



CHAPTER 1: Overview

International Situation and Japanese Diplomacy in 2010

1. Understanding the International Conditions and the Year 2010

[Current Conditions and Mid- and Long-term Trends of International Society]

Looking at the overall state of the world today, 10 years into the new century, the international community has been realizing unprecedented peace and prosperity, thanks to the end of the Cold War and the further liberalization of international economic activities, that have created an environment where each country can achieve economic growth. However, in order to judge whether such peace and prosperity will continue, it is necessary to understand current conditions objectively and to clarify what the issues are.

In the current international society the basic structure that has underlain today's peace and prosperity is changing. Specifically, as emerging countries with vast populations and relatively stable politics have achieved rapid economic growth and strengthen their influence not only in economic area but also in overall international politics, the relative influence of the developed countries has declined and their power to lead international debate is diffusing over setting main agenda and ways to address them. The international debate on many global issues has also transcended the traditional framework of developing countries versus developed countries, as the interests of each country and region have become complexly intertwined. This is making it difficult to reach common goals and positions.

As information, capital, goods and people move across national borders more easily, the actors that dispatch information and implement large-scale activities in the international arena have expanded beyond states to include private companies, NGOs and even individuals. The influence of non-state

actors on the policy-making process has increased, due to these trends combined with the development of new information transmission methods.

While enjoying prosperity overall, the current international community faces two major changes: (1) the shifts in the international balance of power caused by the rise of emerging countries and (2) the increasing influence of myriad non-state actors caused by globalization. The nature of the basic structure upholding international society is quietly but certainly changing.

While such changes are taking place, systems to guarantee a new order have not yet been established. An order which incorporates these new factors must be formed to construct a more stable and prosperous world, and more active efforts to find such an order are expected in both political and economic fields. Since the end of the Cold War under the U.S.-Soviet bipolar structure, two decades have passed, which has been characterized as a unipolar or multipolar structure. Will the search for a new order lead to the creation of a new international system? The international society today is truly in a period of transition. The following sections review the international situation in 2010, by dividing the emerging issues and trends into three points.

[Expanded Influence of Emerging Countries and Complicated International Consensus Building]

With the expanded influence of emerging countries, we found many cases in which it was difficult to coordinate interests and to form a multilateral consensus in 2010.

In the field of climate change, for example, at the 16th session of the Conference of the Parties to the United Nations Framework Convention on Climate

Change (COP16) held in Cancun, Mexico in late November and December, negotiations were held toward constructing a new international framework to replace the Kyoto Protocol, whose first commitment period expires at the end of 2012, based on the Copenhagen Accord adopted at COP 15 in the previous year. There was a difference of opinion at COP 16 between the developed countries on the one hand and the emerging and developing countries on the other. The emerging and developing countries sought to set the second commitment period under the Kyoto Protocol whereby only the developed countries would be obliged to reduce greenhouse gas emissions. The developed countries, however, stressed the need for a new framework whereby all the major economies including emerging countries, which continue to increase their emissions under rapid economic growth, would be obliged. In the end, although COP 16 adopted the Cancun Agreements which may serve as the basis for a new fair and effective international legal framework with all the major countries' participation, there are still large gaps among the positions of each country, and the direction of the negotiations from 2011 forward remains uncertain.

The World Trade Organization (WTO) Doha Round negotiations have continued for nine years since they began in 2001. While an early conclusion is desirable, the negotiations remain in a deadlock under continued opposition between the emerging countries and the developed countries. The former, as developing countries, have received treatment different from the developed countries so far, and the latter seek further liberalization in the emerging countries, which have become major players in the world after rapid economic growth. While the Doha Round negotiations fail to progress, efforts to advance market integration through bilateral and regional Free Trade Agreements (FTAs) are actively expanding worldwide among those countries where such measures are feasible and effective. At the APEC Economic Leaders' Meeting held in Yokohama in November, in which Japan served as the chair, the leaders agreed to take concrete measures toward the realization of a Free Trade Area of the Asia-Pacific (FTAAP) by developing and building on ongoing regional economic partnership frameworks, such as ASEAN+3, ASEAN+6 and the Trans-Pacific Partnership (TPP) Agreement and others.

Concerning the Iranian nuclear issue, while the talks between the EU3+3 (the United Kingdom,

France, Germany, the United States, China, and Russia) and Iran encountered difficulties, Turkey and Brazil approached Iran with a new proposal on the supply of fuel for the Tehran Research Reactor (TRR), which was expected to suffer fuel shortages within a few years (so-called the Tehran agreement). Then, they presented it to the U.S., Russia, France and the International Atomic Energy Agency (IAEA) in May 2010. Through this initiative, these two countries tried to break the impasse in the negotiations between Iran and the IAEA, the U.S., Russia, and France on the fuel supply to the TRR. Turkey has subsequently proposed providing a venue for EU3+3 consultations, and otherwise actively engaged in efforts to address the Iranian nuclear issue. This was a move by countries different from the EU3+3 which had negotiated with Iran in the past. This case is an example that emerging countries had a will and actually took action to play a more active role in international affairs.

In addition, the G20 summits, which have been held on a regular basis to serve as the primary forum for international economic cooperation including emerging countries, were held in Toronto, Canada in June and in Seoul, Republic of Korea (ROK) in November in 2010. They continue to play an important role for advancing policy consultations between the developed countries and the emerging, in efforts for the sustainable growth of the world economy.

Following the global financial crisis, reforms were made in the international financial institutions as well. In 2010, the International Monetary Fund (IMF) reached an agreement on revising its quotas (financial contribution ratios), which was further confirmed at the G20 Seoul summit. As a result of this revision, the shares of the emerging countries have expanded, and the relative shift of each country's position in the global economy was reflected in their quotas. In the World Bank Group, in 2010, the International Bank for Reconstruction and Development (IBRD) agreed on a reform of its voting rights with the aim of transferring them to developing countries including emerging countries. The IBRD voting rights of developing countries including emerging countries increased by 3.13% to 47.19%, especially with an increase for China from 2.77% to 4.42%. The voting rights of developing countries at the International Finance Corporation (IFC) were also increased by 6.07% to 39.48%.

Various developments are expected in the future

between the developed countries that will try to retain international political influence based on their historical roles and the emerging countries that will try to expand their influence as emerging powers. Moreover, today's emerging powers will be challenged tomorrow in turn. To maintain international stability under such conditions, it is necessary to secure the participation of all the parties and to take a long-term perspective when making rules and reforming consensus-building mechanisms in international society.

[Issue of Failed States and Increased Threats from Non-state Actors]

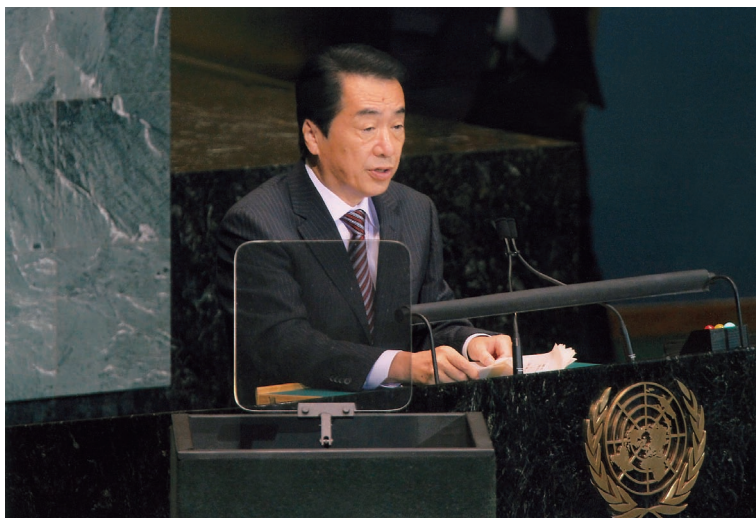
The second great issue facing the international community today is that of failed states, which have been left behind despite the progress of globalization, and the consequent destabilization of international situations under expanded threats from non-state actors such as terrorists and pirates.

Somalia and Yemen continued to draw international attention in 2010. Yemen, which had been considered problematic for its poverty and capability for governance, had drawn further concern of the international community, especially after it was detected that the suspect in the failed bombing of a passenger airplane from the Netherlands to the United States in December 2009 was trained in Yemen. In response, the "London Meeting on Yemen" was held in January. The meeting decided to establish the Friends of Yemen process, whose first ministerial meeting was held in New York in

September. Both meetings stressed the importance of having the international community provide effective support to Yemen. The government of Yemen itself also showed its determination for reform. Nevertheless, in October suspicious substances were found inside air freight sent from Yemen to the U.S. at airports in the United Kingdom and the United Arab Emirates. This was a reminder that improving the Yemeni capability for governance is an important issue for the international community.

In Somalia, there have been no signs of progress even though the international community continues its support for the Transitional Federal "Government" to promote peace. With no effective unified government, Somalia has become a hotbed for pirates and terrorists. Despite the anti-piracy measures implemented by Japan and other countries off the coast of Somalia and in the Gulf of Aden, the number of piracy incidents in 2010 was around the same level as the previous year. The piracy issue remains important which must be addressed by the international community.

Terrorist incidents continue to be a serious threat and they occurred worldwide whether it originates from failed states or elsewhere including Pakistan, Russia, Yemen, Uganda, Somalia and Iraq even when just reviewing the main cases in 2010. As a notable trend in recent years, terrorist activities have gone beyond Afghanistan and Pakistan, expanded to Yemen and Somalia, and are now gaining hold in the Sahel region, which runs along the south of the



Prime Minister Naoto Kan delivering a speech at the High-level Plenary Meeting of the 65th Session of the UN General Assembly on the Millennium Development Goals (photo: Cabinet Public Relations Office, Cabinet Secretariat of Japan)

Sahara Desert. As the centers of terrorism become more disperse, the number of failed states and so-called fragile states may increase.

2010 was a key year for the issue of poverty in developing countries as the 10th anniversary of the United Nations Millennium Declaration. At the High-level Plenary Meeting of the 65th Session of the UN General Assembly on the Millennium Development Goals (MDGs) in September, world leaders confirmed the progress made toward achieving each goal and discussed measures to be taken by the international community toward the 2015 target date. There are gaps in the progress toward achieving the MDGs by each goal and region. The international community needs to accelerate its efforts toward 2015, particularly in the fields with delayed progress such as health and education, and in such regions as sub-Saharan Africa and South Asia.

The impact of the non-traditional threats exemplified by terrorism and piracy on the national security is further increasing along with the progress of globalization. The international community must continue to address the important issues of how to reinforce the foundations for political stability and economic growth in failed states that have become a hotbed of these threats, post-conflict states such as Iraq and Afghanistan, and developing countries left behind by the wave of globalization.

[Increasing Individual Ability to Access and to Dispatch Information and its Impact on Politics]

The last trend that should be noted in the present international situation is the increasing impact of individuals on politics caused by the advanced information technology. The spread of the Internet and other information and communications technologies worldwide including developing countries has greatly expanded the ability of individuals to directly influence domestic and international politics, which enabled many people to access great volumes of information and improved people's life dramatically. At the same time, it has also become possible for individuals to use the Internet to dispatch information to the entire world. This has had a great impact not only on the domestic politics of each country, but on international politics as well. This trend became especially obvious during 2010.

Some countries have limited individual access to information by individuals, including access via the

Internet, for such purposes as maintaining domestic public security and regimes. Such restrictions have been subjected to criticism by the international community. In January 2010, U.S. Secretary of State Hillary Clinton gave a widely publicized speech concerning Internet freedom. She remarked on the importance of preserving Internet freedom in modern states, and the roles of the United States to fulfill to that end. Then in March the U.S. Internet search company Google Inc. withdrew from China in dissatisfaction with restrictions imposed inside that country, further drawing the interest of the international community in the Internet control issue.

In November, an incident occurred in which the whistleblower site WikiLeaks disclosed a large number of confidential U.S. diplomatic cables over the Internet. The United States and other countries concerned were overwhelmed handling the situation. The cables included military secrets related to the activities of each country's forces in deployed Afghanistan, highlighting the problems that information which might threaten human lives can be released worldwide instantly.

In December an anti-government democratization movement emerged across Tunisia after a young man burned himself to death as a protest against the authorities. President Zine El Abidine Ben Ali went into exile in January 2011. This wave then spread to Egypt, where large-scale demonstrations led President Mohamed Hosni Mubarak to resign. The use of Social Network Service (SNS) on the Internet is said to have played a major role in these events by connecting large numbers of citizens, making it far easier to hold demonstrations and to hold assemblies.

The importance of democracy and freedom in today's world and the readiness of the international community to support efforts to realize such values had been widely recognized even in many countries with information controls even before the dramatic development of information and communications technologies typified by the spread of the Internet. For that reason, governments in many countries, where severe dissatisfaction exists regarding disparities and limits to citizens' participation in politics, have restricted freedom of speech and political activities to restrain anti-government protests.

The cases of Tunisia and Egypt, however, demonstrate that the development of information

and communications technologies has made it difficult to hinder protest activities, which was previously possible. SNS enabled people to immediately know the fact that a large number of citizens were participating in coordinated protests in many regions, weakened the deep-rooted fears for government control, and impelled citizens into action. These developments show that it is difficult to restrain citizens' participation in politics over the long term.

The wave of anti-government movements then spread from Tunisia and Egypt to other countries in the Middle East and North Africa, and SNS is said to have played a great role there as well. The important issue now is how these countries can peacefully realize democratic and stable nation-building.

In addition, cyber attacks targeting government agencies and social infrastructure are increasing in recent years. Major incidents include the Distributed Denial of Service (DDoS) attack on government, finance, and communications infrastructure of Estonia in April 2007, and the DDoS attack on

government-related websites in the U.S. and the Republic of Korea (ROK) in July 2009. Recently, a DDoS attack on ROK government websites was reported in March 2011.

As summarized above, 2010 was a year when the Internet and other information and communications technologies exerted a major influence on international politics. How will humanity deal with the political, economic, and social transformations caused by these technologies with their great potential? For example, how should the relations be between states and individuals in the era when individuals have gained extensive information collection and transmission capabilities from the development of the Internet? And how will we respond to cyber attacks, which have been on the rise in recent years? Innovations of communication tools are casting a fundamental questioning of how the social order should be and how we should construct it. While it is difficult to draw conclusions at this moment, this may be deemed an important issue that the international community will have to address.

2. Pursuit of Japan's National Interests and Development of Proactive Diplomacy

[The Security Environment Surrounding Japan]

Compared with other regions, East Asia surrounding Japan faces a continued presence of traditional threats, while facing non-traditional threats as well. In 2010, it became readily apparent that the security environment in East Asia was harsh and the uncertainty and instability existed in the region.

In the Korean Peninsula, North Korea repeatedly exercised provocative behavior. In March, North Korea sank a Republic of Korea (ROK) Navy patrol vessel. In November, North Korea announced that it had developed a uranium enrichment program in violation of the Joint Statement of the Six-Party Talks and United Nations Security Council (UNSC) resolutions, and shelled the ROK's Yeonpyeong Island. The condition on the Korean Peninsula remains tense, and the behaviors of North Korea continue to be a major destabilizing factor for Japan and for the entire region.

While China, which is realizing rapid economic growth, is stressing peaceful development and coming to play an important role in the world and the region, the increase in its military strength, which lacks transparency, and its more active

maritime activities are of concern to the region and the international community.

Given the understanding of the international situation explained above and this security environment in East Asia, the next sections explain the Japan's foreign policy in 2010, broadly divided into the three areas of (1) deepening the Japan-U.S. alliance and strengthening Japan's network with Asia-Pacific countries, (2) advancing economic diplomacy, and (3) addressing global issues and contributing to international rule-making.

[Deepening the Japan-U.S. Alliance and Strengthening Japan's Network with Asia-Pacific]

As the security environment surrounding Japan becomes increasingly uncertain, building solid security arrangements is essential for Japan's peace and prosperity. While strengthening its own defense capabilities, Japan is working to deepen and further develop the Japan-U.S. alliance, which serves as the cornerstone of its diplomacy and security. In 2010, which marked the 50th anniversary of the conclusion of the current Japan-U.S. Security Treaty, the governments of Japan and the United States initiated a consultation process to deepen the alliance

so it can sustain for the next 30 or 50 years. Bilateral discussions are underway toward a vision of the Japan-U.S. alliance for the 21st century in the form like a joint statement, to be announced when the Prime Minister of Japan visits the U.S. in the first half of 2011.

Japan formulated a new National Defense Program Guidelines in December to enhance its own defense. The Guidelines introduce a new “Dynamic Defense Force” concept, which emphasizes operations, to supersede the prior “Basic Defense Force Concept,” which secures deterrence through the existence of the defense forces themselves. The Guidelines aim at building a flexible posture in response to changes in the strategic environment of East Asia.

Relations with China grew tense at one point after a Chinese fishing ship collided with two Japan Coast Guard patrol vessels in Japanese territorial waters off the Senkaku Islands. Japan-China relations have been returning to an improvement path since the bilateral summit meeting in November 2010. The two countries will deepen a “Mutually Beneficial Relationship Based on Common Strategic Interests” from a broad perspective, which includes advancing

peace and prosperity in the Asia-Pacific region and fostering cooperative economic relations.

In order to realize an affluent, stable and open Asia-Pacific region, Japan will strengthen its network with Asia-Pacific countries including not only the Republic of Korea (ROK) and Australia, with which it shares mature democracy and other fundamental values, but India and ASEAN countries. Japan will also build up multi-layered cooperative relationships openly utilizing regional frameworks including the East Asia Summit, which has officially approved the participation of the U.S. and Russia from 2011, APEC and the ASEAN Regional Forum (ARF).

Foreign Minister Seiji Maehara delivered a speech entitled “Opening a New Horizon in the Asia Pacific” at a think tank in Washington D.C. when he visited the U.S. in January 2011. While presenting the approaches discussed above, this speech stressed the development of the Asia-Pacific region not under hegemony but through cooperation, and that Japan and the U.S. should collaborate in leading the shaping of a new order in the region.



Foreign Minister Seiji Maehara, right, delivering a speech at the Center for Strategic and International Studies (CSIS) (January 6, 2011, Washington D.C., USA)

[Promoting Economic Diplomacy]

In today’s international society, great economic growth is achieved especially among emerging countries even after the global financial and economic crisis. It is important to connect the vitality of these countries, which are expected to

keep growing, with the growth of world economy. The demand for infrastructure in emerging countries could also bring a great opportunity to the Japanese economy as well. Therefore, it is urgent to promote economic diplomacy strategically, also because it could overcome various issues the

Japanese society is facing. With these issues in mind, Japan has been promoting economic diplomacy under the strong leadership of Minister for Foreign Affairs Maehara. The following five pillars are emphasized: (1) advancing the free trade system; (2) securing stable supplies of natural resources, energy and food; (3) promoting export of Japanese infrastructure; (4) developing Japan as a tourism-oriented country; and (5) publicizing the Japan brand.

[Addressing Global Issues and Contributing to International Rule-making]

Finally, Japan actively advanced its diplomacy at the United Nations, G20, G8, and other international forums in 2010 over the issues including development in developing countries, nuclear disarmament and non-proliferation, climate change and other global issues that cannot be resolved by any one country.

Japan reviewed its Official Development Assistance (ODA) policies from early 2010 through June to increase citizens' understanding and support of ODA amid severe government financial conditions, and toward implementing strategic and effective ODA. This review positioned ODA as a tool to pursue the common interests of the world including Japan. Then at the High-level Plenary Meeting of the 65th Session of the UN General Assembly Meeting on the Millennium Development Goals (MDGs) in September, Prime Minister Naoto Kan announced the "Kan Commitment" to provide \$5.0 billion for health and \$3.5 billion for education, over five years from 2011, where progress toward the MDGs has been slow.

In the field of nuclear disarmament and non-proliferation, Japan and Australia co-hosted the first Foreign Ministers' Meeting on Nuclear Disarmament and Non-Proliferation in September on the occasion of the United Nations General Assembly (UNGA) meeting, to move the international discussion forward following the outcomes of the 2010 NPT Review Conference held in May. They formed an inter-regional group of 10 countries that share aspirations and hold similar positions for nuclear disarmament and non-proliferation, and released a joint statement to express their determination to advance pragmatic measures toward "a world of decreased nuclear risk."

Japan also developed active diplomacy regarding environmental issues in 2010, leading the international community and contributing to rule-making. For

example, in the field of forest conservation, which is closely related with climate change, Japan was elected through 2010 to serve as co-chair of the REDD+ Partnership (for Reducing Emissions from Deforestation and Forest Degradation in Developing Countries), established under an agreement reached at the Oslo Climate and Forest Conference held in Norway in May. Japan also exercised leadership by serving as co-chair with Papua New Guinea at the Ministerial Meeting of the REDD+ Partnership held in Nagoya, Aichi Prefecture, in October. In the field of biodiversity, Japan served as the chair for the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10), which was also held in Nagoya in October. At the end of two-week negotiations, the conference adopted the "Aichi Target (New Strategic Plan of the Convention on Biological Diversity)" for activities after 2011 and the "Nagoya Protocol" on Access and Benefit Sharing (ABS). These accomplishments, which can be considered historical, were realized under Japanese leadership.

[Development of Proactive Diplomacy]

It is pointed out that that Japan's international status and influence have declined, for example, because its Gross Domestic Product (GDP) ranking has fallen from the second to the third largest in the world. It is also true that the Japanese economy has been sluggish, and that the Japanese people's attention has turned inwards, which led to decline in citizens' interest in foreign and international affairs.

Nevertheless, the changes in the international situation are not necessarily disadvantageous for Japan. For example, China is Japan's biggest trading partner, and if China's economic development advances in harmony with the international community, it offers a favorable opportunity for Japan. Diplomacy must play a great role in further securing and advancing the national interests through international cooperation precisely because this is a period of a great change. As the world is in a period of transition, it is needed for Japan to set clear goals, stand at the forefront of international society, conduct an active diplomacy, and pursue its own national interests. More than ever before, Japanese foreign policy must accurately analyze the current conditions from a mid-to-long-term perspective, and, with a vision for the future, steadily implement what must be done now.