

# Policy Recommendations for Rebuilding the International Order

By the Working Group on the Future International Political Order

July 2024

This was to have been published in the *Japan SPOTLIGHT* Sept./Oct. 2024 Issue, but the translation was delayed, and so it is included now in this issue.

## 1. Current Situation & Background: How Did the Current State of Confusion Arise?

### (1) Current situation

The invasion of Ukraine by Russia that began in February 2022 has drastically changed the course of history, transforming an “era of peace” into an “era of war”. What is particularly noteworthy is that it shook the foundations of an international order based on the “rule of law” and transformed it into one in which military power, especially nuclear power, occupies a central part. The pursuit of security that relies on strong deterrence, rather than rules-based discussion, is becoming the centripetal force in the formation of the international order.

For example, the ongoing war in Ukraine has created an urgent need in Europe to strengthen the defense capabilities of NATO based on a more robust deterrence. The Ukraine crisis has led to a global division between the West and authoritarian states such as Russia and China, and this division has been further complicated by the destabilization of the Middle East triggered by clashes between Israel and Hamas in Gaza since October 2023.

Israeli Prime Minister Benjamin Netanyahu launched a counterattack against Hamas, which has committed terrorist acts that have killed 1,200 innocent people, but international public opinion seems opposed to Israel’s attempts to eradicate Hamas, even at the cost of civilian casualties in an urban war in the narrow Gaza Strip. The United States also abstained from an anti-Israel resolution at the UN Security Council for the first time, straining relations between President Joe Biden and Netanyahu.

### (2) Background

#### ① Retreat of Advanced Countries and G7

The Ukraine crisis occurred in the context of the ongoing diminution of developed countries. While the G7’s share of the world economy has fallen below 50%, Chinese nationalism has increased as the Chinese economy continues its high growth, and China and Russia’s aggressive diplomatic stances were already evident in the 2010s, notably the former’s military strategy in the South China Sea and the latter’s occupation of Crimea in 2014.

#### ② America’s Inward-Looking Trend in Foreign Policy

The influence of the US as a world leader continues to recede. In particular, the administration of former President Donald Trump retreated from its approach to solving global health and other global problems and regional conflicts through cooperation among major powers. The question of how much cost and risk the US will bear in the future to support the international order is a fundamental issue for the US, and foreign policy arguments with unilateralist overtones have become dominant, especially with presidential candidate Trump. With the presidential election coming up in November 2024, US politics remains even more divided, creating great uncertainty internationally.

#### ③ China’s Threat

It was around 2010 that China overtook Japan in terms of GDP and became the world’s second-largest economy. In less than 15 years, China’s GDP has grown to nearly four times that of Japan, and it is now two-thirds the size of US GDP. This has created an awareness in the US of the failure of its engagement policy and the arrival of an era of great power competition, and the US-China confrontation has become more serious.

#### ④ The Global South Holding the Casting Vote

The Global South has emerged in response to the retreat of the developed countries led by the US. The term Global South (emerging and developing countries) spread when India hosted the Voice of the Global South Summit in January 2023 to rally non-aligned countries. Some of these countries have developed, become powerful, and have a voice by opening up to the outside world and adopting capitalist policies, even though their domestic regimes remain authoritarian.

Among the emerging nations of the Global South that have gained strength are Saudi Arabia, Malaysia, Thailand, Brazil, Mexico, Colombia, Peru, Kazakhstan, Turkey, Iran, Algeria, South Africa, Indonesia, the Philippines, Bangladesh, India, Pakistan, Vietnam, Egypt, and Nigeria, to name a few. Of these countries, India, for its part, has been pursuing multipolarity in the international community as a result of its emphasis on “strategic independence” that excludes interference by major powers, adheres to non-aligned principles, and expands its own sphere of action. This is one of the reasons why

India has behaved as a representative of the Global South. However, India is also a multi-ethnic country that has difficulty promoting national integration and needs to improve its economic strength, and its capacity for self-reliance is not yet sufficient.

In March 2022, immediately after Russia's invasion of Ukraine, the resolution condemning Russia in the UN General Assembly was passed by a margin of approximately 140 to 50, but the resolution on sanctions against Russia was met with almost 90 in favor and 90 against, abstaining, or not voting. Considering that among those in favor of sanctions there are 50 of the developed Western countries, only 40 of the 140 developing nations support sanctions. It seems that the obvious criticism of the "rule of law" being violated by the invasion of Ukraine is not accepted by the Global South. Possible reasons for this include:

- Deep-rooted distrust of former colonial suzerain states such as Britain and France
- Long-standing dependence on arms supplies from Russia (India, Vietnam)
- Skepticism about double standards in developed countries
- Economic losses resulting from conflicts between Russia and developed countries, such as higher fuel and food prices.

In addition, economic growth fueled by the population explosion has made African countries more assertive, and they have more opportunities to challenge the postwar international order that has been formed under the leadership of the West.

#### ⑤ The Escalation of the US-China Confrontation & Economic Security

In response to the Global South nations, China is promoting their international inclusion with the formation of a "Global Partnership Network". With such an approach, the possibility that the international order will be restructured from a deeper level, around values and perceptions, is not small.

What is distinctive about China's foreign economic policy is its coercive trade policy toward its trading partners, weaponizing the interdependence of economies deepened by globalization. This is to coerce them into submission by using the supply of goods on which they have no choice but to depend. Furthermore, with "military-civilian fusion" it aims to promote "self-strengthening and self-reliance" by integrating and promoting the upgrading of military power and industrial power in an integrated manner, and by domestically producing strategic industries such as semiconductors from upstream to downstream in the supply chain. By doing so, it seeks to increase its economic "counterattack and striking power" by making foreign countries dependent on it. It is also pursuing a strategy of attracting foreign companies with cutting-edge technologies to China in order to gain access to such technologies.

In response, the US has passed the Inflation Reduction Act to support manufacturing facilities for EVs, solar panels, and other products, and with China in mind, aims to break away from

dependence on certain countries. These threats to economic security are growing rapidly as geopolitical risks increase. When discussing security issues, cybersecurity has also been a major issue in recent years. Cyberattacks target not only government and military organizations, but also companies, universities, and hospitals with critical infrastructure. Even if a cyberattack by itself does not cause much damage, when combined with other physical means it can cause significant harm.

#### ⑥ Formalization of the Rule of Law

In the crisis of the international order described above, the rule of law is often forgotten because we have moved into the age of power games. The UN is dysfunctional in the sense that the Security Council continues to be ineffective and unable to stop the invasion of Ukraine, a violation of the UN Charter. Security Council reform has not progressed in over 20 years and has yet to generate negotiating momentum.

On the economic and trade fronts as well, the dispute settlement function of the WTO, which consists of a two-trial system, has not been functioning due to the lack of nominated members of the Appellate Body. Furthermore, as economic and security issues have emerged rapidly, discussions have not been able to be started without resolving the conflict between the US view that security exceptions are to be determined solely by the parties concerned and the WTO panel's view that the WTO panel can make the determination.

As for energy security, a number of issues have also become salient in light of the US-China confrontation, the rise of the Global South, the realization of US energy independence through the shale revolution, and the abandonment of the US role as "world policeman".

The exclusion of SWIFT (Society for Worldwide Interbank Financial Telecommunication) from the dollar settlement function, which took place immediately after Russia's invasion of Ukraine, had a large political impact, but the overall effect of the economic sanctions, together with Europe's suspension of Russian oil and gas exports, was limited. The reason is that the complete exclusion of Russian oil and gas, which respectively account for 30% of the world oil and gas export market, from the international energy market would lead to a sharp rise in energy prices. China, India, Turkey, and other countries have been allowed to import Russian oil at low prices even after the sanctions. Russia, which depends on energy exports, has rather benefited from the soaring oil prices. Trade between China and Russia has increased, and because it is settled in Chinese yuan, the ratio of yuan use as an international currency has increased. In addition, Russia's domestic military industry is in full operation, and Russia's economic growth rate has reached 3%.

Against this background, the world is becoming increasingly chaotic. Even the US, which remains the most powerful country in the world and which has always placed the propagation of universal values such as freedom, democracy, and the rule of law in its national interest, now accounts for only a quarter of the world's GDP,

and the GDP of the West as a whole (Japan, the US, and Europe) is less than half. With the increasing weight of the Global South, which is not aligned with either the US-centered Western world or with China and Russia seeking its own spheres of influence, the UN and the WTO have become dysfunctional, and we are now adrift on the brink of a security crisis and an international economic crisis unprecedented in history.

## 2. Response: What Would a Desirable International Order Look Like?

### (1) Restructuring the Rule of Law

#### ① United Nations Reform

No universal organization can replace the UN. On the other hand, the UN originally had no military forces, no economic power, and is powerless without the support of its member states. Reaffirm the following principles in order to realize the purposes of the UN: “to maintain international peace and security”, “to respect the principle of equal rights and self-determination of peoples”, and “to promote respect for human rights and fundamental freedoms”.

- (a) Equality of sovereignty of all member states
- (b) Faithful fulfillment of the obligations owed in accordance with the Charter
- (c) The settlement of international disputes by peaceful means
- (d) Refrain from the threat of arms or use of military forces against any nation.

However, the current situation is far from ideal, and it is necessary to secure a consensus among many countries in order to realize this goal.

#### ② WTO Reform

- (a) to restore the dispute settlement function of the WTO by achieving the appointment of members of the Appellate Body
- (b) to increase the number of Plurilateral Agreements, while at the same time revising unanimous rule and restoring the WTO's legislative function.

### (2) Promote Free Trade & Establish Economic Security

Promote free trade as much as possible through free trade agreements and regional agreements without waiting for a functional restoration of the WTO. In this case, it is important to support the losers in free trade through human resource development and other measures to assist them on the path to development and growth. On the other hand, minimal exceptions should be made for threats to economic security arising from differences in values and economic systems from the perspective of “Small Yard, High Fence”.

With regard to the extermination of companies of certain countries by other countries through low-priced exports backed by overproduction in strategic advanced technology fields such as electric vehicles, if this is recognized as an obstacle to fair competition due to unfair subsidies, retaliatory measures authorized

under the WTO Agreement shall be considered and implemented. This will further clarify our stance to uphold a rules-oriented international order.

### (3) Avoiding a Taiwan Contingency

In addition to the crisis in Ukraine and the conflict in Gaza, another concern in Asia is the enforced reunification of Taiwan by China. In light of the UN Charter, Japan must deter any change to the status quo by military force, which is unacceptable. To this end, Japan should strengthen its own defense capability, promote defense cooperation with the US, Australia, the Philippines, and other countries, and promote dialogue with China. In addition, China is increasing its pressure on Taiwan, both militarily and economically, and the question is how the international community should respond.

### (4) Wait for China to Mature & Continue Dialogue with it

Until China comes to understand that liberalism and democracy are what will bring happiness to its people and development to its country, continue dialogue with it and prevent unnecessary friction while avoiding war through deterrence.

### (5) Support & Cooperation with the Global South

Continue to provide support and technical assistance to the countries of the Global South to help them achieve sound development. Support and coordinate efforts to combat climate change, not by imposing Western values but by achieving decarbonization as quickly as possible, administratively, economically, and technologically.

## 3. Role of Japan: What Role Can Japan Play?

Japan, as the country that has most benefited from the system of world peace and prosperity that nations have so tirelessly built over the past 80 years since the end of World War II, is expected to make a significant contribution to its restoration. And, importantly, it is necessary for Japan to use its own creativity to produce measures to address the current situation in which the US is becoming increasingly reluctant to play the role of leader.

### (1) Contribution to the Restructuring of the Rule of Law

The following reforms are important for observing Japan's national interest, preventing global fragmentation and restoring economic prosperity and stability.

#### ① United Nations Reform

Japan's mission is to continue to seek reform and improvement of the UN and to make it an organization that will exist for another 100 years. The first step should be to achieve reform by creating a quasi-permanent member or a long-term member, rather than focusing on Japan becoming a permanent member of the UN Security Council. The reform of the more fundamental permanent members of the

Council (expansion, contraction, and phasing out) should be achieved by 2045, the UN's centennial year.

## ② WTO Reform

In order to restore the dispute settlement function of the WTO and prevent “appeals into the void”, it is necessary to resolve the Appellate Body issue as soon as possible. In light of the rapid increase in the number of such appeals on security exceptions and other issues, it is worth considering the introduction of a one-trial system instead of a two-trial one, even if only temporarily.

In a world of growing economic interdependence, economic security must be realized, and efforts to supplement the current international trade regime are indispensable in this regard. In this context, it is important to strengthen the monitoring function for security matters.

## ③ Training of Japanese Personnel to Become Heads of International Organizations

It is not desirable for the heads of international organizations to be monopolized by a particular country. It is an old saying, but there is an urgent need to strategically develop human resources in Japan who not only have language skills, but also the creativity for new large-scale ideas to interact with the international community.

## (2) Contribution as a Flag-Bearer of Free Trade & Economic Security

① Demonstrating Japan's presence by promoting regional free trade agreements, such as by expanding membership in the CPTPP, a comprehensive and progressive agreement on the Trans-Pacific Partnership, will also be an important deterrent.

② On the other hand, strengthening economic security is also important to promote free trade. Advanced technology is now both for industrial and military use. The artificial distinction between security-related technology and civilian technology is a phenomenon unique to Japan and should be stopped. Japan should have an industrial policy comparable with that of other advanced nations, in which advanced industry itself is the foundation of national security. Academia and industry should work together to implement industrial policies that strengthen the competitiveness of industries, especially advanced industries, while taking into consideration relations with China. Foster industries with strategic indispensability that make the country more dependent on Japan. Efforts will also be made to reduce dependence on specific countries in critical goods that cause economic coercion.

③ Review the state of export controls to minimize the risk of technology leakage to China. In solidarity with the US and other Western countries, consider strengthening export controls for emerging technologies such as semiconductors, quantum, and biotechnology.

## (3) Strengthen Deterrence to Avoid Taiwan Contingencies

① Strive to strengthen defense capabilities to deter the use of military force by states seeking to change the status quo, and maintain close relations with the US, including the Japan-US Security Treaty, as well as with EU countries, India, Australia, South Korea, Indonesia, the Philippines, Vietnam, and others.

② In order to strengthen Japan's cyber security capability, it is important to introduce active cyber defense to eliminate the threat of serious cyberattacks on critical infrastructure in advance. For this purpose, it is necessary not only to drastically increase the number of cyber defense units of the Self-Defense Forces, but also to establish a data center to monitor the cyberspace situation, create a Cabinet Cyber Security Bureau in charge of cyber security for the entire nation, establish a government cloud, and review the legal system concerning the confidentiality of telecommunications.

③ The decline in the international presence of the Japanese economy due to population decline is the greatest security risk, and it is important to strengthen the economy. In addition to security needs, if government spending is essential for measures to prevent declining birthrates and an aging population, it is essential to strengthen smart fiscal and tax revenue bases, including spending cuts. As in major Western countries, consideration should also be given to accepting foreign workers. In doing so, in order to prevent social friction, it is essential to give priority to those who are needed by Japanese society and to deepen the Japanese side's understanding of the history, civilization, culture, and language of the country or region from which the foreign workers come, and to create an environment in which the foreign workers can feel comfortable.

## (4) Strengthen Dialogue with China

① It is important to make diplomatic efforts to build Japan's allies, and at the same time, it is important not to cease dialogue with China. There is much room for cooperation between Japan and China, not only on sensitive issues such as politics and security, but also in addressing global environmental problems, fostering venture capital, tourism, and aging societies with a declining birthrate, and there is much room for building cooperative relations by the promotion of dialogue.

② It is important to maintain a stable relationship by maintaining a dialogue channel that functions as a proxy for the leaders of Japan and China, which since 2014 has been the coordination mechanism between the director general of the National Security Bureau of Japan and the director of the Office of the Central Committee for Foreign Affairs of the Communist Party of China (CCPCC). To complement this, it is also necessary to build a multilayered network among government, local government, legislators, the private sector, and academia, all of which are currently thin.

## (5) Support and Collaboration for the Global South

We will make it a clear policy that strengthening relations with emerging and developing countries while maintaining close ties with the US and Europe is the basis of Japanese diplomacy. Such diplomacy is the first step to ensure Japan's security at a time when it is clear that Japan's national power is declining and US leadership is declining. We must abandon the illusion of being a great power and work with the Global South as a representative of the global middle powers. This is important in the sense that it will save the world from fragmentation, but it will also contribute to Japan's security.

① To emerging and developing countries concerned that developed nations' argument that the "rule of law" based on freedom and democracy is important is simply designed in their favor, we need to explain convincingly to them that Japan's post-WWII economic development achievements are the result of its digestion of freedom and democracy and that they are the foundation of development. Japan can make a persuasive argument because of its own experience. Japan should recognize that it is the only country that can serve as a bridge between developed countries and the Global South.

② It is especially important to persuade them that the loss of the "rule of law" will allow the regional powers to dominate and the interests of developing countries will be harmed.

③ Japan is easily accepted not only because of its experience in economic development as mentioned above, but also because it apologized for its colonial rule relatively early after its defeat and has almost no negative legacy of colonial rule outside of East Asia, compared to Britain, France, and other countries. In aid to developing countries, there is flexibility to modify universal principles to those that are more acceptable to developing countries. For example, in Pakistan, many girls could not go to school because women were not allowed to go far away. Japan has been praised for solving this problem by providing small schools near their homes, rather than criticizing this from the universal principle of gender equality, as in the West. Backed by this long-term, indirect approach, Japan has maintained relatively good relations with developing and emerging countries. Now is the time to put that experience to good use.

④ Such flexibility is important to promote stronger and more effective assistance to developing countries that cannot hope for much due to their declining national strength and weak financial base.

If Japan can fully demonstrate its uniqueness in the future, it will be able to build more friendly relations with the Global South, and this is where Japan can play a major role in saving the world from division.

## (6) Policies to Make Partners

① Among the Global South, relations with Southeast Asian countries have a long history and are extremely important. Faced with food and fertilizer supply crises as a result of Russia's invasion of Ukraine, these countries have been oriented toward a diplomatic strategy of "not choosing to be on any side of the group of nations" in the great power, but in the face of its limitations they have come to reaffirm the importance of multilateral diplomacy and a regional cooperation framework that includes mini-lateral ones.

Building a close alliance with the Southeast Asian region is a top priority for Japan in its efforts to incorporate the Global South. It is important for Japan to form a new social contract with them and unite with them, including considering Japan's own membership in ASEAN. The time left for this is not long: ASEAN's economic power is expected to overtake Japan's within a decade. The generation of Southeast Asians who recognize Japan as an economic superpower and welcome an alliance with Japan are now in their 40s or older, and the younger generation is not particularly aware of the importance of Japan. Thus, Japan should deepen its alliance with ASEAN while the people in their 40s are still leaders of ASEAN society; the time left for us is about only 10 years from now.

Regular meetings of public intellectuals are needed to deepen intellectual exchanges and mutual understanding with ASEAN. In addition, scholarships for accepting foreign students from developing countries should be dramatically increased, and a National Graduate Institute for International Cooperation should be established to accept them, with particular emphasis on students from ASEAN.

② While it is important to aim for supply chain stability through the IPEF and the Quad, the roles of APEC (Asia-Pacific Economic Cooperation) and ERIA (Economic Research Institute for ASEAN and East Asia) are also important in building a close relationship with Southeast Asia over the long term. In particular, ERIA's contribution to establishment of closer and constructive relations between ASEAN and Japan is very important. In terms of energy security, the Zero Emission Center established at ERIA is expected to play a complementary role to the IEA, but the expected role of ERIA goes beyond that. By reorganizing close exchanges with Southeast Asia, such as the promotion of intellectual exchanges and the formation of high-level networks to promote understanding among the younger generation who will be responsible for the future of Southeast Asia, on the study of Asia-wide regional governance models and economic policy, and the importance of Japan as their partner in the region, ERIA could prevent political, economic, and social fragmentation and strengthen Japan's security.

③ In addition to the ASEAN countries, the concept of a "Western Pacific Alliance" to build a relationship with Australia and Pacific island countries to help each other in disaster prevention and maritime security is also extremely important from the viewpoint of building a network of friends with Japan.

## Policy recommendations for rebuilding the international order

### I. Confusion & Its Background

◎ **Chaos (multipolar world)**

Ukraine war

Clash between Israel & Hamas

From "Era of Peace" to "Era of War"

From "Rule of Law" to "Rule of Power"

The World is Divided

↑

◎ **Background**

- Developed countries, G7 retreat → G7's share of the world economy is less than 50%
- US turning inward-looking → Declining influence of the US as a world leader / Foreign policy is unilateralism
- China's threat → the world's second-largest economy
- The Rise of the Global South → India is leading the way and holding the casting vote for global governance!
- Economic security is a key issue for each country against the backdrop of the escalating US-China confrontation and China's coercive trade policies!
- Collapse of the rule of rules (both the UN and WTO have become incompetent)

◎ **Japan's Creative Contributions**  
(The country that has enjoyed the greatest benefits of the postwar system of peace and prosperity in the last 80 years)

- Contribution to the reestablishment of the rule of law**
  - United Nations Reform
    - Become a quasi-permanent or long-term member of the Security Council to achieve Security Council reform and prevent veto abuse.
  - WTO Reform
    - Restoration of dispute settlement functions and handling of security cases, including restoration of the Appellate Body
  - Develop Japanese human resources to be active in international organizations.
- Contribution as a principal supporter of free trade and economic security**
  - Expansion of CPTPP membership
  - Strengthen economic security through evolutionary industrial policy (utilization of the IPEF, Quad, etc.).
  - Strengthen export controls.
- Strengthening deterrence to avoid a Taiwan contingency**
  - Strengthen defense capabilities and maintaining close relations with the US and EU.
  - Strengthen cyber national security capabilities.
  - Stem the decline in population through countermeasures against the falling birthrate and aging population, promote acceptance of foreign workers, and maintain Japan's international presence.
- Strengthening dialogue with China**
  - Promote dialogue on common global issues such as environmental ones.
  - Maintain a dialogue channel that functions as a proxy for the two leaders and stimulate exchanges between various sectors of society.
- Working with the Global South as a representative of global middle power**
  - Japan can persuade the Global South that freedom, democracy, and the "rule of law" are also important to the Global South.
  - Utilize "Japanese wisdom" in economic assistance such as development cooperation.
- Efforts to build camaraderie among the Global South**
  - Integration with Southeast Asian countries (Japan's membership in ASEAN, enhancement of the role of ERIA (Economic Research Institute for ASEAN and East Asia))
  - Recommendation of a "Western Pacific Alliance"
  - Establishment of the National Graduate Institute for International Cooperation
  - Utilization of TICAD.

### II. Countermeasures

◎ **What the World Needs to Address**  
(Restoration of peace and prosperity)

- Restructuring of the rule of law
  - UN reform
  - WTO reform
- Promote free trade and establish economic security.
- Avoid a Taiwan contingency.
- Continue dialogue with China.
- Provide economic support to the Global South.

**The public and private sectors should unite to share a sense of crisis and work toward a "resolute and dependable" Japan as soon as possible.**

Source: Working Group on the Future International Political Order

④ We will also strive to strengthen relations with Africa by utilizing the 30-year history of the Tokyo International Conference on African Development (TICAD), which was held in 1993 as the world's first conference of its kind.

### 4. Japan's Preparedness

It is not an easy task to launch such a wide range of policies in such a short period of time. To achieve this, the public and private sectors must come together and share a sense of crisis. Even the task of increasing the number of Southeast Asian friends, which seems relatively easy, will not be easy in 10 years. The entire nation must urgently confront the challenges of diplomacy, economics, and security. We live in an era in which conceptual ability and originality are constantly put to the test. We must actively speak out to the international community based on this original conceptual ability. This is an era in which Japan must demonstrate its leadership by acting as a mediator in global crises such as the war in Ukraine and the wars in the Middle East.

The time has come for Japan to consciously make a major change in its leadership, moving away from simply following the US while maintaining the Japan-US alliance as the cornerstone.

*Article translated from the original Japanese by Naoyuki Haraoka, editor-in-chief of Japan SPOTLIGHT & executive managing director of the Japan Economic Foundation (JEF)*

**JEF**

The Japan Economic Foundation (JEF) initiated the Working Group on the Future International Political Order with Japanese experts in February 2022 and will conclude its role by publishing recommendations later in 2024.