

Japan at a Crossroad in the World

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The annual Group of Eight summit will take place in Deauville, France, on May 26 and 27, following a Japan-China-South Korea summit in Japan on May 21 and 22. The Japanese, Chinese and South Korean leaders are scheduled to visit the Tohoku region including Fukushima City and some areas devastated by the March 11 Great East Japan Earthquake, after their meeting in Tokyo. These major diplomatic conferences are well expected to focus on nuclear power generation and other energy problems while dealing with various other major topics. At these conferences, Japan's present and future visions and policies are expected to attract global attention as the greatest matter of concern.

Japan's presence in the world had been persistently declining until recently. While Japan had remained in a prolonged economic stagnation or slowdown since the 1990s, China and other emerging countries had been rapidly expanding their influences in all areas including international politics and economy. The expansion had accelerated even further over the recent years. As a result, Japan's presence in international politics, the world economy and the international energy situation had apparently declined to a degree disproportionate to its real strength. Even after being replaced by China as the second largest economy in the world last year, Japan has still maintained its position as the third largest.

March 11 provided a turning point for the environment and situation surrounding Japan and the world. The Great East Japan Earthquake killed or left missing about 25,000 people and inflicted great economic and social damage on Japan, coming as one of the greatest shocks to the world. Under this terrible situation, disaster-struck people have fought against hardships while expanding self and mutual support and maintaining social order. Their efforts have become subject to global commendation and respect, leading the international community, including from the United States and other foreign industrial countries to developing nations, to provide unprecedentedly great assistance to Japan. The disaster hit key portions of Japan's manufacturing industries, causing

bottlenecks for automobile and other industries in the world. This demonstrated that Japan has held the key to supply chains for the world's industrial society. Through these developments, the world has apparently reaffirmed Japan's significance and its position in the international community.

Furthermore, Japan's significance in the energy area has attracted growing attention since March 11, as the disaster has shaken the fundamental energy system of Japan, as the world's third-largest oil consumer/importer and biggest LNG importer, and exerted a ripple effect on the international energy market. In "A Japanese Perspective on the International Energy Landscape (41)" on April 28, I estimated Japan's additional energy demand under the impact of the disaster at 110,000 to 140,000 barrels per day in oil and 6.2 million to 8.9 million tons in LNG for FY2011. Given the suspension of the Hamaoka nuclear power station and other developments since then, I may have to revise the estimates upward to 120,000 to 150,000 bpd in oil and 9.9 million to 12.2 million tons in LNG. The additional LNG demand amounts to nearly 20% of Japan's total LNG demand, which is the largest in the world.

Japan's nuclear power plant problem, which has led to the additional energy demand, is also significant. Japan features the world's third largest nuclear power generation capacity after the United States and France and is positioned to lead the world as an advanced nuclear technology country. The serious nuclear plant accident in a country in such position has exerted a global impact on the future of nuclear power generation that is significant for energy security and global warming prevention and has been expected to play a significant role.

While Japan's significance has been reaffirmed, however, media reports have indicated growing critical views overseas against crisis management after the disaster, transparency and timeliness of information and messages sharing, leadership for forming national consensus, measures and visions for the immediate future, and specific plans in Japan. At a time when Japan's presence has increased to an unprecedented degree even as a result of the tragic disaster, how Japan responds to overseas attention and concern is very significant for Japan's reconstruction and its future.

At the two diplomatic conferences cited at the outset and other bilateral and multilateral talks, Japan is expected to offer its determination and vision for its reconstruction and a reasonable, realistic roadmap for the implementation of the vision. As far as the energy and nuclear power generation problems are the key for the vision, the preparation and implementation of domestic and international strategies for Japan's future target energy system represent the most important challenge for the nation. The world might likely have understood this point. The United States as Japan's ally, France as the G8 summit host, Northeast Asian countries like China and South Korea,

Russia and Middle Eastern oil/gas producing countries offering energy cooperation for Japan, and Asia-Pacific countries such as Southeast Asia and Australia may be deeply interested in what strategies Japan would come up with. Under such situation, Japan must collect the wisdom of its people and make maximum efforts to develop and implement the best strategies. Through such Japanese efforts, the world may look at Japan in a different way. If the world is disappointed with Japan's future performances, it may have grave implications for Japan.

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