



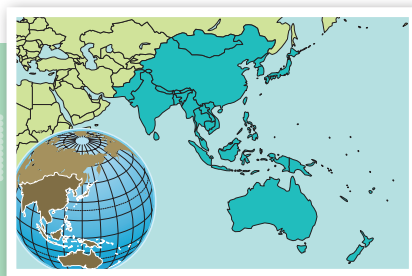
Chapter 2

Japan's Foreign Policy that Takes a Panoramic Perspective of the World Map

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Section 1

Asia and Oceania



Overview

(General overview)

The Asia-Oceania region is home to many emerging countries and is blessed with an abundance of human resources. It is the world's growth center and has been enhancing its presence. Of the world population of 7.4 billion, approximately 3.4 billion people live in East Asia Summit (EAS) member states (excluding the U.S. and Russia)¹. This represents about 46% of the world's population². The combined nominal gross domestic product (GDP) of the Association of Southeast Asian Nation (ASEAN) member states, China and India grew 330% over the last ten years, as compared with the world average of 150%. Total exports and imports of EAS member states (excluding the U.S. and Russia) is 9.6 trillion US dollars, making it the second largest market behind the European Union (10.6 trillion US dollars)³. There are close economic ties between these nations and they have a high degree of economic interdependence. As the middle class expands, overall purchasing power is

expected to rise sharply. This will support strong economic growth within the region, and the huge demand for infrastructure and massive purchasing power of the large middle class will also help to bring renewed affluence and vitality to Japan. Realizing affluence and stability throughout Asia and Oceania is indispensable for Japan's peace and prosperity.

Meanwhile, the security environment surrounding Japan in the Asia-Oceania region is becoming increasingly severe as seen in the following developments: provocation such as nuclear and missile development by North Korea; countries in the region modernizing their military forces in a manner that lacks transparency and trying to change the status quo by force or coercion; and tension within the region growing over maritime issues, including in the South China Sea. Other factors hindering the stable growth of the region include immature economic and financial systems, environmental pollution, unstable demand and supply of food and resources, natural disasters and aging population.

¹ ASEAN (member states: Indonesia, Cambodia, Singapore, Thailand, the Philippines, Brunei, Viet Nam, Malaysia, Myanmar and Laos), Japan, China, the ROK, India, Australia and New Zealand

² The State of World Population 2016

³ International Monetary Fund (IMF)

(Japan-U.S. Alliance and Asia-Oceania region)

The Japan-U.S. Alliance is the linchpin of Japanese diplomacy, and is important for the Asia-Pacific region as well. Japan is closely cooperating with the U.S. in order to play a leading role in the formation of order in the region. At the Japan-U.S. Summit Meeting in May 2016, regarding the East Asia situation, Prime Minister Abe stated that he hoped to strengthen a network of peace and prosperity with the Japan-U.S. Alliance as its linchpin and President Obama stated that strengthening cooperation with ASEAN was an urgent issue. The two leaders confirmed the importance of the rule of law at sea, and shared the view that Japan and the U.S. will solidly fulfill their roles within the international community. Furthermore, at the Japan-U.S. Foreign Ministers' Meeting in November, the two Foreign Ministers shared the recognition that there are more and more urgent challenges facing Japan and the U.S., and confirmed that they would continue to further strengthen the Japan-U.S. Alliance for the peace and prosperity of the region and the international community. Japan will also further strengthen the Japan-U.S. Alliance together with the Trump administration inaugurated in January 2017.

(China)

In recent years, while facing a variety of social and economic challenges, China has been significantly enhancing its presence in the international community in various fields against the background of its economic growth. The entire international community including Japan welcomes the development of China as a responsible, peace-oriented nation. However, China's moves to strengthen its military capabilities

without sufficient transparency, and its own activities in space and cyberspace are also attracting the attention of the international community. Its increased activities at sea and in the air in the East China Sea and South China Sea, and in their airspace, are causing common concern in the entire region.

Japan and China are neighbors across the East China Sea. The Japan-China relationship is one of the most important bilateral relationships characterized by close economic relations and people-to-people and cultural exchanges. In 2016, the number of Chinese travelers to Japan was about 6.37 million (Japan National Tourism Organization (JNTO)), setting a record high for two consecutive years, following the previous year which was 4.99 million. At the same time, there are a number of political and social differences between the two countries, and precisely because they are neighbors, it is inevitable that frictions and confrontations occasionally occur.

Following on from the previous year, overall 2016 was a year in which a move toward improvement in Japan-China relations was seen. In April Foreign Minister Kishida paid a bilateral visit to China, which was the first time for approximately four and a half years as the Foreign Minister of Japan, where he made a courtesy call to Premier of the State Council Li Keqiang, and held a meeting with Foreign Minister Wang Yi. This move toward an improvement in relations continued into the second half of the year and on the occasion of the Asia-Europe Meeting (ASEM) Summit (in Mongolia) in July Prime Minister Abe held his second meeting with Premier Li Keqiang. In the same month the two countries took the opportunity of the ASEAN-related

Foreign Ministers' Meetings to hold the Japan-China Foreign Ministers' Meeting. In August Foreign Minister Wang Yi visited Japan for the first time in order to attend the Japan-China-ROK Trilateral Foreign Ministers' Meeting. Then on the occasion of the G20 Hangzhou Summit in September, Prime Minister Abe visited China and held his third summit meeting with President Xi Jinping. Prime Minister Abe and President Xi Jinping also held a meeting at the APEC Economic Leaders' Meeting in Peru in November, and confirmed that they would improve Japan-China relations taking the opportunity of the 45th anniversary of the normalization of diplomatic relations between Japan and China in 2017 and the 40th anniversary of the Treaty of Peace and Friendship between Japan and People's Republic of China in 2018.

Meanwhile, unilateral attempts to change the status quo continue in the East China Sea. From January through the end of December 2016, Chinese Government-owned vessels intruded into Japanese territorial waters around the Senkaku Islands 36 times (121 vessels in total), including those related to the incident in which many Chinese government-owned vessels pushed their way into the waters around Japan in August. The Senkaku Islands are indisputably an inherent part of the territory of Japan, in light of historical facts and based upon international law. Indeed, the Senkaku Islands are under the valid control of Japan. Consequently, there exists no issue of territorial sovereignty to be resolved concerning the Senkaku Islands. The Government of Japan will continue to deal with the situation with resolute

determination to defend Japan's territorial land, sea, and airspace. Furthermore, with regard to the unilateral development of resources carried out in the maritime area pending delimitation, the Government of Japan will continue to strongly request China to cease its unilateral development and to implement the agreement on cooperation ("June 2008 Agreement").

Japan and China share responsibilities for peace and stability in the region and the international community. Stable Japan-China relations are essential, not only for the people of the two countries, but also for the peace and stability in the Asia-Oceania region. Based on the concept of the "Mutually Beneficial Relationship based on Common Strategic Interests," the Government of Japan will promote the development of Japan-China relations from a broad perspective through continued dialogues and cooperation at various levels.

(Taiwan)

Taiwan is an important partner which has intimate people-to-people exchanges and close economic ties with Japan. Working relations between Japan and Taiwan are also deepening, and in 2016, cooperation documents regarding product safety and language education exchanges between the Interchange Association⁴ and the Association of East Asian Relations were signed. In line with the 1972 Japan-China Joint Communique, the relationship between Japan and Taiwan continues to be maintained through working relations at the non-governmental level, with emphasis on promotion of working cooperation to achieve closer bilateral ties.

⁴ The Interchange Association changed its name to the Japan-Taiwan Exchange Association on January 1, 2017.

(Mongolia)

In 2016, following from the previous year, Japan and Mongolia actively carried out high-level exchanges. From Mongolia, Minister for Foreign Affairs Purevsuren (May), Chairman of State Great Khural (Parliament) Zandaakhuu Enkhbold (June), Minister for Foreign Affairs Munkh-Orgil (September), and Prime Minister Erdenebat (October) all visited Japan, and in July Prime Minister Abe visited Mongolia for the third time during his premiership. Japan will continue to aim for true mutually-beneficial cooperation in wide-ranging areas and develop relations in order to strengthen the “Strategic Partnership.”

(Republic of Korea)

The Republic of Korea (ROK) is Japan’s most important neighbor that shares strategic interests with Japan. A good Japan-ROK relationship is essential for peace and stability in the Asia-Pacific region. The year 2015 marked the 50th anniversary of the normalization of Japan-ROK relations, and vigorous exchanges between the two countries were carried out. In 2016 the number of people traveling between Japan and the ROK reached an all-time high. Economic relations are also close. In the political sphere, forward-looking progress in Japan-ROK relations was seen, including the commencement of the projects of the Reconciliation and Healing Foundation based on the Japan-ROK agreement in 2015, and the conclusion of the agreement between the Government of Japan and the Government of the ROK on the Protection of Classified Military Information that provides for example, principles for the protection of classified military information. On the other hand, a variety of issues exist

that are unacceptable to Japan, including the installation of the comfort woman statue on the sidewalk in front of the Consulate-General of Japan in Busan on December 30, 2016, the landing of the Governor of North Gyeongsang Province, Republic of Korea on Takeshima in January 2017, the incident of the theft of a Buddhist statue. Although difficult issues exist between Japan and the ROK, it is important for the two countries to communicate at a variety of levels in a wide range of areas including security and to move toward developing a new era of future-oriented Japan-ROK relations based on mutual trust.

(North Korea)

In North Korea, the power base of the regime centered on Kim Jong-Un, the Chairman of the State Affairs Commission, has been enhanced. At the Congress of the Workers’ Party of Korea, which was held for the first time in 36 years, the “byungjin policy”, under which North Korea simultaneously pursues economic construction and the build-up of nuclear-armed forces, was positioned as a permanent strategic policy. The issue of abduction by North Korea is not only a critical issue concerning the sovereignty of Japan as well as the lives and safety of Japanese citizens but also a universal matter of the entire international community as a violation of fundamental human rights. Based on the basic recognition that the normalization of diplomatic relations with North Korea is impossible without resolving solution of the abduction issue, Japan has positioned its resolution as the most important foreign policy issue. Accordingly, Japan urges North Korea to ensure the safety of all abductees and their immediate return to Japan, to

provide a full account of all the abduction cases, and to hand over the perpetrators. In 2016, North Korea conducted two nuclear tests and launched more than 20 ballistic missiles, and the enhancement of its nuclear and missile capacity poses a new level of threat to Japan and the entire international community. In close cooperation with the U.S., the ROK, China, Russia, and other relevant countries, Japan will continue to urge North Korea to refrain from provocative actions and to comply with relevant UN Security Council Resolutions and Joint Statements of the Six-Party Talks. Under its policy of “dialogue and pressure” and “action for action” and in accordance with the Japan-DPRK Pyongyang Declaration, Japan will continue to work in close coordination with relevant countries toward the comprehensive resolution of the outstanding issues of concern, such as the abductions, nuclear and missile issues based on the Japan-DPRK Pyongyang Declaration.

(Southeast Asian countries)

Against the backdrop of their high rates of economic growth, Southeast Asian countries have been increasing their importance and presence in the international community. Japan has further strengthened relations with these countries, based on friendly relations over many years. In 2016, Prime Minister Abe took the opportunity of the ASEAN-related summit meeting in September to visit Laos and held the 8th Mekong-Japan Summit Meeting. Furthermore, there were many visits by ministers too, and Foreign Minister Kishida conducted high-level exchanges including visits to Laos, Myanmar, Thailand, and Viet Nam in May and the Philippines in

August. Japan will continue to reinforce its framework for dialogue and cooperation with Southeast Asian countries in the fields of politics and security to achieve peace and prosperity in the region. Moreover, Japan will promote “quality infrastructure investment” in cooperation with each country and international institution aimed at realization of a sustainable “quality growth” and will accelerate initiatives for improving both hard and soft connectivity of the Southeast Asia region. For example, the Japan-Mekong Connectivity Initiative was launched in 2016, and Japan advanced discussions with the Mekong countries about the priority projects for implementation for improving the connectivity of the Mekong region. Japan has been also working to further reinforce people-to-people and cultural exchanges. For instance, the Government of Japan took the opportunity of the milestones of the 50th anniversary of the establishment of diplomatic relations between Japan and Singapore and the 60th anniversary of the normalization of diplomatic relations with the Philippines, attracted tourists to Japan through the conclusion of air services agreements with Cambodia and Laos, and promoted youth exchanges through programs such as JENESYS (Japan-East Asia Network of Exchange for Students and Youths) 2016.

(Oceania countries)

(1) Australia

Japan and Australia support a free and open rule-based international order and contribute together to the stability and prosperity of the international community under the “Special Strategic Partnership” sharing fundamental values and strategic interests. On the basis of the Prime Minister’s

mutual visits and close coordination between Foreign Ministers, Japan and Australia have been steadily deepening cooperative relations in the security and defense area including the signing of the new Japan-Australia Acquisition and Cross-Servicing Agreement (Japan-Australia ACSA). In the economic area, mutually complementary economic relations based on the Japan-Australia Economic Partnership Agreement (EPA) are being further advanced, and the two countries are cooperating closely regarding the promotion of free trade including the Trans Pacific Partnership (TPP) Agreement, East Asia Regional Comprehensive Economic Partnership (RCEP). Furthermore, trilateral cooperation and partnerships such as Japan-U.S.-Australia and Japan-Australia-India are being steadily enhanced.

(2) New Zealand

New Zealand is a strategic cooperative partner with which Japan has been maintaining friendly relations for many years, and the cooperative relations of the two countries are being strengthened through ways such as exchanges at a variety of levels.

(3) Pacific Island Countries (PICs)

The PICs and Japan are bound by the Pacific Ocean and have deep historical ties. The PICs are important partners of Japan in areas such as cooperation in the international arena, the supply of fisheries and mineral resources. On the occasion of the UN General Assembly in September, Japan held the third Japan-Pacific Islands Leaders Meeting and in addition, the Third Ministerial Interim Meeting of the Pacific Islands Leaders Meeting (PALM) was held in January 2017 confirming the close cooperative relationship of Japan and the PICs.

(South Asia)

South Asia is situated in a geopolitically important region at the intersection of Asia, the Middle East, and Africa. The region is drawing attention for its economic potential and is becoming increasingly important in the international arena, not only because many countries in this region continue to witness high economic growth, but also because young people make up a significant proportion of the region's vast population of around 1.7 billion. On the other hand, many countries in the region continue to face challenges such as poverty, democratic consolidation and terrorism, and achieving political stability remains a key issue for these countries. Furthermore, these countries are vulnerable to natural disasters including earthquakes. In addition to further strengthening its economic relations with countries in the region such as India, with which Japan has had traditionally friendly and cooperative relations, Japan will enhance intra- and inter-region connectivity and promote the strengthening of cooperation in the international arena. Likewise, Japan will continue to support efforts to address the challenges confronting each country, such as national reconciliation and democratic consolidation.

(Measures on the comfort women issue)

The Government of Japan has sincerely dealt with issues of reparations, property and claims pertaining to the war, including the comfort women issue, under the San Francisco Peace Treaty and through international agreements including bilateral treaties. Japan is of the view that these issues have been legally settled with the respective parties to these treaties,

agreements and instruments. However, from the perspective of facilitating feasible remedies for the former comfort women, the Government and people of Japan collaboratively established the “Asian Women’s Fund” in 1995, through which they carried out various medical and welfare projects and provided “atonement money.” Successive Prime Ministers sent letters expressing “apologies and remorse” directly to each former comfort woman. The Government of Japan has made every effort as mentioned above. Furthermore, it was confirmed between the Foreign Ministers of Japan and the ROK in late December 2015 that the comfort women issue between Japan and the ROK is resolved finally and irreversibly. The two leaders also confirmed that they would take responsibility as leaders to implement this agreement, and that they would deal with various issues based on the spirit of this agreement. (See Announcement by Foreign Ministers of Japan and the ROK at the Joint Press Occasion on page 47).

It is highly regrettable that despite this Japan-ROK agreement, a new comfort woman statue was installed on the sidewalk facing the Consulate-General of Japan in Busan on December 30, 2016. There is no change to Japan’s position that both Japan and the ROK should respectively implement this agreement in a responsible manner.

Furthermore, there is a move to install comfort woman statues in other countries as well, including the U.S., Canada, Australia, China, and Germany. Such move is highly disappointing and incompatible with the position of the Government of Japan. The Government of Japan is of the view that claims such as “forceful taking away of comfort women by the Japanese military

and government authorities,” “several hundred thousands of comfort women existed,” and “sex slaves” are not recognized as historical facts. The Government of Japan will continue reaching out to various people involved in this issue to explain this position.

(Strengthening Regional Cooperation)

The strategic environment surrounding the Asia-Oceania region is changing rapidly, and it is becoming critically important for Japan to cooperate and strengthen its relations with the countries of this region. While continuing to strengthen the Japan-U.S. Alliance, Japan will play an active role in promoting peace and prosperity in the region by reinforcing its relations of trust and cooperation with its partners in Asia-Oceania and elsewhere. In addition to strengthening bilateral cooperation, Japan also makes proactive use of trilateral arrangements for dialogue, such as Japan-China-ROK, Japan-U.S.-ROK, Japan-U.S.-Australia, Japan-U.S.-India, and Japan-Australia-India arrangements, as well as larger multilateral frameworks, such as Japan-ASEAN, ASEAN+3, East Asia Summit (EAS), Asia-Pacific Economic Cooperation (APEC), ASEAN Regional Forum (ARF), Japan-Mekong cooperation and others. Furthermore, the process of trilateral cooperation among Japan, China and the ROK has an important value, and Japan held the Japan-China-ROK Trilateral Foreign Ministers’ Meeting in August as the chair country.

ASEAN exerts its centrality in regional cooperation in East Asia, so achieving a more stable and prosperous ASEAN as the motive force is absolutely essential to the stability and prosperity of the region as a

whole. Based on this recognition, Japan has announced that it will actively support efforts to achieve even further integration after establishment of the ASEAN Community.

ASEAN-Japan relations, which have been elevated to new levels after the Commemorative Summit Meeting in 2013, has been further strengthened in a wide range of areas including enhancement of the integration of ASEAN, sustainable economic growth, improvement of people's livelihoods, and ensuring the peace and safety of the region and the international community, through the ASEAN-Japan Ministerial Meeting in July 2016 (in Vientiane, Laos) and the 19th ASEAN-Japan Summit Meeting in September 2016 (in Vientiane, Laos). Regarding the South China Sea issue, a Chairman's Statement issued in the ASEAN-Japan Summit Meeting in September emphasized the maintenance of freedom of navigation and overflight, peaceful resolution of disputes in accordance with international law, including the United Nations Convention on the Law of the Sea (UNCLOS), self-restraint in the conduct of activities, and the importance of non-militarization. Under these circumstances, Japan is actively working on activities contributing to the stability of the region, such as a joint drill with the Philippines Navy, and on the support for capacity building contributing to maritime security, taking advantage of Official Development Assistance (ODA) for ASEAN Member States.

At the 11th East Asia Summit (EAS) held in September, there was a review session of cooperation within EAS, discussions on its future directions as well as regional and international situations. Prime Minister Abe stated that Japan would contribute even

more actively to formulating measures for countering terrorism and violent extremism in EAS participating countries. Furthermore, he stressed that the structure of the EAS should be further strengthened as the premier forum of the region, reinforcing the EAS institution. He also stated his desire to promote further discussions in the political and security areas.

At the same summit, Prime Minister Abe expressed serious concern over the South China Sea issues and stated that all parties should exercise self-restraint over and refrain from actions that may increase tension in the region and seek a peaceful resolution based on international law, including the United Nations Convention on the Law of the Sea (UNCLOS).

Furthermore, Japan clarified its position that it has always supported ASEAN centrality and unity and while Japan welcomes dialogue between China and ASEAN, the dialogue should be based on international law, on the premise that non-militarization and self-restraint will be maintained on the ground. Moreover, Prime Minister Abe stated that the Philippines-China arbitral award is legally binding on the parties to the dispute and expressed his expectation that both parties' compliance with the award will eventually lead to the peaceful settlement of the disputes.

1 Korean Peninsula

(1) North Korea (including the abduction issue)

Under its policy of "dialogue and pressure" and "action for action," the Government of Japan has been continuing various efforts to realize its basic policy of seeking to normalize its relations with North

Korea, through comprehensively resolving outstanding issues of concern such as the abductions, nuclear and missile issues, as well as settlement of the unfortunate past in accordance with the Japan-DPRK Pyongyang Declaration of September 2002, while working closely with relevant countries, including the U.S., the ROK, China and Russia.

A Domestic Affairs and Economy

(A) Domestic affairs

In North Korea, the power base of the regime centered on Kim Jong-Un, Chairman of the State Affairs Commission, has been enhanced. In May 2016, the seventh Party Congress of the Workers' Party of Korea was held for the first time in 36 years. During the Congress, the "byungjin policy," under which North Korea simultaneously pursues economic construction and the build-up of nuclear armed forces, was positioned as a permanent strategic policy. At the same time, the National Five-Year Strategy for Economic Development (2016-2020) was announced. Furthermore, due to the revision of party constitution, the post of Chairman of the Party was newly established and, Kim Jong-Un, First Secretary of the Party, was appointed as the Chairman of the Party, establishing a new party structure centered on Chairman Kim Jong-Un. Moreover, in June the same year, the Fourth Session of the 13th Supreme People's Assembly was held. The National Defense Commission (NDC) was reorganized into the State Affairs Commission, and, Kim Jong-Un, First Chairman of the NDC, was appointed as Chairman of the State Affairs Commission.

(B) Economy

North Korea is said to be undergoing

severe economic hardship, and the rebuilding of its economy is regarded as an issue of importance. In his New Year's address in January 2017, Kim Jong-Un, Chairman of the State Affairs Commission, stated that North Korea would focus all of its energies on the execution of the National Five-Year Strategy for Economic Development and stressed the importance of science and technology.

North Korea's economic growth rate in 2015 was minus 1.1% (Bank of Korea estimate), recording negative growth for the first time in approximately five years. Despite positive growth in the construction industry, the stagnation of the agriculture, forestry, and fisheries industries, mining and manufacturing industry, and electricity, gas and water industries was the factor behind the negative growth. Furthermore, due to lack of rainfall and shortage of water for irrigation, the volume of cereal production in 2015 fell by 9% compared to the previous year (FAO estimate).

Trade with China continues to account for the largest share of North Korea's external trade. In 2015, the value of North Korea's trade with China was 6.25 billion US dollars (Korea Trade-Investment Promotion Agency (KOTRA) estimate), accounting for almost 90% of North Korea's entire external trade excluding inter-Korean trade.

B Abduction Issue

(A) Basic stance

To date, the Government of Japan has identified 12 separate incidents, involving a total of 17 Japanese abductees, 12 of whom have not yet returned home. North Korea claims that eight of these 12 have died and that it is unable to confirm that the other four ever entered its territory,

but as no convincing explanation of this claim has been provided, Japan continues to work toward the resolution of this issue on the assumption that all of the abductees whose whereabouts are unknown are still alive. As well as being a critical issue concerning the sovereignty of Japan and the lives and safety of Japanese citizens, abduction by North Korea constitutes a universal issue among the international community as a violation of basic human rights. Based on the basic recognition that the normalization of diplomatic relations with North Korea is impossible without resolving the abductions, Japan has positioned its resolution as the most important foreign policy issue. Accordingly, Japan has strongly urged North Korea to ensure the safety of all abductees and their immediate return to Japan, to provide a full account of all the abduction cases, and to hand over the perpetrators to Japan.

(B) Initiatives by Japan

Following the nuclear test by North Korea in January 2016 and the launch of a ballistic missile which North Korea purported to be a “satellite” in the following month, Japan announced its autonomous measures against North Korea in February 2016. In response to this, North Korea unilaterally announced that it would completely stop the investigations on all Japanese nationals and dissolve the Special Investigation Committee. Japan strongly lodged a serious protest to North Korea, conveyed its intention of not abandoning the Japan-North Korea Government level Consultations (the agreement in Stockholm) of May 2014, and demanded that North Korea implement the agreement and return all the abductees home at the earliest

possible date. Furthermore, at the forum of the Northeast Asia Cooperation Dialogue in June 2016, Director-General of the Asian and Oceanian Affairs Bureau of the Ministry of Foreign Affairs Kenji Kanasugi had contact with Deputy Director-General of Department of US Affairs, Ministry of Foreign Affairs of North Korea Choe Son Hui, and strongly urged North Korea to return all the abductees to Japan at the earliest possible date in accordance with the agreement in Stockholm. Then in response to the nuclear test in September and repeated ballistic missile launches, Japan announced in December that it would implement new autonomous measures against North Korea toward the comprehensive resolution of outstanding issues of concern, such as nuclear and missile issues, as well as the abductions issue, which is the most important agenda for Japan.

(C) Cooperation with the international community toward resolution of the abductions issue

Japan has taken all possible diplomatic opportunities to raise the abductions issue and other issues concerning North Korea, including at summit meetings, foreign ministers’ meetings, and international conferences, such as the G7 Ise-Shima Summit, the Japan-U.S.-ROK Trilateral Summit Meeting and Foreign Ministers’ Meeting, and the Association of Southeast Asian Nations (ASEAN)-related Summit Meetings, and succeeded in gaining the understanding and support of other countries. For example, at the Japan-U.S. Summit Meeting held in February 2017, the two leaders completely shared the importance of early resolution of the

abductions issue, which was confirmed in writing between Japanese and U.S. leaders for the first time as a summit-level document. Japan will continue to reach out to the international community and to urge North Korea to take concrete actions.

In the UN, the Resolution on the Situation of Human Rights in the DPRK co-tabled by Japan and the European Union (EU) was adopted at the Human Rights Council in March 2016 (The resolution has been adopted in the Human Rights Council for the ninth time in nine consecutive years and adopted at the Plenary Meeting of the UN General Assembly for the twelfth time in twelve consecutive years). Furthermore, the UN Security Council Resolution 2321 adopted in November demonstrated the strong concern of the international community, including the UN Security Council, about the issue of human rights in North Korea, including the abductions issue.

In the U.S., in a plenary session of the U.S. House of Representatives in September a resolution was adopted calling on the Government of the U.S. to cooperate with the Governments of Japan, China and the ROK to proceed with an investigation regarding an American who may have been abducted by North Korea. In March 2017, partly thanks to lobbying from Japan, including by members of the Diet, and a draft resolution with similar content was submitted to the U.S. Senate. Given the rising awareness about the abductions issue in the U.S., Japan will make its utmost efforts for an early resolution of the abductions issue in close coordination and cooperation with relevant countries concerned, including the U.S.

C North Korea Nuclear and Missile Issues

The nuclear and missile development by North Korea is a clear violation of a series of relevant UN Security Council resolutions and a grave challenge to the global disarmament and non-proliferation regime, and is totally unacceptable. In spite of the fact that the international community, including Japan, has repeatedly and strongly urged North Korea for its self-restraint, North Korea has continued its nuclear and missile development. Even in 2016, it went ahead with nuclear tests at an unprecedentedly short interval and launched more than 20 ballistic missiles. The enhancement of North Korea's nuclear and missile capacity poses a threat of a new level to Japan and the entire international community.

In January 2016, North Korea carried out its fourth nuclear test, and in the following month, it went ahead with the launch of a ballistic missile that it purported to be a "satellite." In response to these events, in the same month, Japan decided to take autonomous measures against North Korea. Furthermore, in March, the UN Security Council unanimously adopted Resolution 2270, which significantly reinforces sanctions. However, even after these measures, North Korea went ahead with a series of ballistic missile launches, including Submarine Launched Ballistic Missiles (SLBM). The ballistic missile launched in June demonstrated that it fulfills its function as a ballistic missile to some extent. In addition, the ballistic missiles launched in August fell in Japan's Exclusive Economic Zone (EEZ). In September, North Korea launched three ballistic missiles simultaneously, all of which fell in Japan's

EEZ. Furthermore, in the same month, North Korea conducted its fifth nuclear test, just eight months after its previous one, at an unprecedentedly short interval, and it subsequently repeatedly launched ballistic missiles.

In response to such nuclear and missile development by North Korea, in November, the UN Security Council unanimously adopted Resolution 2321 which reinforces Resolution 2270 and further restricts the flow of people, goods, and funds, etc. to North Korea. As a member of the UN Security Council, Japan worked closely with countries concerned while leading the discussion in the UN Security Council. To ensure the effectiveness of these resolutions, Japan will closely cooperate with other UN Member States, including a proactive utilization of the Committee established pursuant to Resolution 1718.

Furthermore, taking into account the nuclear test in September and repeated ballistic missile launches as well as the fact that the abductions issue has not been resolved, in December, Japan announced that it would take additional autonomous measures against North Korea in order to realize the comprehensive resolution of the outstanding issues of concern, such as the abductions, nuclear and missile issues. The U.S. and the ROK also announced their autonomous measures against North Korea in close cooperation with Japan.

On the other hand, Chairman of the State Affairs Commission Kim Jong-Un declared his intention to continue the nuclear and missile development in his New Year's address, delivered in January 2017, by emphasizing that North Korea is a "nuclear power" and a "military power," stating that the country had entered the

final stage of preparation for the test launch of an "intercontinental ballistic missile," and claiming that North Korea had already developed a powerful military guarantee. In the following months, North Korea has continued its nuclear and missile development. In February of the same year, North Korea launched one ballistic missile and, in March, North Korea launched four ballistic missiles almost simultaneously three of which fell in Japan's Exclusive Economic Zone (EEZ).

Japan, in close coordination with relevant countries, including the U.S., the ROK, China, and Russia, will continue to strongly urge North Korea to refrain from any further provocation and to comply with the Joint Statements of the Six-Party Talks and the relevant UN Security Council resolutions.

D North Korea's External Relations, etc.

(A) U.S.-North Korea relations

North Korea called on the U.S. to hold a dialogue to change the armistice agreement into a peace treaty but the U.S. did not accept this and has enhanced its pressure on North Korea.

In February 2016, the North Korea Sanctions and Policy Enhancement Act entered into force in the U.S. In July, the U.S. designated eleven individuals, including Kim Jong-Un, the Chairman of the State Affairs Commission, and five organizations involved in human rights violations in North Korea as the targets subject to sanctions. In response to this, the North Korean Ministry of Foreign Affairs issued a statement in which it (1) demanded immediate and unconditional withdrawal of the sanctions, (2) warned that it would take extremely tough measures in response, and (3) it would cut off all diplomatic channels between the

U.S. and North Korea if the U.S. did not meet its demands. Subsequently in December, in response to the nuclear test conducted in September and repeated ballistic missile launches, the U.S. announced its new autonomous measures against North Korea in cooperation with Japan and the ROK. Furthermore, in January 2017, the U.S. designated additional two organizations and seven individuals involved in human rights violations in North Korea as the targets subject to sanctions.

Furthermore, the U.S. has declared it will maintain its defense commitments to Japan and the ROK, including the provision of extended deterrence, and in July 2016 the governments of the U.S. and the ROK decided to deploy THAAD (Terminal High Altitude Area Defense) in the ROK.

(B) North-South relations

In February 2016, the Government of the ROK announced to halt the Gaeseong Industrial Complex following the nuclear test by North Korea in January and its ballistic missile launch in February. In response to this, North Korea expelled the citizens of the ROK who were in the industrial complex, and declared the industrial complex as a military control zone. In May, North Korea proposed to the ROK a meeting between the North-South military authorities. However the Government of the ROK did not accept the proposal by North Korea, on the grounds that it is necessary for North Korea to take actions toward denuclearization. Subsequently in December, in response to the September nuclear test and repeated ballistic missile launches, the ROK announced new autonomous measures against North Korea in cooperation with Japan and the U.S. In

the New Year's address in January 2017, North Korea criticized President Park Geun-Hye of the ROK by name while showing a positive willingness toward North-South reunification with the ROK. However, the ROK continued to refuse to engage in dialogue.

(C) China-North Korea relations

To date, no summit meeting has been held between Kim Jong-Un, Chairman of the State Affairs Commission, and President Xi Jinping of China. However, close economic relations are maintained. For example, trade between China and North Korea accounts for approximately 90% of North Korea's entire external trade excluding inter-Korean trade. UN Security Council Resolution 2321 adopted in November 2016 imposes on member states an upper limit of imports of coal from North Korea, which is a source of foreign currency earnings for North Korea. In this connection, the trend in the trade between China and North Korea has attracted attention.

(D) Other countries

In February 2017 a North Korean man was killed in Malaysia, and later the Government of Malaysia confirmed that said man was Mr. Kim Jong Nam. Furthermore, the Malaysian police also announced that VX, the production, use, etc. of which is prohibited under the Chemical Weapons Convention, was detected from the body. As of March 2017, criminal justice proceedings are still under way in Malaysia and Japan is collaborating with the countries concerned to gather and analyze relevant information.

E Other Issues

Defectors who have fled from North Korea have to be kept in hiding to avoid being rounded up by the authorities in the countries where they are staying and forcibly repatriated to North Korea. The Government of Japan is addressing the protection and support of these North Korean defectors, in light of the purpose of the North Korean Human Rights Violation Act, taking into account a comprehensive range of factors, including humanitarian considerations, the safety of those concerned, and relations with the countries in which these defectors reside. Relevant Japanese ministries and agencies are working together closely to promote measures aimed at helping those defectors accepted by Japan to become settled.

(2) Republic of Korea (ROK)

A Situation in the ROK

(A) Domestic affairs

In 2016 President Park Geun-Hye, who was in her fourth year in office, gave a policy speech in which she set out the priority areas of employment creation and restoration of economic strength through creative economy and cultural flourishing, expansion of growth engines in preparation for the future, and construction of a sustainable foundation for growth.

The approval rating of the Park Geun-Hye administration fell to the 30-39% range after the ruling party was defeated in the 20th legislative elections in April 2016, and fell again to the 10-19% range due to the Choi Soon-Sil incident⁵.

Subsequently, on December 9 the same

year the impeachment resolution against President Park Geun-Hye was passed in the ROK National Assembly and the powers and duties of President Park Geun-Hye were suspended. Subsequently Prime Minister Hwang Kyo-Ahn assumed the powers and duties of the presidency on an interim basis.

On March 10, 2017 the Constitutional Court pronounced the verdict that it upheld the impeachment of President Park Geun-Hye, removing President Park Geun-Hye from office. As a consequence, the 19th presidential election to be held on May 9.

(B) Foreign policy

In 2016, the ROK practiced diplomacy that treated the North Korean nuclear issue as the top priority issue. Regarding its relations with the U.S., in response to the ballistic missile launches by North Korea in February 2016 the commencement of official consultations regarding deployment of the THAAD (Terminal High Altitude Area Defense) System to the U.S. Forces in Korea was decided, and in July the Governments of the U.S. and the ROK announced that they had decided to deploy the THAAD system in Seongju (ROK).

In 2017 the Ministry of Foreign Affairs of the ROK, keeping in mind the upgrading of North Korea's nuclear and missile capabilities and the realignment of power relations in Northeast Asia, and under the recognition that the current diplomatic and security environment is the severest since the end of the Cold War, announced the six core diplomatic issues of (1) omni-directional diplomacy for resolving the

⁵ It was found that President Park was giving official government documents including her speeches and documentation related to Blue House personnel management, etc. to Ms. Choi Soon-Sil, an old acquaintance, in advance. On October 25 the same year, President Park admitted that she was close to Ms. Choi and apologized to the ROK citizens. On December 3 the three opposition parties brought an impeachment motion against President Park.

nuclear issues and others of North Korea, (2) diplomacy for surrounding countries to respond actively to the environment within the region, (3) global diplomacy to contribute to the resolution of the main international outstanding issues, (4) economic diplomacy to secure the future growth engines of the ROK's economy, (5) strengthening protection of the citizens of the ROK in an era in which terrorism occurs frequently, and (6) public diplomacy as a trusted medium-level country.

(C) Economy

In 2016, the GDP growth rate of the Republic of Korea was 2.7%, an increase from 2.6% in the previous year. The total exports amounted to approximately 495.5 billion US, a 5.9% decrease from the previous year, and the total imports amounted to approximately 405.7 billion US dollars, a 7.1% decrease from the previous year. The trade surplus was approximately 89.8 billion US dollars (ROK Ministry of Trade, Industry and Energy Statistics).

In terms of domestic economic policy, since the inauguration of the administration's economic reforms have been advanced mainly based on "economic democratization," the "creative economy," and "revitalization of domestic demand." "Four Major Reforms" were raised after the "Three Year Plan for Economic Innovation" announced in February 2014, thereby promoting structural reforms in the public sector as well as the labor, education and financial sectors. In the field of international trade, the government has engaged in the FTA and RCEP negotiations and in addition, has promoted FTAs with several Central American Countries.

B Japan-ROK Relations

(A) Bilateral relations

The ROK is Japan's most important neighbor which shares strategic interests, and the partnership and cooperation of Japan-ROK are essential in ensuring peace and stability of the Asia-Pacific region. Furthermore, Japan and the ROK have worked in partnership on a variety of regional and global issues, including nuclear disarmament and non-proliferation, peacebuilding, poverty and not to mention dealing with issues related to North Korea. The Government of Japan will continue to develop a good understanding at a variety of levels in all fields such as politics, economy and culture and move toward developing a new era of future-oriented Japan-ROK relations based on mutual trust.

At a time when the enhancement of nuclear and missile capabilities by North Korea constitutes a new level of threat to the entire international community including Japan, cooperation between Japan and the ROK, and among Japan, the U.S. and the ROK regarding the North Korea issues has become more important than ever before. In response to the nuclear tests by North Korea in January 6, 2016 and September 9 the same year, Japan and the ROK promptly held teleconferences between their top leaders and Foreign Ministers, in which they shared the view that they would explore resolute responses, and confirmed the close cooperation of Japan and the ROK. Furthermore, on November 23 Japan and the ROK concluded the Agreement between the Government of Japan and the Government of the Republic of Korea on the Protection of Classified Military Information, and due to this conclusion a variety of information necessary for

handling various situations appropriately and effectively, including information related to the nuclear and missile programs of North Korea, can now be exchanged directly between Japan and the ROK.

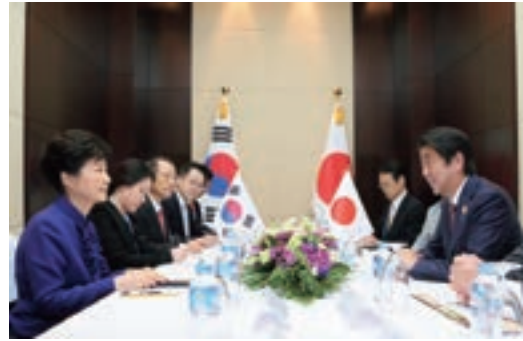
(B) Exchange

Mutual understanding and exchange between the people of both Japan and the ROK are steadily deepening and broadening. The year 2015 marked the 50th anniversary of the normalization of Japan-ROK relations, and a wide range of exchanges were conducted actively between the two countries. In Japan, K-POP and South Korean television dramas, etc. are widely accepted by people of all ages and in the ROK, Japanese culture has become popular, particularly the manga, anime, and novels of Japan.

Furthermore, the number of people traveling between the two countries each year has grown from around 10,000 people at the time that diplomatic relations were normalized to approximately 7.39 million people in 2016, the highest number ever recorded⁶.

The Nikkan Koryu Omatsuri (Japan-Korea Festival), an annual cultural exchange event in Japan and the ROK, respectively, took place in Tokyo on September 24 and 25 and in Seoul on October 2, with attendance of approximately 110,000 people in total.

Regarding youth exchange programs



Japan-ROK Summit Meeting (September 7, Laos; Photo: Cabinet Public Relations Office)

between Japan and Asia-Pacific countries and regions, Japan made efforts to promote mutual understanding and build a friendly and cooperative relationship for the future through the promotion of Japan's Friendship Ties Programs JENESYS 2016 which was expanded to include adults.

(C) Takeshima dispute

Regarding a dispute between Japan and the ROK concerning the territorial sovereignty over Takeshima, Japan has consistently held the position that Takeshima is indisputably an inherent part of the territory of Japan in light of historical facts and based on international law. Japan has been mobilizing various media to keep the rest of the world informed about Japan's position on the Takeshima dispute⁷, and has lodged repeated strong protests against the ROK over such matters as landing on the island by members of the ROK's National Assembly and others, the ROK's military

⁶ Number of visitors in 2016

Number of people from the ROK visiting Japan: 5,090,300 people (Japan National Tourism Organization (JNTO))

Number of people from Japan visiting the ROK: 2,297,893 people (Korea Tourism Organization (KTO))

⁷ In February 2008, the Ministry of Foreign Affairs created a pamphlet entitled "Takeshima: 10 points to understand the Takeshima Dispute." Currently, it is available on the Ministry of Foreign Affairs website in eleven languages: Japanese, English, Korean, French, German, Spanish, Portuguese, Arabian, Russian, Chinese, and Italian. Furthermore, since October 2013, videos and flyers about Takeshima have been available on the Ministry of Foreign Affairs website and currently they are available in the above 11 languages. In addition, Japan has taken initiatives such as distributing a smartphone app providing education about the Takeshima issue.

exercises and the construction of buildings that such acts are never acceptable⁸. Japan will continue to make diplomatic efforts tenaciously to settle the Takeshima issue in a peaceful manner in accordance with international law⁹.

(D) The issue of comfort women

It was confirmed that the issue of comfort women, which has been a long-standing issue over many years between Japan and the ROK, is resolved finally and irreversibly with the agreement reached at the Japan-ROK Foreign Ministers' Meeting on December 28, 2015. During the subsequent Japan-ROK summit telephone call, the two leaders confirmed and appreciated the agreement¹⁰. Based on this agreement, on July 28, 2016, the "Reconciliation and Healing Foundation" was established in the ROK, and on August 31, Japan contributed one billion yen to the foundation¹¹. However, on December 30, 2016, a civil group in the ROK installed a comfort woman statue¹² on the sidewalk facing the Consulate-General of Japan in Busan¹³. This

development is highly regrettable as it not only has an undesirable impact on Japan-ROK relations, but also is problematic in light of the the Vienna Convention on Consular Relations. The Japan-ROK agreement was highly appreciated by the international community, and Japan and the ROK respectively have a duty to the international community to implement the agreement. Japan will continue to tenaciously take every opportunity to ask the ROK to steadily implement the agreement. (See Announcement by Foreign Ministers of Japan and the ROK at the Joint Press Occasion)

(E) Other issues

With regard to matters arising from the judicial decisions in the ROK concerning "requisitioned civilians" from the Korean Peninsula¹⁴, Japan continued to hold the position that the property and claims between Japan and the ROK were settled completely and finally through the Agreement on the Settlement of Problems concerning Property and Claims and on

8 After Moon Jae-In, former Chairman of The Minjoo Party of Korea, landed on the island in July 2016 and a delegation of ten Republic of Korea parliamentarians led by Na Kyung-Won, a member of the National Assembly for the Saenuri Party, landed on the island in August 2016, followed by Kim Kwan-Yong, Governor of North Gyeongsang Province in the Republic of Korea, who landed in January 25, 2017. Following each of these instances, the Government of Japan immediately conveyed to the Government of the ROK that such an act was unacceptable and extremely regrettable in light of Japan's position on sovereignty over Takeshima, urged the Government of the ROK to ensure similar acts do not recur, and strongly protested against the act.

9 Japan has so far proposed three times (September 1954, March 1962 and August 2012) to the Republic of Korea that the Takeshima issue be referred to the International Court of Justice.

10 The consistent position of the Government of Japan has been that issues relating to property, including the issue of comfort women, and claims between Japan and the ROK have already been settled completely and finally in legal terms by the Agreement on the Settlement of Problems Concerning Property and Claims and on the Economic Co-operation between Japan and the Republic of Korea of 1965.

11 With this contribution of 1 billion yen, this foundation implemented projects for 29 former comfort women to recover their honor and dignity and to heal their psychological wounds (as of December 23, 2016).

12 For the sake of practical convenience, the statues in front of the Embassy of Japan in Seoul and the Consulate-General of Japan in Busan are referred to as "comfort woman statues." However, the use of this term is not a reflection of the recognition that these statues correctly embody the reality of those women at that time.

13 In response to this, Japan decided to take interim measures including (1) postponing participation in Busan municipal events by diplomats at the Consulate-General of Japan in Busan, (2) temporary recall of Japanese Ambassador to the Republic of Korea Yasumasa Nagamine and Japanese Consul to Busan Yasuhiro Morimoto, (3) suspending Japan-ROK consultations about a currency swap agreement, and (4) postponing Japan-ROK high-level economic consultations.

14 Some civilians of the ROK said to have been subjected to "forced requisition" by predecessor companies of Nippon Steel & Sumitomo Metal Corporation and Mitsubishi Heavy Industries, Ltd. during World War II, when the Korean Peninsula was under Japan's rule, brought claims for the payment of compensation and unpaid wages against the two companies. The Seoul High Court found in favor of the plaintiffs against Nippon Steel & Sumitomo Metal Corporation on July 10, and the Busan High Court ruled against Mitsubishi Heavy Industries, Ltd. on July 30, with both courts ordering the respective defendants to compensate the plaintiffs.

Announcement by Foreign Ministers of Japan and the Republic of Korea at the Joint Press Occasion

1. Foreign Minister Kishida

The Government of Japan and the Government of the Republic of Korea (ROK) have intensively discussed the issue of comfort women between Japan and the ROK at bilateral meetings including the Director-General consultations. Based on the result of such discussions, I, on behalf of the Government of Japan, state the following:

- (1) The issue of comfort women, with an involvement of the Japanese military authorities at that time, was a grave affront to the honor and dignity of large numbers of women, and the Government of Japan is painfully aware of responsibilities from this perspective.

As Prime Minister of Japan, Prime Minister Abe expresses anew his most sincere apologies and remorse to all the women who underwent immeasurable and painful experiences and suffered incurable physical and psychological wounds as comfort women.

- (2) The Government of Japan has been sincerely dealing with this issue. Building on such experience, the Government of Japan will now take measures to heal psychological wounds of all former comfort women through its budget. To be more specific, it has been decided that the Government of the ROK establish a foundation for the purpose of providing support for the former comfort women, that its funds be contributed by the Government of Japan as a one-time contribution through its budget, and that projects for recovering the honor and dignity and healing the psychological wounds of all former comfort women be carried out under the cooperation between the Government of Japan and the Government of the ROK.
- (3) While stating the above, the Government of Japan confirms that this issue is resolved finally and irreversibly with this announcement, on the premise that the Government will steadily implement the measures specified in (2) above.

In addition, together with the Government of the ROK, the Government of Japan will refrain from accusing or criticizing each other regarding this issue in the international community, including at the United Nations.

2. Foreign Minister Yun

The Government of the Republic of Korea (ROK) and the Government of Japan have intensively discussed the issue of comfort women between the ROK and Japan at bilateral meetings including the Director-General consultations. Based on the result of such discussions, I, on behalf of the Government of the ROK, state the following:

- (1) The Government of the ROK values the GOJ's announcement and efforts made by the Government of Japan in the lead-up to the issuance of the announcement and confirms, together with the GOJ, that the issue is resolved finally and irreversibly with this announcement, on the premise that the Government of Japan will steadily implement the measures specified in 1. (2) above. The Government of the ROK will cooperate in the implementation of the Government of Japan's measures.
- (2) The Government of the ROK acknowledges the fact that the Government of Japan is concerned about the statue built in front of the Embassy of Japan in Seoul from the viewpoint of preventing any disturbance of the peace of the mission or impairment of its dignity, and will strive to solve this issue in an appropriate manner through taking measures such as consulting with related organizations about possible ways of addressing this issue.
- (3) The Government of the ROK, together with the Government of Japan, will refrain from accusing or criticizing each other regarding this issue in the international community, including at the United Nations, on the premise that the Government of Japan will steadily implement the measures it announced.

the Economic Co-operation between Japan and the Republic of Korea, thus Japan will continue to deal appropriately with these issues based on this position.

Furthermore, Japan has made requests to the Government of the ROK through diplomatic channels to return cultural properties that were stolen and are currently in the ROK¹⁵ to Japan as soon as possible, and will continue to call upon the Government of the ROK for their prompt return.

Other than these issues, Japan has provided as much support as possible from a humanitarian perspective in a wide range of fields including the issue of remains of people originally from the Korean Peninsula¹⁶, support for ethnic Koreans in Sakhalin¹⁷, addressing the issue of atomic bomb survivors living in the ROK¹⁸ and helping Hansen's disease patients admitted to sanitariums in the ROK¹⁹.

Moreover, Japan and the ROK have engaged in several rounds of negotiations over the delimitation of the Exclusive Economic Zone (EEZ).

C Japan-ROK Economic Relations

Japan and the ROK continue to maintain close economic relations. The total value of trade between Japan and the ROK in 2016

amounted to approximately 7.74 trillion yen. Japan is the ROK's third-largest trading partner and the ROK is Japan's third-largest trading partner. The ROK's trade deficit with Japan increased by approximately 10.5% compared with the previous year to about 2.3 trillion yen (Trade Statistics of Japan, Ministry of Finance). Japanese direct investment in the ROK totaled approximately 1,250 million U.S. dollars (down 25.2% from the previous year) (figures published by the ROK Ministry of Trade, Industry and Energy), making Japan the ROK's fifth-largest source of foreign direct investment.

Thus, Japan and the ROK are important trade and investment partners for each other and progress is being made in forging new cooperative relationships between the two countries. As the integration of supply chains in the manufacturing sector has been achieved, new cooperative relationships between the two countries have been developed, including companies' joint expansion of business into third countries.

Japan believes that economic partnership between Japan and the ROK is vital in order to further strengthen these close economic relations between the two countries, as well as to ensure that both Japan and the ROK can play a leading role in regional

¹⁵ In April 2016, Buseoksa Temple in the ROK called for the Government of the ROK to return to Buseoksa Temple a Seated Kanzeon Bodhisattva statue, which had been stolen from Tsushima City in Nagasaki Prefecture and not returned to Japan, and filed a suit in the Daejeon District Court, and on January 26, 2017 the court issued the verdict in the first instance which awarded the statue to the plaintiff (Buseoksa Temple).

¹⁶ The issue of the return of the remains of people originally from the Korean Peninsula which were left in Japan after the end of World War II. Japan is steadily repatriating the remains whose return has been requested by the Government of the ROK and which are able to be returned.

¹⁷ For various reasons, before the end of World War II, the people from the Korean Peninsula traveled to what was then known as Minami Karafuto (South Sakhalin), but were compelled to remain there for a long time after the war ended under the de facto rule of the Soviet Union, without being given the opportunity to return to the ROK. The Government of Japan is providing such people with support to enable them to return home temporarily, and also to visit Sakhalin.

¹⁸ The issue of provision of support to those who were exposed to the atomic bombs while living in Hiroshima or Nagasaki during World War II, and subsequently went to live overseas. To date, Japan has provided support in the form of the Atomic Bomb Victim Health Handbook and allowances based on the Atomic Bombs Survivors' Assistance Act.

¹⁹ People who were admitted to Hansen's disease sanatoriums built overseas by Japan before the end of the war had demanded the payment of compensation in accordance with the Act on Payment of Compensation to Inmates of Hansen's Disease Sanatorium. The Act was revised in February 2006, allowing compensation to be paid to those formerly resident in sanatoriums overseas for the first time.

economic integration in Asia. Based on this understanding, Japan and the ROK continue to strive to achieve progress in negotiations concerning the Japan-China-ROK Free Trade Agreement (FTA) and the Regional Comprehensive Economic Partnership (RCEP).

In the area of the environment, the 18th Japan-ROK Joint Committee on Environmental Cooperation was held in July 2016. The two sides exchanged views on climate change, environmental cooperation, and marine environmental issues and confirmed that Japan and the ROK will closely cooperate on these subjects.

With respect to the issue of restrictions by the ROK on imports of Japanese marine products, a panel was established within the WTO in September 2015, in response to Japan's request, and the sub-committee is examining the issue. In this regard, Japan has been taking various opportunities to request the ROK to repeal the increased restriction measures promptly.

2 China / Mongolia, etc.

(1) China

A The Situation in China

(A) Economy

The Chinese economy has been gradually slowing down, for example real GDP growth over the last few years has been slowing. In 2016, the real GDP growth rate showed an increase of 6.7% and total trade value fell 6.8% over the previous year (total export value in particular fell 7.7% over the previous year). On the other hand, in the short term the business trends vary greatly among regions and industries. By industry, for instance, while the secondary industry

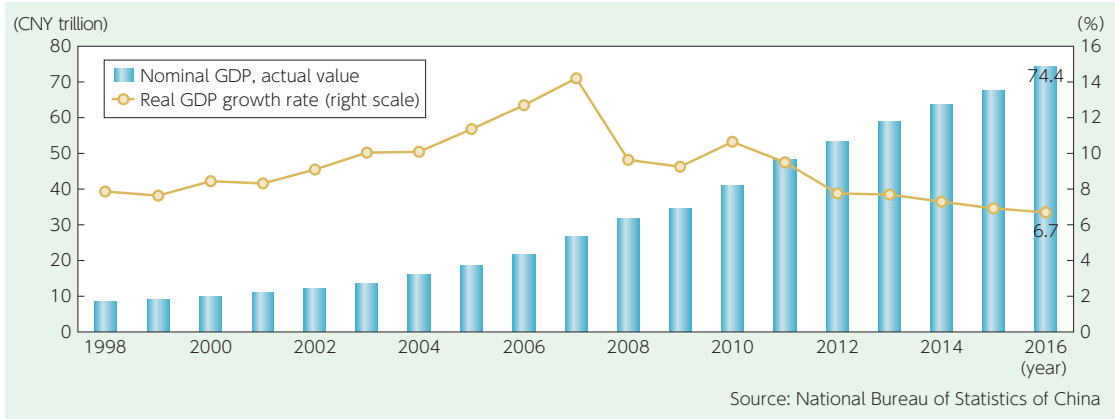
including manufacturing is slowing down, the tertiary industry such as finance and services is growing steadily.

Looking at financial trends, in the Shanghai stock market, stock prices fell rapidly again in January 2016 following the sharp decline in the summer of 2015 and the authorities aimed to stabilize the markets, for example by taking regulatory measures. Furthermore, in recent years the renminbi has been rising gradually against the U.S. dollar but it reversed direction due to a change in the central parity quotes of renminbi in August 2015 and against the backdrop of the rise of interest rate in the U.S. and other factors the dollar continued to appreciate against the renminbi.

Ensuring stable growth of the economy is a foundation of stable society and the source of Chinese people's support for the Communist Party of China, the ruling party. However it has become more complex and more difficult than ever before, with the background of reduced competitiveness, the negative legacy from the past rapid growth and the after effects of four-trillion-yuan-stimulus package. Under these circumstances, the Chinese Communist Party and the Government of China regard the current situation of the Chinese economy as the "new normal." It aims to ensure a transformation in economic development model from the conventional high-speed growth led by investment and exports to mid- to high-speed growth led by consumption and domestic demand through structural reforms from a mid- to long-term perspective while securing sustainable and stable growth by economic stimulus measures from a short-term perspective.

In response to this situation, at the

Development of China's GDP



National People's Congress in March 2016, the 13th five-year plan (2016-2020) was adopted. This plan firmly stuck to the government targets of ensuring an average annual real GDP growth rate of 6.5% or more and doubling nominal GDP and per capita income in 2020 as compared with 2010, and set out goals such as structural reform on the supply side, through the reduction of excessive production capacity and real estate inventory, and the promotion of innovation. At the Central Economic Work Conference held in December of the same year, the Government of China showed a willingness to implement economic management which gives top priority to stability as the National Congress in the second half of 2017 approaches, and once again emphasized the importance of supply-side structural reform.

(B) Domestic affairs

President Xi Jinping is running his administration under the slogan of "the Four Comprehensives". "The Four Comprehensives" refers to (1) Comprehensively build a moderately prosperous society (with some degree of comfort), (2) Comprehensively deepen

reform, (3) Comprehensively implement the rule of law, and (4) Comprehensively strengthen Party discipline, and they were discussed and adopted from the Third Plenary Session in 2013 to the 6th Plenary Session in 2016 of the 18th Central Party of China (CPC) Central Committee, respectively. Furthermore, at the 6th Plenary Session, President Xi Jinping was positioned as the Party's "core" leader for the first time in a party document and he was seen to further strengthen his power base in the current system before the CPC National Congress which will be held in the second half of 2017.

On the other hand, China is facing a significant number of issues. The growth of the Chinese economy is slowing down and in this context pre-existing social issues such as the gap between rich and poor, environmental pollution, ethnic minority issues, etc. are becoming more pronounced. Furthermore, at a time when the Internet population is growing and the values of Chinese society are becoming increasingly diverse, the Government of China is continuing to strengthen its management of society through the establishment of the Law of the PRC on Administration of Activities

of Overseas NGO in the Mainland of China and Cybersecurity Law, etc. Domestic and overseas critics have complained that these measures restrict civil activities and the rights of individuals. In October an incident occurred in which people seen to be military veterans asking for improved treatment surrounded the building which houses China's Ministry of National Defense. In the second half of 2017 in the lead up to the 19th CPC National Congress of the Communist Party of China, the present administration is under pressure to achieve difficult leadership objectives of responding to the dissatisfaction and unease in society while also having to strengthen its own power base.

In Hong Kong, the Legislative Council elections, which are held once every four years, were held in September and groups called "Localists" with a strong orientation toward independence for Hong Kong won seats for the first time. In November, however, two of the "Localist" members of parliament were disqualified as legislators based on an interpretation of the Hong Kong Basic Law adopted by the National People's Congress. Large-scale demonstrations opposing this move were reported.

(C) Foreign policy

Regarding the foreign policy of China in 2016, continuing on from last year, proactive economic diplomacy was deployed in light of the initiative entitled "the Belt and Road Initiatives (Silk Road Economic Belt/21st Century Maritime Silk Road)," with emphasis on infrastructure exports including high-speed railway. Related to that, the first Annual Meeting of the Asian Infrastructure Investment Bank (AIIB) was

held and it began full operations in June. In addition, in September the G20 Hangzhou Summit, the first to be hosted by China, was held in Hangzhou and discussions on the world economy were held.

Regarding U.S.-China relations, vigorous exchanges have been held. For example, President Xi Jinping held a summit meeting with President Obama three times, etc. At the U.S.-China Summit Meeting on the occasion of the G20 Hangzhou Summit, the two countries announced they would conclude the Paris Agreement, and that they were expanding working-level cooperation through dialogue and consultations such as in the climate change area.

(D) Military affairs and security

China has continued to increase defense expenditures at a high level. However, the breakdowns of the budget, and the intention behind the increase has not been disclosed sufficiently. Under such circumstances, its nuclear and missile capabilities and military power centered on naval and air forces are assumed to have been enhanced extensively and rapidly in recent years. Furthermore, the Chinese People's Liberation Army (PLA) is working on organizational reforms and recently these reforms have taken shape at a rapid pace. In December 2015 ceremonies were held for the establishment of the Rocket Force, Strategic Support Force, etc. and then in January 2016 the general departments that were the headquarters for the entire PLA were replaced by 15 functional sections under the Central Military Commission. Moreover, in February the PLA's previous "seven military regions" were abolished and "five theaters of operations" were newly created. It is considered that these series of

reforms are designed to build military forces that can fight and win wars but China has not set out a clear and specific future vision of its military strengthening.

At the same time, unilateral activities by the Chinese military in the sea and airspace around Japan are on the increase, such as the setting of the “Air Defense Identification Zone (ADIZ) in the East China Sea” in November 2013, the first entrance of a Chinese Navy combatant vessel into the contiguous zone around the Senkaku Islands in June 2016, etc.

Such broad and rapid expansion of military capability lacking transparency, and continued attempts to unilaterally change the status quo are common regional concerns. Japan intends to urge through dialogue for an improvement of China's transparency and encourage China to be positively involved in the international order based on the rule of law, in cooperation with the countries concerned.

B Japan-China Relationship

(A) Bilateral relations - General

The relationship with China, the neighboring country across the East China Sea, is one of Japan's most important bilateral relationships, and the two countries have close economic relations and people-to-people and cultural exchange²⁰. At the same time, Japan and China have numerous political and social differences. Thus, it is inevitable to have friction and conflicts, precisely because

the two countries are neighbors. Given this situation, Japan and China shared the view that they would build a “Mutually Beneficial Relationship Based on Common Strategic Interests” in 2006, based on the idea that it is important to develop the relations of the two countries by expanding their common interests in the context of contributing together to the international community. Since then, the leaders of the two countries have confirmed that they will promote a “Mutually Beneficial Relationship based on Common Strategic Interests.”

Following on from the previous year, generally speaking in 2016, Japan-China relationship was seen to tend toward improvement. In April Foreign Minister Kishida visited China in the context of bilateral relations, which was the first time for approximately four and a half years as the Foreign Minister of Japan where he made a courtesy call to Premier Li Keqiang and held a meeting with Foreign Minister Wang Yi. Foreign Minister Kishida explained his view on the bilateral relationship between Japan and China that is appropriate to a new era, that is, increasing the positive aspects of the relationship by expanding cooperation, as well as conducting candid exchanges and appropriately addressing difficult issues and concerns. This move toward an improvement in relations continued into the second half of the year and on the occasion of the Asia-Europe Meeting (ASEM) Summit (in Mongolia) in July, Prime Minister Abe held his second meeting with

²⁰ Since 1979, Japan has extended Official Development Assistance (ODA) of a cumulative total of more than three trillion yen to China. Approximately ten years ago, however, Japan terminated implementing new projects under Loan Aid and General Grant Aid, which had accounted for a large share of Japan's ODA to China, recognizing that ODA had already achieved a certain role in light of the economic development and improved technology level of China. Currently, ODA projects have been implemented to a limited degree in areas in which strict necessity for cooperation is acknowledged. Such areas include cross-border pollution, infectious diseases, and food safety, which directly affect the lives of the Japanese people. Technical Cooperation is the main form of cooperation (disbursements of 806 million yen in FY2015), while Grant Assistance for Grass-Roots Human Security Projects have also been implemented (disbursements of 106 million yen in FY2015). Furthermore, recently Japan has been proceeding with a new form of cooperation, in which China bears part of the costs.

Premier Li Keqiang. In the same month the two countries took the opportunity of the ASEAN-related Foreign Ministers' Meetings to hold the Japan-China Foreign Ministers' Meeting. In August there were intrusions by a large number of Chinese Government-owned vessels into Japan's territorial waters surrounding the Senkaku Islands but late in the month Foreign Minister Wang Yi visited Japan for the first time in order to attend the Japan-China-ROK Trilateral Foreign Ministers' Meeting.

Then on the occasion of the G20 Hangzhou Summit in September, Prime Minister Abe visited China and held his third summit meeting with President Xi Jinping. This meeting was positive and productive, based on the shared recognition of the two leaders that they would cooperate in areas where cooperation between Japan and China is possible in order to expand the "positive" aspects of the bilateral relationship and manage matters of concern to reduce the "negative" aspects. Prime Minister Abe and President Xi Jinping also held a short meeting at the APEC Economic Leaders' Meeting in Peru in November, and reaffirmed that they would improve Japan-China relations toward the milestone years of the 45th anniversary of the normalization of diplomatic relations between Japan and China in 2017 and the 40th anniversary of the Treaty of Peace and Friendship between Japan and the People's Republic of China in 2018. In the context of high-level dialogues being held frequently in this way, a range of dialogues and exchanges gained momentum and in November continuing on from the previous year the Japan-China Security Dialogue was held in Beijing, where views were exchanged about the security policies, etc. of both



Japan-China Summit Meeting (September 5, Hangzhou, China (pool photo); Photo: Cabinet Public Relations Office)
Japan-China Foreign Ministers' Meeting (April 30, Beijing, China)

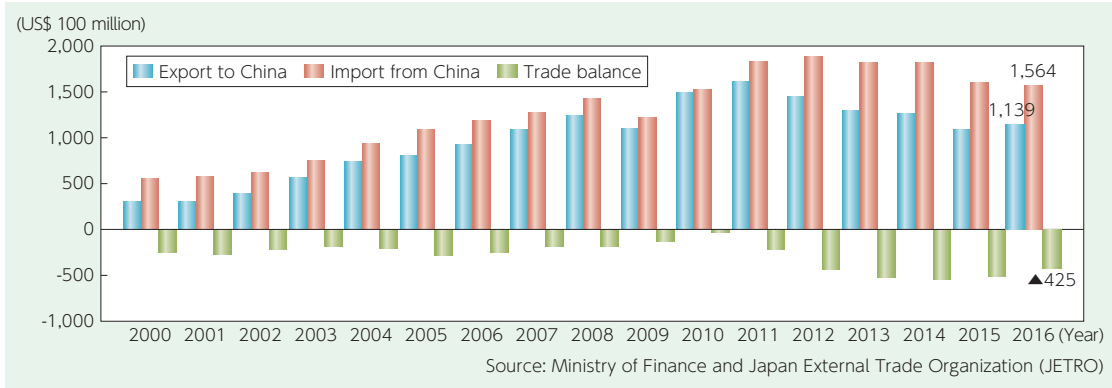


Japan-China Foreign Ministers' Meeting (April 30, Beijing, China)

Japan and China. In addition, in September and December, the Japan-China High-Level Consultation on Maritime Affairs was held, and views were exchanged about cooperation in the maritime affairs area, etc. Furthermore, in December the Japan-China Economic Partnership Consultation (Vice-Ministerial-Level) was held.

Japan and China share responsibility for the peace and stability of the region and the entire international community. Stable Japan-China relations are essential not only to the citizens of both countries, but also to the peace and stability of the Asia-Pacific region as a whole. Accordingly, based on the concept of the "Mutually Beneficial Relationship based on Common Strategic Interests," the Government of Japan will

Change in Japan's Value of Trade with China



Change in Japan's Direct Investment to China



promote the development of Japan-China relations from a broad perspective through continued dialogues and cooperation at various levels.

(B) Japan-China economic relations

Economic relations between Japan and China, including trade and investment, are close and interdependent. The total trade between Japan and China (excluding Hong Kong) amounted to about 270.3 billion US dollars in 2016, and China has been the largest trading partner for Japan for ten consecutive years. According to Chinese statistics, direct investment from Japan decreased to about 3.11 billion US dollars in 2016, due to increased labor costs: down

3.1% over the previous year (estimated based on officially published investment values). By country, Japan ranks fourth in terms of the amount of direct investment to China (Singapore ranks first and the ROK is second, followed by the U.S.).

In 2016, the necessity for dialogue and cooperation between Japan and China in the economic area was reaffirmed at the summit and foreign minister levels. In the Japan-China Foreign Ministers' Meeting, in April etc., Foreign Minister Kishida proposed cooperation regarding "five areas of cooperation ((1) macro-economy, financial and monetary affairs, (2) energy-saving and the environment, (3) a low birthrate and an aging population, (4) tourism, and (5)

disaster prevention)” in order to expand the positive aspects of Japan-China relations, and obtained a positive response from the Chinese side. Furthermore, in the Japan-China Summit Meeting on the occasion of the G20 Hangzhou Summit in September, Prime Minister Abe proposed to President Xi Jinping the promotion of cooperation in a variety of areas including the “five areas of cooperation,” etc. and the two leaders agreed to proceed with dialogue, cooperation, and a range of exchanges to expand the positive aspects of the relationship between the two countries.

In response to these developments, a range of dialogues and exchanges in the economic area were vigorously held. In April, Minister of Environmental Protection Chen Jining visited Japan to attend the Tripartite Environment Ministers Meeting, and in October, Minister of Commerce Gao Hucheng visited Japan to attend the Japan-China-ROK Economic and Trade Ministers’ Meeting. In November, Chairman of the National Tourism Administration Li Jinzao visited Japan and held a meeting with Minister of Land, Infrastructure, Transport and Tourism Keiichi Ishii. In addition, the ministerial-level Japan-China Comprehensive Energy Conservation and Environment Forum was held in Beijing, and the relevant ministers from Japan visited China. With regard to the Japan-China Economic Partnership Consultation in which high-ranking officials of relevant ministries and agencies get together from the two countries, following on from the previous year a vice minister-level meeting was held in December, where they held wide-ranging exchanges of views on Japan-China bilateral issues and cooperation, including the “five areas of cooperation,”

and on regional and multilateral issues and cooperation. Furthermore, regarding the import restrictions placed on food and agricultural products from Japan by the Government of China, Japan has taken every opportunity, particularly the Japan-China Summit Meeting in September 2016, to urge the Chinese side to carry out an evaluation based on scientific evidence, and has lobbied for the abolition and relaxation of the restrictions.

Economic exchanges at the private sector level were also actively carried out. In September, the Japan-China Economic Association, Keidanren (Japan Business Federation) and Japan Chamber of Commerce and Industry jointly dispatched a delegation to China, which had a meeting with top officials from the Government of China led by Vice Premier Zhang Gaoli. In November, a summit of CEOs, etc. from Japan and China was held in China, views were exchanged between the executives of major companies in Japan and China, and Premier Li Keqiang, etc. also participated.

On the working-level, various dialogues took place, including the 17th Japan-China Fisheries Joint Committee (November, Xiamen) and Japan-China governmental negotiations for Agreement on Social Security (June, Beijing and November, Tokyo).

(C) Promotion of mutual understanding between Japanese and Chinese people

(Current situation of people-to-people exchanges between Japan and China)

The total number of Chinese visitors to Japan strongly increased in 2016 as well, growing by more than 1.5 million people over the previous year and setting a



A group of Chinese university students visiting Japan for the 28th Hiroshima Prefecture homestay (October 23 to October 30, Akiota, Hiroshima Prefecture; Photo: Japan-China Friendship Center)



A group of Chinese high school students visiting Japan for exchanges (1st group, Osaka Prefectural Kadoma Namihaya High School visit (September 16, Osaka Prefecture; Photo: Japan-China Friendship Center)



Intensive Month for Japan-China Exchanges (Japanese music: Taisho harp performance) (November 7, Beijing Foreign Studies University)

record high of 6.37 million people. In the tourism area, the shift from group tourism to individual tourism is striking, and an increase in tourism for which shopping is



Intensive Month for Japan-China Exchanges



Japan Autumn Festival in Hong Kong

not the only objective is being seen, and this reveals a high level of their interest in Japan.

〈Japan-China youth exchange, etc.〉

In 2016, Japan invited a total of about 2,700 Chinese high school and university students and others in the program "JENESYS (Japan- East Asia Network of Exchange for Students and Youths) 2.0." Chinese young people that visited Japan experienced the various cultures and lifestyles, and felt the attractiveness of Japan through school exchanges and tours to businesses, while they deepened a mutual understanding with Japanese

Column Japan-China film exchange puts the icing on the cake of the 45th anniversary of the normalization of Japan-China diplomatic relations

Movies portray the universal aspects of human beings, including family love, romance, and friendship, and they affect the hearts of people across national borders. For that reason, exchanges through attractive films help to further foster friendly relations between Japan and other countries.

2016 was a very successful year for the film industry of Japan. There was a series of hit movies, most notably *Your Name*, as the number of admissions to movie theaters in Japan recovered to the level of over 180 million for the first time in 42 years and hit an all-time high box office sales of 235.5 billion yen were recorded.

On the other hand, the film market in China, seen in terms of box office revenue, accounts for 45.712 billion yuan (750.1 billion yen, 1 yuan=16.41 yen, 2016), which is approximately three times more than that of Japan. Furthermore, in terms of the number of screens, there are 41,179 screens in China (as of December 2016), approximately 12 times the number in Japan.

Successful Japanese movies have also been fascinating people in China. In 2015 only two Japanese movies were screened commercially in China, but in 2016, 11 movies were screened, including *Your Name*.

The government also supports these developments in the private sector. At the Japan-China Summit Meeting held between Prime Minister Shinzo Abe and President Xi Jinping in September 2016, the two leaders consented to “enhance interaction in a variety of areas ahead of the 45th anniversary of normalizing diplomatic relations in 2017, the 40th anniversary of the Japan-China Treaty of Friendship and Peace in 2018, and the Olympic events in the two countries in 2020 and 2022.” Based on these developments, in November 2016 the Study Meeting on the Overseas Development of the Film Industry set up in the Prime Minister’s Office (Chair:



Poster in China for megahit *Your Name*
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The press conference to announce the Japan-China co-production *KU-KAI* (October 28)
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Deputy Chief Cabinet Secretary Koichi Hagiuda) held discussions on the best approach to international exchanges through movies. Moreover, negotiations for a Film Co-production Agreement between the Government of Japan and the Government of the People's Republic of China began in order to boost film exchange between the two countries. Furthermore, six Chinese movies were screened at the Tokyo International Film Festival (in October and November) while 50 Japanese movies were screened at the Shanghai International Film Festival (June), and 22 at the Beijing International Film Festival (April). It is expected that in 2017 the two countries will witness further exchanges through film to commemorate the 45th anniversary of the normalization of diplomatic relations.

youth, and held vigorous exchanges of views about what the future Japan-China relationship should be. Furthermore, in 2016 under the Japan-China International Solidarity Project on Afforestation and Tree-Planting²¹ Japan invited youth, etc. from China and for the purpose of raising awareness of the environment and disaster prevention as well as further encouraging understanding of Japan, etc. implemented tree-planting activities, seminars about the environment and disaster prevention, tours of companies and related facilities, etc.

(Exchanges in various fields)

To further develop Japan-China relations, the Government of Japan invites people at various levels in all walks of life to Japan, such as leaders of central and local governments in China, people having certain influence in the political, economic, public and academic sectors, and next-generation leaders and opinion leaders in addition to young people who will carry the next generation, such as high school students and university students, thereby making efforts for a wide range of relationship building and strengthening. The Chinese participants are expected to exchange views with various circles

and experts and go on inspection tours, hoping that a good relationship will be built between the invitees and Japanese parties concerned and Japan will be more accurately understood through these exchanges.

The Embassy of Japan in China referred to the period from October to November 2016 as the "Intensive Month for Japan-China Exchanges" and intensively implemented 41 cultural exchange projects in Beijing and Wuhan in collaboration with the private sector. A total of approximately 25,000 people participated in these projects and in addition, on the Internet SNSs were utilized to present live broadcasts and videos, etc. of the cultural exchange projects, which were viewed approximately 36 million times.

The Consulate-General of Japan in Hong Kong also held the "Japan Autumn Festival in Hong Kong-Rediscovering Nippon-" from October to November, and implemented 142 events and certified projects over a wide range of fields including sports, movies and art, seminars, etc.

²¹ Size of budget: 9 billion yen (FY 2015 supplementary budget)

(D) Individual outstanding issues**〈Situation surrounding the East China Sea〉**

Regarding the East China Sea, there continue to be intrusions by Chinese Government-owned vessels into the territorial waters around the Senkaku Islands and unilateral development of resources by China in the maritime area pending delimitation between Japan and China, and these actions are unacceptable to Japan.

In the territorial waters around the Senkaku Islands, China frequently dispatched government-owned vessels into the territorial waters around the Senkaku Islands throughout 2016, and repeated intrusions into the territorial waters 36 times (121 vessels in total). In particular in August a large number of Chinese Government-owned vessels intruded into the area around the Senkaku Islands together with Chinese fishing vessels, and repeatedly intruded into Japan's territorial waters.

To begin with, the Senkaku Islands are indisputably an inherent part of the territory of Japan in light of historical facts and based upon international law. Indeed, the Senkaku Islands are under the valid control of Japan. Consequently, there exists no issue of territorial sovereignty to be resolved concerning the Senkaku Islands. Since 1885, Japan had conducted repeated investigations and, having confirmed that there were no traces to suggest that the islands were under the control of the Qing dynasty, incorporated them into Japanese territory in January 1895. Subsequently, with the permission of the Government of Japan, numerous Japanese citizens settled on the Senkaku Islands, where they engaged in business activities such as the



A Chinese maritime platform confirmed to have been built near to the geographical equidistance line between Japan and China. (Photo: Ministry of Defense)
See the link below for details: http://www.mofa.go.jp/a_o/c_m1/page3e_000356.html

manufacture of dried bonito flakes. After World War II, the Senkaku Islands were placed under the administration of the U.S. by the San Francisco Peace Treaty. From 1895, when Japan obtained territorial title over the Senkaku Islands by lawful means under international law, until the 1970s, when the islands became the focus of attention after it was suggested that there might be oil reserves in the East China Sea, China did not raise any objections to Japan's sovereignty over the Senkaku Islands. Moreover, China has never explained why it had not expressed objections.

The Government of Japan will continue to cooperate closely with the countries concerned and the international community,

and deal with the situation with resolute determination to defend Japan's territorial land, sea, and airspace. We have repeatedly used diplomatic channels to lodge strong protests and request the withdrawal of Chinese vessels.

Furthermore, in recent years, China has accelerated its development activities of natural resources in the East China Sea. The Government of Japan has newly confirmed 12 structures since June 2013, and a total of 16 structures including those confirmed before then, on the Chinese side of the geographical equidistance line.

The Exclusive Economic Zone and the continental shelf in the East China Sea have not yet been delimited. Japan takes a position that maritime delimitation should be conducted based on the geographical equidistance line between Japan and China. In this regard, under the circumstances pending maritime boundary delimitation, it is extremely regrettable that China is advancing unilateral resource development. Every time China's related moves are recognized, Japan has strongly requested China to cease its unilateral development and to resume negotiations as soon as possible on the implementation of the "June 2008 Agreement" in which Japan and China agreed to cooperate on the development of natural resources in the East China Sea.

In this context, Japan and China exchanged views regarding the "June 2008 Agreement" in the fora of the 5th Round Meeting and Working Group Meetings and Sixth Round Meeting and Working Group Meetings of Japan-China High-Level Consultation on Maritime Affairs in September and December. Japan will continue to strongly request China to resume

negotiations immediately and implement the agreement as soon as possible.

With regard to the "Maritime and Air Communication mechanism between Japan-China defense authorities" to avoid unexpected situations, on the occasion of the Japan-China Summit Meeting held on 6 September 2016 the two parties shared the view that they would accelerate consultations toward early start of operation of the mechanism, then they held the 6th joint working group meetings in November, and in addition they held frank exchanges of views at the 5th and 6th Round Meeting of Japan-China High-Level Consultation on Maritime Affairs held in September and December. Both Japan and China share the view to continue to have consultations for early start of operation of the mechanism (See 1-1 (2), 2-1-6 and 3-1-3 (4)).

〈Abandoned chemical weapons issue〉

The Government of Japan, pursuant to the Chemical Weapons Convention (CWC), has been working on the disposal of abandoned chemical weapons in China. In 2016 disposal by mobile disposal facilities was carried out in Shijiazhuang City, Hebei; and test disposal took place in Haerbaling District in Dunhua, Jilin Province. The disposal of a cumulative total of about 45,000 abandoned chemical weapons has been completed (as of January 2017).

(2) Taiwan

A Internal Affairs

In the presidential election in January, Chairperson of the Democratic Progressive Party, Tsai Ing-wen was elected and the Democratic Progressive Party also won its outright majority in the Legislative Yuan elections, in which the ruling party was replaced by the opposition party for the first

time in eight years. President Tsai Ing-wen listed issues including pensions, education, energy and resources, demographic structure, environmental contamination, finance, judicial issues, food safety and the gap between rich and poor in her inaugural speech on May 20, and positioned the low income and difficult circumstances facing young people as the most important issue.

Regarding the economy, exports and consumption slightly recovered and the real GDP growth rate in 2016 increased by 1.40% (estimated figure) year on year.

B Cross-strait Relations and Foreign Affairs

Since the inauguration of the Tsai Ing-wen administration, exchanges and communications by the liaison institutions in both China and Taiwan (the Association for Relations Across the Taiwan Strait, and the Straits Exchange Foundation) have been discontinued, and the number of tourists from China to Taiwan has dramatically decreased. In this context, on the occasion of the APEC Economic Leaders' Meeting in Peru in November, Chairperson of the People First Party, James Soong Chu-yu, attended as the representative of Chinese Taipei, and held a short meeting with President Xi Jinping.

C Japan-Taiwan Relationship

The relationship between Japan and Taiwan is maintained on the basis of working relations at the non-governmental level, in accordance with the 1972 Joint Communiqué between Japan and China. For Japan, Taiwan is a crucial partner and an important friend, with which it shares

basic values such as freedom, democracy, basic human rights, and the rule of law, and enjoys close economic relations and people-to-people exchanges. Amidst this, working relations are deepened day by day. In 2016 the cooperation documents of (1) product safety and (2) language education exchanges between the Interchange Association²² and the Association of East Asian Relations were signed.

Regarding the import restrictions imposed on Japanese food products by Taiwan after the Great East Japan Earthquake, the Japanese side has repeatedly requested the Taiwanese side through the Interchange Association for removal and relaxation of the restrictions that are not based on scientific evidence. Furthermore, in order to discuss the various maritime issues, in October the dialogue on maritime cooperation between Japan and Taiwan was held between the Interchange Association and the Association of East Asian Relations.

(3) Mongolia

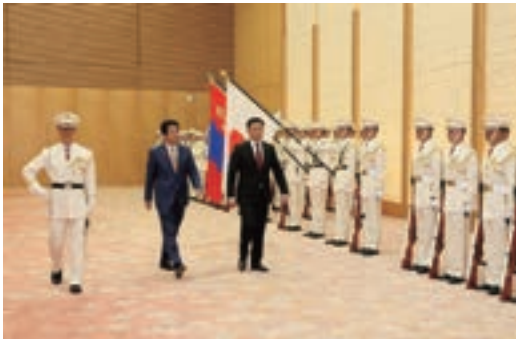
A Domestic Affairs

The result of the State Great Khural (unicameral parliament, four-year term of office) general election held in June was that the opposition People's Party won an overwhelming victory, capturing 65 of the 76 parliamentary seats and securing an absolute stable majority of seats. On the other hand, the ruling Democratic Party suffered a huge defeat, losing 29 seats. Based on the results of this election, People's Party leader Miyegombyn Enkhbold became the new chairman on July 5, former Minister of Finance Jargaltulga Erdenebat became the

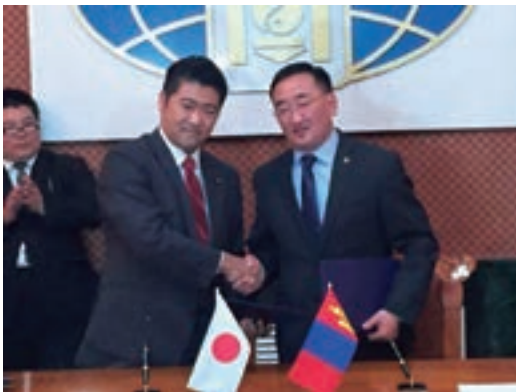
²² The Interchange Association changed its name to the Japan-Taiwan Exchange Association on January 1, 2017.



Visit of Prime Minister Abe to Mongolia: welcoming ceremony at Sukhbaatar Square (July 14, Ulaanbaatar, Mongolia; Photo: Cabinet Public Relations Office)



Visit of Prime Minister Erdenebat to Japan: salute and guard of honor ceremony (October 14, Tokyo; Photo: Cabinet Public Relations Office)



State Minister for Foreign Affairs Kihara carrying out the signing with Minister for Foreign Affairs Purevsuren at the first Joint Committee meeting of the Japan-Mongolia EPA (June 7, Ulaanbaatar, Mongolia).

new Prime Minister on July 8, and all of the ministers were appointed by July 30, and a new cabinet aiming to be a “professional cabinet” was inaugurated.

The situation of economic and fiscal slowdown and stagnation faced by the new Cabinet is extremely severe. The Mongolian

economy recorded a GDP growth of 17.3% in 2011, but was subsequently affected by the economic slowdown in China, its largest trading partner, and the stagnation in resources prices, etc. and the mining industry, the country’s major industry which accounts for 20% of GDP, fell into a slump. Moreover, as a result of the trade deficit due to an economic structure that depends on importing food products, daily necessities, and oil, etc., as well as a rapid decrease in foreign direct investment and a large decrease in foreign currency reserves due to restrictive investment policies and laws against the backdrop of its resource nationalism, the GDP growth rate fell to 2.3% in 2015. In 2016, the exchange rate for the Mongolian currency recorded an all-time low, and the fiscal deficit is also in an extremely severe situation.

B Japan-Mongolia Relations

Mongolia is an important regional partner, which shares fundamental values with Japan, so Japan will continue to further strengthen the friendly relationship of the two countries, which is positioned as a “Strategic Partnership,” so that the relationship to be truly mutually beneficial.

In 2016, high-level exchanges were actively carried out following the previous year. Mongolian Minister for Foreign Affairs Lundeg Purevsuren visited Japan (May), followed by Chairman Zandaakhuu Enkhbold of the State Great Khural (June), Minister for Foreign Affairs Munkh-Orgil (September) and Prime Minister Erdenebat (October). In July, Prime Minister Abe made his third visit to Mongolia and held his ninth summit meeting with President Elbegdorj. In June, the Japan-Mongolia Economic Partnership Agreement (EPA) entered into

force, the first such agreement for Mongolia, and the first meeting of the joint committee established based on the EPA was held in Ulaanbaatar, attended by State Minister for Foreign Affairs Seiji Kihara and Minister for Foreign Affairs Lundeg Purevsuren.

In many of these meetings, they exchanged views on a broad range of fields keeping in mind the further strengthening of mutually-beneficial relations toward 2017, the 45th anniversary of the establishment of diplomatic relations between the two countries (in 1972).

3 Southeast Asia

(1) Indonesia

The Joko administration inaugurated in October 2014 has so far increased its support from the people by implementing two cabinet reshuffles, reforms of the social welfare system, reforms of the education system and other economic policies, and the administration is further increasing stability. On the other hand, as can be seen in the large-scale demonstrations and crowds on November 4 and December 2, 2016, each of the political forces are stepping up their activities as the February 2017 Jakarta gubernatorial election approached.

In relations with Japan, meetings between the leaders and ministers were held following the previous year and relations with the Joko administration were strengthened. President Joko, who visited Japan for the outreach meeting for the G7 Ise-Shima Summit in May, held a conversation with Prime Minister Abe and confirmed that both would proceed with cooperation in the infrastructure area, etc. Furthermore, on the occasion of the UN General Assembly in September,



Prime Minister Abe shaking hands with President Joko of Indonesia visiting Japan for the outreach meeting for the G7 Ise-Shima Summit (May 27, Mie Prefecture).

Foreign Minister Kishida held a meeting with Foreign Minister Retno and they shared the view that they would further strengthen their “strategic partnership” and to cooperate with each other in bilateral relations in addition to regional issues such as the South China Sea, North Korea, etc.

In December, Coordinating Minister for Maritime Affairs Luhut visited Japan and signed the Memorandum of Cooperation with Foreign Minister Kishida to set up the Japan-Indonesia Maritime Forum for encouraging cooperation in the maritime area between Japan and Indonesia going forward both as maritime nations.

Also in December, Japan provided emergency relief goods (500 tents worth 6,600,000 yen) to Indonesia, through the Japan International Cooperation Agency (JICA) following serious damage from the earthquake disaster in Aceh.

(2) Cambodia

Cambodia is located in a strategic point of the Southern Economic Corridor and serves as a key country in strengthening connectivity and narrowing regional development gap in the Mekong region. The country has been promoting a development



Parliamentary Vice-Minister for Foreign Affairs Odawara attending the Official Inauguration Ceremony of the Sunrise Japan Hospital (September 20, Phnom Penh, Cambodia).

policy with emphasis on the enhancement of governance, with the aim of entering the group of Upper Middle-Income Countries in 2030.

Japan has been cooperating actively with Cambodia, including through the Cambodian peace process in the late 1980s and in its subsequent reconstruction and development process. In 2013 the relations between the two countries were elevated to a “strategic partnership.” In 2016 taking the opportunity of the Asia-Europe Meeting (ASEM) Summit Meeting (in Mongolia), the Japan-Cambodia Summit Meeting was held. Prime Minister Abe stated that Japan would continue to support Cambodia through initiatives such as exporting quality infrastructure, strengthening Mekong connectivity and developing industrial human resources, and in response, Prime Minister Hun Sen once again expressed his support for Japan’s policies for peace including Proactive Contribution to Peace and Legislation for Peace and Security. In addition from Cambodia, President of the Senate Say Chhum visited Japan in February upon invitation from Masaaki Yamazaki, President of the House of Councillors, and from Japan, Parliamentary

Vice-Minister for Foreign Affairs Masakazu Hamachi visited Cambodia in March and Parliamentary Vice-Minister for Foreign Affairs Kiyoshi Odawara visited Cambodia in September.

In recent years, an expansion of the bilateral relationship has been seen in a variety of areas such as an increase in the number of Japanese residents and Japanese companies in Cambodia, and vitalized exchanges between local governments, etc. In May 2016, the Japan-Cambodia Air Services Agreement entered into force, and in September direct flights began operating between Narita and Phnom Penh.

Regarding domestic affairs, political discord between the ruling and opposition parties has continued since the opposition party became much stronger in the National Assembly (lower house) election in 2013, and in 2016 tensions rose as judicial proceedings were conducted against leading figures from the opposition party and people involved in civil society. Trends going forward are being closely watched in the run-up to the local elections in 2017 and the general elections in 2018.

In the Khmer Rouge Trials which Japan has been supporting for many years, two former leaders of the Khmer Rouge regime, including a former head of state, were given sentences of life imprisonment by the Supreme Court Chamber in November 2016.

(3) Singapore

2016 is the 50th anniversary of the establishment of diplomatic relations between Japan and Singapore, and a variety of commemorative projects were successfully held in the two countries, deepening the friendly relationships



Official logo for the 50th anniversary of the establishment of Japan-Singapore diplomatic relations



Foreign Minister Kishida shaking hands with Minister for Foreign Affairs Balakrishnan of Singapore (April 26, Tokyo).

between the people of the two countries. Furthermore, there were even more visits by dignitaries to the two countries than in 2015.

In April, Minister for Foreign Affairs Balakrishnan came to Japan and on April 26, the day on which diplomatic relations were established between the two countries 50 years ago, he held a Foreign Ministers' Meeting with Foreign Minister Kishida, and they confirmed that they would further strengthen cooperation not only in bilateral relations but also regarding the regional and international situation.

On the economic front, a number of Japanese companies have established regional headquarters in Singapore, and cooperation between companies from the two countries continues to progress in the area such as infrastructure. Furthermore,

the two countries work together to actively carry out technical cooperation as well as intellectual and cultural exchanges targeting developing countries through the “Japan-Singapore Partnership Program 21 (JSPP21).”

Furthermore, when Prime Minister Abe and Foreign Minister Kishida stopped over in Singapore in August en route to Kenya to attend the Sixth Tokyo International Conference on African Development (TICAD VI), they made a call of condolence to former president S.R. Nathan who had passed away the same month.

When Prime Minister Lee Hsien Loong visited Japan in September, a summit meeting was held and Prime Minister Abe presented Prime Minister Lee the Grand Cordon of the Order of the Paulownia Flowers, which was conferred upon the former prime minister Lee Kwan Yew who passed away in 2015, and also confirmed further strengthening of cooperation between the two countries.

From November to December, President Tan and his spouse paid a State Visit to Japan and held a summit meeting with Prime Minister Abe.

(4) Thailand

Thailand is located in the center of the Mekong region. There exists a “strategic partnership” relationship between Japan and Thailand. A lot of production bases of Japanese companies are in Thailand as a consequence of investment accumulated over the years. Nowadays, they serve as an essential part of supply chains on a global scale for the Japanese economy.

After the coup led by the military in May 2014, under the parliament and interim cabinet established by the

military government, a process to restore democracy has been under way. A new draft constitution was approved in a national referendum held in August 2016, and going forward Thailand plans to undertake the necessary procedures to promulgate the constitution. It is not likely before the end of 2017 that democracy will be restored through the implementation of parliamentary elections.

As a consequence of the demise on October 13, 2016 of His Majesty King Bhumibol, who was loved and respected as figure of spiritual support for the people and led the development of Thailand over the course of a long reign of 70 years since acceding to the throne in 1946, the new king, His Majesty King Vajiralongkorn, acceded to the throne on the same day (the announcement of the accession was on December 1).

Various levels of exchanges, including political and economic, have been carried out between Japan and Thailand on the foundation of the close relationship between the imperial and royal families. In May 2016, Foreign Minister Kishida implemented his first bilateral visit to Thailand since he took office. During this visit, a wide-ranging exchange of views regarding bilateral relations, the regional affairs, etc., was held, and in addition, the Memorandum of Intent on deepening the cooperation in agriculture and its related areas was signed. Furthermore, in July on the occasion of the ASEAN-related Foreign Ministers' Meetings (in Laos) Minister Kishida held a bilateral Foreign Ministers' meeting. In September, the President of the National Legislative Assembly Pornpet visited Japan and paid courtesy calls on the President of the House of Councillors and

the Speaker of the House of Representatives of Japan. Moreover, in December the second meeting of the high-level joint committee was held, and an exchange of views regarding various points related to the economic relations between the two countries was held.

(5) Timor-Leste

Timor-Leste, as the first independent country of the 21st century, has realized peace and stability with the support of the international community and is building the nation based on democracy under President Ruak elected in 2012 and Prime Minister Araujo appointed in 2015. In July 2011, a "Strategic Development Plan (SDP)" (long-term guidelines for development policy up until 2030) was formulated, and the country is currently proceeding from the stage of post-conflict reconstruction to the new stage of full-scale development. Japan will continue to fully boost the efforts of Timor-Leste as it proceeds to this new stage, while continuously maintaining close cooperation in the international arena. Furthermore, Japan supports Timor-Leste's targeted policy of acceding to ASEAN smoothly and assists in human resources development toward the accession.

In March 2016, President Ruak paid a Working Visit to Japan to hold the Japan-Timor-Leste Summit Meeting with Prime Minister Abe and they issued the joint press release on the "Evolved Partnership for Growth and Development" and agreed to develop the relations between the two countries from "cooperative relations in the period of reconstruction after conflict" to "cooperative relations in an era of growth and development." Vigorous high-level exchanges are continuing. For example,

in June Minister of Defense Gen Nakatani visited Timor-Leste and in October, Minister of Planning and Strategic Investment Gusmão came to Japan.

(6) The Philippines

In the Philippines, the term of office of President Benigno Aquino came to an end, and as a result of the May 2016 presidential election, the new Duterte administration was inaugurated. President Duterte contributed to improving law and order in Davao City when he was the mayor of Davao, and after his inauguration as president, he established measures to combat illegal drugs as an important issue for his administration and has been strengthening the crackdown on drugs. Regarding peace in Mindanao, he is working on the implementation of the comprehensive peace agreement agreed by the previous Aquino administration and is aiming to introduce a federal system to the Philippines. Regarding the economy, in recent years the Philippines has been maintaining strong economic growth. The Duterte administration has continued the macroeconomic policies of the Aquino administration and is working on tax reforms, infrastructure development, etc., under 10-point socioeconomic agenda.

In relations with Japan, 2016 marked the 60th anniversary of the normalization of diplomatic relations between Japan and the Philippines. Regarding relations with the new Duterte administration, Foreign Minister Kishida visited Davao City, the hometown of President Duterte, in August and held a meeting with the president and Foreign Secretary Yasay. Furthermore, in October, President Duterte paid an Official Visit to Japan and held a summit meeting



Japan-Philippines Summit Meeting (October 26, Tokyo; Photo: Cabinet Public Relations Office)



Joint press announcement by the leaders of Japan and the Philippines (October 26, Tokyo Photo: Cabinet Public Relations Office)



Japan-Philippines Foreign Ministers' Meeting (August 11, Davao, Philippines).

with Prime Minister Abe. Prime Minister Abe stated that Japan would continue to support the initiatives of President Duterte, including building the maritime capacity of the Philippines, peace in Mindanao, infrastructure development, etc., and the leaders confirmed that they would further strengthen the “strategic partnership” of the two countries in a wide range of areas.

(7) Brunei

Brunei was achieving high economic levels and excellent social welfare, thanks to rich natural resources. However, the economic growth rate has fallen in the past few years, caused by falling prices of crude oil and natural gas so the Government of Brunei is aiming for the diversification of industry.

Japan and Brunei have maintained a good relationship based on the foundation of a stable supply of liquefied natural gas (LNG) that has been continuing for many years. Japan intends to actively contribute to industry diversification, in which Brunei is making efforts. Based on that thinking, Japan supports Brunei officials training in Japan. Furthermore, Brunei has been serving as the ASEAN's Country Coordinator for Japan for three years since August 2015.

In relations with Japan, high-level exchanges were held vigorously following the previous year. Foreign Minister Kishida held meetings with Second Minister of Foreign Affairs and Trade Lim Jock Seng in January (in Tokyo), July (in Laos), and November (in Peru), and they confirmed that they would strengthen bilateral relations and cooperate closely toward further development of Japan-ASEAN



Foreign Minister Kishida shaking hands with Minister at the Prime Minister's Office and Second Minister of Foreign Affairs and Trade Lim Jock Seng (July 25, Vientiane, Laos).

relations.

In June, measures restricting imports of food products from Japan after the Great East Japan Earthquake were partially eased in Brunei. Japan is continuing to call upon Brunei to lift the remaining restrictions as soon as possible.

Furthermore, there are many cultural and people-to-people exchanges, including sports exchanges. For example, in October a Japan-Brunei badminton exchange commemorating the 70th birthday of Sultan Bolkiah was carried out and from Japan, a total of seven people including the Nippon Badminton Association, the coach, and the national team members visited Brunei to hold a badminton tournament and practice matches with Bruneian badminton players and the general public, etc.

(8) Viet Nam

Located next to sea lanes in the South China Sea and having a long border line with China, Viet Nam is a geopolitically important country. Given that the country embraces the 3rd largest population in Southeast Asia, and experiencing a surge in the number of those in middle-income brackets, Viet Nam is becoming a promising market. While the economy slowed down from the late 2000s, it is on a recovery trend in recent years thanks to efforts of macro-economic stabilization such as curbing inflation, and foreign investment promotion through the development of infrastructure and improvement of the investment environment. Furthermore, the country is working on a reform of the financial sector and state-owned enterprises and participated in the Trans Pacific Partnership (TPP) agreement to diversify the economy, etc.

With regard to domestic affairs, the

National Congress of the Communist Party of Viet Nam (CPV), organized every five years, was convened in January 2016. General Secretary Trong was re-elected, and the new leadership of the Party was inaugurated. At the National Assembly convened from around March to April, President Quang (the head of state) and the Prime Minister Phuc were newly elected. However, in Viet Nam, which adopts a collective leadership, a significant change in policy on domestic and external affairs is unlikely to happen. Note that in recent years, awareness about the importance of incorporating democratic elements is gradually increasing even under the one-party leadership, as seen by the fact that a vote of confidence is implemented for the ministers in the national assembly and for the Politburo and the Secretariat members in the Communist Party.

In response to the situation in which China continues land reclamation and the construction of outposts in the Spratly Islands, etc., Viet Nam is seen to have a sense of vigilance against China over the situation in the South China Sea. In terms of relations with the U.S., the relationship is developing, as U.S. President Obama visited Viet Nam in May and announced the full lifting of the arms embargo on Viet Nam, etc.

Japan is the largest donor of Official Development Assistance (ODA) and the second largest investor country for Viet Nam. Japan-Viet Nam relations have been progressing in a wide range of fields, such as economic cooperation, security, and cultural exchange, based on the “Extensive Strategic Partnership.” Mutual high-level exchanges and VIP visits are continuing, including the following: Prime Minister

Abe held a summit meeting in the Prime Minister’s Office with Prime Minister Phuc, who came to Japan to attend the outreach meeting for the G7 Ise-Shima Summit in May, and held further meetings with him on the occasion of the ASEM Summit (in Mongolia) in July and the ASEAN-related Summit Meetings (in Laos) in September, and in addition, on the occasion of the APEC Economic Leaders’ Meeting in Peru in November, he held a meeting with President Quang.

(9) Malaysia

The Najib administration has been steadily implementing a “new economic model,” a “government transformation program,” and an “economic transformation program” under the slogan of “One Malaysia (nation first, prompt execution).” All of these programs were announced in 2010 to facilitate ethnic reconciliation, the enhancement of administrative reform, and the improvement of public welfare. Furthermore, in 2015 it announced the “11th Malaysia Plan (a five-year plan from 2016 to 2020),” and the country, with the aim to enter the group of advanced countries by 2020, proceeds with deregulation and liberalization to strengthen international competitiveness while maintaining a steady growth at home, supported by investment and domestic consumption.

Concerning its relationship with Japan, many visits of VIPs were implemented again in 2016. In May 2016, Deputy Prime Minister and Minister of Home Affairs Dato’ Seri Dr. Ahmad Zahid Hamidi visited Japan and paid a courtesy call on Prime Minister Abe, and in addition, held meetings with Deputy Prime Minister and Finance Minister Taro Aso and Foreign



Prime Minister Abe greeting Prime Minister Najib of Malaysia (November 16, Tokyo; Photo: Cabinet Public Relations Office)



Japan-Malaysia Foreign Ministers' Meeting (July 28, New York, U.S.)

Minister Kishida in which it was confirmed they would further develop the bilateral relations. Furthermore, in July in New York, Foreign Minister Kishida held a meeting with Minister of Foreign Affairs Dato' Sri Anifah bin Aman and they confirmed they would cooperate closely on issues in the region and the international community as fellow UN Security Council members from Asia. At the summit meeting in November when Prime Minister Najib visited Japan, the two leaders shared the view that they would further strengthen bilateral cooperation

based on their “strategic partnership” toward 2017, the 60th anniversary of the establishment of diplomatic relations.

On the economic front, close cooperation continues, as shown by the fact that Japan is the largest investor for Malaysia and the number of Japanese-affiliated companies operating in Malaysia amounts to as many as 1,400.

The Look East Policy, which serves as a foundation for the good bilateral relationship, celebrated its 30th anniversary in 2012. In this program, about 15,000 people have studied or have been trained in Japan so far. Currently, Malaysia is considering a program referred to as “Look East Policy 2.0” to expand and improve the quality of the Look East Policy. The two countries are cooperating in making the Malaysia Japan International Institute of Technology (MJIIT), which was opened in September 2011, a base for Japanese-style engineering education in ASEAN. The possibility of cooperation is also being studied in a high-speed railway project between Malaysia and Singapore.

(10) Myanmar

In Myanmar, in the general election in November 2015 the National League for Democracy (NLD), led by Aung San Suu Kyi, the leader of the movement for democratization, won a major victory and a new NLD government was inaugurated in late March 2016. Aung San Suu Kyi became the State Counsellor and Union Minister for Foreign Affairs and has established a position as the de facto top state leader, due to the constitutional hurdle which presents her from becoming a president. Htin Kyaw, who was her close aide for many years, was elected president by parliament.

The new administration is working on a cease-fire agreement with ethnic minority groups and the realization of domestic peace and national reconciliation. In addition to carefully maintaining relations with the armed forces, who still have strong political influence. Furthermore, it has announced new economic policies and has clarified policies oriented toward welcoming foreign investment as well as deregulation. On the diplomatic front, it is taking the stance of maintaining the conventional non-aligned neutrality while strengthening relations with neighboring countries.

The international community welcomed the inauguration of the first democratic administration in Myanmar for approximately half a century. With the recognition that the stability of the new administration is essential for the stability and prosperity of Myanmar and the region overall, Japan's policy intendeds to provide full-fledged support to Myanmar under the new regime and in cooperation with the government and private sectors. For example, Japan announced that its public and private sectors would contribute 800 billion yen over five years.

In November State Counsellor Aung San Suu Kyi visited Japan and held meetings with Prime Minister Abe and Foreign Minister Kishida respectively. Prime Minister Abe once again communicated the policy of full-fledged support in cooperation between the government and private sectors, and State Counsellor Aung San Suu Kyi stated that "Japan is a trustful partner" and expressed her expectations toward the support provided by Japan. Furthermore, wide-ranging consultations were held regarding cooperation measures for the economic development, peace, and

stability of Myanmar, improvement of the investment environment and the regional situation, etc.

(11) Laos

Laos is a land locked country bordering the five countries of China, Myanmar, Thailand, Cambodia, and Viet Nam. The country is the key to the connectivity of the Mekong region. In recent years, Laos has been attracting more attention as an investment destination for Japanese companies, and economic exchanges including private sector investment have been becoming active. In May 2016, the Japan-Laos Air Services Agreement entered into force. The relations of the two countries have deepened in a wide range of areas, and the importance of Laos as a "strategic partner" of Japan is growing.

With regard to domestic affairs, 2016 was a year in which major political changes occurred. In January, the 10th Congress of the Lao People's Revolutionary Party was held where the appointment of the new party leadership was announced, and new General Secretary Bounnhang took office. The 8th National Parliamentary elections in March were held in conjunction with the restored provincial council elections, the first in 25 years. Following on from this, in April, the new leadership of the government was elected, General Secretary Bounnhang also became president, and Thongloun Sisoulith became the new prime minister.

In 2016, as Laos served as the chair country of ASEAN, its leadership in the international community attracted attention and many dignitaries visited Laos. Particularly notable was that President Obama visited Laos to attend the ASEAN-related Summit Meetings, marking the first

visit by a U.S. President to Laos.

Regarding relations with Japan, immediately after his inauguration, Prime Minister Thongloun visited Japan in May in order to attend the outreach meeting at the G7 Ise-Shima Summit. In addition, Foreign Minister Kishida visited Laos in May and July (in July to attend the ASEAN-related Foreign Ministers' Meetings), and following that in September, Prime Minister Abe visited Laos to attend the ASEAN-related Summit Meetings. Therefore, the closest and most high-level exchanges were realized in the history of the two countries in 2016 alone, including the two summit meetings and three foreign ministers' meetings.

4 South Asia

(1) India

Geopolitically speaking India is an extremely important country as it faces the Indian Ocean connecting Asia and Africa and is positioned in the center of sea lanes. Moreover, India has the 3rd largest economy in Asia, with the world's 2nd largest population and a huge middle-income group. Japan and India are the two largest democratic countries in Asia, sharing common universal values, such as democracy and the rule of law, as well as strategic interests.

The Indian economy has been maintaining a high economic growth rate of around 7% since Prime Minister Modi took office in May 2014. In addition to the booming stock market, consumption and production have been increasing, and the foreign direct investment emphasized by Prime Minister Modi has also been rising steadily against a backdrop of deregulation.

In diplomatic relations, Prime Minister



Prime Minister Abe shaking hands with Prime Minister Modi of India (November 11, Tokyo; Photo: Cabinet Public Relations Office)



The two leaders visiting a Shinkansen plant (November 12, Kobe City, Hyogo Prefecture; Photo: Cabinet Public Relations Office)

Modi has put forward the “Act East” policy and is developing active diplomacy that promotes specific cooperation in the Asia-Pacific region, thereby enabling India to gain more influence in the international arena as a global power.

Regarding relations with Japan, in 2016 three summit meetings were held. The highlight was the meeting on the occasion of Prime Minister Modi's visit to Japan in November. In addition to the signing of the Agreement between the Government of Japan and the Government of the Republic of India for Cooperation in the Peaceful Uses of Nuclear Energy, steady progress was made in the high-speed rail project, and great achievements were made in various areas including industrial human

resource development, thus substantially advancing the “new era in Japan-India relations”. Furthermore, Prime Minister Abe and Prime Minister Modi shared the view that they would drive peace and prosperity in the Indo-Pacific region and the world by linking the “Free and Open India and Pacific Strategy” and “Act East” policy. During his stay in Japan, Prime Minister Modi made a trip by Shinkansen together with Prime Minister Abe and visited a Shinkansen plant in Kobe.

(2) Pakistan

Pakistan is located in a strategic location connecting Asia and the Middle East. Thus, its political stability and economic development are essential for the stability and growth of the region. Pakistan is also the most important country in the context of international counterterrorism measures. Furthermore, the country embraces a population of around 190 million, and approximately 60% of the total population is under 25 years old, thus making its economic potential high.

In security, Prime Minister Sharif has identified security improvement as a top priority. Since June 2014 the Pakistani military has conducted operations against armed forces including the Tehrik-i-Taliban Pakistan (TTP), and the number of terrorist incidents was reduced by approximately half in 2015 and by approximately 30% in 2016 compared to the previous year.

In foreign affairs, Prime Minister Sharif has been aiming to improve the relations with neighboring countries including India. In December 2015, the reopening of a full-fledged dialogue was expected when Prime Minister Modi of India paid a surprise visit to Pakistan. However, after the terrorist attack

on an Indian Air Force station in January 2016, India-Pakistan relations have been tense. Furthermore, under the “all-weather strategic cooperative partnership,” relations with China have been enhanced in a wide range of fields toward the construction of an economic corridor between China and Pakistan, which is an important constituent element of China’s initiative, “One belt, One road.” Regarding the relationship with Afghanistan, the Quadrilateral Coordination Group (QCG: with the participation of Pakistan, Afghanistan, the U.S., and China) has been holding discussions on peace and reconciliation process since January 2016, but the group’s consultations have been stalled. Furthermore, there remain many issues between the two countries, including border control, refugee issues, etc.

On the economic front, structural reforms have been completed under the three-year International Monetary Fund (IMF) program implemented from September 2013. Due to this program, macroeconomic indicators have been generally improving, including foreign exchange reserves and a continued growth rate around the 4% mark.

Regarding the relationship with Japan, a summit meeting between Prime Minister Abe and Prime Minister Sharif, and a foreign ministers’ meeting between Foreign Minister Kishida and Advisor to the Prime Minister on Foreign Affairs Aziz were held respectively on the occasion of the UN General Assembly in September. With regard to the regional situation, Japan requested at the Summit meeting that the safety of Japanese nationals be ensured and called for improvement of the business environment in view of promoting economic activities.

(3) Bangladesh

Bangladesh, in which Muslims account for around 90% of the population, is a democratic country located in the Bay of Bengal and is geopolitically very important as an intersection between India and ASEAN.

The Awami League administration led by Prime Minister Hasina has been stable. However, following the terrorist incident in October 2015 in which a Japanese national was murdered, attacks on secular bloggers and terrorist incidents targeting Shiite Muslim and Hindu religious facilities and security authorities have continued occurring in 2016. While the Government of Bangladesh had tightened security for foreign nationals through crackdowns on domestic Islamic extremists, a terrorist attack occurred in Dhaka on July 1 (local time), killing more than 20 people including seven Japanese nationals, and an organization calling itself ISIL Bangladesh claimed responsibility for the attack. Subsequently, measures to combat terrorism have been advanced by the security authorities, including exposing Islamic extremist groups and setting up numerous checkpoints but the threat of terrorism still remains throughout the country.

On the economic front, the country, though classified as a least developed country, maintained a steady economic growth rate of around 7.1% in 2016, attributed to robust exports such as textile products. With a population of around 160 million people, Bangladesh is a production base with an abundant, low cost and high-quality labor force and owing to, for

example, its considerable infrastructure demand, Bangladesh is attracting attention as a potential market. The number of Japanese-affiliated companies doing business in the country has increased from 61 (2005) to 243 (August 2016). The stable supply of electric power and natural gas, as well as infrastructure development, have also become challenges for foreign companies.

In the relationship with Japan, Prime Minister Hasina visited Japan in May to participate in the outreach meeting for the G7 Ise-Shima Summit and the inauguration ceremony for the new Chancery Building of the Embassy of Bangladesh in Japan. In response to the terrorist attack in Dhaka, Prime Minister Abe and Prime Minister Hasina held a summit meeting on the occasion of the Asia-Europe Meeting (ASEM) Summit (in Mongolia), where the two leaders confirmed cooperation for investigation of the facts of the incident, prevention of recurrence, and thorough measures to ensure the safety of Japanese nationals, and Prime Minister Abe expressed Japan's intention to continue its Official Development Assistance (ODA).

(4) Sri Lanka

Sri Lanka is situated at a strategic point on the sea lanes in the Indian Ocean. The country is traditionally pro-Japanese and its geopolitical and economic importance is attracting attention. After the end of the civil war in 2009²³, the security situation has greatly improved. Japanese tourists roughly quadrupled as compared with 2008 to about 40,000 (as of 2015).

²³ In Sri Lanka, over more than 25 years from 1983 to 2009, the Liberation Tigers of Tamil Eelam (LTTE), an anti-government force of Tamils, ethnic minority living mainly in the north and east of Sri Lanka, fought a civil war against the government, aiming for the separation and independence of their region.

In domestic affairs, President Sirisena, who took office as a result of the presidential election in January 2015, maintained the grand coalition of the United National Party (UNP) and the Sri Lanka Freedom Party (SLFP) after the general election in August the same year, and is running the government together with Prime Minister Wickremesinghe (UNP).

The new administration set up a National Reconciliation Bureau for national reconciliation, an important task after the end of the civil war, and has been working in a variety of ways including the suggestion of the establishment of a mechanism consisting of a 4-layer system to correspond to the investigation of the truth related to alleged human rights violations, rights for justice, rights for compensation, and prevention of recurrence of conflict.

After the end of the civil war, the economy of Sri Lanka grew at annual rate of 7%, and it continues to maintain an annual growth of 4.8% or above in recent years. Its GDP per-capita was recorded at 3,724 US dollars in 2015. Given the geopolitical importance of the country and its access to the Indian market, an even higher growth is expected.

In the relationship with Japan, following the visit of Prime Minister Wickremesinghe to Japan in October 2015, President Sirisena visited Japan in May 2016 to participate in the outreach meeting for the G7 Ise-Shima Summit and a summit meeting was held with Prime Minister Abe. After the summit meeting, they jointly announced a joint media statement.

(5) Nepal

Nepal has geopolitical importance as an inland state between the great powers of China and India. For many years, Japan



Official logo for the 60th anniversary of the establishment of Japan-Nepal diplomatic relations in 2016

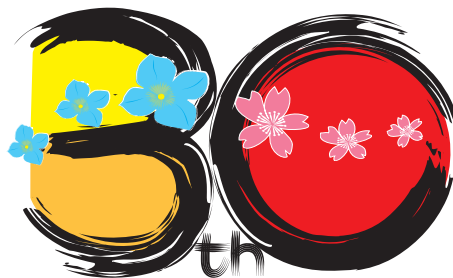
has been a major donor to Nepal and the two countries keep traditionally friendly relations through a variety of exchanges including relations between the imperial family and the former royal family, and mountaineering.

In 2016, Japan and Nepal commemorated the 60th anniversary of the establishment of Japan-Nepal diplomatic relations. Japan and Nepal have maintained friendly relations over a long period of time and they have deepened their bonds as Asian countries that have both experienced a major earthquake, namely the Great East Japan Earthquake (March 2011) and the major Nepal earthquake (April 2015). Throughout 2016, exchange programs in a variety of areas, including arts, culture, sports, tourism, etc., were carried out between the two countries. In September, State Minister for Foreign Affairs Kishi attended the ceremony for the 60th anniversary of the establishment of diplomatic relations between Japan and Nepal as the representative of Japan. The ceremony was held with great success with the presence of related ministers from the Nepali side led by Prime Minister Dahal (Prachanda), government officials from the two countries, diplomatic missions in

Nepal, staff of international organizations, etc. Japan and Nepal stated that they would further strengthen the friendly and cooperative relations between the two countries.

In domestic affairs, following the big earthquake in April 2015, the enactment of a new constitution became a critical issue in the context of recovery and reconstruction from the earthquake, and the new constitution was promulgated in September the same year. In October the following year, the new Oli administration took office but subsequently due to confrontations between the ruling and opposition parties, Prime Minister Oli announced his resignation in July 2016. In August, Chairman of the Communist Party of Nepal-Maoist Centre (CPN-MC) Dahal (Prachanda) was elected as the prime minister and a new administration started. Important issues for the new Dahal administration include the steady implementation of the new constitution, the acceleration of reconstruction and infrastructure development.

In regards to the relationship with Japan after March 2015, the Second Japan-Nepal Political Dialogue between the Ministries of Foreign Affairs was held in Nepal in June 2016 to conduct exchanges of views regarding issues such as the initiatives for the 60th anniversary of the establishment of diplomatic relations, the assistance from Japan for the reconstruction of Nepal after the earthquake, and the regional situation. Bilateral cooperation including political affairs has been further expanding throughout the anniversary year and towards the next 60 years.



Official logo for the 30th anniversary of the establishment of Japan-Bhutan diplomatic relations in 2016

(6) Bhutan

Bhutan peacefully shifted from a monarchy to a constitutional monarchy in 2008. Currently, efforts are being made to establish a democracy under the Tobgay administration. The government sets Gross National Happiness (GNH) as a guideline of the administration and is particularly working on economic independence, food production, and the reduction of youth unemployment rate under the 11th Five-Year Plan (until 2018).

With regard to the relationship with Japan, since His Majesty and Her Majesty of Bhutan visited Japan as state guests in 2011, exchanges between Japan and Bhutan have become active in a variety of fields and at various levels. In January 2016, Economic Minister Wangchuk visited Japan and had a meeting with State Minister for Foreign Affairs Kihara to exchange views to further encourage economic relations between the two countries, including increasing the number of Japanese tourists to Bhutan and investment from Japanese companies in Bhutan. Furthermore, 2016 was the 30th anniversary of the establishment of Japan-Bhutan diplomatic relations. In May in Japan, the inauguration ceremony of the Bhutan Exhibition in Ueno Royal Museum was held with the presence of Her Majesty

the Queen Mother Tshering Yangdon Wangchuck and Her Royal Highness Princess Dechen Yangzom Wangchuck. Furthermore, Special Advisor to the Prime Minister Katsuyuki Kawai attended the inauguration of “Japan Week in Bhutan” held in Bhutan in September.

In the area of economic cooperation, the two countries exchanged letters in October for grant aid of a maximum of 251 million yen for providing cultivators to encourage agricultural mechanization and grant aid of a maximum of 2.156 billion yen to reconstruct bridges on National Highway 4, a major road network in Bhutan, in December, etc.

(7) The Maldives

The Maldives is an island country in the Indian Ocean and its economic growth is mainly led by fishing and tourism, which accounts for about 30% of GDP. The country graduated from a least developed country in 2011, and its per-capita GDP reached approximately 8,395.8 US dollars (as of 2015).

With regard to domestic affairs, movements against President Yameen have been observed. For example, the former president Nasheed was given asylum while he was staying in the United Kingdom in May and the Maldives United Opposition (MUO) was launched in London (UK) in June. Furthermore, regarding foreign policy, the country declared withdrawal from the British Commonwealth of Nations in October.

Regarding the relationship with Japan, momentum to further deepen bilateral ties is growing with the opening of the Embassy of Japan in the Maldives in January 2016 and toward the 50th anniversary of the

establishment of diplomatic relations in 2017. In the area of economic cooperation, cooperation for the development of a terrestrial digital broadcasting network based on the Japanese standard is under way. The number of mutual visits is also increasing. In February 2016, Parliamentary Vice-Minister for Foreign Affairs Masakazu Hamachi visited the country to attend the opening ceremony of the Embassy of Japan in the Maldives, followed by a visit to Japan made by the Speaker of the People’s Majlis Maseeh to participate in the Global Conference of Parliamentarians on Population and Development in April. In October, Minister of Youth and Sports Adam visited Japan to participate in the World Forum on Sport and Culture.

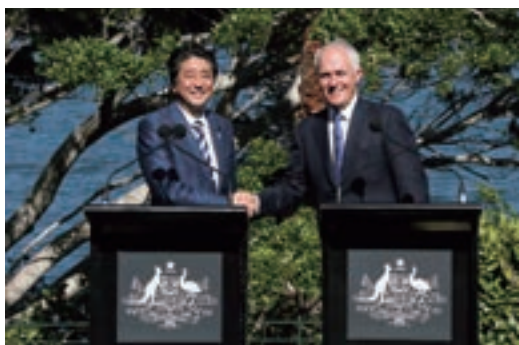
5 Oceania

(1) Australia

A Brief summary and overview

In Australia, Prime Minister Turnbull, who was appointed in September 2015, dissolved both houses of the federal parliament in May 2016 and federal parliamentary general elections were held in July. As a result of the elections, the Coalition (Liberal Party-National Party) led by Prime Minister Turnbull won by a narrow margin and he was reappointed as the prime minister.

Under the “Special Strategic Partnership” sharing fundamental values and strategic interests, Japan and Australia support a rule-based free and open international order and contribute together to the stability and prosperity of the international community. Based on mutual visits by the prime ministers and close collaboration between the foreign ministers, cooperative



Japan-Australia Summit Meeting (September 7, Vientiane, Laos; Photo: Cabinet Public Relations Office)

relations on the political and security fronts are steadily deepening. On the economic front, Australia is the sixth largest trading partner for Japan and Japan is the second largest trading partner for Australia. The two countries are further developing their mutually complementary economic relations based on the Japan-Australia EPA, and are cooperating closely regarding the promotion of free trade, in particular, the TPP agreement, the RCEP, etc. Furthermore, trilateral coordination and partnership such as Japan-U.S.-Australia and Japan-Australia-India are being steadily strengthened.

A Japan-Australia Summit Meeting was held on the occasion of the ASEAN-related Summit Meetings in September in Laos. During the meeting, the two leaders shared the view that they would further promote bilateral relations and closely cooperate on regional and international issues. Furthermore, in January 2017, Prime Minister Abe visited Australia and confirmed the deepening of the “Special Strategic Partnership” in a wide range of areas including security and defense cooperation, economic issues and people-to-people exchanges, while also seeking to strengthen the personal relationship between the two leaders. This visit was

widely and favorably reported by the media in the two countries. Foreign Minister Kishida and Foreign Minister Bishop held meetings on the occasions such as Foreign Minister Bishop’s visit to Japan in February and the UN General Assembly in September. Through these meetings, the two countries shared their views on the increasingly severe regional situations and confirmed that they would continue to coordinate for the peace and stability of the region.

B Cooperation in the security field

Japan and Australia are steadily strengthening and expanding cooperation from the point of view that the close bilateral coordination in the areas of security and defense will contribute to the peace and stability of the Asia-Pacific region. The Foreign and Defense Joint Ministerial Consultations (“2+2”) have been regularized, and the Japan-Australia Acquisition and Cross-Servicing Agreement (Japan-Australia ACSA), the Agreement on the Security of Information, and the Agreement concerning the Transfer of Defense Equipment and Technology were concluded between the two countries. The two countries worked to revise the ACSA in order to further promote close cooperation between the Self-Defense Forces and the Australian Defence Force, taking into account Japan’s Legislation for Peace and Security, and the new Japan-Australia ACSA was signed in January 2017. Furthermore, the two countries are currently negotiating to make an agreement to facilitate joint operations and exercises. Moreover, the two countries are strengthening the coordination in areas such as cyber, space, counter-terrorism and

violent extremism, and are broadening the scope of cooperation.

In light of the increasingly severe security environment in the Asia-Pacific region, Japan and Australia, which are both allies of the U.S., are working on further enhancement of Japan-U.S.-Australia cooperation. In July 2016, the Japan-U.S.-Australia Trilateral Strategic Dialogue (TSD) was held for the first time in approximately three years, and the three countries shared the view that they would closely collaborate and cooperate regarding issues including the South China Sea, the East China Sea, North Korea, and counter-terrorism. Furthermore, the cooperation is making steady progress such as joint exercises by the Japan Self-Defense Forces, U.S. Forces, and Australian Defence Forces, and the signing of the Trilateral Information Sharing Arrangement among the defense authorities in October.

At the Japan-Australia Summit Meeting held in January 2017, the two countries reaffirmed that the efforts relating to the security and defense cooperation will strengthen the long-standing bilateral strategic ties.

C Economic relations

The mutually complementary economic relationship between Japan and Australia has been developing steadily over the years. Japan mainly exports industrial products such as automobiles to Australia and mainly imports energy resources such as coal and natural gas, as well as agricultural products such as beef from Australia. Furthermore, in recent years, investment from Japan to Australia has been diversifying and expanding, making Japan the second largest investor to Australia. Moreover, efforts are being made to further

develop economic relations between Japan and Australia, under the Conference for Promotion of Exchanges between Japan and Australia, with innovation-led reform of industrial structures and region-led promotion of relations serving as the two pillars. The two countries are also closely coordinating on the promotion of regional free trade systems, including the TPP agreement and the RCEP.

At the Japan-Australia Summit Meeting in January 2017, the two leaders confirmed the success of the Japan-Australia EPA, celebrating the second anniversary of its entry into force, and the implementation of the TPP agreement that will bring about important economic and strategic benefit, will remain indispensable. They also reaffirmed that the RCEP would provide opportunities towards closer economic integration of the region.

D Cultural and people-to-people exchanges

There exists a foundation for an affinity toward Japan in Australia cultivated over many years, as shown by the fact that approximately 360,000 people in Australia learn the Japanese language (the highest number of learners per population in the world), and that there are over 100 sister city relations. In order to strengthen the foundation of Japan-Australia relations, various efforts have been made such as the promotion of understanding Japan through the short-term invitation programs, namely, JENESYS 2015, JENESYS 2016, and the “New Colombo Plan,” as well as promotion of reconciliation through the invitation program of former Australian prisoners of war (POWs), and the Young Political Leaders Exchange.

E Cooperation in the international Community

The two countries have been strengthening cooperation at various levels to play an active role in the peace and stability of the international community. The two countries have been building cooperative relations over many years regarding the UN peacekeeping operations and peacebuilding, and both countries have been operating in close coordination in the United Nations Mission in the Republic of South Sudan (UNMISS). In February, the foreign ministers of Japan and Australia announced the Japan-Australia Strategy for Cooperation in the Pacific in order to contribute to the peace and prosperity of the Pacific region. In October, the first Pacific Policy Dialogue was held to exchange views regarding the cooperation between Japan and Australia. Furthermore, the two countries are working together in the international arena, sharing the recognition on the importance of issues such as maritime security, the nuclear and missile development, the abduction issue by North Korea, disarmament and non-proliferation, climate change, and UN Security Council reform.

(2) New Zealand

A Brief summary and overview

In New Zealand, Prime Minister Key resigned in December and Deputy Prime Minister and Minister of Finance English assumed the office of the prime minister. Japan and New Zealand share fundamental values, such as democracy and market economy. The two countries have been maintaining good relations over the years. In recent years, under the “strategic cooperative partnership,” the

two countries have been strengthening cooperative relations on issues facing the region and the international community and strengthening bilateral cooperation in areas including economy, security and defense cooperation, and people-to-people exchanges.

B Mutual VIP visits

From Japan, Parliamentary Vice-Minister for Foreign Affairs Hitoshi Kikawada visited New Zealand in February to attend the commemorative ceremony to mark the 5th anniversary of the Christchurch earthquake. Parliamentary Vice-Minister for Foreign Affairs Hamachi and Minister of State for Special Missions Nobuteru Ishihara visited New Zealand and held meetings with its top government officials in July and August, respectively.

From New Zealand, Minister of Commerce and Consumer Affairs Goldsmith visited Japan in May to attend the International Conference on the Future of Asia in Tokyo. Furthermore, Minister for Maori Development Flavell visited Japan in June, and held a meeting with Deputy Chief Cabinet Secretary Kazuhiro Sugita, and exchanged views with companies related to the agriculture and forestry sectors. In addition, Minister for Economic Development Joyce visited Japan in August and exchanged views with people in the business sector.

C Economic relations

The two countries enjoy a complementary economic relationship, and the prime ministers of Japan and New Zealand confirmed the importance of promoting free trade during their talks on the occasion of the APEC Economic Leaders' Meeting in

Peru in November. The two countries are further strengthening bilateral cooperation toward the entry into force of the Trans-Pacific Partnership (TPP) agreement, which both countries participate, and the early conclusion of a high-quality RCEP.

Furthermore, in the fields of food and agriculture, the two-year extension of the “New Zealand Hokkaido Dairy Collaboration Project” was decided in June after the completion of a two-year long pilot project which began in 2014. This project is designed to identify methods of improving the profitability of dairy farming in Japan.

D People-to-people exchange

In 2016, 31 university students from New Zealand visited Japan as part of a youth exchange project “JENESYS (Japan-East Asia Network of Exchange for Students and Youths) 2016.” More than 1,100 high school and university students from New Zealand have visited Japan through youth related programs that have continued since 2007.

In addition, networking between sister cities is making progress with an aim to promote mutual understanding among the youth. Furthermore, the New Zealand Government sponsored “Game On English” which extends support to English language education for Japanese students through rugby, in which New Zealand won the World Cup twice in a row. Under this program, 22 Japanese students visited New Zealand in 2015.

E Cooperation at times of disaster

When a magnitude 7.8 earthquake centered in the northern Canterbury region, South Island, struck New Zealand

on November 13 (Japan time), Japan dispatched a P-1 patrol aircraft from the Japan Maritime Self-Defense Force as a part of the Japan Disaster Relief (JDR) Team and the Self-Defense Force Team, and surveyed the state of damage from the air upon a request from the government of New Zealand.

F Cooperation in the international community

The two countries cooperated closely for the peace and stability of the international community as the non-permanent members of the UN Security Council. Furthermore, Japan and New Zealand have been playing active roles in the stability and prosperity of the region, including the collaboration in the regional cooperation frameworks such as the East Asia Summit (EAS), the ASEAN Regional Forum (ARF) and the Pacific Islands Leaders Meeting (PALM), and the cooperation in the field of economic development in the Pacific island countries.

(3) Pacific Island Countries (PICs)

A Brief summary and overview

The Pacific Island Countries (PICs) are important partners for Japan in terms of the cooperation in the international community and supply of natural resources, and are bound by the Pacific Ocean and have deep historic ties with Japan. Japan has been holding the Pacific Islands Leaders Meeting (PALM) once every three years since 1997. Since 2010, Japan has also been holding the PALM Ministerial Interim Meeting. Furthermore, Japan continues to participate in the Pacific Islands Forum (PIF) Post Forum Dialogue. In addition, from 2014 onwards, Japan has been holding Japan-Pacific Islands Leaders Meeting every year

on the occasion of the UN General Assembly held in September. Japan has been further strengthening relations with PICs through high-level visits during such international conferences, operational implementation of meetings, agile ODA projects, and active people-to-people exchanges. There were a series of elections held in the PICs in 2016, including national elections held in Kiribati in January, Vanuatu in February, Samoa in March, Nauru in July, and Palau in November. As a result, new leaders came into office in Kiribati and Vanuatu and the incumbent were re-elected in Samoa, Nauru, and Palau. Furthermore, in the Marshall Islands, presidential elections were held twice, including one due to a vote of no confidence in January, and a new president came into office twice.

B Pacific Islands Leaders Meeting

In September during his visit to New York, U.S., Prime Minister Abe held the Third Japan-Pacific Islands Leaders Meeting on the occasion of the UN General Assembly where discussions were held on items such as the status of follow-up on various commitments and cooperation announced at the Seventh Pacific Islands Leaders Meeting (PALM 7), North Korea, the rule of law at sea, and UN reform, and in particular, Security Council reform.

Furthermore, in January 2017 the PALM Third Ministerial Interim Meeting was held in Tokyo. At this meeting, Foreign Minister Kishida and Secretary of Foreign Affairs of the Federated States of Micronesia Robert served as co-chairs, and exchanges of views were held with the focus on the follow-up of PALM 7, cooperation in the international arena, self-sufficient and sustainable development, various maritime issues,

and the vision toward PALM 8. The PICs expressed their deep appreciation for the steady implementation of the commitments announced at PALM 7 by Japan, and each country agreed to cooperate closely toward the success of PALM 8 in 2018.

C Mutual VIP visits

In January, Member of the House of Representatives Kazunori Tanaka visited the Republic of the Marshall Islands as a Special Envoy of the Prime Minister, and attended the inauguration ceremony of President Nemra and held meetings with the president and others. In May, Prime Minister of the Independent State of Papua New Guinea O'Neill attended the outreach meeting of the G7 Ise-Shima Summit as the representative of the Pacific Islands Forum (PIF), and held a meeting with Prime Minister Abe and confirmed cooperation in economic areas, in particular, LNG. In July, Parliamentary Vice-Minister for Foreign Affairs Masakazu Hamachi visited Samoa as the head of a joint public-private economic mission in order to attend the Japan-Samoa Trade and Investment Seminar, which was held as a specific effort based on the fact that the importance of encouraging trade and investment between Japan and the PICs had been confirmed at PALM 7. In January 2017, Parliamentary Vice-Minister for Foreign Affairs Odawara attended the inauguration ceremony of the president of the Republic of Palau as a Special Envoy of the Prime Minister and held a meeting with President Remengesau and others.

D Relationship with Pacific Islands Forum (PIF)

In September, a Pacific Islands Forum (PIF) Post Forum Dialogue was held in

Pohnpei, Federated States of Micronesia, and Parliamentary Vice-Minister for Foreign Affairs Odawara attended as a Special Envoy of the Prime Minister, and made reference to the importance of cooperation with the PIF and announced that Japan would advance cooperation with the PICs in a variety of areas, including climate change and human resources development.

E People-to-people exchanges

A total of 224 people, including university students, visited Japan under the people-to-people exchange projects - JENESYS 2015 and JENESYS 2016 - deepening their understanding of the politics, history, culture, and society of Japan. Furthermore, from FY2016 Japan commenced the Pacific-Leaders' Educational Assistance for Development of State (Pacific-LEADS) for young government administrators in the PICs, and in FY2016 the program accepted 41 trainees.

F Establishment of the Embassy of Japan in Samoa

Since Samoa is one of the central countries in the Polynesia region and is an important country for Japan, such as supporting Japan's position in the international arena to date, Japan upgraded the status of the representative office in Samoa to the Embassy of Japan in January 2017.

6 Regional and Inter-Regional Cooperation

The Asia-Pacific region is one of the world's growth centers. The realization of a peaceful and prosperous region is one of the priority issues in Japan's diplomacy. From this perspective, Japan places a high

priority on working with its neighbors to create a peaceful and stable regional community underpinned by rules that comply with international law and a free, open and close-knit regional economy, making use of various regional cooperative frameworks, including Japan-ASEAN, Japan-Mekong cooperation, ASEAN+3, East Asia Summit (EAS), ASEAN Regional Forum (ARF), and Asia Pacific Economic Cooperation (APEC), while maintaining the Japan-U.S. Alliance as the linchpin of its foreign policy.

(1) The Association of Southeast Asian Nations (ASEAN)

At the ASEAN-related Summit Meeting held in November 2015 (in Kuala Lumpur, Malaysia), it was declared that the ASEAN Community constituted of three communities of "political security," "economic," and "sociocultural," (Kuala Lumpur Declaration on Establishment of ASEAN Community) would be established by the end of 2015. In addition, the "ASEAN2025: Forging Ahead Together," which shows the direction of the ASEAN Community for ten years from 2016 to 2025, was adopted.

ASEAN also plays an important role as a center of regional cooperation in East Asia. In addition, multi-layered East Asian regional cooperation centered on ASEAN is functioning through such frameworks as ASEAN+3, EAS, ARF, and strengthened cooperative relationship in a wide range of areas including politics, security, and the economy. On the economic front, the ASEAN Free Trade Area (AFTA), as well as other economic partnership agreements (EPAs) and free trade agreements (FTAs) with various countries including

Japan, China, the ROK, and India, were concluded creating a network of Free Trade Agreements (FTAs) centered around ASEAN. With regard to the Regional Comprehensive Economic Partnership (RCEP), the negotiations started in 2013, and are being advanced with the aim of the conclusion of a high-quality agreement in such fields as trade in goods, trade in services, investment, intellectual property, and e-commerce.

Since ASEAN is situated in a geopolitically important location and constitutes important sea lanes, and its stability and prosperity relates to those of not only the East Asian region but also the international community, it is important for the entire international community that ASEAN is integrated in accordance with values such as the rule of law and democracy.

In the South China Sea, China has been further conducting unilateral actions that change the status quo and increase tensions such as large-scale and rapid land reclamation, the building of outposts for their use for military purposes, and attempts to create fait accompli. Many countries including Japan have expressed concern over such actions by China. Japan's position is that it welcomes dialogue between China and ASEAN regarding the South China Sea issue, but the dialogue should be based on international law and on the premise that demilitarization and self-restraint will be maintained on the ground.

Regarding the arbitral proceedings instituted by the government of the Philippines concerning the disputes between the Philippines and China about the South China Sea under the United Nations Convention on the Law of the Sea (UNCLOS), the Arbitral Tribunal rendered

the final award on July 12. Japan issued a statement by Foreign Minister Kishida on the same day, in which he stated that Japan has consistently advocated the importance of the rule of law and the use of peaceful means - not the use of force or coercion - in seeking settlement of maritime disputes, and that as the Tribunal's award is final and legally binding on the parties to the dispute under the provisions of UNCLOS, the parties to this case are required to comply with the award, and that Japan strongly expects that such compliance will eventually lead to the peaceful settlement of disputes in the South China Sea.

For Japan, the issues surrounding the South China Sea are important matters of concern, because most of its resources and energy depend upon sea transport and it places importance on freedom of navigation, and overflight and securing safe sea lanes. It is necessary for the international community to cooperate towards the maintenance and development of "Open and Stable Seas" (see 1-1 (2), 2-1-2 (1) and 3-1-3 (4)).

(2) Japan-ASEAN Relations

ASEAN exerts its centrality in regional cooperation in the Asia-pacific region. Therefore, achieving a more stable and prosperous ASEAN as the motive force is essential to the stability and prosperity of the region as a whole. Based on this recognition, Japan has announced that it will actively support efforts by "ASEAN Community Vision 2025" to achieve even further integration after the establishment of the ASEAN Community, while steadily implementing the vision statement on ASEAN-Japan Friendship and Cooperation and the joint statement that were both

adopted at the 2013 ASEAN-Japan Commemorative Summit Meeting.

Regarding Japan-ASEAN relations, which were elevated to new heights by the Commemorative Summit Meeting in 2013, through such meetings as the Japan-ASEAN Foreign Ministers' Meeting in July 2016 (in Vientiane, Laos) and the 19th Japan-ASEAN Summit Meeting (in Vientiane) in September 2016, the cooperative relations were further strengthened in a wide range of areas including strengthening the integration of ASEAN, sustainable economic growth, improvement of people's livelihoods, and ensuring the peace and safety of the region and the international community.

On the security front, the ASEAN countries appreciated Japan's contribution to the region and international community under the policy of "Proactive Contribution to Peace" and mentioned Japan's cooperation for countering terrorism, violent extremism, and transnational crimes, and cooperation for maritime security. With respect to the current situation in the South China Sea which may undermine peace, safety, and stability in the region, they shared the importance of peaceful resolutions of disputes in accordance with international law including UNCLOS, self-restraint in the conduct of activities which increase tensions, and respect for legal and diplomatic processes. Furthermore, regarding North Korea, the ASEAN Member States expressed their concerns on missile development by North Korea and mentioned the importance of complying with the UNSC resolutions and their expectation for an early resumption of the Six-Party Talks. They also shared Japan's concerns including the abduction issue.

In the economic area, through Official Development Assistance (ODA) and Japan-ASEAN Integration Fund (JAIF), Japan will continue to support deepening of the ASEAN integration, including support for enhancing ASEAN Connectivity and narrowing gaps within the region. At the 19th Japan-ASEAN Summit Meeting held (in Vientiane) in September, concerning "strengthening connectivity," the key to integration and growth of ASEAN, Japan promoted the development of infrastructure both qualitatively and quantitatively under our "Expanded Partnership for Quality Infrastructure" initiative based on the principles agreed to at the G7 Ise-Shima Summit. Japan stated that it will support the realization of "vibrant and effective connectivity" whereby the infrastructure in the region is interconnected and is utilized through institutional improvements and development on the surrounding areas, under the "Japan-Mekong Connectivity Initiative" and the "Mekong Industrial Development Vision." In response to this, all ASEAN Member States expressed their gratitude for Japan's cooperation with ASEAN over the years. Many ASEAN Member States appreciated Japan's initiatives to contribute to enhancing connectivity, human resource development and people to people exchanges such as the "Expanded Partnership for Quality Infrastructure," the "Industrial Human Resource Development Cooperation Initiative," "Japan-ASEAN Women Empowerment Fund" and the JENESYS program. They also welcomed increase of trade and investment between Japan and ASEAN and expected cooperation in economic areas such as supporting SMEs.

In other areas, Japan has been promoting

the “Japan-ASEAN health initiative,” to support human resources development with the aim to promote health, prevent illness, and improve the standard of medical care, and Japan-ASEAN Disaster Management Cooperation such as through the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA CENTRE). Furthermore, Japan promotes a variety of people-to-people exchange programs in ASEAN, via such initiatives as the Japan-ASEAN Center, the JENESYS program, “the WA Project Toward Interactive Asia through Fusion and Harmony,” and “Innovative Asia.”

The Mekong region (Cambodia, Laos, Myanmar, Thailand, and Viet Nam), situated in a strategic location for land and sea transport, has been achieving strong economic growth and becoming a partner of growth blessed with a prospective future. Peace, stability, and prosperity in the region are extremely important for Japan. Economic development in this region contributes to narrowing the development gap and promoting regional integration within ASEAN, making it important for the stability and prosperity of the entire region. In recent years, economic activities in the Mekong region have been revitalized and remarkable growth has been achieved, including the progress of infrastructure development, and an increase in the number of Japanese companies entering the region.

At the 7th Mekong-Japan Summit (Japan-Mekong Summit Meeting) held in Tokyo in July 2015, the “New Tokyo strategy 2015” was adopted and Japan announced the implementation of ODA assistance totaling 750 billion yen for the Mekong region in the next three years. At

the 9th Mekong-Japan Foreign Ministers’ Meeting in July 2016, the Japan-Mekong Connectivity Initiative was launched to realize “vibrant connectivity” in the region. This initiative has the objective of realizing stronger institutional connectivity in order to utilize physical connectivity more and further strengthening connectivity within the region. At the Eighth Mekong-Japan Summit Meeting in September, Japan and Mekong countries announced projects to be implemented under this initiative. Going forward, Japan will continue to contribute to the prosperity and development of the Mekong region as a trusted partner in the region.

(3) East Asia Summit (EAS) (participating countries: ten ASEAN countries and Japan, China, ROK, Australia, New Zealand, India, U.S., and Russia)

Launched in 2005, the EAS is an important regional forum, with its objectives to facilitate a candid dialogue among leaders on issues of importance to the region and the international community and to take advantage of the leadership of the participating heads of governments to advance specific cooperative initiatives targeting issues of common concern in the region. Many democratic nations take part in the EAS, and it is expected that it will contribute to sharing fundamental values in the region, including democracy and the rule of law as well as to strengthening international rules concerning trade and investment.

At the 6th EAS Foreign Ministers’ Meeting held in July (in Vientiane), the foreign ministers reviewed EAS cooperation and discussed the future direction of the EAS and regional and international issues,

such as the South China Sea and North Korea. Foreign Minister Kishida attended the meeting and expressed Japan's view on the South China Sea and North Korea. Moreover, he explained Japan's initiatives and ideas in regard to countermeasures against terrorism and violent extremism, strengthening the EAS, maritime cooperation and the sustainable economic development in East Asia.

Regarding the South China Sea issue, Foreign Minister Kishida stressed that Japan has consistently supported the unified response by ASEAN on the issue. In this context, Minister Kishida noted that ASEAN showed its strong will and capability to unite in one voice on the South China Sea issue by agreeing on the ASEAN Foreign Ministers' Joint Communique, and expressed his respect for Lao PDR, the ASEAN Chair, as well as countries concerned for their efforts. He also indicated that the ASEAN Foreign Ministers' Joint Communique expressed their serious concern over recent developments in the South China Sea, and explicitly mentioned peaceful resolution of disputes in accordance with international law, the importance of non-militarization and self-restraints in the conduct of all activities, as well as full respect for legal and diplomatic processes. Minister Kishida demonstrated that such points would form a basis for overcoming the situation of concern at this point in time. In addition, He stated that Japan is seriously concerned over the current situation in the South China Sea. He also reiterated his view that the award by the Arbitral Tribunal, as to the disputes between the Philippines and China, is legally binding to the parties of the dispute, and expected that the parties' compliance with this award would

eventually lead to the peaceful settlement of disputes. In light of this, he emphasized that all countries and states concerned should abide by international order based on the rule of law, not by force or coercion, and Japan will continue to support ASEAN's unity and this stance would not change in the future.

Regarding North Korea, Foreign Minister Kishida stated that it was totally unacceptable that North Korea not only conducted its 4th nuclear test and a series of ballistic missile launches but also launched a ballistic missile presumed to be "Musudan," and has been pursuing the development of SLBMs since the EAS held in November 2015. In addition, Minister Kishida called on EAS participating countries to take united actions in urging North Korea to refrain from any further provocation, comply with the UN Security Council Resolutions (UNSCR) and the joint statement of the Six-Party Talks, and take concrete actions toward denuclearization and other goals. Furthermore, he stated that it was necessary to put pressure on North Korea through ensuring strict implementation of the UNSCRs and that the EAS should issue a strong message regarding North Korea's human rights and humanitarian issues including the abductions.

At the 11th EAS held in September, (in Vientiane) the leaders reviewed cooperation within EAS and discussed the future direction of the EAS, as well as regional and international situations. Prime Minister Abe stated that Japan will provide 45 billion yen and conduct human resources development for 2,000 personnel over the next three years to support the enhancement of counterterrorism capabilities, including

border measures, for the sake of countering terrorism and violent extremism in EAS participating countries. He also mentioned that in order to deal with violent extremism, which is the root cause of terrorism, Japan intends to contribute even more actively through a comprehensive approach, including encouragement of moderation through personnel exchanges, educational activities, and other initiatives, and support for social and economic development that underpins a moderate society. Furthermore, from the perspective of strengthening the EAS, he stressed that the functions of the EAS should be further strengthened as the premier forum in the region, and it was Japan's desire to steadily implement "the Kuala Lumpur Declaration on the Tenth Anniversary of the EAS" and to promote further vitalization of the discussions in the political and security areas.

Regarding the South China Sea issue, Prime Minister Abe expressed serious concerns over ongoing unilateral attempts to change the status quo in the East China Sea and the South China Sea. He also stated that it is the rule of law that is the universal principle that must be strictly adhered to by the international community, and all parties should exercise self-restraint over actions that may increase tensions in the region, and should seek peaceful resolution based on international law including the UN Convention on the Law of the Sea (UNCLOS). Moreover, he mentioned that Japan has always supported the ASEAN centrality and unity, and while Japan welcomes the dialogue between China and ASEAN, it should be based on international law and on the premise that non-militarization and self-restraint will be maintained on the ground. He

also mentioned that the Philippines-China arbitral award is legally binding on the parties under UNCLOS, and Japan expects that the parties' compliance with the award will eventually lead to the peaceful settlement of disputes in the South China Sea (see 1-1 (2), 2-1-2 and 3-1-3 (4)).

Regarding North Korea, Prime Minister Abe stated that North Korea has launched approximately 20 ballistic missiles, and the three ballistic missiles launched by North Korea on September 5, when the G20 Summit was being held, fell into Japan's exclusive economic zone, and such acts are unprecedented and unforgivable outrages. Furthermore, he stressed that the repeated provocations by North Korea are clear challenges to the international community and there is no other way but to augment pressure on North Korea through strict implementation of the UN Security Council (UNSC) resolutions. Moreover, he pointed out that the human rights and humanitarian issues of North Korea are serious, and in particular, the abduction issue is the most important issue that concerns Japan's sovereignty and the lives and safety of Japanese people and called for understanding and cooperation of the relevant countries for early resolution.

Furthermore, many leaders including Prime Minister Abe pointed out the importance of the EAS Statement on Non-proliferation, leading to its adoption. It was very meaningful that all 18 EAS participating countries, including China, Russia, and ASEAN member states, stood united to issue the statement right after the missile launch by North Korea amid the G20 Summit.

(4) ASEAN +3

The Asian financial crisis in 1997 was the catalyst for the launch of ASEAN+3 in the form of adding the three countries of Japan, China, and the ROK to ASEAN, and it has developed centered on the fields such as finance and food security. It currently covers cooperation in 24 fields, including finance, agriculture and food, education, culture, tourism, public health, energy, and the environment. ASEAN+3 member states are deepening cooperation in the various fields based on the “ASEAN+3 Cooperation Work Plan (2013-2017).”

In the financial area, the Agreement Establishing ASEAN+3 Macroeconomic Research Office (AMRO) entered into force in February, and in the same month, AMRO opened in Singapore. Furthermore, in food security, Japan provided rice to countries such as the Philippines and Cambodia through the framework of the “ASEAN Plus Three Emergency Rice Reserve” (APTERR) agreement.

At the 17th ASEAN+3 Foreign Ministers’ Meeting held in July (in Vientiane), Foreign Minister Kishida reviewed ASEAN+3 cooperation and explained the future direction of ASEAN+3, focusing on the initiatives of Japan. In addition, he explained Japan’s concerns regarding terrorism, transnational crime, and the abductions and nuclear and missile development by North Korea as well as the regional and international situation including Japan-China-ROK trilateral cooperation.

At the 19th ASEAN+3 Summit Meeting held in September (in Vientiane), Prime Minister Abe made statements about the importance of the integration of the ASEAN community and Japan’s support for the centrality and unity of ASEAN.



ASEAN+3 (Japan-China-ROK) Summit (September 7, Vientiane, Laos; Photo: Cabinet Public Relations Office)

With regards to ASEAN+3 cooperation, he mentioned the Expanded Partnership for Quality Infrastructure, AMRO, which opened in 2016, and an early conclusion of the RCEP negotiations. Furthermore, with regards to food security, explaining about the rice that Japan provided based on APTERR, he called on the expansion of public-private partnership cooperation to construct a food value chain and the relaxation and removal of import restrictions on Japanese food products. Regarding the cooperation pertaining to people-to-people connectivity, he touched on the Memorandum of Cooperation on ASEAN+3 Tourism signed in January and stated that Japan will actively support human resources development and people-to-people connectivity in ASEAN through tourism cooperation and student exchanges. Moreover, he explained Japan’s support and frameworks regarding terrorism and transboundary crimes and mentioned the importance of criticizing the clear violations of the UNSC resolutions by North Korea and of strict adherence to the Three Principles of the Rule of Law at Sea in maritime security. In response to this, many ASEAN leaders expressed their concerns about the nuclear and missile development of North Korea, and some of them mentioned cooperation in the field

of maritime security and appreciated the Japan-China-ROK cooperation.

(5) Japan-China-ROK Trilateral Cooperation

Trilateral cooperation among Japan, China, and the ROK continues to be vital on the ground that it promotes exchange and mutual understanding among the three countries that enjoy geographical proximity and share deep historical ties. Furthermore, as economies that play a major role in the world economy and serve as the motive force driving the prosperity of the East Asian region, trilateral cooperation among Japan, China, and the ROK is one of the areas of cooperation which has huge latent potential in efforts to tackle various issues in the international community.

In August, the Japan-China-ROK Trilateral Foreign Ministers' Meeting was held (in Tokyo), and Foreign Minister Kishida attended the meeting. The three ministers discussed cooperation in a wide range of areas as disaster management, environment, youth exchange, counter-terrorism, the Middle East and Africa, and shared the view that they would further promote such trilateral cooperation. With regard to the regional and global situations, the three ministers exchanged their views frankly on regional issues such as the situation in Northeast Asia and the cooperation in East Asia and reaffirmed their staunch opposition to the repeated provocations by North Korea among others. Regarding the Trilateral Summit, since the schedule was not fixed in 2016, the three countries are continuing to coordinate with each other to hold the summit in Japan in 2017 under Japan's chairmanship.

(6) Asia Pacific Economic Cooperation (APEC)

Consisting of 21 countries and regions (economies), including those in the Asia-Oceania region, APEC promotes regional economic integration and intra-regional cooperation among the member economies on a voluntary basis. The Asia-Pacific region is positioned as the world's growth center, so strengthening cooperation and relationships of trust in the economic realm in this region is absolutely crucial if Japan is to achieve further development.

At the APEC Economic Leaders' Meeting in Peru in 2016, the participating leaders had wide-ranging discussions on themes of the promotion of regional economic integration and quality growth, the enhancement of the regional food market, the modernization of micro, small and medium enterprises (MSMEs), and the development of human capital, etc., under the overall themes of "Quality Growth and Human Development." Prime Minister Abe expressed the need for leaders to use all policy measures - monetary, fiscal, and structural - individually and collectively to respond to the downside risks to the global economy, and also expressed Japan's intention to continue to promote free trade by progressing policies to bring about "Inclusive Growth" and introduced Japan's activities to realize its initiative of the "Japan's Plan for Dynamic Engagement of All Citizens" (see 3-3-1 (3)).

(7) Asia-Europe Meeting (ASEM)

ASEM was established in 1996 as the only forum to intensify dialogue and cooperation between Asia and Europe, and it celebrated its 20th anniversary in 2016. ASEM currently consists of 51 member



ASEM Summit (Retreat Session) (July 16, Ulaanbaatar, Mongolia; Photo: Cabinet Public Relations Office)

countries and two institutions and has been working through summit meetings and various ministerial meetings in the fields of politics, economy, and culture and society defined as three pillars.

In July, the 11th Summit Meeting was held in Ulaanbaatar (Mongolia). The participants took the opportunity of the 20th anniversary of the establishment of ASEM to take stock of the partnership between Asia and Europe to date and hold discussions about the future of ASEM. Furthermore, discussions were also held about what needed to be done to promote the ASEM partnership toward strengthening connectivity between Asia and Europe as well as the regional and international situation.

From Japan, Prime Minister Abe attended and resolutely condemned the terrorist attack in Nice (France) that had occurred the day before the meeting and the terrorist attack in Dhaka (Bangladesh) which claimed the lives of Japanese nationals as well. Prime Minister Abe also emphasized that Asia and Europe should jointly issue a clear message on fighting against terrorism. In addition, with regard to the global economy facing uncertain circumstances, he referred to the response by Japan mobilizing all policy tools, consisting of monetary policy, fiscal

policy, and structural reform, on the basis of the agreement reached at the G7 Ise-Shima Summit in May. Moreover, he discussed Japan's position on North Korea and the South China Sea, as challenges relating to the regional peace and prosperity.

The Chair's Statement issued by this summit contained statements about maritime security and terrorism, and in particular, an independent statement on terrorism was released under the leadership of Japan. Furthermore, following on from the 10th Summit Meeting in 2014 and the 12th Foreign Ministers' Meeting in 2015, the North Korea abduction issue was clearly mentioned.

In addition, at the 7th ASEM Culture Ministers' Meeting held in Gwangju City (ROK) in June, under the theme of "Culture and Creative Economy," recognition of the importance of developing culture and creative industries in the economic growth of Asia and Europe was shared. Furthermore, in the same month, the 12th ASEM Finance Ministers' Meeting was held in Ulaanbaatar, and Deputy Prime Minister and Finance Minister Aso attended. The finance ministers of each country exchanged views about the macroeconomic trends and prospects in Asia and Europe, and discussed issues related to securing financial stability at the regional and global level.

(8) South Asian Association for Regional Cooperation (SAARC)

SAARC was officially inaugurated in 1985 with multiple objectives such as enhancing the welfare of citizens of the South Asian countries, cooperation and collaboration in economic and social development and cultural areas. As of 2016, SAARC has eight member states and nine observer

countries and institutions, including Japan. SAARC is working primarily on areas such as the economy, society and culture, for example, through summit meetings and meetings of the Council at the ministerial level (foreign ministers' meetings). It is a comparatively moderate framework for regional cooperation but SAARC is gaining importance recently from the viewpoint of regional connectivity. Japan is making efforts to strengthen relations with SAARC through cooperation in a wide range of fields such as democratization and peace-building, infrastructure, energy, disaster risk reduction, and child welfare. As part of youth exchange between Japan and the SAARC, Japan has invited around 3,000 people to date (221 people in FY2016).