



KGRI Working Papers

No. 1

Japan Beyond Asia: How the Middle East Could be Integrated into the Indo-Pacific Geostrategy

Version 1.0

May 2024

Amane KOBAYASHI

Keio University Global Research Institute

© Copyright 2024 Amane KOBAYASHI
Senior Researcher, The Institute of Energy Economics

***Japan Beyond Asia:
How the Middle East could be integrated into the Indo-Pacific Geostrategy***

Amane KOBAYASHI

Middle East for Japan and Asia: still critical for their energy security

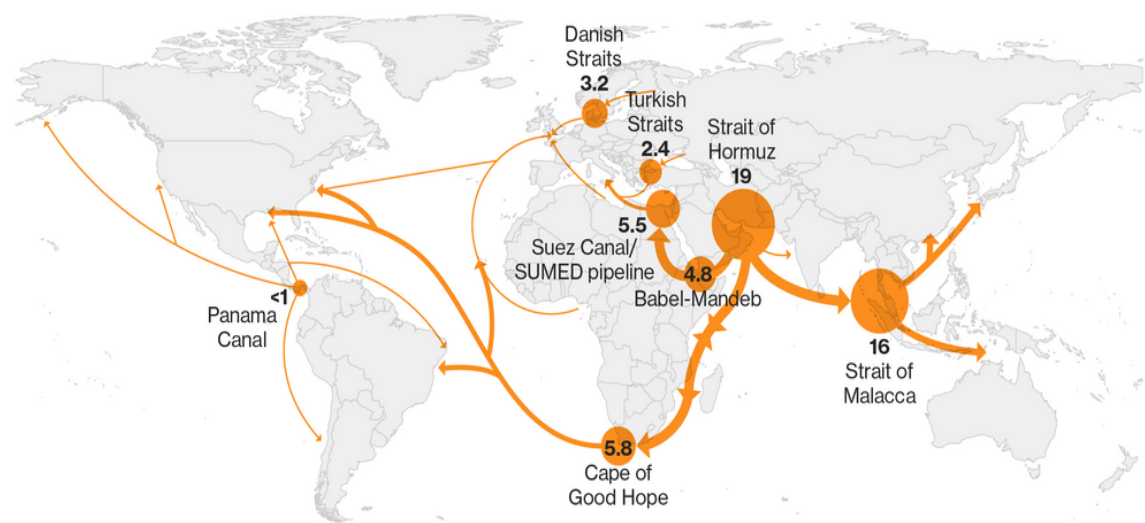
The Middle East is crucial for Japan, particularly in terms of energy security. Since the Great East Japan Earthquake and nuclear accident in 2011, Japan's energy self-sufficiency rate has remained below 10%. Japan's dependence on the Middle East for crude oil supply has been higher than 80% since 1996 and is likely to remain at a high level in the future. Furthermore, in the summer of 2022, it increased to more than 95% after Japan stopped importing oil from Russia due to the Invasion of Russia into Ukraine. Many Asian countries are facing energy security challenges- growing energy demands and limited supplies. The Institute of Energy Economics, Japan (IEEJ) estimates that Asia (East Asia, ASEAN, India, etc.) will need 46 million barrels per day (b/d) of crude oil in 2050. The Middle East, which is expected to export 32 million b/d, could be the only major supplier to Asia.ⁱ On the other hand, the political and security instability and great power competition in the Middle East will have negative impacts on energy security not only in Japan but also in broader Asia.

From the perspective of energy geopolitics, it is necessary to consider not only the instability of oil and gas producers, but also the risk of supply disruption such as shut down of transportation route, large-scale natural disasters, and armed conflicts. In the Middle East and Africa, there are multiple chokepoints for the supply of crude oil and natural gas, including the Straits of Hormuz, Bab-el-Mandeb, and the Suez Canal. Roughly 80% of the crude oil supplied for Japan goes through the Strait of Hormuz. Power vacuum caused by political upheavals, armed conflicts, and great power competition in the region increase the risk of supply disruption. Not only the energy supply, the volatility of energy prices increases if the oil and gas producing countries have insufficient surplus production capacity, or if international cooperation such as the release of stockpiled reserves and reciprocity agreements does not succeed.

The North Africa is also geopolitically important, bordering the Suez Canal, the Mediterranean Sea, and the Strait of Gibraltar, and facing Europe. Libya is one of the world's leading oil producing countries with the world's 10th largest crude oil reserves. Algeria has the world's 10th largest natural gas reserves and 15th largest crude oil

reserves. The importance of natural gas development in the Eastern Mediterranean region including Egypt increases due to the Ukraine crisis since February 2022. The political and economic trends in the MENA also have a significant impact on policies related to the economic statecraft and economic security, which have been the focus of much attention in recent years.

Daily transit volumes of oil through maritime chokepoints (million barrels/day)

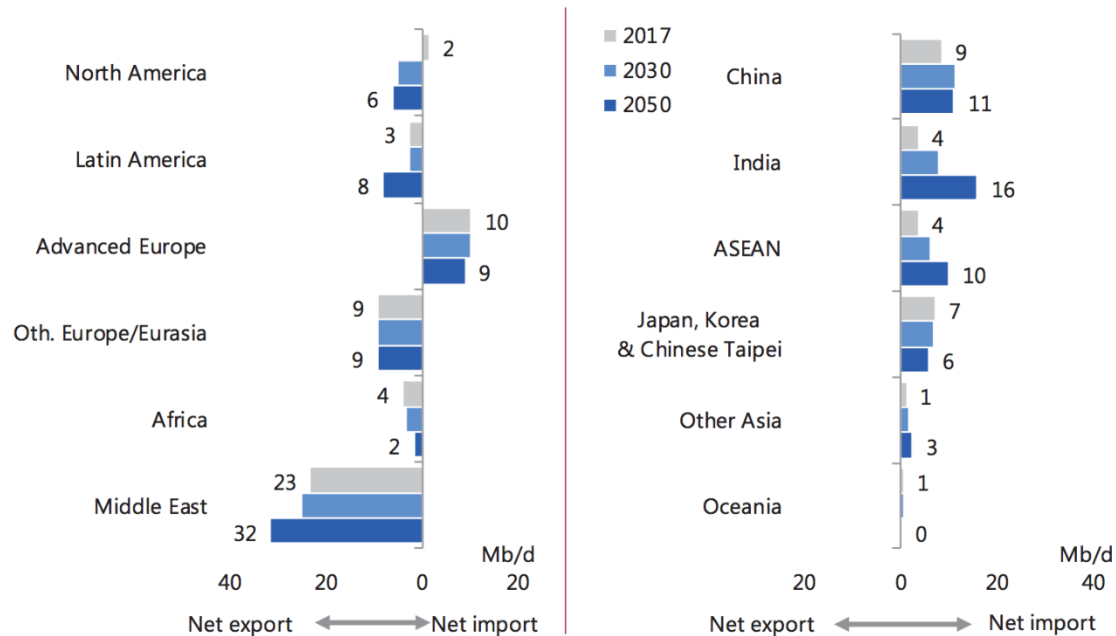


Source: U.S. Energy Information Administration. Based on 2016 data

Bloomberg

Source: Bloombergⁱⁱ

Net exports and imports of oil (forecast)



Source: IEEJⁱⁱⁱ

New challenges

1) Abe's legacy and beyond

Shinzo Abe was the first Japanese Prime Minister who had frequently visited Middle Eastern countries in the decade. Through the 9 trips from 2013 to 2020, Abe visited 13 countries in the region. It includes the visit to Iran in June 2019 trying to mediate the military tension and facilitate dialogue between Iran and the U.S. and the gulf Arab countries.

This was due not only to the vital importance of stability in the Middle East region for Japan's energy security but also to the increasing number of incidents in which Japanese citizens and interests got targeted in terrorist attacks and armed conflicts amid instability in the region. The Abe administration has also emphasized its engagement in the stabilization of the Middle East from the perspective of contributing to the stability of the international order under its Proactive Pacifism policy. The administration promoted cooperation with the region in a wide range of economic and social fields, as well as building multilayered relations, including political, security, and cultural exchanges. To this end, the administration has been more active in strengthening relations with Middle Eastern countries by increasing high-level government dignitary visits and meetings.

The National Security Strategy, first formulated in December 2013, states, “Stability in the Middle East is an issue that is inseparably linked to the stable supply of energy, and therefore Japan’s very survival and prosperity. Given that the Gulf States are the largest source of crude oil for Japan, in order to ensure the stability of the Middle East, Japan will engage in constructing multilayered cooperative relations with these countries, encompassing wide-ranging economic cooperation beyond resources and energy, as well as politics and security. In this context, Japan will play a proactive role in the resolution of major issues affecting the stability of the Middle East, including the issue of democratization in Arab countries that stems from the Arab Spring, the situation in Syria, Iran’s nuclear issue, the Middle East peace process and peacebuilding in Afghanistan. In the same vein, Japan will also collaborate with other countries that play important roles in the Middle East, such as the U.S., European countries, Saudi Arabia and Turkey.”^{iv}

Prime Minister Abe’s visit to the Middle East

April- May 2007	Saudi Arabia, UAE, Kuwait, Qatar, Egypt
April- May 2013	Saudi Arabia, UAE, Turkey
August 2013	Bahrain, Kuwait, Qatar, Djibouti
October 2013	Turkey
January 2014	Oman
January 2015	Egypt, Jordan, Israel, Palestine
November 2015	Turkey
April-May 2018	UAE, Jordan, Israel, Palestine
June 2019	Iran
January 2020	Saudi Arabia, UAE, Oman

Source: Ministry of Foreign Affairs^v

As the United States reduces its engagement in the Middle East and the political and security environment in the region becomes more fluid, Japan seeks to promote engagement with regional stability from the perspective of energy security and securing sea lanes. Traditionally, Japan's relations with Middle Eastern countries have concentrated on economics and cultural aspects, and its diplomatic and security leverage has been considered limited. To overcome this challenge, the Abe administration has been strengthening its presence through enhanced summit diplomacy, deployment of the Self-Defense Forces, and economic cooperation.

Abe's successors, Yoshihide Suga and Fumio Kishida, have been less engaging with the region, mainly because of 1) the travel restrictions and the need to focus on the domestic public health measures and economic recovery under the Covid-19 pandemic, 2) the escalation of the U.S-China strategic competition and more international focus on Asia (and Ukraine after February 2022), and 3) decreasing regional security tensions and risks of terrorist attacks.

Less diplomatic engagement made less presence of Japan in the Middle East. Crown Prince Muhammad Bin Salman of Saudi Arabia canceled his trip to Japan on November 18, 2022, while he visited South Korea and other Asian countries. Chinese President Xi Jinping visited Saudi Arabia and Riyadh hosted the China-Arab Summit on December 9. A big and long-term contract for supplying LNG from Qatar to JERA, a Japanese major electricity company was expired in 2021 and not renewed, while China made a long-term contract for 27 years. More significantly, Iran and Saudi Arabia normalized diplomatic relations for the first time in seven years brokered by China.

2) regional instability and changing political dynamics under less U.S. engagement

While Western countries focus on Ukraine war and tension in the East Asia, conflicts in Libya, Syria, Yemen, and political and economic fragility in most regional countries, in particular Iraq, Lebanon, Iran, and Tunisia continue and get worsened. Instability and power vacuums in the region and less international attention create spaces for Russia and China to increase their political and military presence and expand their sphere of influence.

Some analysts see the Saudi-Iranian reproachment brokered by China as broader signs of a “changing global order^{vi}.” Wang Yi, China's Director of the Office of the Central Foreign Affairs Commission, reportedly said China will continue to play a constructive role in handling hotspot issues and demonstrate responsibility as a major nation. He added that as a “good faith” and “reliable” mediator, China has fulfilled its duties as a host for dialogue.

It is important for Japan to recognize that the U.S. is unlikely to engage with the Middle East or Africa in the same manner and capacity to preserve its energy security given the rise in its energy self-sufficiency rate. Of course, the interests of the U.S. in the regions are not restricted to only energy but cover various economic interests as well as alliances and partnerships with regional partners. The U.S. also has military interests in the regions

where it maintains bases and American troops. While not directly linked to energy security, energy companies operating in the Middle East and Africa play an important role in the U.S. economy. However, the U.S. has been reducing its contribution to the stabilization of the Middle East for energy security with bearing risks and costs.

The U.S. became a net exporter of oil and gas in 2020 and continue to be one until at least 2050, due to an increase in shale production.^{vii} As energy security is more robust to external challenges, the U.S. will have more room for designing tough foreign policy. The Trump administration's sanctions against Iran and military confrontation clearly illustrate the link between "energy independence" and the unilateral foreign policy trend of the U.S. In an environment where the U.S. engagement is not *a priori*, Japan needs to achieve its energy security and the safety of Japanese citizens and interests. Under the U.S. retrenchment, countries in the Indo-Pacific, including Japan, need to achieve energy security by maintaining sea lanes and freedom of navigation.

FOIP and the Middle East: strategic hub or out of sight?

1) Importance of the Middle East and Africa for the Japanese FOIP concept

It was in Kenya where Prime Minister Abe advocated the concept of the FOIP strategy for the first time. This suggests that the Middle East and Africa could play an important role for the FOIP from the viewpoint of securing stable sea lanes.^{viii} At TICAD 7 in August 2019, leaders of Japan and African countries stated they will "take good note of the initiative of a free and open Indo-Pacific announced by Prime Minister Shinzo Abe at TICAD 6 in Nairobi."^{ix} Almost same statement appeared in the Tunis Declaration at the TICAD 8 in Tunis held in August 2022^x.

Taro Kono, former Minister for Foreign Affairs mentioned "the Middle East sits in the middle of our Indo-Pacific strategy. Maintaining peace and stability in the Middle East itself is essential to ensure the free and open maritime order" at the IISS Manama Dialogue in 2017^{xi}.

Japan has stated that it will focus on "energy," "digital connectivity," and "infrastructure" as part of Japan-U.S. cooperation to promote the FOIP strategy/vision. U.S. Secretary of State Pompeo announced in a July 2018 speech that the U.S. will commit to growing sustainable and secure energy markets throughout the Indo-Pacific.^{xii}

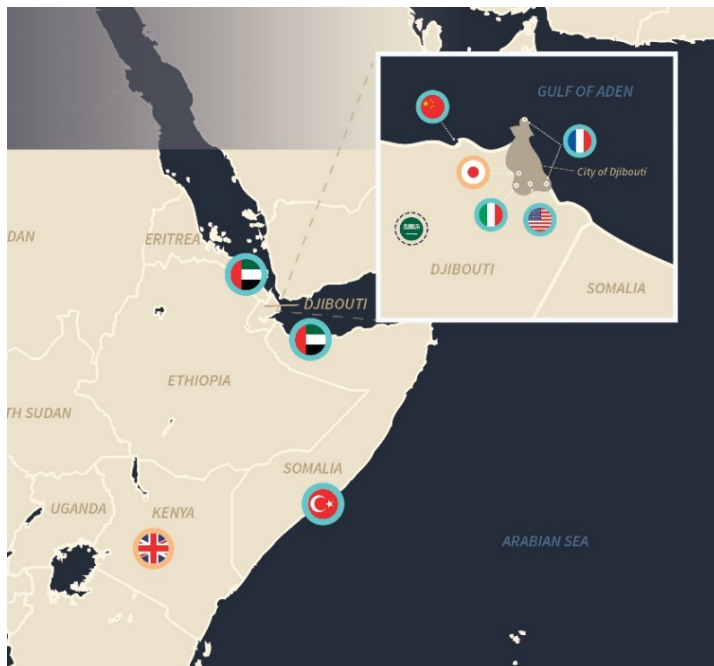
At TICAD 7 in Yokohama, the governments of Japan and the U.S. signed a Memorandum of Cooperation (MOC) to expand U.S.-Japan energy cooperation in sub-Saharan Africa through the Japan-United States Strategic Energy Partnership (JUSEP) and to renew their commitment to reducing energy poverty and increasing access to sustainable energy in Africa. The two countries agreed in August 2016 to support Power Africa,^{xiii} a U.S.-led program to increase access to electricity in sub-Saharan Africa. The MOC will leverage collective investments in clean energy solutions, geothermal power, and energy efficiency, while supporting cross-border energy trade and regional power pools.

The region from the Horn of Africa to the Red Sea is a geopolitical hub facing the Gulf of Aden, the Arabian Sea, and the Indian Ocean. The region connects transportation and logistics between Asia, the Middle East, Europe, and Africa. Particularly, the Bab-el-Mandeb Strait, located between Yemen on the Arabian Peninsula and Eritrea and Djibouti in the Horn of Africa, is the gateway to the south of the Red Sea and an important chokepoint for global maritime and energy trade. Political tensions and conflicts within the regional countries in the Horn of Africa as well as security risks related to terrorism and piracy in Somalia have had a huge impact on the stability of global logistics.

Though Djibouti is one of the smallest countries in Africa located between the Gulf of Aden and the Red Sea, it hosts the bases of the U.S., China, France, and Italy. Troops from Germany, the West, and other NATO countries are also stationed in the country. Since 2009, the Japanese SDF has been engaged in counter-piracy operations off the coast of Somalia. In 2011, the SDF established a base in Djibouti, which has effectively served as the SDF's only overseas base, including as a transit point for the evacuation of Japanese nationals in South Sudan during the conflict there.

Japan has deployed the Self Defense Forces and taken part in Combined Task Force 151 for anti-piracy operations off the coast of Somalia and in the Gulf of Aden to maintain maritime security. Japan supports Comoros, Madagascar, the Maldives, Mauritius, Seychelles, Sri Lanka, and other countries of the region by providing patrol vessels and maritime security equipment as well as training by the Japan Coast Guard in order to help tackle piracy and transnational crimes.

Foreign military bases in the Horn of Africa



Source: CSIS^{xiv}

2) China's engagement to the Middle East and Africa through BRI

China's Belt and Road Initiative (BRI), launched in 2014, is also significant, both strategically and physically, for the Middle East where the "Belt" and "Road" meet and connect with the Mediterranean and the Indian Ocean. Since the Middle East tour of Xi Jinping in January 2016, China has been deepening its economic, political, and security involvement with the regional countries. The background is to boost energy trade and secure sea lanes and overseas interests in the Middle East, specifically in the Red Sea, Gulf of Aden, and Arabian Sea, as part of efforts to address China's domestic security risks that are intertwined with the Middle Eastern political instability. Beijing was concerned that Middle Eastern countries would take an unfavorable attitude toward China on the Uyghur issue.

Rather than just imposing its national interests and strategic goals, China is diversifying its approach in line with the interests of the Middle Eastern countries. China is also strengthening relations not only bilaterally with the regional countries, but also through multiple forums, including regional and multilateral forums such as China-Arab States Summit held in Riyadh, Saudi Arabia in December 2022. On the economic front, China has stronger position in the development of communications networks and digital

infrastructure in particular, in addition to hard infrastructure. As of January 2020, the Asian Infrastructure Investment Bank (AIIB), led by China, had 17 members in the Middle East and North Africa.^{xv}

As a result, China's economic and political presence in the MENA region is likely to expand further with growing security cooperation, narrowing the space for Western political and economic engagement in the region. Even if the U.S. and the EU implement punitive measures against conflicts and human rights abuses in the regional actors, such as economic sanctions and the elimination of trade preferences, China is unlikely to be sympathetic, and in fact, this could lead to an increase in China's attractiveness to the regional countries.

3) Challenges for the FOIP

It is still unclear how Africa, which possess "huge potential of growth,"^{xvi} and the Middle East, the hub connecting Asia and Africa, could/should be integrated into the FOIP strategy/vision. The Middle East, a major energy supplier, is an important player not only for Japan, but also other countries of the Indo-Pacific, given the significance of regional energy security. However, there is no clear strategy on how the major powers, including Japan, engage with the Middle East under the FOIP vision.

Regarding the geographical scope of the FOIP strategy/vision, the perceptions of Japan, the U.S., Australia, and India are quite different. In fact, Japan is the only country that clearly includes the Middle East and Africa in the Indo-Pacific region.

The Japanese Ministry of Foreign Affairs has stated that "Japan intends to promote peace and prosperity in the region as a whole by promoting the success of Asia, which could be called the 'leading part of the world,' throughout the Middle East and Africa through free and open Indo-Pacific, extracting the latent power of the Middle East and Africa; in other words, by improving the 'connectivity' of Asia, the Middle East and Africa."^{xvii}

India's Prime Minister Narendra Modi, in his speech in June 2018, described the Indo-Pacific as a region extending "from the coast of Africa to the shores of the U.S.," and stated that India will work for enhanced connectivity between Southeast, South and West Asia, the Indian Ocean, and Africa.^{xviii} On the other hand, while India has been engaging with the Middle East and Africa actively, New Delhi does not clarify that their policy toward the regions is based on their FOIP strategy.

The U.S. Department of Defense's Indo-Pacific Strategy Report, published in June 2019, barely mentions the Middle East and Africa. The two regions are mentioned only in the context of China's "coercive attitude," activities of the Russian Pacific fleet, and the Global Peace Operations Initiative, while there is no mention of engagement under the FOIP strategy.^{xix} There is no mention regarding the two regions in the updated report published in February 2022^{xx}. In January 2020, U.S. Deputy National Security Advisor Matt Pottinger stated that the Indo-Pacific is "from California to Kilimanjaro^{xxi}," but there is no indication that the idea of engaging Africa through FOIP has been translated into actual policy or projects.

Australia's 2017 Foreign Policy White Paper defines the Indo-Pacific as "the region from the East Indian Ocean to the Pacific Ocean by Southeast Asia," and does not include the Middle East and Africa.^{xxii} These differences in perception about the geographical coverage could be hindering the Quad's collaborative engagement with the Middle East and Africa under the FOIP strategy.

Conclusion

While the MENA region plays important role for the energy security and geopolitical stability of the Indo-Pacific regional countries, it is not yet connected to the Indo-Pacific strategy/vision due to differences in the priorities and perceptions of major powers including the QUAD countries. While the Middle East and Africa are considered important for Japan's FOIP landscape, it remains unclear how Japan would/could engage with them, in collaboration with the U.S. India, and Australia. Japan should specify the concept and policies so that the FOIP vision could play a significant role in achieving energy security in Asia and mitigate China's political, economic, and military dominance in the MENA. "Alignment maps" are required for the major powers of FOIP, particularly the QUAD members, to share the strategy/vision.

Further coordination and collaboration between the U.S. and Japan are required in terms of policy toward the Middle East. Without the U.S.'s military presence, it is difficult for Japan to effectively contribute to stabilization and development in the region including conflict prevention and long-term deradicalization. In order to contribute to the reduction of U.S. military costs, it is necessary to clearly the role Japan should play in terms of preventing economic and social instability, which could be the seeds for the outbreak and expansion of conflicts in the Middle East. The ways of "burden sharing" in

between Japan and the U.S. should then be discussed.

Given the diverse sources of instability in the MENA, it is important to link efforts toward the nexus of political stability and economic growth. Without political and security stability, there is no opportunity for an improved business environment or sustainable economic growth, and without political stability, it will be difficult to achieve economic growth. On the other hand, since elaborate discussions based on the actual situation in each country are required to solve problems, the exchange of opinions with government officials and experts in/of the Middle East region should be actively promoted.

ⁱ IEEJ, *IEEJ Outlook 2020*, January 2020, <https://eneken.ieej.or.jp/data/8650.pdf>, last accessed on February 15, 2020.

ⁱⁱ <https://www.bloomberg.com/news/articles/2018-07-26/bab-el-mandeb-an-emerging-chokepoint-for-middle-east-oil-flows>, last accessed on February 15, 2020.

ⁱⁱⁱ IEEJ, *IEEJ Outlook 2020*, January 2020, <https://eneken.ieej.or.jp/data/8650.pdf>, last accessed on February 15, 2020.

^{iv} Japanese Cabinet Secretariat, *National Security Strategy (Provisional Translation)*, December 17, 2013, <https://www.cas.go.jp/jp/siryoku/131217anzenhoshou/nss-e.pdf>.

^v Ministry of Foreign Affairs, *List of Foreign Visits by Prime Ministers (October 2006 to January 2023)*, January 25, 2023, https://www.mofa.go.jp/mofaj/kaidan/page24_000037.html.

^{vi} Mersiha Gadzo, "‘Changing global order’: China’s hand in the Iran-Saudi deal," *Aljazeera*, March 11, 2023, <https://www.aljazeera.com/news/2023/3/11/changing-global-order-china-restores-ties-with-iran-and-saudi>.

^{vii} EIA, *Annual Energy Outlook 2019*.

^{viii} Teruaki Aizawa, "The Philosophy and Practice of the 'Free and Open Indo-Pacific Strategy (FOIP)' decoded from the Ministry of Foreign Affairs Website," *From the Oceans*, July 30, 2018, <https://www.spf.org/oceans/global-data/20181116181023949.pdf>, last accessed on February 15, 2020.

^{ix} Ministry of Foreign Affairs, *Yokohama Declaration 2019: Advancing Africa’s Development through People, Technology and Innovation*, August 30, 2019, https://www.mofa.go.jp/region/africa/ticad/ticad7/pdf/yokohama_declaration_en.pdf, last accessed on February 15, 2020.

^x Ministry of Foreign Affairs of Japan, *TICAD 8 Tunis Declaration*, August 28, 2022, <https://www.mofa.go.jp/mofaj/files/100386626.pdf>.

^{xi} Ministry of Foreign Affairs, *Speech by H.E. Taro Kono, Minister for Foreign Affairs of Japan at the IISS Manama Dialogue*, December 9, 2017, <https://www.mofa.go.jp/mofaj/files/000315610.pdf>.

^{xii} Michael R. Pompeo, *Remarks on "America’s Indo-Pacific Economic Vision"*, July 30, 2018, <https://www.state.gov/remarks-on-americas-indo-pacific-economic-vision/>, last accessed on February 15, 2020.

^{xiii} A U.S. government-led initiative to double electricity access in sub-Saharan Africa with two goals: 1) to increase new generation capacity by 30,000 megawatts, and 2) to help create 60 million new electricity connections by 2030. More than 100 private companies, along with EU, the U.K., World Bank, African Development Bank, and other institutions, are part of this initiative.

^{xiv} Judd Devermont, "The World is Coming to Sub-Saharan Africa. Where is the United States?", *CSIS Briefs*, Center for Strategic and International Studies, August 24, 2018, <https://www.csis.org/analysis/world-coming-sub-saharan-africa-where-united-states>, last accessed on February 15, 2020.

^{xv} Algeria, Bahrain, Egypt, Iran, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Tunisia, Turkey, and the UAE.

^{xvi} Ministry of Foreign Affairs, *Free and Open Indo-Pacific*, <https://www.mofa.go.jp/files/000430632.pdf>, last accessed on February 15, 2020.

^{xvii} Ministry of Foreign Affairs, *Diplomatic Bluebook 2017*, June 2017, <https://www.mofa.go.jp/files/000290287.pdf>, last accessed on February 15, 2020.

^{xviii} Ministry of External Affairs, *Prime Minister’s Keynote Address at Shangri La Dialogue*, June 1, 2018, <https://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018>, last accessed on February 15, 2020.

^{xix} Department of Defense, *Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region*, June 1, 2019, <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE->

INDO-PACIFIC-STRATEGY-REPORT-2019.PDF, last accessed on February 15, 2020.

^{xx} The White House, *Indo-Pacific Strategy of the United States*, February 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>.

^{xxi} Indrani Bagchi, "Raisina Dialogue: 'Indo-Pacific' a global common, says foreign secy Vijay Gokhale," *The Times of India* (Jan 17, 2020).

^{xxii} Department of Foreign Affairs and Trade (2017) *2017 Foreign Policy White Paper*, <https://www.fpwhitepaper.gov.au/file/2651/download?token=Q5CYuX29>; Tomohiko Satake, "Australia and Indo-Pacific: Searching for a new Order in a Multipolar Era," *Journal of International Security*, Vol.46, No.3, pp51-70, December 2018, last accessed on February 15, 2020.