

Section 3

Japan's Economic Diplomacy to Promote National and Global Interests

1 Overview of Economic Diplomacy

In the international community, as competition among nations arises in the fields of politics, economy, and the military, the balance of power in the international arena is changing in an increasingly rapid and complex manner, while uncertainty over the existing international order is growing. Amid a protracted COVID-19 pandemic, a dire global economy is showing signs of an overall recovery from an extremely severe situation. However, uncertainties remain due to inflation risks posed by such factors as a variance among countries' economic situations owing to a "vaccine equity gap," ballooning governmental debt arising from COVID-19 countermeasures, rising maritime transport and other logistics costs, increasing energy and commodity prices, and a semiconductor shortage.

Amid these circumstances, Japan has continued its efforts for rule-making and further trade liberalization through economic partnerships. The Japan-UK Comprehensive Economic Partnership Agreement (Japan-UK CEPA) and the Regional Comprehensive Economic Partnership (RCEP) Agreement entered into force in 2021 and 2022, respectively. With regard to the World Trade Organization (WTO), which is central to the multilateral trading system, the 12th Ministerial Conference was once again postponed, this time from 2021 to 2022. However, discussions on

important themes such as the COVID-19 response and fisheries subsidies negotiations are becoming increasingly active, and Japan must continue to guide reforms in coordination with the countries concerned. Furthermore, with respect to efforts by like-minded countries in areas such as e-commerce and services domestic regulation, Japan will continue to make achievements regardless of when the 12th Ministerial Conference is held.

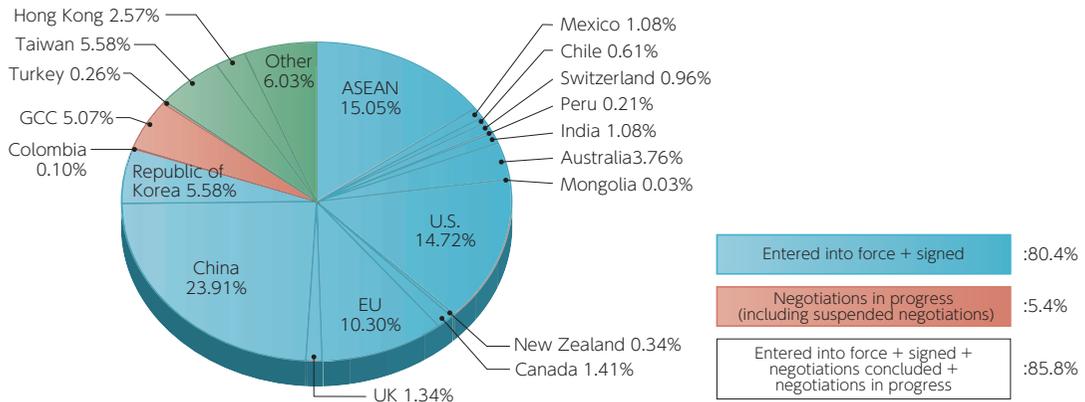
Based on the above assessment, Japan has advanced initiatives with the aim of accelerating the promotion of economic diplomacy as one of the priority areas of its diplomacy, centered around the following three areas: (1) rule-making and initiatives through international organizations to bolster free and open global economic systems by promoting economic partnership agreements, while maintaining and strengthening the multilateral trading system; (2) supporting the overseas business expansion of Japanese companies through promotion of public-private partnerships; and (3) promoting resource diplomacy along with inbound tourism toward Japan.

2 Promotion of Rule-Making to Bolster Free and Open Global Economic Systems

(1) Promotion of Economic Partnerships

In recent years, despite the advancement of economic globalism, there have been clear

Percentages of Japan's economic partnership agreement partner countries and regions within Japan's total trade



Source: Trade Statistics of Japan by the Ministry of Finance (released in March 2021) (Percentages of each country's trade value are rounded to the nearest hundredth)

developments toward protectionism as COVID-19 infections spread. In such circumstances, Japan has emphasized and steadily promoted Economic Partnership Agreements (EPAs) and Free Trade Agreements (FTAs), which help capture the vitality of the growing market overseas and strengthen the basis of the Japanese economy through measures such as the reduction or elimination of tariffs on goods as well as barriers on trade in services, and through rule-making for trade and investment. The Japan-UK CEPA entered into force on January 1, 2021, followed by the entry into force of the RCEP Agreement on January 1, 2022 for Japan, Brunei, Cambodia, Laos, Singapore, Thailand, Viet Nam, China, Australia, and New Zealand. This brought the EPA/FTA ratio in Japan's trade (the ratio of trade value with countries that have EPAs/FTAs already signed or entered into force with Japan, to Japan's total trade value) to around 80.4% (source: Trade Statistics, Ministry of Finance, 2021).

To advance a free and fair economic order, the basis for its own peace and prosperity, Japan will proactively continue its endeavors, including maintaining the high standards of the CPTPP, ensuring the full implementation of the RCEP Agreement, and negotiating other economic partnership agreements.

A Multilateral Agreements and Other Matters
(A) Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

The CPTPP is an agreement that promotes efforts to establish new economic integration rules for the 21st century in a wide range of areas such as tariffs, services, investments, e-commerce, intellectual property, and state-owned enterprises. It also provides opportunities for Japanese companies to better thrive in overseas markets, giving it important economic significance as a major driving force for the country's economic growth. Furthermore, the CPTPP has great strategic significance in that it facilitates the building of a free and fair economic order together with countries that share fundamental values such as freedom, democracy, fundamental human rights, and the rule of law, contributing to Japan's security and stability in the Indo-Pacific region as well as leading to peace and prosperity in the region and the world at large. The 12 countries of Japan, Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the U.S., and Viet Nam signed the Trans-Pacific Partnership Agreement (TPP12 Agreement) in February 2016. However, due to the U.S.'s announcement of its withdrawal from the TPP12 Agreement in 2017, Japan proactively led discussions among the 11 countries for the early realization of the TPP.

Agreement in principle was reached at the TPP Ministerial Meeting in November 2017, and the CPTPP was signed in Chile in March 2018. The six countries (Mexico, Japan, Singapore, New Zealand, Canada, and Australia) completed necessary domestic procedures and the Agreement entered into force on December 30, 2018. Viet Nam became the seventh Party to conclude the Agreement in January 2019, followed by Peru as the eighth in September 2021.

Since the CPTPP entered into force, five TPP Commission meetings have been held mostly at the ministerial level. Japan served as the chair in 2021, holding the Fourth and Fifth Commission meetings online in June and September, respectively. At the Fourth Commission meeting, it was decided to commence the accession process with the UK, which formally submitted its accession request on February 1, 2021, and to establish an Accession Working Group (AWG) for the UK. Amid an increasingly uncertain global economic situation and more pronounced protectionism as the COVID-19 pandemic spreads, the commencement of the accession process with the UK presents a powerful message to the world that the CPTPP will drive forward free trade. It also provides important momentum for expanding free and fair trade and investment rules for the 21st century. To ensure that the UK's accession process proceeds smoothly while maintaining the high level of the CPTPP, Japan will hold substantial discussions in the AWG as its chair.

Formal accession requests were submitted by China on September 16, Taiwan on September 22, and Ecuador on December 17, 2021. While carefully assessing whether the aspirant economies that submitted accession requests are prepared to fully meet the high standards of the CPTPP in terms of its market access and rules, Japan will respond to this matter while taking into account strategic perspectives and public understanding.

(B) Japan-EU Economic Partnership Agreement (Japan-EU EPA)

The Japan-EU EPA entered into force in February 2019. The EU is an important partner for Japan as Japan's third largest export partner (9.2% of total exports) and its second-largest import partner (11.4%) (as of 2020 for both figures). The combined GDP of the EU and Japan is 20.3 trillion US dollars, with total trade of 11.9 trillion US dollars. With the entry into force of the Japan-EU EPA, Japan and the EU compose a free and progressive economic sphere that accounts for one fourth of global GDP and one third of world trade.

After its entry into force, Japan has steadily implemented this agreement through joint committees and specialized committees in 12 areas under the agreement. At the second joint committee meeting, held in February 2021, Japan and the EU discussed how to ensure the proper and effective implementation of the Japan-EU EPA, as well as had an exchange of views on topics such as the ideal situation for Japan-EU collaboration, including COVID-19 countermeasures, the green and digital industries, and WTO reforms.

Through implementation of the EPA, Japan will continue to address a range of issues together with the EU, with which it shares fundamental values.

(C) Japan-UK Comprehensive Economic Partnership Agreement (Japan-UK CEPA)

The Japan-UK CEPA, which entered into force in January 2021, is a key foundation for further strengthening Japan-UK relations.

The Japan-UK CEPA is based on the Japan-EU EPA and comprises 24 chapters in total. It is an agreement within the scope of the Japan-EU EPA that establishes tariff rates on goods Japan exports to the UK, as well as tariffs for agricultural and fishery products from the UK. However, it includes rules that are more advanced and high-level than those of the Japan-EU EPA in such areas as electronic commerce and financial services. Additionally, the Japan-UK CEPA is Japan's

first EPA that includes an independent chapter on gender, which was created to ensure that women can fully benefit from the profits of trade.

Japan is now working to seamlessly implement the Japan-UK CEPA through 13 specialized committees and working groups, and will continue to engage in close collaboration toward further strengthening economic relations between Japan and the UK.

(D) Japan-China-ROK FTA

The Japan-China-ROK FTA is the one with Japan's major trading partners: China and the ROK. Negotiations began in March 2013 and a total of 16 rounds of negotiations had been held as of December 2021.

(E) Regional Comprehensive Economic Partnership (RCEP) Agreement

The RCEP Agreement is an economic partnership agreement with a total of 15 member states, namely the ASEAN member states, Japan, Australia, China, the ROK, and New Zealand. RCEP participating countries account for roughly 30% of the world's total GDP, total trade, and population. The entry into force of the Agreement is expected to further strengthen Japan's ties with the regions serving as the world's growth center, thus contributing to the economic growth of Japan. Following a ceremony to launch RCEP negotiations during the ASEAN-related summit meeting held in Phnom Penh, Cambodia in November 2012, there were eight years of negotiations that included four summit meetings, 19 ministerial meetings, and 31 rounds of negotiations. The Agreement was signed on the occasion of the fourth RCEP Summit on November 15, 2020.

Although India had participated from the start of negotiations, at the third Summit in November 2019, India declared that it would not participate in further negotiations and did not sign the RCEP Agreement. However, at the signing, Signatory States issued a "Ministers' Declaration on India's Participation in the RCEP," which clarified that

the Agreement would be open for India, and stipulated a facilitation of India's future accession and allowed it to participate in related meetings as an observer. Due to the significant economic and strategic importance of India's participation in the RCEP, Japan will continue to play a leading role for the future participation of India to the RCEP Agreement.

The RCEP Agreement is stipulated to enter into force for signatory States that have deposited their instrument of ratification, etc., to the depositary, the Secretary-General of ASEAN, 60 days after the deposit by at least six signatory States that are Member States of ASEAN and at least three signatory States that are not ASEAN member states. As Brunei, Cambodia, Laos, Singapore, Thailand, Viet Nam, Australia, China, and New Zealand deposited, in addition to Japan, by November 2, 2021, the RCEP Agreement entered into force for these countries. It entered into force on February 1, 2022 for the ROK, which deposited on December 3, 2021. Japan will coordinate closely with countries involved to enforce economic activity that is based on free and fair rules in the region by ensuring the full implementation of the Agreement.

(F) Free Trade Area of the Asia-Pacific (FTAAP) Concept

The Lima Declaration on the FTAAP adopted at the 2016 Asia-Pacific Economic Cooperation (APEC) summit meeting confirmed mainly the following two points: (1) that the FTAAP would be high quality and comprehensive, and address next-generation trade and investment issues, being built in accordance with the TPP Agreement and the RCEP Agreement; (2) efforts would begin on implementing work plans supporting related capacity building. In a progress report presented to leaders in 2020, the need was expressed for further efforts. Since 2017, Japan has been continuously providing capacity building support through workshops and policy dialogues concerning the "competition chapters" in

FTAs and EPAs and investment policies. From the viewpoint of achieving a comprehensive and high-quality FTAAP, the entry into force of the CPTPP and RCEP Agreements are highly significant developments.

B Bilateral Agreements

(A) Japan-Turkey EPA

As an important country that serves as a hub among Europe, the Middle East, the Central Asia and Caucasus region, and Africa, Turkey has considerable economic potential and is attracting attention as a production base for exports to surrounding regions. Turkey has signed FTAs with over 20 countries and regions, and the need has been recognized for Japan to develop conditions of competition for Japanese companies through the conclusion of an EPA.

Furthermore, business communities in both countries have high expectations for an early conclusion of an EPA between the two countries. At the Japan-Turkey Summit Meeting in January 2014, the leaders agreed to launch negotiations, and 17 rounds of negotiations had been held as of the end of 2021.

(B) Japan-Colombia EPA

Japan began EPA negotiations in December 2012 with Colombia, a country with rich natural resources and high economic growth. Since Colombia has concluded FTAs with a number of countries (including the U.S., Canada, the EU and the ROK), it has been increasingly necessary for Japan to establish a competitive environment in the country. The strengthening of bilateral relations through an EPA is also expected to lead to improved cooperation in the international arena and promote cooperation among Japan and the Pacific Alliance (Mexico, Colombia, Peru, and Chile). Negotiations are currently ongoing.

C Other Existing EPAs

The existing EPAs contain provisions concerning

the joint committee, which is a body that discusses the implementation of the agreements, and a process to review the agreements after a certain period of time following their entry into force. In addition, a variety of consultations are being held in order to smoothly implement EPAs after their entry into force.

In accordance with the EPAs, Japan has been accepting candidates for nurses and certified care workers from Indonesia, the Philippines, and Viet Nam. In total, 3,346 (as of FY2021) candidates have been accepted from Indonesia (since 2008), 3,147 (as of FY2021) from the Philippines (since 2009), and 1,543 (as of FY2021) from Viet Nam (since 2014). The total number of nurses and certified care workers who have passed national exams is 529 and 1,762 individuals, respectively, as of FY2020.

D Investment-related Treaties

Investment-related treaties constitute an important legal basis to improve predictability for investors and promote investment by establishing common rules for the protection of investors and their investment property, enhancement of transparency in regulations, expansion of investment opportunities, procedures for investment dispute settlement, and other matters. Japan has actively engaged in concluding investment treaties, as these treaties are considered to improve the investment environment for Japanese companies overseas and to attract foreign investment to the Japanese market.

The Japan-Cote d'Ivoire Investment Agreement and the Japan-Georgia Investment Agreement entered into force in March and July, respectively. As of the end of January 2022, there are currently 51 investment-related treaties that have entered into force (34 investment treaties and 17 EPAs), and three (two investment treaties and one EPA) that have been signed but not yet entered into force, bringing the total to 54, covering 79 economies. Combining these with investment-related treaties currently under negotiation, treaties cover

94 economies and around 93% of Japan's foreign direct investments.¹

E Tax Conventions/Agreements on Social Security

(A) Tax Conventions

Tax conventions are intended to eliminate international double taxation in cross-border economic activities (e.g. to reduce or exempt withholding taxes imposed on investment income such as dividends), or to prevent tax evasion or avoidance, and provide an important legal basis for promoting sound investment and economic exchange between two countries. To support the sound overseas business expansion of Japanese companies, the Government of Japan is working to expand the necessary tax treaty networks, both in terms of quality and quantity.

Entering into force in 2021 were a tax treaty with Peru in January, a new (completely revised) tax treaty with Spain in May, a tax treaty with Uruguay in July, a new (completely revised) tax treaty with Georgia in July, and a tax treaty with Serbia in December. A revised protocol for a tax treaty with Switzerland was also signed in July. In addition, negotiations started for new (completely revised) tax treaties with Ukraine in March and Azerbaijan in May. As of the end of December 2021, Japan has signed 82 tax treaties applied to 148 economies.

(B) Agreements on Social Security

Agreements on social security aim to resolve the issues of the double payment of social security insurance premiums and annuity insurance non-refunds. They are expected to facilitate interpersonal exchange and strengthen further bilateral relations, including economic exchange, by reducing the burden on Japanese companies and citizens working overseas. The total number of countries that have concluded or signed such

agreements with Japan now stands at 23 as of the end of December 2021.

(2) Initiatives with International Organizations

A World Trade Organization (WTO)

(A) Appointment of New Director-General Ngozi Okonjo-Iweala

The WTO is currently confronting new issues that include efforts to combat COVID-19, in addition to changes such as the rise of emerging countries and the advancement of the digital economy. Amid these circumstances, Dr. Ngozi Okonjo-Iweala was appointed as the Director-General in February, becoming the first woman and African to serve in the position. As someone who has held a number of important positions inside and outside of Nigeria, Director-General Okonjo-Iweala is expected to address WTO issues by leveraging the extensive knowledge and experience that she has gained throughout her career. Japan also welcomes this appointment, and Foreign Minister Motegi held a telephone call with her in March just after her appointment during which the two sides affirmed their intent to cooperate on advancing WTO reforms.

(B) The WTO's COVID-19 Response

Amid the spread of COVID-19 infections, the WTO Secretariat has prepared and published various reports concerning trade and COVID-19. In its 2021 edition of the World Trade Report, the WTO indicated the need for further international cooperation on boosting economic resilience.

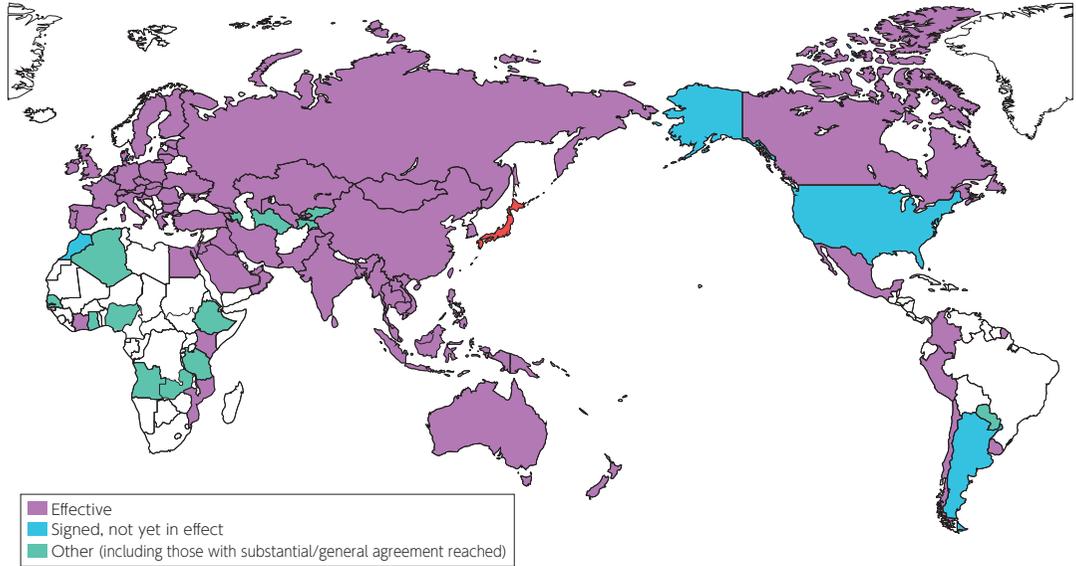
Furthermore, with regard to COVID-19, the WTO is holding discussions on export restrictions and transparency for medical goods that include vaccines and their inputs, as well as discussions surrounding intellectual property rights for products such as vaccines. Of particular interest are discussions on a waiver concerning the Agreement

¹ "Regional balance of Direct Investment (Assets)," Ministry of Finance (All regions) (As of the end of 2020)

Current investment-related agreements (as of the end of January 2022)

Negotiation status^(note1) of investment-related agreements

- Effective: 51 (34 investment agreements, 17 EPA)
 - Signed, not yet in effect: 3 (2 investment agreements, 1 EPA)
 - Under negotiation: 19 agreements (16 investment agreements, 3 EPA)
- (note1) EPA/FTA including investment agreements and investment section
 } Covering 79 countries / regions
 — Covering 94 countries / regions once those under negotiation take effect



■ **Effective** (terminated agreements excluded) (): effective year (Note2) denotes "liberalization" agreement

| | |
|---|--|
| Investment agreement | |
| 1 Egypt (1978) | 18 Japan, China and Republic of Korea (2014) |
| 2 Sri Lanka (1982) | 19 Myanmar (2014) ^(Note2) |
| 3 China (1989) | 20 Mozambique (2014) ^(Note2) |
| 4 Turkey (1993) | 21 Colombia (2015) ^(Note2) |
| 5 Hong Kong (1997) | 22 Kazakhstan (2015) |
| 6 Pakistan (2002) | 23 Ukraine (2015) |
| 7 Bangladesh (1999) | 24 Saudi Arabia (2017) |
| 8 Russia (2000) | 25 Uruguay (2017) ^(Note2) |
| 9 Republic of Korea (2003) ^(Note2) | 26 Iran (2017) |
| 10 Vietnam (2004) ^(Note2) | 27 Oman (2017) |
| 11 Cambodia (2008) ^(Note2) | 28 Kenya (2017) |
| 12 Laos (2008) ^(Note2) | 29 Israel (2017) ^(Note2) |
| 13 Uzbekistan (2009) ^(Note2) | 30 Armenia (2019) ^(Note2) |
| 14 Peru (2009) ^(Note2) | 31 Jordan (2020) |
| 15 Papua New Guinea (2014) | 32 United Arab Emirates (2020) |
| 16 Kuwait (2014) ^(Note2) | 33 Cote d'Ivoire (2021) ^(Note2) |
| 17 Iraq (2014) | 34 Georgia (2021) ^(Note2) |

Note: A private investment arrangement was made between Japan and Taiwan in 2011 (liberalization type).

■ **EPA including investment section**

| | |
|---|--|
| 1 Singapore (2002) ^(Note2) | 12 Mongolia (2016) ^(Note2) |
| 2 Mexico (2005) ^(Note2) | 13 CPTPP (Note3) (2018) ^(Note2) |
| 3 Malaysia (2006) ^(Note2) | 14 EU (2019) ^(Note2) |
| 4 Chile (2007) ^(Note2) | 15 ASEAN (2020) ^(Note4) (Note2) |
| 5 Thailand (2007) ^(Note2) | 16 UK (2021) ^(Note2) |
| 6 Brunei (2008) ^(Note2) | 17 RCEP Agreement ^(Note5) (2022) ^(Note2) |
| 7 Indonesia (2008) ^(Note2) | |
| 8 Philippines (2008) ^(Note2) | (Note3) CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership |
| 9 Switzerland (2009) ^(Note2) | (Note4) Effective year of the revised protocol |
| 10 India (2011) ^(Note2) | (Note5) RCEP Agreement: Regional Comprehensive Economic Partnership Agreement |
| 11 Australia (2015) ^(Note2) | |

■ **Under negotiation**

Investment agreement

| | |
|----------------|---------------|
| 1 Angola | 9 Kyrgyzstan |
| 2 Algeria | 10 Nigeria |
| 3 Qatar | 11 Zambia |
| 4 Ghana | 12 Ethiopia |
| 5 Tanzania | 13 Tajikistan |
| 6 Bahrain | 14 EU |
| 7 Turkmenistan | 15 Paraguay |
| 8 Senegal | 16 Azerbaijan |

■ **EPA/FTA including investment section**

| |
|---------------------------------------|
| 1 Canada |
| 2 Japan, China, and Republic of Korea |
| 3 Turkey |

■ **Signed / not effective**

- TPP agreement^(Note6) (signed February 2016, approved) (EPA)^(Note2)
- Argentina (signed December 2018, approved)^(Note2)
- Morocco (signed January 2020, approved)

(Note6) TPP agreement: Trans-Pacific Partnership Agreement

on Trade-Related Aspects of Intellectual Property Rights (TRIPS)². These discussions began with an October 2020 proposal from India and South Africa to broadly waive obligations in the TRIPS Agreement with regard to COVID-19 response measures. The U.S. then announced in May 2021 that it would support waiving intellectual property protection on COVID-19 vaccines, which was followed by a proposal from the EU in June relating to an agreement on the use of the provisions in the TRIPS Agreement relating to compulsory licensing. Director-General Okonjo-Iweala is actively involved in building such an agreement and discussions are ongoing, but there is no prospect of the agreement being reached (as of February 1, 2022).

(C) Postponement of the 12th WTO Ministerial Conference (MC12)

WTO Members, including Japan, had engaged in lively discussions toward achieving results at MC12, which was scheduled to be held at the end of November 2021. While fisheries subsidies negotiations have been ongoing for 20 years, they have become particularly active following the inauguration of Director-General Okonjo-Iweala. The Ministerial Meeting on the Fisheries Subsidies Negotiations of the Trade Negotiation Committee was held online in July. State Minister for Foreign Affairs Washio Eiichiro from the Ministry of Foreign Affairs (MOFA) attended the meeting and committed to the early conclusion of the negotiations. On November 24, Foreign Minister Hayashi held an online meeting with Director-General Okonjo-Iweala where the two sides affirmed their intention to work closely together toward MC12. However, the growing COVID-19 (omicron variant) pandemic led to the postponement of MC12, which was originally scheduled for the end of November. This is the third postponement of MC12, which had already been postponed twice.

It was later decided that MC12 would be held in June 2022.

(D) Progress with Efforts Among Like-minded Countries

Although MC12 was postponed, some progress has been made in the efforts among like-minded members in December following the decision to postpone MC12. First, 67 WTO Members, including Japan, issued a Declaration announcing the successful conclusion of negotiations on WTO services domestic regulation. The disciplines that were agreed upon provide guidelines for each member's domestic regulations such as the publication of laws and regulations on licensing and qualification requirements. The conclusion of the negotiations on WTO services domestic regulation will enhance convenience for companies which are operating overseas and is an important example of successful plurilateral negotiations. Furthermore, with regard to negotiations related to e-commerce, concerned ministers from Japan, Australia, and Singapore, co-conveners of the WTO Joint Statement Initiative on E-commerce, issued a joint statement that confirms progress made so far and highlights the way forward toward the conclusion of the negotiation. At the WTO, e-commerce negotiations are one of the most important themes, and it is crucial to accumulate results, aiming to further advance negotiations. As a co-convenor for e-commerce negotiations, Japan continues to include numerous participating countries and accelerate negotiations with the goal of creating high-level rules that include the free flow of data.

With regard to trade and environment, 70 WTO Members including Japan released the Ministerial Statement on Trade and Environmental Sustainability in December.

² Entry into force of the protocol to revise the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) | Ministry of Foreign Affairs (mofa.go.jp)

(E) Dispute Settlement³

The WTO dispute settlement system is a system that settles disputes among WTO Members under the covered agreements according to the dispute settlement procedures. It serves as a pillar that imparts security and predictability to the WTO system. The Appellate Body serves as the Second Instance (final instance), and although it has ceased to function due to a lack of members needed for deliberation, members are still able to refer disputes to the WTO's Dispute Settlement Body (panel). Nine disputes were referred in 2021.

With respect to a case concerning China's measure imposing anti-dumping duties on stainless steel products originating from Japan, Japan requested bilateral consultations based on the WTO Agreements in June 2021, followed by another request to establish a panel in August (established in September). This brought the number of cases that directly involve Japan and that were referred for WTO's dispute settlement procedures to six (the other five are: India-safeguard measure on iron and steel products; the ROK-anti-dumping duties on stainless steel bars; the ROK-support measures for the ROK's shipbuilding industry; India-measures concerning tariff increases on ICT products; and Japan-update of export control procedures for Korea).

B Organisation for Economic Co-operation and Development (OECD)**(A) Features**

The OECD researches and analyzes a broad range of economic and social fields and makes specific policy recommendations to its members. Through discussions held by approximately 30 committees, it has formed international standards and rules. Since its accession to the OECD in 1964, Japan has been actively engaged in OECD initiatives through discussions at various committees as well as financial and human resources contributions.

(B) 2021 OECD Ministerial Council Meeting

The OECD Ministerial Council Meeting in 2021 was held in two parts, and the Secretary-General handover ceremony was held during the first part (May 31 and June 1). Under the leadership of the U.S. as Chair and the ROK and Luxembourg as Vice-Chairs, discussions were held online on the topic of "Shared Values: Building a Green and Inclusive Future." Minister of State for Economic and Fiscal Policy Nishimura Yasutoshi and State Minister for Foreign Affairs Washio attended from Japan. State Minister for Foreign Affairs Washio communicated Japan's expectations for OECD's role in creating rules and standards and emphasized the importance of strengthening cooperation with the G20 and other institutions, as well as strengthening outreach to Southeast Asia.

The second part was held in person (online format for some participants) on October 5-6 at the OECD Headquarters in Paris, for the first time in two years. Continuing on from the first part, lively discussions were held on the theme of "Shared Values: Building a Green and Inclusive Future" concerning shared economics-related issues facing the international community that included climate change, international taxation, digitalization, and trade. Permanent Representative of Japan to the OECD Okamura Yoshifumi was among those in attendance from Japan. The 60th Anniversary Vision Statement and Ministerial Council Statement were adopted during the second part of the meeting. The Vision Statement commemorates 60 years of the OECD in 2021, at a time when the OECD is facing issues that require global cooperation and action, and describes the OECD's principles for the next 10 years. This includes a new commitment among OECD members to achieve sustainable development for the global economy with a renewed emphasis on having shared values such as the protection of individual freedoms, democracy and the rule of law, and sharing the same intentions. The Ministerial

³ Related article: "Individual Dispute Settlement Cases," pg. 187-188, Diplomatic Bluebook 2021

Council Statement was adopted as a result of the discussions at the Ministerial Council Meeting and reflects many of Japan's viewpoints, including a commitment to furthering the digital economy by promoting Data Free Flow with Trust (DFFT, i.e. promoting the formulation of high-level rules concerning governments' access to personal data), support for high quality infrastructure investment according to the G20 Principles for Quality Infrastructure Investment and other guidelines, an emphasis on the importance of WTO reforms and the revision of the G20/OECD Principles of Corporate Governance.

(C) Initiatives in Various Sectors

The OECD is strengthening its cooperation with the G20, G7, APEC, and other international fora, and is undertaking initiatives that include leading discussions on international taxation system reform, disseminating and implementing the G20 Principles for Quality Infrastructure Investment, addressing the issue of excess production capacity involving steel and shipbuilding, and revising principles concerning corporate governance.

(D) Outreach to Southeast Asia

Due to the growing importance of Southeast Asia as a center for global economic growth, the OECD is working to bolster relations with the region through the Southeast Asia Regional Programme (SEARP). In 2021, policy talks and other events were held that included the SEARP Regional Forum in May. Japan will continue to utilize the Tokyo Centre of the OECD to encourage future accession from Southeast Asian countries to the OECD.

(E) Contributions in Terms of Financial and Human Resources

As of 2021, Japan was the second largest financial contributor to the OECD, covering 9.1% of the OECD's mandatory contributions (the U.S. is first, covering 20.2%). Moreover, Japanese nationals have successively served as the Deputy Secretary

General (there are four positions in total; currently Deputy Secretary General Takeuchi Yoshiki), and about 90 Japanese staff currently work at the OECD Secretariat.

(3) Intellectual Property Protection

Strengthening intellectual property protections is extremely important for the promotion of technological innovation and eventually for economic development. Japan has actively participated in multilateral consultations such as APEC, the WTO (TRIPS), and the World Intellectual Property Organization (WIPO), and is working to improve an environment for ensuring that Japanese intellectual property is appropriately protected and utilized overseas. During bilateral talks, Japan also calls on other countries to proactively strengthen intellectual property protections. For EPAs as well, Japan strives to establish regulations on intellectual property rights to ensure the adequate and effective protection of intellectual property. Following the CPTPP Agreement and the Japan-EU EPA, both the Japan-UK CEPA and the RCEP Agreement have incorporated contents on further promotion of the protection and use of intellectual property. Moreover, for the purpose of rapidly and efficiently providing assistance for Japanese companies that are facing problems such as counterfeit and pirated goods, MOFA appoints Intellectual Property Officers at almost all of Japan's diplomatic missions overseas so that they can advise Japanese companies and make inquiries with or requests to their counterpart governments. Furthermore, every year, Meetings of Intellectual Property Officers are held to assess the damage in each country and the response status by diplomatic missions overseas, exchange opinions and share best practices on building appropriate systems, and strengthen efforts to combat intellectual property right infringements. In 2021, the meetings were held with a focus on Southeast Asia in March and Latin America in November.

3 Leading Discussions at International Conferences

(1) G7 and G20

A G7

The G7 holds frank discussions among countries that share fundamental values, and makes a concerted effort to address the wide-ranging issues faced by the international community.

On February 19, soon after the inauguration of the G7 chair, the UK held the G7 leaders' video conference, and the leaders agreed to make the most of their strengths and values as democratic, open economies and societies.

The G7 Summit 2021 in Cornwall, held from June 11 to 13, attracted international attention as the first in-person G7 summit in two years. Under the overall theme of "Build Back Better," leaders held frank discussions on the global economy and trade, as well as diplomacy and security. International organizations as well as outreach countries outside of the G7 (Australia, India, the ROK, and South Africa) also attended parts of the summit.

Prime Minister Suga emphasized the importance of promoting the multilateral trading system and addressing supply chain vulnerabilities in order to achieve "Build Back Better," as well as promoting DFPT as a means to achieve an open society. With regard to international health, Prime Minister Suga presented initiatives being undertaken by Japan to propagate vaccines and strengthen health systems. On climate change, he announced Japan's intention to provide assistance amounting to 6.5 trillion

Japanese yen through the public and private sectors over the five years from 2021 to 2025, including further enhancement of assistance for adaptation.

During the discussion, some members including Japan mentioned China, and the G7 confirmed to continue discussions on collective approaches to non-market policies and practices that undermine the fairness and transparency of the global economy. The G7 also confirmed to call on China to respect human rights and fundamental freedoms, especially in Xinjiang and in Hong Kong, and to cooperate on global issues such as climate change and biodiversity. The G7 leaders remained seriously concerned about the situations in the East and South China Seas, and concurred that they strongly opposed any unilateral attempts to change the status quo and increase tensions, underscored the importance of peace and stability in the Taiwan Strait, and encouraged the peaceful resolution of cross-Strait issues.

Following their discussions, G7 leaders agreed to collaborate to beat COVID-19, build back better, and promote democratic and open economies and societies based on international cooperation and multilateralism. The G7 Leaders' Communiqué and other documents were issued as deliverables.

Many ministerial meetings were also held in addition to the summit meeting. At the G7 Foreign and Development Ministers Meeting that was held in person twice, from May 3 to 5 in London, and on December 11 and 12 in Liverpool, ministers engaged in lively discussions concerning regional affairs including North Korea, China, Russia, and the Middle East, and affirmed an intention to cooperate at the G7 on issues such as the COVID-19 response, girl's education, climate change, and humanitarian crises. Freedom of media, cyber governance, and freedom of religion and belief were among other issues discussed. Foreign ministers from ASEAN countries were invited to take part in the meeting in December and participated in person or online, and discussed cooperation between the G7 and ASEAN.



G7 Cornwall Summit
(June 11, Cornwall, UK; Photo: Cabinet Public Relations Office)

B G20

The G20 is the first forum for international economic cooperation participated in by both major developed countries and emerging countries.

At the G20 Rome Summit, held on October 30 and 31, the G20 leaders discussed important issues such as global health, climate change, and development based on the three pillars of action “People, Planet, and Prosperity” under the Italian Presidency. At the end of the meeting, the G20 Rome Leaders’ Declaration was adopted. Prime Minister Kishida pointed out the importance of improving access to vaccines and preparing for a future health crisis. In addition, he explained Japan’s stance on DFPT, high-quality infrastructure investment, and fairness and transparency in development finance, while also emphasizing the importance of climate finance from developed countries and contributing to discussions among the leaders.

Furthermore, Foreign Minister Motegi attended the G20 Foreign and Development Ministers’ Meeting, which was held in Italy on from June 28 to 30, and engaged in discussions concerning such issues as multilateralism, Africa, food security, development, and humanitarian assistance.



G20 Rome Summit
(October 30, Rome, Italy; Photo: Cabinet Public Relations Office)

(2) Asia-Pacific Economic Cooperation

(APEC)

APEC is a framework of economic cooperation in which 21 economies (countries and regions) in the Asia-Pacific region participate. The

Asia-Pacific region is the “world’s growth center,” accounting for about 40% of the world’s population, about 50% of the world’s trade volume, and about 60% of the world’s total GDP. APEC, in order to liberalize and facilitate trade and investment in the region, conducts activities such as deepening regional economic integration, and enhancing economic and technical cooperation. The Asia-Pacific region, which thrives by liberalizing trade and investment and strengthening connectivity in accordance with international rules, is the core of a “Free and Open Indo-Pacific” that Japan has been promoting. Japan’s active involvement in and promotion of cooperation with APEC is of great significance to the effort to support our own economic growth and the overseas expansion of Japanese companies.

For APEC 2021, chaired by New Zealand, discussions were held at a variety of meetings throughout the year, all conducted online. The discussions revolved around an overarching theme-“Join, Work, Grow. Together”-as well as three priority areas: (1) economic and trade policies that strengthen recovery, (2) increasing inclusion and sustainability for recovery, and (3) pursuing innovation and a digitally enabled recovery. Specifically, amid an exploration of the role that trade could play in facilitating the trade of essential goods and services during the COVID-19 pandemic and responding to climate change, discussions were held on technically updating the List of Environmental Goods and the potential for its expansion in the future, creating a reference list of environmental services and future updates, and reducing inefficient fossil fuel subsidies.

At the APEC Economic Leaders’ Meeting held online on November 12, the 2021 APEC Economic Leaders’ Declaration was adopted as well as the Aotearoa Plan of Action as an annex for implementing APEC Putrajaya Vision 2040. The Aotearoa Plan of Action comprises chapters on “trade and investment,” “innovation and digitalization,” “strong, balanced, secure, sustainable and inclusive growth,” and “continuous



APEC Economic Leaders' Meeting
(November 12, Photo: Cabinet Public Relations Office)

improvement of APEC as an institution,” and lays out specific issues and directions that each economy should work on individually and that APEC should address across the entire organization.

At the Leaders' Meeting, Prime Minister Kishida announced that he would put Japan's economy on a new growth track by realizing the idea of a “New Form of Capitalism,” which also contributes to Asia-Pacific growth. He also called for a number of measures necessary for post-COVID-19 growth. These included realizing a free and fair trade and investment environment and building a resilient supply chain to boost the economic recovery, maintaining a high standard for the CPTPP Agreement, continued contributions to building a free and fair economic order in the region, promoting DFFT in the digital age, pursuing zero emissions across Asia through support for decarbonization, and stabilizing the international crude oil market.

Thailand will host APEC 2022.

4 Communicating Japan's Economic Strengths (Including the Promotion of Japanese Agriculture, Forestry, Fishery and Food Exports)

(1) Promotion of Japanese Companies' Overseas Business Expansion by the Ministry of Foreign Affairs and Accompanying Diplomatic Missions Overseas

The number of overseas branches operated

by Japanese companies with branches overseas is over 80,000 as of October 2020. One of the reasons behind this is that many Japanese companies, which underpin Japan's economic development, have embarked more actively than ever before on overseas expansion with the aim of further cultivating foreign markets. There is considerable momentum behind economic growth abroad, mainly in Asia. To capture this for the Japanese economy, it is becoming increasingly important for the Government to support Japanese companies.

In light of the situation, MOFA, in coordination with diplomatic missions overseas, has been engaged in supporting Japanese companies in their efforts to expand their businesses overseas. At the diplomatic missions overseas, all staff, including those responsible for Japanese business support, provide Japanese companies with information while lobbying foreign governments under the leadership of ambassadors and consuls-general. Under the motto of being “open and responsive government offices,” these missions aim to provide specific support that corresponds with the conditions in that respective region. They also offer seminars about local legal systems, various information and legal consultations. In FY2021, these were provided at 19 diplomatic missions in 13 countries, with a focus on Asia.

In addition to consultations about business problems, another important function performed by diplomatic missions overseas for Japanese companies is promotion and publicity of the “Japan Brand” for products, technologies and services, as well as for agricultural, forestry and fishery products from Japanese companies at receptions to celebrate the Emperor's birthday and various other events and exhibitions. These missions actively offer the embassies and official residences of the ambassadors for use as publicity and advertising spaces for Japanese companies to hold product exhibitions, or for local governments to hold local product exhibitions and food-tasting events. These spaces can be used for conducting seminars on business expansion, or for exchange

with local companies and concerned organizations. In addition, diplomatic missions overseas conducted projects utilizing online methods in response to the worldwide COVID-19 pandemic.

From the perspective of public-private cooperation and support for companies, it is important not only to support Japanese enterprises seeking to expand their businesses overseas, but also to support those already operating overseas. Following a June 2016 national referendum in the UK on whether to remain in or leave the EU, the UK left the EU on January 31, 2020 and the transition period ended on December 31. As Japanese businesses could be significantly impacted by the actions taken by the UK and the EU, as well as their negotiations, the Government of Japan took necessary measures across sectors of the Government through seminars at the diplomatic missions overseas and the Government Task-force regarding the Withdrawal of the UK from the EU, chaired by the Deputy Chief Cabinet Secretary launched in July 2016 (convened 15 times as of January 30, 2020). The Government of Japan will continue to closely observe relevant trends while taking necessary steps, including properly administering the Japan-UK CEPA, and providing information to Japanese companies.

(2) Promotion of the Japanese Infrastructure System in Overseas Business Expansion

In order to capture infrastructure demand mainly in emerging countries and promote the overseas deployment of infrastructure systems by Japanese companies, the “Ministerial Meeting on Strategy relating to Infrastructure Export and Economic Cooperation,” comprising relevant cabinet ministers and the Chief Cabinet Secretary serving as chair, was established in 2013. A total of 52 meetings have been held as of December 2021. The Meeting had discussed annual revisions to and follow-ups for the Infrastructure System Export Strategy, which was formulated in 2013. In December 2020, the Meeting formulated the “Infrastructure System Overseas Promotion

Strategy 2025” (hereinafter “the New Strategy”) based on recent changes in the relevant situations. The New Strategy aims to garner 34 trillion Japanese yen in infrastructure system orders in 2025 by promoting the achievement of three goals, namely (1) achieving economic growth, (2) contributing to achieving the SDGs, and (3) realizing the “Free and Open Indo-Pacific.” Japan is taking specific measures to achieve the goals of the New Strategy. These include finalizing the “Policy toward steady implementation of the new strategy looking at the Post-COVID-19 pandemic,” formulating “thematic action plans” on five areas that include utility, mobility/transportation, digital, construction/urban development, and agriculture/healthcare/postal services, as well as establishing policy targets (key performance indicators, or KPI) for such things as trade promotion by high-ranking ministry officials to complement the prime minister’s trade promotion efforts.

With regard to diplomatic missions overseas, MOFA has been appointing “Officers in charge of Infrastructure Projects” to gather and consolidate information on infrastructure projects (approx. 200 personnel at 97 diplomatic missions overseas in 75 countries as of the end of February 2022). This initiative has also shown results.

(3) Promotion of the Export of Agricultural, Forestry and Fishery Products and Food (Import Restrictions on Japanese Food Products after the Great East Japan Earthquake)

Expanding exports of Japan’s agricultural, forestry, fishery and food products is a major objective of the Government of Japan. The Strategy to Realize Export Expansion of Agricultural, Forestry, Fishery and Food Products was formulated in December 2022 to further promote concerted efforts by the Government of Japan. The strategy calls for developing exporting regions and business operators in order to achieve two trillion yen by 2025 and five trillion yen by 2030 of agricultural, forestry, fishery, and food product exports.

As part of efforts to accelerate initiatives to further expand exports, the strategy will be revised at the end of 2020, the year in which exports exceeded one trillion yen, and Export Promotion Organizations will be organized for each food item. MOFA enthusiastically promotes the attractiveness of Japanese agricultural, forestry, fishery and food products by collaborating with the relevant ministries and agencies, as well as Japanese companies and local governments, utilizing the networks of organizations such as diplomatic missions overseas as well as social media and other tools. In particular, Japanese business support officers (in charge of the food industry) have been assigned to 59 diplomatic missions overseas in 55 countries and regions to strengthen initiatives to promote the export of agricultural, forestry, and fishery products and food. Japan has made energetic efforts toward such promotion at numerous opportunities such as receptions and cultural events to which dignitaries have been invited from countries and regions around the world. Furthermore, in major exporting destinations and regions, Japan Food Export Platforms will be established primarily staffed by personnel from diplomatic missions overseas and Japan External Trade Organization (JETRO)'s overseas offices, and provide ongoing, comprehensive, and expert support to local export businesses.

One of the biggest barriers to increasing exports is import restrictions on Japanese agricultural, forestry and fishery products and food by countries and regions following the Great East Japan Earthquake and TEPCO's Fukushima Daiichi Nuclear Power Station accident. Although 10 years have passed since the Great East Japan Earthquake, the fact is that 14 countries and regions out of 55 (as of December 2021) continue to impose import restrictions on agricultural, forestry, fishery and food products from Japan, and it remains a serious problem. As eliminating these restrictions and addressing Japan's reputational damage are top priorities for the Government of Japan, MOFA has been making efforts in

collaboration with relevant ministries and agencies to have these restrictions lifted as quickly as possible.

As a result of these efforts, in 2021, import restrictions were lifted in Israel (January), Singapore (May), and the United States (September). So far, 41 countries and regions have removed their import restrictions: Canada, Myanmar, Serbia, Chile, Mexico, Peru, Guinea, New Zealand, Colombia, Malaysia, Ecuador, Viet Nam, Iraq, Australia, Thailand, Bolivia, India, Kuwait, Nepal, Iran, Mauritius, Qatar, Ukraine, Pakistan, Saudi Arabia, Argentina, Turkey, New Caledonia (territory of France), Brazil, Oman, Bahrain, the Democratic Republic of the Congo, Brunei, the Philippines, Morocco, Egypt, the United Arab Emirates, Lebanon, and the three above-mentioned countries. Furthermore, due to the relaxation of restrictions by Hong Kong (January), French Polynesia (March), and the EU (October), the number of regions with import restrictions and the number of products restricted have decreased (as of December 31, 2021).

Working closely with the relevant ministries, agencies, local governments and international organizations, MOFA will continue taking every opportunity and making every effort to provide further explanations and appeal to countries and regions that maintain import restrictions, with the goal of having restrictions promptly removed and reputational damage repaired based on scientific evidence.

5 Promoting Resource Diplomacy along with Foreign Direct Investment in Japan

(1) Securing a Stable Supply of Energy and Mineral Resources at Reasonable Prices

A Current Situation Concerning Energy and Mineral Resources in Japan and Abroad

(A) Situation in the World

Structural changes in recent years have been seen in the international energy market with

respect to three areas: (1) demand (consumption), (2) supply (production), and (3) resource selection. Regarding (1) demand, global demand for primary energy has shifted toward non-OECD member countries, primarily China and India. With respect to (2) supply, the U.S. became the world's largest producer of both oil and natural gas due to the "Shale Revolution," and liberalization of export controls on crude oil in December 2015. The U.S. is promoting energy export policies such as further exports of U.S. liquefied natural gas (LNG). As for (3) resource selection, based on the fact that production and usage on energy account for about two-thirds of greenhouse gas (GHG) emissions, the transitions to cleaner energy resources such as renewable energy are accelerating. In addition, since the Paris Agreement on climate change was adopted in December 2015, companies have made their efforts to further advance toward low-carbonization. In 2021, numerous countries have announced goals to achieve carbon neutrality in the second half of the century, an indication of increasing momentum for decarbonization worldwide.

In oil markets, oil demand and prices have gradually declined since around February 2020 due to reduced movement of people and sluggish economic activity owing to the spread of COVID-19. In addition, a coordinated production cut by Organization of Petroleum Exporting Countries (OPEC) Plus broke down in March, sending oil prices dramatically lower, and in April the WTI futures price turned negative for the first time in history. Afterwards, OPEC Plus agreed to a coordinated production cut starting in May. Crude oil prices also gradually rose as excess supply abated, reaching their pre-COVID-19 level by February 2021. However, supply shortages appeared in the subsequent economic recovery from the pandemic, and oil prices exceeded their pre-pandemic levels to hit a three-year high in October.

Moreover, energy prices have shown signs of further increases following Russia's aggression against of Ukraine, which will have an

unpredictable effect on energy market stability going forward.

(B) Situation in Japan

Since the Great East Japan Earthquake, the percentage of fossil fuels out of power generation in Japan has reached about 90% in 2012, up from about 60% before the earthquake, due to the shutdown of nuclear power plants. Japan's primary energy self-sufficiency ratio (including nuclear power), which relies on imports from overseas for almost all of its oil, natural gas, coal and other energy resources, dropped sharply from 20% before the 2011 earthquake to 6.3% in 2014. It remains at a low level compared to other OECD countries despite a recovery to 12.1% in FY2019. Furthermore, nearly 90% of crude oil imported by Japan comes from the Middle East. With regard to LNG and coal, Japan depends less on the Middle East for oil but almost completely on Asia and Oceania. Under the circumstances, efforts to secure a stable supply of energy at reasonable prices are becoming increasingly important.

At the same time, climate change response measures are also important. In October 2020, the Government of Japan announced its intention to achieve carbon neutrality by 2050, and in April 2021 pledged to achieve a 46% emissions reduction by FY2030 and announced its new reduction goal to continue making further efforts to realize a 50% reduction.

Against this backdrop, the Sixth Strategic Energy Plan, approved by the Cabinet in October 2021, lays out specific measures to be taken by 2030 with a continued focus on the principle of "3E+S," which emphasizes energy source safety (Safety), ensuring of a stable energy supply (Energy Security), the economic efficiency of energy costs (Economic Efficiency), and environmental suitability from the point of view of climate and other elements (Environment).

B Diplomatic Efforts to Secure a Stable Supply of Energy and Mineral Resources at Reasonable Prices

Securing a stable supply of energy and mineral resources at reasonable prices are the foundation for a vital Japanese economy and the livelihoods of its people. MOFA has been strengthening diplomatic efforts with a focus on the following activities.

(A) Gathering and Analysis of Resource-Related Information at Diplomatic Missions overseas

“Special Assistants for Natural Resources” have been appointed to 60 diplomatic missions overseas in a total of 53 countries to work intensively on the acquisition and stable supply of energy and mineral resources with a view to strengthening the function of diplomatic missions overseas, as of September 2021. MOFA also calls for “Strategy Meetings on Natural Resources” every year, which bring together officials working at diplomatic missions in countries central to ensuring a stable supply of energy and mineral resources. In 2021, the meeting was held online on February 19 due to COVID-19 (see C (B) on page 305). In addition, MOFA has also been holding Regional Meetings on Energy and Mineral Resources for certain regions since 2017. At the 2019 meeting, held in Egypt, which was focused on the Middle Eastern region, participants discussed the importance of strengthening collaboration among MOFA, diplomatic missions overseas, and government-affiliated organizations, as well as Japan’s policy for promoting energy and mineral resources, and renewable energy diplomacy effectively.

(B) Initiatives Prompted by Rising Oil Prices

With oil prices hitting a seven-year high in October 2021 and concerns that rising prices will hamper economic recovery from the pandemic, MOFA, at various levels, encouraged oil-producing countries to increase their supply and strengthened cooperation with consumer countries and international organizations.

More specifically, the Government of Japan has called on oil-producing nations for cooperation through talks between Foreign Minister Motegi and Foreign Minister Ahmad Nasser Al-Mohamed Al-Sabah of Kuwait on October 18, as well as during talks between Parliamentary Vice-Minister for Foreign Affairs Honda Taro and Ambassador of Kazakhstan to Japan Sabr Yessimbekov on November 8, while also requesting through diplomatic missions overseas and relevant ministries and agencies.

Furthermore, leaders have used multilateral frameworks such as ASEAN Plus Three and G20 Summits to coordinate with oil producing and consuming countries, while affirming the importance of energy market stabilization in outcome documents. In addition, relevant Director-Generals from MOFA held discussions with International Energy Agency (IEA) Executive Director Fatih Birol on November 9 and with International Energy Forum (IEF) Secretary General Joseph Mooney on November 22 and strengthened coordination with these international organizations. Furthermore, in step with the U.S. and other relevant countries, the decision was made to sell a portion of state oil reserves to an extent that will not infringe on the current Oil Stockpiling Act.

(C) Making Use of International Fora and Rules

Japan makes active use of international fora and rules to coordinate and collaborate internationally toward achieving a stable energy supply. To achieve a realistic energy mix transformation amid an increasing momentum toward decarbonization around the world, Japan is communicating to the international community the importance of ensuring stability with critical mineral resources essential for both energy security and energy transformation.

In May, State Minister for Foreign Affairs Washio attended a webinar hosted by the International Energy Agency (IEA) on critical mineral resources and emphasized that achieving the goals of the Paris Agreement would require ensuring a stable

supply of mineral resources necessary to support an accelerating energy mix transformation. He also stressed the necessity of rules based on universal values, in addition to the expansion of investment and promotion of innovation.

A G20 Energy and Climate Ministerial Meeting was held in-person in July, chaired by Italy, with State Minister for Foreign Affairs Washio in attendance from MOFA. At the meeting, ministers discussed issues such as cities and climate change, achieving a sustainable recovery, transitioning to clean energy, and energy poverty, and a Ministers' Communiqué was issued as an outcome document. In response to the destabilization of the global energy market caused by the spread of COVID-19, the Ministers' Communiqué affirmed the importance of international cooperation toward strengthening the energy system, and of achieving safe, affordable and sustainable energy access. Ministers also reaffirmed the importance of transforming the energy mix toward achieving 3E+S, which was established at the G20 Osaka Summit in 2019.

In September, State Minister for Foreign Affairs Washio attended the UN High-level Dialogue on Energy, an online meeting, aimed at promoting the achievement of energy-related targets (SDG 7) for the UN's 2030 goals (SDGs). This year, Japan served as a Global Theme Champion for "energy access,"⁴ one of the Dialogue's five themes. At the Dialogue, Mr. Washio spoke on how the spread of COVID-19 has brought to light many issues involving the stable supply of social services, including energy, and how it risked pushing back SDGs achievement. He also stated the importance of ensuring energy access as described in SDG 7, both for achieving sustainable development and economic growth amid the COVID-19 pandemic and for achieving human security. Later, he emphasized the essential nature of bespoke response measures due to energy situations

differing for each country and region.

In September, State Minister for Foreign Affairs Washio attended a ministerial dialogue co-organized by the IEA and the Government of Oman concerning the energy mix transformation in the Middle East and North Africa. Along with talking about the good cooperative relationship that Japan has had for many years with the Middle East and North African nations in the energy field, he spoke on the importance of "promoting innovation" and "strengthening collaborative relations between countries" in achieving decarbonization and energy security as the world accelerates its efforts toward decarbonization.

C Major Efforts Concerning Energy and Resource Diplomacy in 2021

(A) Consideration and Launch of New Energy and Resource Foreign Policy

In January, State Minister for Foreign Affairs Washio attended the 11th Session of the Assembly of the International Renewable Energy Agency (IRENA), where he gave a speech about a path to carbon neutrality and issues involved in the mass deployment of renewable energy, as well as about Japan's initiatives. In the speech, he pointed out that every country has a different pathway to achieving carbon neutrality, and talked on the necessity of exploiting all available technologies and innovation, while deploying renewable energy to the fullest extent. He also emphasized the importance of helping developing countries decarbonize.

Mr. Washio also touched on the necessity of focusing not only on the benefits but also on the problems in the mass deployment of renewables. In particular, he noted the issues below to be addressed going forward: ensuring flexibility and evaluating overall power system costs, procuring mineral resources used in products such as batteries and motors, and addressing the mass disposal

⁴ Global Champions: Representatives from Member States in each of the themes are expected to be actively involved in activities such as spearheading discussions on themes and convening related meetings as part of the dialogue preparatory process.



State Minister for Foreign Affairs Washio as chair of the 21st Meeting of the IRENA Council (online meeting) (May, Tokyo)

of disused solar panels and other equipment that will begin around 2030. He also expressed his expectation that IRENA members would utilize the Agency and collaborate on addressing these issues.

In May, Minister for Foreign Affairs Washio attended the 21st Meeting of the IRENA Council (online format) as chair. This meeting was an important gathering to discuss the direction of IRENA's projects, and more than 300 representatives from 97 countries and regions were in attendance.

(B) Strategy Meeting on Diplomatic Missions Overseas Concerning Energy and Mineral Resources

Every year since FY2009, MOFA has held meetings attended by Embassies and Consulates-General established in major resource-producing countries, relevant ministries, agencies and organizations, experts, and representatives from companies. These meetings have provided opportunities to discuss diplomatic initiatives for ensuring a stable supply of energy and mineral resources in Japan, formulate policy, and strengthen cooperation. This year's Strategy Meeting on Natural Resources was held on February 19, 2021, one day after MOFA held a webinar as part the FY2020 Seminar on Energy Security in Asia, entitled "Free, Open Indo-Pacific and the Current Situation on Energy and Mineral Resources" (see (C) below). Discussions at the Strategy Meeting were built on

discussions during the seminar and saw participants exchange views on how to procure energy and mineral resources in Japan in response to the change of situations such as the spread of COVID-19 in the U.S., the inception of the new political administration in the U.S., and procurement methods of energy and mineral resources in Japan, in response to the changes in the state of affairs. The Strategy Meeting was attended by officials from more than 40 diplomatic missions and the Agency for Natural Resources and Energy in countries where Special Assistants for Natural Resources were appointed. Through the discussions, participants shared the recognition for the increasing importance of achieving a stable supply of critical mineral resources amid a transition period for the energy mix among the international community, as well as issues such as the importance of further strengthening mutual cooperation, accurately analyzing the environment surrounding energy and mineral resources in each country and region, and implementing related measures.

(C) Seminar on Energy Security in Asia

On February 18, 2021, with support provided by the Japan Business Federation (*Keidanren*), MOFA held a webinar entitled "Free, Open Indo-Pacific and the Current Situation on Energy and Mineral Resources" as part of the FY2020 Seminar on Energy Security in Asia. In addition to State Minister for Foreign Affairs Washio, Mr. Obayashi Takeo, Co-Chairman of the Committee on Foreign Affairs of *Keidanren* and the Chairman and Representative Director of Obayashi Corporation, also attended the meeting as a representative of *Keidanren*. Giving talks during the seminar were experts, representatives from international organizations, companies, and the press that work in the field of energy and mineral resources. Roughly 500 people registered and attended the seminar online from Japan and abroad. The seminar opened with Mr. Washio stating that the stable supply of mineral resources used for renewable energy would be key for the future as the international

community rapidly transitions toward renewable energy. To accomplish this, he noted that it would be essential to collaborate and cooperate with all countries that believe in spreading universal values, namely fair markets, human rights protection, and transparent labor standards, guided by the concept of a “Free and Open Indo-Pacific.” He also spoke on the importance of addressing problems concerning mineral resources through public-private cooperation. After a video message on the subject of “The U.S. Presidential Election and the U.S. Policy on Energy and Mineral Resources” by Acting Assistant Secretary for the Bureau of Economic and Business Affairs Peter Haas and Deputy Assistant Secretary for the Bureau of Energy Resources Anna Shpitsberg, both at the U.S. Department of State, a panel discussion was held among experts and company representatives. Following this, Tim Gould, Head of the Division for Energy Supply and Investment Outlooks at the IEA, explained the role of critical minerals for the clean energy transformation during a talk on the “Energy Mix Transformation in the Indo-Pacific Region.” Experts and representatives from companies and the press then held lively discussions on the energy and mineral resources supporting the energy mix transformation, as well as future possibilities for coordination in the Indo-Pacific region.

(D) Start of Negotiations Concerning the

Modernization of the Energy Charter Treaty

The Energy Charter Treaty (ECT), a multilateral treaty that entered into force in April 1998 (signed in 1995 and entered into force with Japan in 2002), was established as a legal framework for implementing the European Energy Charter, which called for promoting improvements based on market principles in the energy sector in the former Soviet Union and Eastern Europe following the collapse of the Soviet Union, as well as promoting trade and investment activities in the global energy sector. This treaty was signed by 52 countries and organizations mostly located in Europe and central Asia.

The ECT prescribes the liberalization of the trade and transit of energy source materials and commodities, the protection of investments in the energy sector, and other matters. It ensures a stable supply of energy from supply countries to demand countries, contributes to improving energy security for Japan, which largely relies on other countries for energy resources, and provides an important legal foundation for further improving the investment environment for Japanese companies overseas.

For this treaty, which entered into force more than 20 years ago in 1998, discussions have been held on making revisions to modernize the treaty considering factors such as the recent energy situation and current state of investment agreements. Full-scale negotiations, in which Japan also actively engaged, began in 2020, with discussions held on such wide-ranging issues as investment protection, dispute settlement and commodity transit. Japan has also contributed to the development of the ECT as the largest contributor of assessed donations. This includes serving as chair for the first Meeting of the Energy Charter Conference in East Asia, which was held in 2016, and hosting the 27th Meeting in Tokyo. In September 2021, Ms. Hirose Atsuko became the first Japanese national to become the Deputy Secretary General of the Energy Charter Secretariat, the administrative body for the ECT. She now contributes to strengthening the Secretariat’s operations. (See the Column on page 307.)

(2) Ensuring Food Security

The global population in 2021 is estimated to be about 7.88 billion (prospects released by the UN FPA), and this is expected to increase mainly in Africa and Asia. Changes in the dietary habits of people in developing countries will require a rapid increase in the production of feed grains. In Japan, while the country’s food self-sufficiency rate (calorie basis (published by the Ministry of Agriculture, Forestry and Fisheries)) has been on a downward trend in the long-term, it has

Appointment of Hirose Atsuko as Deputy Secretary General of the Energy Charter Secretariat

■Message from Kikuchi Nobuyuki, Director, Resource Security Division

The “battle” to secure an executive post in an international organization started with one resume that was sent to the Ministry of Foreign Affairs.

Amidst efforts by the Government of Japan to increase the number of Japanese staff in executive posts in international organizations, Ms. Hirose’s resume reached the Ministry of Foreign Affairs just as the recruitment for the position of Deputy Secretary General (the number two position) for the Energy Charter Secretariat was announced.

The most important thing to do was to find a strong candidate. Ms. Hirose’s resume, submitted in response to staff recruitment for the Ministry of Foreign Affairs, happened to catch my eyes by chance. She was more than qualified to meet the requirements for the position of Deputy Secretary General, with her management experience in numerous international organizations, her track record of involvement in energy-related projects, as well as her qualifications as a lawyer and experience in international arbitration. I contacted her to find out more, and eventually supported her as a candidate for the office.

The Deputy Secretary General occupies a key position in the Energy Charter Secretariat, responsible for the management of budget and personnel affairs, and it is a highly independent position directly appointed by the Energy Charter Conference, the highest decision-making authority of the Energy Charter Treaty. This multilateral treaty addresses matters such as the liberalization of trade and transit of energy materials and products, and the protection of investments in the energy sector. Of course, there were also applications from strong candidates from other countries. The selection process for executive positions in international organizations is not only a battle of candidates’ qualifications, but also an intense competition between the governments supporting the candidates. Resolving to do everything possible, a letter was first sent out under the name of the Minister for Foreign Affairs to impress upon the other member states the strong backing that Ms. Hirose had from the Government of Japan. Furthermore, we actively approached all the member states through Japanese diplomatic missions in these states. I personally requested senior officers of major governments for their support through video conferences, and actively appealed to the key countries by meeting their Ambassadors to Japan in person.

Our efforts were rewarded, and Ms. Hirose was appointed as the Deputy Secretary General by a unanimous vote. Currently, negotiations toward the amendment of the Treaty are ongoing, as is the formulation of new international rules in the energy sector. As many of the parties to this Treaty are European countries, it is significant that the second highest position in the Secretariat is occupied by someone who clearly understands the position of Japan and Asia.

■Message from Deputy Secretary General Hirose

I was appointed as the Deputy Secretary General of the Energy Charter Secretariat in 2021 and assumed office in September. Although it has not been long since I took up the post, I am already involved in the transitional period on various matters including the extensive amendment to the Energy Charter Treaty. My days are busy but very fulfilling.

The Energy Charter Treaty is not widely known among the general public, but it is the only multilateral treaty focused on the energy sector. It is a highly valuable treaty, and investment-related arbitration based on the Treaty has produced successful results for Japanese companies.

The Energy Charter Secretariat is responsible for the practical implementation of the Treaty, and it works with

other international and regional organizations to promote international and regional cooperation in energy-related matters. Although the Energy Charter Secretariat is a small international organization, its staff come from Europe, Central Asia, and Africa, creating a workplace that offers the opportunity to



At a forum on energy cooperation with member states (the author is in the center)



At the office of the Energy Charter Secretariat

be exposed to diverse cultures and languages. This, for me, is one of the attractions of the organization. I would like to be part of the effort to ensure that the Treaty contributes further to energy transformation and the promotion of renewable energy-related investments.

I have had the opportunity to work in various international organizations to date, and I cherish the countless encounters I have had with wonderful colleagues from countries around the world. I would like others to have similar experiences as I have had, and sincerely hope that an increasing number of people will aim to work in international organizations in the future.

been leveling out in recent years, reaching 37% in FY2020. Japan relies on imports for much of its food, and to ensure a stable food supply for its people, the country needs to achieve the optimal ratio of importing to stockpiling, primarily by increasing domestic agricultural production.

Amid expectations of a growth in food supply and demand in the medium- to long-term worldwide, Japan must work to increase the food supply globally to continue securing stable food imports. For this purpose, ensuring sustainable approaches is also required for increasing production while reducing environmental impact. Japan must also establish robust food security through efforts that include the creation of a stable agricultural produce market and trading system to protect against food price instability caused by poor harvest conditions, natural disasters, etc.

The spread of COVID-19 has had an impact on global food security. Supply chain disruptions have occurred as Russia and several other exporting countries have put export controls on grains and other products for reasons that include rising food prices in their countries, while logistics have been disrupted due to lockdowns in certain regions. According to the Food and Agriculture Organization of the UN (FAO), the number of

people suffering from malnutrition worldwide increased by more than 100 million people in 2020 compared to one year prior as food access worsens due to economic decline and supply chain disruptions, and it is feared that there are now more than 800 million people suffering from malnutrition. The effects have been particularly stark on economically vulnerable regions, with the global prevalence of undernourishment reportedly having risen from 8.4% to 9.9%. Although the production of the world's staple grains and other produce is expected to be sufficient to satisfy demand, the importance of making the food supply chain more resilient has been noted in light of concerns over prolonged COVID-19 effects.

Furthermore, as Russia and Ukraine have been some of the world's largest exporters of grains and other products, Russia's aggression against Ukraine since February 24, 2022 has had a serious impact on the stable supply of grains to countries that heavily rely on grains from Russia and Ukraine, particularly developing nations in Africa, the Middle East, and Asia. Fears of grain supply shortages around the world have fueled trading price increases that have led to increased food prices. Russia's aggression against Ukraine has therefore exposed the vulnerabilities to food

security posed by global supply chain disruptions and illuminated new problems.

A Cooperation in International Frameworks Concerning Food Security

Based on the situations involving food export controls, supply chain disruptions, and the growing starving population due to the impact of COVID-19, 2021 saw international interest in food security grow. This has also been reflected in international frameworks. With the goal of achieving SDG 2 (ending hunger, achieving food security and improve nutrition, and promoting sustainable agriculture), one of the UN's Sustainable Development Goals, discussions were held concerning changes to "food systems," which consist of a series of processes related to the production, processing, transport, and consumption of foods.

In June 2021, a G20 Foreign and Development Ministers' Meeting was held in Italy in which food security was set up as a single theme for discussions. Foreign Minister Motegi emphasized the importance of promoting agricultural innovation, building a resilient distribution network, and achieving seamless international trade in food in order to realize a world without hunger. The meeting also saw the adoption of the Matera Declaration on Food Security, Nutrition and Food Systems, which calls for cooperation among all G20 members toward "Building Back Better" from the pandemic.

In September, under the leadership of UN Secretary-General António Guterres, the UN Food Systems Summit was held for the first time. The meeting was attended by leaders, ministers, and representatives from international organizations, private enterprises, and civil society of more than 150 countries. From Japan, Prime Minister Suga released a video message that emphasized the importance of an approach focused on improving food productivity while maintaining sustainability,

maintaining and strengthening free and fair trade, and adapting measures for the different climate, natural features, and culinary culture of each country and region. Meanwhile, Japan hosted the Tokyo Nutrition for Growth Summit 2021 (see the Special Feature on page 271) in December and announced its intention to play a leading role in international efforts to improve nutrition worldwide, including eliminating hunger, as an issue faced by the international community.

B Cooperation with the Food and Agriculture Organization of the UN (FAO)

As a responsible member of the international community, Japan supports the activities of the FAO, a specialized agency of the UN in the fields of food and agriculture. Japan, a major donor to the FAO and the third largest contributor of assessed contributions, significantly contributes to strengthening global food security through efforts such as providing development assistance in the areas of food and agriculture, and creating international rules that include food safety standards. Japan also works to strengthen its relationship with the FAO, holding Annual Strategic Consultations and conducting seminars aimed at raising awareness for the FAO domestically.

(3) Fisheries (Tuna, Whaling, etc.)

As one of the major fishing countries and consumers of fishery products in the world, Japan, through relevant international organizations, actively contributes to the sustainable use of marine living resources.

Japan advocates the view that cetaceans are a part of marine living resources that should be utilized in a sustainable manner based on scientific evidence. Since the enactment of the moratorium⁵ on commercial whaling by the International Whaling Commission (IWC) in 1982, Japan had provided scientific evidence that certain whale

5 Moratorium on commercial whaling (approved by the IWC General Assembly in 1982): Suspended the lethal take of whales for commercial purposes. It directs to, no later than 1990, comprehensively evaluate the impact of the moratorium on whale resources, as well as to consider revisions to the moratorium and establish catch limits other than zero.

Illegal, Unreported, and Unregulated (IUU) Fishing as a Diplomatic Issue

Illegal, unreported and unregulated (IUU) fishing refers to illicit fishing activities that violate national laws of coastal countries and international rules of operation. Putting an end to IUU fishing is also included under Target 14.4^(Note1) of the SDGs, and there is growing awareness that it is an issue that must be tackled by the international community as a whole. Damage caused by the recent IUU fishing of the Japanese common squid in the Sea of Japan not only causes significant problems for those engaged in Japan's fishery industry, but is also an issue that is directly related to our lives. There are various forms of IUU fishing, including unauthorized, unreported or misreported fishing, and fishing by vessels without nationality or vessels of non-members of Regional Fisheries Management Organizations (RFMOs) within RFMO waters.

IUU fishing not only threatens the sustainable use of marine living resources, but is also related to various problems at sea and in coastal countries. For example, there have been many reports of human rights violation and abuse of crew working under harsh conditions on IUU fishing vessels. It has also been pointed out that overfishing by IUU fishing vessels in South America and Africa is putting pressure on the economies of coastal countries. It is also reported that IUU fishing vessels are becoming a hotbed for crimes such as drug smuggling and stow-aways. To resolve these issues, taking measures to prevent IUU fishing is needed.



An example of a fishing vessel reported as an IUU fishing vessel. Some signs that have been pointed out include the lack of a national flag and displays of the necessary ship identification information.

Against the backdrop of this situation, international cooperation on new initiatives to combat IUU fishing has been developing in RFMOs that Japan participates in, such as the International Commission for the Conservation of Atlantic Tunas (ICCAT), Western and Central Pacific Fisheries Commission (WCPFC), and North Pacific Fisheries Commission (NPFC), as well as in the Food and Agriculture Organization of the United Nations (FAO). For example, within the RFMO framework, efforts to introduce position monitoring systems for fishing vessels through the use of satellites are ongoing, and to create the lists of IUU fishing vessels. Japan is also contributing actively to these efforts including through the provision of information on illegal fishing vessels, which is collected from patrol boats and other sources.

With regard to IUU fishing around Japan, including that of Japanese common squid in the Sea of Japan, Japan has made use of various opportunities to call upon the relevant countries and regions in order to resolve the issue.

In the context of bilateral cooperation, Japan has been providing developing countries with fishery control ships or patrol boats to combat illegal operations, as well as training on IUU fishery countermeasures through ODA. From the perspective of international rule-making, the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (PSMA) was concluded in 2017, and Japan has been encouraging non-contracting parties to join the Agreement. At international conferences held in 2021, through Japan's tenacious appealing to the relevant parties, the importance of addressing IUU fishing was included in the outcome documents of leaders' level meetings including the G20, G7, and APEC, etc. The recognition of the importance of combatting IUU fishing has been noted not only in political documents, but also expanded to economic partnership agreements. For example, measures to address IUU fishing have also been clearly specified in international agreements such as the CPTPP, Japan-EU EPA, and Japan-UK EPA. The abolition of subsidies that may contribute to IUU fishing has also been recognized as one of the

SDGs goals.^(Note2) With a view to prohibiting such subsidies, Japan is participating actively in fishery subsidy negotiations that are currently taking place in the WTO. In these ways, Japan is leading discussions in various international frameworks toward addressing IUU fishing.

Awareness among individual citizens is also important in promoting such diplomatic initiatives. It has been pointed out that fishery products derived from IUU fishing may circulate in the market and be consumed unconsciously by consumers. Therefore, consumption activities by individuals that pay attention to the sustainability of marine living resources can also help to deter IUU fishing. For example, individual consumers can check that the origin of the seafood they purchase is displayed appropriately, and consider purchasing seafood with marine eco labels that show the seafood has been caught in an ecologically-friendly manner.

- (Note1)** Target 14.4: By 2020, effectively regulate harvesting and end overfishing, IUU fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.
- (Note2)** Target 14.6: By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to IUU fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiation.

species can be used sustainably, and had provided data obtained through scientific research and held dialogues aimed at resuming sustainable whaling operations. However, as it became evident that there was a considerable divide between countries that promote sustainable use of whale resources and those that oppose any form of whaling, and that there was no possibility at all of different views and standpoints on whale species coexisting within the IWC, Japan withdrew from the International Convention for the Regulation of whaling (ICRW) at the end of June 2019.

In July 2019, Japan resumed commercial whaling targeting large whales whose abundance had been confirmed. Whaling operations are currently restricted to Japan's territorial waters and its exclusive economic zone (EEZ), and are proceeding within the catch limits calculated in line with the method adopted by the IWC, which is based on the latest discussions by the IWC's Scientific Committee. Japan has been cooperating on the international management of whale resources in line with scientific knowledge, which includes providing data obtained from scientific research and whaling operations. Going forward, Japan will continue to coordinate with countries that support the sustainable use of fishery resources while steadily carrying out initiatives such as establishing objective catch limits based

on scientific evidence and cooperating with international organizations.

The international community is strongly required to take urgent actions against illegal, unreported, and unregulated (IUU) fishing, which is also an objective of the SDGs. As a responsible fishing country, along with creating lists of IUU fishing vessels and designating conservation and management measures through Regional Fisheries Management Organizations (RFMOs), Japan has been actively working to combat IUU fishing by offering capacity building to developing countries, among other measures. (See the Special Feature on page 310.)

To effectively combat IUU fishing, Japan has been working to express its political commitment at various leaders' and ministerial level meetings and other opportunities to take action through coordination with the international community. Japan played a role in incorporating the importance of combating IUU fishing in the Leaders' Declaration of the G20 Osaka Summit in 2019, which Japan chaired. In 2021, the importance of tackling IUU fishing was confirmed in summit-level outcome documents of the G7, G20, APEC, and East Asia Summits, as well as in the Joint Statement of the 27th Japan-EU Summit. Japan emphasizes the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal,

Unreported and Unregulated Fishing (PSMA), which stipulates rules for port states to take measures against IUU fishing vessels, including denial of port entry. To strengthen the effectiveness of the agreement, Japan has been encouraging Non-Contracting Parties to join the agreement at international conferences, including during the adoption of a resolution on “sustainable fisheries” at the 76th session of the UN General Assembly.

In the Central Arctic Ocean, it is necessary to prevent unregulated fishing in case fishing becomes viable in the future as ice coverage in that area has diminished due to global warming. 10 states and organizations, including Japan and five Arctic Ocean coastal states, signed the Agreement to Prevent Unregulated High Seas Fisheries in the Central Arctic Ocean in October 2018, and it entered into force in June 2021. Measures that include adopting the Joint Program of Scientific Research and Monitoring are expected to be adopted at meetings of the parties and other opportunities.

As one of the largest tuna consumer countries, Japan has joined RFMOs for tuna, and leads discussions on strengthening conservation and management measures (CMMs) at annual meetings and other occasions. Concerning the Pacific bluefin tuna, at the annual meeting of the Western and Central Pacific Fisheries Commission (WCPFC) in 2021, Japan proposed an increased catch limit to the extent that the resource rebuilding target would be achieved to a certain level based on scientific evidence. A catch limit increase of 15% was thereafter adopted for large fish, and the results of active efforts through international resource management are being shown. For Atlantic bluefin tuna, in light of the recovery of resource levels in recent years, the total allowable catch (TAC) for Atlantic bluefin tuna was increased in 2022 at the annual meeting of the International Commission for the Conservation of Atlantic Tunas (ICCAT),

held in November.

With respect to Pacific saury, due to a decline in resources, an agreement was reached at a February 2021 annual meeting of the North Pacific Fisheries Commission (NPFCC) to reduce the catch limit by 40%. Under such conditions, there was the lowest ever catch of Pacific saury, creating a need for more robust resource management at future meetings of the NPFCC.

For Japanese eel, as in 2020, at an informal consultation on international cooperation in July led by Japan, Japan, the ROK, and Chinese Taipei agreed to establish limits on glass eel stocking in aquaculture ponds, and to hold regular meetings of scientists.

(4) Foreign Direct Investment in Japan

The “Council for Promotion of Foreign Direct Investment in Japan,” which has been held since 2014, is spearheading initiatives to promote activities for discovering and attracting investments while gathering opinions from foreign company managers. At the same time, Japan continues to respond to the needs of foreign companies by making further progress in implementing additional measures such as regulatory and institutional reforms and support measures that help improve the investment environment in Japan. Based on the “Five Promises for Attracting Foreign Businesses to Japan,” decided at the second meeting of the Council for Promotion of Foreign Direct Investment in Japan, held in March 2015, foreign companies have utilized the Investment Advisor Assignment System⁶ since April 2016 to meet with the relevant State Ministers in charge. As a result of efforts to achieve the target of “doubling (compared to 2012) the inward foreign direct investment stocks to 35 trillion Japanese yen in 2020,” as laid out in the Japan Revitalization Strategy approved by the Cabinet in June 2013, foreign direct investment stocks in Japan stood

⁶ A system that seeks to prepare an environment in which foreign companies who have made important investments in Japan can easily consult with the Government of Japan through State Ministers and other officials from the ministries that oversee the main industries in which these companies engage.

at 39.7 trillion Japanese yen as of December 31, 2020. However, the inward foreign direct investment stocks in Japan account for 7.4% of GDP (as of December 31, 2020), a level that remains low internationally when compared to the average for OECD countries, which is over 50%. Amid these circumstances, at the ninth meeting of the Council for Promotion of Foreign Direct Investment in Japan, held in June 2021, a new Strategy for Promoting Foreign Direct Investment in Japan was adopted as a medium- to long-term strategy to promote foreign direct investment in Japan, and a decision was made to aim to double the inward foreign direct investment stocks to 80 trillion yen by 2030 and reach 12% of GDP.

MOFA, along with implementing various measures adopted by the Council for Promotion of Foreign Direct Investment in Japan, has utilized diplomatic resources to engage in initiatives through diplomatic missions overseas and trade promotion by key government officials. MOFA has also strategically implemented various initiatives toward promoting foreign direct investment in Japan. The “Contact Points for Direct Investment toward Japan,” established at 126 diplomatic missions overseas in April 2016, have been collaborating with JETRO to conduct surveys of requests for improvements to Japanese regulations and systems, call for investments in Japan by making use of networks of contacts at diplomatic missions overseas, and hold events for promoting foreign direct investment in Japan, among other initiatives. Diplomatic missions conducted more than 570 cases of these activities in FY2020.

In Japan, MOFA held a Global Business Seminar in March 2021 (co-hosted with METI and supported by the Cabinet Office and JETRO) that focused on the possibilities of investment in the digital age and attracting investment into rural Japan. Lively discussions were held by approximately 190 participants that included experts and representatives from diplomatic missions in Tokyo, business groups and the chambers of commerce

in Japan, ministries and local governments, and Asian, American, and European companies with a presence in Japan. The discussions centered on trends concerning the digital economy in Europe, India, and the U.S., the prospects for expanding investment through further digital innovation business, and the appeal of Japan and its rural areas for digital innovation business investment.

(5) The Road to 2025 World Expo Osaka (Expo 2025 Osaka, Kansai, Japan)

Following the approval of a registration application for Expo 2025 Osaka, Kansai, Japan at the General Assembly of the Bureau International des Expositions (BIE) held in December 2020, Japan began activities to officially invite other countries and international organizations to participate in Expo 2025 Osaka, Kansai, Japan. MOFA is currently engaged in invitation activities to drive significant participation by other countries and organizations.

The “Division for the 2025 World Exposition in Japan” was created under the Economic Affairs Bureau of MOFA on September 28, 2021. The Division will be in charge of operations concerning Expo 2025 Osaka, Kansai, Japan, including invitation activities. On the same day, former Japanese ambassador to the Philippines Haneda Koji was appointed the Commissioner General of the 2025 World Exposition in Japan.

Expo 2025 Osaka, Kansai, Japan, is an event expected to draw many visitors from Japan and abroad and serve as an opportunity to broadly disseminate information about Japan’s appeal. With the theme of “Designing Future Society for Our Lives,” it also aims to offer an important opportunity to further initiatives aimed at achieving the SDGs, which are all to be achieved by 2030. Japan will continue making a concerted national effort aimed at ensuring that the Expo inspires and surprises people around the world, while also energizing Japan as a whole.