



**Gulf Research Center**  
Knowledge for All

# GRC Trip to South Korea and Japan

April 11-17, 2013



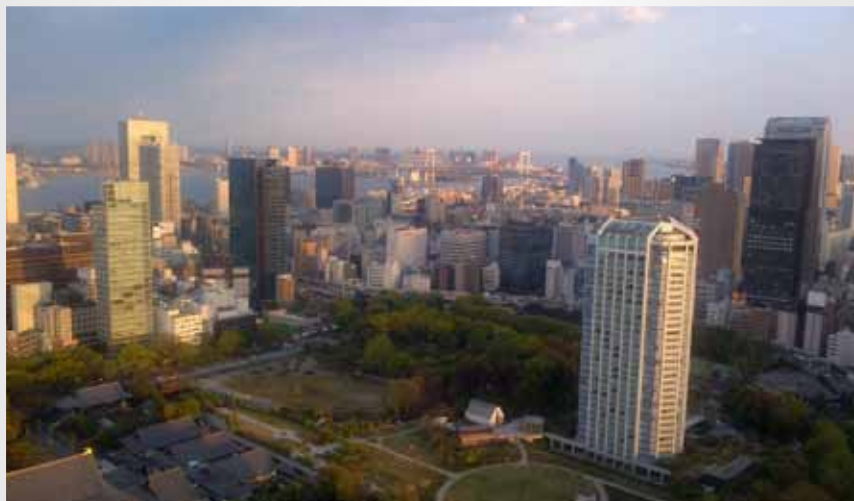




Gulf Research Center  
Knowledge for All



GRC Trip to



GRC Trip to South Korea and Japan, April 11-17, 2013



### **GRC Trip to South Korea and Japan, April 11-17, 2013**

From April 11 to 17, 2013, a team from the Gulf Research Center (GRC) undertook a trip to South Korea and Japan that included workshops, seminars, and meetings with government officials, the academic and policy community as well as business and corporate leaders. The trip came in the wake of the expansion of the GRC which resulted in the establishment of the GRC Foundation office in Tokyo, Japan in September 2012 with the aim of focusing on the fast developing wide-ranging relations between the



Gulf region and East Asia. The initial focus of the GRC Foundation Tokyo is on the relations between the Gulf and Japan, South Korea and China with a possible extension to include Australia at a later stage. The recent trip undertaken by GRC Chairman Dr. Abdulaziz Sager and Dr. Christian Koch, Director of the GRC Foundation, was meant to get a sense of the developments in the region, gain a better understanding of the thinking in East Asia about relations with the Gulf and of the important issues that are on people's minds, and to explore ways in which ties between the two sides can be strengthened and enhanced. On all these fronts, the trip provided important insights and assessments.

The trip came at a critical time just as North Korea was once again engaging in saber-rattling with announcements of potential missile launches and threats against South Korea. While the statements coming from Pyongyang received a lot of attention in the Western media, and especially in the United States (US Secretary of State John Kerry paid visits to both South Korea and Japan at the time that the GRC team was present in those countries),





the attitudes in both Seoul and Tokyo were more nuanced. While there was palpable concern about the potential for direct security implications due to the North Korean actions, in particular tied to the reported inexperience and/or adventurism of the North Korean leader Kim Yon-un, there was also



GRC-JIIA Seminar on "U.S. Re-Pivoting to East Asia and the Outlook of the Security Situation in Asia-Pacific and the Middle East", April 16, 2013

the reminder that one had heard many of these same threats before and therefore current developments should not be blown out of proportion. In many of our meetings, this was the common assessment provided.

In the discussions, parallels were drawn between the North Korean situation and the situation in the Gulf in relation to Iran with an emphasis that Tehran was watching developments closely and seeing how the international community was reacting given the wider implications this situation has for the non-proliferation regime. Japan's position was highlighted during a seminar that the GRC conducted with the Japan Institute for International Affairs (JIIA) on April 16 which included a wider discussion on the so-called US 'pivot' to Asia and the subsequent outlook for the security situation in the Asia-Pacific region. From the GCC perspective, the concern was raised that while the US has stated that it would not allow Iran to attain a nuclear



GRC-JIIA Seminar



capability, there are increased doubts about their actual willingness to prevent this from happening. In light of the North Korean situation and the China factor, the concern is that the US will seek an understanding with Iran at the expense of the GCC. For Japan, which is largely welcoming of the announced US strategy shift, this means engaging the US in a way whereby the strategic pendulum in the Asian region does not swing too far in one direction or the other. A certain balance is required that produces a win-win situation for the Gulf region, East Asia, and the United States.

Given time limitations, only one day was available to visit South Korea but even that short visit underlined the relevance of South Korea for the Gulf region. A joint economic forum organized by the GRC and the Korean Chambers of Commerce and Industry (KCCI) was attended by more than 120 participants representing different sectors of the South Korean corporate world. The forum featured presentations by Dr. Sager, Dr. Koch and Ms. Noriko Suzuki on aspects of developments in the Gulf region, GCC integration, and the GCC investment climate. Many of the subsequent questions raised concerned basic issues like setting up businesses in the GCC states including, for example, the role of agency laws. Other points mentioned were opportunities for South Korean companies in the Gulf's energy sector and how those opportunities could be best realized. Given the rising importance and role of South Korea in the GCC's economic development with total trade now reaching more than \$100 billion, the ties between the two sides are beginning to take on a strategic dimension. The session highlighted this direction but also underlined that more points of contact and further discussions were needed to build the GCC-South Korean relationship. Prior to the forum, the GRC team met with Dong-Geun Lee, Executive Vice Chairman of the KCCI; Seho Kim, Executive Director for International Affairs; and Lee Kang Min, Head of the Euro-American & Afro Middle East Team at KCCI.

In Japan, a key component of the trip was numerous meetings with representatives of the Japanese private sector, given the close business relations that already exist with the Gulf region. Also evident was the rising concern in Japan on energy-related matters following the Fukushima







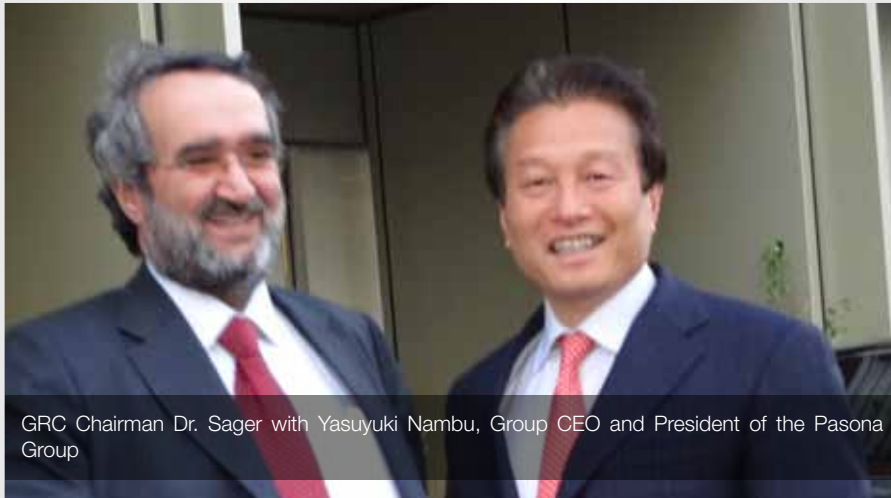
nuclear power plant disaster in March 2011. Two main areas of concern crystallized out of the many discussions held including the inability of Japan at this stage to determine its future energy mix and the situation in Iran and the impact this has on oil imports from that country. As Japan reassesses how to secure its energy future, the share of nuclear power in its energy mix is also currently undergoing a thorough investigation. This is expected



to result in new regulatory and safety standards that will then determine the role of nuclear power in Japan's energy future and the emphasis that needs to be placed on imported oil as well as renewable energy sources.



For the Gulf, there are several implications. With the future of nuclear power currently on hold, Japan is in need of increased oil imports. The GCC has stepped in to meet this demand as well as the shortfall caused by decreased imports from Iran as a result of sanctions. For the GCC's own



GRC Chairman Dr. Sager with Yasuyuki Nambu, Group CEO and President of the Pasona Group

development and diversification plans, the Japanese experience with both nuclear power, especially given its emphasis on the safety and regulatory aspects, and renewable energy technologies offers a valuable input when it comes to lessening the reliance on hydrocarbons. It was thus emphasized in the meetings that these areas hold a lot of potential for future Japan-GCC cooperation.

Other topics that were raised in many of the discussions included the situation in Iran, Iraq, and Syria; the potential and expected role of China in the Gulf region; the future purchasing power potential of the GCC populations; the impact of the revolution in shale gas and its impact on the Gulf as well as an assessment of various investment opportunities in sectors such as infrastructure and transport.



The GRC group with members of the Toyota Tsusho Corporation including its Chairman of the Board, Junzo Shimizu





Roundtable Discussion held with Sojitz Corporation and their headquarters in Tokyo, April 16, 2013

As far as the Japanese corporate sector is concerned, meetings and discussions took place with the following organizations:

- The Pasona Group -- Yasayuki Nambu, Group CEO and President, and Akira Kamitomai, Managing Executive Officer
- Sojitz Corporation -- Yutuka Kase, Chairman of the Board; Shinichi Taniguchi, Executive Vice-President; Shuhei Inoue, Corporate Advisor; Yukio Tada, President of the Sojitz Research Institute; and Michihiko Fukui, Leader for the Middle East and Africa
- NEC Corporation -- Takayuki Morita, Senior Vice-President and Head of the Global Business Unit; Masahiro Ikeno, General Manager of the Europe, Middle East and Africa Division; Keita Ito, Deputy General Manager, Americas and EMEA Sales Division; and Akio Sumitomo, Senior Manager in the Americas and EMEA Sales Division
- Toyoto Tsusho Corporation -- Chairman of the Board Junzo Shimizu; Hajime Sakaguchi, General Manager; and Mitsuru Konishi, Project General Manager



GRC Chairman Abdulaziz Sager speaking to the audience at Osaka University School of International Public Policy.





- Toyota Corporation -- Koji Nagata, General Manager for the Middle East and Southwest Asia Division; and Makoto Kitamura, Grand Master in the Middle East and Southwest Asia Division
- Fuji Electric -- Takeshi Kondo, General Manager, and Toshiyuki Kawahara, Assistant Manager
- Daiwa PI Partners Company -- Kenichi Kawasaki, President, and Takeshi Hosokawa, Senior Managing Director
- The NYK Group -- Yuji Nishijima, Deputy General Manager, and Ken'ichi Miki, Corporate Officer
- Satoru Nakamura, General Manager of the ITOCHU Corporation
- Keiji Nambu, Chairman of the ACCHE Corporation

Outside of the corporate sector, the visit of Japanese Prime Minister Shinzo Abe to Saudi Arabia in May 2013 was an important part of the discussions, with the GRC having meetings with the Prime Minister's office and with senior members of the Japanese government including Tomohiko Taniguchi, Counsellor in the Cabinet Secretariat, and Yuriko Koike, Member of the House of Representatives in Japan and the former Minister of Defense. These discussions focused on the role that Japan could play in regional Gulf affairs beyond traditional trade and energy ties in order to elevate the Japan-GCC relationship to a higher strategic level. From the Japanese side, it was repeatedly emphasized that the new government of Prime Minister Abe was thinking along those strategic lines and this offered a good opportunity to have more comprehensive discussions in this regard. This was also mentioned in a dinner discussion hosted by Amb. Yukio Satoh,



GRC Chairman Dr. Sager with Tomohiko Taniguchi, Counsellor in the Cabinet Secretariat of Prime Minister Abe

Vice-Chairman of the Japan Institute on International Affairs. Furthermore, as part of an effort to explain developments in the Gulf and wider Middle East, Dr. Sager gave a wide-ranging interview to the Japanese television channel NHK and its senior commentator Nabuhisa Degawa.





GRC Chairman Dr. Sager and Yuriko Koike, Member of the House of Representatives in Japan and the former Minister of Defense

Another issue that GRC focused on during the course of the trip to East Asia was the strengthening of institutional relations with key partners in order to promote cooperation and pursue a common research agenda. In this context, several meetings were held including with:

- The Institute for International Economic Studies (IIES) and its chairman, Katsuhiro Nakagawa; Sumio Ohtsuji, Vice-President and Director for Research and Planning; Yasushi Kashi, Senior Economist, and Motoaki Tanabe, Senior Economist
- The Japan Institute of International Affairs and its Deputy Director General Hideki Asari; Seiichiro Takagi, Senior Associate Fellow; and Mari Nukii, Research Fellow
- The Sasakawa Peace Foundation -- Yuji Takagi, President, and Akira Matsunaga, Deputy Director of the Sasakawa Middle East Islam Fund



Amb. Yukio Satoh, Vice-Chairman of the Japan Institute of International Affairs with GRC Chairman Dr. Sager and Noriko Suzuki, Director of the GRC Foundation Office in Tokyo





GRC Chairman Dr. Sager with Katsuhiro Nakagawa, Chairman of the Institute for International Economic Studies (IIES)

- The Institute of Energy Economics, Japan (JIME) -- Masakazu Toyoda, Chairman and CEO; Koichiro Tanaka, Managing Director; and Akiko Yoshioka, Researcher
- The Komatsu Research and Advisory Group -- Keiichiro Komatsu, Principal, and Kiyoshi Yoshimitsu, Senior Advisor

A Memorandum of Understanding was renewed with the Institute of Energy Economics, Japan to include aspects of joint events and research. It is the GRC's intention to maintain close relations with all these institutions in order to contribute to a more extensive analysis of the issues defining GCC-Japan relations. The GRC also recently published a new version of its Gulf-Asia Research Bulletin with special focus on the ties between the Gulf and Japan.

On the final day of the trip, a research seminar was held with the Osaka School of International Public Policy (OSIPP) of Osaka University. The Dean of the School, Professor Toshiya Hoshino, opened the seminar with a



GRC Chairman Dr. Sager and Deputy Director General of the Japan Institute of International Affairs, Hideki Asari

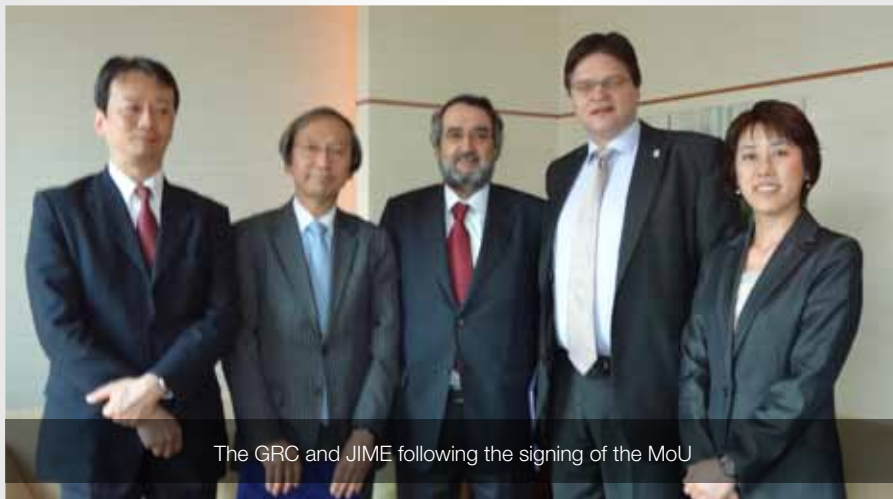


The Chairman and CEO Institute for Energy Economics, Japan, Masakazu Toyoda with GRC Chairman Abdulaziz Sager





presentation on Japanese perspectives of regional security. Presentations by Dr. Abdulaziz Sager, Dr. Koch, and Ms. Suzuki of the GRC followed. About 40 participants attended the seminar with questions during the discussion period focusing on the role of Japan in Gulf regional security matters, the competition between China, South Korea and Japan for investment opportunities in the GCC states, and the impact of shale gas on economic diversification plans in the Gulf



The GRC and JIME following the signing of the MoU

region. Following the seminar, the GRC and the OSIPP signed a Memorandum of Understanding with the intention to hold future joint events and to support the Osaka University strengthen its capacity to conduct research on the Gulf region. In addition to Prof. Hoshino, numerous professors from the university



Prof. Toshiya Hoshino, Dean of the Osaka School of International Public Policy and GRC Chairman Dr. Sager

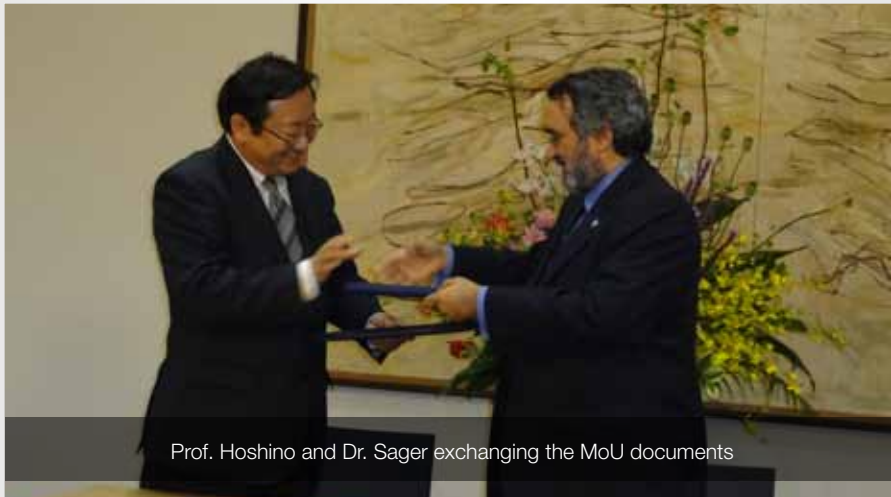




Dr. Sager speaking at Osaka University

as well as representatives from the Osaka International House Foundation attended the seminar.

Overall, the trip underlined the need for more extensive ties with Japanese counterparts across all main sectors including government, business, the



Prof. Hoshino and Dr. Sager exchanging the MoU documents

academic community and the media. One direct result of this engagement was the commitment of the Gulf Research Center to hold a larger GCC-Japan conference in Tokyo in the spring of 2014 that would focus on the key issues of energy, economics and trade, foreign policy, and security issues.