

Japan Seeks Bigger Middle East Role: Economic Diplomacy

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by J Sean Curtin

As signs of life slowly return to the long-comatose Middle East peace process, Japan is working hard to contribute to regional stability. Victory by Mahmoud Abbas, the moderate chairman of the Palestine Liberation Organization, in the Palestinian presidential election was warmly greeted by Tokyo. Prime Minister Koizumi Junichiro promised, "Japan will work actively to support the Palestinian Authority's efforts at peace." Koizumi is keen to heighten Japan's regional profile as part of its efforts to gain a permanent seat on the UN Security Council. Foreign Minister Machimura Nobutaka is slated to go to the region for talks with Abbas. Japan also immediately pledged to extend an additional US\$60 million in financial and humanitarian aid to the Palestinian Authority (PA). Tokyo is already the highest contributor to the PA and it is estimated that this latest package will bring the total amount of its financial assistance to the PA to about US\$90 million in fiscal 2004, easily doubling its figure for 2003.

Because it is a close ally of the United States and for decades has enjoyed an excellent relationship with the Arab world, Japan occupies a unique position that it seeks to utilize with both Palestinians and Israelis.

King Abdullah II of Jordan's Tokyo meeting with Prime Minister Koizumi in late December 2004 illustrated Japan's diplomatic and financial role in the region. Koizumi announced a grant of

US\$40 million for Jordan to help implement development projects next year for the nation's large Palestinian refugee population. Koizumi also reaffirmed his commitment to the Middle East peace process, a shredded "roadmap" that may be reconstructed following the election of Abbas, an advocate of non-violence, as Arafat's successor.

Both Palestinians and Israelis view Japan's efforts favorably. Nabil Shaath, the minister of foreign affairs for the Palestinian Authority, commented, "As Palestinians, we are very much for global Japanese participation and I think the Japanese themselves are very willing to fulfill this role."

In a separate interview, Israel's new ambassador to the United Kingdom, Zvi Heifetz, also spoke positively of Japan's involvement in the peace process. "I think the Japanese contribution is completely sincere, they really want to help," he said.

At the end of December 2004, Oshima Kenzo, Japan's new chief ambassador to the United Nations, said at his first news conference since presenting his credentials to UN Secretary General Kofi Annan, "Japan is prepared to play a larger international role in contributing toward Middle East Peace."

A key Japanese objective is to help revive the Palestinian economy. Although often overlooked, or seen as of secondary importance, the economic factor is an absolutely vital element in the peace equation. The economic gap between the two sides is staggering; the average annual income of an Israeli is US\$16,500 compare to US\$925 for a

Palestinian.

Kamal Abu Jabar, a former Jordanian foreign minister who is positive towards Japanese initiatives, believes progress is impossible without addressing the massive disparities between the two sides. "How can we achieve peace when we have such an imbalance between the Israelis and the Palestinians? I am not just talking about a military imbalance. It's political, economic and in every other sense of the word," he said.

However, Japanese involvement in the Middle East is not without its perils. Tokyo's dispatch of troops to Iraq has tarnished its once-gleaming regional credentials. And despite its humanitarian mission, the troop deployment and extension have not won international points for Japan beyond the US and the UK.

In a determined effort to restore its Middle East reputation and contribute to the peace process, Tokyo has been offering financial aid to the Palestinians and moderate Arab states, as well as engaging in other related diplomatic activities. Given its heavy dependence on Middle East oil supplies and needs, it is essential for Japan to maintain good relations with countries in the region. Japan is also acting out of a strong desire to raise its global profile, adding momentum to its bid for a permanent seat on the United Nations Security Council.

In 2004, Japan pledged US\$10 million to the newly created World Bank trust fund to support the Palestinian Authority, \$10 million for the Greater Middle East Initiative education projects and almost \$5 million to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). These pledges come at a time when there is considerable pressure to reduce Japanese foreign aid due to budget cuts in the face of soaring budget deficits.

The Japanese Foreign Ministry also hosted a three-day Israel-Palestine confidence-building conference in Tokyo, which provided leading figures from both sides an opportunity for face-to-face discussions far from regional pressures.

King Abdullah II's visit in December 2004 was part of Japan's efforts to promote Middle East peace. Jordan has a large Palestinian population and is the main recipient of Japan's aid to countries in the Middle East. In 2003, Tokyo gave the kingdom a grant of \$100 million to help overcome economic and social problems resulting from the Iraq war -- the conflict halted cross-border trade, as did the first Gulf War. Since 1974 Tokyo has provided Jordan with \$1.8 billion in soft loans, in addition to an integrated economic aid package worth \$400 million over the past three years.

Japanese Efforts to revive Palestinian economy

Japanese energies have primarily been directed toward reviving the battered Palestinian economy, a move Israel views positively. Describing Japanese efforts, Ambassador Heifetz said, "I would welcome any support that it can give to the Palestinian Authority to help their economic recovery. I think that if their economy recovers and order is established, then this will create a better atmosphere for negotiations."

Hostilities between the two sides over the past four years have devastated the Palestinian economy. Ordinary Palestinians are suffering an unprecedented social and economic crisis. It is estimated that currently 47 percent of the population survives on an income of about US\$2 a day. In the current UN human development classification table Israel ranks 22nd out of 177 countries, while the Palestinian Territories comes in at 102nd place.

Hanna Siniora, chairman of the European Palestinian Chamber of Commerce, said "Japan has been one of the major contributors to the

Palestinian Authority and we sincerely hope that we will be able to help develop our business links to Japan and Southeast Asia." He added, "We are very grateful for the assistance the Japanese have given and are giving to the Palestinian people. They are very supportive of the Palestinian economy and a range of other activities. They are actually hosting one of the multilateral committees concerned with the environment of our region."

Even those who are skeptical about the effectiveness of Japan's current Middle East strategy concede that it has made a substantial contribution. Dr John de Boer, a Japan-studies fellow at the Stanford Institute for International Studies, points out that between 1993 and August 2002, Japan was the single largest donor of aid to the Palestinian Authority, a large slice of its assistance going to build a much-needed social-services infrastructure. "Unfortunately, since August 2002, much of what was built with Japanese money has been destroyed as a result of Israeli 'incursions'," he said.

He added, "Back in May 2003, the United Nations issued a report on the separation wall (The Impact of Israel's Separation Barrier on Affected West Bank Communities) being constructed by Israel. It documents that since August 2002, US\$110 million worth of damage has been inflicted on Jenin, Tulkarm and Qalqilya alone. The impact of these incursions and the separation wall has been particularly stark and worrisome in terms of agricultural production."

The Israeli government says it is unfair to blame Israel for all the economic woes of the Palestinians, contending that they were forced to construct the separation barrier in order to protect Israeli civilians from terrorist attacks, and insisting that the barrier is only a temporary measure. However, Palestinians view the barrier as a permanent measure designed to confiscate large tracts of their

territory.

Israel also believes neighboring Arab countries could, if they wished, do a great deal more to assist the Palestinians, something that is difficult for Israel to do because of suicide bombings and other terrorist attacks on its people. Ambassador Heifetz said Japan's eagerness to help clearly illustrates this point. He explained, "The Japanese are proposing financial assistance and pledging their support. In contrast, it is very strange that the Arab countries are not more engaged in the process. I believe they could be both instrumental and helpful in assisting the Palestinian Authority in the process of economic recovery."

Palestinians want more Japanese input

The Palestinians have been calling for Japanese inclusion in the highest level of negotiations. Foreign Minister Shaath explained: "Structurally, we really wanted Japan to be a member of the quartet [the United States, Russia, the European Union and the United Nations that developed the roadmap for peace]. In fact, we advocated a quintet. But there was resistance from the Americans for including Japan. Not only Japan, but such a move would also open the road for the participation of Norway, a legitimate member of the peace process and maybe several others, who have indicated a desire to take part. "

He added, "I think Japan deserves very much to be a member of the quartet. Japan has now been invited to be a member of the task force around the quartet. Japan has also been a founding member of the HLC [High-Level Committee] providing economic support for the Palestinians and the peace process."

Shaath pointed to Japanese diplomatic efforts in other areas. "Japan has contributed significantly to the so-called people-to-people programs, bringing Israelis and Palestinians together for dialogue in Japan," he said. In July

Tokyo hosted an Israel-Palestine confidence-building forum. The three-day Foreign Ministry-sponsored event brought together former Israeli finance minister Dan Meridor and the Palestinian Authority minister for negotiation affairs, Saeb Erakat, for face-to-face discussions.

Recently, prominent Japanese lawmakers have been demanding that Japan play a more active role in resolving the conflict. Hatoyama Yukio, the foreign-affairs spokesman for the main opposition Democratic Party of Japan and its former leader, has called for Japanese involvement in the forthcoming Palestinian Authority election. In mid-December 2004 he demanded, "Japan must dispatch an election-monitoring team."

Troops in Iraq tarnish Japan's image

While the Palestinian leadership supports the idea of greater Japanese participation, the country's image in the wider Arab world has suffered since it dispatched 550 troops to Iraq in January 2004, despite the claim that the mission was a strictly humanitarian one, focusing on reconstruction.

Many in the Middle East say Japan compromised its neutrality by openly supporting US President George W Bush's Iraq war and subsequently sending troops to that country in support of it. Dr Mamdouh Salameh, author of the influential report "Oil and Gas Development in Iran and Its Implications for Japan", sums up a view common across the Middle East: "I strongly believe that Japan can make a meaningful contribution to Middle East peace, but only if it does not toe too closely the American policy line."

"Japan is an economic superpower, and this fact should translate into great political power. Nevertheless, Japan's foreign policy is perceived in the Arab world as no more than an extension of US foreign policy. Only when it

follows an independent foreign policy will it be able to exercise its global influence," Salameh said.

An alternative Arab view sees Japan as a victim, being forced to deploy troops against its will. Dr Buthaina Shaaban, a Syrian cabinet minister, explained this interpretation in spring, 2004 (<http://www.atimes.com/atimes/Japan/FE05Dh01.html>). "I think the people of the Middle East are very politically savvy and they understand that probably Japan has perhaps been subjected to pressure. So people will forgive Japan for that."

Dr de Boer believes that Japan could also facilitate talks between Syria and Israel. He explained, "The Syrian government has recently demonstrated an interest in revisiting 'negotiations' with Israel. Unlike the US, Japan has good relations with Syria and may be able to help promote such an engagement."

Koizumi polls hurt by Iraq deployment extension

While many in the Middle East are forgiving, the Japanese electorate has not been so kind. The initial troop dispatch was immensely unpopular and has partly been blamed for the embarrassing loss suffered by Koizumi's Liberal Democratic Party in the July 2004 Upper House election. The decision to extend the mission has been even more unpopular, sending Koizumi's approval ratings into a nosedive.

A Mainichi newspaper poll taken immediately after the extension decision on December 9, 2004 showed Koizumi's ratings plummet to their lowest level since he took office in April 2001. Only 37% said they supported his cabinet, while 45% said they did not. Specifically asked about the dispatch extension, 62% opposed it, while only 31% favored it. The survey also showed a massive 84% stating they didn't think Koizumi had offered enough

information for justifying the continuation of the mission. An NHK poll produced similar results, also finding 62% of those surveyed opposing the extension, with just 28% in favor. These are stunning findings.

Dr Salameh, who is familiar with both Japan and the Middle East, said many Japanese want the country to chart a more independent Middle East policy, as it has done in the past. "Japan has shown in recent times that it can take decisions against American 'objections'," he said, "as it did when a consortium of Japanese companies reached agreement with Iran to develop the huge Azadegan oilfield despite strong opposition and threats from the United States. It can do the same by withdrawing its forces from Iraq." In February 2004, against the express wishes of the Bush administration, a Japanese consortium signed a US\$2 billion deal with Tehran to develop the Azadegan oilfield.

Dr de Boer, the Japan-studies fellow at Stanford, said Japan needs to be more assertive. "Japan has made political demands to the Israeli government before," he observed. "Most recently it pressed hard for the Israeli government to transfer millions of dollars of tax money owed to the Palestinian Authority that it had withheld since September 2002, [and] a significant portion of this money was recently transferred. Today, Japan needs to press the Israeli government toward dismantling the separation wall."

He added, "As the UN report ['The Impact of Israel's Separation Barrier on Affected West Bank Communities'] conservatively estimates, the separation wall will have tremendous and disastrous consequences upon Palestinian society and its economy, and no matter how much money the Japanese government pumps in, it is hard to imagine a viable Palestinian state with a separation wall."

Zalman Shoval, a close adviser to Prime

Minister Ariel Sharon and a former Israeli ambassador to the United States, believes such views ignore his country's legitimate security concerns, which forced it to construct what it claims is a temporary security barrier, and attach far too much blame to Israel and the US while completely ignoring the failings of the Arab world. Shoval said, "It's much easier, of course, to blame US imperialism or Israel's occupation of the territories for all the ills of the region, conveniently forgetting that there was a time when there hadn't been any occupation, rather than putting the finger on the real reasons such as economic and political stagnation, and technological backwardness and the culture of violence engendered by a totalitarian interpretation of Islam in some parts of the Arab and Islamic world."

He also explained his personal view of what the peace process should entail on the Palestinian side. "There must be a Palestinian leadership willing and able to once and for all give up the option of terror and violence. Dismantle the terrorist infrastructure. Stop anti-Israel and anti-Semitic incitement in the media and the schools. Ideologically accept the right of existence of the Jewish state. Now, this is by the way, the first stage of the Road Map."

Cautious optimism about prospects for peace

While the various parties remain bitterly divided over the causes of the decades-old conflict, there is widespread agreement that the prospects for advancing the peace process are good and that Japan has a significant role to play.

Ami Ayalon, a former Director of the Shin-Beit [the Israeli Security Agency] and a powerful advocate for peace, sums up a mood found on both sides, "I don't think amongst the Israelis and Palestinians that we can all agree on any one version of the past. For me, what happened in 1948 is the War of Independence. For Palestinians it is the Al-Nakba [the

catastrophe]. He added, "I came to the conclusion that the only way to break [with the past] is to agree on the future and only then to go forward."

Since President Bush's re-election, his administration has called for moving the moribund negotiations forward. US Treasury Secretary John Snow recently commented, "I think now that there is an opportunity for following on with the ideas from the roadmap [the quartet-drafted Middle East peace plan], creating two states, respectful of each other, and a peaceful Middle East. The Israel-Palestine issue is a nexus. I know the president wants to do what he can do to help the peace process along."

Others also viewed the death of Arafat and Sharon's unilateral Gaza disengagement plan as positive signs. Ambassador Heifetz summed up this sentiment: "The re-election of President Bush, the departure of Mr Arafat and the disengagement plan create a positive atmosphere. I am very optimistic, but also realistic, so I must warn that nothing will happen overnight." The formation of a new Israeli government still led by Sharon but with Shimon Peres' center-left Labor Party a main partner is also viewed as a positive development.

Middle East peace advantageous for Japan

The current circumstances create a genuine opportunity for Japan to make a contribution to resolving this long-running dispute. It offers Tokyo a chance to display both its diplomatic influence and to utilize its unique regional status as a respected neutral party. Some also believe that it is in Japan's long-term economic interest to be actively involved in a just and lasting resolution of the bitter conflict.

"Japan needs Middle East oil, and this should be the key to bolstering its position there through investments in the oil sectors of the

Middle East," Dr Salameh observed. "That will be possible when Japan can persuade the Arab people that it can use its huge economic weight to support the European Union's efforts to achieve peace in that troubled area of the world."

The Japanese Foreign Minister believes that reviving the Palestinian economy is a key component in resurrecting the peace process. Importantly, Israel appears happy to allow Japan to facilitate this. Stanford University's Dr de Boer stressed the economic angle, "In part, many Palestinians lost faith in the Oslo Process because it failed to improve their standard of living. Peace must deliver tangible and visible benefits not just for the Palestinian leadership class and the business elite but also for the general populace."

For ordinary Israelis and Palestinians alike, Japan is seen as a trusted and unbiased party, exactly the kind of intermediary needed to help push the difficult negotiations forward.

Mordechay Cristal, a member of the Israeli delegation to the Permanent Status Peace Talks at Camp David and Taba, said even-handed international involvement by countries such as Japan will be a key element in a successful outcome, something people in the region yearn for. "In the medium term, in five, six years, I believe we could reach a framework agreement for permanent status. Why? Because I talk and share with my colleagues, the Palestinians, Arabs, people of my generation in Israel. We are all willing to fight for a better future."

When discussing the situation in the Middle East in December 2004, Koizumi said his policies in the region were "in accord with the spirit of Japan's 'desire to occupy an honored place in the international society', as stated in the Preamble of the Constitution of Japan". If Japan succeeds in helping to achieve a lasting Middle East peace, many feel it will have earned the right to a permanent seat of the UN



Security Council.

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J. Sean Curtin is a GLOCOM fellow at the Tokyo-based Japanese Institute of Global Communications and also writes for the Asia

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