Chapter 1:Overview

· · · · · · · · · · · ·

International Situation and Japan's Diplomacy in 2012

In 2012 the world once again found itself in the midst of significant change. The importance of the emerging Asia-Pacific region continued to grow in the international community, while many Middle Eastern and African countries are going through a transitional phase. The intensifying challenges of globalization; the limits of the international community's existing decision-making system; threats that put at risk the property and lives of

Japanese people; and threats against its territories, waters and airspace have all contributed to placing Japan in a situation that is becoming increasingly difficult.

If Japan is to enhance its national interests and conduct strategic foreign diplomacy, it is crucial that Japan view the world as a whole. Below we will review the significant international developments of 2012 in part one and in part two we will discuss Japan's foreign policy changes made in response to those developments.

1. State of Affairs

(1)The Increasing Importance of the Asia-Pacific Region

The security environment of the Asia-Pacific region continues to become increasingly strained. Increasing numbers of Asian nations are making greater budgetary allocations to military spending, while tensions over maritime issues are growing throughout the region. In the waters surrounding the Senkaku Islands in the East China Sea, repeated territorial water intrusions by Chinese vessels, airspace violation by Chinese Government aircraft and a fire-control radar direction by a Chinese navy vessel are among the events to have occurred since the Japanese Government acquired ownership, from a Japanese private citizen, of three of the islands in September 2012.

Tensions between China and Association of Southeast Asian Nations (ASEAN) countries also persist in the South China Sea. There is true need to commence the development of an effective code of conduct (COC), which will contribute to dispute resolution. Countries within the region are required to strengthen cooperation in order to resolve the issues.

There was a change of leader in North Korea, which is now led by Kim Jong-Un, but the country

continues its nuclear and missile development. In 2012, North Korea went ahead with missile launches on two occasions, both of which they claim to be satellite launches, while in February 2013, North Korea completed its third round of nuclear tests, contributing to the growing tensions on and around the Korean Peninsula.

Amidst all this, the United States (U.S.) continued to take a policy of rebalancing toward the Asia-Pacific region. This is symbolic of the growing importance of the region. The Defense Strategic Guidance released by the U.S. Government in January 2012 also shows strategies that place importance on the Asia-Pacific region, with specific initiatives, such as a greater allocation of U.S. military forces (aircraft, naval vessels) to the Pacific region already underway. Russia is also placing emphasis on the Asia-Pacific region, but its focus is on energy. Meanwhile, interest in the growing Asia-Pacific region from European countries, where the intra-regional economy is struggling, continues to rise.

The growing presence of the Asia-Pacific region shows no sign of slowing down. The middle class[1] of the region, the world's growth center, is expanding

---

[1] Households with annual disposable income in excess of US $5,000 and less than US $35,000.

at remarkable pace. The domestic Japanese market is forecast to gradually decline over the coming years, meaning that economic growth in the region is extremely important for the health of the Japanese economy. There have been a number of initiatives, such as the Free Trade Area of the Asia-Pacific (FTAAP), that have been implemented to integrate the regional economy. In November 2012, the commencement of negotiations for the Free Trade Agreement (FTA) among Japan, China and the Republic of Korea (ROK) was announced, while the launch of negotiations for the Regional Comprehensive Economic Partnership (RCEP) was also declared. These regional initiatives, together with the Trans-Pacific Partnership (TPP), serve for realizing the FTAAP.

In a number of countries, the economic development has brought about a number of social issues. Emerging countries with high economic growth have experienced worsening environmental pollution, corruption and economic disparity between coastal and inland regions and between urban and rural communities, among other problems.

The remarkable economic development of the Asia-Pacific region has inevitably brought with it increased energy consumption. According to the World Energy Outlook 2012 (WEO2012) by the International Energy Agency (IEA), global energy demand is forecast to grow by more than one third from 2010 to 2035. It is expected that China and India will account for more than 50 percent of this growth. Increased energy consumption within the Asia-Pacific region will not only have a substantial impact on the region itself, but also greatly influence the global economy and global affairs.

The year 2012 was the year in which the development of new energy sources also gained prominence. In the U.S., technological innovation has enabled the production of non-conventional oil and natural gas, which were previously difficult to extract. This has resulted in a significant increase in production volumes (the "Shale Revolution"[2]). The IEA's WEO2012 forecast that production volumes of natural gas by the U.S. will exceed that of Russia (currently the world's largest producer) sometime between 2015 and the late 2020s. By 2020, the U.S. is anticipated to have become a net exporter of natural gas.

There were fewer opportunities in 2012 for personal exchanges between Japanese nationals and nationals of some particular countries, but overall there were generally more opportunities for personal exchanges with people from the Asia-Pacific region. For instance, since the launch of Japan-East Asia Network of Exchange for Students and Youths (JENESYS) Programme (21st Century Exchange Program) in 2007, the program has provided opportunities for 54,000 youths to interact over the last five years. In January 2013, JENESYS2.0, the follow-up to JENESYS, was announced and approximately 30,000 youths would be involved in this new youth exchange program. Furthermore, Japan has been actively accepting nursing and care worker candidates.

(2)Volatility in the Middle East and Africa

Following the transformation that swept through Middle Eastern and North African countries in early 2011, commonly known as the Arab Spring, some countries began to explore new systems of government, while other countries still remain in turmoil.

Most notably, in Syria the conflict between anti-government forces and the al-Assad regime escalated in 2012 and it is believed to have claimed more than 60,000 lives across the nation between January 2011 and the end of 2012. In 2012, four Ministerial Meetings of the Group of Friends of the Syrian People took place. Through occasions such as these meetings, the international community has repeatedly demanded that Syrian authorities cease the violence. However, the situation has yet to improve. The humanitarian crisis in Syria is extremely severe and it is expected that the number of Syrian refugees will increase. Furthermore, international efforts are being continually made to enable a Syrian-led transition of government, but for now there remains no prospect of a positive outcome.

The turmoil that followed the Arab Spring also increased the threat of terrorism in the Middle East and North Africa. Prompted by the unrest in Libya, large volumes of armaments were distributed throughout the region, and it is believed that this has led to the ongoing expansion of areas in which terrorists operate, particularly in desert areas where

---

[2] The "Shale evolution" is a term used to describe the rapid expansion of the development of unconventional oil and gas fields and the production of those resources, particularly shale gas, which is influencing energy affairs and broader spheres.

border control is difficult. In April 2012, Islamic extremists in Mali took effective control of the northern areas of the country, which led to France deploying its armed forces to the area in January 2013. The terrorist attack that occurred in Algeria in January 2013 reminded Japan that the North African situation is not irrelevant to Japan or its people even though North Africa is very distant from Japan.

In Iran, despite the repeated accusations by the international community since the revelation of the country's secret uranium enrichment program in 2002, their nuclear program has been steadily advancing. The international community including Japan has attempted to come to a peaceful, diplomatic resolution of the Iranian nuclear issue by using a dialogue and pressure approach. Talks between Iran and the European Union (EU)3+3[3] and the International Atomic Energy Agency (IAEA) have been held with no practical progress made so far in coming to a resolution. Consequently, the international community has stepped up the pressure it is exerting on Iran. The U.S. and the EU have, in particular, imposed sanctions on the Central Bank of Iran and Iranian crude oil.

The International Security Assistance Force (ISAF), which has been deployed to Afghanistan to maintain law and order, is expected to withdraw from the country by the end of 2014. In order for Afghanistan to realize long term independence and prosperity, it is vital that the country successfully achieves sustainable development and growth during Afghanistan's transformation decade beginning in 2015. To this end, the international community continues their initiatives to ensure success.

Peace negotiations between Israel and Palestine have been on hold since September 2010. In January 2012, peace negotiators from both sides had the opportunity to engage in direct negotiations, however they did not lead to a resumption of peace negotiations. In November the same year, Israel and Hamas clashed violently, while the General Assembly of the United Nations (UN) voted by majority to upgrade Palestine's status to "non-member observer state." The international community, including Japan, has been urging the two parties to resume negotiations; however there is currently no prospect of a breakthrough.

(3)Intensifying Challenges of Globalization and the Limits of the International Community's Existing Decision-making System
(a)Growing Global Issues

It has been a long time since people first started speaking about globalization. We have been enjoying the significant benefits of globalization, such as international free trade arrangements, but meanwhile the challenges that come with globalization have become increasingly testing.

International terrorist organizations exploit globalization to the extent possible and operate across borders. Today, globalization has increased the number of Japanese traveling overseas and consequently there is now a higher risk of Japanese nationals falling victim to terrorist attacks and other crimes. As a result of the terrorist attack that occurred in Algeria in January 2013, ten innocent Japanese nationals were killed. This was a tragedy unique to our present age, in which the economy of Japan and the rest of the world have become integrated and the movement of people and goods has become more international. Acts of terror, irrespective of the motivation, cannot be tolerated. It is crucial that the international community unites to counter terrorism.

In the midst of a global economic environment, economies of different nations are closely intertwined and influence each other. In 2012, the European sovereign debt crisis remained one of the most important issues facing Europe and the rest of the world. Fundamental resolution of this issue requires addressing structural issues over the mid to long-term, such as strengthening fiscal discipline and financial accountability, in addition to stabilizing the financial market in the short term. Furthermore, the slowing of economic development in emerging countries became more apparent in 2012. For instance, the real Gross Domestic Product (GDP) growth rate and forecast growth rate of China and India both slowed, which can be partially attributed to the European sovereign debt crisis. Additionally, U.S. fiscal issues, including the fiscal cliff, drew much attention from the international community.

2012 was also a year in which many people throughout the world suffered through natural disasters, such as Hurricane Sandy in the U.S. and the typhoon in the Philippines. Climate change is a global issue that threatens the human security

---

[3] The framework for dialogue in regards to Iranian nuclear issue between Iran and 6 countries (EU3 (the UK, France, and Germany) and the United States, Russia, and China).

across borders. The 2007 Fourth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC) revealed that global temperatures will rise by 0.4°C by 2030 and by between 1.8 and 4.0°C by the end of the 21st century due to increased greenhouse gas emissions, while sea levels will rise by between 18 and 59 cm by the end of the century. It is also forecast that the frequency of extreme climate conditions, such as extreme high temperatures and heat waves, and extreme rainfall will continue to increase. There are a number of theories behind the causal relationship between global warming and weather anomalies; however this does not change the fact that natural disasters affecting 200 million people each year are a transnational threat.

In recent years, cyber-attacks have rapidly become more sophisticated and diversified. In 2012, Government websites experienced technical problems that were believed to have been caused by cyber-attacks and foreign Governments have been pointed as having been involved in some of these attacks. Cyber-attacks easily transcend borders and their source can be difficult to identify. This makes cyber-attacks a problem that is difficult for a single country to address on its own.

(b)Limits of the Existing Decision-making System in the International Community

While the challenges related to globalization intensify, we have begun to see the limits of the international community's existing decision-making system.

The domestic situation in Syria deteriorated significantly in 2012, but the United Nations Security Council (UNSC) was unable to take effective action. Draft resolutions to impose sanctions on Syria were vetoed by Russia and China on three occasions and therefore UNSC was unable to reach a unified solution.

Moreover, the rise of emerging countries, such as China and India, has produced conflicting interests among the various countries participating in the World Trade Organization's Doha Round of negotiations resulting in prolonged deadlock. Antagonism also persists between developed and developing countries over the subject of climate change. Developed countries claim that developing countries, particularly emerging countries, should also be subject to mandatory greenhouse gas emission reductions, while developing countries insist on the needs for financial and technical support from developed countries. On the other hand, the Eighteenth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP18), which ended December 8, 2012, made some progress. The participating countries came to agreement on procedures for the establishment of a new international framework in line with the decision made at the Seventeenth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP17) to establish a framework by 2015 in which all economies will participate. Overcoming these complex conflicts holds the key to vitalizing the international community's decision-making system.

In some EU member nations skepticism on the EU is growing. In 2012, Greece saw many demonstrations against the country's austerity measures. Caught between its citizens and the EU, which was providing support, the Government of Greece was in a position that required difficult maneuvering. In the United Kingdom (UK), following the spread of the debt crisis that began with members of the Eurozone, there was increasingly strong public demand to take back authority from the EU and for a referendum on the UK withdrawal from the EU. Debate on a multi-year fiscal framework for the 2014-2020 EU budget made little headway and was put off until the following year. This is one of the prime examples of the troubled decision-making of the EU.

Moreover, the underdeveloped international decision-making system in new fields, such as space and cyberspace, also poses further challenges. In today's international community, where various technologies continue to advance rapidly, speed of decision-making concerning threats is a necessity. However, when positions of countries are diversified, and as Non-Governmental Organizations (NGOs), companies and individuals are also playing a greater role in the international arena, developing a new decision-making system is becoming more difficult. The international community including Japan must always explore new means of international governance that meets the changes in the international community.

2. Japan's Diplomacy

In order to protect and enhance national interests, Japan's foreign diplomacy prioritizes three policies: Strengthening the Japan-U.S. Alliance, deepening cooperative relationships with neighboring nations, and strengthening economic diplomacy as a means to promoting the revitalization of the economy.

(1)Strengthening of the Japan-U.S. Alliance

In order to ensure the security of Japan in this increasingly challenging security environment the Japan-U.S. Alliance, the linchpin of Japan's diplomacy, would be further strengthened. Since the conclusion of the current Japan-U.S. Security Treaty in 1960, Japan and the U.S. have developed an unwavering allied relationship based on democracy, respect for human rights, the "rule of law" and common interests. Today as the strategic environment of the Asia-Pacific region is undergoing significant change, the importance of the Japan-U.S. alliance continues to grow, not only for Japan but also for the peace and stability of the region. Prime Minister Abe visited the U.S. in February, 2013 to meet with President Obama. The meeting highlighted the strong ties of the Japan-U.S. Alliance both to the Japanese nationals and to the world.

The Obama Administration's diplomatic policy, which places emphasis on the Asia-Pacific region, is a welcome development for Japan. Japan will pursue greater cooperation with the U.S. in a broad range of areas in order to increase the deterrence capacity of the Japan-U.S. security partnership, while enhancing its own defense capacity. Japan will implement its part of the realignment of U.S. forces in compliance with the current Japan-U.S. agreement and address the issue of reducing the burden placed on Okinawa, while maintaining the deterrence capacity.

Beyond security, Japan will take a multifaceted approach to strengthening its relationship with the U.S., particularly in terms of the economy and people-to-people exchanges.

Prime Minister Abe, left, meeting with the U.S. President Obama (February 22, 2013 in Washington, Photo: Cabinet Public Relations Office)

(2)Emphasis on Cooperative Relations with Neighboring Countries

The maintenance of peace and stability in the region is vital to the protection of national interests. In addition to strengthening of the Japan-U.S. Alliance, Japan is determined to contribute to the peace and stability in the region as a responsible country.

During 2012, many of the major counties of the Asia-Pacific region--China, the ROK and Russia--experienced leadership changes. Enhancing cooperative relations and developing and strengthening relationships of trust with neighboring countries will lay the foundations for the mid to long-term peace and stability of the whole region, not merely Japan. Led by this understanding, Japan is working to enrich relationships with its neighboring countries. Furthermore, Japan will

enhance its cooperative relationships from broad and strategic perspectives with India, Australia and other countries with which Japan shares fundamental values and responsibility for the stability and prosperity of the region.

In this context, ASEAN is becoming more and more important for Japan. For their first overseas visits in their new capacities, Prime Minister Abe and Minister for Foreign Affairs Kishida chose to visit ASEAN countries in January 2013. During his visit to Indonesia, Prime Minister Abe announced the five principles of Japan's ASEAN Diplomacy. 2013 marks the 40th Year of ASEAN-Japan Friendship and Cooperation, and Japan will strive to further strengthen the relationship with ASEAN. Japan will also continue to support Myanmar's efforts to achieve democratic governance.

Foreign Minister Kishida, right, and Secretary of Foreign Affairs of the Philippines Del Rosario at the joint press conference (January 10, 2013 in Manila, Philippines)

Japan is a maritime country and relies almost entirely on marine transportation for the import of energy resources. As such, the development of stable maritime order based on international law is an important issue that has a direct impact on the country's national interests. In 2012, a number of maritime issues surfaced. Japan has been constantly advocating peaceful solutions based on international law.

Not limited to maintaining maritime order, rule of law is indispensable for the resolution of international conflict and as such, Japan has been advocating the importance of the rule of law in the interests of world peace, stability and prosperity. During the General Debate Session and the High-Level Meeting on the Rule of Law at the General Assembly of the UN in September 2012, Japan officially declared this stance.

(3)Strengthening Economic Diplomacy to Revitalize the Japanese Economy

It is crucial that economic diplomacy that contributes to the revitalization of the Japanese economy is strengthened in order to ensure Japan's prosperity amid the ever-globalizing world economy.

The promotion of free trade is the pillar of Japan's economic diplomacy. Japan strategically promotes bilateral and multilateral high level economic partnership. So far, Japan has enacted economic partnership agreements (EPA) with 13 countries and regions, most of which are ASEAN countries. Substantial progress was made in this area in 2012; Japan announced the commencement of Japan, China and the ROK FTA negotiations, as well as the launch of negotiations for the RCEP, while also promoting bilateral EPAs. Japan and the EU are also now ready to commence negotiations for an EPA. Following the announcement by Prime Minister Abe of its intention to participate in TPP negotiations, Japan is now determined to join negotiations in a timely manner and do everything within its power

to maximize national interests with a strong bargaining position.

One of the tasks of Japan is to continue to contribute to the improvement and execution of international economic rules within World Trade Organization (WTO), the Organisation for Economic Co-operation (OECD), Asia Pacific Economic Cooperation (APEC), G8, G20, and other international frameworks, as well as further encouraging emerging countries to abide by international regulations.

Japan will strengthen its support for overseas expansion of Japanese companies through various measures including utilization of Official Development Assistance (ODA) to leverage the economic dynamism of foreign nations and contribute to the revitalization of the Japanese economy. In doing so, drawing lessons from the terrorist attack in Algeria, Japan will enhance its efforts to ensure the safety of Japanese nationals and companies, who play a vital role at the front line of their fields in foreign countries. Additionally, efforts to protect intellectual property rights will be enhanced, while the improvement of the foundations that allow Japanese companies to actively pursue business abroad, such as agreements on investments, taxation and social security, will be sought.

Japan relies almost entirely on imports for its resources and energy, which form the foundations of the economy. Consequently, assurance of stable supply of these resources is critical. Japan will deploy strategic resource and energy diplomacy that will diversify supplier nations by strengthening relationships with major resource suppliers, particularly in the Middle East, while keeping a close eye on the development of the shale revolution, which began in the U.S.

(4)Response to Global Issues

The terrorist attack in Algeria reminded Japanese poeple that global issues transcend borders and impact nations throughout the globe, and are issues that Japan too must address.

Firstly, it is imperative that Japan strengthens its counter-terrorism capabilities. In addition to enhancing its domestic counter-terrorism capabilities, Japan has been proactively participating in the international community's efforts to eliminate terrorism, working in close cooperation with its international counterparts, sharing information both bilaterally and multilaterally. Furthermore, Japan assists those countries with underdeveloped counter-terrorism capabilities through, for instance, ODA to enhance their capabilities. Moreover, in its effort to address the pervading background issues that give rise to and encourage terrorism, Japan will support developing countries, contribute to peacebuilding efforts, lead dialogue among civilizations between Japan and the Islamic World, and contribute to peace in the Middle East.

As the only nation to have suffered atomic bombings, Japan has the mission to lead the international community in realizing a world without nuclear weapons. Japan will steadily implement realistic measures and conduct active nuclear disarmament diplomacy. Furthermore, Japan will drive diplomatic efforts toward the peaceful resolution of nuclear issues involving North Korea and Iran that pose significant challenges for international non-proliferation efforts. Japan will serve as a bridge between nuclear powers and non-nuclear powers through the initiatives of the Non-Proliferation and Disarmament Initiative (NPDI), which is led by Japan and Australia to realize a world without nuclear weapons.

As a country that has experienced a nuclear accident, Japan is set to contribute to international efforts to enhance nuclear safety, non-proliferation and nuclear security.

As for new diplomatic challenges, such as those involving space and cyberspace, where integrated international regulations are insufficient, Japan will proactively contribute to the development of new international rules, while assessing both the opportunities and threats that those fields pose. Cyber-attacks have already begun surfacing as a real threat to Japan. It is crucial that Japan develops international regulations while cooperating with other countries and relevant parties in order to achieve peaceful resolution of issues in this field and to uphold national interests.

Furthermore, international debate concerning the Arctic--from the various perspectives of environment, economy and security--has arisen, and Japan, as a maritime country, is expected to be proactively involved in this debate.

Japan has been proactive in contributing to the UN peacekeeping operations and capacity building of those who will be involved in peacebuilding efforts in order to do its part in achieving peace and stability in the international community. Currently,

the Japan Self-Defense Forces have been deployed for the United Nations Mission in the Republic of South Sudan (UNMISS) to assist in stabilizing and rebuilding South Sudan. At the end of 2012, the engineering unit of the Self-Defense Force withdrew from Haiti. However, as per the statement by the Chief Cabinet Secretary concerning the Guideline of Overseas Transfer of Defense Equipment etc. (December 2011), the equipments used for peacekeeping operations was granted to the Haitian Government in order to continue to contribute to the social and economic development of Haiti and the welfare of its citizens.

The fiscal 2012 ODA budget for the Ministry of Foreign Affairs (MOFA) was increased compared to the previous year, as was the case in 2011. ODA is one of Japan's most important diplomatic instruments. Through strategic utilization of ODA, Japan aims to develop a stable international environment and contribute to the economic development of both Japan and developing countries.

2015 is a milestone year for global challenges; it is the deadline year for the Millennium Development Goals (MDGs) and is the year by which an agreement for the new international framework for climate change beyond 2020 must be reached.

Japan will continue its efforts in achieving the MDGs through to 2015 and lead the formulation of international development goals beyond 2015 (post-MDGs) in order to increase the international presence of the country and make contributions to the international community. Japan will, in particular, continue to advocate the importance of human security as a fundamental philosophy for post-MDGs.

From June 1 to 3, 2013, the Fifth Tokyo International Conference on African Development (TICAD V) is scheduled to be held in Yokohama. While Africa faces a number of issues such as poverty and conflicts, the region's population is on the rise and it has tremendous potential for economic growth. TICAD is a Japan-led policy forum for African development. When the international community's interest in Africa diminished as the cold war came to an end in the early 1990s, the forum successfully promoted the importance of African issues. The development of deeper relations between Japan and Africa and the resolution of the outstanding issues facing Africa are among the priorities of Japan's diplomatic agenda. Japan is determined to further develop and strengthen assistance for Africa through initiatives like TICAD V.