

SECTION 2

THE WORLD ECONOMY

(a) Overview

The globalization of the world economy continued to advance during 2001. In the midst of that trend, however, the September 11 terrorist attacks in the United States struck a severe blow to the airline, insurance, and other industries, and had a massive impact on the highly globalized world economy.

The globalization of the economy has been progressing in step with dramatic advances in Information and Communications Technology (IT), which are providing many more opportunities for many more companies and individuals to conduct activities across national boundaries. In theory, globalization should provide huge benefits to all countries and peoples, but in practice the benefits of globalization are not enjoyed equally by all. The “dark side” of globalization, including the expanding disparity in wealth, is attracting increasing attention. There were severe protests against globalization at the Davos meeting in January and the G8 Genoa Summit in July.

Given these developments, creating a framework within which technological innovations can fully manifest their potential and all countries and peoples can enjoy the benefits of globalization has become a major issue for the global economy. The international community addressed this issue on occasions such as the Third United Nations (UN) Conference on the Least Developed Countries (LDC) in May, the G8 Genoa Summit in July, and the Fourth World Trade Organization (WTO) Ministerial Conference held in Doha in November. At the Genoa Summit, for example, the G8 agreed that it would prepare an action plan aimed at promoting peace and stability and eliminating poverty in Africa by the next summit (which will be held in Kananaskis, Canada, in June 2002). While playing an active role in these types of international efforts, Japan is also striving positively to address the problems associated with the “dark side” of globalization via bilateral aid to developing countries.

Along with the progress of globalization, there has also been a trend toward developing stronger bilateral and regional economic ties. As demonstrated by the 12 European countries that began circulating the euro notes and coins on the first day of 2002, regions across the globe are continuing with their efforts to establish a new economic order. While working to reinforce global frameworks centered around the WTO, Japan is simultaneously advancing bilateral frameworks. In January 2002, for

example, the leaders of Japan and Singapore signed the Japan–Singapore Economic Agreement for a New-Age Partnership (JSEPA).

A. World Economic Conditions

Economic growth decelerated across the globe during 2001. Signs of a slowdown were first seen in the second half of 2000, and conditions deteriorated into a full-scale slump in 2001 with the contraction of the U.S. economy and the decline in worldwide IT demand. Then, the September 11 terrorist attacks in the United States led to a temporary halt in economic activities, including the closure of the U.S. stock markets, and indirectly affected the major economies through a worsening of consumer confidence. That made the global slowdown even more severe and resulted in heightened uncertainty over the future. In the shadow of the decelerating economy, the growth in global trade volume, which had increased sharply in 2000, became nearly flat in 2001.⁹ Moreover, the flow of capital into emerging market economies and regions, which had been on a declining trend ever since the Asian currency and financial crisis, remained stagnant for the second consecutive year in 2001 as investors continued to evade risk.¹⁰

The U.S. economy had been expanding ever since March 1991, but it began decelerating in the latter half of 2000 due to worsening business performance and dull capital investment, and it entered a recessionary phase in March 2001. Following the terrorist attacks, personal consumption—which had remained relatively firm up until that time—suddenly weakened, employment conditions faltered, and the overall economy became extremely feeble. In December 2000, the Federal Reserve Board (FRB) shifted to an expansionary monetary policy, and the FRB actively decreased interest rates over the course of 2001. Specifically, the FRB lowered interest rates 11 times during 2001 for a total interest rate cut of 4.75 percent (four of those cuts, which together accounted for an interest rate cut of 1.75 percent, were implemented after September 11). In fiscal policy, in an effort to minimize the negative effects on the economy from the terrorist attacks, the U.S. Congress approved emergency legislation in September to increase government expenditures and to support the airline industry. Expectations of an early recovery rose with this active fiscal and monetary policy, and stock prices, which had plunged immediately following the terrorist attacks, recovered their pre-September 11 levels.

9. The volume of global trade increased by 12.4 percent in 2000 and is estimated to have increased by 1 percent in 2001 (IMF, *World Economic Outlook*; December 2001).

10. The net flow of private-sector funds into newly emerging market economies and regions was US\$116.8 billion in 1997, US\$8.9 billion in 2000, and is estimated to have been US\$20.8 billion in 2001 (IMF, *World Economic Outlook*, December 2001).

The euro zone economy also decelerated in 2001 due to the U.S. recession and the after-effects of the terrorist attacks. In reaction to the economic slowdown, and given the diminished concerns regarding inflation, the European Central Bank (ECB) lowered interest rates four times during 2001 for a total interest rate cut of 1.5 percent (two of those cuts, which together accounted for an interest rate cut of 1 percent, were implemented after September 11). The single currency, the euro, generally continued to depreciate against other leading currencies throughout 2001, and euro notes and coins came into circulation on January 1, 2002. While the pace of economic growth in the U.K. slowed down, the U.K. economy remained relatively firm compared with the economies of the other leading countries.

East Asian economies decelerated as well, primarily due to the U.S. economic slowdown, the decline in global IT demand, and other reductions in external demand. The East Asian economies' external environment only worsened following the terrorist attacks in the United States, which intensified the regional economic slump. The deterioration in economic conditions was especially prominent in the economies of Singapore, Taiwan, and Hong Kong. Those economies are highly dependent on exports, and IT goods account for a large share of their total exports. Economic growth also decelerated in the Republic of Korea. In contrast, the Chinese economy maintained annual economic growth of more than 7 percent. While China's export growth slowed, direct foreign investment into China was favorable due to China's accession to the World Trade Organization (WTO), and domestic demand held firm, supported by the continuation of an active fiscal policy.

In the emerging market economies, conditions became increasingly unstable, especially in countries such as Argentina and Turkey, where the economic slump was particularly severe. In Argentina, the intensification of economic instability caused by budget deficits and other factors led to social unrest, a change of government, and a temporary moratorium on foreign debt payments, as well as a change in the currency system at the beginning of 2002 (abandoning the convertibility of the Argentine peso to the U.S. dollar). Nevertheless, unlike the series of currency and financial crises that arose from the 1997 Asian currency and financial crisis, the crisis in Argentina has not shown signs of spreading to other emerging market economies, and it appears to be having only a limited effect on the global economy, because financial circles have not perceived sufficient reasons to group the other emerging market economies together with Argentina. Specifically, the economy of Argentina has been suffering from prolonged economic instability, and the government of Argentina had ample time to devise countermeasures against a certain amount of irregularity in market conditions. Moreover, there are other factors unique to Argentina, including the sustainability of government finances, the former peg to the U.S. dollar, and political fragility.

Crude oil prices remained high in 2000. And during the first half of 2001, the price of crude oil stayed within the price band set by the Organization of the Petroleum Exporting Countries (OPEC)—that is, between US\$22 and

US\$28 per barrel (for the OPEC basket price of representative crude oils). However, oil demand declined with the global economic slowdown following the September 11 terrorist attacks in the U.S., and crude oil prices subsequently remained at low levels.

B. Strengthening Regional Economic Partnerships

(a) Global Trend

Throughout the postwar era, the international community's efforts to promote global trade liberalization have consistently been advanced under the multilateral trading system centered around the General Agreement on Tariffs and Trade (GATT).

At the same time, there has also been a movement—as typified by the European Communities (EC)—aimed at strengthening regional economic partnership in order to advance trade liberalization in individual regions among multiple countries with strong relationships, and this trend has been intensifying in recent years. The European Union (EU) has been steadily expanding and deepening the relations among its member countries—for example, by introducing the euro as a single currency in 1999 based on the provisions of the 1993 Maastricht Treaty, and by placing euro notes and coins into circulation in 2002.

Regional economic integration is also advancing in North America with the North American Free Trade Agreement (NAFTA), and in Latin America principally with the Southern Common Market (MERCOSUR). At the 2001 Summit of the Americas, an agreement was reached to work toward the creation of the Free Trade Area of the Americas (FTAA), which will comprise 34 members in North, Central, and South America. The goal is to have FTAA enter into force by December 2005.

This movement toward strengthening regional economic partnership, with its various forms and content, is also advancing in Asia. To date, the efforts in Asia have been advanced through a multi-strata approach centered around the Asia-Pacific Economic Cooperation (APEC), the ASEAN+3 (the Association of Southeast Asian Nations and Japan, China, and the Republic of Korea), and other regional organizations (See Chapter I, D), and progress has been further accelerated in recent years. For example, at the ASEAN–China Summit Meeting in November 2001, an agreement was reached to initiate joint deliberations toward establishing a free trade area between ASEAN and China within 10 years.

(b) Japan's Efforts to Strengthen Regional Economic Partnerships, including Free Trade Agreements (FTAs)

Ever since Japan acceded to the GATT in 1955, the foundation of its

external economic policy has always been its efforts to maintain and reinforce the multilateral trading system, centered around the GATT and the World Trade Organization (WTO). Meanwhile, based on the belief that the multilateral trading system should be supplemented and reinforced through bilateral and regional efforts such as trade liberalization exceeding the WTO's present levels and the preparation of rules governing areas that lie outside the range of the current WTO agreements, Japan in recent years has been advancing examinations aimed at strengthening economic partnership on a bilateral, intra-regional, and inter-regional basis.

For example, Japan and Singapore initiated negotiations to form an economic partnership agreement, and in January 2002 the leaders of both countries signed the Japan–Singapore Economic Agreement for a New-Age Partnership (JSEPA). JSEPA is Japan's first agreement to strengthen regional economic partnership, and it goes beyond the liberalization of bilateral trade and investment to incorporate measures of strengthening economic partnership in wide-ranging fields including financial services, Information and Communications Technology (IT), science and technology, human resources development, trade and investment promotion, small and medium-size enterprises, broadcasting, and tourism.

Japan and Mexico have formed the Japan–Mexico Joint Study Group on the Strengthening of Bilateral Economic Relations, in order to comprehensively study ways of strengthening bilateral economic relations, including the possible future formation of a free trade agreement (FTA). This study group, comprised of eminent persons from industry, government, and academia, has already begun its deliberations and is scheduled to release a report at the earliest possible date in the summer of 2002.

Japan and the Republic of Korea (ROK) have established the Japan–ROK FTA Business Forum, which comprises private-sector business leaders and other eminent persons, in accordance with an agreement reached at the September 2000 Japan–ROK Summit Meeting. In January 2002, the Business Forum issued a joint statement calling for prompt formation of Japan–ROK FTA as a comprehensive economic partnership agreement. In response to those recommendations by the Business Forum, the leaders of Japan and the ROK agreed at the March 2002 Summit to establish a joint study group on Japan–ROK FTA composed of representatives from industry, government, and academia.

Japan and Chile established a joint study group at the private-sector level, and in their report this group called for efforts toward the early establishment of a bilateral FTA.

Efforts to strengthen regional economic partnerships take a wide variety of formats: some are legally binding, some are not, some include trade liberalization, and some only address other areas. Japan will continue to take a flexible stance in its economic diplomacy strategy concerning such efforts, with the goal of structuring the most desirable format for Japan in each case, based on the characteristics of the partner country or region and its relations with Japan, while primarily striving to maintain and

strengthen the multilateral trading system centered around the WTO and ensuring compatibility with it.

C. Other International Economic Issues

(a) The Information and Communications Technology (IT) Revolution

Deliberations regarding Information and Communications Technology (IT) became very active during 2000, including the discussions held at the G8 Kyushu–Okinawa Summit. In 2001, the slowdown in the IT sector in the U.S. and other countries made it possible for a more sober examination of the role of IT as a motive force for economic growth and expanded demand. Regardless, there are still very high expectations concerning the positive role of IT from a medium- to long-term perspective even under these circumstances. Moreover, those expectations are not limited to the economic effects such as improved production efficiencies and the long-term market potential of the IT sector itself. Rather, many view the expanded use of IT to transmit and disseminate information as being highly desirable across wide-ranging political, cultural, and other fields, as they believe that IT can become a potent force for strengthening democracy, increasing government transparency and accountability, and promoting human rights.

Japan is currently striving to build the world's most sophisticated information and telecommunications network. Fundamentally, such efforts are mutually complementary with efforts to form a global information society, and it is important for Japan as well as the international community to ensure that the overlapping Japanese and global initiatives will come to form a virtuous and mutually supportive cycle as they advance. Accordingly, Japan believes it is necessary to retain its appropriate positioning of IT in the context of the country's economic diplomacy.

Based on that understanding, Japan has continued to advance its international cooperation in the IT field. First, Japan has worked toward the establishment of international rules, and the international coordination of systems and policies. Japan has participated positively in a number of international frameworks, including the wide-ranging approaches being taken through the Organization for Economic Co-operation and Development (OECD) in such fields as taxation, certification, electronic signatures, and cryptography; the World Trade Organization (WTO) efforts regarding trade related issues for electronic commerce and trade in telecommunications services; the work of the United Nations Commission on International Trade Law (UNCITRAL) to prepare model laws for electronic commerce and electronic signatures; and the activities of the World Intellectual Property Organization (WIPO) to protect intellectual property rights. Japan is also participating in works to address cyber-crime, including those being conducted by the G8 Senior Experts Group on

Transnational Organized Crime (the Lyon Group). Moreover, Japan was one of the initial 30 countries that signed the International Convention on Cyber-Crime, which was drafted by the Council of Europe (CE). As a new approach, the Japan–Singapore Economic Agreement for a New-Age Partnership signed in January 2002 stipulates cooperation in the IT area, in promoting the use of electronic signatures, in promoting the use of IT-related services, and in the development of IT human resources. Japan is also advancing bilateral IT cooperation with some countries including the Republic of Korea (ROK) and India.

Second, Japan has been advancing international cooperation to overcome the so-called “digital divide.” In May 2001, the Digital Opportunity Task Force (the DOT Force), which was established to follow up on the Okinawa Charter on the Global Information Society adopted at the G8 Kyushu–Okinawa Summit, released a Plan of Action based on extensive discussions among a variety of members such as G8 governments, businesses, non-profit organizations, developing countries, and international organizations. The Plan of Action was endorsed by G8 leaders at the 2001 Genoa Summit, and the implementation of the plan is recommended to all concerned parties. Japan is now working vigorously to implement its comprehensive cooperation package aimed at bridging the digital divide as announced at the G8 Kyushu–Okinawa Summit. Japan will continue its active policy of cooperation to promote the utilization of IT based on the following main pillars: providing intellectual support for policy and institution-building, human resources development, supporting IT infrastructure building and network establishment, and promoting the use of IT in development assistance.

(b) Measures against Money Laundering

With the globalization of the world economy, money laundering—whereby funds illegally obtained from criminal activities are disguised as legitimate funds from legal activities—is now widely recognized as a serious problem that needs to be addressed by the international community because such funds are very likely to be used for future criminal activities, and because they have a harmful effect on the sound development of international financial markets. Amid this trend, an international forum known as the Financial Action Task Force on Money Laundering (FATF) was convened by the 1989 Arch Summit, with a view to promoting cooperation by the international community to counter money laundering. The Task Force currently consists of 29 countries and territories, mostly OECD members, and two regional organizations.

The FATF is playing a leading role in promoting international cooperation and countermeasures to address money laundering. Specifically, the FATF adopted “The Forty Recommendations” as the international standard for combating money laundering. The FATF is now reviewing those recommendations and monitoring its implementation, as well as conducting research on new methods of money laundering and measures against

them. Japan recognizes that anti-money laundering measures are extremely important for reinforcing measures against transnational organized crime and for securing the soundness of the international financial markets. And Japan has been actively taking part in FATF's activities as one of FATF's core members. Japan will maintain its policy of actively contributing to the promotion of international efforts to combat money laundering through approaches including those at the regional level. Following the September 11 terrorist attacks in the United States, the FATF began to address the problem of terrorist funding and adopted the Special Recommendations on Terrorist Financing. Japan is participating actively in and contributing to the FATF's efforts in this field as well.

(c) Biotechnology and Food Safety

International concern regarding food safety has been on the rise in recent years following the outbreak in Europe of bovine spongiform encephalopathy (BSE—commonly known as mad cow disease), and other incidents. The first case of BSE in Japan was confirmed in early September 2001, resulting in deep and widespread domestic concern. Meanwhile, international concern regarding the safety of genetically modified foods has also been surging in recent years due to the advances in recombinant DNA technologies and the spread of crops grown utilizing these technologies and of foods incorporating such genetically modified crops. Against the backdrop of these heightened concerns, the communiqués issued by the May 2001 OECD Ministerial Council Meeting and the July 2001 Genoa Summit incorporated statements emphasizing the importance of securing food safety.

Food safety-related works are being implemented by diverse international organizations. For example, the CODEX Alimentarius Commission¹¹ is engaged in an examination of food standards and related texts, and the OECD is evaluating the safety of genetically modified food and analyzing the policies and actual conditions in individual countries. The WTO is conducting deliberations regarding the conformance of food safety regulations with WTO rules related to sanitary and phytosanitary measures and technical barriers to trade. Moreover, in January 2002 the United Nations Food and Agriculture Organization (FAO) and the World Health Organization (WHO) held the Global Forum of Food Safety Regulators.

The food safety issue frequently overlaps with discussions concerning the international distribution of food, especially in such areas as the application of precautionary measures in cases where scientific uncertainty remains and the implementation of labeling systems. Under these circumstances, differences of opinion sometimes come up between the United States, which has a strong tradition of opposing excessive regulation, and the countries of Europe, which vehemently insist that appropri-

11. The CODEX Alimentarius Commission is responsible for setting de facto international food safety standards.

ate regulation is essential based on the social concerns of consumers and environmentalists regarding food safety. Japan's basic position in this international debate is (i) that the highest priority should be given to ensuring food safety, (ii) that consumers should be provided with appropriate information, (iii) that the approach to food safety should be based on science and clear rules, and (iv) that a balanced approach should be taken toward recombinant DNA technologies, with due consideration given to their future potential.

(d) Energy

- *Japan's Energy Diplomacy*

Since Japan is dependent upon foreign sources for approximately 80 percent of its energy—which provides the basis for the country's economic activities and the daily lives of its citizens—securing a stable supply of energy (energy security) is one of the key challenges in Japan's foreign policy. Accordingly, Japan is endeavoring, in coordination with other developed countries, to prepare countermeasures for dealing with oil supply disruptions and other emergencies and to improve the global energy supply-demand structure. Japan is also working to maintain and strengthen good relations with energy producing countries, to advance energy cooperation with nearby Asian countries, and to otherwise reinforce the country's overall energy security.

In Asia, the demand for energy is surging, and the fragility of the energy supply-demand structure is becoming problematic. Based on the perspective that it is important to advance cooperation with Asian countries to strengthen energy security in Northeast Asia, at the July ASEAN+3 (Association of Southeast Asian Nations and Japan, China, and the ROK) Foreign Ministers' Meeting, Minister for Foreign Affairs Makiko Tanaka underlined the importance of having the ASEAN+3 countries reinforce their energy security efforts in order to strengthen energy security in Asia. Subsequently, from the perspective of advancing ASEAN+3 energy cooperation, at the November ASEAN+3 Summit Meeting, Prime Minister Junichiro Koizumi proposed that a Seminar on Energy Security in Asia be held in Tokyo in March 2002. And in policy speeches during his January 2002 visits to ASEAN countries, Prime Minister Koizumi confirmed Japan's stance of advancing regional cooperation to reinforce energy security. Additionally, during the Japan–China–ROK meeting held on the sidelines of the November ASEAN+3 Summit Meeting, Prime Minister Koizumi stressed the importance of strengthening cooperation among Japan, China, and the ROK to reinforce energy security in Northeast Asia, and the three countries agreed to advance cooperation in the energy field. The APEC economies also agreed to work toward strengthening regional energy security during the October APEC Summit Meeting.

In May, Minister of Economy, Trade and Industry Takeo Hiranuma and Senior Vice-Minister for Foreign Affairs Shigeo Uetake attended the 18th Meeting of the Governing Board (Ministerial Level) of the International Energy Agency (IEA), whose membership is comprised of the developed countries, and they actively contributed to the discussions. The Ministerial Meeting issued a communiqué calling for a balanced approach among energy security, economic growth, and environmental protection. Following the September terrorist attacks in the United States, the IEA members and secretariat maintained close contact in order to prepare for any possible energy emergencies, and they collected and analyzed energy market data. And following a proposal made by the United States, the G8 has decided to hold a G8 energy ministers' meeting prior to the 2002 G8 Kananaskis Summit.

To secure a stable energy supply, Japan is upholding and reinforcing its relations with energy-producing countries at the bilateral level, promoting mutual understanding between energy-producing and -consuming countries via multilateral frameworks, and otherwise contributing to the stability of energy markets. Under this approach, Japan continues to emphasize the dialogue between the main energy-producing and energy-consuming countries. Japan is hosting the Eighth International Energy Forum, which will be held in Osaka in September 2002, and preparatory discussions regarding this meeting were held with countries and international organizations concerned throughout 2001.

To advance energy cooperation with other countries, including the former Soviet Union and the countries of Central and Eastern Europe, Japan signed the Energy Charter Treaty in 1995, which aims for the liberalization of trade, the promotion of investment, and the protection of the energy sector, and Japan has been actively participating in the Energy Charter process. Parliamentary Secretary for Foreign Affairs Toshio Kojima delivered the keynote address at the Special Session of the Energy Charter Conference to commemorate the Tenth Anniversary of the Energy Charter Process, held in Brussels in December, and he emphasized the importance of expanding the geographical coverage of the Energy Charter process to Asia and other regions.

- *Oil Market Trends*

Crude oil prices remained high throughout 2000 and during the first half of 2001. However, the September 11 terrorist attacks in the U.S. intensified the global economic slowdown, and crude oil prices declined substantially once it became clear that the global demand for oil was declining. Subsequently, crude oil prices remained low, as it also became clear that the U.S. military action that began in October would not involve the Middle East region. Immediately following the terrorist attacks in the U.S., the countries of the Organization of the Petroleum Exporting Countries (OPEC) and the OPEC secretary general announced that OPEC would guarantee a continued supply of oil as necessary, but this led to a further decline in crude oil prices. At the 118th Extraordinary Meeting of the OPEC

Conference in November, it was decided that OPEC would reduce crude oil production by 1.5 million barrels per day from January 1, 2002, provided that non-OPEC oil-producing countries made firm commitments to simultaneously cut their production by a volume of 500,000 barrels per day. Thereafter, the non-OPEC oil-producing countries announced cooperative production reduction pledges totaling 462,500 barrels per day, and at the end of December, OPEC formally decided to cut its production beginning in January 2002.

(e) Food Issues

The global food problem is still severe, and it remains one of the most difficult issues facing the international community. The Rome Declaration on World Food Security adopted at the 1996 World Food Summit called for reducing the number of undernourished people (approximately 800 million at that time) by half, by no later than 2015. According to FAO statistics, while global food production increased significantly over the five years from 1996 through 2000, and sufficient food was actually produced to meet the global demand, the total food production in developing countries declined over the same period. Consequently, the number of undernourished people in the developing countries remained high, averaging 777 million between 1997 and 1999. By region, while there has been some decline in the number of undernourished people in Asia, the situation is worsening in Africa and there has been no marked improvement overall.

The food problem is complexly intertwined with related factors such as conflicts, natural disasters, desertification, and the population problem; and resolving food issues demands a comprehensive approach, including agricultural development, international trade, food aid, education, and technology transfers. In order to respond to these conditions, Japan is implementing diverse types of bilateral cooperation and coordination through international organizations, beginning with food aid and food production increase assistance.

Discussions on accelerating progress toward achieving the goals raised by the Rome Declaration will take place at “The World Food Summit: Five Years Later,” which is scheduled to take place in June 2002.

(f) Fisheries Issues

Marine products are traditionally an important food source for Japan, and Japan’s per capita consumption of marine products is notably higher than other countries. Indeed, marine products play a central role in the Japanese diet. Meanwhile, given the rising international concern regarding harvests—with three-quarters of global marine fishery resources now being exploited at their maximum sustainable level or at unsustainable levels due to overfishing—international cooperation aimed at conserving fishery resources and protecting the marine environment is being viewed

by many as vitally important. In light of this situation, Japan is expected to play an active role in international fisheries resource management, not only as one of the world's leading fishing countries but also as a leading importer of marine products.

In recent years, tuna and tuna-like species populations, which range over a wide area of ocean habitat, have been threatened by unrestrained catches in managed marine areas by illegal, unregulated, and unreported (IUU) fishing vessels operating under the flags of countries that are not parties to regional fisheries management organizations; the vessels fly such flags in order to evade regulations. While working through regional fisheries management organizations to eliminate IUU fishing vessels, Japan has also implemented various measures including prohibiting the import of marine products caught by IUU fishing vessels.

Regarding the conservation and management of southern bluefin tuna resources, Australia and New Zealand filed an international legal action against Japan at the Commission for the Conservation of Southern Bluefin Tuna (CCSBT). In April, the three countries reached an agreement on a joint scientific research program and on resource evaluation methodologies. In October the ROK, which had been harvesting southern bluefin tuna outside of the CCSBT framework, joined the CCSBT, and Taiwan also exhibited a positive stance toward cooperating with the CCSBT. Thus, international cooperation aimed at strengthening the future conservation and management of southern bluefin tuna resources made major strides over the course of 2001.

Turning to the issue of whaling, from May through July 2001 Japan conducted its second whale research program in the Northwest Pacific (preliminary research), following the first program implemented during 2000; and from November Japan conducted its 15th whale research program in the Antarctic Ocean. While Japan was subjected to foreign criticism over these research programs, Japan explained its position that the whaling issue should be discussed in a non-emotional and scientific manner, based on the principle of the sustainable use of all living marine resources, including whales. At the 53rd annual meeting of the International Whaling Commission (IWC) in July, Japan proposed that two joint Japan-U.S. workshops on whale research programs be held, and the proposal was approved.