

### **37th Japan Cooperation Forum for the Middle East**

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On August 27 and 28, I had the opportunity to take part in the 37th Japan Cooperation Forum for the Middle East in Doha, Qatar. The forum, sponsored by the Japan Cooperation Center for the Middle East, is one of the largest-scale historic conferences focusing on Middle East problems in Japan. Nearly 300 people attended the meeting, including Japanese government officials, Japanese ambassadors to major Middle East countries, experts on the Middle East, and Japanese businesspersons stationed in the Middle East and North Africa.

The meeting began with an opening address by the center's Chairman, Hiroshi Okuda, followed by a remark by Abdullah bin Hamad Al Attiyah, chairman of Qatar's Administrative Control and Transparency Authority, who was invited to the gathering as guest. Others making speeches included Hideichi Okada, Japanese Vice Minister of Economy, Trade and Industry for international affairs, Masayuki Yamauchi, professor emeritus at the University of Tokyo, Edmund O'Sullivan, chairman of MEED, Jitsuro Terashima, chairman of the Japan Research Institute, and Yuzo Waki, executive officer of Nikkei Inc. In addition, Japanese ambassadors to Middle Eastern countries made reports along with officials from Japanese government agencies such as the Japan External Trade Organization, the Japan Bank for International Cooperation, Nippon Export and Investment Insurance, the Japan International Cooperation Agency and the Japan Oil, Gas and Metals National Corporation. Enriching reports, and questions and answers were made on a wide range of topics. I also had an opportunity to deliver a speech on the international energy situation and Japan's energy policy challenges. In the following, I would like to discuss key points that impressed me through the conference:

First, participants reaffirmed the importance of the Middle East. Among energy sources, the Middle East accounts for 48% of the world's total proven recoverable oil reserves and 38% of the total proven recoverable gas reserves. It is the most resource-rich region in the world. It is also the world's largest oil and liquefied natural gas exporter, capturing 36% of global oil exports and 39% of global LNG exports. Backed by rich resources, the Middle East has sufficient capacity to meet future global energy demand increase. The fate of oil and natural gas development, production and exports in the Middle East can influence the international energy situation. The Middle East has grown even more important as an energy supply base for Japan that has increased its dependence on

fossil fuels since the March 2011 Great East Japan Earthquake. Its importance is not limited to the energy area. Backed by a growing population and high economic growth, the Middle East and North Africa have attracted global attention with their great market potential surpassing that of the Association of Southeast Asian Nations. Many reports at the conference pointed to great development potentials and relevant business opportunities regarding infrastructure development, industrial diversification and human development in addition to energy-related businesses.

Second, conference participants, while citing the importance of and future expectations on the Middle East from various angles, pointed to various challenges or problems regarding the realization of these expectations. Among Middle East problems that have been complicated and difficult, conference participants focused on geopolitical risk problems involving the Arab Spring movements and the Iran problem in view of recent developments. On the increasingly troubled Syrian situation in connection with the Arab Spring movements, one participant said that it would be important to analyze the structure of the new Middle East order and new cold war based on the historical context of Syria and that the Syrian situation may grow even more complicated while involving the United States, Russia and China as well as Syria's Arab neighbors and Turkey, Iran and Israel in the region. Regarding the Iranian situation, conference participants expressed their concerns and proposed questions and answers over some emergency and its impact on oil and gas exports. Given that no one would like to see interruptions to safe passage through the Hormuz Straits, such interruptions are unlikely as far as relevant players take rational and reasonable actions or choices, one participant said. But another said that as far as the possibility of such interruptions cannot be eliminated as a risk, everyone should consider the grave impact of an emergency.

Third, conference participants pointed out that Middle Eastern countries have their respective and common social and institutional problems which are expected to impede growth and development despite the region's generally high growth and development potentials, and that these countries, though having made efforts to address these problems, still have a long way to go in terms of resolving them. As the importance of human development as the key to supporting social development has growingly been recognized in the Middle East, the key term indicating the region's needs has recently shifted from "direct investment and technology transfer" to "knowledge transfer," one participant said, describing the shift as symbolic. Middle East countries have given priority anew to economic diversification, advancement and industrialization for sustainable development to shift away from a monoculture economy dependent on oil and gas. Important in this respect are the expansion and enhancement of human development through education including not only advanced education covering universities and graduate schools but also primary and secondary education.

Fourth, conference participants questioned how the Middle East would be positioned in the world that is changing more rapidly in comparison thereto. A representative problem in this respect is the implication of a new situation where the United States is fast going in the direction of self-sufficiency in energy through the expanded development of shale gas and oil resources. The

United States has had close relations with and strong influences on politics, economy and society in the Middle East. Attracting interest in this respect is a view that the United States' shift to self-sufficiency in energy could affect its engagement and relationship with the Middle East in various areas including not only energy trade but also the geopolitical environment, security and regional order. Meanwhile, the Middle East and Asia are now destined to further deepen their interdependence in energy trade. This point may attract attention in regard to international politics and geopolitics.

Fifth, it was important for conference participants to be given opportunities to deeply consider what Japan can and should do for the Middle East based on the abovementioned points. The things that the government, the business sector and experts can and should do are different. In the business world, particularly, competition for opportunities is dominant. Given the importance, complexity and dramatic changes of the Middle East, however, we may need to consider what Japan as a whole should do for the region. Especially, it may become more important for us to find out what the Middle East really wants and what the region wants Japan to do and work out approaches or frameworks where Japan as a whole can maximize its strength.

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