

CHAPTER 4

JAPAN'S VIEW OF ITSELF IN THE WORLD AND ITS ROLE IN THE ASIAN REGION

An expanded international political role

4.1 The Department of Foreign Affairs and Trade (DFAT) submitted that:

For some years Japan has been seeking, albeit incrementally, an expanded international political role, more commensurate with its economic weight. Japan's role as the world's leading creditor nation, the major aid donor and a major investor in the region, combined with its security alliance with the United States, means that Japan is already a significant player in world affairs, and likely to remain so.¹

4.2 As with debate on domestic issues, Japan's foreign relations have been subject to some uncertainty and attempted revaluation in the 1990s. Japan has substantial international influence, befitting its overall economic significance, but it is still constrained by the legacies of World War II, which have involved both constitutional constraints on its capacity for external involvement in security issues and some ongoing problems in relations with neighbouring states. Debate is continuing on how Japan can move towards being a more 'normal state' in international terms and on how it can consolidate its international position, for example by attaining a permanent seat on the United Nations Security Council.

4.3 Under the leadership of Prime Minister Hashimoto (January 1996–July 1998), Japan's improvement in its relations with China and Russia, its initiatives on Cambodia, and its active participation in UN peacekeeping activities were impressive. Mr Hashimoto's initiatives in these areas were progressed by his successors, Prime Ministers Obuchi and Mori, and Prime Minister Koizumi is continuing to build on them.²

4.4 The relationship with the US remains the cornerstone of foreign policy but Japan has been disquieted at the rise of China and (at times) at the growing scale of US-China relations. Japan has intensive economic relations with its East Asian neighbours but the legacy of World War II—never squarely addressed in Japan—continues to throw a shadow over political relationships, particularly with China and

1 Department of Foreign Affairs and Trade, submission no. 32, p. 50

2 A total of 1,200 Ground Self-Defense Force troops were sent to Cambodia between September 1992 and September 1993. A similar number of personnel may be expected to eventually serve in East Timor. The Japanese Government announced in September 2001 that a contingent of troops might be sent to East Timor in 2002 to take part in peacekeeping operations ('SDF troops to join E. Timor mission', *The Asahi Shimbun*; 'Govt mulls dispatch of peacekeepers to East Timor', *Associated Press*, 6 September 2001)

Korea. Most Japanese value the country's identity as a civilian and non-nuclear power, but there are also pressures for Japan to take a more active role in contributing to the responsibilities of maintaining regional and global security.

Legacy of World War II

4.5 Japan's regional relations in East Asia, while extremely close economically, remain clouded by the legacy of World War II and of earlier periods of Japanese intervention (especially in Korea). Japan has never explicitly and unambiguously accepted responsibility for the intervention and depredations of its forces during the War and the issue has often been downplayed or obscured, for example in school textbooks.³ Although the Japanese Diet in 1995 renounced war as part of the commemoration of the 50th anniversary of the end of World War Two, it merely expressed a 'deep sense of remorse' in relation to Japanese actions, and pointed out that many countries in Europe also had a colonial past. The issue of 'comfort women' (*ian-fu*) from East Asian countries used as 'sex slaves' by Japanese military forces is another contentious issue which has not been resolved. The potency of the issue of the wartime legacy has been illustrated in Japan's relations with China. The annual official visits to Yasukuni Shrine by Japanese Government dignitaries in recent years have been controversial and adversely affected Sino-Japanese relations. The year 2001 was no exception, as Prime Minister Junichiro Koizumi paid homage at the shrine on 13 August, two days before his previously pledged date of 15 August, the anniversary of Japan's surrender in World War II.⁴ The issue of coming to terms with the legacies of the past is not entirely a one-sided one and there has been a tendency in some countries (including China) to try to gain maximum political advantage from Japan's war record. Nonetheless, the ongoing problem of Japan's attitudes to the wartime past has been seen widely as a constraint on the consolidation of its relations with the East Asian region.⁵

Japan's role in regional affairs

4.6 Japanese policy makers readily understand the historical constraints and continuing suspicion on the part of near neighbours which affect Japan's actions in the region. Within these constraints, Japan is incrementally playing a greater political role in regional affairs, as exemplified by its active role in forging policy towards Cambodia and Burma. In September 1992, the Japanese Cabinet approved the dispatch of Self-Defence Force personnel and civilian police to Cambodia to act in a support (but not a combat) role. Japan itself understands that where it is being asked to

3 Ian Buruma, *The Wages of Guilt*, New York Vintage Books, 1995. The latest example concerned a history textbook approved by the Ministry of Education in 2001 (Hisane Masaki, 'Japan's history again haunts future relations', *The Japan Times*, 9 March 2001)

4 'Japan: PM's visit to war shrine creates regional outrage', *Asia Pacific*, 14 August 2001; Ding Dou, 'Yasukuni still casts a long, ugly shadow', *The Japan Times*, 20 August 2001; 'Yasukuni shrine', *Correspondents' Report*, 19 August 2001

5 Nicholas D Kristof, 'The Problem of Memory', *Foreign Affairs*, November-December 1998, pp. 37-49

play a greater political role, it is done on the understanding that so long as Japan maintains its security alliance with the United States, Japan's activism is seen by most other countries as benign and safe. On 17 August 2001, LDP Secretary-General Taku Yamasaki announced that Soesilo Bambang Yudhoyono, Indonesian Coordinating Minister For Political, Social And Security Affairs, had welcomed Tokyo's plan to dispatch personnel to East Timor to take part in UN peacekeeping operations in East Timor.⁶

Institution building

4.7 Japan's role in the Asian region has also been marked by a strong commitment to institutional building. Japan is an active participant in the ASEAN Regional Forum (ARF) which was set up in 1994 by ASEAN with substantial Japanese encouragement to discuss regional security issues with twelve 'dialogue partner' countries (including Australia). Japan supported ASEAN proposals to establish a consultative mechanism to ensure that Asian interests were heard at the June 2000 G-8 summit in Okinawa. Japan has also encouraged the development of second track dialogue on security issues in North East Asia, showing an interest in a quadripartite dialogue among the United States, China, Russia and Japan.

4.8 Japan has participated in regional economic fora and was involved at the very beginning of the process to establish Asia Pacific Economic Cooperation (APEC).

Official development assistance (ODA)

4.9 For many years, Japan has helped underpin economic development within the Asian region through its development assistance, investment and trade in goods and services. Professor Alan Rix has explained ODA as an integral part of Japan's 'comprehensive security' strategy, helping to ensure stability in Japan's neighbouring markets, and representing a medium through which Japan can exert influence rather than demonstrate strength.⁷ China and Indonesia have been the largest and second largest recipients respectively of Japanese ODA, which designates Asia as the primary target. According to Japan's ODA Annual Report for 1997, the shares of ODA were:

Asia	49.6 per cent
Africa	12.8 per cent
Latin America	11.8 per cent
Middle East	6.7 per cent
Oceania	2.4 per cent
Europe	2.4 per cent
Unspecified	14.4 per cent

6 'Indonesian minister agrees to Japanese peacekeepers for East Timor', *Kyodo News Service*, 17 August 2001

7 Alan Rix, 'Japan and the Region: Leading from Behind', in R. Higgott, J. Ravenhill and R. Leaver (eds.), *Pacific Economic Relations in the 1990s: Cooperation or Conflict*, Sydney, Allen & Unwin, 1989, pp. 62-82

Effects of Japan's economic slowdown

4.10 Aid is a poor substitute for trade, and Japan should not expect its generous financial assistance to the Asian region to shield it from criticism that its domestic difficulties are compounding East Asia's problems and threatening to delay its recovery. The intervention on 17 June 1998 by the United States and Japan to prop up the yen underscored the seriousness with which a failure by Japan to get its own economic house in order is viewed by the international community. Official development assistance (ODA) was set to be reduced by 10 per cent in the 2002 budget, in accordance with Prime Minister Junichiro Koizumi's overall economic reform program.⁸

Japan's international role

4.11 Japan's international role continues to be constrained by the provisions of the 1947 Constitution, particularly Article 9, which formally prevents it from maintaining armed forces and from using force to settle international disputes.⁹ As a result, Japan has primarily utilised its economic resources to contribute to international security efforts rather than making more direct contributions. In the period since the end of the Cold War it was considered that Japan might move towards a more active role on international security. In 1992, the Diet adopted the International Peace Cooperation Law, which allowed Japan's Self-Defence Forces to participate in UN peacekeeping operations, and Japan did send a contingent to Cambodia between 1991 and 1993. However, the 'five principles' of the 1992 law prevent the SDF from being used in circumstances which involve peacemaking rather than peacekeeping. The five principles are: (1) establishment of a ceasefire agreement; (2) acceptance of UN peacekeeping operations by both warring parties; (3) neutrality of the UN operation; (4) ability of Japan to immediately withdraw troops if necessary; and (5) equipping of the SDF only with the minimum necessary weapons. Foreign Minister Masahiko Komura referred to these constraints when he announced that Japan would make a financial contribution to the United Nations multinational force sent to restore order in East Timor (INTERFET), but would not dispatch any personnel until stability had been established.¹⁰ The International Institute of Strategic Studies observed:

Hopes that Japan might take a higher profile in the 'brave new world' promoted in the aftermath of the 1991 Gulf War and the collapse of the Soviet Union were not fulfilled during the 1990s, although Tokyo made a large financial contribution to the humanitarian effort in Kosovo. Yet, as

8 'The first step toward reform', *The Japan Times*, 17 August 2001

9 Article 9 states: 'Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes. In order to accomplish the aim of the preceding paragraph, land, sea and air forces, as well as other war potential will never be maintained. The right of belligerence of the state will not be recognised.'

10 'Japan to finance peacekeeping force for East Timor', *The Japan Times*, 16 September 1999; Tony Boyd, 'Loyalty to Indonesia came first', *The Australian Financial Review*, 25 October 1999

1999 ended, Japan was responding to the humanitarian crisis in East Timor through the same 'yen not men' mechanism it had employed nearly a decade earlier in the Gulf War.¹¹

4.12 In September 2001, the Japanese Government announced that it was considering sending up to 500 troops to East Timor in 2002 as part of the UN peacekeeping operations.

4.13 Debate has been continuing in Japan about its international and regional security role, stimulated by several factors. Along with the end of the Cold War and the decline of the challenges posed by the Soviet Union, the process of political realignment in Japanese politics also encouraged discussion of options on security policy especially because the major left-leaning party, the Japan Socialist Party which had maintained firm stances against the US alliance, effectively lost influence. Debate has also been encouraged by recent instances of tensions in North East Asia including the Taiwan Straits tensions in 1996 and concerns about North Korean missiles in 1998.

4.14 Japan's perception of itself in the world is one of closeness to Asia and yet firmly a member of the G8. Japan would prefer to avoid a situation where it was forced to choose between the two. Self-evidently, what happens in Asia affects Japan's national security and economic wellbeing. And within Asia, Japan recognises that North East Asia is more important to Japan's own security than South East Asia.

Popular sentiment toward international involvement

4.15 While the foreign policy making elite in Japan is interested in the acquisition of enhanced influence and status for Japan internationally, there is much greater ambivalence among the Japanese people about a global role for Japan. Either scarred by Japan's experience in the 1930s and its defeat in World War II, or else largely indifferent to the outside world, most Japanese maintain a deep suspicion of the benefits of global activism, despite efforts by the government to persuade its citizenry of the benefits of good international citizenship. Hence, Japan, in contrast to the United States, has seen itself in the world in passive rather than active terms. While required, due to its global interests, by other players to have a view on virtually every international development, it does not really see itself as shaping the global environment.

Constitutional revision

4.16 There appears to be a significant generational difference in attitudes towards Japan's international and security role. The American analyst Michael J. Green has noted that polls indicate that 90 per cent of elected officials in their forties or younger

11 International Institute of Strategic Studies, *Strategic Survey 1999/2000*, London, IISS/Oxford, May 2000, p. 206

favour constitutional revision whereas only about half of those over 50 favoured it. Most younger legislators, Green suggests, favour the US alliance, 'But few are satisfied with the status quo'...

Most of the younger voices champion a more active role for Tokyo within the US–Japan alliance. They expect eventual reductions in the number of US bases, fuller consultation on the deployment of US forces in Japan, and more diplomatic space for Japanese initiatives ... The emerging generation of political elites in Tokyo resents the lack of initiatives in Japanese foreign policy and chafes at American policies that treat them as passive partners.¹²

4.17 While there was little overt debate on foreign or security policy issues in the 2000 election, discussion and reassessment about Japan's international role seems likely to continue and possibly intensify. Following the election of Junichiro Koizumi as Prime Minister, it was announced that the Cabinet Legislation Bureau was ready to research the issue of collective self-defence in accordance with Mr Koizumi's previously expressed willingness to review the legal parameters of Japan's defensive capabilities.¹³ However, while Japan is likely to move gradually towards a higher profile international role, major constitutional change will take time. The provisions required for constitutional change (involving both approval for amendments by the Diet and by referendum) have made political parties, especially the LDP, cautious about attempting a revision. The International Institute of Strategic Studies has observed:

Although the political fortunes of the left-leaning parties, the self-styled defenders of the 1947 'peace constitution', are currently at a low ebb, the general public are likely to prefer the status quo and constitutional revision will occur later rather than sooner.¹⁴

United Nations

4.18 Another issue in relation to Japan's search for a wider international role is its role in the United Nations. Japan is a major contributor of development assistance and an active member of the United Nations. Japan is the world's number one aid donor (providing over \$US11 billion annually in development assistance), provides 20 per cent of the \$1.3 billion annual UN budget, and is the largest single contributor to UNESCO, the UN Development Program and the UN Population Fund. Japanese have been prominent at senior levels of the United Nations, including Under Secretary-General Kensako Hogen (head of the UN Department of Public Information), UNESCO (Koichiro Matsuura), and the UN High Commissioner for Refugees, Sadako Ogata—who received the Seoul Peace Prize in 2000 for her services to

12 Michael J. Green, 'The Forgotten Player', *The National Interest*, Summer 2000, p. 46

13 'Yamasaki eyes draft to revise Article 9', *The Japan Times*, 30 April 2001

14 *Strategic Survey 1999/2000*, p. 210

refugee relief. In his policy speech on 31 January 2001 to the 151st session of the Diet, Prime Minister Yoshiro Mori said:

As we greet the 21st century, what is required of Japanese foreign policy is the ‘responsibility and leadership’ to support the international system which has enabled Japan to enjoy the benefits of peace and prosperity to the fullest extent. In the latter half of the 20th century, Japan was reborn as an industrialized and democratic nation that has become the world’s second-largest economic superpower. In order for Japan, which decided not to become a military power and is not blessed with natural resources, to realize further developments in the 21st century, the international system, which is based on the United Nations Charter and the multilateral trading system, must function effectively. On this wave of international cooperation in the 21st century, Japan must make all possible efforts to strengthen United Nations systems, including reform of the UN Security Council.¹⁵

UN Security Council

4.19 Japan’s status as the world’s second largest economy, with significant global trading interests, means that its diplomacy has a global reach. Japan is the only Asian member of the G–8 Group of Advanced Industrialised Countries. It is also a member of the OECD, has observer status with NATO and is actively seeking to become a permanent member of the UN Security Council. As the second largest contributor (after the United States) to the UN budget, Japan believes very strongly in its entitlement to a permanent seat on the Security Council. Such a seat would further increase Japan’s influence and ability to speak out and be heard on issues of major international significance. Japan can be expected to pursue this key foreign policy objective. Secretary–General Kofi Annan has publicly supported Japan’s claim, and has commented that ‘Japan is unquestionably one of the world’s leading economic powers ... And I need hardly remind you that Japan is the second largest contributor to the regular budget of the United Nations. Indeed it is, at present, first in terms of actual payments.’ So far, although the United States and others (including Australia¹⁶) are sympathetic, Japan’s lobbying has not been able to mobilise sufficient support among either the existing five permanent members (the US, Russia, China, France and the UK) or among the membership at large that Japan should attain the status of a permanent, and veto–wielding, Security Council member.¹⁷ The obstacles to Japan being admitted as a member have been described as twofold:

First, the world community needs a fair way of determining what small group of countries should gain additional permanent UN Security Council seats in the years ahead. It cannot easily admit Japan or any other single country without solving the broader question first, lest it be accused of

15 ‘Mori highlights reform, recovery IT’, *The Japan Times*, 1 February 2001

16 John Howard, ‘Why the UN must change’ (Prime Minister’s address to the Millennium Summit), *The Australian*, 8 September 2000

17 Thalif Deen, ‘Japan’s battle for major power status at the UN’, *Inter–Press Service*, 18 July 2000

favoritism or discrimination. Second, Japan needs to broaden its security portfolio. Most specifically, it needs to lay the legal and military groundwork for playing a greater role in multilateral security missions abroad. Its efforts need not be of such a scale as to worry its neighbors (though Beijing will probably object in any case). But they should be significant—and sincere. They should also gradually increase over time.¹⁸

4.20 Japan's failure to assume an active role in aiding East Timor had hurt its chances of securing a permanent seat on the United Nations Security Council, according to the International Institute for Strategic Studies. The Japanese Government was unable to send troops to assist in 'peacemaking' operations in East Timor because current Japanese legislation only allowed for troops to be used in peacekeeping, not peacemaking, operations. The Institute also said that Japan was reluctant to use its economic clout to encourage Indonesia to end hostilities in East Timor: 'Unable or unwilling to take an active role in East Timor, Japan will continue to find it difficult to press its claims for permanent membership effectively when it appears so reluctant to accept the moral imperative of participating in the riskier aspect of UN operations'.¹⁹

4.21 Japan's low-key response to East Timor contrasted sharply with China's. China supported the UN Security Council resolution clearing the way for the deployment of an International Force for East Timor and also offered to send a civilian police contingent to be part of the UN peacemaking operation. Japan's critics said its low-key response once again exposed a lack of leadership in regional security affairs. China was apparently able to formulate an imaginative response within the constraints of its own strong adherence to the principle of non interference in internal affairs. By allowing the United Nations to authorise the force for East Timor, but only after Indonesia agreed to this as a result of international pressure, China ensured the primacy of the UN Security Council in dealing with world crises, a principle overridden by NATO's operation in Kosovo, without compromising the principle of non-intervention in the affairs of sovereign states. Since committing itself to the UN peacekeeping operation in Cambodia in 1992, China has also been involved in UN operations in Kuwait, Palestine, Liberia and the Western Sahara, thereby enhancing its image as a good international citizen and an active player in regional security affairs.²⁰ Japan meanwhile, despite its aspirations for Security Council membership, has so far been unable to escape its own domestic restrictions on playing a more active role.

18 Michael O'Hanlon (senior fellow at the Brookings Institution in Washington), 'Japan's not ready for permanent UNSC seat', *The Japan Times*, 25 September 2000

19 International Institute of Strategic Studies, *Strategic Survey 1999/2000*, London, IISS/Oxford, May 2000, p 206; 'Aid question hurt Japan's UNSC bid', *The Japan Times*, 5 May 2000

20 Mohan Malik 'China's canny strategy in East Timor', *The Japan Times*, 9 October 1999

Nuclear non-proliferation

4.22 As the only country ever to have suffered a nuclear attack and as a non-nuclear power itself, Japan is a strong supporter of nuclear non-proliferation and the Non-Proliferation Treaty. Following the nuclear tests by both India and Pakistan in 1998, Japan has been increasingly active, both bilaterally and through the United Nations, in seeking to halt further testing and the spread of nuclear weapons in Asia. During his visit to India and Pakistan in August 2000, Prime Minister Mori 'strongly urged' both countries to sign the Comprehensive Nuclear Test Ban Treaty. A resolution, 'A path to the total elimination of nuclear weapons', submitted by Japan was approved by the disarmament committee of the UN Millennium General Assembly on 1 November 2000. The Japanese proposal followed a commitment the world's nuclear-armed nations made at the UN nuclear non-proliferation conference in May 2000 to eliminate their nuclear arsenals as an 'unequivocal undertaking'. Amplifying a series of nuclear disarmament proposals Japan has made since 1994, the draft proposed putting the Comprehensive Test Ban Treaty into force by 2003 and an immediate start of negotiations for a 'cutoff treaty' to ban production of fissile materials for nuclear weapons or other nuclear explosive devices, for adoption by 2005. It called for immediate implementation of the second Strategic Arms Reduction Treaty (START-2) and an early conclusion of United States-Russian negotiations for a START-3 pact.²¹

The United States relationship

Security arrangements with the United States

4.23 The relationship with the US is central to both Japan's foreign relations and to the structure of security in East Asia. The bilateral association includes the presence of about 37,000 US military forces, whose presence Japan supports economically. The security relationship was clouded in 1995 by some controversy over the behaviour of US personnel on Okinawa (three of whom were involved in a rape of a young Okinawan girl) and by local opposition to the presence of the Futenma air station. These problems have been alleviated and plans have been developed to relocate Futenma.

4.24 In recent years, in the context of revitalisation of Japan's security arrangements with the United States, both the Japanese Government and Foreign Ministry have belatedly recognised the need to educate the general public on the need for Japan to pull its weight as a reliable security partner and to explain that any peace dividend as a result of the end of the Cold War does not necessarily translate into the withdrawal of a US forward military presence in Japan. There is also a need to explain the apparent contradiction between Japan's anti-nuclear and pro-disarmament stance

21 'Japan maps out path to nuclear-free world', *The Japan Times*, 15 October 2000; 'Draft resolution on "A path to the total elimination of nuclear weapons" approved by First Committee, as it concludes current session', United Nations Press Release GA/DIS/3194, 1 November 2000

and its security arrangements with the United States. A broad consensus exists in Japan that the best guarantee of peace and security for Japan and the Asia–Pacific region is the continuing US military presence, premised on the presumption of an identity of security interests between Japan and the United States. A poll of Japanese taken by the Japanese Government in early 2001 showed that 71 per cent of those polled, the highest rate since 1987, thought the bilateral treaty contributed to Japan’s security.²²

4.25 The tensions in the Taiwan Straits between the People’s Republic of China and Taiwan in early 1996 reinforced the importance of the US–Japan security relationship. Agreement was reached between the two partners in October 1997 on revised security guidelines, which will expand the range of Japan’s responsibilities to allow it to engage in military activities outside its territory for the first time since 1945.

United States–Japan Defence Guidelines

4.26 The revised US–Japan Defence Guidelines were approved by the Diet in August 1999. The guidelines allow Japan, within existing constitutional constraints, to cooperate for the first time with US forces not only against a direct attack but also in areas surrounding Japan. Japan under the guidelines would be expected to provide rear area support, search and rescue operations, transportation services, hospitals and other public facilities within Japan and the repair and maintenance of equipment.²³ The need to obtain support from the New Komeito party resulted in some softening of the original terms of the guidelines, principally by removing permission for ship inspections, by adding a provision that approval from the Diet was required before SDF support operation in non–combat zones could be carried out, and by narrowing the definition for action from ‘situations in areas surrounding Japan’ to ‘situation in which the peace and safety of Japan are gravely threatened’.²⁴

4.27 Japanese proponents of the guidelines argue that, if it wishes to have continued strong US support, it is essential that Japan be seen to be willing to take a more active role in providing for its own security. Opponents are concerned that the measures could facilitate a more active role for the Self Defence Forces and more nationalist stances in defence and foreign affairs by Japan. Both China and North Korea criticised the guidelines as possibly presaging a wider Japanese security role in East Asia—an outcome they oppose strongly.²⁵ For Japanese defence officials:

the measures simply met the need to change the alliance with the US into something normal and workable... [which] reflected a cautious and typically Japanese response to persistent US prodding over many years for Japan to

22 Keizo Nabeshima, ‘Urgent tasks for Koizumi’, *The Japan Times*, 16 June 2001

23 Michiyo Nakamoto, ‘Japan: Defence Role strengthened’, *The Financial Times*, 30 April 1999

24 *Strategic Survey 1999/2000*, p. 208

25 Michiyo Nakamoto, ‘Japan: Defence Role strengthened’, *The Financial Times*, 30 April 1999

take a more pro-active role within the alliance. The new legislation was still hemmed in by sufficient restrictions and ambiguities to ensure that Japan would play a far more limited role than the US.²⁶

4.28 Since the US relationship is so important, Japan has been sensitive to any perceived shifts in emphasis by the US in its East Asia policies overall. Japan supports the development of a cooperative relationship between the US and China and would be concerned at the development of antagonism in that relationship which could damage the security climate in North East Asia to Japan's detriment. Many Japanese have nonetheless been uneasy about the development of a US–China 'constructive strategic partnership' and have been concerned that the US attention to China policy may be to the detriment of its relations with Japan.

United States–Japan economic relations

4.29 US–Japan economic relations also remain sensitive. The trade tensions of the late 1980s and early 1990s had abated in the late 1990s with the US enjoying continued high growth rates and no longer concerned about the challenge of an 'invincible' Japanese economy. Recently, however, relations have again become tense as the US has been frustrated at the slow pace of change in Japan's economic policies and at the continuing bilateral trade imbalance, which has been exacerbated by declines in US exports and a continuing strong performance by Japanese exports: the deficit was \$US73.4 billion for 1999.

4.30 Japan and the US have made progress in dealing with a number of areas of mutual interest although some tensions continue, notably over trade. Ongoing US concerns about the level of the bilateral trade deficit were expressed by Treasury Secretary Lawrence Summers in mid April 2000 when he criticised Japan for relying on the US as a market of last resort. In early May, the US Trade Representative criticised Japan's restrictive policies especially in relation to the glass and construction industries. The US and Japan have also been in dispute over whether to renew the 1995 agreement on the automobile industry, which expired on 31 December 2000.

Okinawa

4.31 Difficulties remain over the impact of the US defence forces on Okinawa, where about half the total US military presence in Japan is located in what is one per cent of the country's total land area. Complicated negotiations have not yet resolved the issue of how to relocate a helicopter facility from the Futenma base to a new offshore location near the city of Nago. The local municipal authorities have wished to see a time limit of 15 years imposed, a limit which US officials have rejected. There

has also been additional controversy over the behaviour of some US personnel on Okinawa.²⁷

4.32 Okinawa is home to the majority of US forces in Japan, and issues related to this will be on the agenda of a meeting of defence and foreign ministers to be in the United States in September 2001 in connection with the commemoration of the 50th anniversary of the San Francisco bilateral security treaty. As well as the ongoing bilateral efforts to reduce the burden on the island prefecture and the transfer of the heliport functions of the US Marines' Futenma Air Station, a possible review of the Japan–US Status of Forces Agreement will be discussed at the meeting. Pressure has been mounting in Japan for the SOFA agreement to be revised after the alleged rape of an Okinawa woman by a US airman in May, which threatened to strain bilateral security ties.²⁸

US perceptions

4.33 Despite areas of progress, concerns have been expressed at the overall level of policy attention which the US was giving to Japan in the latter phase of the Clinton administration. It has been argued that negative perceptions in the US about Japan's prolonged recession and its 'revolving door' politics, which has seen seven different prime ministers in office during the Clinton presidency have had an adverse impact on the level of US interest in Japan. An opinion poll of Americans, published by the Foreign Ministry on 8 June 2001, showed that 89 per cent of the respondents believed that the Japan–US Security Treaty was beneficial to the US and that 85 per cent believed the Treaty should be retained. Both marked the highest number of affirmative responses these questions had received since 1996, when they were first included in the survey.²⁹

China

4.34 Aside from the United States, Japan's key bilateral relationship is with China. Since their normalisation in 1972, Sino–Japanese relations have developed relatively smoothly. Personnel and cultural exchanges have grown, and trade has increased to about \$US60 billion. Despite irritants in the relationship, Japan is confident that it can manage its relations with China in a way which is mutually beneficial to both countries and which in turn is beneficial for the whole Asian region. Japan is committed to assisting China in its economic development and to full integration of China in the international community. The two countries have close and extensive economic relations, and Japanese aid and loans have played a major part in the financing of China's economic modernisation since 1978. Japan has provided a total

27 Michael Jonathan Green, 'Security and economic ties stabilize before the Okinawa summit', *Comparative Connections*, Second Quarter 2000, p. 2

28 Stephen Lunn, '50 years on, Japan questions US pact', *The Australian*, 20 June 2001; Hisane Masaki 'US–Japan security talks likely set for September', *The Japan Times*, 13 July 2001

29 Keizo Nabeshima, 'Urgent tasks for Koizumi', *The Japan Times*, 16 June 2001

of nearly 3 trillion yen in ODA to China since 1979, consisting of low-interest loans, grants in aid and technical cooperation.³⁰ Japan has been concerned about China's development of nuclear weapons and missiles, its military modernisation programs and its willingness to use military pressure in relation to Taiwan, as it did in February–March 1996. The two countries also have a territorial dispute over the small but potentially economically significant (because of petroleum reserves) Senkaku islands (called Diaoyü by China).

4.35 Since the cessation of China's nuclear testing, and due largely to the visit by Prime Minister Hashimoto to China in September 1997, as well as mutually careful management of the Senkaku islands' issue, Japan's relations with China has generally improved (as mentioned below, there have been recent irritants in that relationship). The momentum in Japan–China relations was maintained by President Jiang Zemin's reciprocal visit to Japan in November 1998, even though the visit was not free of tensions. While useful progress was made in economic relations, President Jiang included mention of the 'history issue' (as the Japanese media referred to it) in all his major speeches and he insisted on the need for a written apology by Japan. No such apology was offered and President Jiang refused to sign a joint communique with his hosts.³¹

4.36 Visiting Tokyo in October 2000, Chinese Premier Zhu Rongji agreed with Prime Minister Yoshiro Mori to deepen bilateral ties based on a joint declaration adopted in 1998 when President Jiang Zemin visited Japan, and to accelerate cooperation in 33 areas agreed upon during that visit. The two leaders agreed to build a new relationship in the coming century through enhanced economic cooperation and by steadily resolving bilateral disputes, such as Chinese marine research activities within Japan's economic waters.³²

4.37 During a television talk show with Japanese citizens, Zhu said Japan had never officially apologised for its wartime aggression in any official document. He further expressed dissatisfaction that an official statement in 1995 by Prime Minister Tomiichi Murayama, in which Japan expressed 'deep remorse and heartfelt apology', did not qualify as an apology to the Chinese as it offered Japan's apologies to the 'Asian people' but did not directly mention China. He mollified his stance at a subsequent press conference, saying: 'China has always highly valued the 1995 statement. Our goal is not to demand an apology. Our goal is to deepen our friendship by learning from history.'³³

4.38 At a meeting with Mrs Tanaka on 24 July 2001 during the ASEAN Regional Forum in Hanoi, Foreign Minister Tang called for Prime Minister Junichiro Koizumi

30 Hisane Masaki, 'Japan reconsiders huge aid to China', *The Japan Times*, 9 March 2001

31 Russell Skelton, 'Japan visit fails to heal wounds', *The Age*, 2 December 1998

32 'Mori, Zhu vow to build a better future', *The Japan Times*, 14 October 2000

33 'Zhu tones down stance on wartime atonement', *The Japan Times*, 17 October 2000

to cancel his plan to visit Tokyo's Yasukuni Shrine on 15 August. Tang said Koizumi's visit to Yasukuni could harm friendly bilateral ties as it would infuriate the Chinese public. He also criticised the recently approved history textbooks for junior high schools in Japan that critics said distorted history and glossed over Japan's wartime atrocities.³⁴

4.39 Even though Mr Koizumi changed the date of his visit to Yasukuni Shrine from 15 August, the 56th anniversary of Japan's World War II surrender, as originally planned, to 13 August in consideration of Japan's relations with neighbouring countries, Beijing expressed China's 'fierce anger and dissatisfaction', saying: 'The Japanese leader's flawed gesture has damaged the political foundation of Sino-Japanese relations'. It has made doubtful a summit between Chinese President Jiang Zemin and Prime Minister Koizumi in October 2001 during the APEC meeting in Shanghai.³⁵

Taiwan

4.40 Taiwan continues to be the most important issue in Japan-China relations and is probably Japan's main security concern, now that the situation on the Korean peninsula has improved in the wake of the June 2000 summit in Pyongyang between the leaders of the two Koreas. Like all other Asia-Pacific countries, Japan does not want to see conflict between China and Taiwan because the effects would be disastrous for regional security and for trade and commerce. Japan prefers the status quo, including preservation of the military balance in the Taiwan Straits. Nonetheless, Japanese defence planners are preparing for contingencies on the basis that the Taiwan Straits are a neighbouring area that could be covered by the revised Guidelines for US-Japan Defence Cooperation.³⁶

4.41 In her first telephone discussion with Chinese Foreign Minister Tang, the new Japanese Foreign Minister Tanaka said, referring to Japan's earlier issuance of an entry visa for former Taiwanese President Lee Teng-hui, that Japan would not issue an entry visa to former President Teng in the future, even for visits to receive medical treatment. She also reiterated that Japan's stance to support the one China policy as declared in the 1972 joint declaration had not changed; Japan did not support Taiwan's independence and would take a 'cautious stance' in dealing with Taiwan. Tang said China 'regretted' that bilateral relations had deteriorated because of the visa issue.

34 'China's Tang says Koizumi must cancel Yasukuni trip', *The Japan Times*, 25 July 2001

35 'China expects more gestures prior to meet', *The Japan Times*, 18 August 2001

36 Gary Klintworth, 'Taiwan replaces North Korea as Japan's prime concern', *Asia-Pacific Defence Reporter*, Aug/Sep 2000 pp. 16-17

South China Sea

4.42 China's irredentist territorial claims and maritime ambitions with regard to Taiwan, the Spratly and Senkaku Islands and the South China Sea, if successful, would give Beijing control over vital sea lanes. Chinese maps depict a territorial boundary claim that encloses much of the South China Sea. This can only be a source of concern to Japan and other states in the region that depend on free navigation for trade, including oil shipments. The South China Sea is a semi-enclosed sea surrounded by nine states, stretching across 800,000 square kilometres, with hundreds of outcroppings of rock and coral, islets and islands to complicate the competing claims to the area. The critical sea lanes that link North East Asia and the western Pacific to the Indian Ocean and the Middle East traverse the South China Sea. More than half the world's shipping tonnage is carried through it each year. More than 80 per cent of the oil for Japan, South Korea and Taiwan is shipped through the area; and two-thirds of South Korean energy needs transit the region annually.³⁷ China's extensive and expanding claims in the South China Sea pose a long-term threat to safe and secure passage through the area, which has obvious ramifications for Japan.³⁸

Exclusive Economic Zones

4.43 Japan has continued to be concerned at the character of activities by Chinese ships without prior notification in areas claimed by Japan as its exclusive economic zone. In 1999, Japan identified activities by 31 naval ships and 23 research vessels. Although the activities of foreign navies in areas claimed as exclusive economic zones is not prohibited, the Japanese Government views the activities of Chinese research vessels, without prior notification, as a violation of Japan's rights recognised by the Law of the Sea Treaty. On 9 June 2000, LDP Secretary General Hiromu Nonaka in a meeting with the Chairman of China's State Council Press Office made clear that the continuing incursions of research vessels into Japan's EEZ were not conducive to good bilateral relations.³⁹

4.44 Japan and China agreed on 14 February 2001 to give two months notification for marine research activities in each other's economic waters, setting up a framework to guard against incidents similar to those in 1999 and 2000 in which the entry of Chinese vessels into Japanese waters caused difficulties in bilateral relations.⁴⁰

37 Brahma Chellaney, 'Chinese irredentism threatens Asia—and may come back to haunt Beijing', *The Japan Times*, 9 November 2000; Brad Glosserman, 'Cooling South China Sea competition', *The Japan Times*, 12 May 2001

38 Mark J. Valencia, 'Protecting Japan's right to freedom of navigation', *The Japan Times*, 28 December 2000

39 James Pryzstup, 'Old Issues... and New Approaches?', *Comparative connections*, 2nd Quarter 2000, pp. 5–6

40 'China agrees to sea-use framework', *The Japan Times*, 14 February 2001

Japanese ODA to China

4.45 The Japanese Government has flagged a cut in Japanese ODA to China in fiscal year 2002. Mrs Tanaka told Mr Tang in Hanoi that any further reduction to Japan's overall ODA budget would not be targeted at China alone. The Chinese Foreign Minister indicated that Beijing would be able to accept a cut in ODA as long as the percentage of reduction is equal to that for the overall aid budget. In other words, China would understand if cuts were made for fiscal rather than political reasons.

4.46 China has tended to take Japanese ODA for granted. It believes it gave up its demand for wartime reparations in exchange for economic aid when the two nations established diplomatic ties in 1972, and therefore reacts angrily when Tokyo links its ODA to bilateral political problems. The overall ODA budget is likely to be significantly reduced in fiscal 2002, with consequent effect on the level of aid to China.⁴¹

The Koreas

South Korea

4.47 Sensitivities from the past have affected Japan's relations with South and North Korea. A very close economic relationship has developed with South Korea since the 1960s but this has been accompanied by lingering suspicion and antipathies on the Korean side which, until recently, has included bans in South Korea on the import of Japanese films and many printed materials. However, significant progress was made during the visit of President Kim Dae Jung in October 1998, when agreement was reached on a formal apology by Japan for its record in relation to Korea in which Prime Minister Obuchi expressed 'painfully deep repentance and a heartfelt apology' (although the statement did not refer to the 'comfort women' issue).⁴² Japan-South Korea exchanges have been increasing not only at the official government level but also between the two countries' military forces. Communication and contacts between academic institutions and NGOs have also been expanding. A survey in 2000 concluded that relations, overall, were as good as they had ever been.⁴³ Japan and South Korea will jointly host soccer's World Cup finals in 2002 and this will be accompanied by various cultural exchange projects.

4.48 Japan had already agreed separately with China and South Korea to designate 2002 as a bilateral 'year of the peoples' exchanges'. The year 2002 will mark the 30th anniversary of diplomatic ties between Japan and China. During the annual ASEAN meeting in Singapore in November 2000, Prime Minister Yoshiro Mori, Chinese

41 Hisane Masaki 'Japan and China to tug each other over ODA', *The Japan Times*, 27 July 2001

42 'Women get no comfort in Japan's apologies', *The Australian*, 9 October 1998

43 Victor D. Cha, 'The Roller Coaster of Expectations', *Comparative Connections*, 2nd Quarter 2000, p. 3

President Jiang Zemin and South Korean President Kim Dae Jung also agreed to designate 2002 as a trilateral 'year of the peoples' exchanges'.

4.49 However, during 2001, people-to-people friendship was placed under severe strain as Japan's relations with China and South Korea deteriorated over political and economic issues. By August 2001, relations had plunged to one of the lowest points since Tokyo established diplomatic ties with Beijing and Seoul, in 1972 and 1965 respectively. The two common political issues that seriously strained ties were Prime Minister Junichiro Koizumi's controversial visit to Yasukuni Shrine on 13 August and Japanese education authorities' approval in April of a history textbook written by a group of nationalist authors. In addition, Japan was engaged in an economic dispute with both China and South Korea. Japan's imposition of emergency import restrictions on some Chinese agricultural products in April escalated into a tit-for-tat trade war in June, when China retaliated by placing 100 per cent punitive tariffs on some Japanese industrial goods, including automobiles. As for South Korea, Japan took exception that fishermen from that country had begun saury-fishing operations—with Russia's permission, rather than Japan's—in waters around islands off north-eastern Hokkaido held by Russia but claimed by Japan. Prime Minister Koizumi has expressed a strong desire to hold talks with Chinese and South Korean leaders at an early date to repair ties.

North Korea (DPRK)

4.50 North Korea has been a difficult area for Japanese foreign relations. Some progress was made in 1997 when North Korea allowed brief visits to Japan by Japanese wives of North Koreans to visit their families in Japan. However, Japan has consistently been concerned about the DPRK's nuclear activities and indications that the DPRK might be developing nuclear weapons. Accordingly, Japan supported the 1994 Agreed Framework between the United States and the DPRK, which was designed to freeze the DPRK nuclear program. The test firing by the DPRK in August 1998 of a ballistic missile, which passed directly over Japan before landing in the Pacific ocean (which may have been an unsuccessful attempt by the DPRK to launch a small satellite), outraged Japanese public opinion, heightened Japan's sense of vulnerability and concern about the DPRK's longer term intentions, and heightened interest in the US-Japan security relationship, including possible cooperation on Theatre Missile Defence. The Japanese Government declared that the firing was provocative and destabilising for regional security. It decided to halt food aid in response (although aid has since been resumed). The test firing was also followed by announcement of an agreement between Japan and the US on the pursuit of research for a Theatre Missile Defence system to protect Japan from incoming missiles.⁴⁴ Additional controversy was aroused in late March 1999 with the entry into Japanese territorial waters of two North Korean vessels (which provoked Japanese naval ships to fire their first warning shots since 1952).

44 'US, Japan seal pact on missile defence system', *The Australian*, 22 September 1998

4.51 After a hiatus of nearly seven-and-a-half years, Japan and North Korea opened their ninth round of normalisation negotiations in Pyongyang in early April 2000, followed by talks in Tokyo in late August and in Beijing at the end of October. In earlier rounds, North Korea had demanded an apology and compensation for Japan's 1910–1945 colonial rule of the Korean Peninsula. Japan rejected the demand for wartime compensation, insisting there was no war with North Korea at the time. In the tenth round in Tokyo, Japan suggested extending economic assistance instead of paying wartime compensation, a course Japan followed when normalising relations with South Korea in 1965 by providing \$500 million in grants and loans. North Korea, however, rejected the proposal.

4.52 North Korea's missile development program, which Tokyo considers to be a grave threat to its national security, has also interfered with progress. After the Tokyo talks, Japan decided in early October to grant North Korea more than 100 billion yen in rice aid, totalling 500,000 tons, in an effort to improve the atmosphere surrounding the talks. But the two countries again failed to make significant progress in Beijing in October and could not even agree on specific dates for a further round of negotiations. Pyongyang rejected Tokyo's proposal in the Beijing talks that the two sides reach an agreement modelled on the 1965 agreement in which Japan and South Korea agreed to normalise ties on condition Japan provide financial aid. The North Korean delegation also criticised Japan for failing to offer to apologise for specific issues such as the use of Koreans from what is now the North as forced labourers in Japan as well as the use of women from the area as sex slaves for Japanese soldiers. In Beijing, Japan called for a compromise on the apology issue through, for example, drawing up a document based on a 1995 statement issued by Prime Minister Tomiichi Murayama. In the statement, Murayama expressed 'deep remorse and heartfelt apology' for the suffering and damage inflicted by Japan on other Asian nations before and during World War II. North Korea also refused to even discuss a key issue for Japan in the talks—its belief that at least ten Japanese were abducted by North Korean agents in seven cases in the 1970s and 1980s. Senior officials from Japan and North Korea held preparatory discussions in Beijing in January 2001 on a new round of normalisation negotiations, but no agreement was reached on when that should take place.⁴⁵

4.53 Japan welcomed the re-establishment of diplomatic ties between Australia and North Korea in 2000, which had been severed in 1975. It helped open up North Korea to the rest of the world, Foreign Minister Yohei Kono told his Australian counterpart, Alexander Downer at an APEC ministerial meeting in Brunei in November 2000. Both ministers also agreed to urge North Korea to become a responsible member of the international community'.⁴⁶

45 Hajime Izumi, 'Caution and patience are key to Japan-North Korea relations', *The Japan Times*, 9 January 2001; Hisane Masaki, 'Tokyo, Pyongyang in secret talks on links', *The Japan Times*, 7 February 2001

46 'Kono, Downer agree on policy', *The Japan Times*, 12 November 2000

South Korea and North Korea

4.54 Japan welcomed the progress made in the inter-Korean summit in June 2000. An easing of tensions on the Korean peninsula and a more cooperative approach by North Korea, if these areas of progress continue, are of direct benefit to Japan's security. Japan wants to see the progress on the peninsula matched by an improved relationship with a more cooperative North Korea.⁴⁷ Prime Minister Yoshiro Mori and South Korean President Kim Dae Jung reconfirmed at the APEC meeting in Brunei in November 2000 that they would cooperate with the United States to urge North Korea to improve ties with all three countries. Prime Minister Mori and President Kim reaffirmed the importance of the three exchanging information on North Korea: 'It is necessary to maintain contacts and cooperation so that relations between South Korea and North Korea, Japan and North Korea, and the United States and North Korea make progress while giving each other positive effects' President Kim said.⁴⁸

Russia and the southern Kurile Islands/Northern Territories

4.55 Japan's other major neighbour, Russia, is not seen as posing a major challenge to Japan's security, as the Soviet Union was. The end of the Cold War has opened up new avenues for cooperation. Since 1993, some progress has been made in negotiations over a possible agreement on the status of the southern Kurile islands—Kunashiri, Etorofu, Shikotan and the Habomai islets—seized by the Soviet Union in accordance with the Yalta Agreement in the last stages of World War II. The Soviet Union was not party to the 1951 San Francisco Peace Treaty, and the two neighbouring nations are in the anomalous position of being still technically at war more than half a century after the war's actual end. The territorial dispute is the sticking point. In article 2 of the San Francisco Treaty, Japan renounced sovereignty over all the Kurile Islands but subsequently claimed that the Northern Territories were not included in the renunciation.⁴⁹ The absence of a Russo-Japanese peace treaty remains a major obstacle to wider exchanges between the two nations. It also stands in the way of regional and international endeavours to promote peace and stability. The fact that a peace treaty has eluded the two nations for so long bespeaks the intractable nature of a territorial dispute that goes to the heart of national sovereignty. These matters have been subject to a number of head of government discussions in recent years but no resolution of these problems has yet been reached.

47 Victor D. Cha, 'The Roller Coaster of Expectations', *Comparative Connections*, 2nd Quarter 2000, p. 3

48 'Mori, Seoul's Kim reconfirm cooperation on North Korea', *The Japan Times*, 16 November 2000

49 In 1964 the Japanese Foreign Ministry issued a vice-ministerial circular stating that Etorofu and Kunashiri were not to be called the 'southern Kuriles' because this term was misleading, that these two islands were not included in the scope of the Kuriles relinquished under the 1951 San Francisco peace treaty, and that in the future it was desirable that the term 'Northern Territories' be employed (Hasegawa Tsuyoshi, 'Rethinking the Russo-Japanese Territorial Dispute', *Japan Echo*, vol. 22, no. 4, Winter 1995)

South East Asia

4.56 Japan's interest in South East Asia in the post-war era has been founded on the development of close and deep economic relations. Japan has given extensive aid to the region's states and trade and investment have also been substantial. In the mid to late 1980s, Japan's role in the region was expanded further by a 'second wave' of investment when a rising yen encouraged many Japanese manufacturers to move much of their production off-shore. According to the OECD, Japan is the largest single investor in Indonesia, Malaysia, and Thailand. At a conference in Tokyo in February 2000, ASEAN's Secretary General Rodolfo Severino said that Japan had accounted for 20 per cent of all net direct foreign investment flows into South East Asia from 1995 to 1999, and that ASEAN also estimated that from 1990 to 1998 Japanese companies invested \$US52 billion into the ASEAN countries.⁵⁰ Trade is also central to the relationship with Japan ranking as South East Asia's second largest partner after the US.

ASEAN

4.57 Japan has been a dialogue partner of ASEAN since the 1970s. Japan has also participated in the informal meetings which ASEAN has sponsored between the ASEAN members and the three major North East Asian states—Japan, China and South Korea—known as 'ASEAN plus 3'. This grouping is beginning to serve as another important venue for regional dialogue, for example, on ways to promote arrangements to prevent another regional financial crisis. In May 2000, representatives of the ASEAN 10, and Japan, China and South Korea came together at the sidelines of the annual Asian Development Bank meeting to discuss a plan which would involve networks of bilateral swap and repurchase agreements. The goal is to help participating economies avoid balance of payments crises by making emergency liquidity readily and easily available.⁵¹

Asian financial crisis

4.58 Given the extent of its relations with the region, Japan was highly concerned at the impact of the Asian financial crisis since July 1997. Japan's exports to the ASEAN members declined by 27 per cent in 1998 and ASEAN members' exports to Japan declined by 14.2 per cent. Japan has been very active in providing support to the countries most adversely affected by the financial crisis, with four out of five of those most affected being in the region (Indonesia, Malaysia, the Philippines and Thailand—South Korea was the other most affected economy). In October 1998, Japan launched the Miyazawa initiative, which provided \$US30 billion to help the

50 Marc Castellano, 'Rapid recovery in Southeast Asia strengthens Japan-ASEAN economic relations', *JEI Report*, 23 June 2000

51 Marc Castellano, 'Rapid recovery in Southeast Asia strengthens Japan-ASEAN economic relations', *JEI Report*, 23 June 2000

five worst affected economies. In the months that followed, Japan introduced additional measures to assist, including a \$5 billion special loan facility, and the \$10 billion Asian Growth and Recovery Initiative, a joint effort by Japan and the US to mobilise private sector financing. All of these measures were appreciated in South East Asia and have emphasised the importance of the relationship with Japan.⁵²

4.59 Since the onset of the Asian economic crisis, Japan has made clear it would actively assist, through a careful program, countries affected by the crisis. Japan has provided \$US42 billion to assist East Asia's recovery, both through IMF and bilateral programs. Japan remains the only country, apart from Australia, that has participated in all three IMF rescue packages. Indeed, the total value of Japan's assistance exceeds that of any other ODA country when all elements, including standby credits, special trade finance, and ODA packages are included. Since much of the assistance is trade-related, however, the timing and uptake of some of this assistance is uncertain, especially given falling trade trends.

Japan and Australia

4.60 Australia and Japan enjoy excellent political relations at all levels. Foreign Minister Alexander Downer has said, 'Japan is one of Australia's most important bilateral partners. We share many economic and strategic interests, especially in the Asia-Pacific region. The relationship is underpinned by a vast network of people-to-people links spanning the cultural, education, science, technology and sporting sectors.'⁵³

4.61 Foreign policy cooperation has been assisted by a careful process of institution building, such as the Australia-Japan Ministerial Committee (AJMC) meetings, held regularly since 1972; the various formal arrangements which have followed the 1957 Commerce Agreement, including the 1976 Basic Treaty of Friendship and Cooperation; the Science and Technology Agreement; and the 1974 Cultural Agreement. Some 20 different governmental committees meet regularly to discuss various aspects of Australia-Japan bilateral relationship. Both countries have cooperated closely in the area of non-proliferation and arms reduction, and continue to work together in tackling difficult tasks, which remain on this agenda.

4.62 The strength of the partnership with Japan was reflected in the May 1995 Joint Declaration of Prime Ministers Paul Keating and Ryutaro Hashimoto. The declaration described the relationship as of 'unprecedented quality' and stated that Japan welcomed Australia as an 'indispensable partner in regional affairs'. Australia's relationship with Japan clearly illustrates how far partnership and integration with a major country in the Asia Pacific region has gone, and is an asset in Australia's

52 Marc Castellano, 'Rapid recovery in Southeast Asia strengthens Japan-ASEAN economic relations', *JEI Report*, 23 June 2000

53 Minister for Foreign Affairs, Alexander Downer, 'Diplomatic Appointment: Ambassador to Japan', Media Release, 19 March 2001; 'Australia to replace envoy to Japan', *The Japan Times*, 21 March 2001

dealings with other regional countries. Ministerial visits in both directions occur frequently. Parliamentary links are strong, notably through the Japan–Australia Diet Members League, and delegations visit in both directions. The Department of Foreign Affairs and Trade’s Special Visitors Program is used to bring aspiring political figures and other decision–makers to Australia.

4.63 Regular AJMC meetings provide a valuable forum to exchange frank views and coordinate action on a wide range of bilateral, regional and international issues. Japan and Australia have held 14 ministerial meetings since the conference’s launch in 1972. At the 1997 AJMC (the last held to date), ministers endorsed the Australia–Japan Partnership Agenda, which covers cooperation in eighteen areas (*Appendix 5*). Professor Alan Rix has written:

The two countries enjoy in 1998 a relationship that is, quite literally, close, cooperative and constructive, as the 1995 Joint Declaration on the Australia–Japan Partnership and the 1997 Partnership Agenda between Australia and Japan attest in a very public fashion.⁵⁴

4.64 In 1997, agreement was reached to hold annual Prime Ministerial summits. During talks in Tokyo in May 2001, Foreign Ministers Makiko Tanaka and Alexander Downer agreed to hold a bilateral conference of foreign, trade, agriculture and finance ministers at an early date.⁵⁵

Recommendation

The Committee notes that the Australia–Japan Ministerial Committee (AJMC) has not met since 1997, and recommends that it meet as soon as practicable in the new Australian Parliament following the 2001 election.

4.65 Prime Minister John Howard has visited Japan four times since he took office as Prime Minister in 1996. In addition, a summit meeting with Prime Minister Yoshiro Mori was held on the occasion of the United Nations Millennium Summit in September 2000. These frequent exchanges between the Prime Ministers of Japan and Australia attest to the further closeness of the relationship between Japan and Australia as important partners in the Asia–Pacific region.

4.66 On 29 and 30 April 2001, the Australia–Japan Conference for the 21st Century was held in Sydney. At the Conference, experts in various fields from Japan and Australia exchanged views on the future of Japan–Australia relations in the 21st century. The objective of the Conference was for the Governments of Japan and Australia, business, media and academic circles, and other groups to seek out means to enhance cooperation in political, security, economic, cultural and social areas.

54 Alan Rix, *The Australia–Japan Political Alignment*, London, Routledge, 1999, p. 178

55 ‘Australia’s Downer urges Japan to help in East Timor’, *The Japan Times*, 29 May 2001

Strategic and security relations

4.67 A feature of the relationship is the growing depth of exchanges on shared foreign and trade policy concerns, notably the continuing problems in Indonesia, diplomatic initiatives towards East Timor (and earlier, Cambodia) and close consultation on policy approaches towards Burma. Australia and Japan are partners also in multilateral cooperation. Japan has given strong support for Australia's inclusion in Asia–Europe summit meetings. The growing strategic and security relations with Japan are underlined by the regular series of Australia–Japan Politico–Military and Military–Military talks.

4.68 At the global level, Australia and Japan are strong supporters of the UN system. Both seek an end to nuclear testing and the non–proliferation of weapons of mass destruction. Australia, as a significant player in the nuclear industry, is interested in the opportunity to participate and to contribute to nuclear safety and the habit of consultation on security issues in the region. On 14–15 May 2001, Australia and Japan co–hosted an international workshop in Geneva on a treaty to ban the production of fissile material for nuclear weapons.⁵⁶

4.69 Australia strongly supports Japan's bid for permanent membership of the United Nations Security Council, so that Japan can take a place reflecting its global political and economic standing.⁵⁷ Prime Minister John Howard stated in his address to the UN Millennium Summit in September 2000:

4.70 Australia endorses calls to expand the Security Council's permanent and non–permanent membership in line with today's realities and to improve the Council's effectiveness and authority. A better geographical spread is needed. In particular, Australia has been a long–standing supporter of permanent membership of the Security Council for Japan.⁵⁸

4.71 Australia's belief that Japan's admission as a permanent member of the Security Council should imply a readiness to accept all the obligations set out in the Charter of the United Nations, including those of chapters 6 and 7 of the Charter relating to peacekeeping and collective security.⁵⁹ The Japanese Government's announcement in September 2001 that it was considering sending troops to East Timor in 2002 as part of the UN's peacekeeping operations is evidence of Japan's determination to play its part in regional and global affairs.

56 Minister for Foreign Affairs, 'Australia and Japan to Host Workshop on Treaty Banning the Production of Fissile Material for Nuclear Weapons', Media Release, 8 May 2001

57 Alexander Downer, 'Australia and Japan: Cooperation in the Region', National Press Club, Tokyo, 6 June 1996

58 John Howard, 'Why the UN must change' (Prime Minister's address to the Millennium Summit), *The Australian*, 8 September 2000

59 'Australia's Downer urges Japan to help in East Timor', *The Japan Times*, 29 May 2001

4.72 Professor Alan Rix has written that Japan is a dominating constant in Australia's foreign policy. While there is direction and commitment to the political and economic relationship, it is nevertheless forged within a changing region and a world economy in which Japan's wider global interests will take precedence over those with Australia. Australia's policy continues to be that of moulding gently the contours of the relationship, setting modest goals to take account of continuing adjustments in Japan. The Japanese political scene is still undergoing fundamental change from the stable rule of the Liberal–Democratic Party to a multi–party, somewhat unstable system. The long–term implications of this are yet to be seen. Australia will be wise to avoid complacency about its foreign policy successes with Japan. Australia remains the minor partner, subject to the broader political, social and economic challenges facing Japan.

4.73 Professor Rix said that the post–Cold War readjustments have so far brought Australia and Japan into a closer, more comfortable relationship. They have recognised the need to become more cooperative, to seek regional partners and to identify their international supporters in a more uncertain environment. The future direction of APEC will affect the capacity of Australia and Japan to work together towards the goals of trade liberalisation. The Australian Government has affirmed its support of Japan's greater regional security role in North East Asia. Uncertainties about the future direction of China's regional ambitions (notably in the South China Sea), the outcome of political changes in the Korean peninsula and further economic and political integration in South East Asia leave Japan's role as a regional power unclear. Australia, however, has committed itself to a partnership with Japan, aligning its own interests with those of its senior partner. Japan's diplomatic future will have direct ramifications for Australia.⁶⁰

Broadening the base of the relationship

4.74 Japan has been Australia's most significant trading partner for three decades. While the relative weight of the economic relationship may decline somewhat over time, it will remain highly significant in absolute terms. Australia continues to be creative and successful in its export strategy towards Japan, and has made inroads into several niche markets in Japan. Australia's relations with Japan in many different facets, across economic, trade, security and defence and people–to–people links, will continue to expand in the foreseeable future. Japan is Australia's largest trading partner and the third largest foreign investor in Australia. It is in Australia's interests that Japan quickly revitalise its economy and put in place those changes that will ensure its return to sustainable economic growth. The challenges facing Japan in this respect cannot be underestimated. 'Japan today faces the greatest economic problems of any major economy since the Great Depression of the 1930s', according to Mr Ken Curtis, Vice–chairman for Asia at investment bank, Goldman Sachs.⁶¹ A strong and

60 Alan Rix, 'Australia and Japan', in F. A. Medianskv, *Australian foreign policy: into the new millennium*, Melbourne, Macmillan, 1997, pp. 197–211

61 'Japan faces fourth recession in 10 years', *AM*, 7 September 2001

confident Japan will remain a key partner for Australia in foreign and trade policy. On the eve of his visit to Tokyo in August 2001, Prime Minister Howard said that he hoped Mr Koizumi would pursue a strong reformist program because of Japan's position as the world's second greatest economy.⁶²

4.75 Australia's longer-term objective is to broaden the base of the relationship with Japan, moving out of the restricted export base dominated by raw materials and the junior diplomatic partner image. This has been expedited by a receptive Japanese Government, happy to find partners willing to support its stand against aggressive American trade pressure. This coalition of Australian and Japanese interests has also extended to the security and defence area, which similarly has witnessed more purposeful cooperation and the laying of a base for long-term defence alignment.⁶³

4.76 The Australia–Japan bilateral relationship features no significant tensions.⁶⁴ Both Australia and Japan are close and important allies of the United States, whose forward strategic presence contributes to its unique and central role in Asia–Pacific security. Australia recognises the Japan–US Security Treaty as being central to the stability of the whole region. Foreign Minister Downer has said: 'We support the measured path now being taken by Japan in relation to its own defence, in the context of the Japanese constitution, the US alliance, and with sensitivity to regional views.'⁶⁵

Recommendation

The Committee recommends that the Australian Government take all practicable steps to increase dialogue at all levels between Australia and Japan to develop further the close bonds between our two countries.

62 Transcript of the Prime Minister, The Hon John Howard MP, National Press Club, Q&A, 1 August 2001

63 Alan Rix, 'Australia and Japan', in F. A. Mediansky, *Australian foreign policy: into the new millennium*, Melbourne, Macmillan, 1997, pp. 197–211

64 'Foreign Policy and Security Cooperation within the Australia–Japan Partnership', The Hon Andrew Thomson, MP, Parliamentary Secretary to the Minister for Foreign Affairs, address to the Symposium on Australia–Japan Relations, Canberra, 27 May 1997

65 Alexander Downer, 'Australia and Japan: Cooperation in the Region', National Press Club, Tokyo, 6 June 1996

