

## Section 2

## North America



## Overview

## &lt;United States&gt;

Japan and the United States are strong allies sharing fundamental values and strategic interests. The Japan-U.S. Alliance is the linchpin of Japan's diplomacy and security, and plays a major role in maintaining the stability and prosperity not only of the Asia-Pacific region but also of the whole world. Japan welcomes the United States' rebalancing toward the Asia-Pacific, as it contributes to the stability and prosperity of the region. The two countries will cooperate closely in order to play a leading role in creating order in the region.

In April, Prime Minister Shinzo Abe visited the United States. This was the first official visit by a Prime Minister of Japan to the United States in nine years. On the occasion of this visit, both the leaders of Japan and the United States issued a Japan-U.S. Joint Vision Statement; a Japan-U.S. Joint Statement on the Treaty on the Non-Proliferation of Nuclear Weapons (NPT); and a Fact Sheet: Japan-U.S. Cooperation for a More Prosperous and Stable World. The two leaders concurred that the Japan-U.S. Alliance will continue to play a leading role in ensuring peace and prosperity in the Asia-Pacific region and the world. Also, Prime Minister Abe became the first Japanese leader to address a joint session of Congress. He presented a vision to create a world of



President Obama and Prime Minister Abe at the Japan-U.S. Summit (April 28, Washington D.C., U.S; Photo: Cabinet Public Relations Office)

peace and prosperity in the 21<sup>st</sup> century based on the strong ties between Japan and the United States as the two countries that share the same fundamental values.

The year 2015 saw close communication between top-level officials from the two countries, including the visit of Prime Minister Abe to the United States, the Japan-U.S. Summit held at the time of the Asia-Pacific Economic Cooperation Meeting in the Philippines, two Japan-U.S. Foreign Ministers' Meetings, and the Japan-U.S. Security Consultative Committee ("2+2"). In addition, the Trans-Pacific Partnership (TPP) Agreement, led by Japan and the United States, was signed in February 2016, which further strengthened the Japan-U.S. Alliance. Through these opportunities, the two countries also closely cooperated in responding to global challenges, such as

climate change and infectious diseases, while pursuing their cooperation in the Asia-Pacific region, sending a strong message to the international community that Japan and the United States cooperate with each other in dealing with issues of urgent priority.

#### <Canada>

Japan and Canada are closely cooperating together in a wide range of fields including politics, economy, security and culture, as partners in the Asia-Pacific region, sharing fundamental values as members of the G7.

In November, Prime Minister Abe held a Japan-Canada Summit Meeting with Prime Minister of Canada Justin Trudeau to exchange views on bilateral relations, including security, the TPP Agreement, the plan to export LNG from Canada to Japan, science and technology, as well as the situation surrounding East Asia and climate change issues. In the same month, Foreign Minister Fumio Kishida met Canadian Foreign Minister Stéphane Dion, and confirmed cooperation in fields including the G7 meeting; nuclear disarmament; peace, stability and prosperity of the region and the international community; the TPP Agreement; the 21<sup>st</sup> session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21); and the rule of law. Also, Foreign Minister Kishida visited Canada and met Canadian Foreign Minister Stéphane Dion in February, 2016, where they confirmed that the two countries will lead the international community in tackling the challenges that the G7 and Asia-Pacific regions face.

## 1 United States

### (1) Situation of the United States

#### A Politics

In the wake of the 2014 midterm election results, the Republican party acquired a majority of seats in both houses of Congress. Throughout the year, the Obama Administration had more difficulty running the government than in the previous year. Under these circumstances, President Obama continued to tackle major issues for the administration by using its executive powers.

In the State of the Union Address on January 20, 2015, President Obama made it clear that, in the domestic field, he will focus on economic policy for the middle class and make efforts for a better labor environment, implementing tax reform, infrastructure development, science and technology, and research and development while calling for cooperation by the Republicans. With regard to the commerce policy, he stressed that the U.S. should make a regional rule and asked for cooperation from both the Democratic and the Republican Parties, in order to achieve a new trade agreement that would cover from Asia to Europe. In the field of diplomacy, he pointed out, in addition to counterterrorism and eradication of ISIL (Islamic State in Iraq and the Levant), the nuclear issue of Iran, the situation in Ukraine, and policy change towards Cuba as challenges.

While the remaining term of office for the Obama Administration is two years, significant diplomatic achievements by the United States in 2015 included restored diplomatic relations with Cuba in July, the final agreement on the issues related to Iran's nuclear program, and the agreement in principle regarding the TPP Agreement in October. On the other hand, the Cuba and

Iran issues saw significant opposition from the Republican party in particular, and the lifting of economic sanctions against Cuba that the administration called for has not yet been realized due to opposition from the Congress. Also, Congressmen, especially pro-Israel members of Congress, expressed concern about the effectiveness of the final agreement on Iran's nuclear issue. Following the serial terror attacks in Paris in November, an act of terrorism took place in San Bernardino, California, in December. Amid the increasing fears of the public about security in the United States, the Republicans criticized the Obama Administration for its counter-terrorism measures, Middle East policy and increased intake of Syrian refugees.

The Republican Party kept opposing to executive measures to halt the deportation of certain illegal immigrants who meet some condition and the Healthcare Reform Law which are main policies of the Obama Administration since 2014, and related lawsuits continued. The Republicans held a majority in both Houses and it put more pressure on the administration. In particular, hardline conservative House Republicans severely criticized and increasingly protested the House Republican leadership as being too compromising with the Democrat and Obama Administration. As a result, Speaker of the House of Representatives, John Boehner announced his resignation at the end of September over the handling of FY2016 appropriation bills, revealing the split in the Republican party as well. Even after Paul Ryan, Chairman of the House Ways and Means Committee, became new Speaker of the House, no changes were seen in the confrontation between the Republican party and the Obama Administration. The Obama Administration rejected the Keystone XL

Pipeline Project promoted by the Republican party on November 6.

Despite the confrontation between the Obama Administration and the Democratic Party, and the Republican party, there was bipartisan cooperation on some bills after intense consultation such as the Budget Control Act that stipulates the relaxation of reduction measures against sequestration and increase in the upper limit of debt, in order to avoid closure of federal government offices and the Appropriation bill for FY2016.

2016 is the Obama Administration's final year, and also a presidential and congressional election year. In such situations, the confrontation is expected to be more acute between the government side that intends to promote major policies to leave some legacies and the Republican party that wants to take the reign of government. It is anticipated that aspects of factional politics will be increasingly clear in deliberations at Congress.

## **B** Economy

### **(A) Current economic situation**

The U.S. economy entered a recovery after reaching a trough in June 2009 and continued the recovery process throughout the year 2015. The real GDP (definite value) of October-December 2015 grew at an annualized rate of 0.7% from the previous quarter. Although the unemployment rate temporarily exceeded 9.0% during the term 2009–2011, since then it continued to improve to reach 5.0% in December, 2015. The U.S. economy is expected to continue following the recovery path; however, it is necessary to take note of the effects of normalization of U.S. monetary policy, the downfall in crude oil prices, and the stronger dollar, etc.

## (B) Economic policy

In the State of the Union Address in January, 2016, with regard to economic policy, President Obama noted the importance of working on skills/technology and climate change/energy while mentioning cutting budget deficit, job creation, education and social services. In particular, with regard to the TPP Agreement, he stated that it was forged in order to open markets, protect workers and the environment, and promote U.S. leadership in Asia. In addition, he emphasized that it was not China, but the United States which will set the rules in the region through the TPP Agreement. He also called for the Congress to approve the Agreement, and grant him the means to implement it if they expect to show the strength of the United States in this century.

With regard to financial policy, the Federal Reserve Board (FRB) has been engaged in quantitative easing thrice since 2008; however, it decided to discontinue that at the Federal Open Market Committee (FOMC) meeting in October 2014, and discontinued it at the end of the same month. With the 2007 sub-prime loan issue as a turning point, the United States had maintained a zero-interest policy for seven years since 2008 with its target level of the federal fund rate at 0% - 0.25%, where the target range of the official rate had been lowered sequentially. However, at the FOMC meeting in December, 2015, they decided to increase the target level for the first time in nine years since June, 2006.

### (2) Japan-US Political Relations

Japan and the United States have been strengthening the Japan-U.S. Alliance, which serves as the linchpin of its diplomacy and security, through strengthening of relationships of trust and closer policy coordination at

every level, including the prime minister and the foreign minister. In 2015, the two countries conducted two meetings and two teleconferences at the summit level, and two meetings and seven teleconferences at the Foreign Minister's level.

In April, Foreign Minister Kishida, Defense Minister Nakatani, Secretary of State Kerry and Secretary of Defense Carter held Japan-U.S. "2+2" meetings in New York. In light of the evolving security environment, the four ministers of the two countries reaffirmed the commitment to international peace and security. They also announced the new "Guidelines for Japan-U.S. Defense Cooperation (the Guidelines)".

In April, Prime Minister Abe paid an official visit to the United States and conducted a summit meeting with President Obama. The two leaders confirmed the role of the Japan-U.S. Alliance for peace and prosperity in the Asia-Pacific region and the world, and issued (1) Japan-U.S. Joint Vision Statement; (2) Japan-U.S. Joint Statement on the Treaty on the Non-Proliferation of Nuclear Weapons (NPT); and (3) Fact Sheet: Japan-U.S. Cooperation for a More Prosperous and Stable World.

Under the new Guidelines announced at the "2+2" meeting on the previous day of the



State Secretary Kerry and Foreign Minister Kishida at the Japan-U.S. Foreign Ministers Meeting (August 6, Kuala Lumpur, Malaysia)

Summit meeting, the two leaders confirmed a further enhancement of deterrence and response capabilities of the Alliance, while steadily promoting the realignment of U.S. Forces in Japan. Also, the leaders welcomed the progress of the negotiations between Japan and the United States on the TPP Agreement, and have agreed that the two countries will lead the entire set of negotiations towards an early conclusion. With respect to regional situations, the leaders concurred that Japan and the United States should play the pivotal role in maintaining and developing the Asia-Pacific region which is free and open based on the rule of law, and cooperate to engage China in such region. They also confirmed opposition to any unilateral attempts by China to ultimately change the status quo. Furthermore, both leaders reaffirmed that Japan, the United States, and the Republic of Korea would work together on North Korea's nuclear and missile issues. President Obama expressed his understanding and support for the abduction issue. In addition, they reconfirmed to cooperate with regards to Iran and other issues. As for global challenges, the two leaders exchanged views on climate change and measures against infectious diseases.

Prime Minister Abe made speech as the first ever Japanese Prime Minister in the joint session of the House and Senate of the United States Congress. In the speech, he recalled that Japan and the U.S., which once fought, became strong allies through post war reconciliation and contributed to the peace and prosperity of the region and the world. He highlighted the grown bond between the two countries over the 70 years after the war and stressed to make Japan-U.S. Alliance an "Alliance of Hope."

Prime Minister Abe visited Boston, San

Francisco, Los Angeles, as well as Washington D.C. In Boston, he had frank exchanges of views among a small number of participants at the private residence of Secretary of State Kerry. He also visited the John F. Kennedy Library, and exchanged views at Harvard University and Massachusetts Institute of Technology (MIT). In addition to attending the Japan-U.S. Summit Meeting, and giving a speech to the Congress in Washington D.C., the Prime Minister also visited the Arlington National Cemetery and the National World War II Memorial to pay tribute to the victims of the Second World War. At the Holocaust Museum, he met people who were saved by the visas issued by Japanese envoy Chiune Sugihara, and renewed his determination to never again repeat the tragedies of history. In San Francisco, he participated in a symposium with key figures from Stanford University and entrepreneurs as well as managers from Silicon Valley and visited local companies on the west coast, which is home to create innovation and support venture companies, sending the message that Japan considers them a pillar of growth strategy. Also, receiving a courtesy call by California State Governor Jerry Brown, the Prime Minister played the role of "top salesman" for bullet train technology. In Los Angeles, he offered flowers at the National Japanese American Memorial to Patriotism and visited the Japanese American National Museum to strengthen ties with Japanese Americans, while also calling for a further mutual investment between both the U.S. and Japan at the Japan-US Economic Forum.

Utilizing the opportunity of the ASEAN Foreign Ministers' Meeting in Malaysia, Foreign Minister Kishida had a talk with State Secretary Kerry in August. The meeting was held on the day when an atomic bomb was

dropped on Hiroshima 70 years ago, and the two foreign ministers confirmed that they will cooperate with each other towards “a world free of nuclear weapons.” With respect to the TPP Agreement, Foreign Minister Kishida stated that it was time for the U.S. to show its leadership in order not to let the negotiations drift, and agreed that both parties will continue to cooperate with each other and seek an early conclusion on this issue. Foreign Minister Kishida said that in 2016 he would like to welcome State Secretary Kerry since Japan takes the G7 Presidency and holds Foreign Ministers’ meeting in Hiroshima in 2016. The Secretary of State Kerry responded by saying he was looking forward to it.

In September, Prime Minister Abe, who visited New York in order to attend the United Nations General Assembly, received a courtesy call from Vice-President Joe Biden. Prime Minister Abe mentioned that “the Legislation for Peace and Security” will further solidify Japan’s peace, and that Japan would like to cooperate more closely with the U.S. towards peace and stability in the region and international community. Vice-President Biden thanked Prime Minister Abe for his continuous efforts towards strengthening the Japan-U.S. Alliance. Both parties exchanged views on current U.S.-China and Japan-China relations including the visit of Chinese President Xi Jinping to the United States, and have agreed that both countries will cooperate to tackle various issues including maritime issues. Prime Minister Abe stated that international community should demand North Korea refrain from provocations and comply with UN Security Council resolutions as well as the Joint Statement of the Six-Party Talks. They reconfirmed the importance of the cooperation among Japan, the United States and the Republic of Korea. With

respect to Russia, Prime Minister Abe referred to the Japan-Russia Summit Meeting held on the previous day, and explained that Japan had called for Russia to play a constructive role for the improvement of the situations in Ukraine and Syria. Vice-President Biden welcomed such actions by Japan.

In November, Prime Minister Abe met President Obama on the occasion of APEC in the Philippines. Prime Minister Abe stated that by the collaboration of Japan’s Proactive Contribution to Peace and the United States’ rebalancing policy, Japan would like to utilize the robust Japan-U.S. Alliance to realize peace, stability, and prosperity in the Asia-Pacific region and the international community. He also said that in further advancing Japan-U.S. cooperation, by collaboration with countries that share fundamental values such as freedom, democracy, and the rule of law, he intends to, together with the U.S., build a network to realize peace and prosperity in the Asia-Pacific region, with the Japan-U.S. Alliance as the linchpin. President Obama supported Prime Minister Abe’s such idea. Prime Minister Abe stated that he intends to advance with strong determination the relocation of Marine Corps Air Station (MCAS) Futenma to Henoko, which is the only solution, and work together on mitigating the impact on Okinawa for the purpose of the stable presence of the U.S. Forces. In response, President Obama stated that the United States will also cooperate to mitigate the impact on Okinawa. Prime Minister Abe stated that Japan supports the “Freedom of Navigation” operations by the U.S. in the South China Sea, and he explained Japan’s existing stance regarding the activities of the Self-Defense Forces in the South China Sea, stating that such activities will be examined while taking into consideration the impact



that situations have on the security of Japan. Prime Minister Abe added that Japan will combine assistance menu including ODA, capacity building by the Self-Defense Forces, and defense equipment and technology cooperation to support relevant countries. Furthermore, Prime Minister Abe stated that he opposes any unilateral actions that will change the status quo and increase tensions. Both leaders have exchanged opinions in such fields as the TPP Agreement, China, South and North Korea, and response to the Syria crisis, and agreed that the two countries will collaborate in the international arena, including climate change, cyber, the Global Health Security Agenda, and the Nuclear Security Summit.

### (3) Japan-U.S. Economic Relations

The close cooperation in the economic field between Japan and the United States, the third and the largest world economies, is essential not only for revitalizing the economies of both countries, but also for further strengthening the Japan-U.S. Alliance and for the development of the global economy. In the “Fact Sheet: Japan-U.S. Cooperation for a More Prosperous and Stable World,” issued on the occasion of the Prime Minister’s visit to the U.S. in April 2015, the two countries confirmed cooperating in various fields, including energy, infrastructure, technology and global issues.

Japan and the United States led negotiations on the TPP Agreement, and an agreement in principle was reached in October. It was signed in February 2016. The TPP Agreement contributes not only to economic prosperity but also to the security in the Asia-Pacific region and thus has a strategic significance. The two countries will continue to collaborate with each other towards its early entry into

force.

In the energy field, the United States Congress passed a bill to lift a 40-year ban on crude oil exports in December partly due to requests and engagement from Japan and other countries. More diversified energy sources are expected in the future, including the possibility of crude oil imports from the United States. As for the Japan-U.S. Energy Strategic Dialogue established in 2014, the 2<sup>nd</sup> Dialogue was held in Tokyo in September, 2015. The participants from Japan included the relevant persons from the Foreign Ministry, the Agency for Natural Resources and Energy in the Ministry of Economy, Trade and Industry, and the Defense Ministry, and those from the United States included members from the Department of States and the Department of Energy. Based on the current energy situation, meaningful discussions took place on topics including energy security, and Japan-U.S. energy cooperation. With LNG imports from the United States scheduled to begin in 2016, Japan-U.S. cooperation in the field of energy is gaining momentum.

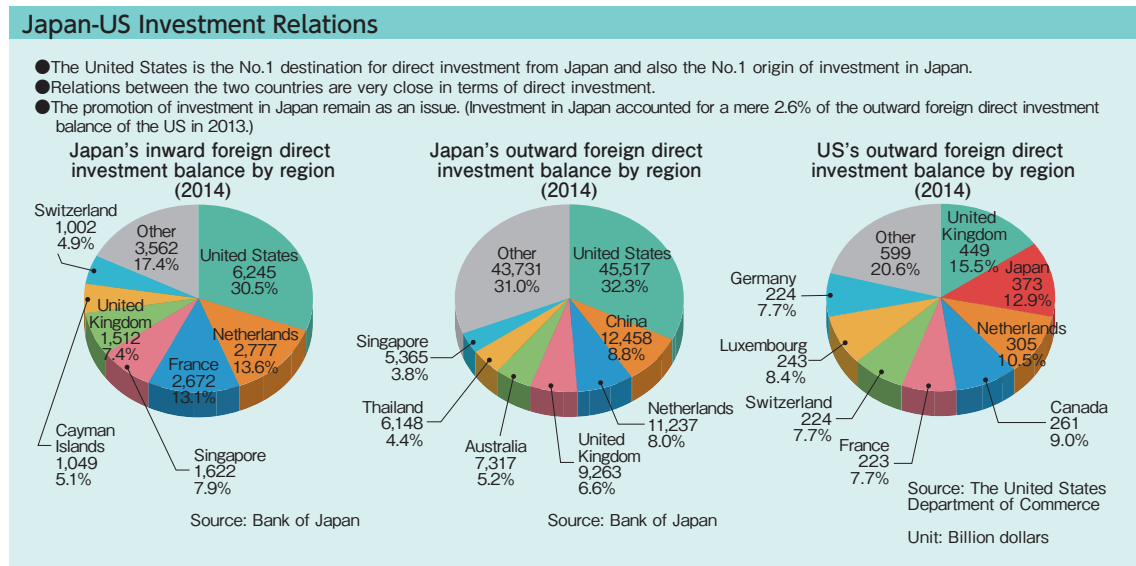
With respect to infrastructure development, Japanese companies have been involved in High Speed Railway Line Projects in the United States in cooperation with the public and private sectors. When Secretary of Transportation Anthony Foxx visited Japan in November, there was an agreement reached on establishment of the Japan-U.S. Conference on Cooperation for Railways, and collaboration between Japan and the United States in this field is expected to gain momentum. As for the California High-Speed Rail Project, Prime Minister Abe visited the United States in April and appealed the benefits of the bullet train technology at the top level to California State Governor Jerry Brown. During the visits to Japan by both

Maryland Governor Larry Hogan in June, and Secretary of Transportation Anthony Foxx in November, the superconducting maglev technology that could be introduced to the Northeast Corridor was promoted by having the foreign guests ride on one of the superconducting Maglev trains, and by Prime Minister Abe's "top sales" promotion. In November, Maryland received approval to use a federal subsidy worth 27,800,000 US dollars for superconducting maglev technology between Washington D.C. and Baltimore. In November, the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) announced it would provide finance of approximately 4,900 million yen to the Texas Central Railway Project (private company project). Japan will continue to make efforts to introduce its high speed railway technology while closely cooperating with the United States to promote Japan's Quality Infrastructure Investment."

With regard to investment and tourism, Prime Minister Abe visited New York in September, and met persons involved in

the financial sector in North America. He explained the second stage of Abenomics directly to such persons in North America, who have strong influence on the domestic and international communities, sending a message to strengthen Japan-U.S. economic relations, including investment in Japan. Also, in the Investment-in-Japan Seminar held by the Japan External Trade Organization (JETRO), the Prime Minister called on U.S. companies for more investment in Japan, while promoting travel to Japan to attract more visitors at the tourism seminar held by the Japan National Tourism Organization.

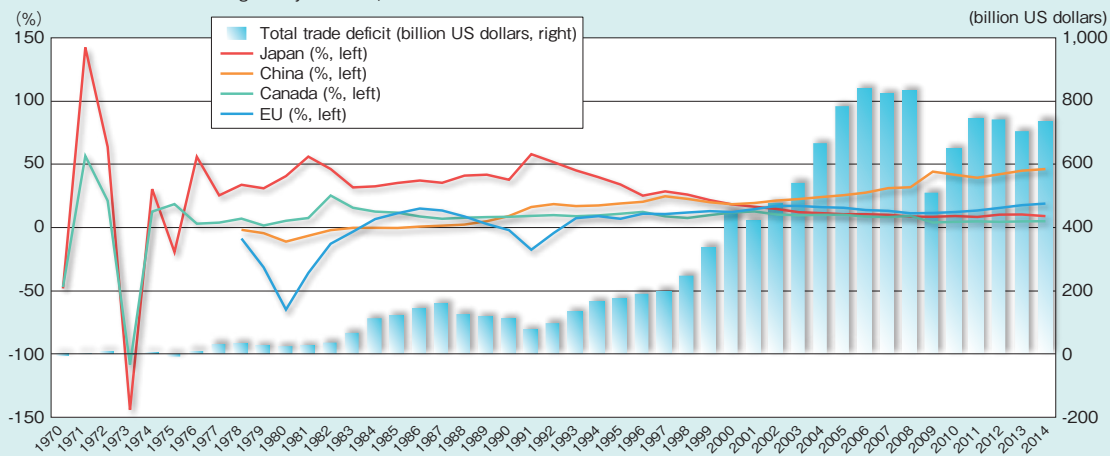
In the technology area, cooperation between Japan and the United States is seen in such fields as the internet economy, life sciences, robots, and space technology. The relations between the two countries have also been strengthened for assistance for venture companies and creation of innovation. When Prime Minister Abe visited the United States in April, he announced a "Bridge of Innovation between Silicon Valley and Japan" (in Japanese: "Kakehashi"). This project aims to connect entrepreneurs





## Decrease in the Ratio of Japan in the trade deficit of the United States

The ratio of the US trade deficit with Japan vis-à-vis whole trade deficit has gradually decreased since 1992, following its peak of 58.4% in 1991. It bottomed out at 8.7% in 2011, then has remained somewhat flat at the same level. On the other hand, the ratio of the US trade deficit with China vis-à-vis whole trade deficit has gradually increased, and it marked 46.3% in 2014.



(International balance basis)  
Source: The United States Department of Commerce

from Silicon Valley with Japan, and utilize networks and technical know-how in Silicon Valley for venture assistance and innovation creation within Japan. In addition, Japan and the United States will cooperate in global issues, including the environment and climate change, global health, and cyberspace.

Efforts to promote communication between Japan and the United States at the private sector level were supported through cooperation provided to a delegation from Keidanren (Japan Business Federation) to the U.S. in June, the 47<sup>th</sup> Joint Meeting of Japan-Midwest U.S. Association (September), the 39<sup>th</sup> Joint Meeting of Japan-Mideast U.S. Association (November), and the 52<sup>nd</sup> Japan-U.S. Business Conference (December). Among these, State Minister for Foreign Affairs Yasuhide Nakayama attended the opening ceremony of the Joint Meeting of Japan-Midwest U.S. Association. In his opening speech, the State Minister for Foreign Affairs Nakayama set forth a policy to strengthen the relations between Japan and individual

states in the U.S. through a state-by-state approach, thus making efforts as whole-of-nation to enhance the Japan-U.S. relations.

## 2 Canada

### (1) Situations of Canada

In October, the 42<sup>nd</sup> Canadian Federal General Election was held and the Liberal Party won a single majority government, resulting in a change of government for the first time in nearly 10 years. Prime Minister Stephen Harper resigned on November 4, and a new administration headed by Justin Trudeau started.

With traditionally close relations with the United States, Canada pursues its diplomacy in multinational venues, including the United Nations, the North Atlantic Treaty Organization, G7, G20, and the Organization of American States (OAS), etc. In the mid-90's, Canada announced a peacebuilding policy (conflict prevention, support for reconstruction), while actively

engaging in U.N. peacekeeping operations, the antipersonnel mine issue, and promoting human security. The new administration headed by Justin Trudeau made it clear that it bases its policy on multilateralism, returning to the traditional multinational diplomacy approach. Canada indicated financial support worth 2,650 million Canadian dollars in total over five years to emerging economies in the area of climate change which is its diplomatic priority. It is also expected to be more engaged in the UN Peacekeeping operations.

On the economic front, the FTA negotiations with the ROK came into force in January, and FTAs with Ukraine were concluded in July. Also Canada is a participating country in the TPP Agreement, signed in February 2016, whilst continuing to work for building economic ties with Asia-Pacific countries and the expansion of intra-regional trade.

## (2) Japan – Canada Relations

Foreign Minister Kishida had a talk with Foreign Minister Dion on the occasion of the APEC Ministerial Meeting in the Philippines in November. The two Ministers agreed to cooperate with each other for nuclear disarmament, peace and security and prosperity of the region and the world. Furthermore, during an exchange of views on the situations in the Asia-Pacific region, they also acknowledged that any attempt to change the status quo is a common concern for the international community, confirming the importance of peaceful solutions and the rule of law. On the economic front, the two foreign ministers recognized the benefits the TPP Agreement will bring to the region, agreeing to further advance bilateral trade and investment.

In November, Prime Minister Abe met Prime Minister Trudeau on the occasion of



Prime Minister Trudeau and Prime Minister Abe at the Japan-Canada Summit meeting (November 18, Manila, Philippines; Photo: Cabinet Public Relations Office)

the APEC Economic Leaders' Meeting. The two leaders agreed to strengthen cooperation in the field of security, while reconfirming their views on the situations in the Asia-Pacific region.

On the economic front, the two leaders agreed that the TPP Agreement will promote regional trade, investment and economic growth. Prime Minister Abe asked Canada to cooperate on the early realization of exports of liquefied natural gas (LNG), and the improvement of business environment for Japanese businesses. Furthermore, the Japanese and Canadian leaders agreed to continue bilateral cooperation in broader areas, including science and technology and climate change.

With both governments participating in November, the 13<sup>th</sup> Japan-Canada Security Symposium was held in Ottawa, where key figures vigorously exchanged views. In February, 2016, Foreign Minister Kishida visited Canada to have a talk with Foreign Minister Dion. The two leaders acknowledged that both countries will cooperate with each other regarding the G7, and that Japan and Canada, important partners in the Asia-Pacific region, will take the lead in the international community and tackle such issues as North Korea, terrorism, and cyber.