The challenges before Shinzo Abe

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IN the recent general election held in Japan, the Liberal Democratic Party of Japan (LDP) won 294 seats in a landslide victory while the ruling DPJ managed to win only 57 seats. As the President of LDP, Shinzo Abe is expected to become the next Prime Minister on December 26.

The new administration seems to have inherited a host of challenges (both in the domestic and international fronts) from the preceding DPJ-led government. On the domestic front, the new government has to primarily deal with deflation and hyper-appreciation of the yen. In order to boost the economy, the Abe administration plans to quickly compile a supplementary budget for fiscal 2013 worth several trillion yen and submit it to an ordinary diet session set to convene in late January 2013. As pledged during its election campaign, the LDP might also introduce bold monetary easing measures, including setting an annual inflation target and forming a policy accord with the Bank of Japan.

Constitution revision is likely to emerge as a subject of debate during Abe's tenure. The LDP is reportedly considering to discuss with its coalition partner New Komeito the easing of requirements for amending the constitution as stipulated in Article 96. However, persuading the New Komeito on this issue might not be easy as it is quite cautious about the LDP's possible future intention to revise Article 9 (the no war clause).

Nuclear energy will continue to dominate the domestic debates within Japan. The LDP has so far refrained from offering a clear-cut stance on the issue possibly due to strong popular sentiments about it. The LDP leadership has been very critical of the zero-nuclear policy proposed by the previous DPJ government. Since the Fukushima nuclear accident (March 2011), the operation of most nuclear reactors in Japan has remained suspended, which, according to the advocates of nuclear energy, has led to the acceleration of the industrial hollowing out process as well as the emergence of an unemployment problem. Therefore, under the LDP leadership, nuclear reactors in Japan might once again be activated (though only after their safety has been scientifically proved) to deal with the energy deficit.

Rebuilding Japan's foreign policy will be another challenge for the Abe Administration, especially in view of the rising tension between Japan and its neighbouring states - China and South Korea over territorial disputes. As far as the Japan-US security alliance is concerned, it is expected to grow further. During the LDP's more than five decades long rule before 2009, the party had maintained strong relations with the United States. The party is not likely to change its course now on this front. In fact, Abe's expected visit to the United States in January 2013 clearly underlines the LDP's continued faith in strong Japan-US bilateral ties. In the meantime, the party's call for creating a "Basic Law on state security" to enable the nation to exercise its right to collective self defence is also expected to bolster Japan's alliance with the United States. However, it remains to be seen how Abe is going to deal with issues such as the tension over the Futenma relocation, rising anti-US sentiments over growing crimes involving US servicemen in Okinawa, etc.


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As far as China is concerned, the LDP leadership seems to take a non-assertive stance at present, in spite of the fact that the spat over the Senkaku islands has recently reached a new height with the constant intrusion of Chinese surveillance ships into Japanese waters followed by the intrusion of a Chinese airplane into Japanese airspace on December 13. In fact, LDP Vice President Masahiko Komura has stressed on the need to re-establish the 'mutually beneficial strategic partnership' that both countries agreed on during Shinzo Abe's tenure as Prime Minister in 2006-2007. Abe himself seems to be trying to assuage Chinese concerns over his hawkish image by insisting that Sino-Japanese relations are "one of the most important bilateral relationships." He has also pledged to make efforts towards improving bilateral ties. China, however, does not seem to be convinced. In fact, a lot of Chinese media reports seem to warn China against Abe's hawkish stance and urge the Chinese leadership to closely monitor the new leadership's stance on Yasukuni Shrine visits, the Senkaku island dispute and amendment of the pacifist Constitution.

North Korea's nuclear weapon programme is going to be another major challenge for the Abe Administration. Japan already faces a serious security challenge due to the North's deployment of intermediate range ballistic missiles with a range of 1300 kilometres that directly targets Japan. Moreover, the abduction of Japanese nationals by North Korean agents in the pre-Cold War era too might emerge as another major cause of friction between the two countries. While Pyongyang insists that the issue has already been resolved, Tokyo believes that as long as the North does not share adequate information with Japan on the abductees, bilateral relations could not be normalized.

Implications of an Abe Administration on Japan-South Korea relations remain largely uncertain particularly when South Korea itself is going for a leadership change following the presidential election on December 19. During the current Lee Myung-bak's Administration, Japan's relations with South Korea became severely strained. The prime candidates for the South Korean presidency are Park Geun-hye from the ruling Saenuri Party and Moon Jae-In from the main opposition Democratic United Party. Since Park's father, former South Korean leader Park Chung Hee, paved the way for normalizing the South Korea-Japan relations in the post-war period, it is being hoped by many that bilateral relations might improve if she were to be elected to power. However, if election results go in favour of the leftists led by Moon Jae-In who advocates adoption of the conciliatory "Sunshine Policy" towards North Korea, then bilateral relations might deteriorate further, because Moon might follow in the footsteps of former President Roh who took an unyielding hard-line stance against Japan. At the same time, it also remains undeniably true that even if Park assumes the presidency, mending ties between Tokyo and Seoul would still be complicated considering that Park, like Moon, takes an uncompromising stance on certain issues such as the dispute over the Takeshima island issue.

Nevertheless, the recent launch of the long-range ballistic missile by North Korea might propel South Korea, Japan and the United States to join hands to deal with the hermit kingdom. With the launch, the North has reportedly been able to extend the range of its missiles.

In the meantime, Japan's participation in the Trans Pacific Partnership (TPP) multilateral FTA is going to be another thorny issue to handle for the Abe administration. As many LDP leaders have strong reservations against this arrangement, the LDP has refrained from going into specifics. However while initially taking the stance of "opposing the TPP as long as negotiations are premised on the elimination of all tariffs without exception," Abe now seems to be taking a different view by suggesting recently that the TPP talks "should be a matter of course if the national interests can be safeguarded."

So far, the implications of Shinzo Abe's assumption of power on Japan's bilateral relations with its neighbouring states largely remain uncertain. Still, it remains undeniably true that historical acrimonies among Japan, China and South Korea have been a major hurdle preventing them from charting a more stable and prosperous future. If only they decide to leave aside the historical baggage and sincerely try to make some compromises with each other, they will be able to normalize their relationship in the long run. While keeping that in mind, Prime Minister Abe needs to shed his hawkish image and shoulder the responsibility of developing friendly relationships with neighbouring states to be truly regarded as a visionary leader in East Asia.

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The geopolitics of shale

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ACCORDING to the elite newspapers and journals of opinion, the future of foreign affairs mainly rests on ideas: the moral impetus for humanitarian intervention, the various theories governing exchange rates and debt rebalancing necessary to fix Europe, the rise of cosmopolitanism alongside the stubborn vibrancy of nationalism in East Asia and so on. In other words, the world of the future can be engineered and defined based on doctoral theses. And to a certain extent this may be true. As the 20th century showed us, ideologies -- whether communism, fascism or humanism -- matter and matter greatly.

But there is another truth: The reality of large, impersonal forces like geography and the environment that also help to determine the future of human events. Africa has historically been poor largely because of few good natural harbors and few navigable rivers from the interior to the coast. Russia is paranoid because its land mass is exposed to invasion with few natural barriers. The Persian Gulf sheikhdoms are fabulously wealthy not because of ideas but because of large energy deposits underground. You get the point. Intellectuals concentrate on what they can change, but we are helpless to change much of what happens.

Enter shale, a sedimentary rock within which natural gas can be trapped. Shale gas constitutes a new source of extractable energy for the post-industrial world. Countries that have considerable shale deposits will be better placed in the 21st century competition between states, and those without such deposits will be worse off. Ideas will matter little in this regard.

Stratfor, as it happens, has studied the issue in depth. Herein is my own analysis, influenced in part by Stratfor's research.

So let's look at who has shale and how that may change geopolitics. For the future will be heavily influenced by what lies underground.

The United States, it turns out, has vast deposits of shale gas: in Texas, Louisiana, North Dakota, Pennsylvania, Ohio, New York and elsewhere. America, regardless of many of the political choices it makes, is poised to be an energy giant of the 21st century. In particular, the Gulf Coast, centered on Texas and Louisiana, has embarked upon a shale gas and tight oil boom. That development will make the Caribbean an economic focal point of the Western Hemisphere, encouraged further by the 2014 widening of the Panama Canal. At the same time, cooperation between Texas and adjacent Mexico will intensify, as Mexico increasingly becomes a market for shale gas, with its own exploited shale basins near its northern border.

This is, in part, troubling news for Russia. Russia is currently the energy giant of Europe, exporting natural gas westward in great quantities, providing Moscow with political leverage all over Central and particularly Eastern Europe. However, Russia's reserves are often in parts of Siberia that are hard and expensive to exploit -- though Russia's extraction technology, once old, has been considerably modernized. And Russia for the moment may face relatively little competition in Europe. But what if in the future the United States were able to export shale gas to Europe at a competitive price?

The United States still has few capabilities to export shale gas to Europe. It would have to build new liquefaction facilities to do that; in other words, it would have to erect plants on the Gulf of Mexico that convert the gas into liquid so that it could be transported by ship across the Atlantic, where more liquefaction facilities there would reconvert it back into gas. This is doable with capital investment, expertise and favorable legislation. Countries that build such facilities will have more energy options, to export or import, whatever the case may be. So imagine a future in which the United States exports liquefied shale gas to Europe, reducing the dependence that European countries have on Russian energy. The geopolitics of Europe could shift somewhat. Natural gas might become less of a political tool for Russia and more of a purely economic one (though even such a not-so-subtle shift would require significant exports of shale gas from North America to Europe).

Less dependence on Russia would allow the vision of a truly independent, culturally vibrant Central and Eastern Europe to fully prosper -- an ideal of the region's intellectuals for centuries, even as ideas in this case would have little to do with it.

This might especially be relevant to Poland. For Poland may have significant deposits of shale gas. Were Polish shale deposits to prove the largest in Europe (a very big "if"), Poland could become more of an energy producer in its own right, turning this flat country with no natural defenses to the east and west -- annihilated by both Germany and the Soviet Union in the 20th century -- into a pivot state or midlevel power in the 21st. The United States, in turn, somewhat liberated from Middle East oil because of its own energy sources (including natural gas finds), could focus on building up Poland as a friendly power, even as it loses substantial interest in Saudi Arabia. To be sure, the immense deposits of oil and natural gas in the Arabian Peninsula, Iraq and Iran will keep the Middle East a major energy exporter for decades. But the shale gas revolution will complicate the world's hydrocarbon supply and allocation, so that the Middle East may lose some of its primacy.

It turns out that Australia also has large new natural gas deposits that, with liquefaction facilities, could turn it into a principal energy exporter to East Asia, assuming Australia significantly lowers its cost of production (which may prove very hard to do). Because Australia is already starting to emerge as the most dependable military ally of the United States in the Anglosphere, the alliance of these two great energy producers of the future could further cement Western influence in Asia. The United States and Australia would divide up the world: after a fashion, of course. Indeed, if unconventional natural gas exploitation has anything to do with it, the so-called post-American world would be anything but.

The geopolitical emergence of Canada -- again, the result of natural gas and oil -- could amplify this trend. Canada has immense natural gas deposits in Alberta, which could possibly be transported by future pipelines to British Columbia, where, with liquefaction facilities, it could then be exported to East Asia. Meanwhile, eastern Canada could be the beneficiary of new shale gas deposits that reach across the border into the northeastern United States. Thus, new energy discoveries would bind the two North American countries closer, even as North America and Australia become more powerful on the world scene.

China also has significant deposits of shale gas in its interior provinces. Because Beijing is burdened by relatively few regulations, the regime could acquire the land and build the infrastructure necessary for its exploitation. This would ease somewhat China's energy crunch and aid Beijing's strategy to compensate for the decline of its coastal-oriented economic model by spurring development inland.

The countries that might conceivably suffer on account of a shale gas revolution would be landlocked, politically unstable oil producers such as Chad, Sudan and South Sudan, whose hydrocarbons could become relatively less valuable as these other energy sources come online. China, especially, might in the future lose interest in the energy deposits in such low-end, high-risk countries if shale gas became plentiful in its own interior.

In general, the coming of shale gas will magnify the importance of geography. Which countries have shale underground and which don't will help determine power relationships. And because shale gas can be transported across oceans in liquid form, states with coastlines will have the advantage. The world will be smaller because of unconventional gas extraction technology, but that only increases the preciousness of geography, rather than decreases it.

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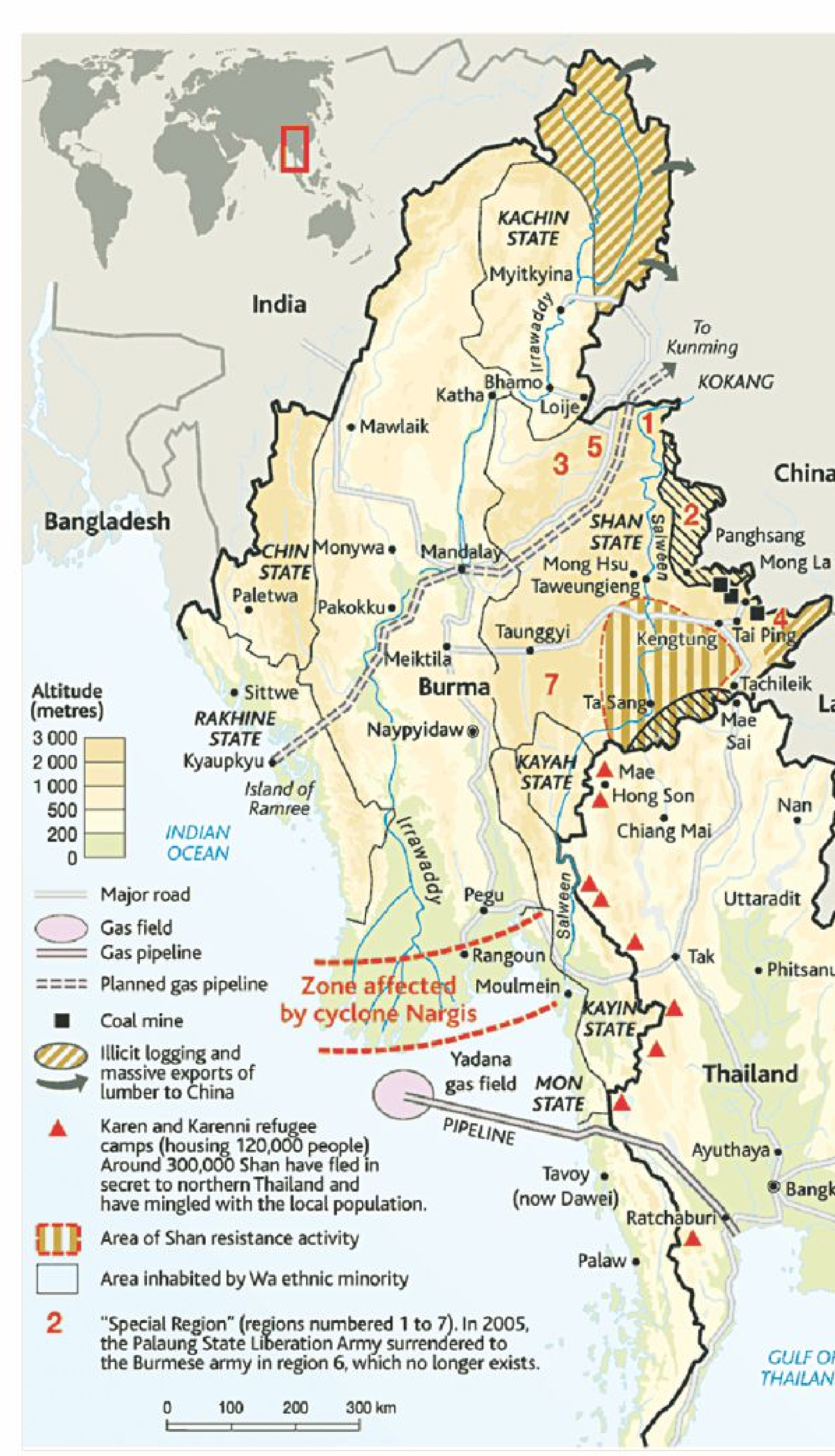
Burma pipelines and peoples



Sources: Andre and Louis Boucad ; United Nations High Commission for Refugees; BBC; Human Rights Watch; Norwegian Refugee Council Internal Displacement Centre.

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