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JAPAN

Digest

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- Japan hands over G7 reins to Italy
- Foreign Minister Kamikawa visits Pacific islands
- Japan-Ukraine reconstruction conference
- Japan now 4th largest economy



Japan hands over G7 reins to Italy

Japanese Prime Minister Fumio Kishida [hosted](#) his Italian counterpart Giorgia Meloni on 5 February to formally hand over the chairmanship of the G7 grouping of developed economies to the latter. During their summit, the two leaders [discussed](#) the achievements of 2023, when Japan as chair held the G7 Hiroshima summit, and reconfirmed their cooperation to ensure Italy's tenure as chair would also be fruitful. Kishida committed to work together with the government of Italy to ensure that the next G7 summit, scheduled to be held in Apulia in June, would be a success. Kishida and Meloni also discussed their cooperation on assistance to Ukraine, as well as ways to counter China's assertiveness in the Indo-Pacific region. Meloni informed Kishida that her country would focus on climate change and energy security as key areas, while continuing to figure out new cooperation opportunities with the Global South. The two leaders also discussed the state of progress in their joint development of a next-generation fighter aircraft in collaboration with the United Kingdom.

Foreign Minister Kamikawa visits Pacific Islands

Foreign Affairs Minister Yoko Kamikawa visited several Pacific island countries between 9 and 12 February to hold bilateral meetings with individual members as well as to convene an interim meeting of the Japan-led Pacific Islands Leaders Meeting (PALM) in advance of the leaders' summit scheduled to be held in Tokyo in July. She [commenced](#) her tour in Samoa, where she met with Prime Minister Fiame Naomi Mata'afa (who is also the foreign minister), to convey Japan's intention to provide 2.4 billion Japanese yen (16 million US dollars) in grant aid to the country for the upkeep and modernisation of the National

University of Samoa, located in the capital Apia. She also discussed with Mata'afa Japan's continued commitment to help Pacific island countries with climate change mitigation, and vowed to provide "detailed and science-based" explanations regarding the safety of Japan's discharge of treated wastewater from the crippled Fukushima Daiichi nuclear reactor plant.

Her next port of call was Fiji, where she [met](#) with her Marshall Islands counterpart Foreign Minister Kalani Kaneko to assure the Marshall Islands of the safety of the Fukushima wastewater discharge, and to convey the continued commitment of the Japanese government to assist the Marshall Islands in its disaster prevention efforts. The two sides also discussed the importance of a free and open international order where freedom of navigation of the seas is guaranteed. Kamikawa also met with the foreign ministers of Palau and Micronesia at Suva.

On 12 February, Kamikawa [attended](#) the fifth edition of the interim ministerial meeting of the Pacific Islands Leaders Meeting in preparation for the upcoming leaders' summit. Co-chairing the meeting with her Fijian counterpart Tingika Elikana, Kamikawa [pledged](#) Japan's continued attention to the region, while the Pacific islands ministers agreed on the importance of a rules-based international order, the need for Japan to provide scientific evidence-based assurances regarding its discharge of Fukushima wastewater, and the need to work together to ensure the upcoming PALM leaders' summit would be a success. In its outcome statement, the grouping also declared that they were "opposed [to] any war of aggression" and that they expressed "strong opposition to any unilateral attempts to change the status quo by force or coercion anywhere in the world." The ministers also discussed North

Korea and United Nations reform. Tuvalu was not present, as a new government had not been formed at the time of the meeting.

Japan-Ukraine reconstruction conference

Japan [inaugurated](#) its first Japan-Ukraine Conference for Promotion of Economic Growth and Reconstruction on 19 February, with a one-day conference aimed at demonstrating Japan's assistance to the war-torn country. Held at the Keidanren Kaikan (Keidanren Hall) in Tokyo, the conference was kicked off by an [address](#) by Prime Minister Kishida, who pledged to continue offering support for reconstruction to Ukraine even as its war with Russia entered its second year. He committed a new round of 15.8 billion yen (\$105 million) to Ukraine for demining and explosive ordnance disposal, as well as for the restoration of energy infrastructure. Kishida noted that the situation on the ground was "not easy" but that investing in Ukraine was a way of "investing in the future".

Kishida and his Ukrainian counterpart Denys Shmyhal then looked on as over 50 memorandums of understanding were signed between the two countries in a range of fields, including reconstruction of infrastructure, agricultural exports, humanitarian assistance, biotechnology, information technology and the enhancement of governance capabilities. Kishida also promised that the two nations would sign a double taxation avoidance agreement, and revise a bilateral investment pact to enable broader participation of Japanese firms in rebuilding Ukraine. He added that Japan would establish a branch office of the Japan External Trade Organisation (JETRO) in Kyiv to boost business ties between the two countries.

The Yomiuri Shimbun later [reported](#) that over 80 Japanese companies, including e-

commerce giant Rakuten, motor manufacturer Isuzu, agribusiness firms Kubota and Yanmar and multinational conglomerate Sumitomo Corporation, had participated in the event.

Japan now 4th largest economy

According to statistics released by the Japanese government on 16 February, Japan's nominal Gross Domestic Product (GDP) [shrank](#) to \$4.21 trillion, placing it behind Germany (\$4.46 trillion) in the fourth position among the top economies of the world. This marks a significant downturn in the country's economic fortunes, as it now trails the United States, China and now Germany in terms of nominal GDP, highlighting the fragility of its economy. The annualised GDP fell by 0.4 per cent in real terms in the final quarter of 2023, making it the second straight shrinkage in quarterly terms. The growth rate of the Japanese economy, after a strong showing in 2023 with a 1.9 per cent expansion, is expected to slow to 0.3 per cent this year as well.

Analysts have argued that if Japan does not increase interest rates, cut back on monetary and fiscal support and fill up labour shortages, it will lose even its current position to India sometime in 2026. Further in the future, the Japan Centre for Economic Research estimates that South Korea and Taiwan are expected to outrun Japan in nominal GDP terms by 2031 and 2033 respectively, leaving it to stand as the seventh largest economy by the middle of the next decade. The onus is now believed to be on the Bank of Japan governor Kazuo Ueda to increase interest rates in order to release pent-up energies, and on the government to expand social welfare, inclusion and diversity policies, in order to retake the third spot.