map of international affairs. In October, he made a visit to Japan, which was the first visit of Lithuania's president to this country since 2001. The tour was occasioned by the enthronement ceremony of Japan's Emperor Naruhito on 22 October, which was attended by 80 heads of states (including 45 presidents) from around the world, including Lithuania. During two days after the ceremony President Nausėda met with Tadamori Oshima, Speaker of the House of Representatives of Japan, Hirofumi Nakasone, Member of the Japanese Parliament and the Chairman of Japan -Lithuania Parliamentary Japan-Lithuania Friendship Diet Members' League, with the business leaders, including Hiroshi Mikitani, CEO of Rakuten; he also gave a speech at the Lithuanian-Japanese business forum, delivered a lecture at Gifu University, where he received an honorary doctorate.

After the period of relative tranquillity in the Japanese-Lithuanian bilateral relations during the last two decades (with some occasional exchanges of visits with not much of the follow-up in terms of economic or political cooperation between the two countries) such eventful period characterized by diplomatic efforts on both sides deserves special attention. Below is a brief outline of the context within which the intensifying dialogue with Japan is being carried out, trying to indicate the main drivers behind such a policy line.

Until recently, Lithuania stayed under the radar of Japan, though both countries have had entangled histories and tense relations with the same neighbouring country (the Russian Federation). Japan re-recognized the independence of Lithuania on 6 September 1991 but did not show much interest in developing bilateral ties at the time. The Embassy of Japan was set up in Vilnius only in January 1997 (for example, the People's Republic of China opened its embassy already in 1992). Equally so, the Lithuanian side was late to pursue more direct contacts with Tokyo. The Lithuanian Embassy there was set up in June 1998 while the Embassy in Beijing was opened already in 1995.

In 2001 Lithuanian President Valdas Adamkus (whom President Nausėda regards as his mentor) paid an official visit to Japan, where he held talks with Japanese Prime Minister Yoshiro Mori discussing the issues related to Japan–Russia relations and Lithuania's

forthcoming accession to EU and NATO. A reciprocal visit of the Emperor and Empress of Japan Akihito and Michiko followed in 2007. Apart from these visits and cultural exchanges which took place the relations between the two countries were underdeveloped since there was a lack of a significant political or economic imperative.

The situation has started to change after China put in place a strategy of cooperation with Europe in general and the Central and Eastern Europe (CEE) in particular. At the EU level, the EU–China Connectivity Platform was initiated in 2015, and the EU–China Co-Investment Fund was signed between the European Investment Bank (EIB) and the Silk Road Fund. Since 2012 the CEE countries have been engaging with China through the 16+1 framework (the 17+1 framework, including Greece, as of October 2019).

According to the analytical report by the Netherlands Institute of International Relations, “the Japanese government believes that it is important in Japan’s foreign policy towards China to strengthen economic relations and to separate the economy from politics. It wants to create a mechanism that prevents the deterioration of political relations from affecting economic relations.” Thus, Japan has shown a conditional engagement with the Belt and Road Initiative (BRI), while pursuing an independent strategy of engaging with the EU and the CEE without directly questioning or undermining the BRI.

In June 2017, Japanese Prime Minister Shinzo Abe expressed conditional support for China’s BRI initiative at the 22nd International Conference on the Future of Asia, held in Tokyo. He recognized the BRI as having the potential to connect East and West as well as the diverse regions found in between, yet proposed several principles regarding cooperation with the BRI. According to Prime Minister Abe, Japan suggested upkeep the following principles; namely, infrastructure should be open for use by all, and the procurement for its development should be transparent and fair, and the projects should be economically viable, financed by debt that can be repaid and not harm the soundness of the debtor nation’s financial stability.

In May 2018, the Japanese and Chinese governments signed a Memorandum of Understanding (MoU) on business cooperation in third countries, which includes an agreement to set up a public-private committee to promote cooperation in third countries, including Lithuania. These initiatives and agreements have created a new level playing field for Japan to enter the multilateral cooperation agreements with the EU and CEE countries, and this created a possibility to find an economic impetus for also engaging closer with Lithuania.

In January 2018, during a five-day tour, Prime Minister Shinzo Abe visited six CEE countries (Estonia, Latvia, Lithuania, Bulgaria, Serbia, and Romania) being accompanied by

the high-level business delegation of CEOs from 30 Japanese companies. Lithuania welcomed the visit as an opportunity to increase the bilateral trade and deepen the relationships between the two countries.

A further impetus came with the signed EU and Japan's Economic Partnership Agreement, which entered into force on 1 February 2019. In April 2019 the Japanese Prime Minister Shinzo Abe revisited the CEE region meeting with leaders from the Visegrad Four group (the Czech Republic, Hungary, Poland, and Slovakia) where there is the highest number of Japanese companies operating in the region.

Japan's engagement with Lithuania followed up in October 2018 when the Japanese food industry business delegation visited Vilnius to discuss the Lithuanian-Japanese business cooperation and the global promotion of women's entrepreneurship. President Dalia Grybauskaitė met with the delegation and in her address, emphasized that business cooperation strengthened people-to-people contacts. The business-to-business approach in forging the bilateral relations was also reinforced by Prime Minister Saulius Skvernelis, who in October last year accompanied the reciprocal business mission from Lithuania to Japan.

The focus on the business-to-business contacts as the cornerstone for future bilateral relations was sustained in the program of President Nausėda's visit one year later, which took place within the context of the EU-Japan Partnership on Sustainable Connectivity and Quality infrastructure agreement signed on 27 September 2019. On 23 October, the Japanese-Lithuanian business forum took place in Tokyo organized by Japan's business associations Keidanren and JETRO and Enterprise Lithuania. A day earlier, the President met Rakuten CEO Hiroshi Mikitani; President Nausėda suggested the corporation open an office of its online bank in Lithuania and to begin selling Lithuanian goods online. The President noted that Japan was Lithuania's leading trade partner in Asia and that the volume of trade between the two countries was increasing fast.

Apart from the business-to-business opportunities, two areas of cooperation between Japan and Lithuania were singled out for pursuing bilateral relations, namely, energy and security. Lithuanian Minister of Energy Žygimantas Vaičiūnas was put on the record saying that "the Baltic states, which are gearing up for the synchronization of their power networks with those of continental Europe, will carry out a feasibility study with Japan on how renewable energy could contribute to the system's stability beyond 2025."

In his talk at the Japanese-Lithuanian business forum President Nausėda further endorsed the cooperation with Japan in the energy sector by making the following statement, "This is the

time when our bilateral cooperation in the area of energy is facing a transition from political to practical cooperation. We appreciate Japan's interest in contributing to greater energy security in the Baltic region. One such example is Tokyo's support for the synchronization of the Baltic States with EU grids. It is a crucial element both in strengthening Lithuania's energy security and achieving a fully functioning EU energy market. For successful synchronization, we need to ensure adequate generation capacity, and Japan's companies own outstanding expertise in gas-fired generation and storage technologies." Lithuania's President also endorsed the cooperation with Japan in the field of nuclear energy by saying that "the decommissioning of the Ignalina nuclear power plant offers great business opportunities for international companies. We seek to attract the best international expertise for this pioneering project".

Defence and security is another area where Lithuania showed an interest in cooperation with Japan. On 22 October, Lithuanian Deputy Minister of National Defence Vytautas Umbrasas met with former Administrative Vice Minister of Japan Masanori Nishi who came to Vilnius to participate at a policy conference on Asia organized by the Ministry of Foreign Affairs of Lithuania. "Both countries find themselves in a complex security situation; therefore, it is necessary to exchange information and threat assessments," Deputy Minister Umbrasas said. He mentioned, in particular, that "Lithuania wishes to continue the cooperation with Japan on cadet and officer training, energy and cyber-security, and crisis management".

Despite the statements pronounced and the high level of political and diplomatic endorsement given to the exchange of visits by the Lithuanian side, yet there have been few publicly available comments from the Japanese side providing their perspective on and feedback to these initiatives. The Partnership on Sustainable Connectivity and Quality Infrastructure between the EU and Japan and the MoU between the European Investment Bank and Japan International Cooperation Agency have created a framework for "mobilizing levers and tools to spur private investment and intend to cooperate to facilitate financing of sustainable connectivity, including through possible joint projects, with the engagement of private sector" but not further steps have been taken or announced yet.

The foreseen EU-Japan cooperation in investment in digital infrastructure and data connectivity, including boosting innovation in Artificial Intelligence, cloud, quantum computing, and blockchain technologies, provides an overall impetus for bilateral relations between Japan and the EU Member States, including Lithuania. The cooperation in this field is of particular relevance to Lithuania, which is becoming one of the hubs for financial technologies in Europe. Thus, in Tokyo, President Nausėda expressed his wish that "Lithuania could also become a gateway to Europe for Japanese fintech companies."

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