

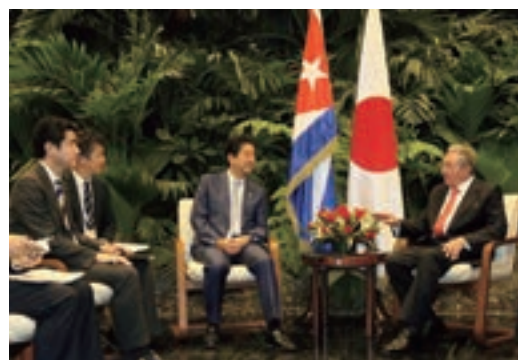
## Section 3

## Latin America and the Caribbean



## Overview

The Latin America and the Caribbean region, with its enormous economic potential, is a major force in the international arena sharing basic values with Japan, and is a key partner for Japan with the largest number of Japanese descendants in the world. This region has a population of approximately 600 million, containing an enormous market with a combined GDP of approximately 5.1 trillion US dollars (approximately two times larger than that of Association of Southeast Asian Nations (ASEAN)). The region also has large amounts of rare metals and shale gas, and produces minerals, energy and food, which, in recent years, have led a significant number of Japanese companies to establish operations in the region. Moreover, with the rule of law and democracy firmly established, the region has a strong presence in the international community. Japan and Latin America and the Caribbean region have traditionally maintained a stable and friendly relationship for a long time. The existence of over 2.13 million Japanese descendants, called “Nikkeis”, living in Latin America, have made the bonds even deeper.



Japan-Cuba Summit Meeting (September 22, Cuba; Photo: Cabinet Public Relations Office)

In 2014, Prime Minister Abe paid official visits to five countries in the region. During this trip, the Prime Minister announced three guiding principles of Japan’s diplomacy for Latin America and the Caribbean: (1) Progress together (strengthening economic relations); (2) Lead together (working together with the international community); and (3) Inspire together (promoting people-to-people exchanges, and cultural and sports exchanges). Based on these principles, Japan is strengthening the ties with the region.

In 2016, Japan’s diplomacy directed at Latin America and the Caribbean was particularly remarkable. Prime Minister Abe visited Rio de Janeiro (Brazil) in August to attend the closing ceremony for the Olympic Games, which was followed by



Meeting between Foreign Minister Luna of Peru and Foreign Minister Kishida (November 17, Peru)

the first sitting prime minister's visit to Cuba in September. Furthermore, in November he attended the APEC Economic Leaders' Meeting in Peru as well as paid an official visit there; moreover he became the first sitting prime minister to visit Argentina for the first time in 57 years. From Latin America and the Caribbean Countries, President Varela of Panama visited Japan in April and President Temer of Brazil visited Japan in October.

Foreign Minister Kishida also visited Peru to attend APEC in November, holding a meeting with Foreign Minister Luna of Peru. In addition, he held meetings with Foreign Minister Loizaga of Paraguay in March, Foreign Minister Martínez of El Salvador in May, Foreign Minister Malcorra of Argentina in July, and Minister of Foreign Affairs and Foreign Trade Johnson Smith of Jamaica in December. In September he took the opportunity of the United Nations General Assembly to hold the Japan-CARICOM Ministerial-Level Conference. Thus, the exchanges between Japan and Latin America and the Caribbean Countries were extremely vigorous in 2016 and initiatives for overcoming geographical constraints were carried out.

Regarding economic aspects, a variety of initiatives have been implemented for the



Prime Minister Abe shaking hands with President Macri of Argentina (November 21, Argentina; Photo: Cabinet Public Relations Office)

improvement of the business environment in Latin America and the Caribbean in order to support Japanese companies. In January the Consulate-General of Japan in León was opened in Guanajuato State, Mexico, where the influx of Japanese companies, particularly in the automobile industry, and increase in the number of Japanese residents is remarkable. In November the Second Japan-Cuba Joint Public-Private Committee Meeting was held in Tokyo and in Argentina, taking the opportunity of the visit of Prime Minister Abe to that country, an Economic Forum was held with the participation of 500 people. Moreover at the Japan-Peru Summit Meeting in November, the leaders decided to commence consultations regarding a Japan-Peru convention for the avoidance of double taxation and in addition in December the Tax Convention with Chile entered into force.

The year 2016 is the 80th anniversary of Japanese immigration to Paraguay, so a variety of commemoration ceremonies were held. In addition this year also marked the 60th anniversary of the establishment of diplomatic relations between Japan and Haiti and the 60th anniversary of Japanese immigration to the Dominican Republic.

## 1 Strengthening Relations and Cooperating with Latin America and the Caribbean Countries

### (1) Progress together (Strengthening Economic Relations)

The Latin America and the Caribbean region includes some of the world's largest economies, such as Brazil (9th largest gross domestic product (GDP) in the world and a G20 member), Mexico (15th largest GDP in the world and a G20 member), and Argentina (21st largest GDP in the world and a G20 member), and the rate of the middle class is increasing year by year. Furthermore, it has the countries on the Pacific coast such as Colombia, Peru, Chile and Panama which are maintaining strong growth and countries rich in mineral resources such as Venezuela and Bolivia and its economic potential has attracted attention.

The economic growth of the region has been sluggish due to falling commodity prices and the economic slowdown of major countries outside the region. However, many countries in the region have continued to achieve stable growth, and the region is still attracting a high level of interest from Japanese companies. The number of Japanese companies expanding into the Latin America and the Caribbean region has been increasing year by year and has reached 2,508 companies (as of October 2015). In particular, in Mexico where the increase in the number of Japanese residents since the Japan-Mexico EPA entered into force in 2005 has been dramatic, the Consulate-General of Japan in León was opened in Guanajuato State in January. The number of Japanese companies moving into this country has approximately tripled since the EPA

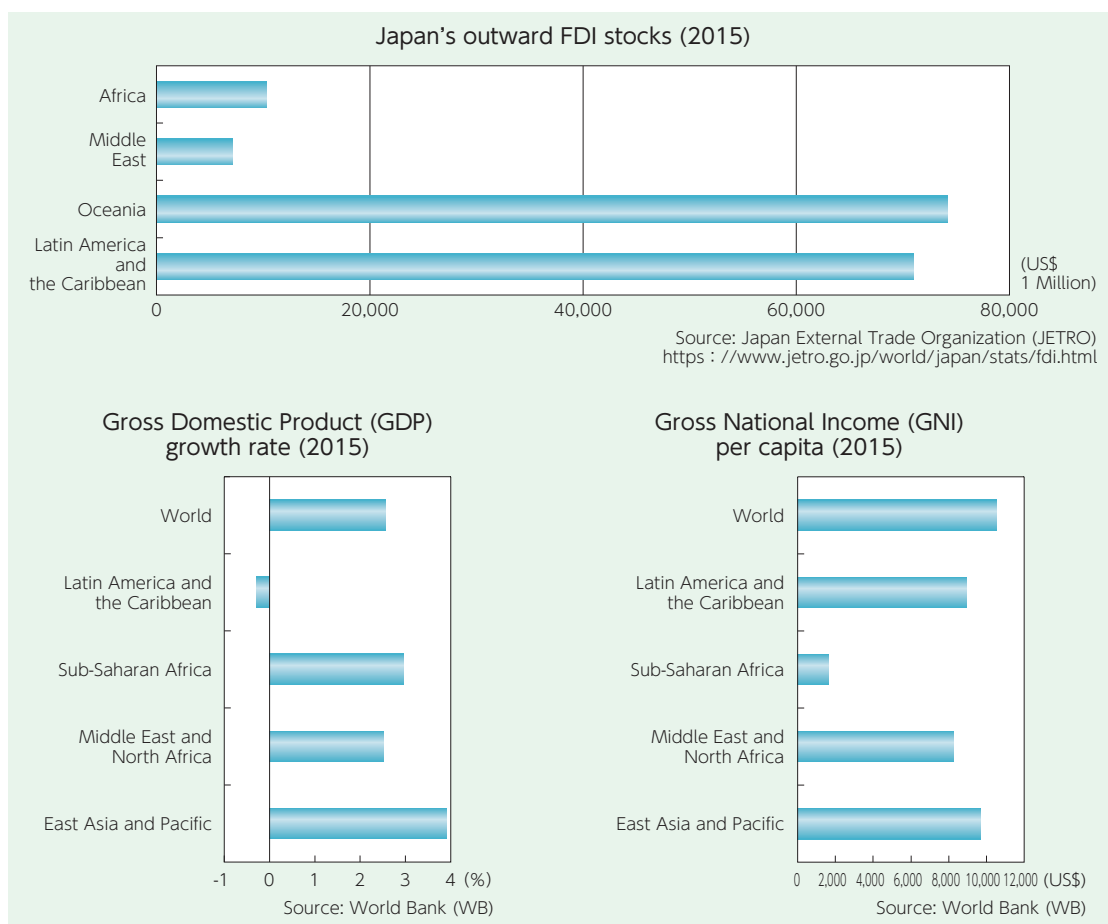
entered into force, and had reached 1,111 companies as of October 2016.

Japan places importance on each country in Latin America and the Caribbean region as an economic partner to grow together, and the public and private sector unite to promote and facilitate trade and investment between Japan and the region. Specifically, the Government launched the Joint Public-Private Committee Meeting with Argentina, and in addition, held the Joint Public-Private Committee Meeting with Cuba upgraded to the political level in November. Furthermore, it held economic dialogues aimed at strengthening relations with the Common Market of the South/ Mercado Comun del Sur (MERCOSUR). In addition, through frameworks for dialogue in which both the public and private sector participate, such as the business environment improvement committees under each EPA, the Japan-Argentina Business Environment Improvement Committee, the Japan-Argentina Joint Committee on Promoting Trade and Investment, the Japan-Brazil Joint Committee on Trade and Investment. Japan is carrying out initiatives aimed at improving the business environment with Latin America and the Caribbean countries.

### (2) Lead together (working together in the international community)

Japan is focusing its energies on strengthening cooperation in the international arena with Latin America and the Caribbean Countries in the increasingly severe international situation. In the summit meetings with Argentina, Colombia, Cuba, Brazil and Peru held in 2016, Japan explained its position and sought the understanding and cooperation of those countries regarding the issues of North

## Comparison of economic indexes



Korea and South China Sea and East China Sea issues. In addition Japan confirmed that it would strengthen cooperation on global issues such as nuclear disarmament and non-proliferation, and climate change. In the Fifth Japan-CARICOM Ministerial-Level Conference held in September, the importance of maintaining and strengthening cooperative relationships aimed at realization of UN Security Council reform was confirmed. Furthermore, Japan is placing importance on cooperation with Uruguay, which served as a UN Security Council non-permanent member from 2016, and Bolivia, which took up its position as a non-permanent member in January 2017.

In addition, together with the countries of Argentina, Chile, Brazil and Mexico which have received support from Japan previously and have now reached an economic level enabling them to provide support to third countries, Japan is advancing so-called triangular cooperation that provides support to other developing countries.

Moreover, Japan has provided quick and timely cooperation for natural disasters such as hurricanes and earthquakes. In February, Japan extended emergency grant aid of 1 million US dollars in response to the Zika virus infection in Latin America and the Caribbean, and in April Japan

provided emergency relief goods and extended emergency grant aid of 1.35 million US dollars in response to the large-scale earthquake that occurred in Ecuador. Regarding the damage from hurricane Matthew which hit Haiti and Cuba in October, Japan provided emergency relief goods and extended emergency grant aid totaling 3 million US dollars to Haiti, and in addition, provided emergency relief goods to Cuba. Japan worked with Chile, where natural disasters frequently occur, to implement Disaster Risk Reduction Training Program for Latin America and the Caribbean and in addition, cooperated with respect to the UN resolution regarding the establishment of World Tsunami Awareness Day and implemented combined Tsunami Disaster Drills.

### (3) Inspire together (promoting people-to-people exchanges, cultural and sports exchanges, and other exchanges)

The year 2016 was the 60th anniversary of the establishment of diplomatic relations between Japan and Haiti, the 80th anniversary of Japanese immigration to Paraguay, and the 60th anniversary of Japanese immigration to the Dominican Republic. Japanese descendants in Paraguay have contributed to the development of that country through agriculture, in particular soy bean cultivation, and commerce. In 2016, the 80th anniversary of Japanese immigration, in conjunction with commemoration ceremonies (See Special Feature “Strengthening Exchanges and Cooperation with Japanese Descendants in Latin America and the Caribbean”) Japan Festival was held, in which 18,000 people participated, and they were a great success.

In 2016, high-level exchanges were invigorated more than ever before throughout the year. In addition to the visits by Prime Minister Abe to Brazil, Cuba, Peru, and Argentina and the visit of Foreign Minister Kishida to Peru, many visits were conducted to Japan from Latin America and the Caribbean Countries included Deputy Prime Minister Davis of The Bahamas in February, Foreign Minister Loizaga of Paraguay in March, President Varela of Panama in April, Vice-President Michetti of Argentina, Foreign Minister Martínez of El Salvador, and Vice-president of the Councils of State Díaz-Canel of Cuba in May, Foreign Minister Malcorra of Argentina in July, President Temer of Brazil in October, and Minister of Foreign Affairs and Foreign Trade Johnson Smith of



Prime Minister Abe shaking hands with President Temer of Brazil (October 19, Tokyo; Photo: Cabinet Public Relations Office)



Foreign Minister Kishida shaking hands with Vice-president of the Councils of State Díaz-Canel of Cuba (June 3, Tokyo)



Jamaica in December.

Furthermore, in 2016 the first Olympics and Paralympics in Latin America were held in Rio de Janeiro, where many Japanese people visited Brazil and other parts of the Latin America and the Caribbean region, deepening exchanges in a variety of areas. Moreover, “the Shitamachi Bobsleigh Network Project Team” comprised of small factories in Ota Ward, Tokyo, provided a completed bobsleigh to the bobsleigh team of Jamaica, which provided a good opportunity for the ties between the two countries to be widely known in society and an opportunity to demonstrate to the world the high technical capacity of small and medium-sized businesses in Japan. (See Column “Shitamachi Bobsleigh”)

#### (4) Cooperation with Latin America and the Caribbean Countries through Regional Organizations

Diverse frameworks and organizations for regional integration exist in Latin America and the Caribbean region which are contributing to deepening political and economic ties. Japan is strengthening its cooperation with regional organizations such as the Pacific Alliance, the Forum for East Asia-Latin America Cooperation (FEALAC), the Central American



Foreign Minister Kishida attending the Fifth Japan-CARICOM Ministerial-Level Conference (September 21, New York, U.S.)

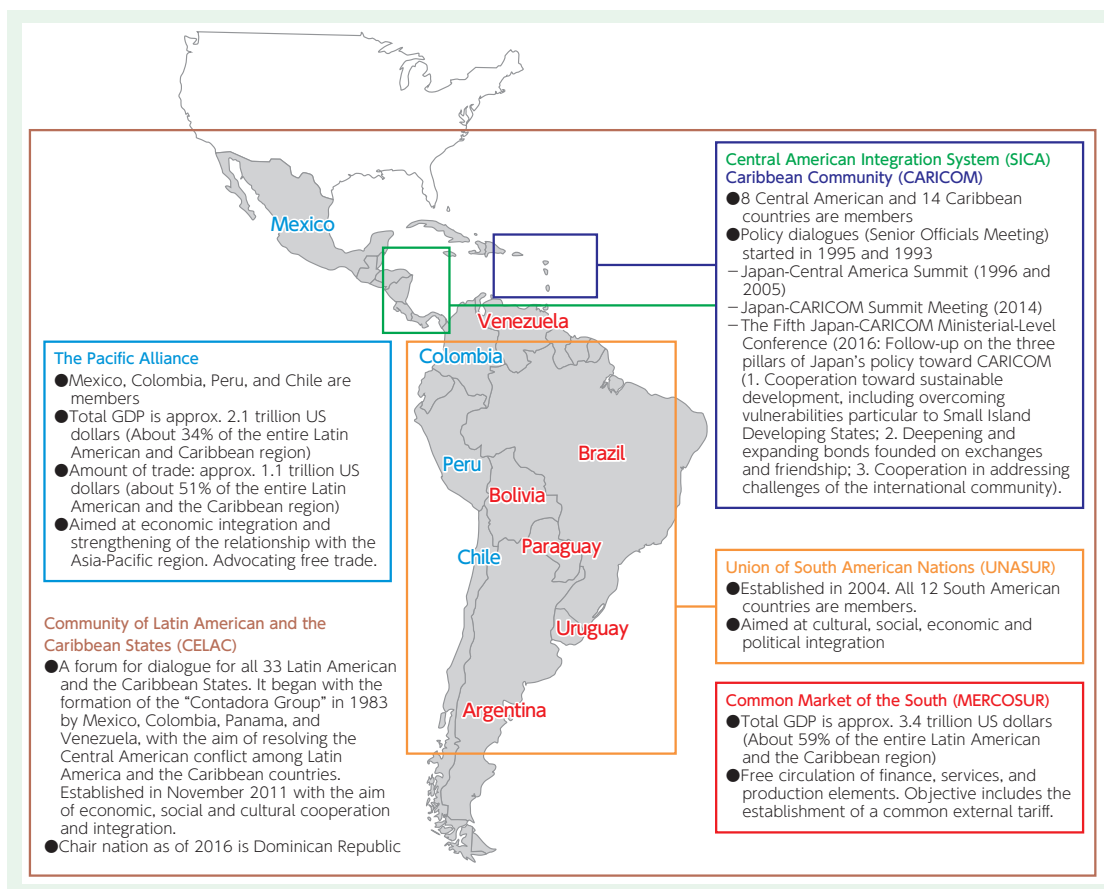
Integration System (SICA), the Caribbean Community (CARICOM), the Union of South American Nations/Union de Naciones Suramericanas (UNASUR), the Common Market of the South/Mercado Comun del Sur (MERCOSUR) to address to the various issues in the region and the international community. In September the Japan-CARICOM Ministerial-Level Conference was held, and Japan confirmed that it would further strengthen cooperation with the CARICOM countries, with which it shares basic values, in line with the three pillars of Japan's CARICOM policy ((1) Cooperation towards sustainable development, including overcoming the vulnerabilities particular to small island states, (2) Deepening and expanding fraternal bonds of cooperation and friendship, and (3) Cooperation in addressing challenges of the international community) announced by Prime Minister Abe in 2014. In particular, all of the CARICOM countries have strong concerns about the impact of climate change, and are placing importance on cooperation with Japan in areas such as disaster risk reduction, the environment, and renewable energy.

## 2 Situation in Latin America and the Caribbean Region

### (1) Political situation

In 2016, presidential or general elections were held in Jamaica, Peru, Dominican Republic, Saint Lucia, Nicaragua, and Haiti. In Jamaica, the opposition party, Jamaica Labour Party won and party leader Andrew Holness became prime minister; in Peru Pedro Pablo Kuczynski narrowly defeated candidate Keiko Fujimori to win the election. In the Dominican Republic,

## Regional Organizations in Latin America and the Caribbean



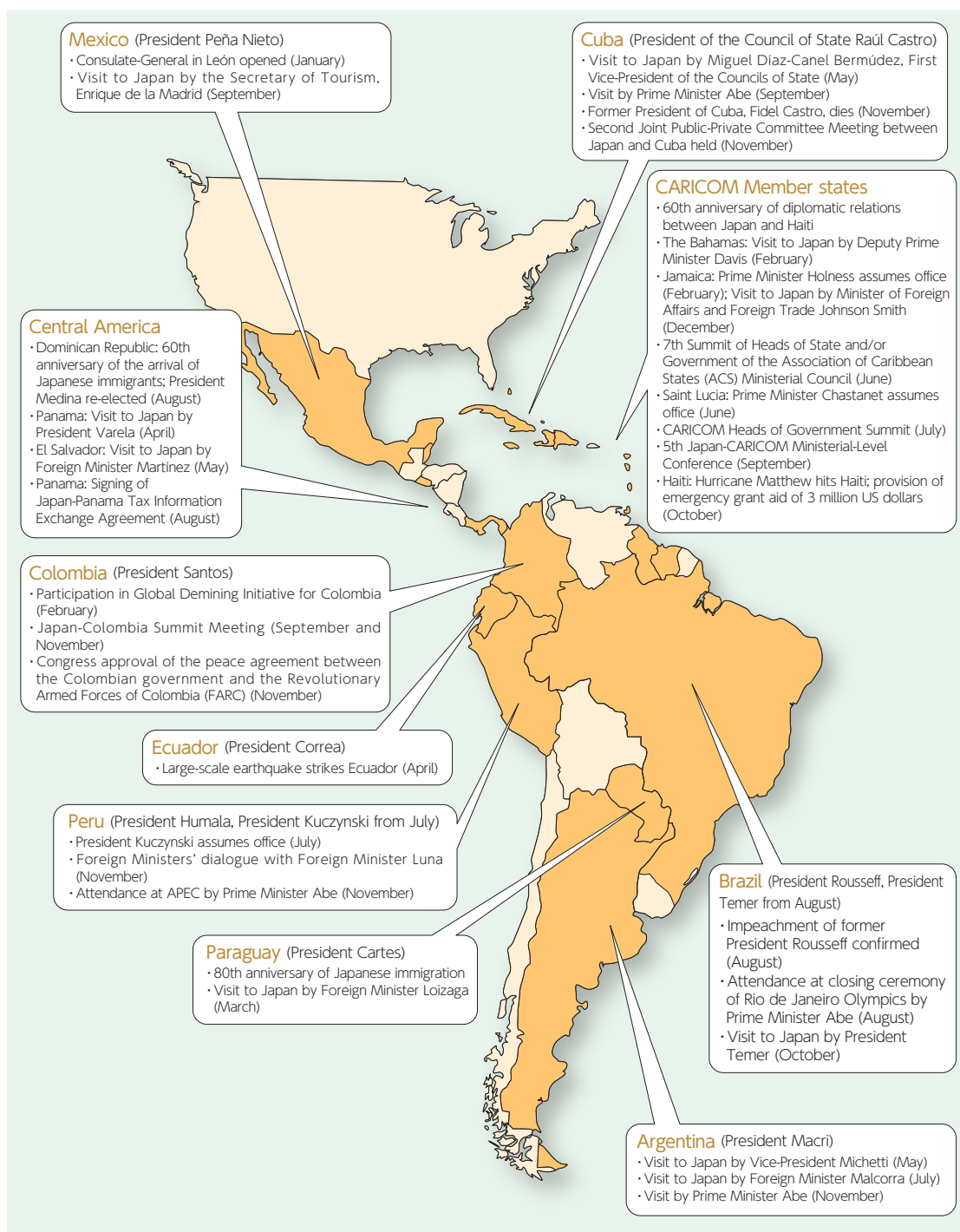
President Danilo Medina won re-election, and in Saint Lucia there was a change of government and Prime Minister Allen Chastanet took power.

Furthermore, in March, President Obama became the first sitting U.S. president to visit Cuba in 88 years, which has become a turning point in the history of confrontation that had lasted since the Cuban revolution in 1959. On the other hand, Fidel Castro, the leader of the Cuban revolution and the former President of the Council of State of the Republic of Cuba passed away in November, and dignitaries from approximately 60 countries around the world participated in the ceremony held in the capital Havana. In August, immediately

after the closing of the Rio de Janeiro Olympics in Brazil, the impeachment of President Dilma Rousseff was established on the grounds of her liability for fraudulent manipulation of the national budget. In Colombia, the peace negotiations the government started with the Revolutionary Armed Forces of Colombia (FARC) in 2012 reached a final agreement and a peace accord was approved by the Congress in November.

As regional integration organizations, the 4th Community of Latin American and Caribbean States (CELAC) Summit Meeting (in Ecuador) in January, the 7th Association of Caribbean States (ACS) Summit Meeting (in Cuba) and 46th Organization of

## Major events in 2016 (by country/region)







Visit by Prime Minister Abe to Peru (November 18, Peru; Photo: Cabinet Public Relations Office)

American States (OAS) General Assembly (in the Dominican Republic) in June, and the CARICOM Summit Meeting (in Guyana) in July were held.

## (2) Economic conditions

The economic growth rate of the entire region was minus 0.7% in 2016 (estimated by the International Monetary Fund (IMF); hereinafter the same). In particular, due to falling commodity prices and political corruption, in recent years, countries that economically depend on commodity products such as crude oil or mineral resources continue to face severe economic circumstances. Specifically, the economic growth of Brazil, which boasts the largest economy in the region, was minus 3.5%, a remarkable level of stagnation. Furthermore, Venezuela, which has maintained a state-managed economy since the era of the Hugo Chávez administration, is in a severe situation, with economic growth forecast to be minus 10% and the inflation rate forecast to be approximately 480%.

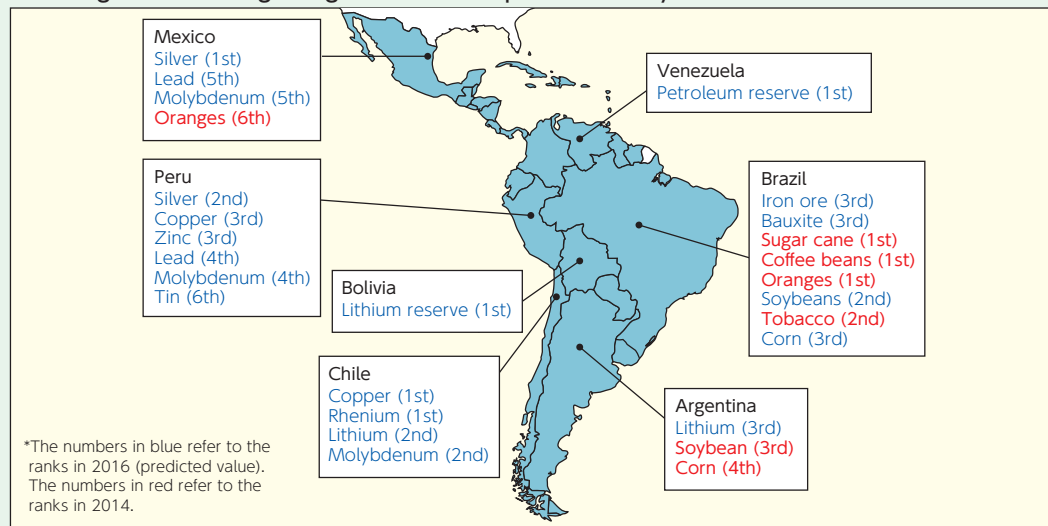
On the other hand, in Mexico, a member of the G20 to which a remarkable number of companies are entering from Japan, the economic growth rate is forecast to remain strong at 2.2% continuing on from last year.

In addition some countries, particularly in Central America, are forecast to record notable economic growth rates such as 5.9% in the Dominican Republic, 5.2% in Panama, 4.5% in Nicaragua, 4.3% in Costa Rica.

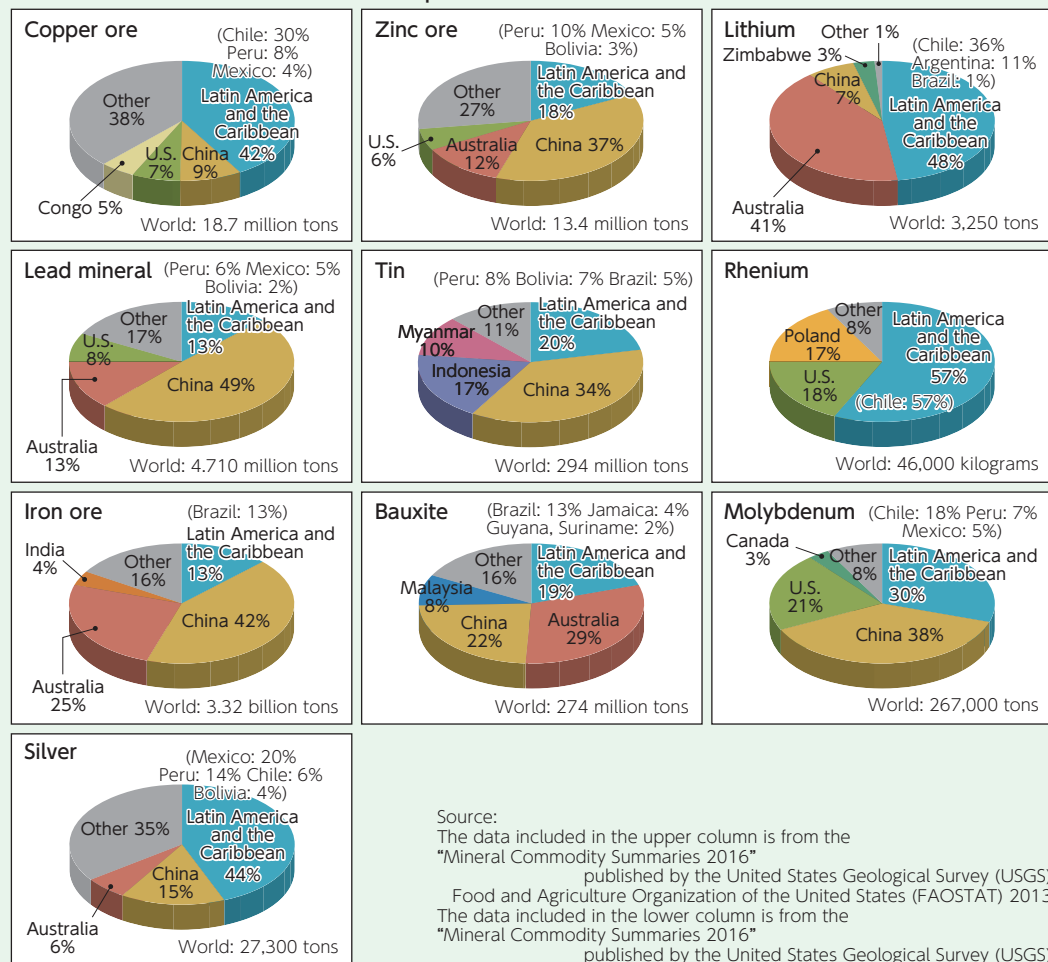
Latin America and the Caribbean region is a major global food and natural resources supply area. In particular, regarding food it is a major producer of coffee beans, oranges, soy beans, salmon, corn, etc., and regarding natural resources, in addition to silver, copper, zinc, iron ore, oil, etc., the region is a major producer of rare metals such as lithium, molybdenum, and rhenium, the demand for which is increasing. In recent years, Argentina, the world's 2nd largest shale gas possible reserves and Mexico, the world's 6th largest possible reserves, are attracting attention as the sites of major reserves of shale gas. Furthermore, in June the Panama Canal was expanded and the passage of liquefied natural gas (LNG) carriers became possible, so increased use of LNG carriers going forward is forecast.

## Resources, Energy and Food Production in the Latin America and the Caribbean Region in 2015

Mineral resources, energy and food (Unless noted specifically, the numbers in the parenthesis refer to global ranks regarding the amount of production or yield)



## Mineral Resources (Production) (2015 predicted value)



### **Column** Strengthening exchanges and collaboration with Japanese immigrants and their descendants (“Nikkei”) in Latin America and the Caribbean

Latin America and the Caribbean have the largest Nikkei communities overseas, which consist of approximately 2,130,000 Japanese immigrants and descendants in the world. “Nikkei” refers to Japanese people who moved their home from Japan and are living overseas with the objective of living there permanently, and their descendants. More than 100 years have passed since Japanese people started immigrating to Latin America and the Caribbean. During that time, Nikkeis have been active in all fields, made contributions to their local communities, and obtained the trust of each country due to their diligent and honest characters. As a result, the presence of Nikkei is the foundation of the goodwill, trust, and high evaluation of the Latin American and the Caribbean countries towards Japan. Furthermore, Nikkeis have made strong efforts to disseminate Japanese culture in the countries in which they are living, and even today they are playing an important role as a bridge between Japan and the Latin America and the Caribbean countries.

On the other hand, more than 100 years of history have passed, and today third, fourth, and later generations are the main actors at the heart of Japanese communities. For this reason, their ties with the traditional Nikkei organizations that supported Japanese immigrants and descendants from the early days are becoming weak, and a new generation that have little awareness of Japanese descendants is emerging. At the same time, a new trend is emerging among young generation such as connecting with each other across regions and countries through social networking services and events, etc. Strengthening of collaboration with Japanese descendants, including this new generation, is becoming increasingly important in Japan’s strengthening of relations with Latin America and the Caribbean.

The year 2016 marked the 80th anniversary of Japanese immigration to Paraguay. Her Imperial Highness Princess Mako of Akishino visited Paraguay from September 7 to September 14. Her Imperial Highness attended the ceremony to commemorate the 80th anniversary of Japanese immigration to Paraguay, and had opportunities for interactions with Nikkeis of wide range of generations in Asuncion, the capital of Paraguay, and Japanese colonies in regions.

Furthermore, in November the same year, Prime Minister Abe gave a speech in Argentina calling for collaboration with Nikkei in Latin America and the Caribbean. Prime Minister Abe expressed respect and gratitude for the contributions of the Nikkeis to date, and



Her Imperial Highness Princess Mako of Akishino deepening relations with Nikkeis throughout Paraguay (September 9, Paraguay; Photo: La Federación de Asociaciones Japonesas en el Paraguay)

declared Japan's support for the cultural and sports activities of Nikkeis across borders and that approximately 1,000 Japanese descendants would be invited to Japan over the next five years. Prime Minister Abe concluded his speech by saying "I too will make every effort to ensure that you all think of Japan with pride. Moreover, I tend to make every effort to support you all so that you can achieve even more in the regions in which you live." He received thunderous applause from the crowd of 920 people at the gathering. It is expected that collaboration with Japanese descendants in Latin America and the Caribbean will be further strengthened through this visit.



Prime Minister Abe making a speech at an exchange event with Nikkei (November 21, Argentina; Photo: Cabinet Public Relations Office)

### Column

#### Shitamachi Bobsleigh:

#### The Spirit of Craftsmanship and the Diplomacy of Japan Bear Fruit in Jamaica

*"We hope to build world's fastest machine." - over 30 small factories have put together the strength in manufacturing that they have cultivated over the years to take on the world.*

This was one passage in the policy speech by Prime Minister Abe in the 183rd Session of the Diet in February 2013. In Ota Ward, Tokyo, there were craftspeople led by Mr. Junichi Hosogai working feverishly with the aim of becoming the number one in the world with a bobsleigh.

Bobsleigh is still a minor sport and the competition level is not necessarily high in Japan, but in Europe it is one of the popular sports, and famous large companies such as Ferrari, BMW, McLaren, etc. are involved in the development of sleds. "The Shitamachi Bobsleigh Network Project" in Ota Ward was the first company to begin the development of sleds made in Japan.

This project was started in 2011, the first bobsleigh was completed in the following year, and in March 2013 a Japan-made bobsleigh made its debut in an international competition. In June of the same year, the Shitamachi Bobsleigh Limited Liability Company was established, and it has continued to constantly make progress. For example, it was certified as a Japan Brand Development Assistance Program.

However, it has not always been an easy road to travel. In November 2013 the Japan Bobsleigh, Luge and Skeleton Federation gave notice that the Shitamachi bobsleigh would not be used in the Sochi Winter Olympic Games the following year and also issued 27 demands for improvements. Subsequently, the company worked hard to meet all the demands for improvement that had been pointed out, but in November 2015 it was

announced by the Japan Federation that the Shitamachi bobsleigh would not be used in the Pyeong Chang Winter Olympic Games either. This was a tremendous shock for the craftspeople in Ota Ward. On the other hand, overseas expansion was suggested, and the company directed its efforts toward selling the bobsleigh abroad. One of the countries they approached was Jamaica, which was famous for the movie *Cool Runnings*.

The passionate ambition of the craftspeople was also transmitted to the diplomats of Japan. In December 2015 Hiromoto Oyama, Counsellor of the Embassy of Japan in Jamaica, happened to meet the president of the Jamaica Bobsleigh Federation taking a break at a cafe with his family in the afternoon of the day before going on an overseas business trip, and started talking about the bobsleigh. The president was very receptive and expressed an extremely positive attitude regarding use of the Japan-made bobsleigh. It is a result of the daily efforts of the Embassy to build relations. The president gave a favorable response, and the Embassy of Japan in Jamaica came to dedicate its heart and soul to matching Japan's offer and Jamaica's interest.

The enthusiasm of the Japanese craftsman and diplomats bore fruit, and in January 2016 it was finally decided that the Jamaican bobsleigh team would use the Shitamachi bobsleigh. The sleds are loaded with the Japanese spirit, aiming to become the world champion, and are continuing to progress even today, targeting the 2018 Pyeong Chang Winter Olympic Games.



Press conference in the Ota Ward Industrial Plaza (January 14; Photo: Shitamachi Bobsleigh Network Project)



At GC Foster College in Spanish Town, Jamaica. President Chris Stokes (center), Mr. Hosogai, representative of Shitamachi Bobsleigh Limited Liability Company (third from right), and Mr. Oyama Counsellor of the Embassy of Japan in Jamaica (second from right) (July 4)