

## Chapter 4: The Future of International Cooperation

As confusion in world affairs deepens due to the prolonged Russian invasion of Ukraine and the outbreak of the Hamas-Israel conflict, the dysfunction of the United Nations Security Council has become apparent, making multilateral international cooperation in achieving the Sustainable Development Goals (SDGs) and addressing other global challenges even more difficult. Finding it necessary to respond to such unfolding situations, countries are seeking new forms of international cooperation through minilateralism. These conflicts have shaken the existing international order, and emerging and developing countries in the so-called Global South are intensifying their efforts to assert their autonomy and increase their influence. The international community thus needs to discuss UN reform in preparation for the 2024 UN Summit of the Future, and to work on climate change and other global issues as well as rulemaking on generative AI.

### **“The failure of global governance” and failing attempts to resolve global issues**

Russia’s invasion of Ukraine has exposed the United Nations Security Council’s inability to stop the destruction of the international order by a permanent member. Calls for UN Security Council (UNSC) reform are growing, and Secretary-General António Guterres, whose term of office expires in 2026, has himself been vocal about the need for such reform. Amid the accelerating fragmentation of the international community, Secretary-General Guterres will be convening the Summit of the Future in September 2024. This gathering will feature a complex intertwining of discussions on UN governance reform and deliberations on the SDGs, climate change and other agenda items from which developing and emerging countries seek to benefit; it is therefore difficult to predict whether this meeting will produce any concrete results. Although an increasing number of countries are recognizing the necessity of reform, it remains uncertain whether this reform will come to fruition during the Summit of the Future in the fall of 2024, or by 2025, when the UN celebrates its 80th anniversary.

As one of the G4 members (Brazil, Germany, India, and Japan) calling for early realization of UNSC reform, Japan has been advocating reform based on key principles, namely by supporting a) efforts to curb the use of the veto power, b) an increased representation of Africa in the Council, and c) expansion of both permanent and non-permanent seats, as elaborated by Japan’s Prime Minister Fumio Kishida in his speech at the UN General Assembly General Debate Session in September. However, the support these arguments will garner from emerging and developing countries in the Global South will depend on the extent to which progress can be made in addressing the socio-economic and developmental challenges faced by these nations.

With governments around the world preoccupied with responding to immediate crises in the aftermath of the invasion of Ukraine and the outbreak of the Hamas-Israel conflict in October, it remains

uncertain whether discussions requiring consensus among many countries will make any progress. In Japan's neighborhood, North Korea has repeatedly conducted missile launches in violation of Security Council resolutions but, due to resistance from China and Russia and the exercise of their veto power, the Security Council has been unable to issue any new resolutions. The UN General Assembly held an emergency special session in February 2022 in response to Russia's aggression and, within one year after the invasion began, it had adopted six resolutions, including one condemning Russia, in the stead of the dysfunctional UNSC. Still, General Assembly resolutions have their limits.

The escalating frequency of conflicts worldwide places an even greater burden on addressing global challenges such as climate change mitigation and poverty eradication. In July, Secretary-General Guterres declared that the era of "global boiling" had arrived, with the world's average temperature hitting a record high. The UN General Assembly convened a SDG Summit in September to garner international attention. However, attaining the SDGs by the 2030 deadline is at significant risk due to the uncertain global economic outlook and a decline in development finance, influenced by factors such as escalating war expenditures.

Solving global-scale problems undoubtedly requires a substantial amount of development funding. Yet the gap between the funding needed and the actual amount provided is widening, exacerbating the development funding gap issue. In June, President Emmanuel Macron of France held a summit on development finance to address this issue, but it failed to outline a pathway to bridge the development financing gap. With countries becoming more inward-focused and the Ukraine war pushing aside development issues faced by developing countries in Africa and elsewhere, resources for development finance are dwindling overall. Accordingly, there is rising advocacy within the Global South for redirecting concessional funds, traditionally allocated mainly to low-income countries (IDA-only countries), toward emerging economies to address global challenges such as climate change. The tension between emerging and middle-income countries on the one hand and low-income countries on the other over the allocation of concessional funds, often described as a struggle for a share of the pie, will persist until there is an expansion in the overall volume of development finance. The prospects for an increase in development finance are not bright.

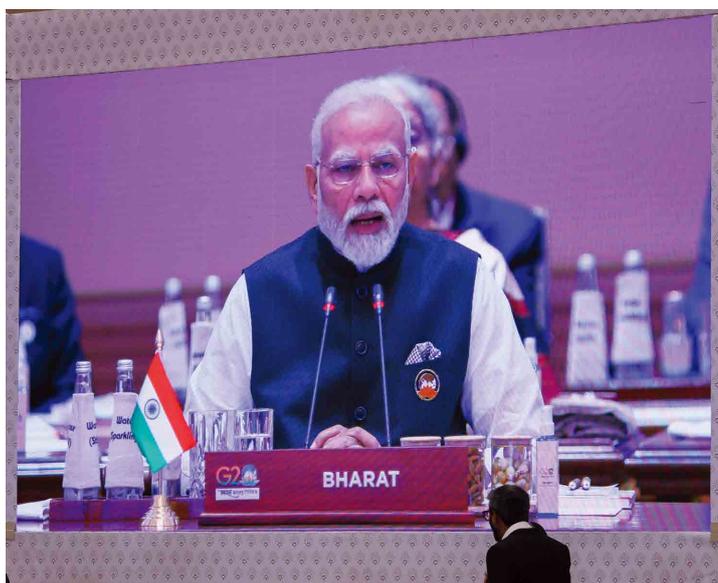
Development financing is also closely related to the question of how to reconcile the interests of developed and developing countries on "loss and damage," a major topic of discussion at the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP). COP28, held in Dubai in December, was an important occasion to assess progress on the measures to mitigate climate change developed under the Paris Agreement during the first year of a two-year process known as Global Stocktake (GST). The assessment noted that, in order to achieve the 1.5°C target, global greenhouse gas emissions would have to peak out in 2025 and be reduced by 43% in 2030 and by 60% in 2035. Oil-producing countries were opposed to including in the document the expression "phasing out of fossil fuels" advocated by developed countries and small island nations, so instead the phrase "transition

away from fossil fuels” was used. Furthermore, targets were set for emission reductions in all sectors by 2030, and a tripling of global renewable energy generation capacity and a doubling of the rates of improvement in energy efficiency and conservation were agreed as a sectoral contribution. Regarding the “loss and damage” fund agreed upon at COP27, it was decided that the fund would be set up under the World Bank, with developed countries taking the lead in making contributions that would come from all sources, including public and private funds. On adaptation, a framework was adopted to achieve the Global Goal on Adaptation (GGA), as stipulated in Article 7 of the Paris Agreement, and it was decided to set thematic and adaptation cycle targets and to begin discussions on how to accelerate the pursuit of these targets under the GGA framework.

That said, given that rising global greenhouse gas emissions have led many observers to believe achieving the 1.5°C target will be extremely difficult, the hurdles to achieving the reduction targets agreed to at the COP are extremely high. If these targets are not achieved, criticism against developed countries will intensify, especially from island nations whose lands may be submerged because of global warming, and divisions in the international community may thereby deepen.

### The Global South and global governance

India, which surpassed China in population in 2023, seized the opportunity as the G20 chair to establish a leadership role for the Global South. Upon assuming the G20 presidency in December 2022, India made clear its intentions to strengthen ties with the Global South and to address diverse international issues. The “Voice of Global South Summit 2023” held in January 2023 embodied this policy, and 124 emerging and developing countries that were not members of the G20 were invited to participate in G20 policy



G20 New Delhi Summit in New Delhi, India (September 2023, Photo: Reuters/Aflo)

discussions. The focus of the G20 Summit held in New Delhi from September 9 was how the G20 should respond to, as well as achieve cooperation between developed and emerging countries on, issues such as Russia’s aggression in Ukraine and food, energy, and debt crises. Since joint statements could not be adopted at the G20 finance ministers’ and foreign ministers’ meetings due to opposition from China and Russia, it was anticipated that adopting a joint statement during the G20 summit meeting in the absence of Russian President Vladimir Putin and Chinese President Xi Jinping would be challenging. However,

India took the unusual step of putting together a summit declaration that avoided explicit mention of Russia, and announced it on the first day of the summit. The language of the declaration, which was more considerate of Russia than the previous year's, was strongly opposed by the spokesperson for Ukraine's Ministry of Foreign Affairs.

While a joint statement was ultimately issued, the future direction of the G20 is at a critical juncture. At the inception of the G20 summit in 2008, there was an expectation that it would serve as an international forum for making rules and addressing a wide range of global economic and social issues involving major emerging economies, including all BRICS countries. Indeed, the G20 has made progress in rulemaking on issues such as digital taxation and the free flow of data. However, with over 20 members at different stages of development and having diverse political systems, consensus-building among G20 nations has proven challenging. Additionally, as there is no permanent secretariat, the discretion of the revolving G20 presidency is substantial. Emerging countries have recently assumed or will be assuming the G20 presidency (Indonesia in 2022, India in 2023, Brazil in 2024, South Africa in 2025), leading to a shift in focus toward agenda items to which developing nations attach great importance, such as food and energy security, development funding, reform of international financial institutions, and climate loss and damage. Consequently, expectations for achievements in areas such as countering protectionism and devising rules have diminished. The formal decision taken by the G20 to invite the African Union (AU) as a member to this year's summit is likely to accelerate this trend.

On the other hand, there have been moves towards establishing cooperative relationships based on smaller groups in view of heightened geopolitical tensions. These collaborations, often referred to as minilateralism, are becoming increasingly prevalent and include the Quad, the Indo-Pacific Economic Framework (IPEF), the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP) joined by the UK, and AUKUS.

Emerging and developing countries themselves are also attracted to the idea of minilateralism. At the BRICS Summit held in South Africa in August, the BRICS Plus initiative was announced, with Argentina, Iran, Egypt, Ethiopia, Saudi Arabia and the United Arab Emirates declaring their intention to join the BRICS starting in 2024 (Argentina, under its new president Javier Milei, who came into power in December 2023, has since formally notified the BRICS member countries that it will not be joining the BRICS). The BRICS as a group has achieved concrete results, such as financing infrastructure development in the BRICS countries via the New Development Bank (commonly known as the BRICS Bank) created in 2015. This bank has a financing target of \$60 billion by 2026, comparable to the US International Development Finance Corporation (DFC). It remains to be seen how the BRICS expansion will affect the nature of the BRICS as a group.

Russia and China, two countries increasingly in opposition to Western countries as forces seeking to challenge the status quo, have been striving to position the BRICS as a coalition of like-minded countries since Russia's invasion of Ukraine. This direction, however, is not unanimously shared among the five

nations, especially India, which has ongoing border disputes with China. Yet it should be noted that moves are underway within the BRICS to reduce the influence of the US dollar as a reserve currency. China is expanding the adoption of yuan settlements with emerging economies, and China's yuan-denominated transactions surpassed those denominated in US dollars for the first time in 2023. The move toward de-dollarization is gaining support beyond China and Russia, as Brazilian President Lula da Silva has installed his confidant former president Dilma Rousseff as the new president of the aforementioned New Development Bank and has proposed the adoption of a common currency for trade settlements. The addition of oil-producing Saudi Arabia and the UAE to the BRICS will help China further promote internationalization of the renminbi. It will be interesting to see how the expanded BRICS as a multilateral grouping will face off against the developed countries.

### Global challenges in the era of generative AI

As artificial intelligence (AI) rapidly develops and gains recognition as a socially useful tool, there is a growing demand for international regulations to mitigate the potential negative effects of AI. In preparation for the Summit of the Future to be held in September 2024, Secretary-General Guterres is formulating a Global Digital Compact (GDC) that includes the promotion of agile governance for AI and other emerging technologies to provide principles for an open, free and secure digital future.



AI Safety Summit at Bletchley Park in Milton Keynes, Britain (November 2023, Photo: Pool/ Reuters/ Aflo)

The Hiroshima AI Process, initiated under the G7 Hiroshima Summit, aims to discuss the impact of generative AI and identify principles for the responsible deployment of AI. The summit recognized the importance of international governance of AI and other emerging technologies, discussing the adoption of international technical standards, the promotion of transparency, and the protection of intellectual property rights. “Interoperability” among differing national and regional regulations and regimes was advocated, highlighting the necessity of agile governance. To ensure interoperability, the discussions provided a foundation that allows countries flexibility in how they enforce domestic action plans, recognizing different approaches such as non-binding guidelines in addition to legal regulations.

As a result, agreement was reached in December on the “Hiroshima AI Process Comprehensive Policy Framework” as the culmination of the Hiroshima AI Process, based on the “Hiroshima Process International Guiding Principles for Organizations Developing Advanced AI Systems” and the “Hiroshima

Process International Code of Conduct for Organizations Developing Advanced AI Systems” agreed to in October. The framework calls for individual users to improve their digital literacy to understand the risks of AI and to share information about AI defects and malfunctions with relevant parties as a measure against disinformation. This makes it the world’s first comprehensive guideline targeting not only AI developers but also users. It will be important to expand the adoption of this framework beyond the G7 countries.

The US and Europe are competing for leadership in shaping international standard rules for the development and use of AI. The EU has adopted a risk-based approach and prepared a comprehensive AI regulation proposal that classifies AI risks into four levels and sets obligations for each level, reaching a provisional political agreement on this proposal in December. The aim is to ensure the safety of AI systems operating in the EU and the protection of EU values such as fundamental human rights. This hard-law-oriented proposal includes a policy banning the use of AI with unacceptable risks, with regulatory violations punishable by fines of up to 35 million euros or 7% of global sales, whichever is higher. On the other hand, the soft law-oriented US has focused on the use of existing legal systems so as not to inhibit companies from developing AI. In July and October, President Joe Biden agreed with 15 major tech companies in the US on introducing self-regulation to ensure AI safety and issued an executive order on pre-screening AI development companies in October to promote technological innovation while ensuring AI safety, without introducing penalties for companies. Although this measure entails introducing legally binding AI regulations in the US, it is essentially based on self-regulation among the 15 major US tech companies, and no penalties were established for regulatory violations.

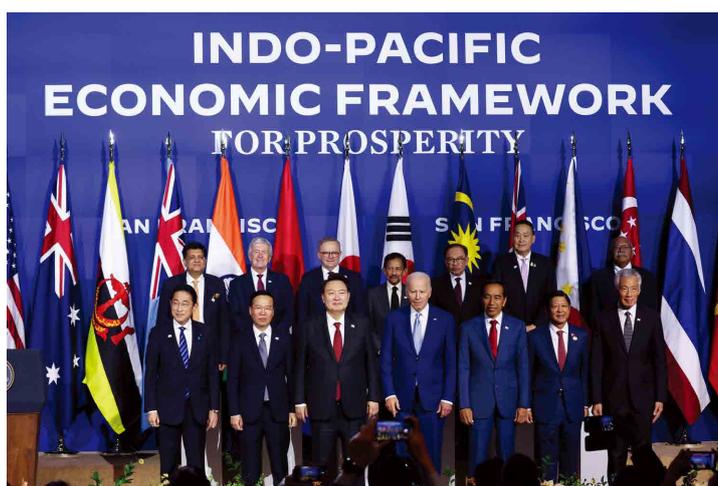
In this context, the UK, which has taken a stance against rushing to introduce regulations, hosted the AI Safety Summit in November. The summit, organized under the leadership of UK Prime Minister Rishi Sunak, discussed strengthening international cooperation on frontier AI safety and advancing safety inspections and research, focusing on potential risks such as the misuse and loss of control of AI technology. The Bletchley Declaration calling on AI development companies to identify and monitor potential risks was announced at the summit and signed by more than 25 countries, including China and the EU.

The Chinese government became the first major country to enact full-fledged regulations on generative AI as a preliminary step. These regulations, aimed at preventing threats to national security, effectively eliminated the use of foreign generative AI, especially US-made products. Like proposed regulations in Europe and the US, China’s regulations, which are expected to be revised during the course of assessing their actual application, include the protection of intellectual property rights and the prohibition of disinformation and discrimination. China also promotes voluntary innovation in basic technologies and participation in the formulation of international rules. The fact that the criminal penalties have been removed from initial provisions also indicates its interest in striking a balance between AI regulation and innovation.

Japan, on the other hand, announced in November that it would be finally commencing a study on measures to ensure compliance with guidelines for developers and providers. This study is aimed at mitigating the risks of generative AI, and legislation is among the options under consideration, although the direction of such legislation is not yet clear.

### **Progress in economic cooperation in the Indo-Pacific region and multilateral economic frameworks**

Some important progress was made in maintaining and strengthening the rules-based free trade regime. Firstly, the UK's accession to the CPTPP was approved in July, making the UK the first new member country since the CPTPP came into effect in 2018. Following its departure from the EU, the UK has been advocating a "Global Britain" policy, a diplomatic strategy that aims to secure an integrated economic and security presence in the Indo-Pacific region. The



A family photo during the IPEF Leaders event at the APEC CEO Summit in San Francisco, California, US (November 2023, Photo: Reuters/Aflo)

CPTPP is expected to be an important trade agreement that will enhance economic ties between the UK and the fast-growing Indo-Pacific countries under a high standard of rules. According to the latest economic estimates by the UK government, joining the CPTPP will contribute to a £20 billion increase in the UK's GDP and a £49 billion boost in trade with other member countries. Furthermore, the CPTPP, with its advanced regulations on free data flow, also helps improve business environments, particularly for digital-related companies. The UK intends to reinforce its economic security by countering unfair trade practices and economic coercion through the CPTPP and maintaining its high standards, and it has expressed a willingness to contribute to this trade agreement's future development. From a geopolitical perspective, the UK's accession to the CPTPP holds great significance in that it adds a G7 member committed to sharing fundamental values and deepening engagement in the Indo-Pacific.

The UK's participation will also facilitate the strengthening of various forms of partnership with the region. In fact, Japan and the UK are cooperating in joint investment in mineral resources in Africa, and in September they agreed to establish the "UK-Japan Strategic Economic and Trade Policy Dialogue," a framework for ministerial-level dialogue on economic security. China, Taiwan, Ecuador, Costa Rica, Uruguay, and Ukraine (in July) have formally applied for accession to the CPTPP. The expansion of the CPTPP carries significance as it enlarges the sphere of the "rule of law". Japan needs to develop strategies for expanding and utilizing the CPTPP in the future, including approaches for convincing the

US to return to the CPTPP.

Negotiations on the US-led Indo-Pacific Economic Framework (IPEF) were carried out in four areas: (1) trade, (2) supply chains, (3) clean economies, and (4) fair economies. An agreement on supply chains reached at the ministerial meeting in May stipulated that countries are required to identify critical sectors and essential goods, and to formulate action plans that include diversifying sources and improving connectivity to enhance resilience. Furthermore, a crisis response network will be set up to address supply chain disruptions, outline provisions for supporting countries facing interruptions through collaborative procurement and facilitate alternative routes. While substantial agreements regarding clean and fair economies were announced at the ministerial and summit meetings held in conjunction with the APEC Leaders' Meeting in November, an agreement on trade was deferred. The negotiations on a digital agreement and other trade issues ran into challenges due to reluctance on the part of the US, whose giant IT companies were facing growing domestic antagonism. As for the clean economy pillar, the US DFC provided \$300 million in loans to IPEF participating countries for renewable energy and digital infrastructure projects, and a \$30 million fund was launched by Japan, the US, and Australia. To promote fair economies, provisions to ensure compliance with measures against tax evasion and money laundering were incorporated. US Commerce Secretary Gina Raimondo has referred to the IPEF as a way to strengthen ties between Indo-Pacific countries and the private sector, stating that "all of the economies want to be in that club". However, concerns about the sustainability of the IPEF have been raised due to constraints such as a lack of market access and non-binding provisions. The institutional foundation is considered fragile, especially in the face of a possible change of administration in the US.

The WTO's Appellate Body, which serves as the final adjudicator in the dispute settlement system, has been in a state of dysfunction since 2019. In response, Japan decided to join the Multi-Party Interim Appeal Arrangement (MPIA) in March. The MPIA, established by a group of willing countries in 2020, currently has 53 participating nations, including the EU and China. Participating in the MPIA means there is no risk of cases being stalled in the vacant Appellate Body, ensuring the continuity of the dispute resolution process. In a case related to anti-dumping measures taken against Japanese stainless-steel products by China, a panel ruling on China's violation of its obligations was issued in June. The final decision was confirmed because Japan and China, both participating in the MPIA, were able to successfully resolve the dispute through this interim mechanism. While the use of the MPIA can be seen as a stopgap measure substituting for the non-functioning dispute settlement system, it is essential to address reform of the original dispute resolution system in preparation for the WTO Ministerial Conference (MC13) scheduled for February 2024 in Abu Dhabi.

### **Prospects and recommendations**

The UN has a universal nature since nearly all countries around the globe are members, and no other international organization can replace it in terms of the legitimacy of its decisions. Therefore, the UN

should be used as a forum for setting agendas and rules for the international community despite its apparent institutional fatigue. In pursuing value-oriented diplomacy based on a geopolitical vision of a “free and open Indo-Pacific,” Japan should make particular use of the UN as a forum to emphasize the importance of the rule of law at the onset of the post-post-Cold War era. Japan, in this regard, had set “the rule of law” as a theme for the Security Council President’s monthly open discussion for January 2023. As one of the status quo powers, it should clearly assert that unilateral changes to the status quo by force will not be tolerated and thereby gain the support and trust of other UN member states.

The SDGs will reach their deadline in 2030, and all stakeholders should exert maximum efforts towards achieving the goals by that time. Preliminary discussions on post-2030 development objectives (post-SDGs) may also be intensified by the 2024 Summit of the Future. Japan urgently needs to begin preparations for narrowing down the agenda items that should be incorporated. Japan has advocated for “human security” for over two decades, working towards incorporating it into the SDGs and other development goals. Due to the broad and ambiguous nature of this concept, however, it is challenging to garner sufficient international support to have the concept included in the upcoming universal goals. The Japanese government should propose specific development goals that are relevant to the current situation when incorporating such concepts into its post-SDGs framework. For example, Japan should propose disaster prevention, which is currently categorized as a sub-item under “Sustainable Cities and Communities (Goal 11)” in the SDGs, as a full-fledged development goal in consideration of the fact that worsening natural disasters due to climate change have become a global concern. As a disaster-prone nation that compiled the Sendai Framework for Disaster Risk Reduction, an international disaster prevention guideline for the years 2015-2030, Japan could leverage its knowledge and expertise by making disaster prevention an independent development goal in the post-SDGs framework.

Japan’s status as a non-permanent member of the Security Council for the 2023-2024 term is a significant asset in continuing efforts to reform the Security Council and thereby make the UN more functional. Japan should capitalize on the momentum generated by numerous member states by emphasizing the need for reform during the UN General Assembly general debate in September. Proactively collaborating within the G4, Japan should present a roadmap to guide negotiations on a textual basis through an intergovernmental negotiating working group, ultimately preparing a deliverable document. At the same time, it should lobby the President of the General Assembly and reach out to the countries of the Global South, especially African countries, which constitute a large voting bloc. In this connection, it is important that both the UN and the World Bank/IMF (Bretton Woods institutions) cooperate in deepening discussions on measures to expand development finance and on mechanisms to facilitate disbursement to developing countries. As the second-largest voting member of the World Bank, Japan can gain an important foothold in the UN by acting as a bridge between the UN and Bretton Woods donors and developing countries, while respecting the unity of the G7.

It is necessary for Japan to exercise thought leadership to ensure that this series of UN-related agenda

items is fully discussed at the 2024 Summit of the Future and that a consensus is reached on a Pact for the Future among the leaders attending the summit. The Japanese government could also advocate for discussion forums involving experts within the United Nations Secretariat and various UN organizations.

The UN process for formulating a Global Digital Compact (GDC) as well as international fora such as the G20 and APEC should be utilized along with the G7 to promote international discussions on the transparency, reliability, and safety of AI. The Hiroshima AI Process stressed the importance of ensuring interoperability so that nations with different regulations can cooperate with each other. The principle of responsible AI deployment can be extended to countries outside the G7, and concrete measures should be developed to this end. Given the difficulty of setting international regulations, the first step should be to harmonize different policies and regulations and formulate an international code of conduct.

As for strengthening cooperation with the countries of the Global South, it is crucial that Japan take a leading role in the rehabilitation of global governance based on the rule of law and other fundamental principles that many countries can agree upon by encouraging various institutions to promote norm-setting and rule formation at the United Nations and other institutions. Rather than viewing new movements such as the expansion of the BRICS as a binary struggle between two different camps, Japan should foster diverse networks of minilateral partnerships by forming various groups with BRICS members. Specific cooperation for developing countries that is closely tailored to the needs of each country can be pursued through the utilization of Official Development Assistance (ODA) and Official Security Assistance (OSA), as well as through offer-based cooperation. As part of collaborative efforts with friendly nations through the G7 and minilateralism, initiatives such as promoting the G7 Global Infrastructure Investment Partnership (GIIP) and facilitating practical cooperation by, for example, leveraging the Quad for disaster management can help lay the groundwork for rehabilitating the international order.

The rule-based free trade system is facing significant challenges. It is imperative to continue efforts to reform the WTO, especially the dispute settlement system, and to maintain and buttress the architecture of free trade agreements (FTAs) such as the CPTPP, the RCEP, and the Japan-EU FTA. The CPTPP holds a particularly advantageous position thanks to its advanced content and the appeal of membership. With the premise of not compromising the high standards of the CPTPP, it is crucial to strategically determine the best approach to new membership applications. Some cautious consideration is necessary here for handling China's and Taiwan's applications for accession. While there could be a time in the future when simultaneous accession of the two would be considered appropriate, the current focus should be on expanding membership with other countries that can maintain the CPTPP's high standards. Moreover, addressing new challenges such as economic coercion through WTO reform and the trade rules in individual FTAs is essential. Leading up to the WTO's MC13, it is crucial to achieve concrete results in reforming the dispute resolution system, improving transparency through mandatory subsidy notifications, and formulating e-commerce rules. Failing to deliver results in these areas could undermine the validity of the WTO system.

China will face a number of high hurdles on its path to CPTPP participation due to the inconsistency of its trade practices with the trade rules and its decreasing predictability. Long-standing issues such as non-market-oriented policies and practices, as well as new moves such as enacting the National Security Law in 2015, developing cyber-/data-related regulations since 2017, and passing anti-foreign sanctions laws in 2021, are by no means helpful. Encouraging China to move to a more open and transparent economic and trade regime under the trade rules is vital. More specifically, it is necessary to ensure compliance with the rules of existing agreements such as the WTO agreements and RCEP and to engage in policy discussions and other efforts to upgrade these agreements. Exploring a diverse approach, Japan-China-ROK or bilateral Japan-China economic consultations should also be considered. Furthermore, close coordination with the EU-China economic and trade dialogues and collaboration with the US-China economic and trade negotiations should be pursued to address common concerns collectively.

Japan should focus on promoting bilateral Economic Partnership Agreements (EPAs) with emerging and developing countries in South Asia, Africa, and Latin America where future economic growth is anticipated and economic ties with Japan are increasing. This should be a central pillar of Japan's new economic and trade strategy. Collaboration with the IBSA (India, Brazil, South Africa) trio is crucial, serving as a key element for Japan to enhance its cooperation with the Global South.

Japan-India economic ties have been significantly enhanced by the interactions between the leaders of the two countries, the Quad framework, and the relationship between the 2023 G7 presidency (Japan) and the 2023 G20 presidency (India). It is also vital that Japan bolster economic ties with other nations in South Asia, particularly Bangladesh, which has emerged as an apparel manufacturing hub hosting an increasing number of Japanese companies. In December 2022, the two countries initiated a joint study for an Economic Partnership Agreement (EPA). Looking ahead, efforts should be directed towards concluding this EPA, especially given that Bangladesh will graduate from the category of Least Developed Countries (LDC) in 2026.

On the rapidly growing African continent, there is currently no country that has concluded a bilateral FTA with Japan. Japan has consistently provided development assistance through the Tokyo International Conference on African Development (TICAD) and supported economic corridors linking trade hubs such as Nacala and Mombasa ports as part of the Free and Open Indo-Pacific (FOIP) initiative. Considering the importance of enhancing infrastructure connectivity and securing key mineral resources to reinforce supply chains, the time has come to explore the possibility of bilateral FTAs with major African countries. Particular efforts should be directed towards considering an FTA with the Southern African Customs Union (SACU) led by South Africa, which is known for its abundant natural resources and which plays a key role within the BRICS.

As for Latin American countries, EPAs and the CPTPP have already been concluded with Pacific Alliance countries, including Mexico, Peru, and Chile. Yet economic cooperation with Mercosur countries, including Argentina, Brazil, Paraguay, and Uruguay, has not progressed. Economic, trade, energy and

resource cooperation between Brazil and China, on the other hand, is currently on the rise, as evidenced by President Lula's visit to China in April. The challenge in trade negotiations with Japan arises from the fact that Mercosur countries are major exporters of sensitive agricultural items for Japan. Nevertheless, it is critical that Japan approach Mercosur countries with due consideration for contemporary issues such as digital trade and supply chains and propose fostering stronger ties.

It is commendable from the perspective of IPEF sustainability that IPEF ministerial and summit meetings will henceforth be held on a regular basis. However, the course of the US presidential election is casting a shadow here, making it difficult to predict whether such efforts will continue over the medium to long term. To make the project politically sustainable and to boost its appeal, translating the IPEF's achievements, e.g., investments in renewable energy and digital infrastructure and partnerships with development finance institutions such as the US International Development Finance Corporation (USDFC), the Japan Bank for International Cooperation (JBIC), Export Finance Australia (EFA), and the Export-Import Bank of Korea (KEXIM), into concrete lending projects for its members will be essential. ■