

Research Report
on
International Affairs

FINAL REPORT

June 2007

Research Committee on International Affairs
House of Councillors

Japan

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on
International Affairs

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RESEARCH OFFICE

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House of Councillors

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I. Process of Deliberations

The current Research Committee on International Affairs was established on October 12, 2004, during the 161st session of the Diet, by the House of Councillors to research international issues in a long-term and comprehensive manner. The Committee decided on “Japan’s New Diplomacy in a Multipolarized Era” as the overall theme for its research over a three-year period. It also decided to pursue research on a number of specific subthemes, including “Japan’s Asian Diplomacy,” “Japan’s Diplomacy Toward the United States,” “Japan’s Diplomacy Toward the European Union and Others,” and “Japan’s Response as a Responsible Member of the International Community.”

During the first and second years of its existence the Committee undertook specific research on each of the subthemes, “Japan’s Asian Diplomacy,” “Japan’s Diplomacy Toward the United States,” “Japan’s Diplomacy Toward the European Union and Others,” and “Japan’s Response as a Responsible Member of the International Community,” and issued recommendations on six areas of concern in the second year.

During the third year, taking into consideration its research in the first and second years, the Committee pursued research on “World Trends and Japan’s Position” and “Japan’s Asian Diplomacy” under the same overall theme, viewing issues from a broad perspective and from the standpoint of Japan’s national strategy and other factors.

Research activities carried out by the Committee during the three years were as follows:

[First Year]

November 24, 2004 (Wednesday)

After hearing briefings on the research topic “Japan-China Diplomacy: Retrospective and Future Issues” from Kazuko Mōri, professor in the School of Political Science and Economics at Waseda University, and Bang-fu Mo, journalist and writer, Committee Members asked them questions.

February 9, 2005 (Wednesday)

After hearing briefings on the research topic “Japan-China Diplomacy: Retrospective and Future Issues” from Ryosei Kokubun, professor in the Faculty of Law at Keio University and director of the Institute of East Asian Studies at Keio University, and Ken Ko, journalist, Committee Members asked them questions.

February 16, 2005 (Wednesday)

After hearing briefings on the research topic “Japan-China Diplomacy: Retrospective and Future Issues” from Akio Takahara, professor in the Faculty of Law at Rikkyo University, and Masahiro Wakabayashi, professor in the Graduate School of Arts and Sciences at the University of Tokyo, Committee Members asked them questions.

February 21, 2005 (Monday)

After hearing briefings on the research topic “Elimination of Destabilizing Factors in East Asia” from Masao Okonogi, professor in the Faculty of Law at Keio University, and Seiichiro Takagi, professor in the School of International Politics, Economics, and Business at Aoyama Gakuin University, Committee Members asked them questions.

February 23, 2005 (Wednesday)

After hearing briefings on the research topic “Japan-US Relations in the Twenty-first Century” from Makoto Iokibe, professor in the Graduate School of Law at Kobe University, and Yoichi Funabashi, chief diplomatic correspondent and columnist for the *Asahi Shimbun*, Committee Members asked them questions.

February 28, 2005 (Monday)

After hearing briefings on the research topic “Current State and Future Direction of the Enlarged European Union” from Kumiko Haba, professor in the Faculty of Social Sciences at Hosei University, and Hirotaka Watanabe, professor in the Faculty of Foreign Studies at the Tokyo University of Foreign Studies, Committee Members asked them questions.

March 2, 2005 (Wednesday)

After hearing briefings on the research topic “Issues to Be Resolved for the Creation of an East Asian Community” from Susumu Yamakage, professor in the Graduate School of Arts and Sciences at the University of Tokyo, and Il Park, professor in the Graduate School of Economics at Osaka City University, Committee Members asked them questions.

April 6, 2005 (Wednesday)

After hearing briefings on the research topic “Issues to Be Resolved for the Creation of an East Asian Community” from Takashi Shiraishi, professor at the National Graduate Institute for Policy Studies, and Naoki Tanaka, president of the 21st Century Public Policy Institute,

Committee Members asked them questions.

April 18, 2005 (Monday)

Especially regarding the research topic “Japan’s Asian Diplomacy,” various political groups expressed their own views and Committee Members exchanged opinions among themselves.

July 20, 2005 (Wednesday)

The Committee decided to submit a study report (interim report) compiling research conducted in the first year.

[Second Year]

July 20, 2005 (Wednesday)

Committee Members exchanged opinions among themselves regarding Japan’s Asian diplomacy, particularly its diplomacy toward China, under the research theme of “Japan’s New Diplomacy in a Multipolarized Era.”

October 26, 2005 (Wednesday)

After hearing briefings on the research topic “Japan-China Diplomacy: Retrospective and Future Issues” from Zhu Jianrong, professor in the Faculty of Humanities at Toyogakuen University, and Satoshi Amako, professor in the Graduate School of Asia-Pacific Studies at Waseda University, Committee Members asked them questions.

February 8, 2006 (Wednesday)

The Committee heard a report from one of the Diet members dispatched overseas.

After hearing briefings on the research topic “Future Direction of the Japan-US Alliance” from Kazuya Sakamoto, professor in the Graduate School of Law at Osaka University, and Hisahiko Okazaki, director general and director of the Okazaki Institute, a specified nonprofit corporation, Committee Members asked them questions.

February 15, 2006 (Wednesday)

After hearing briefings on the research topic “Japan-US Relations in Connection with Northeast Asia” from Hisayoshi Ina, editorial writer for the *Nihon Keizai Shimbun*, and Kiichi Fujiwara, professor in the School of Law and Politics at the University of Tokyo, Committee Members asked them questions.

February 22, 2006 (Wednesday)

After hearing briefings on the research topic “Economic Strategies in East Asia and Response to the Establishment of an East Asian Community” from Eiji Ogawa, professor in the Graduate School of Commerce and Management at Hitotsubashi University, and Toshiya Tsugami, president of TOA Capital, Committee Members asked them questions.

March 1, 2006 (Wednesday)

After hearing briefings on the research topic “Importance of Human Security” (tackling the environmental problem, poverty, infectious diseases, and other issues) from Juichi Inada, professor in the Department of International Economics at Senshu University, and Kazuo Matsushita, professor in the Graduate School of Global Environmental Studies at Kyoto University, Committee Members asked them questions.

April 5, 2006 (Wednesday)

After hearing briefings on the research topic “The International Community’s Response to Diversifying and Proliferating Threats” (response to international terrorism, drugs, organized crime, proliferation of weapons of mass destruction, and other threats) from Masatsugu Naya, professor in the Graduate School of Law at Hitotsubashi University, and Akiko Fukushima, senior fellow at the National Institute for Research Advancement, Committee Members asked them questions.

April 19, 2006 (Wednesday)

Various political groups expressed their views and Committee Members exchanged opinions among themselves primarily regarding Japan’s Asian diplomacy and its diplomacy toward the United States under the research theme of “Japan’s New Diplomacy in a Multipolarized Era.”

June 2, 2006 (Friday)

The Committee decided to submit a study report (interim report) compiling research conducted in the second year.

[Third Year]

November 8, 2006 (Wednesday)

After hearing briefings on the research topic “Elimination of Destabilizing Factors in East Asia” (focus on North Korean issues) from Hideshi Takesada, head librarian and chief

researcher for the National Institute for Defense Studies, Defense Agency, and Hajime Izumi, professor in the Faculty of International Relations at the University of Shizuoka, Committee Members asked them questions.

November 15, 2006 (Wednesday)

After hearing briefings on the research topic “Japan-China Diplomacy: Retrospective and Future Issues” (China’s diplomacy and security) from Ichiro Korogi, professor in the Department of Foreign Languages at the Kanda University of International Studies, and Tang Liang, professor in the Faculty of Law at Hosei University, Committee Members asked them questions.

November 22, 2006 (Wednesday)

After hearing a report on the research topic “Elimination of Destabilizing Factors in East Asia” (focus on North Korean issues) from government testifiers, Committee Members asked them questions.

November 29, 2006 (Wednesday)

Committee Members visited the Japan Maritime Self-Defense Force Headquarters Yokosuka District.

February 7, 2006 (Wednesday)

After hearing briefings on the research topic “Japan’s New Diplomacy in a Multipolarized Era” from Kazutoshi Hando, writer; Daisaburo Hashizume, professor in the Graduate School of Decision Science and Technology at the Tokyo Institute of Technology; and Akira Mizuguchi, associate professor in the School of International Studies at Keiai University, Committee Members asked them questions.

February 15 and 16, 2006 (Thursday and Friday)

Committee Members were dispatched to Niigata and Gunma Prefectures on a fact-finding survey concerning internationalization measures at the local-government level and Japan’s efforts to stabilize the international security environment.

February 28, 2006 (Wednesday)

The Committee heard a report from the Committee Members dispatched.

After hearing briefings on the research topic “Japan’s New Diplomacy in a Multipolarized Era” from Yoko Kitazawa, critic on international issues; Ryuichi Teshima, journalist specializing in foreign affairs; and Heita Kawakatsu, professor at the International Research Center for Japanese Studies, Committee Members asked them questions.

April 25, 2006 (Wednesday)

After hearing briefings on the research topic “World Trends and Japan’s Position” from Jitsuro Terashima, chairman of the Japan Research Institute and director of the Mitsui Global Strategic Studies Institute, and Kazuo Takahashi, associate professor in the Faculty of Liberal Arts at the University of the Air, Committee Members asked them questions.

After hearing reports from government testifiers concerning “Increase of Diplomatic Establishments Abroad and Foreign Ministry Support Concerning the Internationalization of Local Areas” and “The Defense Ministry’s New Role Primarily in Security,” Committee Members asked them questions.

Opinions were exchanged concerning “Japan’s New Diplomacy in a Multipolarized Era.”

II. Japan's New Diplomacy in a Multipolarized Era

Part 1 Basic Awareness Concerning World Trends and Japan's Position

1. Overview

Following the end of the US-Soviet Cold War structure, the majority view had been that the United States would gain supremacy as the world's sole superpower and that a unipolar structure led by the United States would take shape as the new world order. Concerning conflicts around the world as well, it had been predicted that low-intensity conflicts that cannot be checked by superpower pressure would increase. However, conflicts that actually did occur were in the nature of a "clash of civilizations" as predicted by Samuel Huntington. In other words, the conflicts were based on differences in ethnic background, religion, culture, history, or values. On September 11, 2001, the United States was the target of terrorist attacks by Al-Qaeda, an Islamic extremist group. In response to this, the United States declared a war on terrorism and called on the United Nations and many countries to participate in the war. It deployed military forces in the Afghan and Iraq Wars in the form of a multinational force centered on its own military. At present, however, in the Iraq War, the administration of President George W. Bush is starting to experience a weakening in its power due, among other factors, to opposition from Germany, France, Russia, China, and other nations, the emergence of doubts about the rationale for having started the war, and the mounting deaths of American soldiers in a situation that has turned into a virtual civil war. It has been pointed out both at home and abroad that the United States might fall into an "inward-looking paradigm."

A look at the post-Cold War economic front shows that globalization has spread throughout the world. A manifestation of this seems to be the increasingly borderless state of economic activity, which has occurred because the idea has been entrenched that many ex-communist bloc nations and developing countries turned toward a market economy and were ready to stimulate the growth of the national and regional economies by promoting the introduction of free trade and direct investment. Against this backdrop, the European Union (EU) and Brazil, Russia, India, and China (BRICs) have shown astonishing economic growth, causing the global economic power structure to change dramatically. However, behind this worldwide boom lies a certain danger: the ballooning of the financial economy far beyond the size of the real economy—in other words, the growth of the speculative "money game" at

breakneck speed. At present, there is no system that can deal with this situation on a global scale. Moreover, excessive regulation of investments is liable to shrink the capital market. Nevertheless, unless some sort of measure is introduced, there is danger of triggering a steep drop in share prices and a recession or major depression around the world.

A look at the world today, 15 years after the end of the Cold War, enables us to consider that the phenomenon of borderless economic activity due to increasing globalization is occurring simultaneously with the phenomenon of political and economic multipolarization. The question confronting Japan under these conditions is how it should respond to this state of affairs. For Japan, it will be crucial, in terms of seeking stability in Asia, to seek to strengthen relations among Japan, the United States, and China. To achieve this, a close partnership between Japan and the United States in a broad range of areas is essential and, based on such a partnership, Japan should seek to build good relations with China. Additionally, Japan should aim at building a flexible and expansive economic sphere bearing in mind the entire Asia-Pacific region. To achieve this, it is essential to strengthen partnership among Japan, the United States, and China. However, there is one particularly difficult issue to be addressed in Northeast Asia: the behavior of North Korea or, more specifically, the North Korean abduction and nuclear and missile issues. To resolve these issues, it is necessary to maintain good relations with China and South Korea while keeping in mind the circumstances of the six-party talks.

Furthermore, there are calls for contributions toward resolving global issues, such as global warming and infectious diseases, and toward post-conflict peacebuilding, so Japan should respond sincerely to these calls. It is also vital for Japan to coordinate policies with major industrialized nations and East Asian countries to prevent a worldwide recession. But it is difficult for Japan to fulfill such a role unilaterally. It is therefore considered essential that the commitment of the United States, which continues to have enormous influence over the world's politics and economy, be maintained. In view of the foregoing, the role to be fulfilled by Japan can be said to be larger than expected.

2. World Trends (International Politics)

Change in US-Centered Unipolarization

The beginning of the end of the US-Soviet Cold War structure occurred on November 9, 1989, with the collapse of the Berlin Wall, and the direction of definite termination was confirmed at the summit between President George H. W. Bush and President Mikhail Gorbachev in Malta

on December 3 of the same year. On August 19, 1991, Boris Yeltsin held down a coup by conservative elements and seized power, and on December 21 of the same year the Soviet Union was dissolved and the Russian Federation was born. With this, the US-Soviet Cold War structure came to an end, and questions were raised as to what sort of “new world order” would take shape in the aftermath. Many held the view that despite the birth of the Russian Federation the road to eliminating confusion and achieving regeneration would be a bumpy one and that there would appear no country capable of standing face-to-face with the United States, resulting in an age of US-centered unipolarization. As it turned out, a storm of globalization, which more properly may be termed Americanization, swept the world. An age arrived where people, goods, capital, technology, and information moved incomparably more abundantly and speedily than before. In addition, it was predicted that conflicts around the world would consist of low-intensity conflicts (LICs) that major powers would not be able to control, rather than ideology-based wars by proxy brought about by the US-Soviet Cold War structure. However, conflicts that actually did occur were in the nature of a “clash of civilizations” as predicted by Samuel Huntington. In other words, the conflicts were based on differences in ethnic background, religion, culture, history, or values.

On September 11, 2001, Al-Qaeda, an Islamic extremist group, committed terrorist attacks on the United States, shocking the world. This triggered a major change in the US-centered unipolar structure, and the international society started to head toward multipolarization. This occurred because the United States was forced to call on the United Nations and countries around the world to participate in a war on terrorism, which the United States claimed was one of the world’s major issues in the twenty-first century and could not be dealt with by the United States alone. At first, many countries recognized the dangers of destructive activities by nonstate organizations and the difficulty of defending against them, and the United States, with the sanction of a United Nations resolution, initiated the Afghan War in a bid to destroy Al-Qaeda. However, in the ensuing Iraq War, the United States was unable to have its resolution adopted by the United Nations due to opposition from Germany, France, Russia, China, and other countries. With weapons of mass destruction, the rationale for starting the war, nonexistent and the situation having changed into a virtual civil war, the coalition of participating nations began to unravel and doubts about participating in the war on terrorism began to spread throughout the nations.

Another factor that may have contributed greatly to the foregoing is the fact that the power of nations showed a relative decline from the 1990s to the present owing to the horizontal dispersal of hegemony accompanying the conspicuous rise of Brazil, Russia, India,

and China (BRICs) and the enlargement of the European Union, the advance of the Internet and other information technologies that enabled just about anyone to exchange a broad range of information, including advanced scientific and technological information, and the increasing dispersal of power brought about by the diversification of actors in international politics, previously limited primarily to state governments, to include such nonstate actors as local governments, business firms, nongovernmental organizations, and individuals.

Enlargement of the EU and Emergence of the BRICs

Within the transition from a US-centered unipolar structure to a multipolar structure, a situation is occurring that appears to symbolize this transition, namely, the enlargement of the EU and the emergence of the BRICs. The current conditions of the EU, China, Russia, and India are outlined below.

(EU)

Ten countries, including Poland and Hungary, joined the European Union on May 1, 2004, and Romania and Bulgaria became members on January 1, 2007, expanding the EU to 27 countries. The EU has a population of 490 million, the third largest in the world after China and India, and a combined gross domestic product of 10 trillion euro (approximately ¥1,600 trillion), which makes it the world's largest economic bloc, greater even than the United States. In addition, the euro, which came into circulation in January 2002 as the EU's common currency, is now used by 13 countries within the EU and is gaining influence outside the euro zone as well, to the extent of appearing to soon overtake the US dollar as a settlement currency. The value of the euro, originally 10% lower than that of the dollar, is currently 30% higher. Moreover, under a common competition policy and backed by the enormous economic bloc, the EU has attained norm-creating capacity within the global economy and has gained power rivaling that of the United States.

On the security front, while maintaining cooperative relations with the United States through the North Atlantic Treaty Organization (NATO), the EU has reached a point of acting on its own, launching its own military force under a common security policy and starting to hold joint maneuvers with the military forces of EU member nations.

One of the key issues to be addressed in the future is the question of Turkey's membership. At the time of the EU's enlargement to Central and East European countries also, there appeared to be a pattern among leading nations of the central government being in favor but public opinion being against their accession. There is a strong psychological resistance in

Christian Europe to the inclusion of Turkey, a country with a predominantly Muslim population, and movements to prevent the enlargement are starting to be seen.

(China)

China is the focus of attention internationally as the world's factory and an immense market, due to the fact that it has maintained rapid economic growth from the 1990s onward on the strength of an enormous pool of low-cost labor. Along with this, its standing in the international community has improved, and it is slated to host the 2008 Beijing Olympics and the 2010 Shanghai World Expo. On the diplomatic front, it is pursuing an omnidirectional diplomacy, as discussed below.

In its relations with the United States, China has affirmed a mutually "constructive cooperative relationship" and is exchanging views on a wide range of issues, including North Korea, Taiwan, commerce and trade, and currency. In addition, it has hosted the six-party talks on the North Korean nuclear and missile issue and is anticipated to show leadership in this area.

In its relations with Russia, China resolved a long-standing border dispute and issued a joint communiqué with Russia in July 2005. Thereafter, it has expanded observer participation (Iran, India, Pakistan, Afghanistan, and Mongolia) in the Shanghai Cooperation Organization, which aims at regional cooperation including China and Russia.

In its relations with India, China issued a joint statement with India in April 2005 concerning the creation of a China-India strategic and cooperative partnership, simultaneously executing 12 accords for cooperation concerning border issues, the economy, aviation, cultural exchanges, and other matters. In December of the same year, the Chinese and Indian navies held joint military maneuvers. As these developments show, China has been strengthening relations with India.

Additionally, in November 2006 China held the Beijing Summit of the Forum on China-Africa Cooperation, the aim of which was to strengthen partnership with African nations and open the way to securing energy and natural resources. These and other activities of China are gaining attention.

(Russia)

Russia has enjoyed rapid economic growth in recent years against a backdrop of rising petroleum and natural gas prices. GDP growth has remained stable since 2001, at 5.1%, 4.7%, 7.3%, 7.1%, and 6.4%. The administration of President Vladimir Putin, formed in 2000, has

shown an attitude of emphasizing the Asia-Pacific region, including following a route of cooperation with China, while maintaining cooperation with the United States and European nations.

At first, the Putin administration had promoted liberalization in order to stimulate the economy and allowed the privatization of media firms, oil assets, and others. However, recently, once it consolidated its power base backed by rapid economic growth, it started heading toward a return to “great Russia” centrism, as indicated by such actions as tightening control over media companies critical of the administration and promoting the renationalization of oil assets.

While entering into cooperative relations with the United States concerning oil supply and demand, Russia has established closer relations with China. It is promoting the materialization of the Shanghai Cooperation Organization, such as holding joint military maneuvers with China in August 2005. Russia is also endeavoring to strengthen relations with China and India by holding meetings of the foreign ministers of the three nations. It is also showing an enthusiastic attitude toward Asia-Pacific diplomacy, as indicated by the holding of the first ASEAN–Russian Federation Summit and guest participation in the East Asian Summit (EAS) in December 2005, as well as declaring its intention to seek formal membership in the EAS.

Toward the Commonwealth of Independent States (CIS), while Russia notified Georgia, Ukraine, and Moldova, countries showing a pro-US and pro-European stance, that it would sharply increase the export price of natural gas in 2006, it is exerting efforts to strengthen relations with Uzbekistan, with which it has signed an alliance treaty, and Belarus, with which it is pursuing consultations with a view to the building of a union state. Such actions can be seen as Russia’s attempt to regain the power held by the old Soviet Union.

(India)

Economic growth in India averaged 6% annually from 1980 to 2002 and a steep 7.5% annually from 2003 to 2006. During this 20-year period alone, the size of India’s middle class expanded by four times to 250 million, and the population living under the poverty line has declined gradually by 1% each year. At the same time, the population growth rate decelerated from 2.2% to 1.7%. This brought about an increase in per capita income, up from \$1,178 in 1980 to \$3,051 today in terms of purchasing power parity.

A point to note concerning the rise of India is that its economic growth has been based not on the traditional Asian model of exporting labor-intensive and cheap products to the

European, US, and Japanese markets but rather on an emphasis on the domestic market over exports, consumption over investment, service industries over manufacturing, and high-tech industries over simple, labor-intensive production.

In July 2005 India declared that broad-based cooperation with the United States was a “strategic partnership.” In response, the United States, in a reversal of its previous policy on India, declared that it recognizes India as a legitimate nuclear-weapon state. In the future, India is likely to increase its presence in Asian and global political arenas.

Possibility of Asia as a Pole

Amid the trend toward multipolarization, the economic scale represented by a combination of Japan, the world’s second largest economy, China, which has expanded rapidly in recent years, and South Korea, Taiwan, and members of the Association of Southeast Asian Nations (ASEAN), which are showing stable growth, holds possibilities of making Asia a viable pole in an increasingly multipolarized world. However, in East Asia there are the Korean Peninsula and Taiwan Strait issues, which may be termed residues of the Cold War structure. While these issues cannot be resolved easily, the deepening of partnership within the overall East Asian region on the economic front while maintaining the status quo would be a powerful means of weakening grounds for confrontation. In this respect, the building of economic partnership systems with the eventual creation of an East Asian Community in mind would be highly beneficial. With the inclusion of India and other Southwest Asian countries in the partnership, it would be possible for Asia to turn into a new pole. The important thing would be for the new pole to avoid exclusionism, showing a willingness to include the United States, Australia, and New Zealand, and just seek to serve as a flexible pole in the Asia-Pacific region.

Relative Decline of US Strength

There is no change in the fact that the United States is a superpower with the world’s No. 1 strength in terms of politics, economy, military strength, science, technology, and the media. Nevertheless, it cannot be denied that the relative strength of the United States has declined amid the world’s political transition from a US-centered unipolar structure to a multipolarized structure.

In the war on terrorism following the 9/11 terrorist attacks, the United States deployed military forces in Afghanistan and Iraq. US military deaths in Iraq have now mounted to 3,312 (as of April 17, 2007). Cumulative war expenditures, from the attack on Afghanistan to

the Iraq War, have reached \$711.9 billion and are increasing at a rate of \$6 billion every month. Owing to these and other factors, the US fiscal deficit reached as high as \$248.2 billion in fiscal 2006. Furthermore, the current account deficit has also increased year by year, reaching \$861 billion in 2006. Due to these developments, the United States is clearly in a twin-deficit situation. Since 2004, the amount of capital account surplus minus current account deficit has been running on the negative side, causing foreign currency reserves to drop to just \$64.9 billion at the end of January 2007. Considering that Japan had reserves of \$895.3 billion and China \$1,066.3 billion at about the same time, one can clearly see how small that amount is. On top of this, the nation's vulnerability exposed by Hurricane Katrina in 2005 caused the American public to turn their eyes inward. A situation where about 50% of the 36 million poor in the United States are either Hispanic- or African-American has disenchanted the people, causing them to feel that the last thing the United States should be doing is to concern itself with Iraq.

Owing to the foregoing, the United States today is in danger of falling into an "inward-looking paradigm," according to some people inside and outside the United States. At one time the United States had fallen into a Vietnam syndrome due to its defeat in the Vietnam War. At that time, it succeeded in building the grounds for a US-centered unipolar structure by being the first, in the latter half of the 1980s, to switch to an IT-centered industrial structure, creating new added value and outpacing all other countries in terms of economic activity and technology. This time, the American public is showing strong opposition to the Bush administration's policy on Iraq and other matters, and some opine that the administration has lost its luster following the defeat of the Republicans in the midterm elections in November 2006. Escaping from the Iraq syndrome is likely to be the United States' biggest issue hereafter.

3. World Trends (International Economy)

Increasing Globalization of Economic Activity

In the area of international politics, increasing globalization has created friction to a greater or lesser degree in relations with local communities. The spread of a culture and set of values with a strong power to attract will naturally clash with the values and culture of the local community, giving rise to feelings of resentment. A look around the world shows that such resentment can range widely from an absolute feeling to a more flexible one. In an extreme case, it can give birth to extremists who are prepared to commit terrorist acts to show that they

recognize only their own values. This constitutes a major destabilizing factor for the local community concerned. On the other hand, there are many local communities that, despite repeatedly undergoing friction, make choice after careful consideration and adopt, given a certain amount of differences in quality or degree, a part of that new culture or values. In particular, the spread of globalization on the economic front has been remarkable. As the term “borderless age” denotes, not only the massive movement of goods and services but also the formulation of rules that support economic activity are becoming standardized. This is because the idea has been entrenched in many ex-communist bloc nations and developing countries to turn toward a market economy and stimulate the growth of the national and regional economies by promoting the introduction of free trade and direct investment. The heightening move in recent years toward the conclusion of free trades agreements and economic partnership agreements, and the creation of a regional economic community in spite of the stalling of World Trade Organization (WTO) negotiations, seems to be an indication of this.

Worldwide Boom and Potential Instability

(3% GDP Growth Worldwide Indicates Overheating)

Real GDP growth worldwide ran at 1.8%, 2.1%, 2.7%, 3.9%, 3.4%, and 3.9% from 2001 to 2006, or an average of 3% annually. A growth rate of 3% each year for 10 years translates into overall growth of an astounding 35%. There have been cases in the past of a number of countries posting such high growth, but such growth on a worldwide basis indicates a situation that may be called overheating. The world did achieve 3% growth at one point during the recovery phase that followed the global recession in 1975, with the United States, Japan, and West Germany serving as the driving forces, but for such high growth to continue for so long is unprecedented. A factor contributing to this is an expansion of the base of the global economy due, in particular, to the rise of the BRICs. While growth in 2007 is projected to remain high at 3.3%, in a world of increasingly interdependent economies, there is also much concern that the global boom could turn into a global recession. It has been pointed out that the key point, from the standpoint of realizing sustainable growth while emphasizing the economy-environment-energy relationship, is to bring about the global economy’s soft landing to an appropriate growth rate level of 2%–2.5%.

(Current Factors for Concern)

At present there are two concern factors, among others, pertaining to the global economy, as follows:

(i) Sharp Deceleration of the US Economy

The US economy has led worldwide economic growth up to now, and any sharp deceleration on its part is liable to affect the global economy overall. Risk factors that come to mind that may bring about a situation in the future where real growth in the United States falls sharply below potential growth are the dramatic deceleration of the housing market and the resultant impact on the overall economy, steep rise of prices due, among others, to reincreased crude oil prices, and a decline in the credibility of the dollar due to sharp adjustments in the foreign exchange rate. Concerning the exchange rate, the serious level of the twin (current account and fiscal) deficit is worrisome. In particular, some have pointed out that the former is now at a level where it is not sustainable, judging from past results, and there are concerns that this will sharply reduce the credibility of the dollar. In the event risks deriving from owning the dollar surface, long-term interest rates could rise, reducing the worldwide flow of money and preventing the United States from satisfying its need for funds. If this happened, the twin deficit could become unsustainable, creating an adverse impact on the global economy through the deceleration of the US economy.

(ii) Rise of Crude Oil Prices

Crude oil prices, which had been stalled at a high \$70–\$79 per barrel in mid-2006, declined to around \$50–\$60 in the autumn due to an increase in petroleum product inventories in the United States and other factors that allayed concerns that oil supply will tighten. However, prices turned upward again thereafter, attributable to concerns of supply tightening along with the growth of the global economy, geopolitical risks, cutback in production on the part of oil-producing countries, and other factors. If crude oil prices continue to rise over the long term, it is undeniably possible that the global economy will slow down due to a number of negative effects that could occur as they did in past oil crises, such as the lacking of purchasing power owing to the transfer of income to oil-producing countries, the accelerated rise of prices due to a ripple effect, and the climb of long-term interest rates due to a hike in policy interest rates. In particular, should the effects be felt in the United States, China, and other economies that power worldwide economic growth, the global economy could be negatively affected.

(Danger of Overemphasis on Financial Capitalism)

An even greater concern is that, while the global GDP has registered real growth of 3.5% on an average annual basis since 2003, world trade has expanded 7% and the total market value

of stocks worldwide has increased a striking 14%. It has been pointed out that such a steep rise clearly indicates the ongoing hypertrophy of the financial economy far beyond the size of the real economy. While there is no problem at the industrial capitalism stage, where a free market economy develops and the real economy is fostered, once the world reaches a stage of financial capitalism, where the money game is the primary activity, there is danger of triggering a crash centered on the financial market. History shows that the Great Depression of 1929 was caused by excessive focus on financial capitalism.

At present there is no system that can deal with the foregoing on a global scale. On the other hand, it will be difficult to adopt excessive control on investments, as it is liable to shrink the capital market and constrain the economic activities of individuals and corporations. In addition, concerted fiscal and monetary policies by leading industrialized nations may be effective, but should financial capitalism expand to get out of control, responding to such a situation is likely to be difficult.

4. Japan's Position

When looking at world trends from the standpoints of both international politics and the international economy, there are many issues to be addressed in the future, including what actions Japan should take and what strategies and guidelines it should follow when taking those actions. Some of the most important issues seem to be relations among Japan, the United States, and China, international contributions, eliminating the risks of a global economic slowdown, and strengthening of diplomatic functions.

Importance of Relations Among Japan, the United States, and China

Amid the rise of the EU and BRICs and increasing multipolarization, the EU, which favors multipolarization, stands in opposition to the United States, which strongly tends to favor sole hegemony, and the position of Asia in this situation can be said to be rather tricky. For Japan, the issue is how to deal with this situation. First of all, it is crucial to study an optimal form of relations with the United States, which has enormous influence over the world's politics, economy, and security. Toward this end, it is essential to develop a close partnership with the United States in diverse fields. With this as the foundation, Japan should aim at building good relations with China.

In particular, the role of Japan is important in terms of preventing a sense of impatience and isolation on the part of the United States. For this, it has been pointed out that Japan

should choose to build multilayered relations with Asia while maintaining alliance relations with the United States. Furthermore, the improvement of relations with neighboring countries, considered to be a pending issue for Japan, is important. Diplomacy in the twenty-first century should go beyond the level of pursuing diplomacy with the United States separately from pursuing diplomacy with Asia and aim at achieving a major goal (national interest) through a combination of the two, in other words, a fusion of the Japan-US alliance and Japan-China cooperation. While it is only by building good relations with both the United States and China that Japan can hope to achieve stable growth, it should be kept in mind that there is a qualitative difference between relations with the United States and relations with China. One must not lose sight of the fact that the United States supports, with its espousal of a free economy and its military might, a world order that allows freedom. With China, Japan should work toward building a stable relationship through the strengthening of cooperative relations primarily in economic activities, rather than an alliance. It should seek to expand cooperative relations with the country by building up efforts to adjust specific and individual conflicts of interests between the two, thereby aiming at coexistence, cooperation, and mutual benefits rather than confrontation. In its relations with both the United States and China, Japan should endeavor to fulfill the role of a coordinator supporting order in the Asia-Pacific region by making the most of its geographic characteristics and capitalizing on its brand power, including superior industrial and technological capabilities. With this as the foundation, Japan should aim at building relations with South Korea, North Korea, ASEAN nations, Australia, and New Zealand, as well as with Russia, India, the Middle East, the EU, and other countries and regions.

Maintaining Stability Through International Contribution

That Japan has contributed to peace and stability in the world without resorting to military force for over 60 years in the postwar era is something that the country can boast to the world. However, with the international community today faced with such global issues as terrorism, infectious diseases, and the global environment, Japan must decide how it will contribute to the resolution of such issues as well as how it will contribute to ensuring peace and stability, issues that the nation has traditionally been concerned with. From this standpoint, there are three important areas in which Japan should seek to make international contributions, as discussed below.

(Peacebuilding)

At present, there are conflicts in the Middle East, Africa, and a part of Asia, and efforts are being made, through the United Nations Peacebuilding Commission and other entities, to prevent expansion of and allay the conflicts. Japan has thus far participated in part of such efforts by sending personnel to peacekeeping operations and by providing personnel and funds, primarily through official development assistance, for securing and maintaining stability in post-conflict situations. In the future, in order to consolidate its position as a peace-loving nation, it is necessary for Japan to make further contributions in diverse areas. To enable this, the development of a broad range of necessary personnel and the improvement of intelligence-gathering capabilities are desired.

(Global Environmental Issues)

Efforts concerning environmental protection are lagging at present, despite the fact that the resolution of global environmental issues, including global warming due to carbon dioxide and other greenhouse gases, is an important concern of the global community. It is essential that sufficient measures be implemented before the situation reaches a crisis point. Japan, for its part, will be considered to make a significant contribution to the international community if it makes active efforts on its own toward improvement, upgrading proprietary state-of-the-art environmental-protection technologies and providing such technologies to neighboring and other countries that need them. In particular, the provision of environmental-protection technologies, including environmental-administration systems, to China, where environmental protection is an urgent issue, is an extremely important measure in terms of preserving the global environment. At the same time, it should be recognized that the success or failure of environmental policies in China directly affects the national interest of Japan.

(United Nations Reform)

At the United Nations, debates concerning Security Council reform, the desirable form of the overall organization, ways to improve efficiency, and other matters have been going on for close to 20 years now, but hardly any progress has been made. In recent years, Japan has worked toward Security Council reform with a view to gaining a permanent seat on the Council, but it has not been successful in its efforts due to lack of support. Today, however, with international politics becoming multipolarized, the importance of the United Nations is being recognized more than ever before. Amid this situation, major issues for Japan in its efforts toward achieving world peace and stability will be, in addition to Security Council

reform, the strengthening of the Economic and Social Council and other organizations and the provision of funds, technologies, and human resources to peacebuilding activities.

Eliminating the Risks of a Global Economic Slowdown

After the end of the Cold War structure, the planned economy lost credibility and the capitalist economic system rooted in the market mechanism and liberalism swept the world. While this has brought about a global boom, things are not necessarily moving in a healthy direction. A sound economy is one in which the added value of goods and services is increased or new added value is created. In reality, however, economic activity is becoming increasingly dependent on a financial sector-led money game, and efforts to produce goods and improve industrial technologies are being neglected. As a result, disparities are constantly widening at all levels—national, corporate, and individual.

Within the foregoing environment, external economic policies to be adopted by Japan should probably be directed toward protecting against the economic bubble collapse likely to result from excessive pursuit of financial capitalism and preventing a sharp deceleration of the US and Chinese economies liable to trigger the aforesaid collapse. To achieve this, it is essential for Japan to coordinate policies with leading industrialized nations and East Asian countries. In this respect, Japan should seek to ensure coordinated efforts, at summit meetings of the Group of Eight most industrialized nations, G8 meetings of finance ministers and central bank chiefs, ASEAN+3 conferences, and other international meetings, to promote investments aimed at fostering the real economy, and at the same time propose to increase the ability to absorb shock, such as by further strengthening the Chiang Mai Initiative and other frameworks.

Strengthening of Diplomatic Functions

There is an outcry for the strengthening of Japan's diplomatic functions in this age of multipolarization. In fact, Japan does not even have adequate institutions for carrying out diplomacy, which can be said to be the foundation of diplomatic functions. For example, the fixed number of employees at Japan's Ministry of Foreign Affairs is extremely small compared to other industrialized nations. Japan has endeavored to increase this number in recent years, and at present the number has finally topped 5,500. However, it is clearly evident how low this number is when compared with the corresponding number, 7,000–11,000 persons, for countries with comparable national power. As a result, the number of diplomatic establishments abroad is also extremely low. If Japan wishes to actively pursue

diplomacy in order to deal with multipolarization, it must strive to strengthen its institutions for carrying out diplomacy, as such a strengthening constitutes a key precondition for the intensification of diplomatic functions. Toward this end, Japan should dramatically increase the number of relevant employees and the number of diplomatic establishments abroad as quickly as possible while steadily developing the necessary human resources.

In addition, in view of the fact that actors in international politics have diversified to include local governments, business firms, NGOs, and other entities, the establishment of institutions that can provide sufficient and appropriate information to such actors will be necessary. Furthermore, under such a situation the expansion of parliamentary diplomacy would be meaningful, and the development of institutions for this purpose is also essential.

5. Japan and East Asia

(A) Economic Growth and Destabilizing Factors in East Asia

The Asian region overall continues to enjoy rapid economic growth led by China and India, which are strengthening their presence backed by conspicuous economic advances. In addition, the economies of Asian nations, particularly in East Asia, are rapidly deepening their interdependence through trade and investment. Such deepening of economic relations among East Asian nations helps promote the region's economic integration, especially through FTAs and EPAs, and, in combination with the need to jointly address various cross-border issues, also promotes the region's political partnership and cooperation.

On the other hand, Asia, in contrast to Europe, whose security environment has undergone dramatic changes, continues to be saddled with issues that may be termed residues of the Cold War, such as territorial and unification issues. On top of this, diverse conflicts are occurring over territories, territorial waters, and energy resources against a backdrop of the proliferation of nuclear arms, missiles, and other weapons of mass destruction and emerging nationalism in various countries.

Indeed, in addition to confrontation between North and South Korea on the Korean Peninsula and North Korea's development of nuclear arms, missiles, and other weapons of mass destruction, there exist various issues, including China-Taiwan relations and territorial claims in the Spratly Islands. Japan itself has friction with its neighbors over such territorial issues as the Northern Territories, Takeshima Island, and the Senkaku Islands, as well as exclusive economic zones. Furthermore, China and many other countries in Asia have been

expanding and modernizing their military forces, including spending more on national defense.

Meanwhile, the United States, which yields overwhelming power and influence in politics, economics, and military and foreign affairs as the world's sole superpower, is experiencing a relative decline in its presence in Asia as the Asian economy is achieving remarkable progress and Asian countries are less and less dependent on the US economy. On the political front, while it still plays an important role in the promotion of peace and stability in the region, owing to its struggle trying to deal with the situation in the Middle East, particularly the situation in Iraq, where there are still no signs of a restoration of public order, the United States is no longer capable of playing a leading role in the promotion of peace and stability in Asia without the cooperation of interested nations, as can be seen in the case of North Korea. For this reason, the resolution of issues based on multilateral frameworks is becoming increasingly important.

(B) North Korean Issues and Japanese Diplomacy

Importance of North Korean Issues

The Korean Peninsula lies close to Japan and is one of the most critical regions in terms of Japan's security. A divided nation continues to exist on the peninsula, and for over half a century North and South Korean troops have been in confrontation with each other. Kim Jong-il, chairman of the National Defense Commission and general secretary of the Workers' Party of Korea, rules North Korea and leads the Korean People's Army numbering more than one million. Despite serious economic difficulties, Kim Jong-il has implemented priority allocation of the nation's resources to the development of nuclear arms and missiles and other military aspects, at the same time maintaining and strengthening the nation's war potential and military readiness and keeping a large-scale Special Forces organization.

North Korean issues include the abduction issue and the issue concerning the development and production of weapons of mass destruction. Of these, the abduction issue has existed before the commencement of six-party talks aimed at denuclearizing the Korean Peninsula and is a serious issue relating to state sovereignty and human rights. Furthermore, the issue concerning nuclear arms, missiles, and other weapons of mass destruction is a serious one relating to the security not only of Japan but also of the region overall. The resolution of both the abduction issue and the problems concerning nuclear arms, missiles, and other weapons of mass destruction is an important diplomatic task in terms of ensuring Japan's peace and prosperity.

Desirable Form of Diplomacy Toward North Korea

Taking into consideration the true nature of North Korean issues and keeping in mind the reunification of the Korean Peninsula, Japan must exert efforts, through adequate partnership and cooperation with interested countries, to resolve the issues in a way that protects Japan's peace and security and the Japanese people's lives and properties and contributes to peace and stability in Northeast Asia.

While negotiations between Japan and North Korea concerning the normalization of diplomatic relations will not be smooth, as North Korea will employ the abduction and nuclear and missile issues as diplomatic cards in a bid to maintain the current regime and ensure survival, the Japanese government should pursue negotiations persistently on the premise that these issues can be resolved.

Furthermore, the important thing when considering the North Korean issues is that North Korea is believed to have its own military strategy for achieving reunification and to have placed nuclear arms at the center of this strategy. Accordingly, the issues cannot be resolved through the use of military force, and the easy assumption that the Kim Jong-il regime will self-destruct cannot be relied on. The only option available to Japan is to seek a diplomatic resolution based on dialogue and pressure. For this, it is essential to gain the cooperation of the international community and particularly to strengthen cooperation with the United States, China, South Korea, and Russia. Specifically, taking into consideration the enactment of the revised Foreign Exchange and Foreign Trade Control Law and the Law Concerning Special Measures to Prohibit the Entry of Specific Vessels into Ports and Harbors, Japan should devote full efforts to resolving the issues using these laws and, if no progress is made, seek resolution through the United Nations Security Council in addition to the six-party talks. Moreover, in the area of defense, noting that in a worst-case scenario war could erupt on the Korean Peninsula in connection with reunification, it is important for Japan to develop the institutions needed to deal with such a situation.

North Korean Abduction Issue

At the Japan–North Korea summit meeting held in Pyongyang in September 2002, North Korea for the first time admitted to the abduction of Japanese nationals, apologizing to Japan and promising to prevent a recurrence in the future. At present, the Japanese government recognizes 17 abductees, of whom five returned to Japan in October 2002 for the first time in 24 years. However, concerning the remaining abductees, North Korea has yet to produce a convincing response despite its declaration at the second Japan–North Korea summit held in

May 2004 to immediately resume thorough investigations to discover the true circumstances, so the issue remains unsolved.

The abduction issue is one of the issues over which many Japanese feel the greatest concern. The Japanese government is pursuing diplomacy under the basic policy that the normalization of diplomatic relations with North Korea is inconceivable without resolving the abduction issue, which is a serious issue linked to Japan's sovereignty and the Japanese people's lives and security. Under this policy, Japan has strongly demanded that North Korea ensure the safety of all abductees, allow them to return home immediately, investigate the true circumstances of the abductions, and hand over the agents responsible for the abductions. While North Korea's response has been to assert that the abduction issue is now resolved and that Japan is using the abduction issue to avoid settlement of the past, the issue of the past and the issue of abductions, which is an infringement of state sovereignty and human rights, are entirely different in nature.

While Japan has repeatedly and forcefully demanded, at Japan–North Korea consultative meetings, the six-party talks, and other meetings, that North Korea take prompt and positive action to resolve the abduction issue and has repeatedly taken up the abduction issue at the United Nations and other international venues, no clue has been found to a solution for the issue. The resolution of the abduction issue is no easy matter, but Japan should, in the future, strengthen and promote efforts toward resolution based on a consistent “dialogue and pressure” approach and in collaboration with interested countries, while at the same time taking every opportunity to forcefully demand North Korea's immediate decisions toward resolution.

Nuclear and Missile Issue

In July 2006 North Korea launched seven ballistic missiles, including the Taepodong-2, and in October of the same year it announced that it had carried out a nuclear test.

Immediately after the missiles were launched, the Japanese government declared that the launch was a grave issue from the standpoint of Japan's security, the international community's peace and stability, and other considerations and at the same time announced the prohibition of port entry by the *Man Gyong Bong 92*, the tightening of immigration screening of North Koreans, and other measures. In addition, based on Japan's diplomatic efforts, the United Nations Security Council adopted a resolution (No. 1695) denouncing the missile launch. In response to the nuclear test, Japan finalized decisions to prohibit port entry by North Korean vessels, prohibit imports from North Korea, and basically prohibit entry into Japan of people with North Korean citizenship, while the United Nations Security Council

adopted a resolution (No. 1718) listing measures that North Korea and all member states must carry out. Furthermore, the fifth round of six-party talks held in February 2007 adopted a joint statement declaring, among other things, that North Korea would shut down and seal its Yongbyon nuclear facility.

North Korea's development of nuclear and other weapons of mass destruction is an extremely grave issue in terms of maintaining the nuclear nonproliferation regime as well as security in East Asia. The government should exert all-out efforts to resolve the issue in close collaboration with interested countries at the six-party talks and other venues. If no progress is achieved, it is necessary for Japan to tackle the issue with the objective of seeking a resolution at the United Nations Security Council.

(C) Conditions in China and Japan-China Relations

China's Growth and Internal Situation

China has an enormous population of 1.3 billion, which is 10 times the population of Japan and approximately 20% of the global population, and the country has consistently maintained steep economic growth over the past 15 years. China is set to host the Beijing Olympic Games in 2008 and the Shanghai World Expo in 2010, and the Hu Jintao administration is exerting all-out efforts to implement policies aimed at ensuring the success of these international events and gaining solid recognition for China. If stable economic growth continues after these international events, China's standing in the global economic and political scene is likely to rise further. Moreover, it cannot be denied that increases in China's income levels and protein and energy consumption volumes are likely to have a major impact on the world economy in the future.

On the other hand, diverse inconsistencies and dissatisfactions lie within the country in the shadow of its rapid economic growth. The nation also has issues pertaining to natural resources and energy, food, the environment, and other matters. Unless it resolves such inconsistencies, dissatisfactions, and issues, China cannot hope to achieve sustainable growth or political stability. While there are diverse views concerning the potential ability of China to resolve these issues and maintain stable growth hereafter, in the event growth in China slows down, chaos is liable to ensue inside the country, seriously affecting the management of the administration. If such a situation arises, there is a possibility that other countries, including the United States, EU, East Asia, and especially Japan, which has deep relations with China on the economic front, would be affected.

Japan-China Relations Overall

China has been actively pursuing diplomacy in recent years, particularly with East Asia, and its presence in East Asia is strengthening. Japan and China are closely related neighbors, and they are both major powers in the region. Japan and China have a history of over 2,000 years of interaction, and the majority of this period is said to have been a period of friendship, mutual benefit, and mutual prosperity. In particular, during the 30 years since the normalization of diplomatic relations between Japan and China, the two countries have deepened their relations in diverse fields and at diverse levels, and in recent years the relationship has deepened and developed into one of interdependence. It is no exaggeration to say that the Japan-China relationship is one of the most important bilateral relationships in the world today.

Nevertheless, as a matter of fact, at the same time that there are people in Japan who view China's rapid emergence as a major power in a favorable light in that it offers a golden opportunity, there are other people who consider China a rival of Japan and do not welcome its rise for such reasons as anti-Japanese movements in China, interference in Japanese prime ministers' visits to Yasukuni Shrine, friction between China and Japan over natural resources and other aspects in the East China Sea, and the remarkably expanding military might of China. Amid this situation, the Japanese government welcomes the rise of China from the viewpoint that the country's economic growth offers a golden opportunity and has adopted a basic policy in its diplomacy toward China of promoting Japan-China relations into the future.

For the peace and prosperity not only of Japan but also of East Asia, Japan should continue to place importance on relations with China and pursue the kind of diplomacy that would allow China to resolve its domestic issues and maintain stable economic growth, thereby ensuring good relations between China and Japan.

Political Situation in China

China's Hu Jintao administration is aiming to build a "harmonious society" based on a "scientific development perspective." While basically following the policies and programs of the Jiang Zemin administration, President Hu Jintao has revealed his own distinctive approaches, such as his focus on improving the transparency of political processes, emphasis on countermeasures for society's underdogs, frequent field inspections and regional visits, abolishment of extravagant habits, and other practical-work-oriented measures. Because disputes over land expropriations and wages and protests triggered by discontent over fraudulent practices by civil servants and other reasons have erupted throughout the country,

the Hu Jintao administration has embraced a “pro-people line” that emphasizes the interests of the masses and, in an emphasis on social stability, has been making efforts to establish a series of relevant laws and amendments, including the Petition Ordinance amendment, the Civil Servant Law, and the Property Law.

Economic Situation in China

China’s modernization program that began in the 1980s has brought about rapid economic growth, and the nation’s GDP has increased at a real rate of 10% on average for more than 15 years. The Hu Jintao administration has revealed plans to expand GDP by four times the level of 2000 by the year 2020. On the other hand, in recent years the administration has been faced with a variety of difficult issues, including disparities between regions, between urban and rural areas, and between the rich and the poor within urban areas, lack of a social security system, environmental deterioration, a tighter supply of energy, and its response to the public’s heightening consciousness of their rights concomitant with globalization, the development of a market economy, and increased computerization. Because such issues have the potential of blocking stable economic growth, the Hu Jintao administration has been exerting efforts, under the “scientific development perspective,” to resolve economic disparities, the three agricultural issues (low productivity in agriculture, desolation of farm villages, poverty of farmers), the social security issue, environmental and energy issues, and other problems, but it has not necessarily achieved adequate results.

Furthermore, in response to the issue of revaluating the Chinese yuan, a new issue that emerged along with China’s economic expansion, China in July 2005 switched from a dollar-pegged system to a “controlled floating exchange rate system” in which adjustments are made in line with a basket of currencies. Nevertheless, in the face of China’s enormous trade surplus, the United States and other countries have continued to step up pressure on China to further appreciate the yuan.

China’s Diplomacy

In the aftermath of the Tiananmen Incident in 1989, China has gradually toned down its ideological agenda and shifted to a more realistic and positive diplomatic stance focused on national interest, based on the recognition that it needs to stabilize the surrounding international environment and diplomatic relations and eliminate the perception of China as a threat on the part of its East Asian neighbors. It is pursuing diplomacy with the aim of improving relations and strengthening cooperative relationships not only with the United

States and other leading nations worldwide but also with Japan and other neighbors in Asia. Furthermore, in order to supplement the increasingly serious energy shortage in China and secure a stable international environment conducive to economic expansion, China has embarked on an active omnidirectional diplomacy that includes countries coming under strong international criticism over human rights and other issues. As a part of this policy, China hosted the Forum on China-Africa Cooperation in November 2006 and a general meeting of the Africa Development Bank in May 2007, bringing the heads of state of many African countries to China. Additionally, China is deepening relations with countries in Central Asia through the Shanghai Cooperation Organization.

Furthermore, concerning China-Taiwan relations, in March 2005 the National People's Congress of China passed an Anti-Secession Law aimed at opposing and checking Taiwan's move toward independence, giving warning to such Taiwanese moves. Taiwan reacted strongly against this development, and China has commenced dialogue with Taiwanese authorities and the opposition party. However, there still remain various issues needing improvement in China-Taiwan relations.

Security of China

Along with further modernizing its military, China has considerably increased its military spending, at double-digit rates annually for the past 19 consecutive years. The Chinese government revealed that military spending amounted to 347,232 million yuan in fiscal 2007, up 17.8% over the year before. While China has announced this figure, the actual amount of military spending is estimated to be two to three times greater than the figure released. If China's military spending continues to increase hereafter, by 2025 it would rise to over three times the current level, and such a steep increase in China's military spending is liable to have an impact on East Asia's security environment.

In addition, concerning sea power in particular, China is aiming to strengthen its overall operational capabilities in neighboring waters and has obtained quite silent submarines from overseas while building various new types of warships domestically. The Chinese navy has started to prowl the Pacific Ocean in addition to the East China Sea, and it is necessary to keep a careful eye on its active movements in the seas.

Recent Japan-China Relations and Diplomacy Toward China

Japan and China have a history of more than 2,000 years of interaction. Relations between the two countries can be said to have been largely favorable throughout, with the exception of a

certain period of time in history. In particular, since the normalization of diplomatic relations between Japan and China, relations between the two countries have deepened in diverse areas, including politics, economic activity, culture, and sports.

Ties between Japan and China in the area of economic activity are especially remarkable. In fact, trade between the two countries has increased sharply to the extent that in 2006 China was Japan's largest trading partner and Japan was China's greatest source of imports. In addition, Japanese investments in China have increased sharply to account for 14.6% of the total amount of Japanese investments abroad. In this way, today there are many Japanese firms that have branched out into China with the aim of developing operations in the Chinese market. Japanese investments in China are expected to increase further in the future, helping deepen the mutually complementary relationship between the Japanese and Chinese economies.

The Japanese government, taking into consideration the basic positions of the Japanese and Chinese governments, is pursuing diplomacy toward China to resolve individual issues through earnest dialogue so that such issues do not prevent the overall advance of Japan-China relations and, at the same time, to strengthen cooperative relations in a broad range of fields so as to build the kind of relationship between Japan and China that can contribute to the region and the international community.

Mutual visits between Japan and China at the top level had broken off during the administration of Prime Minister Junichiro Koizumi owing to differences in historical understanding between the two countries and other matters. Such visits were resumed in October 2006, when Prime Minister Shinzo Abe visited China and South Korea soon after assuming the premiership, and in April 2007, when Wen Jiabao, premier of the State Council of the People's Republic of China, visited Japan. With specific cooperation measures toward building "mutually beneficial strategic ties" discussed at the Japan-China summit meeting in Tokyo, the resumption of mutual visits can be said to ensure the advance of Japan-China relations. In addition, exchanges between the House of Councillors and the National People's Congress of China commenced in March of the same year, when the first conference of Japanese and Chinese parliament members at the House of Councillors was held. In these and other ways, movements toward mutual understanding at the parliamentary level are accelerating as well.

Desirable Form of Diplomacy Toward China in the Future

Both Japan and China are major powers in East Asia, and the development of relations

between the two countries has an impact on the peace and prosperity not only of Japan but also of the entire East Asian region. Japan should recognize the importance of the Japan-China relationship and, under a clearly defined diplomatic philosophy and principles, refrain from overly asserting its national interest and emphasize the cooperation of the international community and East Asia. Furthermore, it is important for Japan to maintain a spirit of tolerance and understanding toward developing countries and for China to have a spirit of self-reflection and caution against self-righteousness. It is also important to contribute to the international community in a spirit of respect and cooperation.

In the future, Japan and China need to further deepen mutual dialogue. While top-level dialogue between the two countries has been resumed, compared to the closeness of their economic relations, dialogue is not necessarily sufficient at each level of society, from government heads to parliament members, people in the business and financial world, ordinary citizens, and youth. For this reason, false images of each other gained through the mass media, the Internet, and other means are spreading among the public, while true-to-life pictures of the two countries are not being conveyed, and this situation is one of the factors causing misunderstanding. To deepen true understanding of each other in the future, it is necessary to further promote Japan-China dialogue at various levels and in diverse fields, including historical understanding.

China has attained long-term economic growth based on a course of reform and liberalization, but it is also saddled with numerous serious issues on the domestic front. Since normalizing diplomatic relations with China in 1979, Japan has supported the stable economic growth of the country through, among other things, provision of ODA. ODA to China is being evaluated from diverse angles, and the desirable form of cooperation with China in the future is being diversely debated. In consideration in particular of the extent of impact the Chinese economy has on Japan, it is necessary for our country to continue cooperation as much as it can in the future in such areas as environmental protection and energy.

Promotion of Japan-China Cooperation for East Asia's Peace and Prosperity

East Asia, where both Japan and China are located, is rich in diversity and, unlike other regions of the world, lacks a sense of unity as a region. In addition, despite the existence of numerous destabilizing factors, trust building among nations is not being pursued sufficiently, and, with the exception of the ASEAN Regional Forum (ARF) and the six-party talks, no mechanisms for East Asian security have been built.

Japan and China, both of which are major powers in East Asia, should pursue necessary

cooperation to remove destabilizing factors and build peace in the region. However, it is virtually impossible to resolve grave issues linked to East Asian peace and stability through Japan-China cooperation alone. It is necessary to address issues appropriately while securing coordination with the United States, with which Japan, China, and South Korea have close relations and which has enormous influence on East Asian security, as well as with Russia.

Furthermore, in order to ensure the maintenance and further advance of prosperity in East Asia, it is necessary to further push forward coordination and cooperation among East Asian nations, keeping in mind the possible creation of an East Asian Community. Toward this end, it is important for Japan and China to show joint leadership based on a long-term perspective rather than being bound by narrow self-interest and to seek collaboration and cooperation in specific areas so as to benefit the entire region.

Part 2 Main Discussions During Committee Meetings in the Third Year

1. Japan's Asian Diplomacy

(A) Elimination of Destabilizing Factors in East Asia (Focus on North Korean Issues)

(1) East Asian Security and Japan

(East Asian Security Situation)

A Committee Member expressed the view that a part of the East-West Cold War structure remains in Northeast Asia, that the military strategy of North Korea is an extension of this, and that since it has lost the military backing of China and Russia, North Korea is likely to soon become isolated in nuclear development.

A voluntary testifier commented that the possibility of conflict arising in Northeast Asia is greater than before and that debates are needed on the current status of Japan's conventional forces and its intelligence-gathering capabilities.

(Discussions on Nuclear Proliferation and Possession of Nuclear Arms)

A Committee Member noted that concerning the question of possessing nuclear arms, Japan has the three nonnuclear principles so it should convey this message at home and abroad, and that it is important to ensure that Japan's national policy does not become blurred even in the face of the North Korean issues.

A voluntary testifier remarked that while submarine-launched ballistic missiles and nuclear submarines are needed if a country is to have nuclear deterrence, Japan does not have any plans to acquire even the technologies for these and that any debates about possessing nuclear arms without discussing how they are to be operated may send the wrong signal to other countries. The testifier opined further that the development of conventional forces is more important than any debates about nuclear arms possession and that the first thing to be considered is the number of intelligence-gathering satellites. Another voluntary testifier noted that while debates on nuclear arms possession are basically necessary, Japan should not opt for nuclear armament, as a check of its possible consequences shows that it would have more disadvantages than advantages, for it is indeed doubtful whether the United States and the international community would support Japan's nuclear possession and whether it could obtain unchanged cooperation from other countries concerning the peaceful use of nuclear

arms, since the move would entail withdrawal from the Nuclear Non-Proliferation Treaty.

(2) North Korean Issues and Japan's Diplomacy

(North Korean Situation)

A Committee Member expressed the opinion that while the limited range of economic liberalization has not negatively affected the North Korean dictatorship, the missile and nuclear tests in North Korea have, and that, even if North Korea possesses nuclear arms, China and Russia may adhere to a strategy of softening North Korea through economic liberalization and shift to a market economy.

A voluntary testifier stated that while North Korea has had the goal of reunification since the country was formed, it continues to develop nuclear weapons based on Cold War thinking. Another voluntary testifier commented that concerning the ranking of major nations, some hold the view that North Korea sees the United States at the top and Russia next, with Japan ranking higher than China.

The first voluntary testifier added that one should be aware that we are now in an age when a country like North Korea can survive even if it loses military backing, by profiting while others fight and procuring goods and materials for nuclear development from the black market. Still a third voluntary testifier commented that North Korea, in negotiations concerning nuclear weapons and missiles, is trying to obtain more benefits from the United States, such as the normalization of US–North Korea relations and its removal from the list of state sponsors of terrorism, and is seeking to resolve issues through direct negotiations with the United States.

(Desirable Form of Diplomacy Toward North Korea)

A Committee Member expressed the view that to resolve the North Korean issues, a key problem is how to pursue negotiations concerning the normalization of diplomatic relations with North Korea. Another Committee Member noted that part of commitments described in the Pyongyang Declaration have been violated by subsequent actions of North Korea. A third Committee Member stated that when considering the movements of North Korea, it is important to comprehensively analyze the overall strength of the nation and that if everything is judged on the basis of just words, deeds, and diplomatic stance, there is danger of making a wrong response.

A voluntary testifier commented that a key point of North Korean diplomacy is that

there is a sort of secret diplomacy from situation to situation that is not made known to the media, and, with meeting records not released, parties to negotiations have not sufficiently assumed their accountability. The testifier added that because of this, they were not able to adequately respond to the questions of abductee families and were taken in by the diplomatic manipulations of North Korea. Another voluntary testifier noted that an effective way would be for Japan to prepare a policy in concert with China and South Korea where first China and South Korea pressure North Korea into changing its attitude and then Japan provides assistance to North Korea. A third voluntary testifier remarked that normalization of diplomatic relations with North Korea has little merit for Japan and there is no need to put it high on the agenda of Japan's policy priorities.

A government testifier expressed the opinion that while North Korea is in violation of the Japan–North Korea Pyongyang Declaration, this does not mean that the Declaration is useless, and it is necessary for Japan to tackle the issue while putting pressure on North Korea to adhere to the declaration.

(Importance of Coordination with Other Countries)

A Committee Member stated that while coordination among Japan, the United States, and South Korea is important in terms of security, many of the policies of South Korea are doubtful and that country appears to be pursuing the “Sunshine Policy” with North Korea against a backdrop of strained relations with the United States and Japan. Another Committee Member opined that stronger cooperation among Japan, China, and South Korea is important for achieving the denuclearization of the Korean Peninsula.

A voluntary testifier expressed the view that three-nation coordination consisting of Japan, the United States, and South Korea is difficult, because it is difficult for the United States and South Korea to prepare common policies and strategies and also because South Korea is not eager to effect coordination with Japan, and that the interest of the United States is likely to shift from Japan–US–South Korea to Japan-US-China. Another voluntary testifier commented that strained relations between Japan and South Korea and between the United States and South Korea and the advance of north-south exchanges are two sides of the same coin. A third voluntary testifier noted that, on top of the fact that North Korea's philosophy is to tackle nation building based on independent thinking and without relying on any other countries, the further normalization of relations between China and South Korea and the increased improvement of relations between the United States and China have caused the China–North Korea relationship to undergo a change, creating a feeling of being left behind

on the part of North Korea and causing it to turn to nuclear arms as a way of self-protection, which at present constitutes a controversial issue.

(North Korean Abduction Issue)

A Committee Member remarked that it is wrong to debate the relative importance of the abduction issue and the denuclearization of the Korean Peninsula, as both issues are important to Japan, and Japan should continue to negotiate persistently for the realization of the three demands, namely information on the true circumstances of the abductions, the return of any abductees still in North Korea, and the handing over of the agents responsible for the abductions. Another Committee Member expressed the opinion that while the two organizations of Koreans resident in Japan, the General Association of Korean Residents in Japan (Chosen Soren) and the Korean Residents Union in Japan (Mindan), which had been headed toward conciliation, have split apart over the abduction issue, if Japan can manage to bring about the reconciliation of the two organizations through its dialogue capabilities, it will offer a good opportunity to resolve the abduction issue.

A voluntary testifier stated that a reconciliation of Chosen Soren and Mindan would represent a good cause and have a highly persuasive effect in finding a solution to the abduction issue, and if, rather than the government, members of both the House of Councillors and the House of Representatives, who are public figures representing the people, involved themselves actively to bring about an agreement, it would provide a major impetus to the abduction issue. The testifier further opined that the reason why the series of abductions differ greatly in nature from various other crimes is that the abductions are serious crimes related to the obligation of Japan, as a state, to ensure the security and safety of its people, and Japan must resolutely seek to resolve this issue.

(North Korean Nuclear Issue)

A Committee Member expressed the view that there are concerns that the United States will tolerate North Korea's possession of nuclear arms once it obtains assurance that the reach of North Korea's nuclear weapons does not extend to the United States, and in such a case the Japan-US alliance is likely to be greatly affected, as Japan is the country that feels the most threatened by North Korea's nuclear armament. Another Committee Member commented that while the United States asserts that the abandonment of nuclear arms is an absolute must, there is a possibility that it believes it will have to approve possession as long as there is no proliferation of nuclear weapons and technology. A third Committee Member noted that in

consideration of the fact that nuclear tests conducted by India and Pakistan, while coming under considerable international criticism initially, subsequently came to be considered fait accompli, and the fact that the United States currently has friendly relations with both India and Pakistan, some deem that there is a possibility that the United States will approve North Korea's nuclear possession and reestablish diplomatic relations as long as North Korea guarantees that its nuclear technology will not be transferred to terrorist groups or other countries. Still another Committee Member remarked that there is a possibility that the policy of the United States toward North Korea will change to one of approving the upholding of the current North Korean regime and seeking a change in its policies rather than seeking a change in the regime itself.

A voluntary testifier expressed the opinion that US tolerance of North Korea's nuclear arms is conceivable, but there is no chance that the United States will do so in a situation where nonproliferation is not guaranteed. Another voluntary testifier stated that if North Korea develops ballistic missiles, the United States will have a hard time making a decision on intervention for regaining stability on the Korean Peninsula in exchange for the possibility of the United States itself coming under fire.

(Six-Party Talks)

A Committee Member opined that if a formal end to the Korean War is to be debated among interested nations at the six-party talks and other meetings, it would also be necessary to be mindful of how the relationship of such a termination with the Japan–North Korea Pyongyang Declaration would be addressed. Another Committee Member expressed the view that in order to prevent North Korea's nuclear arms from becoming a fait accompli, it is necessary to establish time limits to the six-party talks.

A voluntary testifier commented that South Korea is trying to bring about a change in North Korea by showing a road map of incentives rather than pressure at the six-party talks.

A government testifier explained that Japan–North Korea consultations based on the Pyongyang Declaration and the processes based on the six-party talks are two wheels of the same vehicle and that North Korea's missile launch and nuclear test are a violation not only of the Joint Statement but also of the Pyongyang Declaration.

(Sanctions Against North Korea)

A Committee Member remarked that Japan's sanctions against North Korea have been reviewed once every six months, creating the impression that Japan is not serious about

invoking sanctions against North Korea. Another Committee Member expressed the opinion that there is a considerable difference in the strength of pressure brought to bear on North Korea by China and South Korea versus Japan and the United States.

A voluntary testifier stated that financial sanctions against North Korea will start to have effect only after North Korean accounts in Dandong and Shenyang have been reexamined. Another voluntary testifier opined that while the twice annual review of Japan's sanction measures appears to be contradictory, the review per se is not bad, and it is important to scrutinize to what degree goals are being met. The testifier expressed further the view that sanctions against North Korea consist of sanctions aimed at suppressing criminal activities, such as counterfeit bills, drugs, and counterfeit-brand cigarettes, in addition to sanctions to be maintained until the nuclear threat has been eliminated.

A government testifier explained that because there are concerns that the North Korean nuclear status will become a fait accompli, in order to prevent North Korea from stalling for time, it is imperative to make North Korea understand that the situation will worsen if it does not respond appropriately.

(B) Japan-China Diplomacy: Retrospective and Future Issues (China's Diplomacy and Security)

(1) Current Conditions and Issues of Chinese Politics and Economy

(Single-Party Rule by the Communist Party)

A Committee Member expressed the view that China's international coordination-oriented diplomacy will not advance smoothly unless the issue of what will happen to the Communist Party and its one-party authoritarian regime is made clear. Another Committee Member wondered whether the Communist Party's centripetal force is strong enough to promote a market economy and effectively handle China's internal affairs. A third Committee Member noted that when considering the current conditions in China, namely, that corruption, the wealth disparity, the aggravated environmental pollution, and other issues taking place within the one-party authoritarianism-based socialist market economy are reaching a critical level and that it will be difficult to resolve these issues while maintaining the one-party authoritarian regime, there are concerns that China may not be able to cope with the recession that is virtually certain to arrive after the Beijing Olympics and the Shanghai World Expo.

A voluntary testifier remarked that the nature of the Chinese Communist Party (CCP) is

that of crony capitalism and that China's one-party authoritarian regime is a regime in which power is marketed, the governing class gets rich, and the relatives of former government bureaucrats who had gained privileges during the planned economy era went into business, became fat, and emerged as a group of people with special benefits. The testifier further expressed the opinion that the future of the one-party authoritarian regime will be determined by three factors, namely, latent fiscal deficit, bad debts, and public services, and ultimately depend on the problem of having no incentive to offer when economic growth stops due to undeveloped institutions. Another voluntary testifier stated that while stability and the ability to act are essential for achieving modernization, if free elections and a multiparty system were introduced in China today, there are concerns that they would not be maintained. The testifier added that although development of economic growth and social security should be pursued by capitalizing on the CCP's centripetal force, this may not be the case if conditions and the environment mature.

(Response to the Three Agricultural Issues)

A Committee Member opined that while China's disparity issues, including the three agricultural issues, are the country's internal affairs, Japan must keep a close eye on these issues, as they have led to anti-Japanese demonstrations in the past.

A voluntary testifier expressed the view that while the Hu Jintao administration intends to provide stronger support to farmers, there is a limit to the amount of support that can be provided in a situation where farmers represent over half the national population, and an essential condition is to achieve rapid economic growth so that the pie can be expanded.

(Issues Concerning the Chinese Economy)

A Committee Member commented that if the Chinese economy enters a period of adjustment, a key risk factor would be the employment issue, namely, how to absorb excess labor. The Committee Member noted further that there will be unhappiness unless development is pursued based on diversified methods instead of applying the prosperous coastal region model to all of China. Another Committee Member remarked that sustainable growth and political stability will not be possible in China without the resolution of various issues, including resources and energy, food supply, and the environment.

A voluntary testifier expressed the opinion that to deal with the employment issue, there is cost absorption by the unemployed themselves (the unemployed themselves creating jobs) and the minimum subsistence guarantee system available in urban areas and also recently in

rural areas. The testifier added that in the central and western regions, industrial development is being carried out in line with regional characteristics. Another voluntary testifier opined that it is necessary to shift away from the current growth pattern that ignores rural areas and relies heavily on foreign capital and investment, but in doing so, opposition from bureaucrats and other vested interests and latent fiscal and monetary issues will have to be addressed.

(2) China's Diplomacy Overall

(Peaceful Rise)

A Committee Member expressed the view that if China strengthens its hegemonistic tendencies in order to resolve various domestic issues, tensions will heighten in East Asia and it will not be possible to allay concerns on the part of the international community about the Chinese economy after the Beijing Olympics and the Shanghai World Expo, creating various negative effects concerning the stability of East Asia in particular.

A voluntary testifier commented that China's "peaceful rise" is a message aimed particularly at the United States, indicating that its rise is a peaceful one in that it respects the existing world order.

(China's Resource Diplomacy)

A Committee Member noted that one always encounters China's presence when visiting resource-rich countries and expressed concerns about the impact that the scramble for natural resources may have on Japan-China relations. The Committee Member remarked that resource diplomacy may turn out to be a pitfall for the peaceful rise of China.

A voluntary testifier expressed the opinion that China has environmental issues and the issue of economic growth patterns and it is doubtful whether it can continue to increase demand for natural resources. Another voluntary testifier stated that China has introduced a new option wherein no conditions are placed on assistance to Africa, based on the thinking that a country's leaders and the awareness of its people will change as development progresses.

(Diplomacy Toward Russia)

A voluntary testifier opined that the Hu Jintao administration evaluates the Putin regime highly for its authoritarian administration and pursuit of a market economy, and since China can create a united front with Russia as one of the "poles" of multipolarization against the

United States, the relationship is a practical one of using each other when it is advantageous to do so. Another voluntary testifier expressed the view that the strengthening of China-Russia relations has significance in three areas, namely, security in the north, keeping the United States in check, and a synergistic effect through energy and economic cooperation.

(3) Security of China

(Objective of Military Buildup)

A Committee Member commented that China possesses nuclear weapons and is building up its military with the Taiwan issue in mind, and the view that China would naturally build up its military as its economy expands, just as Japan did during its economic growth phase, is hard to accept.

A voluntary testifier noted that it is true that China is modernizing its military with an eye to the Taiwan issue, and while its stated goal is to achieve peaceful reunification, it is using the threat of military deployment to keep Taiwan's move toward independence in check.

(Chinese Threat Theory)

A voluntary testifier remarked that China is unable to purchase weapons from EU nations and others and cannot obtain quality arms from Russia either, and, in addition to this dissatisfaction, it is experiencing the problem of lower morale in the military. Another voluntary testifier expressed the opinion that Japan is far superior in terms of the advanced technology of its conventional weaponry and if the Japan-US alliance is also taken into account, China's current military strength constitutes absolutely no threat to Japan. The testifier stated further that in a situation where trust between Japan and China is lacking, military modernization in a neighboring country is promoting a sense of insecurity and preventing an appropriate assessment of the situation. Still the testifier opined that the United States considers China a potential rival and is touting the "threat theory" with the intent of keeping China in check.

A government testifier explained that China has increased its military spending every year and modernized its army, navy, and air force on all fronts to increase their capabilities, and while China itself explains the buildup as a way of defending itself, some people point out that there are concerns that if the buildup continues, China may gain the ability to attack other nations. The government testifier explained further that while we do not call China a hypothetical enemy or military threat at the present time, we intend to monitor its movements

closely and are calling China's attention to the need to increase transparency in its military spending.

(4) China's Diplomacy Toward North Korea

(Current State of China–North Korea Relations)

A Committee Member expressed the view that some people believe relations between China and North Korea have changed from the past and China–North Korea relations are currently being led by the United States. Another Committee Member commented that China, like other countries, could not easily approve North Korea's nuclear and missile development in the face of international public opinion against it, despite the fact that China and North Korea feel they need to maintain each other's regimes as communist states. A third Committee Member noted that North Korea's declaration of nuclear arms development sparked a change in China's policy toward North Korea.

A voluntary testifier remarked that China–North Korea relations underwent a change as a result of China having given priority to economic growth, and North Korea for its part has the ulterior motive of opposing the United States by using China and Russia. Another voluntary testifier expressed the opinion that China has influence over North Korea but only to a certain extent, as North Korea is a sovereign state with its *juche* (self-reliance) ideology and apt to act in its own interest, changing positions depending on the attitude of the United States. The first voluntary testifier added that China wants North Korea to switch to the Chinese model and undergo changes under China's influence. The second voluntary testifier added that there are four objectives to China's North Korea policy, namely, stability and peace on the Korean Peninsula, denuclearization of the Korean Peninsula, prevention of North Korea from collapse, and a stable and peaceful international environment in the region over the long term.

(US–North Korea Rapprochement and China)

A voluntary testifier expressed the view that the reason why China became actively involved in the North Korean issue following North Korea's nuclear arms development is because if North Korea possesses nuclear weapons and approaches the United States, it would pose a threat to China, causing it to be surrounded by pro-US nations to the north, south, east, and west.

On the other hand, another voluntary testifier commented that, considering North

Korea's situation and innate characteristics, it is highly unlikely that the nation would seek rapprochement with the United States and become part of an encircling net against China, and therefore China has no need to worry about a US–North Korea rapprochement.

(Six-Party Talks and China)

A Committee Member noted that China has pursued the six-party talks with the aim of preventing North Korea from possessing nuclear arms and maintaining its influence on the country under such conditions, liberalizing North Korea's economy to enable its soft landing, and seeking a settlement of the North Korean nuclear issue through consultations among nearby nations, thereby preventing the issue from spreading to the entire world, but China's expectations were dashed when North Korea conducted a nuclear test.

A voluntary testifier remarked that the best scenario for China is for the issue of weapons of mass destruction to be resolved peacefully and, after normalization of Japan–North Korea and US–North Korea relations, for North Korea to accept the Chinese model and receive the support of China or other neighboring countries. The testifier added that to enable this it is important for the five nations other than North Korea to show cooperation and flexibility. Another voluntary testifier expressed the opinion that China sees the six-party talks as a stage for adjusting the interests of major powers, stabilizing relations with neighboring countries, and reducing obstacles to its rise by showing that there would be a problem without China, which would enable China to take the initiative at the talks; that is why it wants to use the talks to solve issues.

A government testifier stated that China is aware that while it cannot approve of North Korea's nuclear arms possession, North Korea being driven into a corner would bother it, and it is only natural that China has different priorities from Japan, which feels very strongly threatened by North Korea, whose missiles and nuclear weapons have a direct influence on Japanese security.

(5) Issues of Japan-China Relations

(Anti-Japanese Sentiment and History Issue)

A Committee Member opined that in China, the younger the generation the greater their antipathy toward Japan, while in Japan the radicalization of ultranationalistic patriotism is seen more among younger people and that the issue cannot be solved by time or through cultural exchanges. Another Committee Member expressed the view that 95% of the

2,000-year history between Japan and China has been bright times characterized by friendship, mutual benefit, and mutual prosperity, with only 5% consisting of dark, unhappy times, and while it is necessary, when talking about history, to admit to past mistakes rationally without turning our eyes away from the dark side, it is also necessary to affirm and recognize the value of the bright times. A third Committee Member commented that the worsening of Japan-China relations was caused by the fact that Japan had not clearly asserted its position that the Yasukuni issue is an internal matter of Japan concerning the honoring of the war dead and that Japan should assert its position and tackle diplomatic negotiations with a resolute attitude.

A voluntary testifier noted that the scars of war are being taught in homes as well and cannot be canceled out through exchanges at the cultural level. The testifier further remarked that the worsening of Japan-China relations boils down to the fact that the CCP, whose political base is not blessed with the mandate of the people through elections, is plagued by suspicion of being overturned from below. Another voluntary testifier expressed the opinion that China's feelings toward Japan worsen with nationalism, the issue regarding the history is fresh in people's memory in some respects, and the Yasukuni Shrine woke a dog that was just about to fall asleep.

(Future Issues)

A Committee Member stated that Japan should build environmental partnerships with China and, specifically, it should promote efforts to ban environmental pollution, shift to an energy-saving and resource-recycling society, provide environmental education, and so on. Another Committee Member opined that to learn from the past and look to the future, both Japan and China should seek, among other things, to foster and deepen a relationship of mutual trust through summit conferences, conduct joint historical research at the academic level, exercise mutual restraint based on understanding of the other's pains, cooperate toward the resolution of China's energy and environmental issues, and develop a broad range of joint activities. A third Committee Member expressed the view that Japan and China are not merely in a competitive relationship but also share interests with each other, and Japan and China should pursue dialogue concerning cooperation where necessary so that the stable growth of China will benefit not only Japan but East Asia overall.

Furthermore, a fourth Committee Member commented that Japan's ODA to China has most likely played a major role in supporting the growth of China, and while yen loans to China will soon be discontinued, efforts in the area of grass-roots grant aid should be strengthened on the recognition that such aid, though small in amount, has been

acknowledged and evaluated highly by the Chinese people. The Committee Member further noted that not only economic exchanges but also people-to-people exchanges have become active between Japan and China and that such exchanges should be encouraged, as they are not only advantageous in terms of Japan's economy but also have significance in terms of security. A fifth Committee Member remarked that as China turns into Japan's largest economic partner, a responsibility of Japanese diplomacy, as the standard-bearer of Asian liberalism, is to establish intelligence-gathering and diverse other channels with China in order to guide the multipolarized world to stability.

A voluntary testifier expressed the opinion that while environmental issues are one of the targets for cooperation, it will be difficult to realize such cooperation unless issues concerning China's administrative system are resolved. The testifier opined further that the key will be future-oriented thinking concerning what to do about Chinese education and textbooks, which have been used to prop up the regime, the form of the media, and East Asia.

2. Desirable Form of Japan's New Diplomacy

(1) Overview of Japan's Diplomacy

(Importance of Sustainable Growth)

Concerning sustainable growth, where economic growth occurs without compromising the survival of the human race, a Committee Member noted that in order to ensure sustainability in the three areas of resources, the environment, and the economy, it is important to implement decarbonization measures, including the development of energy-saving technologies. Another Committee Member commented that a "beautiful Japan" cannot be realized through the efforts of Japan alone, as there are 6.5 billion people living on this Earth and resources are being squandered away at such a rapid pace that the stage has already been reached where the Earth's riches are not sufficient for coping with the demand.

A voluntary testifier noted that sustainable growth, where all countries ensure sustainability in the three areas of resources, the environment, and the economy, sounds good on paper but is not easy to realize, and that the fundamental problem is that no method has been discovered to reduce consumption of carbon-based energy, which constitutes the majority of energy used today. Another voluntary testifier remarked that it is important to eradicate poverty, which is the main cause of terrorism, and to do this the world is starting to re-recognize the importance of sustainable growth.

(Ideals and Strategies Concerning the Required Diplomacy)

A Committee Member expressed the opinion that while Japan, the only nation in the world to have been hit by atomic bombs and a country with a pacifist Constitution, should make international contributions based on a pacifist ideal, an issue to be addressed is how to harmonize pacifism with the national interest. Another Committee Member stated that while the human race has reached the stage of knowing almost everything there is to know about the world that has been unknown, issues of the heart, especially ethnic and historical traumas, remain untouched, and Japan is the very country to have a role to play in delving into these matters and, based on the insights gained thereby, establishing the ideals for the twenty-first century. A third Committee Member opined that the lack of ideals and strategies in diplomacy may simply be a phenomenon and that there may be some fundamental reason that is causing this lack, such as the fact that Japan is in a situation where it is called a part of the United States, in which case Japan might start thinking on its own and devising its own strategies and ideals once it finds itself in a position where it has only itself to rely on.

A voluntary testifier expressed the view that by seeing things from different angles in terms of the interest of the counterpart country as well as that of Japan, one consequently develops a tendency toward idealistic diplomacy, and it is important in diplomacy to have this kind of philosophy. The testifier commented that amid the decline in Japan's power, a clearly defined philosophy is needed to communicate Japan's diplomacy to the world and that the global environment, a key issue in the twenty-first century, is the very thing. Another voluntary testifier noted that to prevent interest in the abduction issue and Northern Territories issue from waning, it is extremely important to make efforts to ensure that Japan's claims are not viewed by the international community as biased thinking or narrow-minded self-assertion. The testifier added that unless the international community realizes that addressing those issues will lead to the resolution of various global issues, Japan will fall into a useless struggle where no pathway to resolution can be seen, even if it succeeds in gaining momentary understanding and empathy.

(Lessons of History and Importance of Historical Materials)

A Committee Member remarked that while Japan should establish multiple walls and brakes to prevent a repetition of the same mistakes that it made before the war, the recent amendment of various laws raises a feeling of crisis that those walls are being gradually eroded. The Committee Member expressed the opinion that the Japanese people have a very strong ethnic consciousness so that a single event can trigger emotional reactions and cause public opinion

to head in a dangerous direction and that there may be again danger of the media fanning or drawing out emotional reactions as it has sometimes done in the past. Another Committee Member stated that for the people to learn what the past war was all about and what history was gone through, it would be worthwhile to establish a national museum of history to exhibit materials.

A voluntary testifier opined that collection and public display through digital means is the most realistic in the case of historical materials but that it is questionable whether the national government is appropriate for undertaking such a project, as a historical perspective is needed to exhibit the materials. Another voluntary testifier expressed the view that it would be worthwhile having a system of comprehensively accumulating historical materials, as it is becoming increasingly difficult to view valuable historical materials due to privacy protection considerations and also because it would be highly regrettable if materials collected by individual researchers are lost or scattered upon the researcher's decease or for other reasons.

(Emergence of New Actors in International Relations)

A Committee Member commented that in international relations today, the activities of local governments, business firms, NGOs, and other entities in addition to the national government are starting to fulfill a multilayered role. Another Committee Member noted that as a desirable form of diplomacy in the future, peace diplomacy, civilian diplomacy, and NGO-based diplomacy should be emphasized. A third Committee Member remarked that in environmental diplomacy concerning such matters as climate change, Japan should seek UN-NGO and other multilayered actions that are effective in the international community. Still another Committee Member expressed the opinion that in the case of the United States or the Netherlands, NGOs account for 11%–15% of ODA carried out, whereas the percentage is only 2.2% in the case of Japan, and Japan should raise this percentage to a level comparable to that of the United States and Europe, establishing a policy of leaving to NGOs whatever can be handled by NGOs.

A voluntary testifier stated that the Japanese government may be able to take the initiative in resolving conflicts if it uses Japanese NGOs.

(Importance of Information Analysis)

A voluntary testifier opined that a key aspect that Japan should work toward in the future is the development of human resources capable of analyzing the international situation, and in terms of organization, people to fill such functions should be recruited on an all-Japan basis

rather than relying on the bureaucratic organization. Another voluntary testifier expressed the view that the Japanese people should develop the ability to analyze information, in other words, the ability to distinguish between static and information. A third voluntary testifier commented that in the globalized world of today, Japan must keep its antenna tuned so that it can be quick to grasp developments around the world and react with agility. Still another voluntary testifier noted that while analyzing the counterpart country's interests is essential for pursuing diplomacy, Japan lacks entities for intensively gathering specialists and materials to perform analysis, and that the lack of institutes for US and Chinese studies, which are particularly important, is virtually a fatal fault in terms of accumulating strategic knowledge.

(2) Particulars of Japan's Diplomacy

(East Asian Partnership and East Asian Community)

A Committee Member remarked that concerning Asia's dynamism and Asian partnerships, concrete thought must be given to the fact that interdependence is strengthening in relation to the issues of finance, energy, and food supply. Another Committee Member expressed the opinion that partnership in East Asia is necessary and inevitable and that partnership and cooperation that exclude finance are inconceivable in a world that is increasingly oriented toward a money economy. A third Committee Member stated that while East Asia is showing remarkable economic progress as the world's growth center, the region is still faced with the risk factors of the residues of the Cold War structure and potential instability inside China, as well as the newly emerging threats of terrorism, bird influenza, piracy on sea lanes, and other destabilizing factors. Still the second Committee Member opined that it is important for Japan, as a member of Asia, to promote partnership and collaboration within the East Asian zone, and when doing so it is important to ensure the improvement of people's living standards and the autonomous industrial development in each other's countries; for Japan to take the initiative willingly; and for Japan, China, and South Korea to deepen mutual understanding among their citizens concerning historical understanding and other issues. The Committee Member further remarked that any anachronistic movements to justify the war of aggression would only serve to harm relations. A fourth Committee Member expressed the view that it is necessary to strengthen partnership with Asian, especially Northeast Asian, countries and to prepare for the creation of a union in East Asia similar to the EU in Europe. A fifth Committee Member commented that when promoting the idea of an East Asian Community, there are four worrisome issues: marked disparity in the political institutions of relevant countries;

marked disparity in the degree of economic development; religious differences; and the question of which country is to be the leader. The Committee Member added that while Japan and China should play central roles, they need to resolve the history issue before they can do so and that in the future Japan needs to review what measures should be taken toward the realization of the East Asian Community concept.

A voluntary testifier noted that a staged approach to individual issues is needed to ensure that the East Asian Community concept does not end up a castle in the air, and to do this it is necessary to focus tightly on specific and practical themes for partnership, such as finance, energy, and food supply. The testifier remarked further that on the finance front, if a system is created whereby a hypothetical 5% of the foreign currency reserves of Japan, China, and South Korea, the combined amount of which is said to be over \$2 trillion, is used for common purposes in Asia, thereby promoting a reflux of Asian funds, and if the funds are used for large-scale infrastructure projects designed for energy-saving and wide-ranging partnership, there will come a time when the Asian partnership will be recognized to be more substantial. Still the testifier expressed the opinion that in terms of energy and food, Japan should consider adopting a reserve system or other similar measures in addition to capitalizing on its efficient technological capabilities, keeping in mind Russia, which boasts by far the largest fossil-fuel supply in the world, and China, whose food demand is forecast to increase sharply hereafter.

(Japan-US Security Treaty)

Concerning the security issue, a Committee Member stated that Japan has maintained peace and stability on the foundation of the Japan-US Security Treaty; that while the United States has built up a bilateral relationship as the warp thread of its strategy for the Asian region, in the future Japan may need to strengthen partnerships in a horizontal direction, the weft so to speak; and that for this purpose it should actively pursue exchanges concerning strategic defense. Another Committee Member opined that the close sharing of information between Japan and the United States is separate from the sharing of policy objectives between the two countries. Still another Committee Member expressed the view that while one wants to think that Japan's security is fully assured by the Japan-US Security Treaty, there can be no absolute security. A fourth Committee Member commented that it is impossible to accept the thinking that it would be wiser to allow the United States to make free use of its military bases on Okinawa as it wishes so that it can maintain its supremacy, and that as a result Okinawa would be sacrificed. A fifth Committee Member noted that Japan should envisage the

possibility of a post-US world where the world no longer centers on the United States.

A voluntary testifier remarked that the time has come to assess whether the US nuclear umbrella truly functions as expected, and, in addition to a reassessment of the nuclear umbrella, we are confronted with the challenge of strengthening trust between Japan and the United States at diverse levels of Japan-US relations. Another voluntary testifier expressed the opinion that it is important to include a statement in the Guidelines for US-Japan Defense Cooperation to the effect that the United States will not fail to retaliate in the event Japan comes under nuclear attack. A third voluntary testifier stated that the United States has absolutely no motivation to remove US military bases on Okinawa owing to the geopolitical importance of the island and other factors, but that, in the light of the hardships borne by the residents of Okinawa Prefecture in particular, the political path for the government would consist of achieving political realism after taking the voice of Okinawa into full consideration.

A government testifier explained that Japan and the United States have agreed to continue the review process based on the Guidelines for US-Japan Defense Cooperation and that it is necessary to ceaselessly reevaluate the guidelines as to what kind of cooperation to carry out when an alarming development arises in the vicinity of Japan in order to ensure that the guidelines remain aligned to the current situation. The government testifier further explained that the important thing concerning the Japan-US Security Treaty is, ultimately, to build a setup where US interests are enhanced both by its defense of Japan and by the existence of a solid Japan-US relationship based on people-to-people ties in the economic, cultural, and other spheres and dense personal relations, including the individual grass-roots level, and that Article 5 of the Japan-US Security Treaty does not resolve everything.

(Gaining a Permanent Seat on the Security Council)

A Committee Member stated that while Japan has failed to realize reform in the United Nations, including a permanent seat for Japan on the UN Security Council, it should continue to exert efforts toward such realization persistently and tenaciously. The Committee Member further opined that it is questionable to unconditionally accept an unequal system where the permanent seats on the Security Council are all taken by the victorious powers in World War II. Still the Committee Member added the view that a major issue is to steadily develop human resources capable of taking part in peacebuilding activities, considering that even if Japan gains a permanent seat on the Security Council immediately, there is an overwhelming lack of people who can make contributions in the field of peacebuilding.

A voluntary testifier commented that while gaining a permanent seat on the Security

Council should be a top-priority issue in Japanese diplomacy, the cold reality of international politics is that Japan will have no chance of gaining a permanent seat without a recommendation for Security Council reform by the United States, the world's sole superpower after the end of the Cold War, and what Japan should have done was to assert what should be asserted to the United States and, thereafter, have the United States, an ally, take appropriate action.

(United Nations Asian Headquarters)

A Committee Member noted that to head off the tendency toward a revival of the military-industry complex that can be sensed as a vector of recent Japan, it is necessary to change the Defense Ministry to a "peace ministry" and to create a new current of civilization consisting of a switch from a warring civilization to a peaceful one; that such a change is possible with the knowledge and wisdom of the Japanese people; and that a United Nations Asian headquarters should be established in Okinawa for that purpose.

A voluntary testifier remarked that Okinawa, which is at the center of East Asia and positioned at the core of Japan's defense and the Japan-US alliance, is well suited to accommodating a UN Asian headquarters as the cornerstone of peace. The testifier added that the United Nations University in Aoyama, Tokyo is used for conferences only and does not conduct any education and that Okinawa, with its *yuimaaru* spirit, a traditional scheme for mutual assistance, is the most suitable place for establishing a place where young people can gather.

(PKO Education and Training Center)

A Committee Member expressed the opinion that amid a need for international peace cooperation activities in diverse conflict areas around the world, the Member's political party has long recommended the idea of a PKO education and training center and, considering that international peace cooperation activities have recently been upgraded to a primary mission of the Self-Defense Forces, should the Self-Defense Forces decide to strengthen international peace cooperation activities, Japan should establish a kind of PKO education and training center in the country and share the facilities with UN organizations, NGOs, and private-sector entities.

In response to the foregoing, a government testifier, stating that suggestions have been received in the past on the need for a PKO education and training center, explained that they believe it is important for the Defense Ministry to possess the same functions as the center

and in certain cases to deepen interchanges with the private sector rather than limiting training to its employees. The testifier further explained that this matter is being seriously studied and, moreover, a private organization is now entrusted with investigation, including about the location and scale of the center and the functions to be fulfilled by the center.

(Diplomacy Toward Russia)

A Committee Member expressed the view that while hardly any diplomacy toward Russia was seen during the five and a half years of Prime Minister Koizumi's diplomacy, it may now be time to fully recommence diplomacy toward Russia, including the Northern Territories issue. Another Committee Member commented that while relations with Russia, a new energy imperialist, are important to Japan, the key point is to determine how to position the Northern Territories and energy-securing issues in relation to Japan's diplomacy toward Russia.

A voluntary testifier noted that at a summit meeting held during the premiership of Kiichi Miyazawa, it had been debated whether to include the Northern Territories issue in the joint statement and, although Japan succeeded in having the issue included after desperate effort, no progress on the issue has been made since then.

A government testifier explained that Prime Minister Abe discussed a wide range of topics with Russian President Putin at their hour-long meeting in Hanoi, and the momentum is gradually building to tackle issues between the two countries.

(Diplomacy Toward the Middle East)

A Committee Member expressed the opinion that a one-sided view of Islam has spread since the 9/11 attacks, that the issue is how to prevent extremists like Islamic fundamentalists from increasing, and that Japan and Europe must study what they can do. Another Committee Member stated that it is extremely important to obtain an accurate grasp of the situation in Iran in terms of both economic conditions and diplomatic history, as Japan imports over 90% of its crude oil from the Middle East and, according to some people, Japan will be hit harder than during the Iraq War in the event of any US bombing of Iran.

A voluntary testifier opined that one of the major issues to be resolved in order to prevent Islamic extremists from increasing and their propaganda from succeeding is to settle the Palestinian problem. The testifier added that schematically speaking, the Arabic Al-Jazeera television network is daily broadcasting that the Palestinians are the victims, the Israelis are the attackers, and Israel has US support, that this message directly enters the hearts of the Middle Eastern people, and that while it is not easy, efforts are needed to change

such attitudes. Another voluntary testifier expressed the view that Japan has close relations with Iran and should make clear its stance that it opposes any attack on Iran, especially from its position as a petroleum importer. A third voluntary testifier commented that Japan has considerable information on Iran and in that respect Japan can, and must, play a major role as a mediator between Iran and the United States.

(Resource and Environmental Diplomacy)

A Committee Member noted that since there is a fair likelihood that the United States and China will be at odds with each other in their efforts to secure resources, Japan should assert a form of “heat control” (total energy allocation system), comparable to arms control, from an environment-oriented viewpoint.

Another Committee Member remarked that climate change is the biggest issue in the twenty-first century, affecting not only natural ecosystems but also human health, food security, and other aspects of people’s lives, that it is necessary to take action now because the changes are both catastrophic and irreversible, and that the costs will be enormous if nothing is done. Therefore, the Committee Member added, viewing this as part of climate security linked to worldwide security, full information should be provided to the public to ensure that there is no disparity in awareness among the public. The Committee Member expressed further the opinion that an international damage insurance mechanism covering the rehabilitation of areas hit by climate change–related disasters should be created. Still the Committee Member stated that climate change is a complex global issue involving a set of interwoven factors, such as environmental technology–related expertise, and that Japan should expand its diplomatic infrastructure, including know-how and human resources, if it wants to take the initiative in environmental diplomacy.

(WTO Doha Round Negotiations)

A Committee Member opined that while the Doha Round of WTO negotiations was resumed at the beginning of 2007, the government should keep fully in mind, when pursuing negotiations, that it is vitally important for Japan to protect its agriculture, as its food self-sufficiency ratio is only 40%, and that any blow to Japanese agriculture as a result of the new round is liable to cause not only a steep drop in the food self-sufficiency ratio but also an unfavorable effect on the multifaceted functions of agriculture, including its function of preserving the land and natural environment of Japan.

(Relations with Silk Road Countries and West Pacific Countries)

A voluntary testifier expressed the view that the people of countries along the Silk Road, from Mongolia to Turkey, are all friendly to Japan, with numerous NGOs working actively in these countries and very close relations achieved through Japan Overseas Cooperation Volunteers and Senior Volunteers, and there is enough potential in these countries to warrant the establishment in Japan of, for example, a “global university” offering a master’s degree in environmental administration (MEA), which would be modeled after the master’s degree in business administration (MBA), for educating young people in Japan and abroad. The testifier proposed further a scheme of pursuing Silk Road diplomacy in order to create an east-west partnership and of forming a pan–West Pacific federation with the small island nations of the West Pacific to create a north-south partnership.

(Peace Mediation)

A voluntary testifier remarked that Japan can put its resourcefulness into play in peace mediation between parties at conflict and in underlying support; that by making ODA contingent upon coming to the negotiating table, for example, Japan can give a push to parties at conflict to seek negotiations for peace; and that if this method is adopted, peace mediation itself will require hardly any funds since ODA will be implemented afterward. The testifier added that this does not constitute the use of ODA directly as a tool for peace mediation.

(International Cooperation for Population Control)

A voluntary testifier expressed the opinion that raising the education level and boosting incomes come to mind as effective measures for population control in developing countries and that there are economic and education assistance programs aimed at these goals. The testifier further noted that as Japan’s primary education system is highly effective and has a good track record and, furthermore, as education assistance does not require much funds to carry out, it is Japan’s capital duty to spread international education assistance in the world.

(3) Near-Term Issues of Japan’s Diplomacy

(Increase of Diplomatic Establishments Abroad)

A Committee Member stated that while one would wish to interpret the imbalance between the number of Japanese embassies abroad and the number of foreign embassies in Tokyo as an indication of the degree of expectations that other countries have toward the economic power

of Japan, it is at any rate true that Japan does not have enough diplomatic establishments abroad. The Committee Member further noted that of the countries in which Japan has no embassy, several likewise have no embassy in Japan, and this is a very serious problem considering that Japan must utilize ODA as an important diplomatic tool in such countries as well. Still the Committee Member opined that despite the fact that Japan is trying to gain a permanent seat on the Security Council, it does not have any embassy in some of the countries with voting rights. The Committee Member added that China, which has a comparable number of embassies and diplomatic employees as Germany, the United Kingdom, France, the United States, and other industrialized nations, has clout in the international community and is greatly affecting Japan's diplomacy. In addition, a Committee Member expressed the view that amid a situation where the Japanese public's lives have become more internationally oriented along with the globalization of Japanese economic activities over the past 10 years, it is extremely important for Japan to promote interaction with a large number of countries by maintaining diplomatic relations and establishing embassies and that from the standpoint of public need the Ministry of Foreign Affairs is lagging seriously behind in its development of relevant institutions and should establish embassies and such more actively than ever before.

Furthermore, a Committee Member commented that it is extremely important to increase embassies and other diplomatic establishments in the former Soviet bloc, Africa, and other regions. The Committee Member further noted that while the establishment of an embassy in itself is relatively easy, the problem is securing experts and other personnel, especially experts in the language, culture, and other aspects of the former Soviet bloc countries, of which there is an overwhelming shortage. The Committee Member added that it is also important to recruit already-experienced people from the private sector, NGOs, the United Nations, and other sectors. Still the Committee Member remarked that capable people should be appointed ambassadors, regardless of whether they come from the private sector or the Foreign Ministry, and Japan should foster the development of diplomats and ambassadors based on an unwavering, long-term vision.

(Japanese-Style NSC)

A Committee Member expressed the opinion that if the National Security Council (NSC) currently functioning in the United States follows a process of formulating overall policies and strategies, discussing them with the State Department on an equal footing, and leaving the actual implementation in the field to the State Department, the Japanese system is different, so

it is difficult to adopt a similar institution. In response to the foregoing, a government testifier explained that while there is no objection to the point that it is essential to formulate comprehensive diplomatic and security strategies, in such a case, the prime minister has the final say, and at such times it would generally be a good idea for relevant ministries, such as the Foreign and Defense Ministries, to get together and function collectively as a sort of NSC. The government testifier further explained that the United States has a presidential system whereas Japan has a parliamentary cabinet system, and it follows as a matter of course that there is a difference between the two countries' systems, and the important point is how to create a system that is suitable to Japan's institutions. Still the government testifier explained that in the case of the United States, although the NSC does not work in the field, the setup is not a simple division of roles where the NSC formulates strategies while the State Department actually works in the field based on such strategies, but one where the NSC sometimes formulates strategies by incorporating the know-how and thinking of various departments and agencies.

(Importance of Parliamentary Diplomacy)

A Committee Member commented that in a variety of diplomatic situations where the Foreign Ministry has reached an impasse after having made efforts, there may be cases where an approach can be made using the parliamentary pipeline, and in this and other respects parliamentary diplomacy could be highly effective depending on the scene or the other party's situation. In relation to the foregoing, a voluntary testifier noted that, when considering the roles of the House of Councillors and the House of Representatives, what voters want most from Diet members is for them to take up for discussion at house sessions the ratification of international treaties and diplomatic negotiations so as to elucidate the issues and put Japanese diplomacy on the right track.

(Domestic Public Relations Concerning Diplomatic Policies)

A Committee Member remarked that it is necessary to ensure correct understanding on the part of the public especially concerning diplomatic policies requiring national consensus and highly important matters linked to national interest, and public relations efforts to achieve this are needed more than ever before. In response to the foregoing, a government testifier explained that over the past year the Foreign Ministry has placed considerable emphasis on public relations via the Internet, that these efforts have been highly evaluated by overseas organizations as being on a par with those of the US State Department, and that the Ministry

intends to continue efforts so that all-Japan diplomacy may be conducted.

Concerning the concept of a Public Relations Center for International Information and Culture (tentative name), a Committee Member expressed the opinion that such a center would be extremely important and highly useful in terms of communicating information on the international situation and Japan's position directly to the public. A voluntary testifier stated that the idea is as follows: As the Foreign Ministry has local newspapers and other materials translated at considerable cost for information-gathering purposes but does not make use of most of the translated material, such a center should be created in order to make such translations available to a wider audience via the Internet. The testifier added that such a center need not be housed in a specific building and that it primarily needs a full-time expert staff to evaluate information based on a predetermined set of guidelines on information gathering, noting that Japanese intelligence will improve dramatically if such a center is created.

(Non-Japanese Resident Measures and Emigration Measures)

A Committee Member stated that in relation to the internationalization of local areas, municipalities with a sizable population of non-Japanese residents are facing the issue of social security, including education and health care, and the Foreign Ministry cannot avoid this issue. In response to the foregoing, a government testifier explained that dealing appropriately with non-Japanese residents is an important task of the Foreign Ministry, as any incidents of discrimination against a non-Japanese or trouble caused by a non-Japanese can have repercussions on Japan's relations with the relevant country. In connection with the foregoing, a voluntary testifier opined that to resolve the enormous imbalance between population and natural resources that is expected to occur in the twenty-first century, there is no other recourse but to have many people emigrate to countries that are relatively rich in resources, and also in order to prevent any potential confrontations in the world from occurring, Japan should study the possibility of adopting a mechanism for emigration.

III. Recommendations

1. Building of Mutual Understanding and Mutually Beneficial Relations Between Japan and China

As relations between Japan and China approach a new age characterized by greater economic interdependence, it is necessary to confront issues rooted in history head-on and promote the further development of relations based on future-oriented thinking in order to realize the mutually beneficial growth of the two nations. In particular, Japan and China are required to make effective trustbuilding through dialogues and exchanges at a wide range of levels, including summit meetings, as well as holding joint historical research, while exercising self-restraint toward the other with an awareness of the other country's sovereignty and pains. Furthermore, cooperation should be strengthened to resolve China's environmental and energy issues, whose potential global impact is a matter of concern.

2. Strengthening of Efforts to Resolve North Korean Issues, Including the Abduction, Nuclear, and Missile Problems

One of the greatest destabilizing factors in East Asia is the North Korean problem. There are various issues between Japan and North Korea, especially the abduction and nuclear issues. While efforts to resolve these issues have been made through the six-party talks and other venues, there has been no progress to date. Japan should persistently pursue negotiations in coordination with China, South Korea, and other interested nations, while at the same time appealing widely to international public opinion. In particular, the abductions are a grave infringement of human rights, and it is necessary for Japan to exert even greater efforts to resolve this issue by stepping up its appeal to the United Nations Commission on Human Rights and other means.

3. Strengthening of Collaboration Among Japan, the United States, China, and South Korea for Stability in East Asia

There are various destabilizing factors in East Asia, including residues of the Cold War structure. Against this backdrop, the strengthening of collaboration among the four countries

of Japan, China, and South Korea, the major powers of East Asia, and the United States, a nation with a presence in the region, would be highly meaningful toward realizing stability in East Asia. Japan should play an active role in such a strengthening of collaboration by suggesting the establishment of dialogue schemes and other actions.

4. Promotion of Economic Partnership Scheme with a View to Creating an East Asian Community

De facto economic integration is progressing in East Asia, where economic interdependence between countries has deepened. Nevertheless, the establishment of a more strategic economic partnership scheme with a view to creating an East Asian Community is needed in order to realize stability and further development in the region. Based on dialogues and coordination with the ASEAN nations and other interested countries, and taking advantage of its economic power and know-how, Japan should play a leading role in the establishment of an effective economic partnership scheme that takes into consideration finance, energy, the environment, and other concerns.

5. Helping to Resolve the Climate Change Issue

The deterioration of the global environment is becoming an increasingly serious issue today. In particular, since the issue of climate change affects ecosystems and the survival of the human race, it is necessary to focus efforts on countermeasures against carbon dioxide and other greenhouse gases and other related measures. Japan should actively promote the utilization of such mechanisms as the Clean Development Mechanism prescribed by the Kyoto Protocol and exert leadership in future efforts to lay down international rules.

6. Promotion of Environment- and Education-Oriented ODA

Every country is pursuing diverse activities aimed at 2015, the target date for achieving the UN Millennium Development Goals, and Japan also has a major role to play. Of such activities, environmental preservation and educational support are particularly important challenges in terms of preventing global warming and resolving various issues, including overpopulation and poverty, and it is essential that greater efforts be exerted in these areas. In the future, Japan should promote the use of ODA giving priority to environmental

preservation and educational support.

7. Strengthening of Collaboration Between Government and NGOs to Resolve International Issues

HIV/AIDS, refugees, and the environment are among the main international issues that have come under the spotlight in recent years. To resolve these issues, NGOs, which are well versed in local situations and needs, have a major role to play. When working toward the resolution of such international issues, the government should further deepen collaboration with NGOs showing outstanding results and provide diverse cooperation and support for the activities of such NGOs.

8. Contribution to the Comprehensive Reform of the United Nations

The roles that the United Nations are expected to fulfill have increased conspicuously both in terms of quality and quantity in the face of the multipolarization of international relations and the diversification of actors in recent years. On the other hand, the organization and operation of the United Nations are not equal to the demands of the international community. Japan has long considered UN diplomacy as one of the standards of its diplomacy. To allow the United Nations to fully fulfill its roles in the future, Japan should make greater contributions toward a comprehensive reform of the organization, including the Security Council and other main bodies, as well as the secretariat and management.

9. Establishment of a UN Asian Headquarters and Inviting Its Establishment in Japan

Asian countries have achieved outstanding economic growth in recent years and are showing possibilities of becoming a new pole in a world heading toward multipolarization. At the same time, there also remain negative factors in the region, such as a weakening of human security due to the persistence or emergence of threats. As a result, it has become increasingly important to make everyone benefit from the growth of Asia and remove threats to human security. For this purpose, Japan should call for the establishment of a UN Asian headquarters as the UN's second regional headquarters and exert efforts to attract such a headquarters to Japan.

10. Expansion and Reinforcement of Parliamentary Diplomacy

Amid the tendency of international relations to become multilayered and interdependent in recent years, international relations actors, traditionally limited to the central government, have become increasingly diversified, with not just the central government but also local governments, private firms, NGOs, and other organizations dramatically expanding their spheres of activities. Such a situation serves to greatly increase the need for Diet members to conduct parliamentary diplomacy through their unique channels and with their insight. Efforts should continue to be made in the future to expand and reinforce parliamentary diplomacy, and the institutions necessary for it should be developed.

11. Increase of Diplomatic Establishments and Personnel Abroad

Japan has far fewer diplomatic establishments abroad compared to other industrialized nations. In order for Japan to pursue active and effective diplomacy in the future, it urgently needs to increase the number of diplomatic establishments and personnel abroad as soon as possible. The government should endeavor to increase diplomatic establishments and personnel abroad based on a long-term vision. In particular, it should exert efforts to bring about the qualitative improvement and quantitative increase of relevant human resources with an eye to fostering ambassadors best suited to the destination countries.

12. Further Strengthening of International Competitiveness

Japan, a country poor in natural resources, emerged from the ashes of World War II to achieve economic growth based on strong scientific and technological capabilities, the utilization of human resources, and so on. To date, Japan has carried out international activities as one of the major nations of the world. In order for Japan to continue to fulfill this role in a world where demand for natural resources is expected to rise dramatically in the future, it is essential that it conquer such deficiencies as resource limitations and inadequate transmission and reception of international information. To further improve its international competitiveness, Japan should endeavor, from a long-term perspective, to create new science and technologies to make the most of its limited resources, produce people with an international outlook, and dramatically increase the flow of international information.

13. Establishment of Comprehensive Research Institutes for US and Chinese Studies

Japan's relations with the United States and China have become closer in recent years, a development that has had no small influence on not only Japan's politics, economy, diplomacy, and security but also the Japanese people's lives. Nevertheless, Japan's knowledge and information and understanding of these two countries are not necessarily adequate. For this reason, Japan should establish research institutes for US and Chinese studies as organs for conducting comprehensive research, preparing policy recommendations, and providing education and training for government personnel and the general public.

14. Development of an Institute for the Comprehensive Collection and Exhibition of Historical Materials

Historical verification is indispensable for considering the desirable form of diplomacy. Despite this, historical materials (including documents in the private possession of individual researchers) that serve as the basis of such practice not only tend to be widely dispersed and difficult to access but also are highly in danger of being scattered and lost. The government should develop an institute for the comprehensive collection, preservation, and exhibition of historical materials, including private documents, referring to the example offered by the Japan Center for Asian Historical Records, which is currently carrying out archival activities focused on certain official documents.

15. Quick and Wide Provision of International Information

In the face of a multipolarized world and the diversification of international political actors, the utilization of international information has become increasingly important for local governments, private firms, NGOs, and individuals, not to mention the central government. At present, the Ministry of Foreign Affairs provides such information via its website and other means, but the amount of information available is not necessarily sufficient. The government should exert efforts to speedily provide to the public via the Internet up-to-date information on the situation in individual countries and regions and so on in a wide variety of fields instead of focusing only on general conditions common to all countries.

Afterword

Research committees of the House of Councillors are established for carrying out long-term comprehensive investigations about fundamental matters of statecraft, made possible by the fact that the House of Councillors cannot be dissolved and that the term of office of its members is six years. As such, the committees are a system unique to the House of Councillors and not found in the House of Representatives.

In November 2004 the Research Committee on International Affairs decided on “Japan’s New Diplomacy in a Multipolarized Era” as the overall theme for its research over a three-year period. Focusing on the questions of how, against the backdrop of world developments toward multipolarization, Japan should respond to such trends and what kind of diplomacy it should pursue, the Committee carried out its research especially by hearing opinions from voluntary testifiers, exchanging views among Committee Members, dispatching Members on fact-finding surveys of overseas and domestic conditions, and conducting Committee visits to relevant institutions.

Keeping in mind the foregoing questions, the Committee in the first year of its existence conducted research focused primarily on “Japan’s Asian Diplomacy,” including issues of Japan-China diplomacy, the creation of an East Asian Community, and so on, and carried out wide-ranging operations, such as research on “Japan-US relations” and the “EU situation” as they relate to Japan’s Asian diplomacy. In the second year, the Committee continued its research on “Japan’s Asian Diplomacy,” at the same time also conducting research on “Japan’s Diplomacy Toward the United States” and “Japan’s Response as a Responsible Member of the International Community.” In addition, the Committee made a set of recommendations consisting of six items, including “Necessity of Joint Research Regarding the History Issue” and “Strengthening of Efforts to Establish an East Asian Community and Strengthening of Collaboration and Cooperation Among Relevant Ministries and Agencies.”

In the third and final year of its existence, under the overall theme of “Japan’s New Diplomacy in a Multipolarized Era,” the Committee conducted research on “Elimination of Destabilizing Factors in East Asia” and “Japan-China Diplomacy: Retrospective and Future Issues” under the subtheme “Japan’s Asian Diplomacy.” In addition, it conducted research on “World Trends and Japan’s Position” from a wide range of perspectives, hearing opinions from voluntary testifiers and related explanations from the Ministry of Foreign Affairs and the Ministry of Defense and carrying out other activities. Furthermore, the Committee made a set

of recommendations consisting of 15 items, including “Building of Mutual Understanding and Mutually Beneficial Relations Between Japan and China” and “Strengthening of Efforts to Resolve North Korean Issues, Including the Abduction, Nuclear, and Missile Problems.”

As the world trend shifts from bilateral to multilateral consultations in the area of diplomacy and security, we believe that the overall theme of this Research Committee, “Japan’s New Diplomacy in a Multipolarized Era,” is a highly timely one. Finally, we urge the parties concerned to give due consideration to the recommendations contained in this report and reflect them in their policies.

Appendix

List of Committee Members

(as of June 8, 2007)

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| Chairman | Naoki Tanaka (LDP) |
| Directors | Tokio Kanoh (LDP) Nobuo Kishi (LDP) Issui Miura (LDP) Yoshitake Kimata (DP-SR) Shokichi Kina (DP-SR) Masaaki Taniai (NK) |
| Members | Jiro Aichi (LDP) Yutaka Kobayashi (LDP) Akiko Santo (LDP) Shinsuke Suematsu (LDP) Kotaro Tamura (LDP) Satoshi Ninoyu (LDP) Kotaro Nogami (LDP) Toshiei Mizuochi (LDP) Tadashi Inuzuka (DP-SR) Masamitsu Oishi (DP-SR) Kentaro Kudoh (DP-SR) Yukio Tomioka (DP-SR) Masayuki Naoshima (DP-SR) Naoki Minezaki (DP-SR) Hideki Wakabayashi (DP-SR) Shuichi Katoh (NK) Masayoshi Hamada (NK) Mikishi Daimon (JCP) |

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|-------|-------|--|
| Note: | LDP | Liberal Democratic Party |
| | DP-SR | The Democratic Party and The Shin-Ryokufukai |
| | NK | New Komeito |
| | JCP | Japanese Communist Party |