

# CHAPTER 2

## Regional Diplomacy

### A Asia and the Pacific

Asia, having come a full decade since the Asian Economic Crisis of 1997, has overcome the crisis' impact and is now riding a wave of globalization and enjoying rapid economic progress. This has resulted in a deepening of intraregional mutual interdependence and the creation of a sense of community through the permeation of shared lifestyles and other factors. Moreover, it has brought about forward-looking changes towards further development for the region by serving as background to increasingly intense discussions regarding the creation of an East Asian community. However, at the same time, there are issues that must be faced in forging an Asia of stability, prosperity, and cooperation, including issues that directly affect the security of Japan, such as the situations on the Korean peninsula and across the Taiwan Strait, challenging issues common to the entire region such as terrorism, pi-

racy, energy issues, and new strains of influenza and other infectious diseases, and destabilizing factors such as the rise of nationalism.

Furthermore, in Asia, structural changes unprecedented anywhere around the globe are underway, as China and India, having populations of one-fifth and one-sixth of the world's population respectively, simultaneously rise to the forefront in such fields as politics, security, and economics. A major topic for Japanese diplomacy in the months and years to come is thus how the potential of these two countries can be elicited constructively in ways that contribute to the stability and sustainable growth of both Asia and the world.

With this in mind, the fundamental objective of Japan's diplomacy in Asia and the Pacific is to lead the region to become one which shares universal values, characterized by long-term stability and pre-



Leaders from various economies at the APEC Economic Leaders' Meeting  
(November 19, Hanoi, Vietnam; Photo: Cabinet Public Relations Office, Cabinet Secretariat)

dictability and grounded in mutual understanding and cooperation. In accordance with the policy of creating an Arc of Freedom and Prosperity, Japan will be taking up the following three fundamental principles in its diplomacy towards the Asia-Pacific region.

The first of these is that, in order to establish stable international relations, Japan must engage in confidence-building with other countries and resolve issues through diplomatic channels, firmly maintaining the Japan-US Security Arrangements, which are critical for the security of the region, and continuing to ensure deterrence against any movement that might destabilize the region as it strengthens its strategic partnerships with stable democracies such as Australia and India. At the same time, Japan calls for increased transparency in any movement towards a military buildup.

The second is that Japan will elicit the region's potential to the greatest possible extent in dealing with common regional issues by taking a multilayered approach. This approach will include not only

bilateral diplomacy but also the promotion of East Asian regional cooperation, such as through the East Asia Summit (EAS), ASEAN + 3, Japan-ASEAN, and Japan-China-ROK frameworks, and cooperation that broadly incorporates countries outside the region, such as cooperation with APEC, ARF, and ASEM. In addition, within these efforts, Japan will promote the establishment of universal values.

The third is that Japan squarely faces the facts of history in a spirit of humility, that in the past it has caused tremendous damage and suffering to the people in Asian nations. With feelings of deep remorse and heartfelt apology always engraved in mind, Japan has consistently made efforts for the past 60 years as a "peaceful nation" underpinned by its solid democracy and market economy. As a forerunner, Japan will continue to undertake various kinds of cooperation, including efforts for the consolidation of peace, reinforcement of governance, and development of economic rules while supporting the development of an Asia grounded in common values.

## B North America

As allies, Japan and the US are not only working toward responding to various bilateral concerns, but also tackling various challenges facing the international community by cooperating with countries around the world. The Japan-US alliance, based on shared values and interests, is a relationship with its

foundation in the Japan-US Security Arrangements through which these two countries coordinate and cooperate closely in a broad range of fields including not only security but also politics and economics.

In keeping with the close political cooperation and increased people-to-people exchanges between



Prime Minister Koizumi visiting "Graceland"; home of the late Elvis Presley (June 28, Memphis, USA)

these countries, Japan's relationship with the United States in recent years has expanded and intensified, with the official visit by Prime Minister Junichiro Koizumi to the United States from June 28 to 30 symbolizing the dynamism of the Japan-US alliance. On June 29, Prime Minister Koizumi and President George W. Bush held a summit meeting in which they discussed both bilateral issues and a broad range of key topics in international society, including North Korea, Iraq, Iran, India, and the reform of the United Nations Security Council, and also released an outcome document entitled, "The Japan-US Alliance of the New Century." Through this document, the leaders confirmed their recognition that the Japan-US partnership stands as one of the most accomplished bilateral relationships in history. They also shared the expectation that their cooperation will continue to grow stronger, based on common values deeply rooted in the long historic tradition of both countries, such as freedom, human dignity and human rights, democracy, market economy, and rule of law, as well as in their common interests in winning the fight against terrorism, maintaining regional stability and peace, securing freedom of navigation and commerce, and enhancing global energy security.

Japan-US relations constitute a cornerstone of Japanese diplomacy under the Abe administration

as well, and at the end of September, Prime Minister Abe stated in a policy speech that, based on the concept of "Japan-US alliance for Asia and the world," Japan would further strengthen the relationship of mutual trust that forms the basis for the alliance. It was after North Korea's announcement in October of having conducted nuclear tests that Prime Minister Abe and President Bush met for the first time on the occasion of the APEC meeting in Hanoi, and in the course of their summit meeting, both leaders agreed to further strengthen the Japan-US alliance and resolved to tackle various issues facing the international community with regard to not only security issues but also economic ties.

Japan and Canada share fundamental values such as democracy, freedom, and market economy and cooperate closely in a broad range of areas, including politics, economy, security, and culture. In June, Prime Minister Koizumi visited Canada, marking the first visit in six years for a Japanese Prime Minister, and held a summit meeting with Prime Minister Stephen Harper. The two leaders also received a report from the Japanese and Canadian co-chairs of the Japan-Canada Forum, an eminent persons meeting comprised of private citizens of both countries. Through this, the bilateral relationship was further reinforced.

## C Latin America and the Caribbean

Latin America and the Caribbean region have a population of 550 million (roughly the same as ASEAN) and their regional GDP of some 2.46 trillion dollars (approximately 2.8 times that of ASEAN) makes it a major market. The region's presence is increasing still further as a result of progress in economic integration and the conclusion of free trade agreements with countries outside the region. It has been the focus of much attention because of high resource prices in recent years and because of its role as a supply region for an abundance of energy, mineral, and food resources. Under these circumstances, the region has been riding a stable growth trajectory in recent years, with regional growth of 4.5% in 2005 and forecast at 5.3% for 2006.<sup>1</sup>

2006 was a year of elections in Latin America.

Twelve countries had presidential elections, including Peru, Mexico, Brazil, Nicaragua, Venezuela, and Chile, whose presidential runoff election was held in January. The issues for the candidates in many of the elections were their stances on the reduction of poverty and income gaps in society, which have also been historical issues. In Brazil, Chile, Mexico, and Colombia, voters chose to continue on a consistent line, whereas in Venezuela, Bolivia, and Ecuador, resource nationalism<sup>2</sup> was raised to various degrees in campaign speeches and candidates who made a point of socioeconomic policy that would address the low-income segment were elected. In addition, it is noteworthy that even candidates who were elected committing to maintain a consistent line incorporated the further reform of socioeconomic policy

1. Source: Economic Commission for Latin America and the Caribbean (ECLAC).

2. A movement in which developing countries with petroleum or other natural resources restore their sovereign authority over those resources. In concrete terms, this involves securing discretion over the quantity of production and the export price of the resource, nationalization of foreign extracting companies, the raising of royalties, etc.



prominently in their campaign pledges. This can be considered a reflection of the fact that in Latin America, the maintenance of a free and open economy is regarded as essential policy for the realization of sustained prosperity, but at the same time, in order to be elected and maintain a mandate under the democratic process, it is necessary to show the intention of addressing the historical issues of deep-rooted poverty and the social gap.

Japan is geographically remote from Latin America and the Caribbean, yet Japan depends on the countries of Latin America for 52% of its silver imports, 50% of its copper ore, 17% of its iron ore, 68% of its molybdenum,<sup>3</sup> and 18% of its soybeans, a fact that is giving the region a position of importance as a supply region for mineral and food resources.

## D Europe

Japan and Europe are strategic partners based on fundamental values, aiming to create a free and prosperous world. As Japan engages in its new diplomatic policy of creating an “Arc of Freedom and Prosperity”, it is imperative that Japan-Europe relations in the international arena are strengthened further.

From this perspective, in January 2007 Prime Minister Abe visited the United Kingdom, Germany, Belgium, and France, having meetings with the heads of state of these countries and the president of the European Commission and also visiting NATO, which marked the first visit to NATO headquarters by a Japanese Prime Minister. In the same month, Foreign Minister Aso visited Romania, Bulgaria, Hungary and Slovakia, holding meetings with the heads of state, Foreign Ministers and others, in those countries. These visits fostered the sending of the clear message that Japan and Europe should cooperate in addressing international issues.

Ten countries acceded to the European Union (EU) in 2004, then Bulgaria and Romania in 2007, expanding the number of EU members to 27 countries. With a population of some 490 million people and a gross domestic product that now reaches US\$13.6 trillion, the EU is expanding its influence on approaches to challenges facing international society. It is thus critical that Japan further enhance its relationships of cooperation and coordination with the

The volume of trade with Japan amounts to some 4.53 trillion yen per annum (exports: approximately 2.76 trillion yen; imports: 1.77 trillion yen [2005 customs clearance statistics]). Moreover, Japan has a special connection with Latin American countries owing to the existence of about 1.5 million Japanese descendents mainly in Brazil that make up roughly 60% of the total number of Japanese descendents living overseas. There is also a well-established relationship of trust with the region as a partner in the international community, with many countries in the region supporting Japan’s bid to become a permanent member of the United Nations Security Council as well as Japan’s stance on issues regarding North Korea.

EU as well as its bilateral relationships with individual European countries. Japan will reinforce its relationships with the major powers of Europe, notably the United Kingdom and France, which are permanent members of the United Nations Security Council, and also Germany and Italy, which are members of the G8. It will also create closer ties in the political and economic realms while undertaking deeper person-to-person and cultural exchanges with the countries of Central and Eastern Europe, whose economic importance has been increasing, and the countries of Western Europe, with whom Japan has already enjoyed cooperation in international society for some time.

Between Japan and the EU, political dialogues are held at various levels regarding issues they face in common. In April, the 15<sup>th</sup> Japan-EU Summit was held in Tokyo, with Prime Minister Koizumi and Federal Chancellor of Austria Wolfgang Schüssel (Austria having been president of the EU in the first term of 2006), in his capacity as President of the European Council, and President of the European Commission Jose Manuel Barroso in attendance. Prime Minister Koizumi raised three points for the enhancement of Japan-EU relations, namely (1) visible cooperation, (2) strengthening the strategic dialogue, and (3) the promotion of people-to-people exchanges, to which the EU leaders agreed. In addition, Prime Minister Koizumi once again expressed

3. A metallic element used in stainless steel, heat-resistant alloys, a material for electronics, etc.



Prime Minister Abe addressing the North Atlantic Council (January 12, 2007, Brussel, Belgium; Photo: Cabinet Public Relations Office, Cabinet Secretariat)

Japan's opposition to the lifting of the EU's arms embargo on China. Furthermore, the leaders agreed to launch a new strategic dialogue on Central Asia and also discussed the overall Japan-EU relationship, global challenges, and regional situations. In January 2007, Prime Minister Abe held discussions with President of the European Commission Barroso at EU headquarters, during which they shared the recognition that it is important for Japan and the EU to further enhance their relationship as strategic partners sharing fundamental values.

Additionally, Japan maintained close contact with the business community through the Japan-EU Business Dialogue Round Table held in July while promoting the improvement of trade, investment, and business environments and making efforts in securing the interests of Japanese companies operating in EU member states through various meetings including the Japan-EU Regulatory Reform Dialogue meetings regularly held in March and November.

With regard to Japan's relationship with NATO, the relationship between the two is being strengthened as Japan and NATO both work to enhance their efforts for international peace and stability. The NATO Summit in Latvia held in November saw agreement among the heads of state that partnership with non-member nations, including Japan, should be intensified.

It was within this context that in May, Foreign Minister Aso became the first Japanese Foreign Minister to address the North Atlantic Council. In

his speech, he stated that Japan and NATO have common values, and that while Japan has constitutional constraints, Japan wants to develop further its relationship with NATO for the peace and stability of international society. In addition, in January 2007, Prime Minister Abe attended and delivered an address to the North Atlantic Council as the first Japanese Prime Minister to do so, calling for a strengthening of Japan's cooperative relationship with NATO regarding efforts for peace and stability in Afghanistan and elsewhere, citing this as a new stage to which the Japan-NATO relationship should evolve. This was met with the support and the agreement of the Permanent Representatives to NATO.

As for Japan's relationship with the Organization for Security and Co-operation in Europe (OSCE), Secretary General Marc Perrin de Brichambaut visited Japan in January and exchanged views with Senior Vice Minister for Foreign Affairs Yasuhisa Shiozaki, during which they agreed to further strengthen the cooperative relationship between Japan and the OSCE.

With regard to its relations with the Council of Europe (CE), Japan is the only observer country from Asia, and Japan participates actively in the CE's meetings covering various fields. In 2006 Japan commemorated the tenth anniversary of its observer status. In order to celebrate this occasion and to illustrate Japan's cooperation in the preservation of cultural heritage as well as the contributions to in-

tercultural dialogue resulting from this cooperation, a photographic panel exhibition was held at the headquarters of the CE in Strasbourg in October, which shows the world heritage that has been pre-

served or restored through the Japanese Trust Fund for the Preservation of the World Cultural Heritage in UNESCO.

## E The Russian Federation, Central Asia, and the Caucasus

With the economy in Russia robust as a result of high crude oil prices, the Putin administration maintained a stable political base. Domestically, Russia promoted reform of its social system based on its “Priority National Projects.”<sup>4</sup> In the realm of foreign policy, Russia successfully hosted its first G8 summit and also strengthened its relationships with many countries, including some in Asia.

In Japan-Russia relations, private-sector economic relations deepened to a level never seen before, while intergovernmental relations developed further through active dialogue. The heads of state held frequent telephone dialogues, as did the Foreign Ministers. Japan and Russia also utilized international meetings, including the G8 summit, to hold direct bilateral talks. The first dialogue between Prime Minister Abe and President Putin was held on the occasion of the APEC Summit in November.

At that time, the leaders agreed on further development of cooperation between the two countries across a broad range of fields based on the “Japan-Russia Action Plan.”<sup>5</sup>

International interest in the countries of Central Asia and the Caucasus<sup>6</sup> has been growing in light of the abundant energy resources in the area surrounding the Caspian Sea as well as these countries’ geopolitical position at the center of Eurasia. Japan held in Tokyo the Second Foreign Ministers’ Meeting of the “Central Asia plus Japan” Dialogue, a dialogue launched in August 2004, and Prime Minister Koizumi visited Central Asia, becoming the first Japanese Prime Minister in history to visit the region. Furthermore, Foreign Minister Aso demonstrated a proactive stance towards promoting diplomacy with Central Asia through the policy speeches he delivered in June and November.

## F The Middle East and North Africa

Ensuring peace and stability in the Middle East region is an issue that directly affects the peace and prosperity of the international community as a whole and is also vital for the energy security of Japan. However, the Middle East region faces numerous issues that directly influence the stability of the region, including Middle East peace process, situations in Iraq and Afghanistan, and the nuclear development by Iran. In addition, various changes in the social structure are now underway, including demographic shifts resulting from the increasing number of young people, changes in the balance between Sunnis and Shiites and between secularists and Islamists, and a heightening of anti-American sentiment.

Against this backdrop, Japan is proactively engaged in the Middle East diplomacy, pursuing the

dual goals of ensuring peace and stability in the Middle East in cooperation with the international community, which constitutes one part of the Arc of Freedom and Prosperity, and of securing Japan’s energy security.

Generally speaking, the political situation in Iraq has been steadily progressing, however the security situation still remains uncertain. Japan, considering the necessity to implement appropriate assistance as a responsible member of the international community, has made the utmost efforts through the dispatch of the Self-Defense Forces (SDF) to Iraq as well as the provision of ODA amounting to a maximum of US\$5 billion as the “two wheels of one cart.” While the Ground Self-Defense Force (GSDF) dispatched in Samawah for humanitarian and reconstruction assistance has finished its activities in June,

4. A large-scale social reform program promoted by President Putin in which important domestic reforms are to be undertaken in the four fields of (1) health care, (2) education, (3) housing, and (4) agriculture.

5. Adopted in January 2003 between President Putin and Prime Minister Koizumi during the Prime Minister’s visit to Russia, it lays forth six pillars, namely, deepening of political dialogue, peace treaty negotiations, cooperation in the international arena, cooperation in trade and economic areas, development of relations in defense and security, and advancements in cultural and interpersonal exchange.

6. The five countries of Central Asia are Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan, and Kyrgyzstan. The Caucasus refers to the three countries of Georgia, Azerbaijan, and Armenia.

the Air Self-Defense Force (ASDF) continues to implement activities for the assistance.

As for the Middle East Peace Process, Japan, regarding the co-existence of the two states of Israel and Palestine as the only way to peace, has been promoting political dialogues and confidence building as well as providing assistance to the Palestinians. In July 2006, Prime Minister Koizumi visited Israel, the Palestinian territories and Jordan and encouraged directly each leader to realize peace through dialogue.

Since 1993, Japan has extended a total of approximately US\$900 million in assistance to the Palestinians. On the occasion of Prime Minister Koizumi's visit to the Middle East, proposed the concept of a "Corridor for Peace and Prosperity", which aims for the development of the Jordan River Rift Valley through regional cooperation towards co-existence and co-prosperity in the future, and this initiative was welcomed by the leaders of Israel, the Palestinian Authority and Jordan.

Regarding the conflict between Israel and Lebanon, Japan contributed approximately US\$2million for clearing of mines and unexploded ordnance through the Trust Fund for Human Security and extended emergency grant aid amounting to a total of US\$5million to Lebanon for medical equipment, tents, etc.

For Afghanistan, Japan has extended assistance for the progress of the political process, improvement of public security and reconstruction, based on the concept of "consolidation of peace." In January 2006, at the London Conference on Afghanistan, Japan announced additional assistance of US\$450million adding to the assistance of approximately US\$1 billion which had already been provided to Afghanistan. This totaled Japan's assistance from September 2001 to September 2006 up to approximately US\$1.1 billion. Disarmament, Demobilization, and Reintegration of Ex-Combatants (DDR) activities, led by Japan, were completed at the end of June 2006. It was aimed at approximately 60,000 people and has shown significant progress. As for the fight against terrorism by the international community, Japan in October extended the period of its Anti-Terrorism Special Measures Law so as to participate actively and substantively in supporting the efforts made at

the maritime interdiction operation in the Indian Ocean.

Iran's nuclear issue could have a negative influence on the international non-proliferation regime and the stability of the Middle East as a whole. The international community expressed its unanimous concern over the issue with the adoption of UN Security Council Resolution 1737. Japan has been, based on the traditional friendly relationship, actively urging Iran, a major regional power in the Middle East, to play an even more constructive role in the peace and stability of the Middle East and the international community as a whole, while promoting the implementation of the Resolution.

There were active VIP visits between Japan and the Gulf countries, such as the visit of Crown Prince Sultan of Saudi Arabia in April. As for economic relationship, based on the partnership being developed and deepened further in the area of trade and investment, efforts towards strengthening the relationship have been accelerated, including the launch of negotiations for concluding a Free Trade Agreement (FTA) with the Gulf Cooperation Council (GCC) in September, the launch of negotiations for concluding Avoidance of Double Taxation Treaty with the United Arab Emirates and Kuwait, and the resume of the negotiations on Bilateral Investment Treaty and the agreement for air services with Saudi Arabia. Moreover, the first meeting of the Japan-Qatar Joint Economic Committee was held in November 2006, and both Japan and Qatar agreed on strengthening bilateral relations in the area of investment and energy.

In January 2006, Prime Minister Koizumi made the first visit in 15 years as an incumbent Japanese prime minister to Turkey, an important and stable country in the region. The two leaders agreed to strengthen the Japan-Turkey relations and to expand cooperation on various issues in the international arena including peace and stability in the Middle East.

Furthermore, Japan is providing various dialogue programs such as the fourth Japan Arab Dialogue Forum in May in Tokyo with the aim of promoting understanding of Japan's policies towards the Middle East and of deepening mutual understanding.



## G Africa (Sub-Sahara)

The central political and diplomatic issues in Africa in 2006 continued to be the resolution of conflicts and the consolidation of peace. In July, the first full-fledged democratic elections in the Democratic Republic of Congo in the 45 years since its independence were conducted peacefully, while historic ceasefire agreements were signed between the government and antigovernment forces in Uganda in August<sup>7</sup> and Burundi in September.<sup>8</sup> In this way, some countries had made steady progress towards peace and stability. Yet at the same time, in the Darfur region of the Sudan,<sup>9</sup> although some parties to the conflict signed the Darfur Peace Agreement in May, there have been ongoing armed conflicts by other groups that did not sign the Agreement while the humanitarian situation in the region has deteriorated. In Somalia, the Transitional Federal Government, which had support from Ethiopian troops, brought the south-central region under control, but prospects still remain uncertain.

On the economic front, the impact of the rise in oil prices globally contributed to rapid growth of some oil-producing nations, and stable growth was seen in this region as a whole.<sup>10</sup> Within that, countries in which the consolidation of peace had made progress in recent years saw steady growth,<sup>11</sup> confirming the fact that peace is the foundation for development. In addition, attempts at regional cooperation and economic integration saw some progress,<sup>12</sup> centered on countries that enjoyed political stability and steady development. However at the same time, in many countries, the economic and social situations were as bleak as in the past, with delayed human resource development<sup>13</sup> among the various challenges now being faced.

In the international community, the rise of emerging donor countries in Africa, notably China, has received much attention.

Japan considers the significance of its assistance to Africa lies in the following three points: Japan, (1) as a responsible member of the international community, will make proper contributions to the resolution of global issues that are concentrated in Africa; (2) will strengthen the foundations for its diplomacy through enhanced relations with the 53 countries that comprise one-third of the member states of the United Nations; and (3) will pursue with Africa, which is both a treasure house of resources and a potential market, the possibility of medium- and long-term development of economic relations. In 1993 Japan launched the Tokyo International Conference on African Development (TICAD), a policy forum related to African development that ranks among the largest in the world, and through this TICAD process Japan has been conducting proactive diplomacy towards Africa. Rooted in the basic principles that the TICAD process promotes, namely “ownership” by Africa and “partnership” with the international community, the process aims at self-reliance and takes the stance of supporting those things that Africa itself considers necessary, and, as a process that leads to sound and sustainable development for Africa, receives high evaluations from not only Africa but also the international community.

In 2006, Japan continued with the momentum that had come about in 2005, the “Year of Africa,”<sup>14</sup> engaging in steady promotion of the TICAD process as part of the lead-up to the fourth TICAD (TICAD IV), which will be held in 2008.

7. Peace talks have been underway since November 2004 between the Government of Uganda and the Lord's Resistance Army (LRA), and in August 2006, agreement was reached to cease hostilities. Since that time, peace talks have continued.

8. In September, the Government of Burundi signed a Comprehensive Ceasefire Agreement with Hutu rebels (Palipehutu-FNL), the only group continuing its armed struggle.

9. Turmoil in the Darfur region of the Sudan has resulted in refugees and an inflow and outflow of armed insurgents with the neighboring countries of Chad and the Central African Republic, leading to instability.

10. Forecasts by the IMF in May estimate the growth rate of GDP in the eight oil-producing Sub-Saharan African nations at 8.0% (including Angola at 26.0%, Nigeria at 6.2%, and the Republic of Congo at 5.2%), while that in Sub-Saharan Africa as a whole was estimated at 5.3%. Of the 42 countries for which forecasts were conducted, 39 had positive rates of growth, with 33 having estimated growth rates of 3.0% or more.

11. As of May, IMF forecasts for Chad, Zimbabwe, and other countries with unstable domestic political situations predicted falling economic growth rates, but for countries restoring stability from chaotic situations such as conflicts or regime change, including the Democratic Republic of the Congo, Burundi, Sierra Leone, Togo, and the Central African Republic, a high GDP growth rate was forecast.

12. At the African Union Summit in July, the integration of regional economic communities (RECs) was a major topic. Regional integration made steady progress, centered in the southern and western regions, and discussions and measures to attract trade and investment have been undertaken.

13. Of the 31 “low human development countries” listed in the UNDP's Human Development Report 2006, 29 are in Sub-Saharan Africa.

14. Japan regarded the year 2005 as the “Year of Africa” and expanded its assistance for Africa (including the commitments of doubling ODA toward Africa in the following three years, increasing ODA volume over the following five years by 10 billion U.S. dollars from the 2004 level, and the Development Initiative) and reinforced its cooperation with Africa in coordination with the international community.