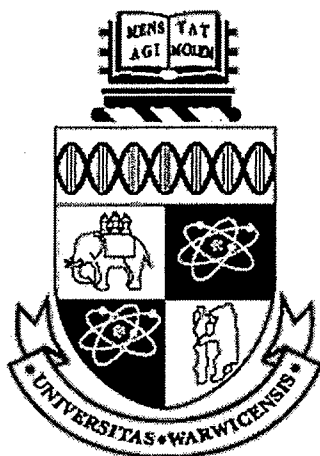


**THE UNIVERSITY OF WARWICK**



**'A CRITICAL INVESTIGATION OF LINKS BETWEEN  
JAPAN'S ENERGY REQUIREMENTS ,ENERGY POLICY AND  
FOREIGN POLICY'**

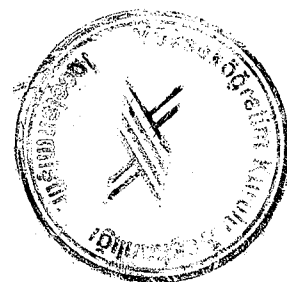
by **RADIYE FUNDA ÇAMKIRAN**

**This dissertation is submitted for the degree of Master of Arts (MA) in  
International Relations**

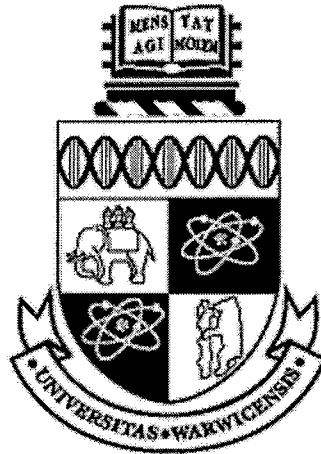
**Department of Politics and International Relations**

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## ABSTRACT

Japan ,being the world's largest energy consumer and the second largest energy importer after the USA, is one of the important player in the world energy market . Despite its dependency on the imported resources of energy , in the post - war period Japan managed to recover from the effects of the World War II on its economy and become an economic power a decade after the war. Hence , ensuring economic growth became one of the top priorities in post-war Japanese foreign and domestic policy .

In the aftermath of the oil crisis of 1970s Japan realized how vulnerable its economy to the disruptions of supply of energy and thus , Japanese decision makers developed comprehensive security concept which put emphasis on providing Japanese energy security . In line with this notion , Japan engaged in resource diplomacy which affected Japanese course of foreign policy .

The main research puzzle of the dissertation is to discuss to what extent Japanese energy policy to provide energy security affect Japanese foreign policy. In addition , the dissertation addresses whether Japanese energy security concerns make it keep dependency on the USA or necessitate it to follow independent policies from the USA. Lastly , the dissertation addresses whether the affect of Japanese needs on foreign policy leads it to pursue aggressive policies or engage in cooperation.

The dissertation concludes that there is a clear interdependence between energy policy and foreign policy . It can be claimed that Japanese foreign policy in the Middle East and toward Indonesia are mainly influenced by its energy needs . However an examination of Japanese foreign policy with other important actors in the energy field such as China and Russia shows that decisionmaking mechanism is

driven by a complex interplay of political , diplomatic and economic factors rather than being affected only by energy security considerations. The dissertation asserts that although Japan follows independent policies from the USA in its relations with the energy suppliers, it still dependent on the USA to protect its supply routes of energy. In addition, it is claimed that the interdependence between Japanese energy policy and foreign policy makes it engage in cooperation on bilateral and multilateral basis.

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## 1. INTRODUCTION

As a country having no domestic sources of energy, Japan has to rely on 80 % of its energy needs on foreign resources. As witnessed in Japanese expansionist policies in the World War II and during industrial policies of 1970s and 1980s , providing energy resources is an important part of Japanese foreign and domestic policy .<sup>1</sup>

Japanese need for energy gave rise to Japanese attack on Pearl Harbour during the World War II<sup>2</sup>, which in turn destructed Japanese economy. However Japan had created a ‘miracle’<sup>3</sup> from this destructed economy by becoming an economic power after a decade of the war. But this miracle came true by relying on the imported sources of energy which made Japan vulnerable to any disruptions in the flow of energy. It can be asserted that despite this vulnerability of Japan , it succeeded in maintaining its economic growth . There lies at the behind of this success Japan’s well defined energy policy and its management.

The aim of this dissertation is threefold. Firstly it reveals to what extent energy policy of Japan affect its foreign policy . In other words , it searches whether there exist an interdependence between energy needs of Japan and its foreign policy by analysing whether energy policies of Japan dictates its foreign policy choices or general course of foreign policy influences energy policy .

Secondly, the dissertation aims to provide answer to the question how the interdependence between Japanese energy policy and foreign policy affect its

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<sup>1</sup> The James Baker Institute for Public Policy of Rice University , *Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan’s Evolving Leadership Role in the Region*, Working Papers, May 2000, p.3 available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>, accessed in July,2004

<sup>2</sup> Robert L. Pfaltzgraff, *Energy Issues and Alliance Relationships: The United States, Western Europe and Japan*(Institute for Foreign Policy Analysis) ,p.15

<sup>3</sup> Akao Nobutoshi, *Japan’s Economic Security : Resources As a Factor in Foreign Policy* ( Hampshire: Gower, 1983),p.2.

relation with the USA in the sense that whether energy needs necessitate Japan's continuing dependency on the USA or whether the energy policy of Japan dictates Japan to follow independent policies from the USA .

Thirdly, the dissertation aims to present the consequence of the interdependence between Japanese energy needs and foreign policy in the sense that whether the affect of energy needs make Japan to follow aggressive policies or cooperative policies.

The main argument of the dissertation is energy needs affect Japanese foreign policy choices however it is claimed that neither energy policy of Japan nor its foreign policy dictates over each other. The paper asserts that energy policy of Japan necessitates Japanese dependency on the USA in terms of its military security. Lastly, the dissertation discusses that the interdependence between Japanese energy needs and foreign policy makes Japan follow cooperative policies.

In order to set the basis for the arguments of the dissertation, it is comprised of six chapters. It starts with a chapter on a theoretical framework. In this first chapter, it is discussed that both liberalism and realism paradigms can contribute to enhance our understanding of Japanese foreign policy and hence, helps us to reveal how energy needs of Japan influence foreign policy agenda of Japan. The second chapter presents Japanese energy requirements and the development of Japanese energy policy. Firstly, the chapter reveals what kind of energy Japan needs and secondly it deals with how these needs are formulated in Japanese energy policy. The chapter argues Japan has a defined, proper energy strategy.

Third chapter deals with post war Japanese foreign policy and comprised of two subsections on general patterns of foreign policy and Japan's economic security policy .The aim of this chapter is to focus on Japanese resource diplomacy and on the question of to what extent energy security needs are important for Japanese foreign policy. Therefore the scope of the analysis will be more on Japanese focus on economic issues in its foreign policy and its implications for its energy policy.

The fourth chapter examines the interaction of energy policy and foreign policy in a number of case studies based on geographical focus. In this chapter Japan's energy policy's affect on foreign policy is analysed in the Middle East, in Southeast Asia particularly focusing on Indonesia, in Eurasia with focus on Russia and Central Asia and its foreign policy toward China. The reasons for this geographical approach are twofold. Firstly, they are the regions from where Japan provides most of its energy supplies as in the case of Middle East and Indonesia. Secondly, these areas are the ones which present how energy considerations and other political considerations of Japanese foreign policy affect each other. The chapter concludes that it can be claimed that energy is the main impetus for foreign policy in the Middle East and in foreign policy toward Indonesia. However, energy policy influences foreign policy in a lesser extent in other areas.

The fifth chapter focuses on the implications of the link between energy policy and foreign policy of Japan on its relations with the USA. The aim of the chapter is to answer to the question whether Japanese energy needs necessitate Japan's keeping dependence on the USA or follow independent foreign policy to protect its interests by referring to the points presented in the fourth chapter.

The last chapter analyses whether the affect of energy policy on Japanese foreign policy leads her to pursue aggressive policies or cooperative policies. It asserts that Japan acts as a cooperative actor on the world energy stage.

In sum, the dissertation supports three conclusions that there is interdependence between Japanese energy policy and foreign policy, this interdependence necessitates Japan's alliance with the USA and the interdependence of energy policy and foreign policy makes Japan a cooperative actor on the world energy stage.

## 2. ANALYTICAL FRAMEWORK

Realism and liberalism paradigms have significance for foreign policy analyses in general and the analysis of Japanese foreign policy in particular.<sup>4</sup> It is asserted in the dissertation that they complement each other for a better understanding of Japanese foreign policy and in particular in establishing the link between energy needs and foreign policy. Therefore it should be stated from the beginning of the dissertation which International Relations theory's framework will be helpful to place the argument in. It can be claimed that realism can explain why Japanese energy needs influences its foreign policy through energy security policies and Japanese need on the alliance with the USA for Japanese energy considerations. Liberalism paradigm can explain why Japan acts as a cooperative actor as a result of the influence of energy on its foreign policy.

Central to the realist thought, international politics can be understood well if they are interpreted from the lenses of 'interests defined in terms of power'<sup>5</sup> and the main national interest of all states is survival.<sup>6</sup> Therefore foreign policy is guided by this aim of national survival.<sup>7</sup> According to realist view security issues dominate foreign policy agenda of the states but they conceive security in terms of military and strategic which is referred as 'high politics'.<sup>8</sup>

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<sup>4</sup> Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, *Japan's International Relations* (London, Routledge : 2001) , p.37

<sup>5</sup> Scott Burchill, 'Realism and Neo-realism' in Scott Burchill et. al., *Theories of International Relations* (Basingstoke: Palgrave : 2001), p.79.

<sup>6</sup> Tim Dunne and Brian C. Schmidt, 'Realism' in John Baylis & Steve Smith et.al, *The Globalization of World Politics* (Oxford University Pres: 2001), p.144

<sup>7</sup> Burchill, p. 78

<sup>8</sup> Steven L. Lamy , ' Contemporary Mainstream Approaches : Neorealism and Neoliberalism' , in John Baylis & Steve Smith et.al, *The Globalization of World Politics* (Oxford University Pres: 2001) , p.191

This traditional perception of security in terms of military is challenged by Barry Buzan.<sup>9</sup> According to his view, the concept of security comprises of not only military but also political, economic, societal and environmental sectors.<sup>10</sup> Buzan claims that economic security requires states' access to resources which sustain either their vital industries or feed their populations.<sup>11</sup> He asserts that the survival of the states depends on the relation of them with their environment. Any disruptions to the supply of the resources which are vital to their national economies, the political stability of the states comes under threat.<sup>12</sup> Hence threats to the survival of the states not only are perceived in terms of military but also in terms of economics, environmental and societal. Therefore, in analysing foreign policies of the states, economic security concerns of the states should be taken into consideration.

In light of the changes in the international and domestic politics liberalism's pluralist approach also challenged the concepts and methods of analysis of foreign policy. According to Nye and Keohane's conception of 'complex interdependence'<sup>13</sup>, world politics since 1970s become dominated by an agenda of 'multiple issues' and hence foreign policy agenda moved from its concern with military and security matters towards environmental, economic, social and other concerns.<sup>14</sup> In Keohane and Nye views the national interest especially with the end of Cold War became defined comprising collection of sub-national interests and military security does not dominate the agenda of foreign policies of the states.<sup>15</sup> Therefore pluralists emphasize the change of agenda of international politics to include energy, trade and monetary issues and assert that they can be given importance as one of high politics issues.<sup>16</sup>

It is asserted that Japanese foreign policy analysis which aims to explore the nature of the interdependence between its energy needs and foreign policy should be

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<sup>9</sup> Barry Buzan, *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era*. (London: Harvester Wheatsheaf: 1991), p.19

<sup>10</sup> Buzan, op.cit, p.18

<sup>11</sup> Ibid, p. 242

<sup>12</sup> Buzan, loc.cit

<sup>13</sup> Mark V. Kauppi and Paul R. Viotti, *International Relations Theory: Realism, Pluralism, Globalism and Beyond* (Allyn and Bacon: 1999 Third edition), p.8

<sup>14</sup> loc.cit

<sup>15</sup> Reinhard Drifte, *Japan's Foreign Policy for the 21st Century From Economic Superpower to What Power?* (MacMillan Press: 1998), p.10

<sup>16</sup> Kauppi and Viotti, op.cit, p.200

approached from Buzan's notion of economic security . According to Buzan's perspective, Japan which is dependent on imports of raw materials is much vulnerable to economic threats. For Japan to access to the supply of resources and trade become much more vital for the sake of its economic security and in turn for its national security. <sup>17</sup> Since Japan is dependent on the imports of energy for its survival , it is inevitable that Japanese foreign policy is affected by energy security . For instance comprehensive security notion developed by Japanese decision makers also reflects their understanding of security not only in military terms but also economic terms. Therefore , it can be claimed that providing energy security , which is vital for Japanese economic development , is vital for Japanese national security.

The decision-making structure of Japanese foreign policy can be explained better from the lenses of liberalist thought. Contrary to realist approach , states are not regarded as unitary actors in liberalist thought.<sup>18</sup> This also contributes to support the argument that there is a link between energy policy and foreign policy in Japan because the post war Japanese policymaking presents a picture of interdependence between its main actors such as the central bureaucracy , big business and the government. In the field of foreign policy , the central bureaucracy , Ministry of Foreign Affairs and Ministry of International Trade and Industry which was reorganised in 2001 as Ministry of Economy, Trade and Industry <sup>19</sup>involve in the decision-making mechanism. In addition to the ministerial bureaucracy , private business organisations affect the foreign policy of Japan. The most important of them is Federation of Economic Organisations or in Japanese terms Keidanren. <sup>20</sup> Therefore non-governmental actors such as interest groups and private organisations play important role in the policymaking process of Japan. The importance of Ministry of Economy, Trade and Industry and its agency for Natural resources and energy which is the most responsible body to make Japanese energy policy has a say

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<sup>17</sup> Mark V. Kauppi and Paul R. Viotti , *International Relations Theory : Realism , Pluralism , Globalism and Beyond* (Allyn and Bacon :1999 Third edition) ,p.242

<sup>18</sup> Steven L.Lamy , ' Contemporary Mainstream Approaches : Neorealism and Neoliberalism' , in John Baylis & Steve Smith et.al, *The Globalization of World Politics* (Oxford University Pres: 2001),p.189

<sup>19</sup> Ministry of Economy , Trade and Industry of Japan , <http://www.meti.go.jp/english/> accessed in June 2004.

<sup>20</sup> Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, *Japan's International Relations* (London, Routledge : 2001), p. 96.

in the formulation of foreign policy .<sup>21</sup> Since it can be asserted that this pluralist structure provides the necessary ground to explain how energy policy affects foreign policy making mechanism.

In addition, Japanese cooperative foreign policy in the field of energy as a result of the influence of energy on Japanese foreign policy can be explained by liberalist approach , neoliberal institutionalism. According to neoliberal institutionalism states try to advance their gains through cooperation in competitive environment of international relations.<sup>22</sup> According to this perspective cooperation between states is easy to achieve in the fields where both parties have mutual interests.<sup>23</sup> Japanese attempts to establish a multi regional framework for energy cooperation in Asia Pacific Region or to engage in cooperation over various energy projects with China , Russian Federation and ASEAN countries which will be dealt throughout the dissertation , can not be explained from the lenses of realist thought which puts more emphasis on the anarchical structure of the international relations and envisages conflicting interests in the field of energy.<sup>24</sup>

To sum up, it can be claimed that both realism and liberalism can complement each other in analysing Japanese foreign policy in particular the effect of Japanese needs on its foreign policy. After having concluded the theoretical framework for the analysis of this research puzzle, the next section will mention about Japanese energy needs and the formulation of this needs into energy policy.

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<sup>21</sup> The James Baker Institute for Public Policy of Rice University , *Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's Evolving Leadership Role in the Region*, Working Papers, May 2000, available online at <http://www.rice.edu/energy/publications/japanescenergysecurity.html>, p.6-7

<sup>22</sup> Steven L.Lamy , ' Contemporary Mainstream Approaches : Neorealism and Neoliberalism' , in John Baylis & Steve Smith et.al, *The Globalization of World Politics* (Oxford University Pres: 2001) ,p.190

<sup>23</sup> Loc.cit

<sup>24</sup> Alan Dupont , 'Energy Scarcity' in *The Environment and Security in Pacific Asia* , International Institute for Strategic Studies , Adelphi Paper 319 ( Oxford University Press in USA: 1998) , p.25

### 3. JAPAN'S ENERGY POLICY

The chapter reveals firstly what kind of energy Japan needs and secondly presents how energy policy of Japan responds to its energy requirements.

#### 3.1. JAPAN'S ENERGY REQUIREMENTS

Japan, being the world's largest energy consumer and the second largest energy importer after the USA, is one of the important player in the world energy market. <sup>25</sup> Japan is deprived of domestic sources of its own which makes her dependent on imports of 80% of its primary resources. <sup>26</sup> According to statistics of US Energy Information Administration, 50 percent of total energy needs of Japan is provided by oil following coal by 17%, nuclear power by 14%, natural gas 14%, hydroelectric power 4% and renewable sources 1.1%. <sup>27</sup> If these consumption patterns of energy is taken into account, oil, coal, natural gas and nuclear power can be claimed as the most important sources of energy for Japan.

It can be asserted that Japan succeeded in reduction of its dependency on oil from 77% in 1973 to 55% in 2000 because of the diversification of oil to natural gas and nuclear energy. However, as predicted by Baker Institute, Japan will still rely on oil for the foreseeable future. <sup>28</sup> Moreover Japan is dependent on Middle East for the supply of most of its imported oil in particularly from OPEC countries and Japan attempts to reduce its reliance on the Middle East. <sup>29</sup> Considering natural gas, Japan is dependent on LNG (Liquified Natural Gas) coming from Southeast Asia particularly from Indonesia and Malaysia. Natural gas and nuclear power provides

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<sup>25</sup> US Energy Information Administration, Country Analysis Briefs, 'Japan', available online at <http://www.eia.doe.gov/emeu/cabs/japan.html>, July 2003, accessed on July 2004.

<sup>26</sup> Japan Ministry of Foreign Affairs, *Strategy and Approaches of Japan's Energy Diplomacy*, April 2004, available online at <http://www.mofa.go.jp/policy/energy/diplomacy.html>

<sup>27</sup> US Energy Information Administration, op.cit

<sup>28</sup> The James Baker Institute for Public Policy of Rice University, *Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's Evolving Leadership Role in the Region*, Working Papers, May 2000, available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>, pp.14

<sup>29</sup> US Energy Information Administration, op.cit

Japan alternative sources of energy which decrease its dependency on oil .<sup>30</sup> Therefore in conclusion the energy needs of Japan brings the Middle East and the Southeast Asia as major suppliers of energy to the forefront.

It should be reminded that Japan has to compete with other actors arriving as importers to the stage of international energy markets. For instance, Kent Calder argues that Japan will be in competition for energy imports with South Korea, China and ASEAN countries.<sup>31</sup> He asserts that Japan's share of imports will decrease and the Asia region will become much more dependent on Middle East region.<sup>32</sup> Therefore this requires a well defined energy strategy for Japan.

### **3.2. DEVELOPMENT OF JAPANESE ENERGY POLICY IN THE POST-WAR PERIOD**

At the end of World War II , the energy industry which was at the 'heart' of the economy of Japan had been totally devastated. However, after a decade Japan had experienced a shift from primary reliance on coal and hydroelectricity to imported oil and created an economic 'miracle'.<sup>33</sup> By the 1960s Japan became totally dependent on imported oil.<sup>34</sup> Until 1970s , Japan relied on the protective shield of the USA for the access to the resources since the US oil majors provided Japan with the growing oil market and were able to create surplus of oil for cases of emergency . Hence Japan had been protected from the disruptions.<sup>35</sup> However, during the oil crisis of 1970s , US major oil companies could not control the supply of oil from the Middle East which led Japan suffer from the results.<sup>36</sup>

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<sup>30</sup>US Energy Information Administration, Country Analysis Briefs, 'Japan', available online at <http://www.eia.doe.gov/emeu/cabs/japan.html>, July 2003, accessed on July 2004.

<sup>31</sup> Kent E. Calder, "Policy Forum: Energy Futures," *The Washington Quarterly* 19 (Autumn 1996), p. 93. , quoted by Eiichi Katahara, ' Japan's Plutonium Policy: Consequences for Non-Proliferation', *The Non-Proliferation Review*, Fall 1997, p.55.

<sup>32</sup> Ibid , p.55.

<sup>33</sup> Nobutoshi Akao, *Japan's Economic Security : Resources As a Factor in Foreign Policy*( Hampshire, Gower: 1983) ,p.10

<sup>34</sup> Laura Elizabeth Hein, *Fueling Growth: The energy Revolution and Economic Policy in Post War Japan* , (Cambridge: Cambridge University Press , 1990), p. 2-5

<sup>35</sup> J.W.Chapman, R.Drifte, I.T.M.Gow, *Japan's Quest for Comprehensive Security* (Frances Pinter Publishers London: 1983), p.183

<sup>36</sup> J.W.Chapman, R.Drifte, I.T.M.Gow, loc.cit

At that period , Japan's national energy policy had been totally revised. The new energy policy envisaged much government involvement in energy markets. It included government to government oil deals with the producers and diversification of oil supply sources together with the development of overseas development.<sup>37</sup>

In the 1980s, Japanese energy policy comprised of three pillars. Firstly, it aimed at diversifying sources of energy from oil to alternative sources such as natural gas, coal and nuclear power. In addition it tried to diversify the geographic dependence on the Middle East as a supply of sources to a more stable regions such as Asia Pacific.<sup>38</sup> The second pillar of the energy policy involves Japanese attempts to protect its economy from any measures taken by the producer countries. Thirdly , Japan in its energy policy tried to focus on securing supply of oil for its economic development.<sup>39</sup>

The developing energy policy of Japan turned in the 1990s into so-called '3 E's' policy which reflects the main philosophy of Japanese energy policy .<sup>40</sup> The three E stands for respectively, energy growth, energy security and environmental protection.<sup>41</sup> They imply to secure sustainable economic growth, stable supply of energy and to respond climate change and other environmental problems.<sup>42</sup> It is observed that Japanese energy policy kept the main aims of securing energy supply and provided economic growth. However, by the 1990s when the environmental problems started to emerge, environmental protection concerns were included in the Japanese energy policy which targeted reducing the emissions of carbon dioxide.<sup>43</sup>

It can be asserted that in the developing energy policy of Japan maintaining energy security kept its importance. Since access to resources is the core of Japanese

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<sup>37</sup> Ronald Morse, 'Introduction : Japan's Energy Policies and Options', in Ronald Morse eds. *The Politics of Japan's Energy Strategy* ( Berkeley : 1981), p.1

<sup>38</sup> Valerie Yorke, 'Oil , Middle East and Japan's Search for Security' , in Nobutoshi Akao edt. *Japan's Economic Security : Resources As a Factor in Foreign Policy*( Hampshire, Gower: 1983), p.45

<sup>39</sup> Yorke , *op.cit*

<sup>40</sup> The World Energy Council, Tomihiro Taniguchi, *The Current Status of Japan's Energy Policy and Tasks Ahead*, available online at [http://www.worldenergy.org/wec-geis/publications/default/tech\\_papers/17th\\_congress/1310.asp](http://www.worldenergy.org/wec-geis/publications/default/tech_papers/17th_congress/1310.asp) accessed in June,2004

<sup>41</sup> International Energy Agency, *Energy Policies of IEA Countries, Japan Overview 1999*( International Energy Agency: Paris 1999), p.7

<sup>42</sup> *Ibid* , p. 28

<sup>43</sup> *Ibid* , p. 27

economic development project , enhancing energy security for instance, measures to minimize possibility of disruption to the supply of energy, necessitated direct government involvement since 1970s .<sup>44</sup> In this energy security strategy, Japanese Ministry of Foreign Affairs plays important role.

Ministry of Economy, Trade and Industry and its agency for Natural Resources and Energy which is the responsible body to make Japanese energy policy is an integral part of pluralist structure of Japanese Foreign policy making process.<sup>45</sup> Hence it has power to influence Japanese foreign policy. This is clearly reflected in Ministry of Foreign Affairs of Japan's announcement of April 2004 which shows its role in the energy diplomacy to reinforce Japanese energy security.<sup>46</sup> The paper lists specific areas which Ministry of Foreign Affairs involves as :

*'Maintaining and Enhancing Emergency Response Measures, Maintaining and Enhancing Friendly Relations with Middle East Countries, other Energy Producing Countries, and Countries along International Shipping Lanes, Diversification of Sources of Energy Supply, Diversification of Energy Sources, Promoting Energy Saving, Efficient Use of Energy, Development and Use of Alternative Energy and Response to Environmental Issues, Approaches to Creating an Environment for the Enhancement of Global Energy Security'*<sup>47</sup> .

As can be understood from Japanese government's attempts, to reduce the risks to energy security necessitates Japan's maintaining relations with the energy producing countries. In addition to the influence of Ministry of Economy, Trade and Industry , when the influence of business groups on Japanese foreign policy is taken into account<sup>48</sup> , how energy can influence Japanese foreign policy can be better understood.

In sum, Japanese dependency on the imports of energy made the decision makers develop a coherent energy strategy to deal with threats to the supply of resources. This energy strategy of Japan has repercussions for Japanese foreign policy.

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<sup>44</sup> Philip Andrews Speed , ' Energy Security in East Asia : a European View' , Presented at the Symposium on Pacific Energy Cooperation 2003 , 12-13 February 2003 , Tokyo , p. 5

<sup>45</sup> Takamichi Mito , *Japan's Energy Strategy, Russian Economic Security, and Opportunities for Russian Energy Development: Major Issues and Policy Recommendations* in The James Baker Institute for Public Policy of Rice University Working Papers, *Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's Evolving Leadership Role in the Region* , May 2000, p. 6-7 available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>

<sup>46</sup> Ministry of Foreign Affairs , Japan , *Strategy and Approaches of Japan's Energy Diplomacy*, April 2004 , available online at <http://www.mofa.go.jp/policy/energy/diplomacy.html>

<sup>47</sup> Ibid

<sup>48</sup> Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, *Japan's International Relations* (London, Routledge : 2001), p. 96

Now, the next chapter will mention about general Japanese foreign policy traits to explain why energy security of Japan is important for its foreign policy.

## **4. JAPAN'S FOREIGN POLICY IN THE POST-WAR YEARS**

In this chapter after revealing the general patterns of Japanese foreign policy by specifically giving importance to its resource diplomacy, importance of Japanese energy security for its foreign policy will be mentioned.

### **4.1. GENERAL PATTERNS OF JAPANESE FOREIGN POLICY**

Crimes asserts that post-war Japanese foreign policy presents two enduring patterns namely the alliance with the USA and focusing on economics issues which is expressed by the term 'economism'<sup>49</sup>.<sup>50</sup> These characteristics of Japanese post-war foreign policy take their basis from formulation of the Prime Minister Yoshida Shigeru. Known as Yoshida Doctrine, this formulation put the premise of Japanese diplomacy in the post war period by focusing on the economic power and at the same time seeking the security guarantee from the USA.<sup>51</sup>

The importance of the relationship with the USA is important for Japan since with the denouncement of the use of force under the 'peace constitution' with its Article 9, Japan had to give its military security into the hands of the USA.<sup>52</sup> The security treaty signed between Japan and the USA made Japan dependent on the politico-military and economic system of the world which is determined by the USA. Therefore it is a natural consequence that in Japan's foreign policy the relation with the USA played a very important role.<sup>53</sup>

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<sup>49</sup> Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, *Japan's International Relations* (London, Routledge : 2001), p. 68.

<sup>50</sup> William Crimes, 'Institutionalized Inertia Japanese Foreign Policy in the Post Cold War World', in G. John Ikenberry and Michael Mastanduno eds. , *International Relations Theory and the Asia-Pacific*( Columbia University Press New York : 2003), p. 359.

<sup>51</sup> Christopher W. Hughes, *Japan's Economic Power and Security : Japan and North Korea* ( London: Routledge, 1999), p. 21.

<sup>52</sup> Nobutoshi Akao, 'Introduction', in Nobutoshi Akao ed. , *Japan's Economic Security : Resources As a Factor in Foreign Policy* ( Hampshire, Gower: 1983) ,p.2

<sup>53</sup> Ibid ,p.2

Another characteristic of Japanese foreign policy is embodied in the term 'economism'.<sup>54</sup> The term comprises of Japan's post war norms of 'antimilitarism' and 'developmentalism'.<sup>55</sup> The term 'developmentalism' reflects Japanese aim to 'catch up' economically with the Western industrialized powers.<sup>56</sup> Antimilitarism norm shows Japanese concerns on the use of force especially after the devastating affects of World War II .<sup>57</sup> Therefore it can be asserted that Japanese giving priority on the economics issues in its foreign policy shows Japanese decision makers' rejecting militarism of the pre-war period and institutionalize 'economics first' policy of Japan.<sup>58</sup>

In sum , the enduring two patterns of Japanese foreign policy shows the tradition of Yoshida doctrine which put emphasis on economic growth and reconstruction with the advantage of the security provided by the USA.<sup>59</sup> It can be argued in line with Gurtov that Japan's post-war foreign and national security policy is replaced by 'economic diplomacy'.<sup>60</sup> To support this view, Yasutomo claims that the foreign policy of Japan focused on the economics and 'resource diplomacy' rather than strategic and political issues.<sup>61</sup>

Since economics constitute an important trait of Japanese foreign policy, energy security which provides the engine of growth of Japanese economy affects the course of Japanese foreign policy. Therefore it is important to mention briefly, how energy security became an important issue for Japanese foreign policy.

## **4.2. THE ENERGY SECURITY IN JAPANESE FOREIGN POLICY**

As stated above the relationship with the USA is important for Japanese foreign policy since the military alliance with the USA brings Japan to provide its military

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<sup>54</sup> Hook, Gilson, Hughes and Dobson ,op.cit, p.68

<sup>55</sup> Ibid ,p 67

<sup>56</sup> Ibid ,p. 67-68

<sup>57</sup> Ibid , p.67

<sup>58</sup> Ibid , p. 68

<sup>59</sup> Dennis T. Yasutomo , 'Why Aid? Japan as an 'Aid Great Power' , *Pacific Affairs* , 62 ,No 4 , (1989), p.323

<sup>60</sup> Mel Gurtov , 'Chapter 5 : Japan: Dependent Nationalism' , *Pacific Asia ? Prospects For Security and Cooperation in East Asia* ,(Rowman and Littlefield Publishers,2002),p.143

<sup>61</sup> Yasutomo , loc.cit

security at very little cost<sup>62</sup> and hence provides Japan the opportunity to focus on its economic growth. However in the beginning of 1970s , it was understood that US military protection did not bring Japanese economic security .<sup>63</sup>

The Nixon Shock of 1971 and oil crisis of 1973 brought Japan the question of how to deal with the increased prices of imported energy which damaged its economy.<sup>64</sup> This awareness of Japanese economic vulnerability to disruptions of energy sources led Japanese leadership initiate a resource diplomacy ( *shigen gaiko*) and in the beginning of 1980s to develop 'comprehensive security' notion.<sup>65</sup>

In the aftermath of the 1973 oil crisis the Industry minister Nakasone who became prime minister later announced that

*'Oil is a critical resource for Japan and dealings in oil cannot be handled by individual Japanese enterprises or traders alone without the support of the Japanese government and its people. The Japanese government will involve itself in strong continuous petroleum diplomacy in the future'*<sup>66</sup>

Therefore , in the aftermath of the first oil crisis, Japan's foreign policy agenda was dominated by 'resource diplomacy' (*shigen gaiko*) as envisaged by Prime Minister Nakasone.<sup>67</sup> The resource diplomacy of Japan was developed as a reconsideration of Japanese business and government leaders.<sup>68</sup> As a consequence of this, Japanese leaders engaged in policies to diversify the focus of the foreign policy to the resource rich areas such as Middle East, which was called as 'omnidirectional diplomacy'.<sup>69</sup>

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<sup>62</sup>Makato Momoi, 'The Energy Problem and Alliance Systems : Japan' in *The Middle East and the International System , Security and the Energy Crisis*, (Adelphi papers, no : 115), p.35.

<sup>63</sup> Nobutoshi Akao, *Japan's Economic Security : Resources As a Factor in Foreign Policy* (Hampshire, Gower 1983),p.10

<sup>64</sup> Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, *Japan's International Relations* (London,, Routledge : 2001) , p.195

<sup>65</sup> Akao,loc.cit

<sup>66</sup> Quated in H. A.Al-Ebraheem, ' The GCC and Japan : Past , Present and Future Relations : An Overview' , Walid Sharif ,Ed. , *The Arab Gulf States and Japan* , London : Croom Helm ,pp.187-88 in Fred R. Von Der Mehden , ' Japan's relations with primary energy suppliers' in *Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's evolving leadership role in the region* , The James Baker Institute for Public Policy of Rice University Working Papers, May 2000, available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html> p. 3 .

<sup>67</sup> Martha Caldwell , 'The Dilemmas of Japan's Oil Dependency', in Ronald Morse ed, *The Politics of Japan's Energy Strategy* ( Berkeley : 1981), p. 67.

<sup>68</sup> Loc.cit

<sup>69</sup> Reinhard Drifte,*Japan's Foreign Policy* , Chatham House Papers , The Royal Institute of International Affairs, (London: 1990) , p. 29

Besides following a more active policy in establishing ties with oil producing countries, the resource diplomacy led to increasing the quality of the nature of the relations by Japan's providing technical and financial assistance to the economic development projects.<sup>70</sup> Hence also it can be asserted that Japan started to use its economic assistance policy as a diplomatic tool to secure its flow of energy. Rightfully in agreement with Yasutomo, it can be asserted that oil crisis gave rise Japanese aid policy to become a core of its resource diplomacy which was seeking alternative sources of energy to oil throughout the third world.<sup>71</sup> As a result Official Development Assistance of Japan diversified during 1970s and mid-1980s to secure supply of oil from the Middle East.<sup>72</sup>

Japanese energy security policies became institutionalized in the beginning of 1980s with the Comprehensive Security concept developed by the Ministerial Council of Comprehensive Security.<sup>73</sup> In the structure of the council each government agencies reflected their perspectives on security issues which brought various definitions of 'security' including energy, food, etc.<sup>74</sup> However, energy security was given the most importance in the report on Comprehensive National Security.<sup>75</sup> The report emphasised the continuation of bilateral resource diplomacy with the suppliers of energy.<sup>76</sup> Hence, it can be concluded that Japanese policymaking agents found alternative conceptions of security to the traditional conception of it in terms of military<sup>77</sup> which led energy security become one of the priorities of foreign policy. In conclusion, in the aftermath of the oil crisis Japanese energy security policies started to influence its foreign policy.

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<sup>70</sup> Martha Caldwell, 'The Dilemmas of Japan's Oil Dependency', in Ronald Morse ed., *The Politics of Japan's Energy Strategy* (Berkeley: 1981), p. 67

<sup>71</sup> Dennis T. Yasutomo, 'Why Aid? Japan as an 'Aid Great Power', *Pacific Affairs*, 62, No 4, (1989), p.490-503.

<sup>72</sup> Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, *Japan's International Relations*, (London, Routledge: 2001), p. 194.

<sup>73</sup> Nobutoshi Akao, 'Introduction', in Nobutoshi Akao ed., *Japan's Economic Security: Resources As a Factor in Foreign Policy* (Hampshire, Gower: 1983), p.10

<sup>74</sup> *Ibid*, p.11

<sup>75</sup> J.W.Chapman, R.Drifte and I.T.M.Gow, *Japan's Quest for Comprehensive Security*, Frances Pinter (Publishers London, 1983), p.189

<sup>76</sup> *Ibid*, p.189

<sup>77</sup> Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, *Japan's International Relations*, (London, Routledge: 2001), p.209.

The next chapter analyses to what extent Japanese foreign policy is influenced by its energy security considerations with reference to the geographical places which are important for Japanese energy policy calculations.

## 5. THE INTERACTION BETWEEN JAPANESE ENERGY POLICY AND FOREIGN POLICY

After presenting the existence of interdependence between Japanese energy needs and foreign policy, this chapter addresses to the question of to what extent energy influence Japanese foreign policy. In order to answer this question, Japan's energy policy's affect on foreign policy is analysed in the Middle East, in Southeast Asia particularly focusing on Indonesia, in Eurasia with focus on Russia and Central Asia and its foreign policy toward China. The reasons for this geographical approach are twofold. Firstly, they are the regions from where Japan provides most of its energy supplies as in the case of Middle East and Indonesia. Secondly, these areas are the ones which present how energy security considerations and other political considerations of Japanese foreign policy affect each other.

Therefore, the aim of this chapter is to evaluate to what extent Japanese energy policy and foreign policy affect each other in the regions which are strategically important for Japan in terms of energy.

### 5.1. JAPAN'S OIL DIPLOMACY IN THE MIDDLE EAST

The importance of the Middle East region for Japan is that no other region in the world has an influence over Japan's 'well-being ,security and prosperity' .<sup>78</sup> Currently, 80 per cent of oil imports of Japan is coming from this region<sup>79</sup> which is vital for Japanese economic development .

It can be asserted that the importance of the region became a focus of foreign policy in the aftermath of the oil crisis of 1973.<sup>80</sup> As discussed in the first chapter, during

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<sup>78</sup> Alan Dowty , 'Japan and the Middle East: Signs of Change?' , *Middle East Review of International Affairs*, Vol. 4 , no 4,(2000).

<sup>79</sup> US Energy Information Administration , Country Analysis Briefs, Japan, available online at <http://www.eia.doe.gov/emeu/cabs/japan.html>, July 2003, accessed on July 2004.

<sup>80</sup> Dowty,op.cit and Fred R. Von Der Mehden , ' Japan's Relations With Primary Energy Suppliers' in Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation

this period Japan started to initiate resource diplomacy in the region after it realized its economic vulnerability. It can be asserted that the most striking case to explain the extent to which Japanese energy policy affects its foreign policy is Japanese change of pro-Israel policy in the Middle East to pro-Arab policy in the aftermath of the oil crisis . In this case it is obvious that Japanese energy requirements and energy security considerations dictated Japanese foreign policy.

The change of Japanese foreign policy was embodied in the Chief Cabinet Secretary, Mr. Susumu Nikaido's announcement. It was stated by him in his famous speech that ' *The Government of Japan will continue to observe the situation in Middle East with grave concern and depending on future developments may have to reconsider its policy towards Israel*' .<sup>81</sup>

Moreover , the announcement called for Israel's withdrawal from 'all' territories occupied in 1967 and declared Japan's support for the Palestinians' right to self-determination . Therefore, it showed Japan's reconsideration of its Israel policy.<sup>82</sup>

The shift in Japanese foreign policy was the result of OPEC countries' cut of oil production and declaration of Japan as an 'unfriendly' state to impose oil embargo .<sup>83</sup> Therefore in order to protect the security of supply of its energy Japan realized that it needed to maintain relations with Arab oil producer countries .<sup>84</sup> Because of the links with Israel, the USA was not able to help Japan to protect its interests in the region. As a result , Japan made a departure from its pro-American Israel supportive policy to pro-Arab policy in order to achieve classification as a 'friendly nation' to secure the flow of oil .<sup>85</sup>

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and Japan's Evolving Leadership Role in the Region , The James Baker Institute for Public Policy of Rice University Working Papers, May 2000, available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html> p. 4

<sup>81</sup> Quoted in Nobuo Asai , 'Walking a Tightrope in the Middle East', Japan Quarterly , 38 October -December ,1991 ) p. 408 and Fred R. Von Der Mehden , ' Japan's relations with primary energy suppliers' in Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's evolving leadership role in the region , The James Baker Institute for Public Policy of Rice University Working Papers, May 2000, available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>, p.22

<sup>82</sup> Yasumasa Kuroda , 'Japan's Middle East Policy : Fuzzy Binary Process Model' in Akitoshi Miyashita and Yoichiro Sato eds , *Japanese Foreign Policy in Asia and the Pacific* (Palgrave 2001), p.106 and Valerie Yorke, 'Oil ,Middle East and Japan's Search for Security' , in Nobutoshi Akao ed. *Japan's Economic Security : Resources As a Factor in Foreign Policy*, (Hampshire, Gower: 1983), p. 52

<sup>83</sup> Hiroshi Shimizu , 'The Japanese Trade Contract with the Middle East' in Kaoru Sugihara and J.A.Allan eds, *Japan in Contemporary Middle East* ( London 1993), p. 51

<sup>84</sup> Yorke , 'Oil ,Middle East and Japan's Search for Security' , p.52

<sup>85</sup> Alan Dowty , 'Japan and the Middle East: Signs of Change?' , *Middle East Review of International Affairs*, Vol. 4 , no 4, December 2000.

There is a discussion that whether this policy was reflecting a real change of policy in Japanese foreign policy or did not create any substantial difference for Japanese behaviour. It is claimed by Kuroda that although announcement of Nikaido symbolised the change of Japanese policy in the Middle East, however, if Japan's position in the UN voting was taken into account, the announcement was nothing more than an appease of Arabs instead of a substantial change in Japanese policy.<sup>86</sup> Dowty also supports the view that Japan was closer to the US position in the UN voting rather than following pro-Arab policy.<sup>87</sup> However despite the debate whether Nikaido's announcement created a 'real' departure from the USA or not, it is claimed that it symbolised a turning point for Japanese foreign policy in the region.<sup>88</sup> Therefore, it can be asserted that energy security considerations led Japan to change this policy which reflects energy policy's dictation over foreign policy.

In the aftermath of the oil crisis Japan tried to continue its oil diplomacy in the Middle East by supporting the PLO. However, Caldwell asserts that Japanese foreign policy remained unclear until the beginning of 1980s.<sup>89</sup> As a part of its resource diplomacy Japan kept buying oil from Iran in the aftermath of the fall of Shah despite of the USA sanctions on Iran.<sup>90</sup> The reason of this was that Japan's investment in Petrochemical complex at Bandar Shahpur.<sup>91</sup> Mitsui project was one of Japanese attempts to continue its bilateral ties with the oil producers. Also it is stated by Takahashi, Japanese leadership perceived Iran as being non-Arab country would not be likely to use oil as a weapon.<sup>92</sup> Therefore, the deal with Iran was very important for Japanese energy security.

When Washington put pressure on its allies to join applying sanctions to Iran Japan agreed with the USA in response of the US security guarantee of supply of oil but excluded Mitsui project from the sanctions.<sup>93</sup> Despite the critics of the sanctions by

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<sup>86</sup> Kuroda, op.cit, p.109

<sup>87</sup> Dowty, op.cit

<sup>88</sup> Kuroda, 'Japan's Middle East Policy: Fuzzy Binary Process Model', p.106

<sup>89</sup> Martha Caldwell, 'The Dilemmas of Japan's Oil Dependency', in Ronald Morse ed., *The Politics of Japan's Energy Strategy*, (Berkeley: 1981), p.77

<sup>90</sup> Kazuo Takahashi, 'The Iran-Japan Petrochemical Project, A Complex Issue' in Kaoru Sugihara and J.A.Allan ed., *Japan in Contemporary Middle East* (London 1993), p. 83

<sup>91</sup> Dowty, 'Japan and the Middle East: Signs of Change?'

<sup>92</sup> Takahashi, op.cit, p. 85

<sup>93</sup> Ibid, p. 91

some observes on the ground that they are not efficient to produce desired results<sup>94</sup>, Japanese leadership stated that '*good relations with the US were more important than oil*'.<sup>95</sup> Caldwell discussed that this symbolised that how Japan puts emphasis on its relations with the USA. But she asserts that Japan acted in line with the USA after securing its project.<sup>96</sup> Therefore Japanese energy security considerations were influential again to affect Japanese foreign policy. Here also Japan provided its energy security by taking guarantee from the USA and protect its project not to be affected by the sanctions.

Japan continued to balance its consideration for energy needs and dominant aspect of its foreign policy of its relations with the USA in the Middle East during the Iran-Iraq War by being the only side to negotiate with both parts.<sup>97</sup> Moreover Japan kept its economic ties with Iran however upon the request of the USA it contributed to the flow of oil from the Persian Gulf.<sup>98</sup>

Because of the restrictions in its constitution Japan has not the military capability to protect the regional security despite its attempts to provide economic aid to the region to provide stability.<sup>99</sup> Therefore Japan had to rely on US military power to provide its energy security. Iraq's invasion of Kuwait in 1991 reminded Japan of the instability in the region which threatens its economic security. During the Gulf War Japan's economic security was protected by the USA.<sup>100</sup> Despite the differing views over military response to Iraq's invasion and resentment on the part of USA's policies toward Israel, Japan joined the coalition against Iraq.<sup>101</sup> This shows another example of how Japanese energy security concerns influence its foreign policy choices.

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<sup>94</sup> Martha Caldwell, 'The Dilemmas of Japan's Oil Dependency', in Ronald Morse ed, *The Politics of Japan's Energy Strategy*, Berkeley: 1981. p.69

<sup>95</sup> Ibid, p. 69

<sup>96</sup> Ibid, p.70

<sup>97</sup> Alan Dowty, 'Japan and the Middle East: Signs of Change?', *Middle East Review of International Affairs*, Vol. 4, no 4, (2000).

<sup>98</sup> Ibid

<sup>99</sup> Makoto Mizutani, 'Japan's Aid Programme and the Middle East' in Kaoru Sugihara and J.A.Allan ed, *Japan in Contemporary Middle East* (London 1993), p. 95

<sup>100</sup> Fred R. Von Der Mehden, 'Japan's Relations with Primary Energy Suppliers' in Japanese Energy Security and Changing Global Energy Markets: An Analysis of Northeast Asian Energy Cooperation and Japan's Evolving Leadership Role in the Region, The James Baker Institute for Public Policy of Rice University Working Papers, May 2000, p.24, available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>

<sup>101</sup> Karasawa Kei, 'Japan and Petroleum, the Most Critical Natural Resource' in Warren S. Hunsberger ed. *Japan's Quest the Search for International Role, Recognition, and Respect* (M.E. Sharpe, 1997), p.60

Also , in the aftermath of the Gulf Crisis Japanese posture during US enactment of Iran-Libya Sanctions Act showed to what extent energy was an important factor to influence Japanese foreign policy .

The 1996 Iran-Libya sanctions act declared US application of sanction to foreign firms which would invest in Iran and Libya for over than a year for the development of their petroleum.<sup>102</sup> This time Japan who had suffered from the unstable environment after the Iranian Revolution , did not accept the USA pressure to accept the 1996 Act.<sup>103</sup> Despite the critics coming from the USA , Japan continues its dealings with Iran in line with its resource diplomacy.<sup>104</sup> For instance, Iran and Japan meeting in 2000 culminated in the agreement to develop Azadegan oil field in Iran by Japanese firms . In addition to the significance of this agreement for Japanese energy policy , it contributes to the development of the bilateral partnership of Japan and Iran.<sup>105</sup> Since around 70 per cent of Japanese oil imports pass through the Strait of Hormuz Iran in addition to offering reserves of oil to Japan , has a strategic importance for the security of energy supply.<sup>106</sup>

As a result , Japan has engaged in a very active diplomacy in the Middle East in order to provide its energy security . Beside Japan's initiation of building strategic partnership with energy producers, Japan keeps its financial support for the Palestinian people.<sup>107</sup> Therefore it can be asserted that Japanese energy needs of oil coming from the Middle East and security of supply of these resources play important role in its foreign policy towards the region.

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<sup>102</sup> Fred R. Von Der Mehden , ' Japan's Relations with Primary Energy Suppliers' ,p.26

<sup>103</sup> Ministry of Foreign Affairs of Japan , ' Comments by the Press Secretary on the Enactment of the Iran and Libya Sanctions Act of 1996', 7 August 1996, accessed on July 2004 available online at [http://www.mofa.go.jp/announce/announce/archive\\_2/us\\_terroact.html](http://www.mofa.go.jp/announce/announce/archive_2/us_terroact.html)

<sup>104</sup> Ken Koyama and Mgoichi Komori, *Oil and Gas Development in Iran and Implications for Japan*, The Institute of Energy Economics , Japan, May 2001,p.4, available online at [www.eneken.ieej.or.jp](http://www.eneken.ieej.or.jp)

<sup>105</sup> loc.cit

<sup>106</sup> Reinhard Drifte, *Japan's Foreign Policy for the 21<sup>st</sup> Century From Economic Superpower to What Power?* (MacMillan Press: 1998), p. 130

<sup>107</sup> Reinhard Drifte, 'Japan's Energy Policy in Asia: Cooperation, Competition , Territorial Disputes', CEPMLP Internet Journal (Dundee University), vol. 11 Article 3, <http://www.dundee.ac.uk/cepmlp/journal/html/article11-3.html>

## 5.2. JAPAN AND SOUTHEAST ASIA

Another region which is vital for Japanese energy policy is the Southeast Asia. The importance of this region for Japanese energy needs comes from its providing Japan with 52 per cent of its natural gas <sup>108</sup> and its geostrategic importance of location on the way of the shipping route of Japanese imported energy from the Middle East.<sup>109</sup> Indonesia and Malaysia provides Japan the LNG <sup>110</sup> which is a very important alternative source for Japan's diversification of energy policies. It can be asserted that in Japan's calculations of energy security policy Southeast Asia region play important role. Therefore how these energy needs of Japan influences Japanese foreign policy in the region is worth to be analysed. However this study will focus on Japanese relations with the one of the main gas suppliers as Indonesia rather than focusing on the region as a whole.

During the Cold War period Japanese decision makers tried to reengage with the region where the legacies of the World War II were present. The importance of the region for Japanese developmentalism norms of foreign policy was obvious. Therefore Japan sought to focus on the region to 'recompensate the legacies of the colonial past' and to guarantee its access to the economic sources of the region .<sup>111</sup> Foreign Direct Investment and Official Development Assistance was used to serve to establish a link between Japan and economies of the region as a part of efforts to provide Japan with supply of natural resources.<sup>112</sup>

When Japan took itself out of its American isolation after 1945 , Indonesia became one of the important partner for Japan.<sup>113</sup> This was because of Indonesia's possessing reserves of gas and other natural resources .<sup>114</sup> For Japanese energy security Indonesia became a special focus of Japanese foreign policy agenda. Hence,

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<sup>108</sup> US Energy Information Administration, Country Analysis Briefs, Japan, available online at <http://www.eia.doe.gov/emeu/cabs/japan.html>, July 2003, accessed on July 2004.

<sup>109</sup> Purnenda Jain , ' Japan and South Asia : Between Cooperation and Confrontation' in Inoguchi Takashi and Purnendra Jain eds, *Japanese Foreign Policy Today : A Reader* , (Palgrave 2000) , p.277

<sup>110</sup> Ibid , p. 278

<sup>111</sup> Glenn D. Hook, Julie Gilson, Christopher W. Hughes and Hugo Dobson, *Japan's International Relations*, (London: Routledge , 2001) ,p. 183

<sup>112</sup> Ibid , p. 195

<sup>113</sup> Wolf Mendl , *Japan's Asia Policy* , (London, Routledge : 1995) , p.99

<sup>114</sup> Ibid ,p.100

this importance of Indonesia influenced Japanese economic assistance policy which made Indonesia to be the first of all the other countries that Japan directed its aid in the region in the beginning of 1990s.<sup>115</sup> Apart from the importance of the resources of Indonesia, locating on the sea routes of Australia, the Indian Ocean, the Middle East, Europe and Africa made Indonesia strategically important for Japan.<sup>116</sup>

As a result, Indonesia's providing Japan with 40- 45 per cent of Japan's Liquefied Natural Gas needs affects its foreign policy.<sup>117</sup> Hence, Indonesia and Japan relations show another case where Japanese energy policy affects its foreign policy.

This affect on Japanese foreign policy became more obvious in the light of the developments in Indonesia after the fall of President Suharto. The political instability poses risks to Japanese energy security since they have the potential to disrupt the flow of energy to Japan both from Indonesia<sup>118</sup> and also threatens security of supply of energy passing through the Straits of Malacca.<sup>119</sup>

Moreover another threat to the importers of Indonesian energy is the attempts of gas and oil producing regions demand for independence or autonomy. For instance political instability in the regions such as East Timor and other areas has the potential to influence the energy security of the importing countries.<sup>120</sup> Although East Timor case is not related with the energy, it is asserted that it may provide an example for the other regions to seek for independence. Therefore it can be asserted that Japan's remain silent on the human rights abuse issues in Indonesia as in the case of East

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<sup>115</sup> Fred R. Von Der Mehden, 'Japan's Relations with Primary Energy Suppliers' in Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's Evolving Leadership Role in the Region, The James Baker Institute for Public Policy of Rice University Working Papers, May 2000, p.6 available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>

<sup>116</sup> Tokyo Ministry of Foreign Affairs Diplomatic Bluebook 1991, p.225 in Wolf Mendl, *Japan's Asia Policy*, (Routledge, London : 1995), p. 100

<sup>117</sup> Jody Ferguson, 'Indonesia's Energy Strategy : How it influences the Nation's Security Strategy', in Juli Macdonald and S. Enders Wimbush, Eds., *Energy Strategies and Military Strategies in Asia*, (McClen, VA: Hicks & Associates: 1999), Appendix D, p.10-11 and Fred R. Von Der Mehden, 'Japan's Relations with Primary Energy Suppliers' in Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's evolving leadership role in the region, The James Baker Institute for Public Policy of Rice University Working Papers, May 2000, p.13, available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>

<sup>118</sup> Fred R. Von Der Mehden, 'Japan's Relations with Primary Energy Suppliers', p.13

<sup>119</sup> 'Energy Security in the Asia-Pacific: Competition or Cooperation?', Asia Pacific Center for Security Studies Conference Paper, 15 January 1999, available online at [http://www.apcss.org/Publications/Report\\_Energy\\_Security\\_99.html](http://www.apcss.org/Publications/Report_Energy_Security_99.html), January 2004.

<sup>120</sup> Fred R. Von Der Mehden, 'Japan's Relations With Primary Energy Suppliers', p.16

Timor and its not tying economic aid to political conditions reflects how energy security policy influences Japanese foreign policy choices.<sup>121</sup>

### 5.3. JAPAN'S FOREIGN POLICY CHOICES IN EURASIA

As is stated above in , Japanese energy strategy aimed at decreasing its vulnerability to disruptions in the flow of its imported energy . Diversification of energy sources and diversification of Japanese dependency on the Middle East to other regions become concerns of not only energy security policy but also Japanese foreign policy . Hence it can be claimed that geostrategy and energy become inseparable for Japan.<sup>122</sup> Under these considerations , Russian Far East and Central Asian energy resources provided Japan with the opportunity to decrease its dependency on the Middle East .

Importance of Russian Far East lies its promising rich natural gas resources . After the dissolution of Soviet Union the region's importance is increased since it provided Russian Federation access point to the sea .<sup>123</sup> The economic difficulties of the region provided Japan with opportunities to invest in the region .

Ministry of International Trade and Industry of Japan announced a report stating the strategy which envisaging the ministry's growing interest with its relations with Russia. The report declared that Japan should diversify the sources of supply of energy and maintain friendly relations with energy suppliers , establish independent energy development projects and reduce reliance on oil .<sup>124</sup> It is asserted by Green that in the scope of diversifying energy sources and maintaining friendly relations

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<sup>121</sup> Ibid , p.17

<sup>122</sup> Reinhard Drifte, 'Japan's Energy Policy in Asia: Cooperation, Competition , Territorial Disputes', CEPMLP Internet Journal (Dundee University), vol. 11 Article 3, <http://www.dundee.ac.uk/cepmlp/journal/html/article11-3.html>

<sup>123</sup> Takamichi Mito , *Japan's Energy Strategy, Russian Economic Security, and Opportunities for Russian Energy Development: Major Issues and Policy Recommendations* in The James Baker Institute for Public Policy of Rice University , *Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's evolving leadership role in the region* , Working Papers, May 2000, p.8-9, available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>

<sup>124</sup> The Energy Security Commission Report on Energy Security and Environmental Problems , Tokyo , April 1993 in Michael Green , *Japan's Reluctant Realism : Foreign Policy Changes in an Era of Uncertain Power* , (NewYork , Palgrave 2001), p.158

with energy suppliers Russia was a natural choice for MITI since it is estimated that Russia could meet Japanese needs of 30 percent of liquid natural gas .<sup>125</sup>

Infact Russian resources of energy had been considered as a choice of energy diversification in the aftermath of the oil crisis of 1970s. Prime Minister of Japan Tanaka 's visit to Moscow in 1973 as a result of Japanese 'omnidirectional' diplomacy at that time , culminated in an agreement to develop Siberian and Soviet Far East resources including the projects of Yakutsk natural gas and the Sakhalin oil and gas projects .<sup>126</sup> However it is asserted by Saito that Japan's energy policy had been affected by Japanese political aims to solve the Northern Territories dispute comprising southern Sakhalin and the Kurile Islands dispute between them which is not solved to date.<sup>127</sup> Moreover the invasion of Afganistan by Soviet Union culminated in pressure on Japan by the USA which prevented the projects to be realized.<sup>128</sup>

But in the aftermath of the Cold War , MITI's initiative in 1993 continued with Japanese agreement for economic assistance focusing on energy and environmental development in Russian Far East which comprises the projects of Sakhalin I and Sakhalin II .<sup>129</sup> It is asserted by Green that the growing ties with Russia in the aftermath of the Cold War was initiated by the MITI as a result of long-term energy considerations.<sup>130</sup> Moreover despite decades old dispute of Northern Territories Japan , Japan and Russian Federation can come to an agreement over energy issues .<sup>131</sup> However it is asserted that energy was not the only factor in improving relations with Russia . It is argued that Japan uses energy development in Russia as a tool to accelerate regional cooperation and stability and its own diplomatic prestige.<sup>132</sup> In

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<sup>125</sup> Michael Green , *Japan's Reluctant Realism : Foreign Policy Changes in an Era of Uncertain Power* , (NewYork , Palgrave 2001), p.158.

<sup>126</sup> Motohide Saito , 'Japan's 'Northward' Foreign Policy' in Gerald Curtis ed, *Japan's Foreign Policy After The Cold War* ( ,The USA : ME Sharpe ,1993),p.281

<sup>127</sup> Loc.cit

<sup>128</sup> The James Baker Institute for Public Policy of Rice University , *Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's Evolving Leadership Role in the Region*, Working Papers, May 2000,p.20 , available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>

<sup>129</sup> Michael Green , *Japan's Reluctant Realism : Foreign Policy Changes in an Era of Uncertain Power* , (NewYork : Palgrave ,2001), p.159

<sup>130</sup> Ibid , p.158

<sup>131</sup> Ibid , p.165

<sup>132</sup> Kamiye Mataka , ' Japan's Foreign Policy Toward Northeast Asia' in Inoguchi Takashi and Purnendra Jain edt , *Japanese Foreign Policy Today : A Reader* , (Palgrave ,New York : 2000), p.239

addition it is claimed that Japanese alliance with the USA was influential in the change of attitude of Japan toward Russian Federation.<sup>133</sup> It is discussed that US pressure on Japan to develop relations with Russia was effective since Japan becomes pursuing active policy in the aftermath of the 'reaffirmation of the US-Japan' alliance in 1996.<sup>134</sup>

Hence it can be asserted that Japanese foreign policy toward Russia is affected by energy security considerations however the extent to which energy needs affects Japanese foreign policy is confined within the restrictions of other factors' influence on the general course of foreign policy.

In addition to Russian Far East region, central Asia also become a source of energy for Japan's diversification policies. Since after the end of Cold War the Newly Independent States tried to establish their independence, they opened the sources of oil and natural gas of the region to the international oil markets which started the so-called Great Game.<sup>135</sup> Therefore Caucasus and Central Asian sources of energy provided Japan the opportunity to divert its dependency on Middle Eastern oil. The Japanese interest in the region was announced with 1997 Prime Minister Hashimoto's Announcement.<sup>136</sup> In his speech Hashimoto announced that Japan was intended to play a more assertive role in the region. In his speech Hashimoto established a link between the images of Silk road that linked China and Imperial Rome through the Caucasus and Central Asia and call for the business elite to invest in the region. According to Green's view, the aim of the speech was rooted in the same energy and geostrategic calculations that led to the shift in the relations with Moscow.<sup>137</sup> The engagement with the region is embodied in a report called 'Silk Road Action Plan' prepared by MITI, MFA and MOF at Hashimoto's direction in 1998.<sup>138</sup>

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<sup>133</sup> Green, *Japan's Reluctant Realism: Foreign Policy Changes in an era of Uncertain Power*, p.165

<sup>134</sup> Ibid, p.166

<sup>135</sup> Şebnem Udum, 'The Politics of Caspian Region Energy Resources: A Challenge For Turkish Foreign Policy', *Perceptions* (December 2001-February 2002), p. 39.

<sup>136</sup> Green, *Japan's Reluctant Realism: Foreign Policy Changes in an era of Uncertain Power*, p.161

<sup>137</sup> Ibid, p.164

<sup>138</sup> Ibid, p.162

It is asserted that Japan's involvement in Central Asia and Caucasus strengthens Japan's diplomacy vis a vis both Moscow and Beijing by making Japan an economic player in their own backyard.<sup>139</sup> Therefore not only energy policy is the influential factor. As claimed by Green in the long run although Central Asia can not be able to provide much energy to Japan but it provides Japan to pursue a larger diplomatic role in an area of crucial significance to its powerful neighbours on the Eurasia.<sup>140</sup> Japanese organisation of a conference by the attendance of Turkey, China, Russia and the USA in 1999 by Ministry of Foreign Affairs can be interpreted under these considerations<sup>141</sup>. Therefore it is difficult to judge whether energy needs dictates foreign policy or foreign policy choices affect Japanese energy policy. It will be much more right to say that in this region also both influences each other.

#### **5.4. ENERGY IN JAPAN'S RELATIONS WITH CHINA**

The aim of this section is to evaluate to what extent Japanese energy policy influences its foreign policy of Japan towards China.

Especially in the aftermath of China's becoming net oil importer in 1993<sup>142</sup> Japan had to compete with China for resources in international markets. According to the projections China's consumption of energy will increase in the future which will make it dependent on the imports of energy around 40 per cent in 2010.<sup>143</sup> Moreover Japan fears that current stable supply of energy from the Persian Gulf might be jeopardized by China's entry into the market.<sup>144</sup> Therefore it can be asserted that China's becoming an importer of energy especially its increasing dependency on oil<sup>145</sup> makes Japanese policymakers give importance to this in the formulation of energy security policies.

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<sup>139</sup> Ibid, p. 160

<sup>140</sup> Ibid, p. 163

<sup>141</sup> Ibid, p. 164

<sup>142</sup> 'Energy Security in the Asia-Pacific: Competition or Cooperation?', Asia Pacific Center for Security Studies Conference Paper, 15 January 1999. available online at [http://www.apcss.org/Publications/Report\\_Energy\\_Security\\_99.html](http://www.apcss.org/Publications/Report_Energy_Security_99.html), accessed in July 2004.

<sup>143</sup> Alan Dupont, 'Chapter 4: Will there be an energy gap?', *East Asia Imperilled Transnational Challenges to Security* (Cambridge University Press, 2001), p.72

<sup>144</sup> Kohei Hashimoto, 'Asia's Energy Security and the Role of Japan: A Diplomatic Perspective On Asian Sea Lanes and Other Regional Issues', in The James Baker Institute for Public Policy of Rice University, *Japanese Energy Security and Changing Global Energy Markets: An Analysis of Northeast Asian Energy Cooperation and Japan's Evolving Leadership Role in the Region*, Working Papers, May 2000, p.2 available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>

<sup>145</sup> Ibid

The concerns on the part of Japan are accelerated by China's attempts to claim rights over the Spratly Islands which are on the supply routes of energy for Japan in the South China Sea .<sup>146</sup> The Spratly islands locate on the tanker routes of Japan from Gulf Region and nearly 70 percent of Japan's oil tankers pass through the area. Not only Japan and China but also Vietnam , Malaysia ,Brunei and Taiwan claim sovereignty over the islands. Despite Japan is not accepted as a claimant state by China , Japan puts its diplomatic pressure to be actively involve in the negotiations between the countries . Although Japan did not achieve success in the settlement of the dispute , the activities showed how Japanese energy security considerations influence its foreign policy.<sup>147</sup>

Another example of the dispute between China and Japan affecting Japanese diplomacy is China's claim to the Senkaku island in East China Sea<sup>148</sup>. It is usually claimed that energy considerations have been a critical factor behind Chinese claims since it is asserted that the Senkaku island issue was depoliticized until 1990s. However it is claimed that China after depending on imports of energy passed the Law on Territorial Waters claiming opening of the islands to Chinese oil exploration and asserted that force might be used to protect China's claims.<sup>149</sup> Despite the growing tension after right wing Japanese reaction by trying to construct a lighthouse on the islands to protest China, the crisis was resolved by Japanese 'conciliatory' approach.<sup>150</sup> The initiation of Prime Minister Hashimoto provided the establishment of a 200 mile wide joint management zone that would allow fishing in the area by both nations and joint use of the resources.<sup>151</sup>

It is asserted that conflict in East China Sea in particular in Senkaku islands dispute is more potentially serious because of rich undersea resources and the involvement of

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<sup>146</sup> Lam Peng Er , 'Japanese Relations with Southeast Asia in an Era of Turbulence 'in Inoguchi Takashi and Purnendra Jain ed , *Japanese Foreign Policy Today : A Reader* (Palgrave ,New York : 2000), p256

<sup>147</sup> Ibid, p. 257

<sup>148</sup> ' Energy Security in the Asia-Pacific: Competition or Cooperation?' , Asia Pacific Center for Security Studies Conference Paper, 15 January 1999. available online at [http://www.apcss.org/Publications/Report\\_Energy\\_Security\\_99.html](http://www.apcss.org/Publications/Report_Energy_Security_99.html), accessed in July 2004.

<sup>149</sup> Kamiye Mataka, ' Japan's Foreign Policy Toward Northeast Asia' in Inoguchi Takashi and Purnendra Jain ed , *Japanese Foreign Policy Today : A Reader* ,( Palgrave ,New York : 2000), p. 236

<sup>150</sup> Ibid , p.237

<sup>151</sup> Michael Green , *Japan's Reluctant Realism : Foreign Policy Changes in an Era of Uncertain Power* , (NewYork , Palgrave 2001) p.187

two major powers in the region.<sup>152</sup> However, Japan did not attempt to start any exploration activities in the region in order to avoid confrontation with China who had already engaged in exploration activities in the region.<sup>153</sup> It can be asserted that Japanese post war foreign policy trait of its avoidance conflict with countries and the influence of the US relations<sup>154</sup> plays role in this case. Since Japan is deprived of military power, it has to rely on USA military power to protect its interests. During the conflict USA declared its neutrality over the issue and therefore led Japan to question the protection of the alliance with the USA<sup>155</sup>. Moreover for Japanese decision makers, hostile relations with Beijing is against the interests of Japan.<sup>156</sup> Japan perceives threat from China in economics terms rather than political and military.<sup>157</sup> Therefore, Japan as in line with its economism and antimilitarism features of its foreign policy did not pursue aggressive foreign policy in order to provide its energy needs.

In addition to the developments regarding the territorial disputes regarding energy issues, Japan considers China's relations with its suppliers of energy. For instance China and Russian Federation joint development projects of natural gas in the Russian Far East or China's relations with Australia in natural gas deals are interpreted as China's attempts to marginalise Japan in the region.<sup>158</sup> Thus by insisting on a very costly project of pipeline from Angarsk to Nakhodka, Japan tries to abide any 'Sino-Russian energy alliance'<sup>159</sup>. Japanese governments attempts to realize this project shows that energy security considerations plays important role in Japan's approach to China.

In sum it can be asserted that China's joining international energy markets as a importer of energy concerns Japan on the grounds that Japan's share of imports of

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<sup>152</sup> 'Energy Security in the Asia-Pacific: Competition or Cooperation?', Asia Pacific Centre for Security Studies Conference Paper, 15 January 1999, available online at [http://www.apcss.org/Publications/Report\\_Energy\\_Security\\_99.html](http://www.apcss.org/Publications/Report_Energy_Security_99.html) accessed in July 2004

<sup>153</sup> Reinhard Drifte, 'Japan's Energy Policy in Asia: Cooperation, Competition, Territorial Disputes', CEPMLP Internet Journal (Dundee University), vol. 11 Article 3, available at <http://www.dundee.ac.uk/cepmlp/journal/html/article11-3.html>

<sup>154</sup> Mataka, 'Japan's Foreign Policy Toward Northeast Asia' p. 226

<sup>155</sup> Michael Green, *Japan's Reluctant Realism: Foreign Policy Changes in an era of Uncertain Power*, (New York, Palgrave 2001), p.87

<sup>156</sup> Ibid, p. 88

<sup>157</sup> Ibid, 101

<sup>158</sup> Mehmet Ögütçü, 'China's Energy Security: Geopolitical Implications For Asia and Beyond', *Oil&Gas and Law Intelligence*, Volume1, Issue 2, (March 2003), available online at [www.gasandoil.com/ogel/](http://www.gasandoil.com/ogel/).

<sup>159</sup> Japan Proposes Loan to Russia for Oil Pipeline, *Kyodo News*, 14 October 2003, available online at <http://www.gasandoil.com/goc/news/ntr34464.htm>, accessed on 06/06/2004

energy declines and China's increasing military power constitutes threat to Japanese energy supply security however these concerns can not have the influence to change Japan's foreign policy toward China since as explained , Japan prefers to refrain from conflict in its foreign policy with China and acts under the restrictions arising from its alliance with the USA.

## 6. IMPLICATIONS FOR THE RELATIONS WITH THE USA

In this section , the aim is to answer the question whether Japanese energy needs necessitate Japan's keeping dependency on the USA or to follow independent foreign energy policy in order to protect interests .

The US –Japan alliance is unique in the sense that it is the only alliance under which USA has obliged itself to the mutual cooperation and security. <sup>160</sup> Japan benefits from US security considerations in the Middle East , Central Asia, South-East Asia, the Indian Ocean, Pacific Ocean and South China Sea lanes which provides an important part of her energy security . <sup>161</sup> US presence as 'naval guarantor' in the South-East and East Asian Sea –lanes is vital for regional stability <sup>162</sup> which in turn protects Japanese interests since Japan is deprived of the military capability to launch its power into Southeast Asia and the Persian Gulf. <sup>163</sup> As witnessed in the Gulf War Japan's defence diplomacy is restricted with the constraints in its constitution and reluctant public opinion. <sup>164</sup>

If the potential sources of threats to energy security in Asia region such as North Korea problem , the dispute between China and Taiwan , conflict over Spratly Islands between Japan and China are taken into consideration , it can clearly be

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<sup>160</sup> Makato Momoi, 'The Energy Problem and Alliance Systems : Japan' in *The Middle East and the International System , Security and the Energy Crisis*, Adelphi papers 115 , ( Oxford University Press in USA , Spring 1975) , p.25

<sup>161</sup> Toshi Yosihara and Richard Sokolski , ' US and China in the Persian Gulf : Challenges and Opportunities', *Fletcher Forum of World Affairs*, No. 1, Winter-Spring 2002, available online at <http://fletcher.tufts.edu/forum/>

<sup>162</sup> Evan Fiegenbaum, ' China's Military Posture and the New Economic Geopolitics' , *Survival*, vol. 41, no.2, (Summer 1999) ,p.80.

<sup>163</sup> The James Baker Institute for Public Policy of Rice University , *Japanese Energy Security and Changing Global Energy Markets : An Analysis of Northeast Asian Energy Cooperation and Japan's Evolving Leadership Role in the Region*, Working Papers, May 2000,p.29, available online at <http://www.rice.edu/energy/publications/japaneseenergysecurity.html>

<sup>164</sup> Ibid,p.31

understood that Japan needs US military power to protect its economic security since Japan can not think of a military possibility as indicated with the words of a defence minister ' *The use of military means to protect overseas interests is not only anachronistic but useless*' .<sup>165</sup> Therefore it is asserted that the alliance ensures Japan protection of the sea lanes transportation of vital energy supplies at the least cost .<sup>166</sup> For Japanese economic security considerations the alliance with the USA is vitally important for Japan .

Although the US provides Japan with the military security and serve to protect its interests for energy policy , the dependency of Japan on the USA creates restrictions in its energy choices . For instance, Japan's nuclear energy policy becomes one of debatable issue with the USA in terms of energy .<sup>167</sup> Since Japan aims to diversify its sources of energy in order to decrease its dependency on the Middle East oil, civilian use of nuclear power provides Japan the opportunity to realize this aim.<sup>168</sup> In 2000 nuclear energy constituted 12 % of primary energy of Japan by supplying a big part of Japanese electricity needs.<sup>169</sup> However the problem related with Japan's nuclear energy is that its having a plutonium based nuclear cycle which reprocess the used fuel because plutonium comes out of this recycling process may be used in production of nuclear weapons .<sup>170</sup> Despite Japanese attempts to clarify its nuclear policy programs, both Asian neighbours and the USA criticize Japan on this point.<sup>171</sup> After the end of Cold War , the USA give priority to non-proliferation in its foreign policy objectives and Japan 's plutonium policy became the target for criticism.<sup>172</sup>

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<sup>165</sup> Naomi Nishimura , 'My Philosophy of Self Defence –on the Strategy of Limited Response ' speech at the Tokyo Foreign Correspondents' Club , 11 October 1971 in Makato Momoi, 'The Energy Problem and Alliance Systems : Japan' in *The Middle East and the International System , Security and the Energy Crisis*, Adelphi papers 115 , ( Oxford University Press in USA , Spring 1975), p.30.

<sup>166</sup> Makato Momoi, 'The Energy Problem and Alliance Systems : Japan' in *The Middle East and the International System , Security and the Energy Crisis*, Adelphi papers 115 , ( Oxford University Press in USA , Spring 1975) p. 35

<sup>167</sup> Eiichi Katahara , 'Japan's Plutonium Policy : Consequences for Non-proliferation', *The Non-proliferation Review* , Fall 1997 , p.59

<sup>168</sup> Michael W. Donnelly , 'Japan's Nuclear Quest' in Gerald L. Curtis eds, *Japan's Foreign Policy After the Cold War* ( ME Sharpe , the USA ,1993), p. 179.

<sup>169</sup> Susan E. Pickett, 'Japan's Nuclear Energy Policy: From Firm Commitment to Difficult Dilemma Addressing Growing Stocks of Plutonium , Program Delays ,Domestic Opposition and International Pressure' , *Energy Policy* ,30 (2002), p. 1338

<sup>170</sup> Ibid ,p.1339

<sup>171</sup> Suzuki Tasujiro, 'Lessons from Euratom for Possible Regional Nuclear Cooperation in the Asia Pacific Region' ( ASIATOM) in Michael Stenkiewicz eds. *Energy and Security in Northeast Asia* , an IGCC Study Commissioned for the North Asian Cooperative Dialogue Beijing, China, January 8-10,1996, Institute on Global Conflict and Cooperation, August 1996, available online at

<http://www-igcc.ucsd.edu/publications/publicationsindex.php>, accessed on 17/06/2004

<sup>172</sup> Pickett, 'Japan's Nuclear Energy Policy: From Firm Commitment to Difficult Dilemma Addressing Growing Stocks of Plutonium , Program Delays ,Domestic Opposition and International Pressure' ,p.1340

Also it is concerned that Japan's developing nuclear capacity may create example for the other countries in Asia such as Taiwan , North and South Korea and China which put regional proliferation in difficulty .<sup>173</sup> However despite the critiques , Ministry of Economy, Trade and Industry , Japan plans to increase its nuclear power capacity by 2010.<sup>174</sup> This can be interpreted from realist lenses as Japan's national interests' dictation to provide economic security of Japan.<sup>175</sup>

Beside the plutonium policy of Japan , its contacts with the Middle Eastern countries on bilateral basis creates a source of conflict with the USA . For instance Japan's relations with Iran is another source of conflict since Japan agreed to invest in Azadegan oil field in Iran despite the Iran –Libya Sanctions Act of the USA .<sup>176</sup> Japan , quoted from its trade minister Hiranuma's words , '*created the necessary legal basis for oil sectors to be able to participate in projects abroad without fear of US opposition*'.<sup>177</sup> This shows how energy interests of Japan clearly influence its foreign policy choices even at the expense of deteriorating relations with the USA.

However it can be discussed that Japan can not follow independent policy from the USA in the Middle East despite some divergences in the interests for instance even in the most extreme case where Japan signalled divergence from the USA policy in the 1973 oil crisis it could not cut diplomatic ties with Israel.<sup>178</sup> Thus , as asserted by Dowty that the alliance with the USA provides Japan with the chance of independent action while simultaneously imposing limitations on the foreign policy in the Middle East .<sup>179</sup>

In conclusion, Japanese national interest of ensuring its supply of energy necessitates both divergence and convergence with the USA policies. Divergence with the USA arises on the point of Japan's plutonium policy and its bilateral relations with oil

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<sup>173</sup> Eiichi Katahara , 'Japan's Plutonium Policy : Consequences for Non-proliferation' , *The Non-proliferation Review* (Fall 1997) , p.60

<sup>174</sup> Ibid ,p.59

<sup>175</sup> Michael W. Donnelly , 'Japan's Nuclear Quest' in Gerald L. Curtis eds, *Japan's Foreign Policy After the Cold War* (ME Sharpe , the USA ,1993) , p. 180

<sup>176</sup> 'Iran delighted about energy deals despite Iran-Libya Sanctions Act' , 13 July , 2001 , accessed in June 2004. available online at <http://www.gasandoil.com/goc/news/ntm13333.htm>

<sup>177</sup> Ibid

<sup>178</sup> Alan Dowty , 'Japan and the Middle East: Signs of Change?' , *Middle East Review of International Affairs*, Vol. 4 , no 4, (December 2000).

<sup>179</sup> Ibid

producing countries in the Middle East. However, to provide regional stability in the Middle East region and other parts of the world more importantly, to provide the security of sea lanes of transportation Japan has to rely on US military power. Therefore it can be concluded that in the foreseeable future Japan will depend on the USA for the oil transportation passing through unstable areas such as Taiwan strait and East China Sea to provide its economic security .<sup>180</sup>

## 7. COOPERATIVE JAPANESE FOREIGN POLICY

After analysing to what extent Japanese energy policy affects its foreign policy in the strategically important areas for Japanese energy policy and foreign policy and its impact on Japanese relations with the USA , this chapter addresses the consequences of the link between energy policy and foreign policy in the sense that whether Japanese needs and its affect on its foreign policy makes it pursue aggressive policies or makes it more cooperative.

According to realist thought , the competition for scarce resources leads to conflict .<sup>181</sup> As witnessed in the case of Spratly Islands dispute with Japan and China over the resources of the East China Sea or the concerns related to Japan's developing nuclear power capacity show that energy issue may become a source of conflict for Japan . However this paper asserts that in the light of the interdependence between energy policy and foreign policy in the specific areas of foreign policy explained before , Japanese energy needs dictates cooperation and interdependence rather than conflict.

For instance so-called Hiranuma Initiative of Japan maintaining energy stability in the Asia region can be evaluated from this perspective. It was agreed at a meeting of energy ministers from Japan, Korea, China and the ASEAN nations at the International Energy Agency forum in Osaka which aims to promote cooperation in

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<sup>180</sup> Makato Momoi, 'The Energy Problem and Alliance Systems : Japan' in *The Middle East and the International System , Security and the Energy Crisis*, Adelphi papers 115 , ( Oxford University Press in USA , Spring 1975) p.25

<sup>181</sup> Alan Dupont , 'Energy Scarcity' in *The Environment and Security in Pacific Asia* , International Institute for Strategic Studies , Adelphi Paper 319, ( Oxford University Press in USA ,1998) ,p.25

the development of natural gas resources in the Asia region <sup>182</sup>. Moreover the energy talks between China , Japan and South Korea is promising that the energy relations between the countries are developing in an interdependent system which will foster cooperation <sup>183</sup> . Therefore it will be right to claim the interdependency is created by energy projects between resource rich countries and countries which have capital , technology to exploit these resources. <sup>184</sup> In addition, it can be claimed that nuclear policy development of Japan ,contrary to the suspicions of nuclear armament , is transparent since Japan signed Non-Proliferation Treaty and accepted International Atomic Energy Agency's inspections. <sup>185</sup>

Hence , it can be understood from Japanese initiatives in the field of energy and its economic support for the projects on bilateral or multilateral basis , Japan develops energy security policy in line with its post war foreign policy norms of 'antimilitarism' and 'economism' . Therefore contrary to Japanese aggressive expansionist policies before the world war II , Japanese energy security policies make it act as a cooperative actor in today's World.

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<sup>182</sup> The Institute of Energy Economics , Tsutomu Toichi, *Energy Security in Asia and Japanese Policy*, Japan, IEEJ, July 2003,p.7 available online at <http://www.nautilus.org/aesnet/200.pdf> accessed in June 2004.

<sup>183</sup> 'Japan, China and S.Korea Hold High -Level Talks on Energy', *Asian Political News*, 11 March 2002

<sup>184</sup> Toichi, 'Energy Security in Asia and Japanese Policy',p.8

<sup>185</sup> Eiichi Katahara , 'Japan's Plutonium Policy : Consequences for Non-proliferation', *The Non-proliferation Review* , (Fall 1997) , p.60

## 8. CONCLUSION

As depending 80 per cent of its energy consumption on foreign energy resources, Japan had created a miracle in the aftermath of the World War II . The economic development was a miracle in the sense that it was built on the foreign sources of energy. But , the oil crisis of 1970s showed how this miracle became vulnerable to the disruptions of the supply of energy. Hence, Japanese decision makers developed 'comprehensive security' approach and put emphasis on providing energy security. The energy security policy of Japan necessitated active government which led to resource diplomacy. Since the oil crisis of 1970s, Japan actively pursues resource diplomacy.

The main research puzzle of the dissertation arises on this point to reveal the interdependence between Japanese energy needs and foreign policy. In other words, to what extent Japanese energy needs is influential in Japanese foreign policy . Secondly, the affect of the interdependence between Japanese foreign policy and energy policy on its relations with the USA is questioned. Thirdly, the paper argues whether the influence of energy policy makes Japan pursue aggressive policies or act as a cooperative actor.

To solve the first part of the research puzzle , the paper argues that Japanese energy needs are addressed with a well defined energy strategy which necessitates government involvement in order to provide energy security. Hence there exist a clear link between energy policy in particular energy security policies and foreign policy of Japan in the formulation of strategies. In order to understand , to what extent this interdependence is influential in implementation of Japanese foreign policy , the paper presents the regions which are important for Japanese energy security policies and argues that while Japanese foreign policy is highly influenced in the Middle East region and Indonesia by energy security considerations, Japanese foreign policy in Eurasia and Northeast Asia , particularly Russia and China shows an interplay of both energy and other political issues. Therefore the paper concludes

that rather than making generalization that energy policy dictates foreign policy or foreign policy choices dictate energy policy, it will be much better to claim there exists interdependence between Japanese energy needs and foreign policy.

The dissertation asserts about the second part of the research puzzle that Japanese energy policy necessitates Japan's alliance with the USA. It is argued that since Japan is deprived of military power to protect its supply of security, it has to rely on USA's providing security for the transportation routes. It is also discussed that since Japan is dependent on the Middle Eastern sources of energy, Japan needs USA alliance for ensuring stability in the region which in turn serves Japanese interests. However it is also discussed that Japan in order to keep its energy security follows independent policies from the USA despite its military dependence on it.

For the third part of the research puzzle, the paper argues that Japan acts as a cooperative actor in the field of energy. It is argued that the interdependence between energy policies mainly energy security policy and foreign policy leads Japan to initiate projects on regional bilateral or multilateral basis. Therefore the paper asserts that Japan follows energy security policy in line with its post-war foreign policy norms of economism and anti-militarism.

In sum, the dissertation supports the conclusions that energy policy mainly energy security policy affects Japanese foreign policy. There is interdependence rather than dependence between each other. Secondly, Japanese energy needs necessitate Japan's relying on US alliance as long as it depends this much on the Middle East energy supplies. Thirdly, the energy policy of Japan influences Japanese foreign policy in a way which makes her act as a cooperative actor on the world energy stage.

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