
E. MAIN BILATERAL RELATIONS

1. Japan–United States Relations

(a) Overview

In January 2001, the United States presidency passed from Democratic President Bill Clinton to Republican George W. Bush. From the outset, the new Bush administration made it clear that it placed priority on the Japan–U.S. alliance. Throughout 2001, Japan and the U.S. worked to further strengthen the relationship through close dialogue at all levels, including summit meetings and the meetings between foreign ministers.

Immediately following the inauguration of President Bush, in telephone conversations between Prime Minister Yoshiro Mori and the new president and between Foreign Minister Yohei Kono and Secretary of State Colin Powell, the view that the Japan–U.S. alliance should be further strengthened was shared. In late January, less than a month after President Bush’s inauguration, Foreign Minister Kono visited the United States for talks with Secretary of State Powell, and they built up a good personal relationship, engaging in a frank exchange of views on bilateral relations, regional situations, and efforts in regard to global issues. In February, a U.S. nuclear-powered submarine collided with and sank the *Ehime Maru*, a fisheries training vessel operated by Ehime Prefecture’s Uwajima Fisheries High School, off the coast of Hawaii.²¹ The protest from Japan was received in the United States with expressions of deep

21. On February 10 (Japan time), the U.S. nuclear-powered submarine *USS Greeneville* collided with the *Ehime Maru*, a fisheries training vessel operated by Ehime Prefecture’s Uwajima Fisheries High School. The *Ehime Maru* sank, leaving nine of its 35 passengers (four of them high school students) missing. Following the incident, Japan registered a protest with the United States, receiving expressions of deep regret and apologies. On April 24, Admiral Thomas Fargo, commander of the U.S. Pacific Fleet, announced the punishment meted out to Scott Waddle, who was the commanding officer of the *USS Greeneville* at the time, and other related persons, as well as recommending a review of procedures for approving civilian observers aboard ship. He also released a report by the court of inquiry. The United States decided to salvage the ship in response to Japan’s request, and on October 15, the *Ehime Maru* was lifted into shallower seas of 35 meters, with U.S. Navy divers engaging in a search and recovery mission. Eight of the nine missing bodies were located and their identities confirmed. Maritime Self-Defense Force divers conducted a final search of the wreck, and the ship was shifted out to deep sea. The issue of compensation is still being negotiated between the United States and the families of the *Ehime Maru* passengers.

regret and apologies at a number of levels. In March, Prime Minister Mori visited the United States for the first Japan–U.S. summit talks since the inauguration of the Bush administration, and the two leaders set the basic direction for bilateral relations in the 21st century, namely policy collaboration through close dialogue in relation to a broad range of areas, including not only bilateral issues but also the international situation. They also reaffirmed the need to strengthen bilateral relations in the area of Japan–U.S. security. Confirming efforts toward setting the U.S. economy back on a growth trajectory and the early recovery of the Japanese economy, the leaders agreed to cooperate in exploring new ways to strengthen bilateral dialogue in the areas of trade and the economy. President Bush again expressed deep regret for the *Ehime Maru* incident and noted that all possible measures would be taken, including investigation of the cause of the accident, the salvage of the *Ehime Maru*, and compensation, with every effort to be made for the bereaved families. The leaders agreed that the solid ties between the two countries enabled them to deal with such problems as this regrettable *Ehime Maru* incident.

When the Koizumi administration took power at the end of April, Prime Minister Junichiro Koizumi and Foreign Minister Makiko Tanaka spoke on the telephone with President Bush and Secretary of State Powell, respectively, affirming to further strengthen Japan–U.S. relations. In June, Foreign Minister Tanaka visited the United States for talks with Secretary of State Powell, reaffirming the importance of the bilateral alliance and exchanging views on the missile defense program, Okinawa-related issues, and measures to tackle global warming.

On June 30, Prime Minister Koizumi engaged in talks with President Bush during his visit to the United States. The talks were held at Camp David, where the leaders built personal relations and reaffirmed the Japan–U.S. alliance as the cornerstone of Asia–Pacific peace and stability. They concurred on the importance of strengthening strategic dialogue and security consultations, the launch of the Japan–U.S. Economic Partnership for Growth as a new foundation for bilateral economic relations, and the Partnership for Security and Prosperity as a vehicle for the promotion of cooperation on global-scale issues. President Bush expressed his support for the structural reform program that Prime Minister Koizumi had been undertaking.

Bilateral foreign ministers' meetings were conducted at the G8 Foreign Ministers' Meeting held in Rome in July, and on the occasion of the ceremony commemorating the signing of the San Francisco Peace Treaty. On both occasions, ministers engaged in a frank exchange of views on a broad range of topics, including prisoner of war (POW) issues and measures to tackle global warming.

September 8 marked the 50th anniversary of the signing of the San Francisco Peace Treaty and the Japan–U.S. Security Treaty, and ceremonies were held in Japan and the United States on that day to commemorate the restoration of Japanese sovereignty, Japan's reintegration into

the international community, and the founding of the Japan–U.S. alliance. Foreign Minister Tanaka attended the ceremony commemorating the 50th anniversary of the signing of the San Francisco Peace Treaty in San Francisco, and in her address at the ceremony, reaffirmed the 1995 statement by Prime Minister Tomiichi Murayama in regard to the Second World War. She looked back over the history of Japan–U.S. relations, which have developed into Japan’s most important bilateral relationship, and with a view to emphasizing the importance of cultural exchange for the years to come, announced the launch of the Japan–U.S. Mutual-understanding Program (JUMP), under which 25 U.S. high-school students will be invited to Japan for a period of one year.

On September 11, only a few days after the ceremony, the terrorist attacks in the United States took place and claimed many victims including Japanese citizens. As an ally, Japan immediately expressed its support for the United States and announced a seven-point program that would enable Japan to respond actively on its own initiative to terrorism, which Japan regards as its own issue. Following the attacks, Japan and the United States maintained close contact, and a summit meeting was held between the two countries on September 25 in Washington, D.C. At that meeting, President Bush praised Japan’s measures, and the leaders agreed to keep close contacts with regard to further responses, and to continue to cooperate in shaping international opinion.

Before dawn on October 8, Japan time, approximately one month after the terrorist attacks in the United States, the United States and the United Kingdom launched a military operation on Afghanistan. Immediately afterward, Prime Minister Koizumi expressed Japan’s strong support for the determined fight against terrorism conducted by the United States and the United Kingdom. In the telephone conversation with President Bush on the morning of October 9, Prime Minister Koizumi reiterated Japan’s support. A Japan–U.S. summit meeting was held on the margins of Asia–Pacific Economic Cooperation (APEC) Economic Leaders’ Meeting in Shanghai on October 20, where the prime minister explained Japan’s efforts in response to the terrorist attacks. President Bush expressed his gratitude for Japan’s efforts and his expectation of Japan’s cooperation in such areas as the reconstruction of Afghanistan. On October 29, Japan passed the Anti-Terrorism Special Measures Law, opening the way for cooperation and support activities by Japan’s Self-Defense Forces for U.S. and other forces in the fight against terrorism. The cabinet approved the Basic Plan on November 16; and in December, Maritime Self-Defense Force ships began to supply U.S. forces and the Air Self-Defense Force began transportation of supply goods. The United States has expressed its appreciation on a number of occasions for Japan’s support and assistance in the fight against terrorism.

President Bush and the first lady visited Japan on February 17–19, 2002. At the summit meeting, the two leaders frankly exchanged views on a wide range of issues including the fight against terrorism, the regional situation in Asia, economic issues, security, and the environment.

(b) Japan–U.S. Economic Relations

The Bush administration emphasizes relations with Japan and other allies and regards international economic policy as an essential element of the foreign policy package, seeking to coordinate foreign policy with international economic policy, security, and other external policies. This approach is evident also in Secretary of State Powell's clear indication that the Department of State will play an extremely active role in international economic policy.

The Bush administration strongly supports the structural reforms being promoted by Prime Minister Koizumi and has frequently underlined the high expectations it has of Japan's structural reforms. Further, the United States has indicated its awareness that, given the deceleration of the U.S. economy and the world economy as a whole, the recovery of the Japanese economy, which boasts the world's second highest gross domestic product (GDP), is critical not only for the U.S. and Japanese economies, but also for the stability and prosperity of the world economy as a whole. The basic stance of the Bush administration on bilateral economic relations has been to abandon the heavy use of pressure from outside, the so-called "*gaiatsu*," in shaping economic ties, in favor of offering advice where necessary. The current Japan–U.S. economic relationship is based on cooperation and collaboration aimed at the growth of both economies and the world economy, and the trade friction that once epitomized the relationship is now a thing of the past.

Given these circumstances, Prime Minister Koizumi and President Bush took the opportunity of the June summit to agree on the launch of the Japan–U.S. Economic Partnership for Growth with a view to engaging in constructive dialogue benefiting the sustainable economic growth of both countries. The Partnership focuses on creating even tighter bilateral economic relations, while at the same time promoting the sustainable growth of both countries' economies as well as the world economy. Japan–U.S. dialogue is already under way in various fora under the Partnership.

The Japan–U.S. Subcabinet Economic Dialogue is one such forum, designed for strategic discussion on bilateral economic issues from a medium- to long-term perspective. The first session was held in Washington, D.C. on October 7 and the participants engaged in a constructive and valuable exchange of views on economic trends in and prospects for the Japanese, U.S., and world economies in the wake of the terrorist attacks in the United States; the launch of the new World Trade Organization (WTO) round; and the current state of and prospects for the regional economy and regional cooperation in the Asia–Pacific and in other regions.

Coordination is currently under way toward holding at an appropriate point in 2002 a Private Sector/Government Commission Meeting to draw advice and recommendations from the private sector on economic issues facing Japan and the United States, including immediate, medium-, and long-term issues. The topic of the meeting will be "Creating an Environment for Sustainable Growth: Raising Productivity and Corporate Revitalization."

Following the exchange of respective recommendations concerning regulatory reform and competition policy between Japan and the United States on October 14, discussion is now under way in the various working groups under the Regulatory Reform and Competition Policy Initiative, which represents the evolution and reorganization of the previous Japan–U.S. Deregulation Dialogue.²² Japan has identified to the United States government issues in regard to anti-dumping measures, the U.S. patent system, sanctions acts, product liability, differences in regulations among states, and other systems and regulations that can serve as business impediments in the United States, and is seeking improvement or elimination of the issues in question.

Japan's share of the U.S. trade deficit has dropped from a peak of 65 percent to less than 20 percent, and at present there are basically no specific issues of trade friction that have been politicized between the two countries. To avoid the escalation of individual trade issues into trade friction, the Trade Forum has been established as an "early-warning" mechanism to facilitate expeditious resolution of emerging trade-related issues.

The Investment Initiative for discussing ways to improve the environment for foreign direct investment in both countries has also been established, as well as the Financial Dialogue focusing on financial and fiscal policy and macroeconomic policy.

Both countries are therefore engaged in constructive dialogue on the various economic issues facing them, and the Japan–U.S. economic relationship is basically in a good state. At the same time, the possibility cannot be excluded that protectionism might grow in the United States in the future. For example, President Bush has adopted a package of remedial measures centering on tariff hikes for steel products pursuant to Section 201 (Safeguards) of the 1974 Trade Act.²³ Japan will need to carefully examine the content of those measures and consider an appropriate response.

(c) Next Steps in Japan–U.S. Cooperation

Aiming to achieve their shared goal of building a peaceful and prosperous world in the 21st century, Japan and the United States are cooperating on a wide range of issues, including not only bilateral relations but also efforts to deal with global-scale issues. Results have been realized in a variety of

22. The Japan–U.S. Deregulation Dialogue, which was based on the U.S.–Japan Enhanced Initiative on Deregulation and Competition Policy launched in 1997, came to an end with the completion of the Fourth Joint Status Report on the Enhanced Initiative in June 2001, and was upgraded and reorganized into the Regulatory Reform and Competition Policy Initiative, which was established under the Japan–U.S. Economic Partnership for Growth.

23. Section 201 of the Trade Act of 1974 stipulates procedures for initiating safeguard measures. The International Trade Commission conducts investigations in response to requests from business, the government, Congress, etc., and where serious injury to domestic industry, or threat thereof, from imports is found, the Commission advises the president on appropriate measures. The president responds to these recommendations by, for example, imposing or increasing duties (or by choosing not to instigate measures).

areas, including the Japan–U.S. Common Agenda for Cooperation in Global Perspective, which was launched in July 1993.

In the joint declaration issued at the Japan–U.S. summit on June 30, 2001, both countries agreed to enhance bilateral cooperation on global issues and called for further promotion of bilateral cooperation.

(d) Future Outlook and Challenges

The Japan–U.S. alliance is becoming increasingly important to the peace and prosperity of the Asia–Pacific region, as well as being an effective means to tackle global issues. It is vital that the two countries continue the close bilateral dialogue that is under way at a variety of levels and that they engage in policy cooperation in regard not only to bilateral relations but also a wide range of other areas, grounding these efforts in the Partnership for Security and Prosperity, which was agreed to in June, and building on the results of President Bush’s February 2002 visit to Japan.

2. Japan–China Relations

(a) Overview

Developments such as China’s December 2001 accession to the World Trade Organization (WTO), which was a longstanding issue for China, the awarding of the games of the XXIXth Olympiad Beijing 2008, and its steady economic development are expanding China’s international influence. In this setting, China is expected to play an increasingly important role in politics, security, economy, culture, and other areas.

Japan–China relations are one of Japan’s most important bilateral relationships, as China is a key neighboring country. Having China play a constructive role in the international community is essential not only for the stability and prosperity of Japan and China, but for the Asia–Pacific region and the world as well. Accordingly, Japan will continue to promote cooperation with China in a range of areas and encourage China’s active participation in international frameworks.

(b) Japan–China Issues

Japan–China relations in 2001 went through a difficult phase over the history textbook issue, Prime Minister Junichiro Koizumi’s visit to Yasukuni Shrine, and the visit to Japan by former Taiwanese “President” Lee Teng-hui. However, things began to improve with Prime Minister Koizumi’s visit to China on October 8. Safeguard measures instituted on three products

(including welsh onions) caused an unprecedented level of trade friction, but the issue was resolved through dialogue at the end of December.

- *Main Causes of Concern*

The visit of Lee Teng-hui was permitted for humanitarian and other reasons, and he arrived in Japan in April to receive medical treatment. China reacted strongly and postponed or cancelled visits to Japan by some key figures, including the visit by Chairman of the Standing Committee of the National People's Congress Li Peng, scheduled for late May.

On May 16, China requested changes to eight specific points in the junior high school history textbook edited by the Japanese Society for History Text Book Reform. However, after investigation by the Ministry of Education, Culture, Sports, Science and Technology, Japan informed China on July 9 that it could not make the requested changes. China requested that Japan take serious and effective measures to appropriately deal with the issue.

Prime Minister Koizumi visited Yasukuni Shrine on August 13, and that same day China expressed its "strong dissatisfaction and indignation." (It was also expressed that they had "taken note" of the avoidance of a visit on August 15.) On August 15, citizens and university students conducted protests and demonstrations outside the Japanese diplomatic and consular offices in China, but no major anti-Japanese movement developed.

Further, when Japan decided to dispatch Maritime Self-Defense Force ships pursuant to the Anti-Terrorism Special Measures Law following the terrorist attacks in the United States, China noted that "due to historical reasons, Japan's role in the military field is a highly sensitive issue" and requested that Japan act with prudence.

- *Prime Minister Koizumi's Visit to China*

On October 8, Prime Minister Koizumi made a one-day trip to China. The U.S.–U.K. military operation against Afghanistan began the same day, forcing a slightly shorter visit than originally intended, but Prime Minister Koizumi nevertheless held talks with President Jiang Zemin and Premier Zhu Rongji following a visit to the Marco Polo Bridge—the setting of an incident that triggered war between Japan and China—and the Memorial Museum of Chinese People's Anti-Japanese War. In the summit talks, Prime Minister Koizumi expressed Japan's regret for past history and emphasized that Japan was now following the path of a peaceful country. He also stated that Japan would put all its efforts into the advance of Japan–China relations. President Jiang Zemin observed that "the phase of tension between Japan and China was relaxed as a result of today's talks." In terms of the response to the terrorist attacks in the United States, Prime Minister Koizumi explained Japan's policy of working in concert with the international community to resolutely oppose terrorism, but without exercising armed force, and it is felt that he garnered China's understanding for this position. The October 8 visit contributed significantly to building personal relations of trust between Prime Minister Koizumi and Chinese leaders.

Later in October, at the APEC Economic Leaders' Meeting held in Shanghai, talks between Prime Minister Koizumi and President Jiang Zemin resulted in an agreement to promote bilateral cooperation in a range of areas, signaling an improvement in Japan–China relations.

- *Safeguard Issues*

The trade friction caused by provisional safeguard measures imposed on Welsh onions, shiitake mushrooms, and tatami-omote represented a new issue rooted in the deepening economic interdependence between Japan and China. Japan responded to a surge in imports of these products, most of which are from China, by imposing provisional safeguard measures on April 23 based on the WTO Agreement on Safeguards and related domestic laws and regulations. China responded by imposing special customs duties on June 22 on automobiles, mobile and car phones, and air-conditioners imported from Japan. In October, Prime Minister Koizumi and Chinese leaders agreed to resolve the issue through dialogue, and a series of consultations were held between the two countries. Finally, on December 21, Minister of Economy, Trade and Industry Takeo Hiranuma and Minister of Agriculture, Forestry and Fisheries Tsutomu Takebe visited China, agreeing with Minister of Foreign Trade and Economic Cooperation Shi Guangsheng that both Japan and China would make further efforts toward building stable trade relations in regard to agricultural products. The issue was accordingly resolved through dialogue as planned.

- *Chinese Marine Research Operations*

In February, the framework for mutual prior notification on marine research was established in regard to Chinese marine research vessels conducting marine research activities within Japan's exclusive economic zone without prior consent from Japan. Basically, the framework has proved effective, but as some marine research vessels were engaged in actions inconsistent with the mechanism, Japan registered a complaint with China. Foreign Minister Makiko Tanaka brought up the issue at the Japan–China Foreign Ministers' Talks held in Hanoi in July, to which Foreign Minister Tang Jiaxuan responded that China supported the framework for mutual prior notification on maritime research and would adhere to it.

(c) Japan–China Economic Relations

Total trade in 2001 topped the ¥9.2 trillion level (approximately US\$85.7 billion), reaching ¥10.79 trillion, or around US\$89.1 billion. China is Japan's second largest trading partner, while Japan is China's largest trading partner. The ratio of imports of manufactured products from China has grown markedly of late. Japanese investment in China declined following the FY 1995 peak but began to rise again in FY 2000, reaching ¥91.9 billion (approximately US\$765 million) in the first half of

FY 2001 in value terms, more than double that from the same period the previous year.

In regard to bilateral economic relations, mutual interdependence is deepening in the area of trade and investment in particular, but this has been accompanied by issues such as trade friction. Some concerns have arisen in economic relations, including the previously mentioned safeguards issue, transitional safeguard investigation on towels, recovery of claims by international trust investment corporations in the regional areas of China, and anti-dumping investigations by China. Japan will endeavor to strengthen bilateral dialogue so that the further development of bilateral economic relations will lead to the promotion of mutual benefit.

(d) Economic Cooperation with China

The stabilization of China under its reform and open policy and the country's development into a responsible member of the international community are both critical points in terms of the peace and prosperity of Japan itself and also the Asia–Pacific region. Based on this awareness, Japan has been supplying Official Development Assistance (ODA) to China since 1979. But China's economic development has changed Chinese assistance needs, while the number of issues directly impacting on Japan has increased, including, for example, environment problems. Japan's difficult domestic economic and fiscal situation has also strengthened calls to review Japan's economic cooperation with China, including boosting aid efficiency. In response to this situation, the Japanese government created and announced the Economic Cooperation Program for China²⁴ in October. Based on that program, Japan will take a national interest perspective in pursuing more effective and efficient economic cooperation with China in order to gain the greater understanding of the Japanese people.

(e) Future Outlook

The year 2002 will mark the 30th anniversary of the normalization of Japan–China relations, and activities are planned in China for the “Japan Year” and in Japan for the “China Year.” In the above-mentioned summit talks, Prime Minister Koizumi and Chinese leaders also agreed to cooperate to ensure the success of these activities. Exchange at various levels, and particularly among the younger generation, will be expanded to promote greater mutual understanding and confidence between the two countries.

Japan and China are both countries with considerable influence in the Asia–Pacific region, and the joint regional role that they need to play is growing. Japan will work to build even more robust bilateral relations with

24. For details concerning the Economic Cooperation Program for China, see Chapter II, Section 3-B, or go to
<http://www.mofa.go.jp/mofaj/gaiko/oda/seisaku/seisaku_3/sei_3f.html>

China through the “Japan Year” and “China Year” activities and various other opportunities, while also deepening Japan–China cooperation in the international community, thus contributing to the stability and prosperity of the Asia-Pacific region and the world.

(f) Relations with Taiwan

In line with the 1972 Japan–China Joint Communiqué,²⁵ Japan has maintained its relationship with Taiwan through exchanges of a private and regional nature, or, in other words, working relations on a non-governmental basis.

Total trade between Japan and Taiwan in 2001 slumped around 20.7 percent from the previous year to approximately ¥4.6 trillion in the wake of the worldwide economic slowdown. As noted above, former Taiwanese “President” Lee Teng-hui visited Japan in April to receive medical treatment.

Regarding relations on both sides of the Taiwan Strait, Japan strongly hopes that the issues surrounding Taiwan are resolved peacefully through direct dialogue between the parties concerned, and that, from the same perspective, cross-Strait dialogue will be resumed at an early date. Japan has repeatedly issued statements to that effect.

3. Japan–ROK Relations

(a) Overview

The Republic of Korea, which shares such basic values as democracy, liberalism, and a market economy with Japan, is a neighboring country of great importance to Japan both politically and economically. Through the 1998 visit to Japan by ROK President Kim Dae Jung, as well as the ROK visit by Prime Minister Keizo Obuchi in 1999, the two countries put the issues of the past behind them and agreed to build A New Japan–Republic of Korea Partnership toward the Twenty-first Century. Since then, bilateral relations have significantly improved. In 2001, however, the history textbook issue, Prime Minister Junichiro Koizumi’s visit to Yasukuni Shrine, and Korean fishing boats operating in waters around the four northern islands became political issues between the two countries.

25. 1972 Joint Communiqué of the Government of Japan and the Government of the People’s Republic of China: Article 2 states that “the Government of Japan recognizes the Government of the People’s Republic of China as the sole legal Government of China.” Article 3 states that the Government of Japan “fully understands and respects this stand of the Government of the People’s Republic of China,” that is, “Taiwan is an inalienable part of the territory of the People’s Republic of China.”

(b) Issues in Japan–ROK Relations

Looking at the history textbook issue, when the official authorization of the new Japanese junior high school history textbook was announced in April, the ROK demanded further changes in the textbook. Japan closely examined the request and found that two changes needed to be made, which were duly reported to the ROK in July. However, the ROK regarded these as inadequate and announced steps such as the suspension of additional measures to open the ROK to Japanese culture. The Yasukuni Shrine incident involved an August 13 visit by Prime Minister Koizumi, to which the ROK expressed its regret. Despite repeated objections registered by Japan with the ROK concerning the issue of Korean fishing boats operating in waters around the four northern islands, the vessels in question entered the areas in August based on a fishing allocation from Russia.

To move beyond these issues and build personal relations of trust between the two countries' leaders, Prime Minister Koizumi visited the ROK on October 15. The summit talks were also held in the margins of the APEC Economic Leaders' Meeting on October 20 in Shanghai. At those meetings, leaders agreed that it was important to engage in concrete and active cooperation toward developing friendly, future-oriented relations. As a result of the series of subsequent consultations between the two countries on matters discussed at the summit talks, the major progress noted below was achieved.

First, in regard to the history textbook issue, at the October summit both governments agreed to cooperate toward the early launching of the Joint History Research Committee, and to support the smooth operation of the committee. On the same occasion, with regard to the Yasukuni Shrine issue, Prime Minister Koizumi announced that he would establish a committee within the year to consider what could be done to enable the people both inside and outside Japan to pay their respects to the war dead without being troubled in mind. In December, the first meeting of the Round Table on Establishing a Memorial for Mourning and Prayers for Peace was held. Talks concerning the Korean fishing boat issue continued, and before the end of the year an agreement was reached that the boats would not operate in the waters in question. During Prime Minister Koizumi's March 2002 visit to the ROK, summit talks reaffirmed the steady implementation of the various concrete cooperative measures.

In 2002, Japan and the ROK will co-host the FIFA World Cup over the period from the end of May to the end of June. The year 2002 was also designated the Year of Japan–ROK National Exchange, with a wide variety of cultural and national exchange activities scheduled. It is essential that the governments and citizens of both countries join hands to ensure the success of these events, which will help to build a more solid foundation of mutual understanding and exchange, thereby positioning 2002 as an historical year in Japan–ROK cooperative relations. Based on this perspective, Japan introduced extensive deregulation for visas for ROK nationals as of January 1, 2002.

The issue of territorial rights over Takeshima Island still exists between Japan and the ROK. Japan has consistently held the position that, in light of the historical facts, as well as the rules and principles of international law, Takeshima is an integral part of Japan. Japan will continue to pursue its dialogue with the ROK on this issue.

(c) Japan–ROK Economic Relations

Japan and the ROK have held various talks aimed at promoting bilateral trade and investment, thereby further strengthening the economic partnership between the two countries, based on the Japan–Republic of Korea Economic Agenda 21 announced by both leaders during Prime Minister Obuchi’s visit to the ROK in March 1999. Negotiations on an investment treaty began in September 1999, and nine rounds of consultations produced a basic agreement in December 2001, which was signed during Prime Minister Koizumi’s visit to the ROK in March 2002. At the September 2000 summit, leaders agreed to establish the Japan–ROK FTA Business Forum, comprising private-sector members from both countries, in order to examine the possibility of a bilateral free trade agreement (FTA). The forum issued a joint statement in January 2002 that called for inter-governmental consultations toward a comprehensive economic partnership agreement. A report to this effect was submitted to both governments. In response to the Business Forum’s recommendation, leaders agreed at the March summit to establish an industry-government-academia research group on the Japan–ROK FTA. In terms of the aviation issue, air transportation capacity has been strengthened in the lead-up to the co-hosting of the World Cup.

4. Japan–Russia Relations

(a) Overview

With regard to relations with Russia, Japan’s basic policy is to make every possible effort to resolve the issue of the attribution of the Northern Territories, thereby concluding a peace treaty and fully normalizing relations between Japan and Russia. Japan also supports Russia’s reform efforts and is working to strengthen cooperation and relations across a broad scope, including politics, the economy, security and defense, and culture. Building truly stable bilateral relations will benefit not only Japan and Russia, but will also contribute to the peace and stability of the entire Northeast Asian region.

In 2001, Japan and Russia maintained frequent high-level dialogue and worked to strengthen bilateral relations based on the series of agreements and declarations between Japanese and Russian leaders made to date.

Consequently, Japan–Russia cooperative relations have seen steady progress across a wide range of areas, including politics, the economy, security, personal exchange, and cooperation on international issues.

(b) Continuation of Close Political Dialogue and Progress of Relations in Various Areas

Close and high-level political dialogue was maintained by Japan and Russia in 2001. First, Foreign Minister Yohei Kono visited Russia in January to participate in the Japan–Russia Foreign Ministers’ Meeting and a meeting of the co-chairs of the Japan-Russia Inter-Governmental Committee on Trade and Economic Affairs. In March, Prime Minister Yoshiro Mori visited Irkutsk for talks with President Vladimir Putin. As a result of those talks, the leaders signed the Irkutsk Statement, which summarizes the results of both sides’ utmost efforts toward the conclusion of a peace treaty on the basis of the Krasnoyarsk Agreement, which established a new foundation for future peace treaty negotiations.

Following the inauguration of the Koizumi cabinet, the Japan–Russia Foreign Ministers’ Meeting was held at the G8 Foreign Ministers’ Meeting in Rome in July, while at the Japan–Russia summit held on the margins of the G8 Genoa summit, Prime Minister Junichiro Koizumi affirmed that the two countries would simultaneously pursue the three issues of concluding a peace treaty, cooperating in economic areas, and cooperating on the international stage. President Putin confirmed Russia’s commitment to working to expand cooperation in a wide range of areas.

Japan–Russia summit talks were also held at the time of the Asia–Pacific Economic Cooperation (APEC) Economic Leaders’ Meeting in Shanghai in October, where the leaders exchanged views regarding peace treaty negotiations and agreed to maintain exchanges of information and other close contact in responding to the terrorist attacks in the United States. They also exchanged views regarding reconstruction assistance for Afghanistan.

In December, Russian Deputy Prime Minister Viktor Khristenko visited Japan to hold the fifth meeting of the Japan–Russia Inter-Governmental Committee on Trade and Economic Affairs with Foreign Minister Makiko Tanaka.

(c) Peace Treaty Negotiations

Both countries have pursued intensive negotiations based on the Krasnoyarsk Agreement pledge to “make utmost efforts to conclude a peace treaty by 2000 based on the Tokyo Declaration,”²⁶ but despite those efforts,

26. Main points of the 1993 Tokyo Declaration:

- (1) The territory issue is defined as referring to the attribution of the four islands comprising the Northern Territories, which are specifically identified as Etorofu, Kunashiri, Shikotan and the Habomai Islands.

they were, unfortunately, unable to conclude a peace treaty by the end of 2000.

However, the March 2001 Irkutsk Statement managed to summarize the results of both sides' utmost efforts toward the conclusion of a peace treaty on the basis of the Krasnoyarsk Agreement and formed a new foundation for future peace treaty negotiations. More specifically, both countries confirmed that the Japan-Soviet Joint Declaration²⁷ in 1956 is a fundamental legal document that established the starting point in the peace treaty negotiations. Based on this confirmation, it was reaffirmed that a peace treaty should be concluded through the solution of issues concerning the attribution of the four islands (Etorofu, Kunashiri, Shikotan and Habomai) on the basis of the Tokyo Declaration on Japan–Russia Relations of 1993. It was agreed to decide at the earliest possible date a concrete direction for progress toward the conclusion of a peace treaty.

At the Japan–Russia summit talks held at the Genoa summit in July, Prime Minister Koizumi and President Putin affirmed the continuation of results achieved up to the Irkutsk Summit and the continuation of intensive negotiations. In terms of a roadmap for negotiations, they agreed to hold a deputy-ministerial consultation, which took place in Tokyo on October 9.

At the Japan–Russia summit talks that took place on the margins of the APEC Economic Leaders' Meeting in Shanghai in October, it was reconfirmed that Japan and Russia should continue to vigorously engage in peace treaty negotiations on the basis of past achievements, including those at the summit meeting in Irkutsk. The two leaders then largely agreed that both

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- (2) The declaration clearly states that the attribution of the Northern Territories will be resolved, a peace treaty concluded, and bilateral relations completely normalized, in that order.
 - (3) Clear negotiation guidelines are set down, namely that the Northern Territories issue will be resolved (a) on the basis of historical and legal facts, (b) based on the documents produced with the two countries' agreement, as well as (c) on the principles of law and justice.
 - (4) It was confirmed that the Russian Federation is the State retaining continuing identity with the Soviet Union and that all treaties and other international agreements between Japan and the Soviet Union will continue to be applied between Japan and the Russian Federation.
 - (5) The declaration recognizes the necessity of overcoming the “legacy of totalitarianism” and the “difficult legacies of the past in the relations between the two countries.”

27. 1956 Japan–Soviet Joint Declaration: After the Soviet Union refused to sign the San Francisco Peace Treaty, Japan and the Soviet Union negotiated a separate peace treaty from June 1955 through October 1956, but there was no sign of agreement being reached over the Northern Territories issue except in regard to Shikotan and the Habomai Islands. As a result, the Japan–Soviet Joint Declaration was signed on October 19 to end war between Japan and the Soviet Union and restore bilateral diplomatic relations. (The declaration was ratified in the parliaments of both countries and registered with the United Nations.) Article 9 of the declaration stipulates that Habomai and Shikotan Islands will be returned to Japan after conclusion of a peace treaty, and that Japan and the Soviet Union will continue peace treaty negotiations.

sides should conduct discussion regarding the transfer of Habomai and Shikotan on the one hand and the attribution of Kunashiri and Etorofu on the other in simultaneous and parallel ways. Subsequently, drawing on efforts made to date, it was decided to pursue concrete and substantive bilateral discussions.

(d) Economic Relations

In the economic arena, an economic mission headed by Keidanren Chairman Takashi Imai and comprising some 250 members was dispatched to Russia. The mission toured regional areas and engaged in roundtable discussions with President Putin, Deputy Prime Minister Khristenko, other government officials, and individuals from the Russian business world. This was the first visit made by a Keidanren chairman in 25 years, and it marked forward-looking progress in terms of improving Japanese private-sector perceptions of Russia.

The government level served to bolster the above trend, and the fifth meeting of the Japan–Russia Inter-Governmental Committee on Trade and Economic Affairs was held in December during Deputy Prime Minister Khristenko’s visit to Japan. The meeting drew on discussions that took place at the April meeting of the Sub-Committee on Russia’s Far East and the October meeting of the Sub-Committee on Trade and Investment, producing frank and valuable discussion on bilateral cooperation and the challenges that exist in regard to economic issues, which reflected the positive developments that have taken place on the economic front.

In order to support the reform efforts of the Russian government, Japan continues to provide technical cooperation, including the dispatch of Japanese experts and the hosting of Russian trainees, as well as untied loan²⁸ assistance through the Japan Bank for International Cooperation.

(e) Exchange and Cooperation in Various Areas

Together with the advance of political dialogue and cooperation in economic areas, progress has also been made in Japan–Russia personal exchanges and defense exchanges. In terms of security dialogue and defense exchanges, Russian Ground Forces Commander in Chief Yuri Bukreev vis-

28. Untied loans to Russia: In 1998, Japan announced that the yen equivalent of US\$1.5 billion would be extended to Russia in the form of untied loans through joint financing with the World Bank. Loan contracts were concluded for the yen equivalent of US\$800 million in joint financing for the Second Coal Sector Adjustment Loan (Coal Secal II) and the yen equivalent of US\$700 million for Third-Stage Structural Adjustment Loans (SAL 3). All of the funding for Coal Secal II (the yen equivalent of US\$800 million) has now been provided, as well as the yen equivalent of US\$375 million for SAL 3, representing a total disbursement of the yen equivalent of US\$1.175 billion.

ited Japan, while Russian naval ships stopped in at Sasebo Port in Nagasaki Prefecture.

In the area of culture and public relations, the Russian–Japanese Forum took place in May in Moscow, jointly hosted by the National Institute for Research Advancement (NIRA) and Russia’s Center for Strategic Studies. Participants comprised eminent figures from both countries who addressed the three themes of economy, geopolitical relations, and personal and cultural exchanges. Under the Japan–Russia Youth Exchange Program, more than 1,300 young people from both countries have engaged in exchanges since the project was launched in July 1999 through to the end of FY 2001.

(f) Fishing Operations by Third Parties in Waters Around the Four Northern Islands

As of the end of 2000, Russia began designating saury fishing allocations for the ROK, North Korea, and others in an area embracing the 200 nautical mile zone around the four northern islands, and fishing operations were launched in August 2001. Japan’s position in this regard is that the four islands are inherently territories of Japan, and that fishing operations by the fishing boats of third parties around the area without Japan’s approval are unacceptable in terms of Japan’s sovereign rights. A number of complaints have therefore been registered with the relevant countries, and consultations have been conducted with Russia and the ROK. On August 20, Prime Minister Koizumi also sent a letter to President Putin seeking a sincere response.

As a result of subsequent consultations, Russia decided that fishing ships of third parties would not be allowed to operate in waters around the four northern islands as of 2002, and a letter from President Putin passed by hand to Prime Minister Koizumi on February 1 confirmed that Russia had found the most appropriate resolution to the issue without damaging the basic position of both countries.

As a result, as of 2002, no third-party fishing boats will be able to operate in waters around the four northern islands.

5. Japan–Europe Relations

(a) Overview

Europe exercises a major influence over international rule-making and other efforts by the international community to address global issues, and as the integration of the European Union (EU) continues to deepen and widen, it is extremely important to Japan’s diplomacy that an even more active approach be taken to build relations with the EU, in recognition of the increasing weight of the latter in the international community.

At the same time, further improvement and development of traditional bilateral relations with individual European countries also remains a key issue. Based on that awareness, Japan developed the following diplomatic course with regard to the EU and the European countries in 2001 in its efforts to strengthen relations. In particular, since the September terrorist attacks in the United States, cooperation with the developed democracies and the rest of the international community has taken on critical importance, and Japan has indicated that it will work with the United Kingdom, France, Germany, and Italy (the European G8 members), as well as other European countries and the EU, in the fight against terrorism.

(b) “Decade of Japan–Europe Cooperation” and the Japan–EU Summit

The year 2001 marked the 10th anniversary of the Japan–EC Joint Declaration, the basic document in Japan–EU relations. In January, Foreign Minister Yohei Kono visited Sweden, which held the EU presidency at the time, to engage in Japan–EU Troika Foreign Ministers’ Meeting,²⁹ confirming the launch of the Decade of Japan–Europe Cooperation.³⁰

In December, Prime Minister Junichiro Koizumi visited Belgium, which held the EU presidency at the time, participating in the Tenth Japan–EU Summit³¹ with Prime Minister Guy Verhofstadt of Belgium (president of the European Council of the European Union) and the president of the European Commission, Romano Prodi. The event marked the first summit talks to be held in the Decade of Japan–EU Cooperation.

At the Summit, leaders adopted the Action Plan for Japan–EU Cooperation. They also issued the Japan–EU Joint Declaration on Terrorism, discussing measures taken to combat terrorism in response to the September 11 attack, and confirming that, in solidarity with the United States and the international community, Japan and the EU would cooperate and take measures with firm will and commitment aimed at eradicating terrorism. Concrete measures to this end were described in the Action Plan for Japan–EU Cooperation.

29. Held twice a year as a rule since 1983. The EU is represented by the “Troika” (the foreign minister of the country currently holding the EU presidency [and the country that will hold it next], the EU Common Foreign and Security Policy [CFSP] high representative, and the commissioner of the European Commission in charge of External Relations). Members exchange views on Japan–EU relations and the international situation at the time, advancing Japan–EU political relations.

30. At the Ninth Japan–EU Summit held in Tokyo in July 2000, leaders agreed that in view of the major changes that had occurred in the international situation since the 1991 Japan–EC Joint Declaration, as well as the advance of Japan–EU relations, it was time to move Japan–EU cooperation onto a new stage, and it was declared that the decade beginning in 2001 would be designated the Decade of Japan–EU Cooperation.

31. Since the first Summit in 1991, which issued the Japan–EC Joint Declaration, the talks have been held almost every year. Frank and open exchanges of opinion are conducted on Japan–EU relations and the international situation at the time.

(c) Action Plan for Japan–EU Cooperation

The Action Plan for Japan–EU Cooperation was created to help realize Japan–EU cooperation under the Decade of Japan–Europe Cooperation initiative. The Action Plan addresses four major objectives: promoting peace and security; strengthening the economic and trade partnership utilizing the dynamism of globalization for the benefit of all; coping with global and societal challenges; and bringing together people and cultures. For each of 21 areas within these categories, measures are listed as either “initiatives to be launched immediately” or “other actions to be pursued.”

Steady implementation of the Action Plan will further strengthen Japan–EU relations and give a new impetus to bilateral relations. The various specific measures listed under the 21 areas may be amended if necessary at the annual summit talks. The Agreement on Mutual Recognition between Japan and the European Community, which entered into force in January 2002, is expected to further promote Japan–EU trade relations, and its implementation will be pursued as an initiative that should be launched immediately.

(d) Relations with the Main European Countries

In February, Belgian Prime Minister Guy Verhofstadt visited Japan for bilateral summit talks, and the leaders issued a joint declaration. They also agreed to launch negotiations aimed at concluding a social security agreement, something strongly sought by the Belgian government and Japanese companies operating in Belgium. In November, the first Japan–Belgium Exchange of Information and Views on Pension Systems was held in Brussels. In February, the Japanese Embassy was established in the Icelandic capital of Reykjavik, followed by the establishment of the Icelandic Embassy in Tokyo in October and an accompanying visit to Japan by Foreign Minister Halldor Asgrimmson, all of which marked substantial progress in Japan–Iceland relations.

In March, Italian Foreign Minister Lamberto Dini visited Japan to attend the opening of “Italy in Japan 2001,” holding talks with Foreign Minister Kono. In May, Their Imperial Highnesses Prince and Princess Akishino visited Europe to attend the wedding of Prince Constantijn of the Netherlands. In the same month, His Imperial Highness the Crown Prince visited the United Kingdom, where “Japan 2001” was launched. This large-scale project to introduce Japan to the people of the United Kingdom stressed “participation and exchange” and that it be a “nation-wide” event as basic concepts, and also focused on education-related events. Around 2,000 “Japan 2001” events were held throughout the United Kingdom until March 2002.

In July, Prime Minister Koizumi went on from the United States to visit the United Kingdom and France, exchanging views with UK Prime Minister Tony Blair, who was working on domestic and international issues with a solid political basis after winning the general election in June, and with

French Prime Minister Lionel Jospin and President Jacques Chirac, political figures with enormous influence in the area of European diplomacy. At the Genoa summit, held the same month, bilateral summits and foreign ministers' meetings were held with key figures from the G8 members, as well as other European states. In addition, following the September terrorist attacks, Japan engaged in summit talks, foreign ministers' talks, and telephone conversations with key figures from G8 members and other European countries, affirming a concerted response to terrorism.

In October, Austrian Foreign Minister Benita Ferrero-Waldner visited Japan for the Japan–Austria Foreign Ministers' Talks. As October also marked the 10th anniversary of the establishment of new diplomatic relations with the three Baltic states, efforts were made to strengthen ties

Column

The Seven Deities of Good Fortune Visit the U.K.

Tingle, ding, dong, ding! The gongs of the traditional Japanese *chindon-ya* [street entertainers employed to advertise the opening of new stores and other events], wearing the colorful costumes of the seven deities of good fortune, rang out across London's renowned Hyde Park. Families, couples, the elderly, and the young . . . in no time we were surrounded by a throng of spectators, and we led them on a boisterous parade, much like the Pied Piper of Hamelin, through the world's most famous park. Our program included everything from standard *chindon-ya* numbers such as *Take ni Suzume* to works by the queen of the post-war Japanese entertainment world, the late chanteuse Hibari Misora, and even songs by the pop children's group Pucchi Moni. Some of the spectators danced, others played tambourines, and some of the Japanese who knew the lyrics sang along.

We, the seven members of the theater group U-Stage, had traveled to the U.K. on May 17 to participate in a grassroots exchange as a part of "Japan 2001," a large project designed to introduce Japan to the people of the U.K. After kicking off our four-month national tour in London, we carried our huge *taiko* drum in a large black box on the roof of our van, and we drove some 20,000 kilometers for performances in England, Wales, Scotland, and Northern Ireland. The box was marked with the Japanese characters for "U-Stage," written large in bright red paint, and was made to look like the legendary treasure ship that the seven deities of good fortune are said to have sailed on.

We got soaking wet as we accompanied a portable *mikoshi* shrine procession down the streets of Cambridge. In Cardiff, we were invited to a Welsh dance party and sang and danced the whole day long, and then all through the night as well. At the Royal Museum in Edinburgh, we performed the lion dance right beside the exhibits of mammoths and giraffes. One of our troupe took the role of the god of guidance, Saruta-Hiko, wearing a long-nosed *tengu* mask [*tengu* is a half-man, half-bird Japanese folklore creature], and danced together with the mythical lion. At Hillsborough Castle in Northern Ireland, the site of discussions on issues relating to the Irish Republican Army (IRA), we introduced the *taiko* drum to the First Minister of Northern Ireland. In the borderlands of Scotland, we created a stage version of the *Ama no Iwato* (*Sliding Rock Door in Heaven*) myth and performed it together with a local theater group and local children.

with these countries based on the three pillars of visits by eminent figures, economic exchange, and cultural exchange. Senior Vice-Minister for Foreign Affairs Shigeo Uetake visited Latvia and Lithuania in December. In January 2002, Foreign Minister Makiko Tanaka visited Turkey, Portugal, the United Kingdom, and Spain, holding talks with foreign ministers and other key figures.

In addition to the above visits by eminent Japanese and European figures and consultations held on a number of occasions, telephone conversations were also held between Japan and Europe, with particularly frequent calls taking place with EU Common Foreign and Security Policy (CFSP) High Representative Javier Solana.

We played the *taiko* drum together with primary school pupils in the Lake District and elsewhere in the U.K. We brought a map of the world along with us and jokingly explained to the children that from the perspective of the Japanese, the U.K. is located in the “Far West.” When we finished an afternoon workshop at one school, the teacher took great delight in showing us photos taken during the morning workshop. One was a really wonderful shot, which captured the vibrant enthusiasm on one child’s shining face. The teacher was in tears and told us that this was the first time the child had expressed such joy since “losing” his parents in a recent divorce. We were deeply moved when we realized how we had encouraged this child, if only for a brief moment.

During our tour, one Japanese woman broke out in tears of joy while watching our *chindon-ya* performance from the side of the road as we paraded by. Some people sent us *onigiri* rice-balls. We were given the opportunity to perform together with groups from all over the world. Spectators clapped, cheered, smiled, and laughed at our performances, and they shed tears of regret when it came time for us to part. We shared school lunches with children in their cafeterias and stayed at lodgings that make no distinction between male and female guests. We made all of our own performance, lodging, and transportation arrangements, and we had deeply moving experiences that were too many to count.

It is said that Japan is a closed country. But it is also an undeniable fact that the Japanese have eagerly absorbed cultures from around the globe. I think our tour featuring the seven deities of good fortune provides solid evidence to support this. I sometimes get the feeling that Japanese culture is really an agglomeration of all the cultures of the world. As globalization has made the world a smaller place, the time has come to share Japanese culture with peoples in other countries, and that is why the seven deities of good fortune (the seven members of U-Stage) crossed the ocean to express the co-existence of diverse cultures and world views. I am still overwhelmed with gratitude when I think of the countless people who gave us such a warm welcome in the U.K. and supported our tour. For us, “Japan 2001” was a true voyage in the traditional spirit of the itinerant *chindon-ya* performers.

Yasushi Shimazaki, U-Stage Theatre Director