

It is my great pleasure to host this international conference on Asia's Strategic Challenges: In Search of a Common Agenda here in Tokyo, in partnership with the International Institute for strategic studies (IISS), The Japan Institute of International Affairs (JIJA) and the Ministry of Defense. We are indeed pleased to have the presence of such distinguished participants from Japan and abroad.

I would like to begin by congratulating Dr. John Chipman on the 50<sup>th</sup> anniversary of the IISS. Since its inception in 1958, the IISS has been making significant intellectual contributions to global security. Within Asia, the IISS has had a strong record of actively providing policy recommendations about regional security issues through its Shangri-La Dialogue. Japan appreciates the activities of the IISS and we seek to extend cooperation in various ways, with this conference being just one illustration of our cooperative possibilities.

As we look toward the G8 Hokkaido Toyako Summit, this gathering of eminent persons from across the world will discuss challenges facing Asia. On the eve of our conference, I would like to share my views on the present Asian situation, what we can do to make the 21<sup>st</sup> century "Asian century", and what Japan's role should be in all of this.

You will note that one of the conference's agenda items is "Asian environmental nightmares." In Japan, in order to raise public awareness about global warming, we are carrying out a summertime campaign called *Cool Biz*, through which individuals are being encouraged not to wear ties and jackets so that indoor temperatures can be set at 28 degrees Celsius. Our Opening Dinner this evening has also been organized with *Cool Biz* as a dress code. For those of you from abroad, I hope that you will understand this is how serious Japan is as to addressing climate change.

At the time of the IISS's establishment 50 years ago, Asia was in the midst of the Cold War. However, as the Cold War architecture largely disappeared and globalization takes hold, Asia has been enjoying unprecedented economic growth backed by market economies and international cooperation. The region's annual GDP now exceeds US\$10 trillion, while Asia has grown into a major economic zone like those of Europe and America. Intra-Asian trade ratio among the 16 member states of the East Asia Summit plus Taiwan and Hong Kong reached 58% in 2006, exceeding NAFTA's rate of 42% and closing in on the EU's rate of 66%. It is not an exaggeration to say that Asia's economies are very closely intertwined.

As economies grow, so too does the size of the middle class, and another product of economic growth is a maturing civil society. Today, many countries in Asia elect their leaders democratically. In November last year, the Association of Southeast Asian Nations (ASEAN) adopted the ASEAN Charter, which enshrines democracy, the rule of law and respect for human

rights as the guiding principles of ASEAN. While it is true that human rights issues remain a cause of concern in Myanmar, North Korea, and some others, the expansion of democracy in Asia is indeed a positive regional development.

Let us not forget as well that this favorable democratic growth is being realized in a region with a diversity of ethnicities, cultures and religions. Looking at such developments from both economic and political perspectives, Japan takes pride in the fact that our official development assistance (ODA) has played an important role in the nation building of our Asian neighbors.

Ever present, however, are the elements of instability such as the Korean peninsula situation and Cross-Strait relations. In particular, North Korea's launches of missiles and its proclaimed nuclear test are a matter of serious concern to us. National military expenditures in Asia increased rapidly, as economies grow, with the exception of Japan. In addition, Asia is facing various transnational threats such as the proliferation of weapons of mass destruction (WMD) and their means of delivery, environmental problems including climate change, energy issues and infectious diseases such as avian influenza.

It is unfortunate that the fruits of Asia's remarkable economic development have not been enjoyed equally by all its countries, with inter- and intra-country economic disparities emerging as a problem for the region to overcome.

We must ask ourselves whether in 30 years time we will be enjoying prosperity and stability as one of the largest economic zones in the world, surpassing perhaps even the US and Europe, and realizing "Asian century"; or whether Asia will be a region characterized by unstable situations and international confrontations and tensions. It is indeed up to Asian countries, especially major countries in the region including Japan, to work to set the course.

On one hand, considering the region's security uncertainty and increasing military expenditures, one might say that a "zero-sum game" paradigm of the Cold War still remains in Asia. Yet, on the other, as a result of globalization and greater regional cooperation, a case can be made that Asia is seeing the advent of a positive-sum game characterized by win-win relationships.

As a region, we must pursue positive-sum outcomes and make the 21<sup>st</sup> century one of mutual prosperity through mutual development.

As the first modern nation in Asia and a regional pioneer of economic growth, Japan has been taking a leading role in advancing regional stability and prosperity as a regional core. Japan will play further an active role in creating Asia of a new era and in realizing Asia's sustainable development and stability.

From the view point of sustainable development, we must urgently tackle the pressing environmental issues of our time, especially climate change, and Japan is strongly committed to addressing these problems, considering Asia's role to play. In tackling climate change, Japan will take initiatives in establishing an effective future framework in which all major economies, including the United States, China, and India participate in a more responsible manner. At the upcoming G8 Hokkaido Toyako Summit, climate change will be a major agenda item and Japan, as the G8 presidency, will take leadership in encouraging constructive discussions.

It is also important that we address the distortions and disparities that can accompany Asia's rapid growth. Asian countries must be vigilant in their efforts to achieve the Millennium Development Goals (MDGs). Whether it be the development fields of poverty reduction, global health, water and sanitation, or education, Japan will fulfill its befitting responsibility alongside our rapidly growing regional neighbors. In doing so, we have laid down the goal of making the Mekong Region, which is one of the least developed areas in ASEAN, a "Region of Hope and Development." At the Mekong-Japan Foreign Ministers' Meeting in January, Japan announced its intention to provide a further US\$20 million for the facilitation of goods distribution of the East-West Corridor that links Laos, Thailand and Vietnam. Japan will continue to promote regional development in Asia through the infusion of both ODA and private sector investment.

From the perspective of building regional stability, Japan will actively address such issues as terrorism and the proliferation of WMD. On the North Korean nuclear issue, in particular, Japan along with other members of the Six-Party Talks such as the US, Republic of Korea (ROK) and China, will strongly urge North Korea to abandon its nuclear programs. Japan will also strive to play a responsible role in the international community as a "Peace Fostering Nation" that contributes to world and regional peace through the promotion of personnel cooperation, human resource development and financial assistance. Since our dispatch of Self-Defense Forces personnel and police officers to Cambodia as part of the UN peacekeeping operations in 1992, Japan has been actively participating in international peace cooperation activities including peacekeeping operation. We believe that there is still room to do more in view of Japan's capacity and intend to actively promote participation in UN missions. Japan will continue the training program launched last year to promote the development of Japanese and Asian human resource to shoulder peacebuilding out in the field.

It is very important that Asia's emerging countries play a constructive role together in the region. Unlike the old world politics based on a "zero-sum game" characterized by imperialism and economic blocs, countries no longer have to pursue development at the expense of others. Emerging Asian economies can now realize prosperity without destroying the existing order, and on the contrary, they can actually benefit from operating within it.

We often say the development of China is an opportunity, because it gives a great chance for further development of Japan. To China, India and Russia, I would like to call on these countries to find the common benefits in a positive-sum paradigm in Asia and the sustainable development and stability it brings, recognize their common responsibility in common issues and act in cooperation with us. From a broader perspective, for these countries as well, it would be most beneficial to maintain and develop stability and prosperity across Asia as a whole.

Fortunately, India, which shares fundamental values and strategic interest with Japan, is committed to working together with Japan to advance positively a new Asian dynamism.

In regard to China, recently, President Hu Jintao and Prime Minister Fukuda of Japan confirmed a common responsibility toward Asia's stability and development. The two leaders came to an agreement to promote actively and comprehensively a mutually beneficial relationship based on common strategic interests to forge together a bright future for Asia and the world. Japan hopes that China will ensure transparency with respect to its military spending and external assistance and act in accordance with international norms so as to eliminate the concerns of its neighbors and contribute further to the region and the international community.

We also share the view with Russia to elevate our bilateral relations to a higher plane in all areas so that Asia-Pacific region could enjoy stability and prosperity. And we hope that Russia will make a constructive contribution to the region.

In advancing specific cooperation in addressing the region's common issues and cultivating common values and interests, frameworks for regional cooperation, such as the EAS, APEC, ASEAN+3 and ARF have important roles to play, and Japan will actively promote them in a multilayered way. At the same time, to further strengthen trilateral cooperation among Japan, China and the ROK, Japan will host this year a summit of the three countries outside the scope of the ASEAN+3 framework for the first time.

Lastly, we should never forget the importance of maintaining the continuous engagement of the US in Asia through primarily the Japan-US alliance, and also its alliance with ROK and Australia. The Japan-US alliance has not only ensured the security of Japan but also served as "public goods" in Asia, providing a basis for stability and prosperity in the region through promoting regional security, free trade, free access to resources and energy, and the shift toward democracy.

In order to ensure further growth and prosperity in Asia as a whole, Japan will continue to strengthen the Japan-US alliance. One of the main goals of Japanese diplomacy is to establish a virtuous circle of the strengthening of the Japan-US alliance and proactive diplomacy toward

Asia through creating a synergy between the two. Japan will also call on the next US administration, which is due to be inaugurated in January next year, to maintain its proactive engagement in Asia.

Japan recently held The Fourth Tokyo International Conference on African Development (TICAD IV) welcoming the heads of state and government from 41 African countries including the Chair of the African Union (AU). Prime Minister Fukuda said to the African leaders that Japan would utilize the wisdom and experiences gained from Asia's growth in the pursuit of African development. Asia's story of successful development shines as a ray of hope to other regions of the world. Asia should not ever lose such radiance.

I believe that we will realize an open, transparent, stable and prosperous Asia and that the 21<sup>st</sup> century will certainly be "Asian century" if we recognize Asia's stability, prosperity as the common interests and tackle together our common issues with a sense of common responsibilities. Japan will spare no efforts to this end. Thank you very much.