

Outlines of Discussions

The Japan Forum on International Relations (JFIR) and the Ministry of Foreign Affairs of Japan co-sponsored an international symposium titled “Japan and Europe: Creating Together a Better Future – Rule-Based and Prosperous” in Tokyo on November 21, 2014.

The symposium, which had 105 participants in total, featured lively discussion among the experts in attendance. The symposium began with the “Opening Remarks” followed by the three sessions.

Opening Remarks

(1) UTO Takashi, Parliamentary Vice-Minister for Foreign Affairs of Japan

Japan and Europe are important partners that share fundamental values and principles and have significant presence in the international community. The significance of Europe in Japan’s diplomacy will never change. Japan is making efforts to contribute even more proactively to the peace and stability of the region and the international community under the policy of “Proactive Contribution to Peace” based on the principle of international cooperation. Europe is one of the most reliable partners for Japan in putting “Proactive Contribution to Peace” into practice. Security cooperation between Japan and Europe is progressing not only in the form of verbal commitments but also through concrete action. In the economic field, the “three arrows” of Abenomics are steadily producing significant outcomes. On the occasion of this symposium, I hope that open and vigorous ideas will be presented concerning the future that Japan and Europe should aim for together and for tangible measures of cooperation toward that end. Moreover, I hope that the seven opinion leaders from Europe participating in this symposium will disseminate the outcomes of the meeting and serve as bridges for mutual understanding between Japan and Europe.

(2) Jonathan HATWELL, Deputy Head of EU Delegation to Japan

Japan is a strategic partner for the EU. Our relationship is very positive and has reached a critical phase. Negotiations over a Free Trade Agreement (FTA) have already started between Japan and the EU. Negotiations are also under way between both parties over a Japan-EU Strategic Partnership Agreement, aimed at enhancing cooperation in

various fields such as the environment, education, science and technology, and development. When I was responsible for Japan-EU relations, I often heard the phrase “untapped potential.” The phrase, which refers to the potential expected from a possible advancement of Japan-EU relations, indicates that there are still fields of mutual cooperation that have yet to be exploited. It has been said that although both Japan and Europe hold great influence in the world, there are many fields where increased mutual cooperation is possible. There are still many areas in which Japan and the EU should join forces in working on, including concluding an FTA and a Strategic Partnership Agreement. During this visit to Japan, my first in two years, I strongly felt that efforts to tap “the untapped potential” of Japan-EU ties have been advancing. I hope that today’s discussions will further promote dialogue between Japan and Europe.

(3) ITO Kenichi, President of JFIR

It is my great pleasure that an international symposium titled “Japan and Europe: Creating Together a Better Future – Rule-Based and Prosperous” is being held today under the co-sponsorship of the Japan Forum on International Relations (JFIR) and the Ministry of Foreign Affairs. Yesterday, I was invited by EU Ambassador to Japan Viorel ISTICIOAIA-BUDURA, who took up his post recently, to his official residence and exchanged views on various issues for two hours over lunch. According to the ambassador, he participated in a JFIR-sponsored international symposium held in Europe more than 10 years ago and was much impressed with what was discussed there. Since then, he noted that he has been paying attention to what the JFIR conveys to the world. What I discussed with the ambassador yesterday apparently anticipated what is being discussed today at the international symposium. As a leading Japanese think tank, the JFIR has accumulated results through years of dialogue, not only with Europe but also with the United States, China, and other Asian countries. I am convinced that dialogue at today’s symposium will provide us with great opportunities to demonstrate the wisdom of Japan and Europe to the rest of the world.

Session I: “East Asian Situation – Actual Environment and Challenges”

1. Presentations

(1) SOEYA Yoshihide, Professor of Keio University

China has gained a prominent economic rise under the liberal international order

established by Japan, Europe, and the United States. For China's economic growth to continue, the country needs to conduct its economic policy under this order. However, recently China has been assertive and outspoken in various fields, occasionally in terms of its military strength as well. China's seemingly conflicting behaviors between the economic and military fronts can be understood by deepening our insight into the "New Type of Major Power Relations," a concept proposed by Chinese President Xi Jinping. The proposed relations have two dimensions—a global dimension and an Asia-Pacific dimension. Under the global dimension, China basically pursues coexistence while repeating various "challenges" from within. Under the Asia-Pacific dimension, "China, the strong power" attitude has been prevalent among Chinese people, with many of them saying recently that a strong China at the center of Asia is the normal situation of Asia. Combined with a sense of humiliation that has been felt by China during its modern history since the Opium Wars, Chinese people apparently have come to have a sense that China's territorial claims in the South China Sea and the Senkaku Islands in the East China Sea are "doing justice to history." Thus, the legitimacy that supports Japan's claims is basically based on modern-era international law and politics, while the legitimacy that backs China's claim is based on the belief that the Senkakus have belonged to China since ancient times. Logically speaking, therefore, behind this gap is paradigm collision. In that sense, China will not give up laying claim to the Senkakus. This stance is basically in line with China's strategy of sparing no efforts to gradually create an Asia-Pacific region controlled by China in the long run. While the issue of the Senkakus is a security issue for Japan in the immediate future, over the long run, it is a strategic issue that requires a long-term thinking where Japan also needs to carefully monitor possible changes inside China.

(2) MICHISHITA Narushige, Professor of National Graduate Institute for Policy Studies (GRIPS)

Defense spending increased by 12% in the past 10 years in the United States and decreased by 0.2% in Japan. Spending by China grew at a much higher 170%, highlighting the country's rapid military buildup over the past decade. China has forged the Anti-Access/Area Denial (A2/AD) strategy. By drawing the first island chain and the second island chain, the strategy aims at disrupting U.S. power projection into the Asia-Pacific region. Japan's response to changes in the strategic environment surrounding the country has three purposes: 1) maintenance of the current balance of power in the Asia-Pacific region; 2) preventing hardliners from occupying a dominant position within the Chinese

leadership; and 3) supporting peaceful rise of China. To better serve these purposes, Japan is drawing up a strategy composed of three major pillars. The first pillar calls for Japan to enhance effectiveness of its defense policy. Despite serious budgetary constraints, Japan is working on strengthening the process of formulating its security policy by creating a National Security Council (NSC). Japan is moving away from the isolation from the international arms market by lifting a ban on weapons exports, and joint development and production of arms with foreign countries. By enabling exercising of the right of collective self-defense, Japan will be able to conduct a full-fledged joint military training and exercises with foreign countries, and increase commitment to the security cooperation in the Asia-Pacific region. The second pillar is reinforcement of the U.S.-Japan alliance. By reviewing the guidelines of U.S.-Japan defense cooperation, Japan is sharing larger roles and missions to better deal with the newly emerging strategic environment. The third pillar is strengthening security ties with South Korea, Australia, India, and Southeast Asian countries. Since the United States and Japan alone cannot keep competing with China, Japan is stepping up cooperation with other countries in the region and working on maintaining balance of power there.

(3) KIMURA Fukunari, Professor of Keio University

China has become an important economic power. However, its economic systems sometimes deviate from those adopted under international rules. How China is to be incorporated into international rules in such fields as protection of intellectual property rights, ensuring of fair competition under competition law, environmental protection, and dispute settlement mechanisms is a challenge for the global community. TPP is a veiled agenda for China. Free trade and international rules are a suggestive benchmark for China as ASEAN has become a very important region both as a market and a production base given its planned creation of the ASEAN Economic Community (AEC) by the end of 2015. Some critics say that transforming ASEAN into a single market and a single production base is difficult in view of significant economic gaps between ASEAN countries. However, in goods trade, tariffs have been abolished on almost all items for its six forerunners, leaving services trade and investment as areas where liberalization has yet to be achieved. Whether regional integration can be maintained in 2015 or after is an important element for Japan. China has embarked on various projects for infrastructure development, including the creation of the New Development Bank led by China and other BRICs countries, the planned establishment of Asian Infrastructure Investment Bank (AIIB), and the Silk Road

Concept. Japan should fully utilize the proposed Economic Partnership Agreement (EPA) with the EU while recognizing that it can play a certain role in building an international order in East Asia.

2. Comment

(1) Patrick KOELLNER, Director of GIGA Institute of Asian Studies

It will become necessary for Japan to push for structural reform of the economic sector with an eye toward concluding TPP negotiations. Crucially important for Japan to attain that goal is how it can proceed with the “third arrow” of Abenomics—structural reform, deregulation drive, and market opening. Steps being taken by the Japanese government under its security policy are moving in the right direction, including the establishment of the National Security Council (NSC) and enhanced cooperation with regional partners on exercising the right to collective self-defense. However, global concern remains as to whether Japan is facing its past squarely. The point is not whether or not Japan has sufficiently apologized for its past aggression but whether or not Japan has done so in a sincere manner. For genuine reconciliation to be reached in Asia, all countries in the region, including Japan, should take appropriate steps.

Session II: “Abe Administration – Assessment of Its Political and Economic Policy”

1. Presentations

(1) NAKANISHI Hiroshi, Professor of Kyoto University Graduate School

The second Abe administration so far has two stages. The first period is between December 2012 and August 2014, which I call Chapter 1. What the Abe administration pursued during this chapter was to send a message to the world that “Japan Is Back.” The message had the relatively simple purpose of regaining and increasing Japan’s presence in world politics following six short-lived administrations lasting only about one year, during which Japan’s presence in the world was reduced to almost zero. Along with emphasizing the success of Abenomics policies, on the diplomatic and security fronts, the administration repeatedly told the global community that Japan is a major player in the world and willing to participate in building and upholding international order—on the strength of three major pillars of diplomacy: “proactive contribution to peace”; “diplomacy that takes a panoramic perspective of the world map”; and “value-oriented diplomacy.”

The second period of the current Abe administration, which I call Chapter 2, started in August 2014. Compared to Chapter 1, the situations in Chapter 2 has become much more complex due to a host of factors—the restart of the investigation by North Korea into the abduction issue and its suspension; the stall in Japan’s diplomacy toward Russia amid the Ukraine crisis; China and South Korea still not high on agenda in Abe’s busy travel schedule; and a delay in the review of the Japan-U.S. defense cooperation guidelines in the face of strong opposition from the opposition camp and an abrupt Diet dissolution for a snap House of Representatives election. 70th anniversary of the war in 2015 as well as increasing instability in the Middle East are also factors complicating Abe’s diplomacy.

(2) ITOH Motoshige, Professor of Graduate School of the University of Tokyo

The policies of Abenomics have brought about a significant change in the Japanese economy. Perhaps the most important element of Abenomics is its goal of ending deflation, which would have a long-term impact on the economy. Purchases by the Bank of Japan (BOJ) of massive amounts of long-term government bonds mean significant central bank involvement, leading to a money supply increase. Such BOJ purchases of these long-term bonds are very useful when the risks of the European economy’s “Japanification” are weighed. Under the BOJ’s monetary policy, Japan’s real interest rate has fallen by 3.5%, a dramatic rate decrease that has just occurred. What is important is how the Japanese economy will change in the next year and coming two or three years under this monetary policy.

The Abenomics’ “third arrow” has been drawing attention as the next step following the end of this monetary policy. The Japanese government calls the “third arrow” a growth strategy aimed at spurring private-sector investment. This strategy will have an impact not only on supply-side policy but also on demand-side policy, which is very important when it comes to thinking about how to revive the Japanese economy next year or the year after next. Reflecting assets accumulated during deflation in economic activities is important.

Social security reform matters more than tax reform when it comes to rebuilding our finances. This is because a 2 percentage point hike in the consumption tax rate increases tax revenue by 5 trillion yen while social security costs increases by 1 trillion yen every year. What will be important for the second stage of Abenomics are promotion of the growth strategy and how to drive social security reforms.

(3) FUKUSHIMA Akiko, Senior Fellow of the Tokyo Foundation

Some reports compiled by overseas think tanks have pointed out that a “quiet revolution” has been occurring in Japan’s foreign policy. Other reports mention that the Abe government’s diplomatic and security policies are aimed at promoting Japan’s departure from postwar pacifism. However, Japan’s foreign policy has been consistent and continuous since the end of World War II, having adapted to the regional and global situations of the times. On February 4, 1951, just before assuming premiership, then Foreign Minister Nobusuke Kishi announced three major pillars of Japan’s foreign policy in a speech delivered to the Diet. The three pillars—United Nations-oriented diplomacy, cooperation with the Western Bloc, and the policy of Japan maintaining its position as an Asian member—have continued seamlessly over the past 70 years since the end of the war. The Abe administration’s eagerness to take part in UN peacekeeping operations, disaster relief preparedness, and other endeavors reflects Japan’s U.N.-oriented foreign policy. Under the “diplomacy that takes a panoramic perspective of the world map,” On the second pillar, Japan has attached importance to promoting cooperation with the United States and now with other nations who shares common values and objectives. Promotion of collaborative ties with multi-layered regional organizations in Asia is in line with Japan’s policy of maintaining its position as an Asian member.

One example of Japan having adapted to regional or international situations after the end of the war concerns “international cooperation.” Japan’s Official Development Assistance (ODA), for example, has reached the stage of qualitative improvement in the face of the 70th anniversary of the war’s end. Japan’s ODA had previously focused on economic development assistance during its initial stage. However, the scope of assistance has now diversified, spreading to peace-building support, assistance for establishing governance, and humanitarian aid. In addition, not only the Japanese government but also business corporations and citizens have acted together as donors to fragile states. Japan’s comprehensive approach in its ODA policy is called the “All-Japan Approach.” Japan’s overall ODA policy has basically continued seamlessly but some changes have also been observed, helping expand the potential of Japan-Europe cooperation driven not just by fanfares but backed by real effects. The question is to what extent both parties are serious about taking advantage of such potential.

Japan is also responding to Asian security environment by enhancing its deterrence capability to maintain peace and stability.

2. Comments

(1) Ruth HENIG, Member of the House of Lords, Britain

According to some economists who are members of the House of Lords, Abenomics is the most appropriate path for addressing economic issues in Japan, but dealing with issues associated with structural reform, such as tariff and nontariff barriers, and relaxation of labor-market regulations, is difficult under such economic policy. As in the case of Japan, Britain has been saddled with a host of similar problems, including economic stagnation, budget deficits, and the aging of society. Given the prospect that European countries, including Britain, will follow the path taken by Japan, we are keeping a close watch on economic developments in Japan. We hope that Abenomics will produce its intended results and become a model for Britain when it conducts its economic policy.

On the diplomatic and security policies of the Abe administration, I have come to recognize that their foreign policy is very active. The Abe administration is trying to normalize the role to be played by Japan on the security front in the global community. This is very welcoming. However, the government may need to take a cautious approach in driving reform in view of complex foreign-policy issues surrounding Japan, such as its perception of history, and the rise of China.

(2) Felix ARTEAGA, Senior Analyst for Security and Defense at the Elcano Royal Institute, Spain

Europe's current security strategy was formulated in 2003. However, tangible results have not been produced under this strategy. I am wondering if there is any way of reviewing this strategy to make it more effective. In the future, procurement of defense equipment is likely to be determined more by budgetary factors than by defense needs. As a result, the technologies being used for national defense are likely to change dramatically. Given that attempts to establish an international security framework employing a multilateral security organization have failed, it is necessary to build our own networks to address security issues. Further, I would like to point out that changes are taking place in the world regarding "strategic cultures." Among newer generations may be those who are unfamiliar with historic events such as the Cold War, World War II, and the Berlin Wall. As the number of such people increases, the general public's perception of exercising military force will change, making it difficult for government leaders to give a higher priority to defense in policy-making.

(3) Claude MEYER, Associate Professor of the Institut d'Etudes Politiques de Paris

According to the presentations made earlier, the problems facing Japan are very similar to those facing Europe, France in particular. Therefore, I would like to make some comparisons between Japan and Europe. Firstly, the Bank of Japan (BOJ) has been injecting a massive amount of liquidity into the market as a means of spurring corporate investment. This step can be compared to the quantitative easing undertaken by the European Central Bank (ECB). On the tax front, France has raised its value-added tax (VAT) rate in the past three years, a step that can be compared to the increase in Japan's consumption tax rate. In addition, the yen's weakness is comparable to the euro's weak trend. Structural reform measures like those proposed under the "third arrow" of Abenomics policy are also necessary in France to stimulate private-sector investment and personal spending. However, moves to drive such reform have been opposed by people with vested interests. In France, the reform schedule has been strictly managed by the European Commission (EC) as a way to help resolve the problems standing in the way of implementation.

Wrap-Up Session; "Japan-Europe Cooperation – What are Their Respective Mutual Advantages and How Should We Use Them for a Better Future?"

1. Presentations

(1) Fraser CAMERON, Director of the EU-Asia Centre

Japan and Europe have much in common in the field of security. However, there are also differences. For example, such issues as the promotion of democracy, the stance on the Geneva Conventions, and human rights issues in Myanmar are prioritized differently by Japan and Europe. Generally, Japan appears oriented toward the United States. In Japan-Europe cooperation, various statements and documents have been issued under the strategic partnership framework. However, substantial progress has not been seen in terms of their relations.

I think there are areas where Japan and Europe can build relationships of mutual cooperation. Gender quality, joint cooperation toward Africa, global issues, and energy issues are among those areas.

(2) WATANABE Hirotaka, Professor of Graduate School of the Tokyo University of Foreign Studies

During his trip to Europe this year, Prime Minister Abe cited five areas where Japan and Europe can link up and strengthen cooperation. What is important for Japan is to become a country which can win trust from European people as a reliable political partner or player. The question here is how to actively send a message to the world as such a country. Japan should have its own global diplomatic wisdom and views. It is only when Japan has become such a country that it can really build relations of mutual understanding with Europe and their relations can grow further. How Japan positions Europe as a connecting point and how it can build diplomatic ties with the region for the betterment of both parties are being tested. A difficult part of Japan building its relations with the European Union (EU) is how Japan can connect such multilateral relations with its bilateral ties with EU members such as France, Germany, and Britain. Unless what Japan pursues in its bilateral ties with EU members is clarified, the country's overall relationship with the EU will lack focus.

(3) Luis SIMON, Research Professor of the Institute for European Studies, Vrije Universiteit Brussels

One fundamental question European people have about security cooperation between Japan and Europe is simply why they should commit themselves to Asian security. European security experts say that Europe should limit security efforts to East European issues such as the Ukraine crisis, African issues, and issues in the Mediterranean Sea. However, Asia's regional stability, especially stability in the sea lane linking the Indian Ocean with the Pacific Ocean, has become an important factor that may affect Europe's economic interests, against the background of Asia's economic rise and its geopolitical expansion. For Europe to exert its political and economic influence in Asia, it should have a diplomatic and strategic presence in the region. How Europe moves strategically in Asia will affect its security interests because China's Anti-Access/Area Denial (A2/AD) strategy, for example, covers a wide area from the Indian Ocean to the North Pole.

For Japan and Europe to promote security cooperation, they must first share information on the Asia-Pacific security situation. Establishing communication channels between their respective governments, societies, and academics is important for both parties.

(4) TSURUOKA Michito, Senior Fellow at the National Institute for Defense Studies (NIDS)

Two points are important in terms of assessing relations between Japan and Europe. First, there is a challenge regarding how we can raise people's awareness about what has already taking place between Japan and Europe, not only in trade and economy, but in the security and defence fields. While security and defence, including operational cooperation has already been taking place, few people outside the small circle of officials and experts who are working on Japan-Europe relations on a daily basis know what we are doing. Second, in thinking about strengthening Japan-Europe cooperation, what is significant to understand is that cooperation as such is not an end in itself, but only a means of achieving something between Japan and Europe. Therefore, we need to focus more on what is to be attained or what we are aiming for through the strengthening of cooperation. One possible goal in defence matters is the enhancement of interoperability between Japanese and European forces. They have already cooperated in Iraq and in the waters off Somalia for counter-piracy operations and are highly likely to cooperate on the ground for international missions.

Another areas Japan and Europe could make a difference are those where the leadership by advanced democracies is still needed and international norms and rule have yet to be established: cyber security and outer space are cases in point.

(5) Marie SODERBERG, Director of the European Institute of Japanese Studies

Japan and Europe should cooperate not only on the defense front but also from the viewpoint of maintaining peace. The nature of security surrounding the global community has changed in recent times. Military exercises are not the only way of maintaining peace. Equally important is supporting conflict-stricken or post-conflict countries on non-military fronts. If no action is taken for such fragile countries, a conflict that started regionally may develop into a global conflict. Both Japan and the EU should consider security from the viewpoint of development. Their security cooperation should start with human security. At a time when Japan marks the 60th anniversary of the launch of its ODA, there are various forms of assisting other countries, such as post-disaster reconstruction and provision of health and medical services.

(JFIR secretariat is responsible for this summary.)