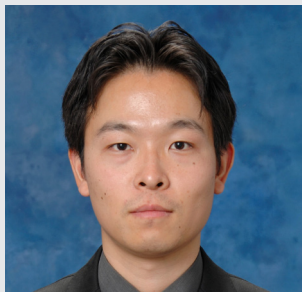




Gulf-Japan Ties, Beyond the Energy Sector

Dr Jun Saito and Dr N. Janardhan

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Executive Summary

♦ The Gulf Cooperation Council (GCC) countries and Japan have been important economic partners for several decades, chiefly in the energy sector. While the oil and gas sectors are still very important, especially after the 2011 Fukushima nuclear disaster, Japan is diversifying its bilateral relationship keeping in mind two factors – one, reviving its own economy; and two, the economic diversification programmes in the Gulf countries.

♦ Though the share of non-oil trade in the overall trade volume is small at present, it not only occupies an important place in the current scheme of things, but is also expected to increase in the future.

♦ Some of the non-oil sectors of collaboration include trade, investment, renewable energy, infrastructure, healthcare, culture, tourism and education, among others. There are also attempts to build partnerships in more ambitious sectors such as space technology, artificial intelligence, blockchain, fintech and other applications of the Fourth Industrial Revolution.

♦ Japan has identified these new areas of cooperation as part of the 'Comprehensive Partnership Towards 21st Century'. This includes the 'Saudi-Japan Cooperation Agenda,' which may help the Kingdom's 'Vision 2030' plan.

♦ As a value-added component, this improving non-oil ties, both in the public and private sectors, have the potential to impact markets beyond the Gulf region, especially in Iraq, Egypt and African countries.

♦ Interestingly, since the safety of the energy and economic supply chain is important, even security and defence cooperation is now becoming part of the diversified relations.

♦ Under the banner of economic diplomacy, this Insight tracks developments and opportunities in the non-oil sector, especially with regard to Saudi Arabia and the United Arab Emirates.

♦ It also identifies certain challenges – domestic economic problems; tension and instability in the Middle East; and competition from other Asian countries – that require attention to ensure that Gulf-Japan interdependence remains robust in the future.

♦ Finally, one of its recommendations includes encouraging GCC countries to develop bilateral and multilateral partnerships with Japan by joining the Freedom Corridor project (in which India is also involved) and promoting infrastructure investment in Africa (and in other parts of the world too).

The Issue

As energy suppliers for Japan, the six Gulf Cooperation Council (GCC) countries have been important economic partners and outstanding benefactors for the Japanese economy and its prosperity since World War II. With the aim of maintaining a steady supply of energy, Japan moved away from its energy dependence on oil to include natural gas and nuclear power. The only constant in this evolution has been the GCC countries.

This amicable economic relationship has diversified into the non-oil domain to include collaboration in a variety of traditional and non-traditional sectors, including investments, science and technology, education, tourism, and even security, among others. There are also attempts to bring new-age sectors like advanced robotics and artificial intelligence into the mix.

While arguing that energy ties remain the bedrock of the GCC-Japan ties, this Insight highlights the recent developments and evolving opportunities in the non-oil sector. It does this by specifically focusing on Japan's expanding partnership with Saudi Arabia and the United Arab Emirates.

The Insight also analyses how attempts to improve non-oil trade fits into Japan's attempts to revive its own economy and the GCC countries' bid to push their economic diversification programmes. Simultaneously, it identifies certain challenges that require attention to maintain the momentum and suggests ideas that could add teeth to Gulf-Japan economic interdependence beyond oil in the future.

Key Dynamics

After the Great East Japan Earthquake and the Fukushima nuclear disaster in 2011, the energy policy in Japan changed remarkably, returning to fossil fuel, thus increasing its dependence on the oil-producing GCC countries.

In 2015, Japan imported 34 percent of its crude oil from Saudi Arabia, 24 percent from the UAE, 11 percent from Qatar and seven percent from Kuwait. The Gulf region, mostly Qatar, Oman and the UAE, is also an important supplier of liquefied natural gas to Japan, mostly from Qatar, Oman and the UAE.¹

The longstanding bilateral economic relationship through energy-related trade also laid a solid foundation for the interchange in the non-oil economy. In 1997, Japan and Saudi Arabia promoted a 'Comprehensive Partnership Towards 21st Century' to improve political, economic and other new areas of cooperation. This was

followed by the signing of the 'Japan-Saudi Cooperation Agenda' in 1998. The economic exchange between the two countries has advanced considerably since then.

More recently, in 2016, then Deputy Crown Prince Mohammed bin Salman Al Saud agreed with the Japanese government that Tokyo could help in translating Saudi Arabia's Vision 2030 into reality. Similarly, Prime Minister Shinzo Abe visited the UAE in 2013 and 2018 and signed multiple agreements to strengthen bilateral relations.² Together, Gulf-Japan cooperation has now extended to non-fields like trade, investment, education, science and technology, healthcare, infrastructure, agriculture, and movement of people, among others.

Despite the recent emphasis on non-oil trade, Table 1 reveals that between 1990 and 2017 GCC-Japan trade remained dependent on oil and natural gas. Though non-oil trade expanded from US\$2.8 billion to US\$4.2 billion during this period, the proportion of non-oil trade decreased from 11.3% in 1990 to 6.2% in 2017. It is important to note though the total non-oil bill in 2017 is about US\$1.3 billion more than it was in 1990, the decline in growth percentage is due to the huge rise in the oil bill during the same period.

The table also reveals that Saudi Arabia and Oman's trade with Japan is highly dependent on oil and natural gas. On the other hand, the UAE exported more non-oil products to Japan than the other GCC countries.

The following sections focus on some key dynamics of the GCC-Japan non-oil economic engagement.

Funds Flow System

The GCC countries and Japan have been partners in the funds circulation system involving oil money. On the one hand, the GCC countries' economic diversification programme is largely funded by oil revenues. Figure 1 explains how oil money is used for domestic development and to diversify economic relations with developed and developing countries. On the other hand, Japan is part of a group of developed countries that plays an important role in bringing investments into the GCC countries.

In addition, the GCC countries supplement their limited domestic workforce with overseas workers, primarily from developing countries, leading to massive remittance outflows. Along with oil and gas exports to developed countries, they also maintain strong trade relations by importing manufactured products from various countries, including Japan.

While foreign direct investment from developed countries like Japan has also supported the development of the

Table 1. Japan's Oil and Non-oil Import from GCC Countries (1990-2017, USD million)

	1990		2000		2010		2017	
	Oil	Non-oil	Oil	Non-oil	Oil	Non-oil	Oil	Non-oil
Bahrain	307	75	141	94	561	92	322	54
Kuwait	1,549	233	4,544	451	9,310	954	5,346	528
Oman	1,896	7	2,024	13	4,491	29	1,768	95
Qatar	2,082	31	5,549	316	19,186	2,505	10,198	721
Saudi Arabia	8,727	1,495	11,793	2,416	33,848	2,030	26,230	1,349
UAE	7,875	1,013	13,419	1,425	26,746	2,518	19,187	1,431
TOTAL	22,436	2,854	37,469	4,715	94,142	8,129	63,492	4,207
	%	%	%	%	%	%	%	%
Bahrain	80.40	19.60	59.98	40.02	85.89	14.11	85.67	14.33
Kuwait	86.92	13.08	90.98	9.02	90.70	9.30	91.01	8.99
Oman	99.61	0.39	99.36	0.64	99.35	0.65	94.89	5.11
Qatar	98.53	1.47	94.61	5.39	88.45	11.55	93.40	6.60
Saudi Arabia	85.38	14.62	83.00	17.00	94.34	5.66	95.11	4.89
UAE	88.61	11.39	90.40	9.60	91.39	8.61	93.06	6.94
TOTAL	88.72	11.28	88.82	11.18	92.05	7.95	93.79	6.21

Source: Trade Statistics, Ministry of Finance, Japan

domestic economies in the region, the GCC countries' investment in neighbouring Arab countries such as Egypt, Jordan and Morocco has increased in recent years. This has contributed to the economic development of the broader Middle East region.

Non-Oil Trade

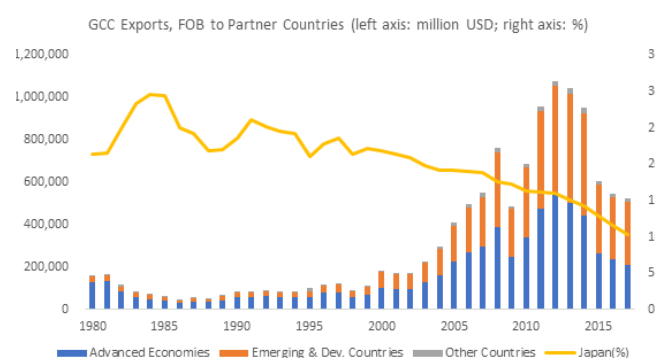
The GCC-Japan economic relations began with the discovery of oil on the Arabian Peninsula and expanded mainly through oil trade.³ Japan's oil ties with the region can be traced back to 1957 in Saudi Arabia, 1958 in Kuwait and 1968 in the UAE. Initially, Japan indulged in independent oil exploration in some countries without any formal collaboration with the governments in these countries. Oil exports from the GCC countries to Japan

rapidly increased in the 1960s, with cheap and abundant oil supporting rapid economic growth in Japan between 1957 and 1973.⁴

The rise in oil prices after the 1973 and 1979 oil crises contributed to further increasing the importance of oil in the Gulf-Japan trade. Oil exports from the Middle East to Japan, for example, expanded 4.5 times from US\$3.34 billion in 1972, just before the first oil crisis, to US\$15.37 billion dollars in 1974, shortly after the crisis. Within this, the GCC countries' total exports to Japan increased 10.5 times from US\$790 million in 1972 to US\$8.29 billion in 1974.⁵ Simultaneously, with the ambitious development plan of the GCC countries, Japan's exports to the Middle East also expanded from US\$1.06 billion to US\$3.45 billion during the same period.

Figure 1. Funds Flow System in Gulf Countries

Source: Authors' illustration

Figure 2. Japan's Contribution to GCC Trade

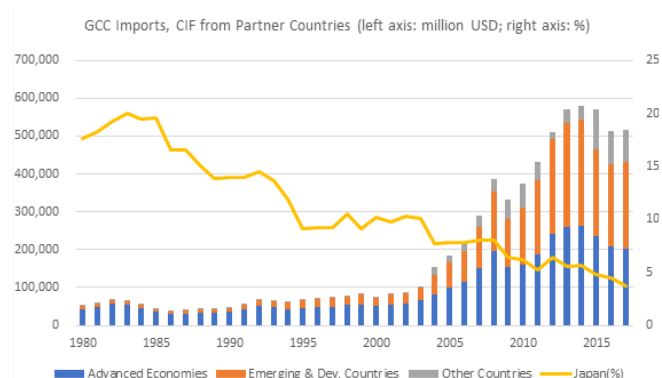
Source: IMF, Direction of Trade Statistics (DOT)

The Gulf-Japan oil and non-oil trade expanded after the two oil crises. The total exports of GCC countries to Japan were US\$33.4 billion in 1980, US\$39.8 billion in 2000 and US\$53.8 billion in 2017. The total export value of the GCC countries' trade increased from US\$156.1 billion in 1980 to US\$182.3 billion in 2000 and US\$525.8 billion in 2017. The total import value also increased from US\$51.9 billion in 1980 to US\$75.7 billion in 2000 and US\$517.1 billion in 2017.

After the oil crises, the Japanese economy was sluggish as a direct result of fuel price hikes. Japan's contribution to the total value of the GCC countries' trade decreased during this period. However, due to sharp appreciation of the yen against the dollar after the Plaza Accord⁶ in 1985, Japan witnessed an economic boom until early 1992. This helped the GCC countries' total exports to Japan increase from US\$18.2 billion in 1985 to US\$22.2 billion in 1992. Total imports from Japan also increased from US\$8.6 billion to US\$9.9 billion during the same period.

In 1980, the GCC countries mainly depended on trade with Japan and other developed countries, but since 2000 the GCC countries have diversified their trade partners, especially among other Arab and Asian countries that have experienced high economic growth rates. The GCC's exports to Japan declined from an average of 24% of total exports in the 1980s to an average of 15% during the 2010–2017 period. Imports from Japan also declined from an average of 17.9% of their total exports in the 1980s to an average of 5.2% between 2010 and 2017.

According to IMF's Direction of Trade Statistics data, in the case of the UAE, the major export (oil and non-oil goods) partner countries in 1980 were developed countries such as Japan with US\$7.7 billion (35.7%), France with US\$2.15 billion (10%), and the United States

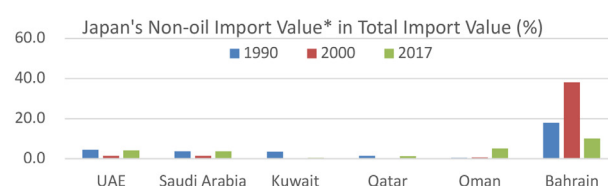


Source: IMF, Direction of Trade Statistics (DOT)

with US\$1.8 billion (8.3%). By 2017, significant changes were seen in the list of UAE export partners, and the share of emerging and developing countries as recipients of the UAE's exports had expanded, with India at US\$21.29 billion (10.1%), Iran with US\$19.85 billion (9.4%) and Japan at US\$19.56 billion (9.3%).

From the perspective of import partner countries, although imports from Japan to the GCC countries expanded from US\$1.49 billion in 1980 to US\$10.39 billion in 2017, Japan's share of all imports of the GCC countries fell from 17.9% to 5.8% during the same period.

Except in the case of Bahrain and Oman, petroleum and natural gas accounted for the majority of the exports from the GCC countries to Japan in the past. Thereafter, efforts to increase the diversification of GCC exports to Japan were partially successful, which is evident in Figure 3. Some of the major non-oil import commodities from the UAE, for example, include aluminum and aluminum alloys, non-ferrous metal scrap, floor coverings and diamonds.

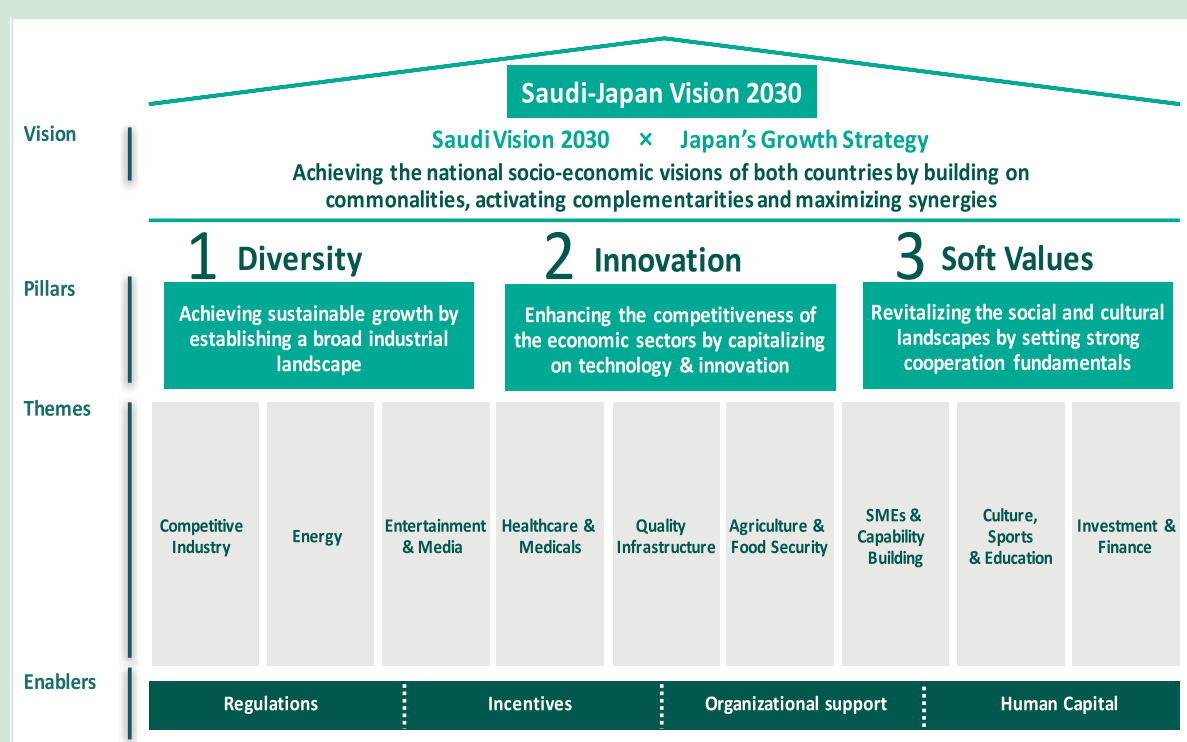
Figure 3. Japan's Non-Oil Imports from GCC countries

*Non-oil import indicates value excluding mineral fuel import.

Source: Trade Statistics, Ministry of Finance, Japan

Box 1 – Japan-Saudi Vision 2030

- In 2017, the first visit to Japan by a Saudi king in nearly 50 years resulted in memorandums of understanding for 20 private projects. Eleven more accords on various government initiatives were also finalized.⁷
- The agreements included a Toyota Motors evaluation on the feasibility of local automobile production and construction of a refinery by JX Holdings. Further, Japanese financial institutions, like Mizuho Bank and Japan Exchange Group, agreed to cooperate with Saudi partners to develop financial products. These agreements were geared towards developing comprehensive cooperation in three areas of Japanese expertise: diversity, innovation and soft values as (see illustration).



Source: Ministry of Economy, Trade & Industry, Japan

- In a development that made international headlines, Japan's SoftBank Group agreed in 2016 to launch a US\$100 billion Vision Fund together with Saudi Arabia's Public Investment Fund (PIF). This fund will include other prominent investors like Apple, Oracle, Qualcomm, and Hon Hai Precision Industry. While the PIF will be the largest investor in the fund with an investment of US\$45 billion, Japan's SoftBank pledged an investment of US\$25 billion over five years. SoftBank has also expressed interest in supporting PIF's \$200 billion solar power project in the Kingdom.
- The Saudi decision in 2017 to allow women to drive is bound to help the Japanese automobile industry. With about 150,000 women expected to get licences every year, Toyota – which accounted for 32% of all vehicles sold in the Kingdom in 2016 – is tipped to be the chief beneficiary, among other car companies.
- In 2018, the Saudi Arabian General Investment Authority granted licenses to three Japanese companies and signed six MoUs with others to open its industrial sector to foreign investors and diversify its revenue sources. The three Japanese companies were SMBC, a financial consultancy, SB Energy, a renewable energy consultancy, and Tadano, a specialist in providing technical services to Saudi agents in the industrial domain. MoUs were also signed between Saudi Stock Exchange or Tadawul and Nomura International; Alyemni Group and Japan's Matsutan Chemical Industry; and Saudi Electricity Company, Tokyo Electric Power Company and Nissan.
- In the security arena, Riyadh announced in 2017 that it would post a military attaché in Tokyo.

Investment Trends and Movement of Companies and People

In contrast to the relatively slow growth in trade relations, the GCC-Japan investments have expanded at a faster rate since 2000, according to the bilateral FDI statistics of the United Nations Conference on Trade and Development. The GCC countries' inward direct investment stock in 2012 was US\$378 billion, which was approximately 10 times more than the 2003 level of US\$38 billion. Similarly, direct investment stocks from Japan to GCC countries increased from US\$846 million (Saudi Arabia – US\$802 million; UAE – US\$44 million) in 2003 to US\$4.1 billion (Saudi Arabia – US\$3.8 billion; UAE – US\$328 million) in 2012.

According to the UAE Ministry of Economy, Japan's inward FDI stock in the UAE in 2016 was US\$3.9 billion. Among others, these investments were targetted at the wholesale and retail trade industries – repair of motor vehicles (US\$1.7 billion), mining and quarrying (US\$900 million) and electricity, gas, steam and air conditioning supplies (US\$600 million).

While Japan's investment amounts in the GCC countries' inward FDI is not necessarily large, the ratio of the amount contributed to the GCC countries to the total amount invested by Japan worldwide has gradually expanded from 0.27% in 2001 to 0.49% in 2012 as demonstrated in Figure 4. In this process, Japanese firms have invested primarily in petroleum, home and other electronics fields in the UAE and Saudi Arabia.

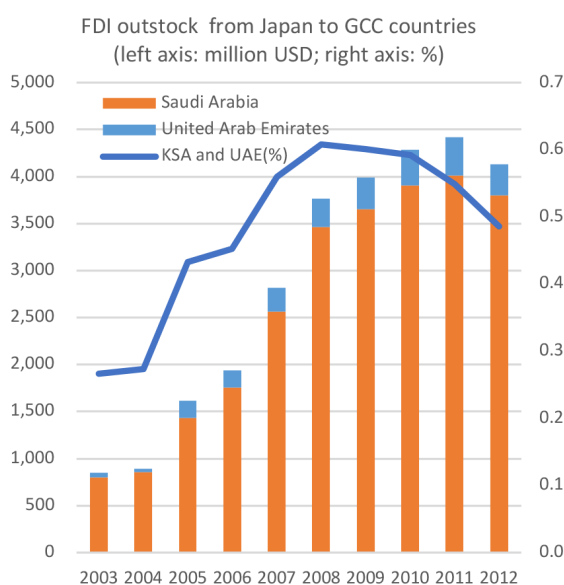
Meanwhile, the contribution of the GCC countries in Japan's inward direct investment has also been steadily expanding, although the investment amount is extremely small. In 2003, the GCC countries' FDI stock was US\$3 million (Saudi Arabia, US\$2 million; UAE, US\$1 million), but in 2012 it expanded to US\$42 million (Saudi Arabia, US\$14 million; UAE, US\$28 million).

The positive expansion of direct investment between Saudi Arabia and Japan during the early 2000s was facilitated by the 'Comprehensive Partnership Towards 21st Century' in 1997, the 'Japan-Saudi Arabia Cooperation Agenda' in 1998 and the creation of the Japan-Saudi Arabia Business Council in 1999. Since 2003, the contributions of GCC countries to Japan's inward direct investment stock increased, from less than 0.01% in 2003 to 0.06% in 2012.

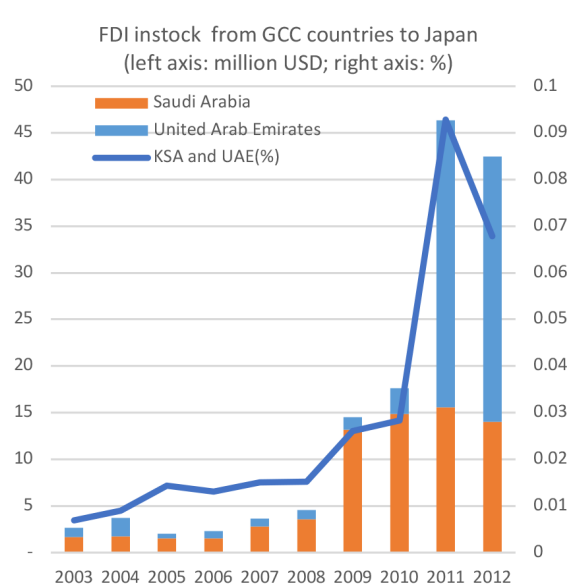
In recent years, Japanese companies have also steadily expanded their presence in the GCC countries. Most overseas offices of Japanese companies are in Asia⁹, though the countries of the GCC and the Middle East region are not necessarily central markets for these companies. Yet, the number of Japanese companies operating in the GCC countries has gradually increased from 474 in 2013 to 556 companies in 2017, which is reflected in Figure 5.

Among the GCC countries, the UAE is a major destination for Japanese corporate enterprises. Of the 556 Japanese companies operating in the GCC bloc in 2017, 337 companies (60.6%) operated out of the UAE.

Figure 4. GCC-Japan FDI



Source: UNCTAD, Bilateral FDI Statistics

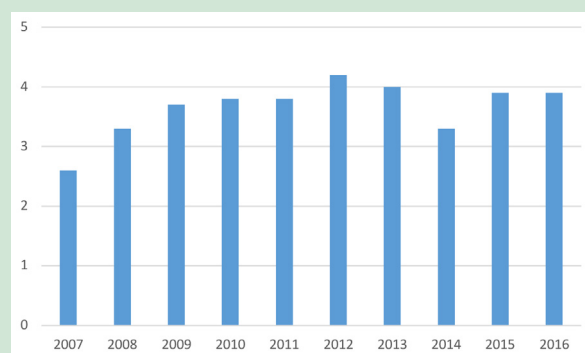


Source: UNCTAD, Bilateral FDI Statistics

Box 2 – UAE-Japan's Comprehensive Strategic Partnership Initiative

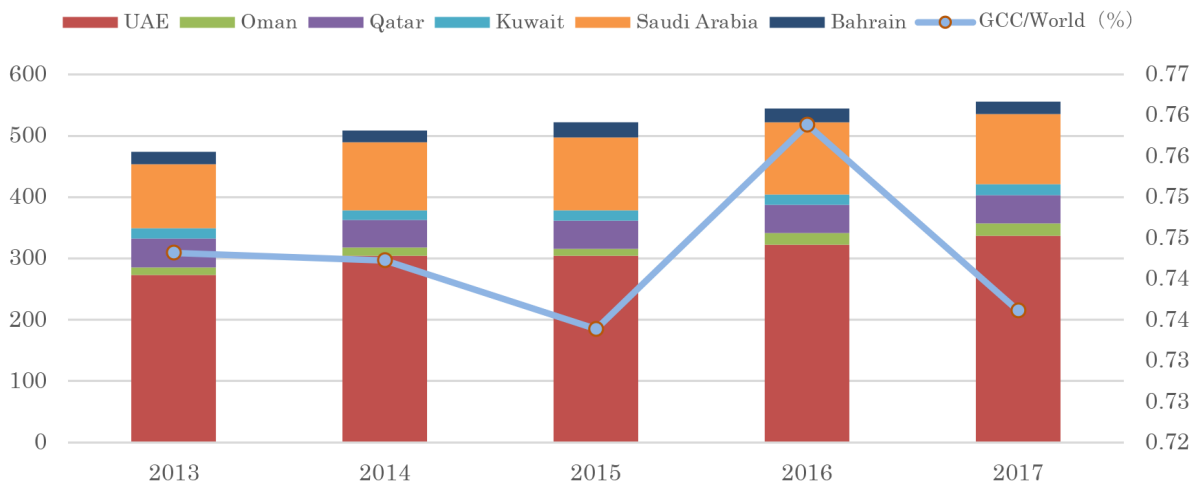
- Following Prime Minister Shinzo Abe's visit to Abu Dhabi in April 2018, the UAE and Japan agreed to diversify their bilateral cooperation. As part of the Comprehensive Strategic Partnership Initiative, the two governments will expand collaboration in non-oil sectors – renewable energy, advanced robotics and artificial intelligence, defence, aviation and security, among others.
- Motor vehicles, general and electrical machinery, iron and steel, electronics, rubber and textiles, among others, are Japan's major exports to the UAE, while its non-oil imports include semi-processed aluminium, metals, chemicals, and precious stones.
- Several Japanese companies like Hitachi have been involved in the construction of major infrastructure projects in the UAE, including Dubai Metro and Burj Khalifa.
- Based on a set of joint statements issued during the exchanges of visits by top leaders of both countries in 2013 and 2014, the two governments have followed up and worked closely to open new channels of collaboration in areas of common interest.
- As part of the trade diversification attempt, both countries signed a bilateral investment agreement in 2017. This facilitated Japanese trading firm Marubeni to sign a finance deal with the Abu Dhabi Water and Electricity Company for the Sweihan Photovoltaic Independent Power Project.
- In the new-age space cooperation arena, the UAE's first home-built KhalifaSat was launched in late 2018 from the Tanegashima Space Centre in Japan. Further, Emirates Mars Mission's spacecraft will be launched in 2020 by a Japanese rocket manufactured by Mitsubishi Heavy Industries.
- A mutual visa waiver scheme was implemented in 2017, which is expected to help the tourism sector and investments in other sectors.
- To promote Japanese culture in the region, Japanese actor and singer Hideaki Takizawa was appointed as the first Japan-UAE Goodwill Ambassador in August 2017.
- The two governments have stressed the importance of holding a security dialogue to enhance cooperation in defence equipment and technology of common interest. An integral part of this understanding is their shared commitment to fight against terrorism and violent extremism. A positive step in this direction was Japan appointing, for the first time, in 2017 a defence attaché at its embassy in Abu Dhabi.
- While recognising the UAE as an important gateway to Africa, Middle East and Europe, both countries are keen to cooperate on intellectual property rights, sustainable waste management and peaceful use of nuclear energy to combat climate change. They are exploring avenues to encourage business exchanges among small and medium enterprises. A bilateral investment protection treaty was also signed to boost investment flows.
- In the realm of education, Emiratis are pursuing popular courses in aerospace/astronautics engineering, robotics, AI and nuclear engineering. In addition, cooperation at the school education level has made remarkable progress in recent years. Dozens of Emirati students are enrolled in the two Japanese curriculum schools in Abu Dhabi and Dubai. 2018 witnessed the first batch of Emirati students finishing secondary level education in the Japanese School in Abu Dhabi. Some of these students are currently pursuing high school in Japan.⁸

Japan's FDI Stock in UAE (USD Billion)



Source: Authors' compilation, based on data from Ministry of Economy, UAE.

Figure 5. Offices of Japanese Companies in GCC Countries
(left axis: million USD; right axis: %)



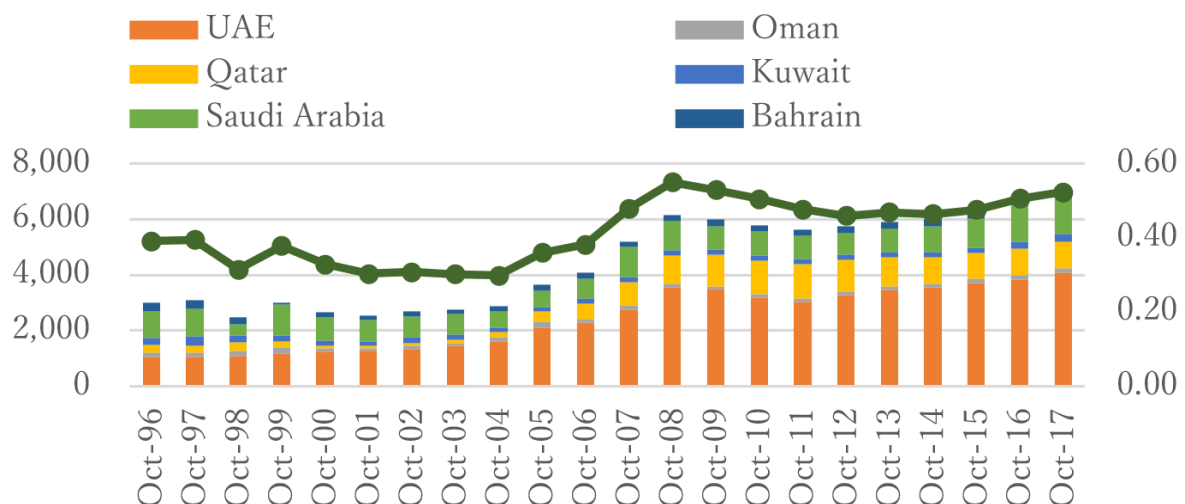
Source: Ministry of Foreign Affairs, Japan

Along with the growth of Gulf-Japan economic and diplomatic relations, the movement of people between the two regions has also expanded. Initially, the flow of people from Japan to the GCC countries was mainly in the energy and diplomatic fields. Since 2005, however, visits by officials from the ministries of economy, trade, industry, finance, defence, environmental, and sports indicate that Gulf-Japan diplomatic relations have

diversified beyond just the traditional fields.

Figure 6 tracks the number of Japanese residents in the GCC countries compared to the total number of Japanese residents overseas. Around 3,000 Japanese resided in the GCC countries in 2005. Saudi Arabia and the UAE were home to most Japanese residents during this time, with a small number of Japanese residing in the other GCC countries.

Figure 6. Number of Japanese Abroad
(left axis: number; right axis: %)



Source: Ministry of Foreign Affairs, Japan

However, with the expansion of non-oil economic relations, the number of Japanese residents in the GCC countries rose sharply after 2005. By October 2017, there were 7,069 Japanese residents, which is more than twice the number in 2005.

Though it is not a large number compared to other nationalities in the region, the proportion of Japanese residents in the GCC countries out of total overseas Japanese residents steadily expanded from 0.39% to 0.52% in two decades. Most of the increased numbers of Japanese can be traced to the UAE and Qatar.

On the other hand, the total number of GCC nationals in Japan is very small. By the end of 2017, only 1,815 people from the Gulf region, less than 0.06% of all foreigners, lived in Japan. However, compared to 493 nationals of GCC countries in December 2006, the 2017 figure is a considerable increase.

Further, since 2012, the number of short-term sightseeing visitors to Japan from GCC countries has also increased. This has contributed to strengthening cultural exchange and the tourism industry.

Box 3 – Other initiatives

On the food security front, Japan is encouraging knowledge exchange, which include food exports from Japan, where manufacturers are targeting the production of halal food.

In 2016 Kuwait-based Gulf Investment Corporation, in cooperation with Japanese Mizuho Bank and Norinchukin Bank, launched the Gulf Japan Food Fund, which is aimed at supporting Japanese food and agribusiness in the GCC countries and bolstering their food security plans.

One of the contributors to this initiative is Oman's biggest sovereign wealth fund, the State General Reserve Fund, which – along with the Japanese banks – agreed to provide US\$400 million for the project.

Japanese companies are also engaged in the construction of infrastructure projects in preparation for the 2022 FIFA World Cup in Qatar.

Conclusion

While remaining interdependent, there is no doubt that Gulf-Japan economic relations have changed in recent years. Though the share of non-oil trade in the overall trade volume is relatively small at present, it has been growing and is expected to increase manifold in the future.

For the GCC countries, Japan has been and will continue to be an important source of oil revenues. Equally, Japan's investment in the GCC countries has been and will continue to be important in the region's development. This reality means that both sides cannot afford to excessively stress on or overlook either sector.

But there are a host of factors that need to be borne in mind as the engagement diversifies.

First, it is natural that energy-related issues will continue to dominate Gulf-Japan relations in the foreseeable future. The enthusiasm for non-oil trade is bound to increase, but it is likely to remain lukewarm.

Second, the level of economic competition is likely to intensify, both in terms of Japan's diverse oil suppliers and the GCC's diverse non-oil trade partners. In the first instance, for example, Iran and Iraq have continuously sought to increase their oil supplies to Japan, thus posing a challenge to the GCC countries' core business (though Iranian oil exports to Japan are now restricted by US sanctions).

In addition, Japan intends to restart many of its nuclear reactors, which is bound to hurt gas trade. On the other hand, ever increasing Chinese, South Korean and Indian engagement with the GCC countries means increasing competition for Japan.

Given the intersection of economic-political competition between and among the Asian giants, the GCC countries could turn this into an advantage to negotiate the most competitive deals with Japan in the future. Overall, this scenario makes calibrated and innovative collaboration in both oil and non-oil sectors crucial.

Third, the process of reviving the Japanese economy has been underway for a few years. If the growth rates improve in the years ahead, non-oil trade is bound to grow too. However, if the current growth rates prevail, it would make for very little good news for the GCC countries' economic diversification opportunities with Japan.

Fourth, the instability persisting beyond the Gulf region – especially in Yemen, Syria, Iraq and Libya, among others – has been a source of concern for Japan’s long-term economic interests. The GCC-Iran tension has also been a point of anxiety. Since the GCC countries also have an overlapping interest in these conflicts, both sides must collaborate to evolve solutions for transnational security threats.

Amid all these constraints and concerns, the GCC countries can take heart from the fact that Japan’s oil suppliers are not as diversified beyond the Gulf as China’s has been, for example. Further, in the non-oil sector, Japan remains an attractive partner because of its reputed technical expertise, efficiency, capable human resources and financial capabilities.

One sure shot way of encouraging non-oil ties is for

the GCC countries to develop bilateral and multilateral partnerships with Japan by joining the Freedom Corridor project (in which India is also involved) and promoting infrastructure investment in Africa (and in other parts of the world too).

Aiding in this process would be the fact that Japan maintains a non-controversial foreign policy in the conflicts of the region and is involved in humanitarian aid, like the GCC countries, making them good political partners, and thereby helping their economic cooperation efforts.

This and Japan’s ‘Comprehensive Partnership Towards 21st Century’ tying in well with Saudi Arabia’s ‘Vision 2030’ and the UAE’s ‘Comprehensive Strategic Partnership Initiative’ agenda, for example, means that Gulf-Japan ties should be able to stand the test of time.

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