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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 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 7.6 billion, approximately 3.6 billion people live in East Asia Summit (EAS) member states (excluding the U.S. and Russia)¹. This represents about 48% of the world's population². The combined nominal gross domestic product (GDP) of the Association of Southeast Asian Nations (ASEAN) member states, China and India grew 300% over the last ten years, as compared to the world average of 150%. Total exports and imports of EAS member states (excluding the U.S. and Russia) is 10.2 trillion US dollars, making it the second largest market behind the European Union (10.6 trillion US dollars)³. There are close economic ties among 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 in the Asia-Oceania region is becoming increasingly severe as seen in the following developments: provocation such as nuclear tests and launch of ballistic missile development by North Korea; modernization of military forces in a manner that lacks transparency and attempt to change the status quo by force or coercion in countries in the region; and tension within the region growing over maritime domain, 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 2017

³ International Monetary Fund (IMF)

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

The Japan-U.S. Security Arrangement is the foundation of peace, prosperity, and freedom, not only for Japan but also the entire Asia-Pacific region. Amid the increasing severity of the regional security environment including North Korea, the Japan-U.S. Alliance is more important than ever. Since the inauguration of the Trump administration in January 2017, Prime Minister Abe and President Trump held more than 20 Summit Meetings including telephone calls by the end of the same year, and the two leaders have been working to build a robust relationship of trust, coordinating closely on various issues of the Asia-Pacific region, including the one of North Korea.

In February 2017, a month after the inauguration of the Trump administration, Prime Minister Abe visited the U.S. to hold a meeting with President Trump. They shared their concerns about the increasingly severe security environment in the Asia-Pacific region and held discussions on this trend, including North Korean nuclear and missile development and the unilateral attempts to change the status quo in the East China Sea and South China Sea. The two leaders shared their understanding of the importance of building a network of allies and strengthening multilayered cooperative relationships between allies and like-minded nations, situating the Japan-U.S. Alliance at its center, and the necessity of continuous efforts to strengthen the alliance. Prime Minister Abe and President Trump agreed to pursue together a “Free and Open Indo-Pacific Strategy,” during President Trump’s visit to Japan in November 2017, underscoring

the importance of stability and prosperity in the Indo-Pacific region—a core region of vitality for the entire world. Japan and the U.S. will continue to play leading roles in facilitating regional peace and prosperity, including activities based on the abovementioned strategy.

(China)

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 2017, the number of Chinese travelers to Japan was about 7.36 million (Japan National Tourism Organization (JNTO)), setting a record high for two consecutive years, following the previous year which was 6.37 million.

2017, which was the 45th anniversary of the establishment of diplomatic relations between Japan and China, saw frequent high-level dialogues including three Summit Meetings and four Foreign Ministerial Meetings. The Chinese Embassy in Tokyo held a reception celebrating the anniversary, and Prime Minister Abe and Foreign Minister Kono attended the reception. On September 29, the day of the anniversary, the leaders of state and foreign ministers of both countries exchanged congratulatory telegrams.

Japan and China share responsibility for regional and global peace and stability, and stable Japan-China relations are crucial when responding to regional and global issues, including the North Korea issue. Although difficult issues exist between Japan and China, from the fact that they are neighboring countries,

Japan and China will continue to follow the approach of sustaining a “Mutually Beneficial Relationship based on Common Strategic Interests,” pursue cooperation and exchange in all manners of fields while dealing with concerns in an appropriate manner, and develop friendly and cooperative bilateral relations in a stable manner based on a broad perspective.

(Taiwan)

Taiwan is an important partner which has intimate people-to-people exchanges and close economic ties with Japan and is a friend of Japan. Working relations between Japan and Taiwan are also deepening, and in 2017, cooperation documents regarding mutual assistance in customs matters and cultural exchanges between the Japan-Taiwan Exchange Association and the Taiwan-Japan Relations Association were signed. In line with the 1972 Japan-China Joint Communiqué, the relationship between Japan and Taiwan continues to be maintained as working relations at the non-governmental level, under which both sides are cooperating on building closer ties.

(Mongolia)

Mongolia is an important regional partner for Japan. 2017, which was the 45th anniversary of the establishment of diplomatic relations between Japan and Mongolia, saw the first-ever reciprocal visits by the head of the two countries' parliaments- Chairman of State Great Hural Enkhbold (who visited Japan in March); and Speaker of the House of Representatives Oshima in the Diet (who visited Mongolia in July). Based on the mid-term Action Plan signed by the two countries' Foreign Ministers in March, Japan is going to

work to support the efforts of Mongolia to achieve economic recovery and fiscal rehabilitation through an International Monetary Fund assistance program, while also building a truly mutually beneficial strategic partnership covering a wide range of fields.

(Republic of Korea)

Good relations between Japan and the Republic of Korea (ROK) are essential for the peace and stability in the Asia-Pacific region. The year 2015 marked the 50th anniversary of the normalization of Japan-ROK diplomatic relations, and there have been vigorous exchanges between two countries. In 2017 the number of people traveling between Japan and the ROK reached an all-time high. Economic relations are also close. On the political front, Japan-ROK Summit Meetings between Prime Minister Abe and President Moon Jae-in (inaugurated in May 2017) were held in July and September. A Summit Meeting was also held in February 2018 when Prime Minister Abe visited the ROK to attend the Pyeongchang Winter Olympic Games Opening Ceremony. On the other hand, in December 2017, the Taskforce to Review the Agreement on Comfort Women Issue, which reviewed the agreement between the Governments of Japan and the ROK in 2015 published a report, and the Government of the ROK announced its position on the Japan-ROK agreement in January 2018. For the Government of Japan, it is completely unacceptable that the ROK would seek additional measures from Japan. The Government of Japan will continue to strongly urge the Government of the ROK to steadily implement the agreement, which confirmed that the issue is “resolved

finally and irreversibly.” Although difficult issues exist between Japan and the ROK, it is important to move Japan-ROK relations forward in a future-oriented manner while managing these issues appropriately.

(North Korea)

In 2017, North Korea conducted the sixth nuclear test and launched 15 ballistic missiles, including the two that flew over Japan. North Korea’s build-up of its nuclear and missile capabilities poses an unprecedented, grave and imminent threat towards the peace and stability of Japan and the international community. Japan is cooperating closely with the U.S. and the ROK and coordinating with relevant countries including China and Russia to maximize pressure on North Korea by all available means. Through such efforts, Japan is working for the comprehensive resolution of outstanding issues of concern, such as the abductions, nuclear and missile issues. 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 its relations with North Korea is impossible without resolving the abductions issue, Japan has positioned its resolution as the most important issue. Accordingly, Japan has strongly urged North Korea to provide a full account of all the abduction cases, to hand over the perpetrators to Japan, and to ensure the safety of all abductees and their immediate return to Japan. The Inter-Korean Summit is scheduled on April 27, 2018, and the U.S.-North Korea Summit is scheduled in

May or early June. Japan will continue to cooperate closely with the U.S. and the ROK to urge North Korea to abandon all weapons of mass destruction and ballistic missile of all ranges.

(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. Following Prime Minister Abe’s visits to the Philippines, Indonesia, and Viet Nam in January as a part of efforts to strengthen coordination with major Southeast Asian nations, in 2017, Japan welcomed the leaders of a large number of nations from the region. In November, Prime Minister Abe visited Viet Nam to attend an Asia-Pacific Economic Cooperation (APEC) Summit Meeting and visited the Philippines to attend an ASEAN Summit Meeting. While in the Philippines, Prime Minister Abe served as the chair of the 9th Mekong-Japan Summit Meeting. There were also frequent ministerial visits. Foreign Minister Kono engaged in intensive communication with counterparts in the region including a visit to the Philippines in August to attend an ASEAN Foreign Ministers’ Meeting and a visit in November to Viet Nam to attend an APEC Ministerial Meeting. 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. At the Mekong-Japan Summit Meeting held in November 2017, the leaders shared the intention to further accelerate software-related initiatives. Furthermore, 2017 was also the 130th anniversary of the establishment of diplomatic relations between Japan and Thailand and the 60th anniversary for Japan and Malaysia, and initiatives were implemented to promote friendship and goodwill to mark these milestones. People-to-people exchange and cultural exchange was also further enhanced through the youth exchange programs, such as JENESYS2017 program.

Japan's initiatives such as these have firm support from Southeast Asian countries. According to a survey on public opinion about Japan conducted in ten ASEAN countries⁴ in March 2017, the overall figures for ASEAN showed that 91% replied that Japan was either “very trustworthy” or “somewhat trustworthy.” In addition, in response to the question of which G20 country (or region) had contributed the most to the development of ASEAN over the last 50 years (multiple answers allowed), Japan's contribution to ASEAN countries was the most highly regarded with 55% of respondents selecting Japan, while 40% selected China.

(Oceania countries)

(1) Australia

With the region facing a wide range of issues, the “Special Strategic Partnership” between Japan and Australia, which share

fundamental values and strategic interests, is more important than ever. The strategic visions of Japan and Australia concerning the establishment of a free and open Indo-Pacific region based on the rule of law are increasingly converging, and the two countries need to demonstrate leadership and coordinate toward regional stability and prosperity. Japan-Australia relations are becoming increasingly close, with annual mutual prime ministerial visits and close coordination between the Foreign Ministers of each country. Progress is also being made with cooperation in the areas of security and defense with regularly held the Foreign and Defence Ministerial Consultations (“2+2”) and progress in negotiations on a reciprocal access agreement. On the economic front, Japan and Australia are coordinating closely on the Trans-Pacific Partnership (TPP) agreement and East Asia's Regional Comprehensive Economic Partnership (RCEP) in order to facilitate free and open trade, and mutually complementary economic relations are being further advanced by the Japan-Australia Economic Partnership Agreement (EPA). Coordination is also steadily being strengthened through participation in multilateral frameworks including Japan-U.S.-Australia and Japan-Australia-India.

(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. In May, Prime Minister Bill English visited Japan and held a Summit Meeting.

⁴ The MOFA website

The general election held in September led, the following month, to the first change in administration in nine years. Immediately after this, at the time of the APEC Economic Leaders' Meeting and the APEC Ministerial Meeting in November, the first Summit Meeting with the new Prime Minister and the first Foreign Ministerial Meeting were held and it was agreed that the two countries would continue coordinating closely and work on strengthening bilateral ties.

(3) Pacific Island Countries (PICs)

The PICs and Japan are bound by the Pacific Ocean, have deep historical ties, and are important partners in areas such as cooperation in the international arena and the supply of fisheries and mineral resources. They are becoming increasingly important from a geographical perspective as they are located at the heart of the Pacific Ocean. The Pacific Islands Leaders Meeting (PALM) 3rd Ministerial Interim Meeting (MIM3) was held in Tokyo in January 2017 and the 4th Japan-Pacific Islands Summit Meeting was held in New York in September, and it was confirmed to further strengthen the partnerships between Japan and the PICs.

(South Asia)

High economic growth rates and latent economic potential mean that the South Asia region is growing increasingly important, in addition to its geopolitical importance as an intersection of Asia, the Middle East and Africa. On the other hand, the region faces challenges such as poverty, democratic consolidation, terrorism, and vulnerability to natural disasters. Japan is working to strengthen not only economic relations but also cooperation in a wide range of fields

with countries in the region, including India, with which Japan has traditionally enjoyed friendly and cooperative relations. Of particular note is Japan's relationship with India, which is referred to as "the bilateral relationship with the most potential in the world." Through exchanges of different levels including annual reciprocal visits by the leaders, the relationship is developing in a manner that is apt for the "New Era for Japan-India Relations." Japan is also working proactively with India to facilitate regional and global peace and prosperity, including cooperation toward the achievement of a free and open Indo-Pacific region based on "Special Strategic and Global Partnership." Japan will continue to promote the strengthening of the connectivities in the region and surrounding regions including India, and cooperation in the global arena with and between these countries. Japan will also continue its efforts to address the various issues of countries in the region including the issues of 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)

In spite of this Japan-ROK agreement, a comfort woman statue was installed on the sidewalk facing the Consulate General of Japan in Busan on December 30, 2016. On January 6, 2017, the Government of Japan announced measures in response to this⁵. In addition, the Taskforce to Review the Agreement on Comfort Women Issue under the direct supervision of Minister of Foreign Affairs of the ROK published a report on its review on the agreement reached between the Governments of Japan and the ROK on December 27, and in response to this, the Government of Japan issued a Statement by Foreign Minister Kono claiming that should the Government of the ROK attempt to change the agreement, which has already been implemented, Japan-ROK relationship

would become unmanageable, that such an attempt cannot be accepted under any circumstances, and that the Government of Japan strongly urges the Government of the ROK to steadily implement the agreement, which confirmed that the issue was "resolved finally and irreversibly."

In January 2018, the Government of the ROK announced its position on the Japan-ROK agreement. For the Government of Japan, it is completely unacceptable that the ROK would seek additional measures from Japan, despite the confirmation in the Japan-ROK agreement that the comfort women issue is "resolved finally and irreversibly." The Government of Japan will continue to strongly urge the Government of the ROK to steadily implement the agreement.

Furthermore, there is a move to install comfort woman statues⁶ in other countries as well, including the U.S., Canada, Australia, China, the Philippines, and Germany. Such a move is extremely regrettable 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

⁵ Specifically, Japan decided to take interim measures such as (1) postponing participation of members of the Consulate-General of Japan in Busan in municipal events in Busan; (2) temporary recall of the Ambassador of Japan to the ROK, Yasumasa Nagamine, and Consul-General of Japan to Busan, Yasuhiro Morimoto; (3) suspending Japan-ROK consultations on the bilateral swap arrangement; and (4) postponing Japan-ROK high-level economic consultations.

⁶ For the sake of practical convenience, they 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.

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 and outside Asia-Oceania. In addition to strengthening bilateral cooperation, Japan is actually engaging in 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 has been seeking to develop this process as the chair country.

ASEAN exerts its centrality in regional cooperation in East Asia, therefore realizing 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 ASEAN's efforts for further integration even after the establishment of the ASEAN Community in the end of 2015.

Japan-ASEAN relations were raised to a new level through the Japan-ASEAN Commemorative Summit in 2013. Through meetings such as the JPN-ASEAN Ministerial Meeting in August 2017 (Manila, the Philippines) and the 20th Japan-ASEAN

Summit Meeting in November (Manila, the Philippines), cooperative relations have been further strengthened in a wide range of fields including the strengthening of unity in ASEAN, sustainable economic growth, enhancing living standards, and securing regional and global peace and security. With regard to the South China Sea issue, a chairman's statement expressing concern and underscoring the importance of non-militarization in the South China Sea, maintaining the freedom of navigation and overflight, and peaceful resolution of conflict in accordance with international law including the United Nations Convention on the Law of the Sea was released at the 12th East Asia Summit (EAS) held in November. In light of these circumstances, Japan is proactively working on activities aimed at contributing to regional stability, including providing capacity building assistance for maritime security through its Overseas Development Aid, and joint exercises with the navies and maritime law enforcement organizations of coastal countries.

At the EAS, leaders reviewed cooperation within the EAS and discussed its future directions, as well as regional/international issues. Prime Minister Abe announced that Japan will, under the "Free and Open Indo-Pacific Strategy," maintain and strengthen the rule based, free and open maritime order in the Indo-Pacific and make them international public goods that bring stability and prosperity.

Prime Minister Abe also announced that with the aim of further promoting the policy of "Proactive Contribution to Peace," Japan would expand human resource development, provision of supplies and equipment, and intellectual contribution in

three areas: maritime safety; humanitarian assistance and disaster relief (HA/DR); and peacekeeping operations (PKO). With regard to the North Korea issue, Prime Minister Abe also stressed that it was necessary for the international community to maximize pressure on North Korea and that it was important for EAS to issue a clear message on strengthening pressure on North Korea. In response to this, almost all the leaders raised the issue of North Korea, and many expressed concern over the development of nuclear weapons and ballistic missiles, and urged compliance with the UN Security Council resolutions by North Korea given that the series of provocative actions by North Korea were violations of UN Security Council resolutions and a threat to the peace and stability of the international community.

With regard to the issue of the South China Sea, Prime Minister Abe also explained that, based on Japan's stance of supporting the centrality of ASEAN, Japan wholeheartedly supported basic principles laid out in the Joint Communiqué of the ASEAN Foreign Minister's Meeting issued in August. Prime Minister Abe also called on the countries concerned to strictly adhere to the "three principles of the rule of law on the seas." He expressed Japan's continuing concerns over the situation in the South China Sea, and emphasized that easing tensions through forward-looking efforts by China and ASEAN should lead to "demilitarization." In response, most of the leaders raised the issue of the South China Sea and emphasized the importance of securing freedom of navigation and peacefully resolving disputes according to international law including UNCLOS. In addition, some countries expressed concern

over the recent situation in the South China Sea and advocated the importance of non-militarization and self-restraint

1 Korean Peninsula

(1) North Korea (including the abductions 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.

North Korea's build-up of its nuclear and missile capabilities poses an unprecedented, grave and imminent threat towards the peace and stability of Japan and the international community. In order to urge North Korea to change its policies, Japan is cooperating closely with the U.S. and the ROK and coordinating with relevant countries including China and Russia to maximize pressure on North Korea by all available means including the full implementation of the UN Security Council resolutions. With regard to the abductions issue, Japan continues to call on North Korea to implement the May 2014 Japan-North Korea agreement (the agreement in Stockholm) and to press North Korea for the early resolution of the abductions issue through leveraging the international community's pressure on North Korea.

A 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 challenge to the international disarmament and non-proliferation regime, and is totally unacceptable. In spite of the fact that the international community, including Japan, has repeatedly and strongly pressed North Korea for its self-restraint, North Korea has continued its nuclear and missile development. Since January 2016, North Korea has conducted three nuclear tests and may have reached the stage, being able to produce miniaturized nuclear warheads. North Korea has also launched as many as 40 ballistic missiles.

Between February and May 2017, on nine separate occasions, North Korea launched a total of 12 ballistic missiles. Four of them fell within Japan's exclusive economic zone (EEZ). In response, the UN Security Council adopted Resolution 2356 in June. However, in July, North Korea launched two ballistic missiles with an intercontinental ballistic missile (ICBM) range both of which landed within Japan's EEZ. In response to these provocative actions by North Korea, the Government of Japan took further autonomous measures against North Korea in July and August, designating additional entities subject to asset freezing measures. The UN Security Council also adopted Resolution 2371, which included measures such as a total ban on the import of coal from North Korea. On August 29 and September 15, North Korea launched two ballistic missiles that flew over Japan and, in September, North Korea carried out the sixth nuclear test, which was the first nuclear test since September 2016 and

the scale of which is estimated to be the largest in its history. In September, the UN Security Council adopted Resolution 2375, which included measures that restrict the supply of oil related products and ban providing work authorizations to North Korean overseas workers. North Korea also launched a ballistic missile with an intercontinental ballistic missile (ICBM) range in November, which landed within Japan's EEZ, demonstrating that North Korea had continued its nuclear and missile development over the past 75 days since the previous launch. In response, Japan implemented further autonomous measures against North Korea in November and December, and Resolution 2397 was adopted by the UN Security Council in December.

Among the four UN Security Council resolutions adopted in 2017 in response to North Korea's nuclear and missile development, Resolution 2397, which was adopted unanimously at the UN Security Council session chaired by Japan in December, further enhanced the sanctions measures against North Korea to an unprecedented level and virtually eradicated North Korea's foreign currency revenues through export. Specifically, the Resolution included provisions for further restriction on the supply in the oil sector, imposition of stricter procedures through the establishment of reporting obligations, the repatriation of North Korean overseas workers within 24 months and severer measures related to maritime transport.

With the implementation of four autonomous measures between July and December 2017, Japan designated 104 organizations and 110 individuals subject to asset freezing measures.

As North Korea continues to take provocative actions, in disregard of the protests and warnings of the international community, on December 15, as the chair of the UN Security Council, Japan hosted the UNSC Ministerial-Level Meeting on the North Korean issue. Foreign Minister Kono emphasized that full implementation of the UN Security Council resolutions is essential and that it is necessary to make North Korea change its policies by maximizing pressure on North Korea. As international community's pressure on North Korea increases, in his new year's address in January 2018, the Chairman of State Affairs Commission Kim Jong-un stated that the "historic accomplishment of finalizing national nuclear capabilities" was achieved and declared his intention to continue nuclear and missile development. The Co-chairs' summary of the Foreign Ministers' Meeting on Security and Stability on the Korean Peninsula, held in Vancouver on January 16, 2018, confirmed that continued pressure will be exerted on North Korea until it changes its policies and takes decisive and irreversible steps to denuclearize. Foreign Minister Kono visited the ROK on April 10 and 11, 2018, and reaffirmed close coordination of their policies towards the Inter-Korean Summit and the U.S.-North Korea Summit. Following Foreign Minister Kono's visit to the U.S. in March, Prime Minister Abe visited the U.S. for the Japan-U.S. Summit Meeting on April 17 and 18. The leaders conducted concrete and in-depth discussion on the close coordination of their policies and reaffirmed that they will work absolutely together. They also reaffirmed that North Korea needs to abandon all weapons of mass destruction and ballistic missile

programs in a complete, verifiable and irreversible manner.

It is crucial that the international community responds to North Korea's sanctions evasion and ensures the effectiveness of the UN Security Council resolutions. As part of the Japan Coast Guard's patrolling activities and the Self Defense Force's surveillance activities, Japan has been conducting information gathering on the activities of vessels suspected to be violating the UN Security Council resolutions. When the Government of Japan strongly suspects that ship-to-ship transfers with North Korean vessels banned by the UN Security Council resolutions are conducted, Japan has been taking measures such as notification to the Security Council Committee established pursuant to Resolution 1718, sharing of information with related countries, and releasing of information to the public. In January and February 2018, Japan revealed four cases to the public through the Ministry of Foreign Affairs (MOFA) website and through other media.

B The Abductions Issue

(A) Basic Position

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 abductees 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 its relations with North Korea is impossible without resolving the abductions issue, Japan has positioned its resolution as the most important issue. Accordingly, Japan has strongly urged North Korea to provide a full account of all the abduction cases, to hand over the perpetrators to Japan, and to ensure the safety of all abductees and their immediate return to Japan, irrespective of whether the abductees are officially identified.

(B) Initiatives by Japan

Following the nuclear test by North Korea in January 2016 and the launch of the ballistic missile in the following month which North Korea purported to be a “satellite,” Japan announced its autonomous measures against North Korea in February 2016. In response, North Korea unilaterally announced that it would completely stop the investigations on all Japanese nationals and dissolve the Special Investigation Committee. Japan lodged a serious protest against North Korea, conveyed its intention of not abandoning the agreement in Stockholm, and strongly demanded that North Korea implement the agreement and return all the abductees home at the earliest possible date. During the ASEAN-related Foreign Ministerial Meeting held in the Philippines in August 2017, Foreign Minister Kono had contact with the North Korean Minister of Foreign Affairs Ri Yong-ho and raised the issue of the abductions and security including North

Korea’s nuclear and missile development and conveyed Japan’s basic position. During the reception of the Pyeongchang Olympic Winter Games Opening Ceremony hosted by President Moon Jae-in, on February 9, 2018, Prime Minister Abe brought up the abductions, nuclear and missile issues and conveyed Japan’s basic position to Kim Yong-nam, the President of the Presidium of the Supreme People’s Assembly of North Korea. Prime Minister Abe strongly urged North Korea to resolve the abductions issue, especially the return of all abductees to Japan.

In July, August, November, and December 2017, Japan also announced the introduction of further autonomous measures against North Korea toward the comprehensive resolution of outstanding issues of concern, such as the abductions, nuclear and missile issues.

(C) Cooperation with the International Community

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 Taormina Summit in Italy, Japan-U.S.-ROK trilateral Summit Meetings and Foreign Ministers’ Meetings, ASEAN-related Summit Meetings, and UN Security Council Ministerial-Level Meetings, and succeeded in gaining understanding and support of other countries. Japan will continue to work with the international community to urge North Korea to take concrete measures.

At 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 2017 and the UN General Assembly in December 2017. (The resolution has been adopted in the Human Rights Council for the tenth time in ten consecutive years and adopted at the UN General Assembly for the 13th time in 13 consecutive years). At the UN Security Council meeting on the situation in the DPRK, held for four consecutive years, the participating countries expressed serious concerns about human rights violations in North Korea, including the abductions issue, and sent a clear message to North Korea, urging North Korea to improve the situation. Furthermore, the unanimous adoption of UN Security Council Resolutions 2371, 2375, and 2397 demonstrated strong concerns of the international community, including the UN Security Council, about the issue of human rights in North Korea including the abductions issue.

As for the U.S., President Trump referred to Megumi Yokota, one of the abductees, in his address at the UN General Assembly in September 2017. During his visit to Japan in November 2017, President Trump, together with Prime Minister Abe and Minister in Charge of the Abductions Issue Katsunobu Kato, met with the family members of the abductees and stated that he will work together towards the resolution of the abductions issue. The abductions issue was also raised at the Foreign Ministers' Meeting on Security and Stability on the Korean Peninsula held in Vancouver, Canada, in January 2018, and the reference was made in the Co-chairs' summary. In response to the request by Prime Minister Abe during the Japan-U.S. Summit Meeting held on April 17 and 18, 2018, the two leaders agreed that the abductions issue will be

raised during the U.S.-North Korea Summit Meeting.

Japan will continue to closely coordinate and cooperate with relevant countries, including the U. S. toward the early resolution of the abductions issue.

C North Korea's External Relations, etc.

(A) U.S.-North Korea Relations

Since the inauguration of the Trump administration in 2017, the U.S. has been increasing its pressure on North Korea under the policy that "all options are on the table." The U.S. introduced sanctions measures on North Korea in January, April, June, August, September, October and November 2017, as well as in February 2018, for North Korea's involvement in human rights violations and proliferation of weapons of mass destruction. The sanctions targeted entities and individuals in North Korea, as well as those in third countries, including Russia and China. Furthermore, in November 2017, the U.S. decided to redesignate North Korea as a state sponsor of terrorism.

Furthermore, the U.S. has declared that it will maintain its defense commitments to Japan and the ROK, including the provision of extended deterrence. In September 2017, the U.S. completed the installation of six launch pads for the Terminal High Altitude Area Defense (THAAD) system in the ROK and began to operate. In November, three U.S. aircraft carriers were deployed to the Sea of Japan, displaying strong commitment by the U.S. to the peace and stability of the region.

On March 6, 2018, Chairman Kim expressed his willingness to the special envoy from the ROK that he wishes to meet President Trump soon. In response,

on March 9, President Trump expressed his intention to hold a U.S.-North Korea Summit Meeting by the end of May.

(B) Inter-Korean Relations

Under the Park Geun-hye administration, the ROK increased pressure on North Korea, including by the total shutdown of the Gaesong Industrial Complex, and thus inter-Korean talks and interactions were not active. However, the Moon Jae-in administration inaugurated in May 2017 showed willingness to improve inter-Korean relations. Specifically, President Moon Jae-in announced “the Korean peninsula peace initiative” in his speech in Berlin in July 2017 and proposed (1) the resumption of the reunions of separated families and revisits to ancestral graves, and holding of Inter-Korean Red Cross talks to this end, (2) North Korea’s participation in the Pyeongchang Winter Olympic Games, (3) the mutual cessation of hostile action along the Military Demarcation Line, and (4) the resumption of inter-Korean exchanges and dialogue. However, North Korea did not respond immediately. In the meantime, the ROK is maintaining pressure on North Korea, while closely coordinating with both Japan and the U.S., through such measures as a U.S.-ROK joint military exercise in August, the deployment of six launch pads for the THAAD system in September, and the imposition of autonomous measures on North Korea in November and December.

In the New Year’s Address on January 1, 2018, Chairman Kim made reference to the improvement of inter-Korean relations and the dispatch of the delegation to the Pyeongchang Winter Olympic Games. Furthermore, against this backdrop, the Inter-Korean High Level Official Meeting

was held on January 9, where both sides agreed on several issues including (1) North Korea’s participation in the Pyeongchang Winter Olympics Games, (2) holding of an inter-Korean meeting between the military authorities, and (3) promoting contact, interaction, movement and exchanges of people in a variety of fields.

North Korea dispatched Kim Yong-nam, Presidium of the Supreme People’s Assembly of North Korea, and Kim Yo-jong, the Deputy Director of the Workers’ Party of Korea Propaganda and Agitation Department among others, along with the athletes to represent North Korea at the Opening Ceremony of the Pyeongchang Winter Olympic Games. On February 10, President Moon Jae-in held a meeting with the delegation, where Deputy Director Kim Yo-jong delivered a letter from Chairman Kim in which Chairman Kim’s willingness to improve inter-Korean relations was expressed. She also conveyed a message of invitation from Chairman Kim that he is ready to meet President Moon soon and that he would like to request President Moon to visit North Korea whenever it is convenient for the President.” In response, President Moon stated that he would like to achieve a success by setting an appropriate condition. In particular, President Moon stated that early dialogue between North Korea and the U.S. is necessary for the improvement of inter-Korean relations and called on North Korea to engage in dialogue with the U.S. more proactively.

On March 6, 2018, President Moon Jae-in’s special envoy was sent to Pyongyang to attend a meeting with Chairman Kim. On the same day, the Presidential Executive Office of the ROK announced that both sides made it clear that they will hold the

3rd Inter-Korean Summit in Panmunjom at the end of April. On March 12, Mr. Seo Hoon, Director of the National Intelligence Service of the ROK visited Japan to give a detailed explanation about the discussion between the ROK's special envoy and North Korea, and Japan and the ROK closely coordinated their future policies.

At the Inter-Korean High Level Officials' Meeting on March 29, both sides agreed that they will hold an Inter-Korean Summit at the Peace House on the South Korean side of Panmunjom on April 27.

(C) China-North Korea Relations

In November 2017, Song Tao, Minister of the International Department of the Communist Party of China visited North Korea as General Secretary Xi Jinping's special envoy. Following the visit, from March 25 to 28, 2018, Chairman Kim visited China to hold a China-North Korea Summit for the first time with President Xi Jinping.

China has kept close economic ties with North Korea. For example, trade between China and North Korea accounts for approximately 90% of North Korea's entire external trade excluding inter-Korean trade. However, at the same time, China has agreed on a series of UN Security Council Resolutions, issuing a number of notices by the Ministry of Commerce. The Ministry of Commerce has adopted specific measures including bans and restrictions on imports and exports of designated items in order to implement the relevant UN Security Council resolutions.

(D) Other Countries

In 2017, a total of 104 drifting or wrecked wooden vessels presumed to be from North Korea were discovered (66 in 2016). In

November 2017 in particular, eight and ten survivors were discovered in Yurihonjo City of Akita Prefecture and Matsumaekojima Island of Hokkaido respectively. Japan extradited the survivors to North Korea in accordance with the relevant laws and regulations working closely with relevant government agencies in both cases.

D Domestic Political Affairs and Economy

(A) Political Affairs

In North Korea, the power base of the regime centered on Kim Jong-un, the Chairman of the State Affairs Commission is being enhanced. In May 2016, the seventh Party Congress of the Workers' Party of Korea was held, and 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, through the revision of the 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. Moreover, in June 2016 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.

A plenary session of the Central Committee of the Workers' Party of Korea was held in October 2017, and the "byungjin

policy,” the policy of the simultaneous pursuit of economic construction and the build-up of nuclear armed forces, was firmly reconfirmed.

(B) Economy

For North Korea, the rebuilding of its economy is regarded as an issue of great importance. In 2017, as North Korea continued its nuclear and missile development, it is believed that a series of UN Security Council Resolutions, virtually eradicating North Korea’s foreign currency earnings from exports, will severely damage the country’s economy. Under these conditions of economic hardship as the result of sanctions and economic blockades imposed by the international community, Chairman Kim expressed his intention to improve and raise the standard of living of the people in his New Year’s Address in January 2018, as North Korea entered the third year of its national five-year strategy for economic development.

Meanwhile, North Korea’s economic growth rate in 2016 was 3.9% (Bank of Korea estimate), recovering from the negative growth of -1.1% in the previous year. Increased production in agriculture, forestry and fisheries industries, mining and manufacturing industry, electricity, gas and water industries, and other infrastructure industries is considered to have contributed to this growth.

Trade with China continues to account for the largest share of North Korea’s external trade. In 2016, the total value of North Korea’s external trade (excluding inter-Korean trade) was 6.25 billion US dollars (Korea Trade-Investment Promotion Agency (KOTRA) estimate), of which trade with China accounted for over 90%.

E Other Issues

Defectors who have fled North Korea have to be kept in hiding to avoid being cracked down by the authorities in the countries where they are staying or being forcibly repatriated to North Korea. The Government of Japan is addressing the protection of and support for these North Korean defectors, in line with 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 ministries and agencies in Japan are working together closely to promote measures aimed at helping the defectors accepted by Japan to become settled.

(2) Republic of Korea (ROK)

A Japan-ROK Relations

(A) Bilateral Relations

The partnership and cooperation between Japan and the ROK are essential in ensuring the peace and stability of the Asia-Pacific region. Furthermore, Japan and the ROK have worked together on a variety of regional and global issues, including nuclear disarmament, non-proliferation, peacebuilding, poverty reduction, in addition to dealing with issues related to North Korea. The Government of Japan will continue to develop a good understanding of each other 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 an unprecedented,

grave and imminent threat to Japan and the entire international community, coordination between Japan and the ROK as well as between Japan, the ROK and the U.S. regarding North Korea issues has become more important than ever before. In response to the nuclear test on September 3, 2017 and repeated launches of ballistic missiles by North Korea, Japan and the ROK promptly held teleconferences between their top leaders and Foreign Ministers, in which they confirmed the close coordination between the two as well as between Japan, the ROK and the U.S.

After the inauguration of the Moon Jae-in administration in May 2017, Japan-ROK Summits were consecutively held in Hamburg, Germany in July, and Vladivostok, Russia in the following September. Moreover, Foreign Minister Kang Kyung-wha visited Japan for the first time after the appointment as Foreign Minister, from December 19 to 20, and held a Japan-ROK Foreign Ministers' Meeting with Foreign Minister Kono.

Upon his visit to Pyeongchang to attend the Pyeongchang Olympics Opening Ceremony, Prime Minister Abe held a Summit Meeting with President Moon Jae-in. Prime Minister Abe gave a clear and detailed explanation of Japan's position to President Moon Jae-in, stating that the comfort women issue is "resolved finally and irreversibly" and that the agreement between the two countries, is a foundation of bilateral ties. Both sides shared the recognition that the two leaders must build future-oriented bilateral relations. With regards to the issue concerning North Korea, Prime Minister Abe conveyed a clear message to President Moon Jae-in that dialogue for the sake of dialogue is



Japan-ROK Summit Meeting (February 9, 2018, PyeongChang, the ROK; Photo: Cabinet Public Relations Office)



Japan-ROK Foreign Ministers' Meeting (December 19, Tokyo)

meaningless. Moreover, the two leaders shared the view to maximize pressure on North Korea through close coordination between Japan, the ROK and the U.S., in order to make North Korea change its policies and seek dialogue from its end.

(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 diplomatic relations, and a wide range of exchanges were actively conducted between the two countries. In Japan, K-POP and South Korean TV dramas, etc., are widely accepted by people of all ages. Japanese culture such as

the manga, anime, and novels of Japan in particular has become popular in the ROK.

Furthermore, the number of people traveling between the two countries has grown from around 10,000 people a year at the time that diplomatic relations were normalized to approximately 9.45 million people a year in 2017, the highest number ever recorded⁷.

The Nikkan Koryu Omatsuri (Japan-Korea Festival), an annual cultural exchange event in Japan and the ROK, took place in Tokyo on September 23 and 24 and in Seoul on September 24.

Moreover, regarding exchanges programs between Japan and the ROK, Japan attempted to promote mutual understanding and build a friendly and cooperative relationship for the future through the promotion of Japan's Friendship Ties Programs (JENESYS 2017).

(C) Takeshima Dispute

Regarding the dispute between Japan and the ROK concerning the territorial sovereignty over Takeshima, Takeshima is indisputably an inherent part of the territory of Japan in light of historical facts and based on international law. Japan has repeatedly made it clear that the ROK's occupation of Takeshima is illegal and has no international legal basis, Japan has

been mobilizing various media to keep the rest of the world informed about Japan's position on the Takeshima dispute⁸, and has repeatedly lodged strong protests against the ROK over matters such as landings on the island by members of the ROK's National Assembly and others, the ROK's military exercises and the construction of buildings⁹. Moreover, for a peaceful settlement of the Takeshima dispute, Japan has proposed to the ROK that the Takeshima issue be referred to the International Court of Justice (ICJ) on three occasions from 1954 to present. However, the ROK has rejected three proposals in all instances. Japan is determined to continue to make persevering diplomatic efforts tenaciously to settle the Takeshima issue in a peaceful manner in accordance with international law¹⁰.

(D) The Issue of Comfort Women

The issue of comfort women has been a major diplomatic issue in Japan-ROK relations since the 1990s, yet Japan has been sincerely dealing with this issue. The issue concerning property and claims between Japan and the ROK were legally settled in 1965 through the Agreement on the Settlement of Problems Concerning Property and Claims and on the Economic Cooperation between Japan and the

⁷ Number of visitors in 2017: Number of people from the ROK visiting Japan: 7,140,200 people (Japan National Tourism Organization (JNTO))

Number of people from Japan visiting the ROK: 2,311,447 people (Korea Tourism Organization (KTO))

⁸ 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 11 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.

⁹ After Moon Jae-in, former Chairman of The Minjoo Party of Korea, landed on the island in July 2016, a delegation of ten ROK parliamentarians led by Na Kyung-won, a member of the National Assembly for the Saenuri Party, landed on the island in August 2016, and Kim Kwan-yong, Governor of North Gyeongsang Province in the ROK, landed on the island 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, and strongly protested against the act.

¹⁰ Japan has so far proposed three times (September 1954, March 1962 and August 2012) to the ROK that the Takeshima issue be referred to the International Court of Justice.

ROK. However, from the perspective of facilitating feasible remedies for former comfort women, the “Asian Women’s Fund” was established in 1995, which carried out medical and welfare projects and provided “atonement money” to each former comfort woman in Asian and other countries, including the ROK. In addition, successive Prime Ministers have sent letters expressing their “apology and remorse” to the former comfort women. The Government of Japan has made every effort as mentioned above. As a result of great diplomatic efforts, the Governments of Japan and the ROK confirmed that the issue of comfort women is “resolved finally and irreversibly” with the agreement reached at the Japan-ROK Foreign Ministers’ Meeting on December, 2015 (See Announcement by Foreign Ministers of Japan and the ROK at the Joint Press Occasion). However, on December 30, 2016, a new comfort woman statue¹¹ was installed on the sidewalk facing the Consulate-General of Japan in Busan by a civic group in the ROK. On January 6, 2017, the Government of Japan announced measures in response to this¹². Meanwhile, on July 31, 2017, after the inauguration of the Moon Jae-in administration, the Ministry of Foreign Affairs of the ROK launched the Taskforce to Review the Agreement on Comfort Women Issue that renews the agreement reached between the Governments of Japan and the ROK at the

end of 2015 under its direct supervision. The Taskforce published a report stating the results of its assessment on December 27, 2017 and in response to this, the Government of Japan issued a Statement by Foreign Minister Kono claiming that: should the Government of the ROK attempt to change the agreement which has already been implemented, the Japan-ROK relationship will become unmanageable; that such an attempt cannot be accepted under any circumstances; and that the Government of Japan will strongly urge the ROK to ensure that the Government of the ROK to steadily implement the agreement, which confirmed that the issue is “resolved finally and irreversibly.” (See “The Announcement of the Results of the Assessment by the Taskforce to Review the Agreement on Comfort Women Issue reached between the Governments of Japan and the ROK (Statement by Foreign Minister Taro Kono)”) In January 2018, the Government of the ROK announced its position on the Japan-ROK agreement¹³. For the Government of Japan, it is completely unacceptable that the ROK would seek additional measures from Japan, despite the confirmation in the Japan-ROK agreement that the comfort women issue is “resolved finally and irreversibly.” The Government of Japan will continue to strongly urge the Government of the ROK to steadily implement the agreement. From these

¹¹ 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.

¹² Specifically, the Government of Japan decided to take interim measures such as (1) postponing participation of members of the Consulate-General of Japan in Busan in municipal events in Busan; (2) temporary recall of Ambassador of Japan to the ROK Nagamine and Consul-General of Japan to Busan Morimoto; (3) suspending Japan-ROK consultations on the bilateral swap arrangement; and (4) postponing Japan-ROK high-level economic consultations.

¹³ On January 9, 2018, in announcing the ROK Government’s position on the Japan-ROK agreement, Foreign Minister Kang Kyung-wha stated that the Government of the ROK “will not ask for a renegotiation with Japan,” adding that the Government of the ROK “hopes Japan on its own accord would recognize the truth as it is, and continue to strive to restore the honor and dignity of the victims and to heal their psychological scars, based on universal standards from an international perspective,” and that “what the victims seek is a voluntary and sincere apology.”

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

(December 28, 2015 in Seoul, ROK)

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 Announcement of the Results of the Assessment by the Taskforce to Review the Agreement on Comfort Women Issue reached between the Governments of Japan and the ROK (Statement by Foreign Minister Taro Kono)

December 27, 2017

1. On December 27 the Taskforce to Review the Agreement on Comfort Women Issue reached between the Government of Japan and the ROK under the direct jurisdiction of Ms. Kang Kyung-wha, Minister of Foreign Affairs of the Republic of Korea (ROK), published a report stating the results of its assessment of the December 28, 2015 Japan-ROK agreement on the comfort women issue. The report criticizes the negotiation structure in the ROK in the lead-up to the agreement and also the content of the agreement, and presents to the Government of the ROK a way of thinking that casts doubt on the agreement that has already been implemented in both countries.
2. Regarding the Japan-ROK agreement at the end of 2015, as a result of efforts led by the democratically chosen leaders of Japan and the ROK at every level including Director-General level talks between the diplomatic authorities, then Minister for Foreign Affairs Fumio Kishida and then Minister of Foreign Affairs of the ROK Yun Byung-se confirmed the “final and irreversible” resolution of the comfort women issue and announced the agreement at a joint press conference. Furthermore, the “final and irreversible” resolution was confirmed in the Summit Telephone Talk held the same day, so this agreement is also an agreement between the leaders of the two countries. This agreement was formed through a legitimate negotiating process between the Japanese and ROK Governments, so we cannot conclude that there was any problem in the process leading up to the agreement.
3. The Japan-ROK agreement is an agreement between the governments of Japan and the ROK, and it is highly appreciated by the international community as well. The position of the Government of the ROK regarding the Japan-ROK agreement is not included in the report, but the position of the Government of Japan is that if the Government of the ROK attempts based on this report to change an agreement which has already been implemented, the Japan-ROK relationship will become unmanageable; therefore such an attempt cannot be acceptable whatsoever. The Government of Japan will strongly urge the ROK to ensure that the Government of the ROK continues to steadily implement the agreement as a “final and irreversible” agreement.

Extraordinary Press Conference by Foreign Minister Taro Kono (Opening Remarks)

January 9, 2018

I understand that today, January 9, Foreign Minister Kang Kyung-wha of the Republic of Korea (ROK) has announced her position regarding the Japan-ROK agreement. This Japan-ROK agreement is a commitment between two countries, and it is an international and universal principle that it must be implemented responsibly even if the government changes within one of the countries. I recognize that steady implementation of the agreement is the duty of both countries to the international community. As the government of Japan, it is completely unacceptable that the ROK would seek additional measures from Japan, despite the confirmation in the 2015 Japan-ROK agreement that the comfort women issue is “finally and irreversibly” resolved. At a time when both countries are facing the threat of North Korea, the Japan-ROK agreement is an indispensable foundation for advancing cooperation between Japan and the ROK in a variety of fields, and building a future-oriented relationship. Japan will continue to strongly urge the ROK to ensure that the Government of the ROK steadily implement the agreement as a final and irreversible agreement.

perspectives at the Japan-ROK Summit held on February 9, 2018, Prime Minister Abe stated that the Japan-ROK agreement on the comfort women issue is a commitment between the two countries, and that it is an internationally and universally recognized principle to honour such commitment regardless of change of administration. Prime Minister Abe also conveyed that the Government of Japan has been fully implementing its commitment, and that Japan expects the ROK to likewise fully implement its own commitment under the agreement, given that the ROK side has also confirmed in the Japan-ROK agreement that the comfort women issue is “resolved finally and irreversibly.”

(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 the Economic Co-operation between Japan and the ROK, thus Japan will continue to deal appropriately with these issues based on this position. Moreover, civic groups are currently trying to install a “Statues of Workers” in front of the Japanese embassy in Seoul as well as Consulates General in other cities, and Japan will continue to urge the Government of the ROK to take appropriate measures to deal with the matter.

“Sea of Japan” is the only internationally established name for the sea area concerned and the United Nations and

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.

Governments of major countries such as the U.S. adopt “Sea of Japan” as its official name. Objections to this name, however, were first raised by the ROK and North Korea in 1992. Since then, the ROK and North Korea have been objecting to the name at the United Nations Conference on the Standardization of Geographical Names, the International Hydrographic Organization (IHO) and other international conferences. These assertions however are groundless, and Japan has firmly refuted these assertions each time they arise.

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. Japan will continue to call upon the Government of the ROK for their prompt return.

Other than these issues, Japan has provided as much humanitarian support as possible 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).

B Japan-ROK Economic Relations

Japan and the ROK continue to maintain close economic relations. The total value of trade between Japan and the ROK amounted to approximately 9.13 trillion yen in 2017. 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 23% from a year earlier, reaching 2.83 trillion yen (Trade Statistics of Japan, Ministry of Finance). Japanese direct investment in the ROK totaled approximately 1.84 million US dollars (down 47% from the previous year) (figures published by the ROK Ministry of Trade, Industry and Energy), making Japan the ROK’s third-largest source of foreign direct investment.

Thus, Japan and the ROK are important trade and investment partners for each other. In addition to the progress in integration of supply chains in the manufacturing sector, the two countries have developed new cooperative relationships, such as joint expansion of business into third countries

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. 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.

among Japanese and Korean companies.

In order to further strengthen the close economic relations between the two and also to ensure that the two countries play a leading role in regional economic integration in Asia, Japan is in the position that economic partnership between Japan and the ROK is of vital importance. Japan and the ROK continue to make every effort for progress in negotiations concerning the Japan-China-ROK Free Trade Agreement (FTA) and the Regional Comprehensive Economic Partnership (RCEP).

Concerning the environment, the 19th Japan-ROK Joint Committee on Environmental Cooperation was held in June, 2017. The two sides exchanged views on Japan-ROK environmental cooperation and global environmental issues, such as climate change, confirming that Japan and the ROK will closely cooperate on such subjects.

With respect to the issue of restrictions on import of Japanese marine products by the ROK, a panel was established at the WTO in September 2015, in response to Japan's request, and after examining the issue for around two years, a panel report was submitted in February 2018 recognizing Japan's claims. In addition to the WTO response, the Government of Japan has been taking various opportunities to request the ROK to repeal the increased restriction measures promptly.

C Situation in the ROK

(A) Domestic Affairs

In December 2016, the ROK National Assembly passed the resolution regarding the impeachment of President Park Geun-hye. Her power was suspended, and then, on March 10, 2017, the constitutional court

declared her removal from office. After her power was suspended, Prime Minister Hwang Kyo-ahn took over as the Acting President. On May 9, 2017, the presidential election was held and Mr. Moon Jae-in was elected as the 19th President.

(B) Foreign Policy

On July 19, 2017, the Executive Office of the President of the ROK (Blue House) announced a "Five-year Plan for the Administration of State Affairs," compiled by a president's council "The State Affairs Planning Advisory Committee" to be presented to Moon Jae-in administration. Regarding foreign diplomacy, the plan declared that the ROK would promote diplomatic cooperation with all four neighboring countries in a dignified manner. It declared that the ROK would "strive to promote the ROK-U.S. alliance based on the trust and cooperation, restoration of trust between the ROK and China, the ROK-Japan relations as a cooperative partnership in a future-oriented and mature manner and strategic cooperation between the ROK and Russia."

Since the inauguration, President Moon Jae-in has visited Washington DC, U.S. (in June), Germany (in July at the G20 Hamburg Summit), Vladivostok, Russia (in September at the Eastern Economic Forum), New York, U.S. (in September at the UN General Assembly), Indonesia (in November), Da Nang, Viet Nam (in November at the APEC Economic Leaders' Meeting), Manila, the Philippines (in November for the ASEAN-related Summit Meetings) and China (in December).

(C) Economy

In 2017, the GDP growth rate of the

ROK was 3.1%, increasing from 2.7% the previous year. The total amount of exports increased 15.8% year-on-year to around 573.9 trillion US dollars, while the total amount of imports increased 17.7% year-on-year to around 478.1 trillion US dollars, resulting in a trade surplus of around 95.77 trillion US dollars (figures published by the Ministry of Trade, Industry and Energy).

As for domestic economic policies, the Moon Jae-in administration inaugurated in May 2017, has stressed the importance of “income-led growth” and “an employment-centered economy” revolving around people. In October of the same year, the government announced a five-year job creation plan. Regarding energy policies, including the use of nuclear energy, it was decided that construction of the nuclear power plant (Shin Kori 5 and 6) that had been temporarily placed on hold would resume in October of that same year. On the other hand, it was also made clear that all plans and construction of new nuclear power plants would be canceled.

2 China / Mongolia, etc.

(1) China

A The Situation in China

(A) Domestic affairs

In October, the 19th National Congress of the Communist Party of China (CPC) (Party Congress), held every five years, was held. The report on the 19th Party Congress described the “Xi Jinping thought on socialism with Chinese characteristics for a new era” as a guiding principle to “achieve the Chinese dream of great rejuvenation of the Chinese nation,” which was laid down in the party protocol. The report gave a summary of China’s history since the founding of the nation, describing

how it “stood up” under Mao Zedong, and “grow rich” under Deng Xiaoping, arriving at the current stage at which it “becomes strong.” The report described the setting of a new goal of developing the country into a modernized socialist country by 2035, and a great modern socialist country by the middle of this century. The CPC’s new leadership was inaugurated after the Party Congress, and the Politburo Standing Committee of the CPC (the top seven members of the party) in order of ranking were named as Mr. Xi Jinping and Mr. Li Keqiang, who remained in office, followed by the newly appointed Mr. Li Zhanshu, Mr. Wang Yang, Mr. Wang Huning, Mr. Zhao Leji and Mr. Han Zheng. Mr. Xi Jinping was simultaneously reappointed as General Secretary and Chairman of the Central Military Commission. Many members of the Politburo of the CPC (top 25 members) are said to be close to Mr. Xi Jinping, resulting in his further consolidation of power.

China’s anti-corruption crackdown which has been promoted since the birth of the Xi Jinping administration continued in 2017. Just prior to the 19th CPC National Congress, in July, Mr. Sun Zhengcai, who was the Chongqing Communist Party Secretary, touted to be one of the next-generation leaders, was placed under investigation for suspicion of “serious violations of the law,” and he was stripped of his title at the end of September. The 19th CPC National Congress reaffirmed the bolstering of governance in the party, and this trend has been continuing after the Party Congress.

Regarding social affairs, Mr. Liu Xiaobo, a Nobel Laureate who had been incarcerated for inciting subversion of state power, passed away in July. The

Chinese authorities were criticized by the Governments and media of other countries for their treatment of Mr. Xiaobo and his family. The clampdown on activists and ethnic minorities by the authorities continues to be bolstered, and concerns are being aired in the international community for the situation of human rights in China.

In July, Hong Kong celebrated the 20th anniversary of its handover to China, and Ms. Carrie Lam was inaugurated as the first female and 4th Chief Executive of Hong Kong. The inauguration ceremony was attended by President Xi Jinping, who tried to subdue democracy advocates by stating, “any attempt to endanger national sovereignty and security, challenge the power of the central government... is an act that crosses the red line.” At the same time, he requested more patriotic education in the youth. It was reported that a major demonstration was held by democracy advocates who opposed the central government on the day of the ceremony.

(B) Economy

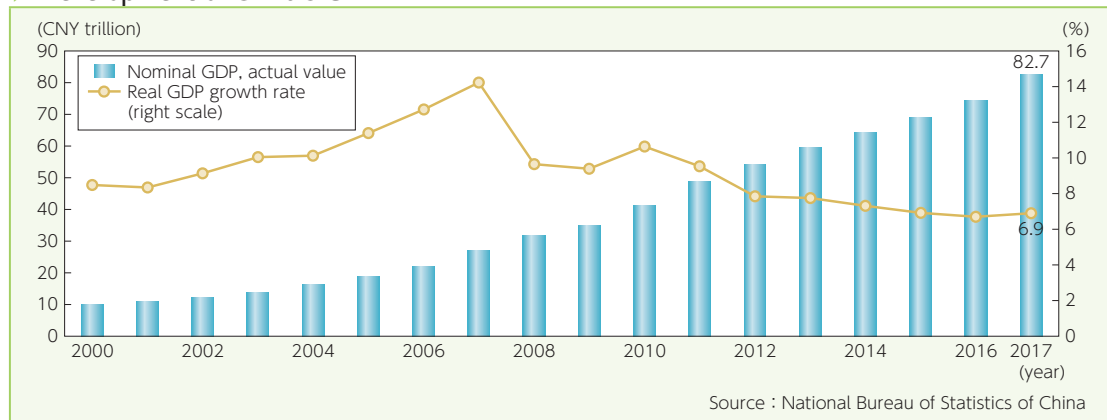
The economy in China has continued recovering, and the real GDP for 2017 increased 6.9% year-on-year, and total trade value increased 11.4% year-on-year. On the other hand, in the short term the business trends vary greatly among regions and industries. For example, in the secondary industries, the mining industry with excess production capacity is slowing down, while tertiary industries including the service industry has been growing steadily demonstrating an inconsistent pattern.

Looking at the financial trends, stocks on the Shanghai stock market remain stable at around 3,200 to 3,400 points. Moreover, the change in the way exchange rates are

calculated in May 2017 led to a rise in the value of the yuan against the US dollar. However, after autumn, the easing of fears of capital outflow, which had continued since 2014, led to a drop in the value of the yuan against the US dollar, stabilizing at around 6.6 yuan to the US dollar.

As mentioned earlier, the policy of developing China into a great modern socialist country, becoming a global leader in terms of composite national strength and international influence and achieving common prosperity for everyone by the middle of this century, was laid down at the 19th CPC National Congress. As for economic policies, realizing high-quality economic growth by supply side reform and making China a country of innovators, and eliminating social disparity by raising incomes, strengthening the social security and withdrawing from poverty was delivered. Moreover, at the Central Economic Work Conference held in December, it was decided to firmly stick to the key policy of striving in pursuit of progress within stability, with 2018 being the first year in implementing the spirit of the 19th Party Congress. Achieving high-quality growth and eliminating social disparity requires long-term efforts with both the public and private sectors sharing the economic burden, and there is also expected to be opposition from parties with vested interests. On the other hand, the stable short-term operations of the party and administration require stable economic growth and domestic support. There will be a need to deal with the issues while balancing out these factors. Attention has been focusing on the economic and financial policies and trends in the specific actions taken by the new party leadership.

► Development of China's GDP



(C) Foreign Policy

In 2017, China engaged proactively in foreign diplomacy based on the “Belt and Road Initiatives” and 19th Party Congress. In May, Beijing hosted a high-level international cooperation forum, dubbed “One Belt, One Road,” which was attended by leaders from 29 countries. Moreover, in September, a BRICS Summit was held in Xiamen of Fujian Province, and then in November, a CPC in Dialogue with World Political Parties High-Level Meeting was held in Beijing for exchanging of opinions, attended by political party leaders from 120 countries throughout the world.

Regarding the U.S.-China relationship, the two countries agreed at the U.S.-China Summit Meeting held in April in the U.S. to hold comprehensive dialogues consisting of four cabinet-level dialogues. In November, President Trump paid a visit to China as a State Guest, and was given a warm reception, being invited to a dinner party at Gugong by President Xi Jinping. Business negotiations worth a total of 2.8 trillion yen were also concluded on the occasion.

On foreign policy in the future, it was decided at the 19th Party Congress that China would contribute more proactively to

the forming of an international order based on the concept of building “a community with a shared future for mankind.”

(D) Military Affairs and Security

China has continued to increase defense expenditures at a high level. However, the breakdown 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 have been enhanced extensively and rapidly. Such expansion of military capability lacking transparency, and unilateral actions to change the status quo in, e.g., the East China Sea, are common concerns in the region and international community.

On the other hand, in the field of nontraditional security, China has been demonstrating a cooperative and proactive stance, taking an active part in United Nations PKOs, providing various kinds of humanitarian aid and disaster support, etc., for which it has won high appraisal in the international community.

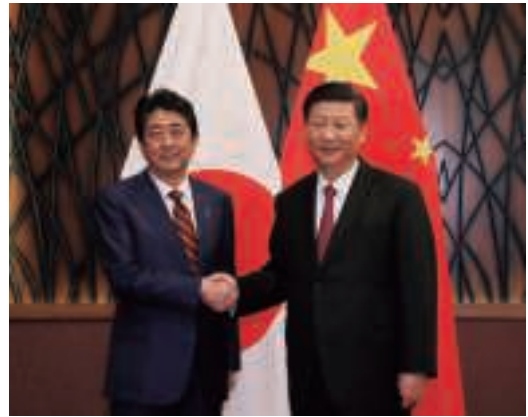
At the 19th Party Congress, President Xi Jinping stated that China would transform

its armed forces into a world-class military by the middle of this century. In recent years, China has grown to have a great influence on the international community, not only politically and economically, but also militarily. To dispel any fears of China, there is a pressing need for China to increase transparency regarding its national defense policies and military power through specific and accurate disclosure of information. Japan intends to further promote mutual trust in Japan-China relations through dialogue and exchanges, including the Japan-China Security Dialogue, while cooperating with other countries concerned. Japan also intends to urge China to improve its transparency and encourage its positive involvement in the international order based on the rule of law.

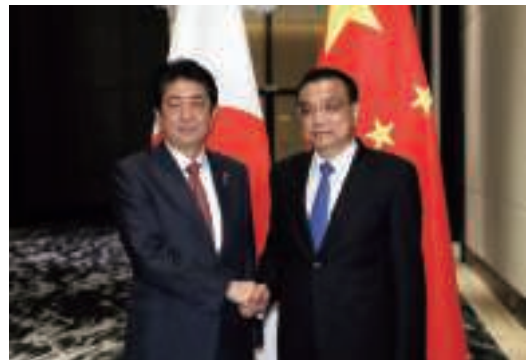
B Japan-China Relationship

(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, as well as people-to-people and cultural exchanges²⁰. 2017 marked the 45th anniversary of the normalization of Japan-China diplomatic relations, and the opportunity was taken to hold high-level dialogues including Summit Meetings and Foreign Ministers' Meetings. It was a year in which momentum for improvement in Japan-China relations



Japan-China Summit Meeting with President Xi Jinping (November 11, Da Nang, Viet Nam; Photo: Cabinet Public Relations Office)



Japan-China Summit Meeting with Premier Li Keqiang (November 13, Manila, the Philippines; Photo: Cabinet Public Relations Office)

greatly increased.

China-Japan Foreign Ministers' Meetings were held in February (G20 Foreign Ministers' Meeting) and April (UN Security Council Meeting). State Councilor Yang Jiechi also visited Japan in May. At the G20 Hamburg Summit (Germany) in July, a Summit Meeting was held with President Xi Jinping, and it was reaffirmed that the two countries would further promote people-to-people exchanges and deepen cooperative

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 500 million yen in FY2016), while Grant Assistance for Grass-Roots Human Security Projects have also been implemented (disbursements of 29 million yen in FY2016). Furthermore, recently Japan has been proceeding with a new form of cooperation, in which China bears part of the costs.

ties in various economic fields in an effort to improve relations. Moreover, Japan-China Foreign Ministers' Meetings were held immediately after the inauguration of Foreign Minister Kono, in August (ASEAN-related Foreign Ministers' Meeting) and September (UN General Assembly), where opinions were exchanged on how Japan-China relations could be improved, and on the North Korea issue. As relationships of trust between the leaders and Foreign Ministers improve through active dialogue, a reception was held in Tokyo on September 28 to celebrate the 45th anniversary of the normalization of diplomatic relations with China organized by the Chinese Embassy. There, Prime Minister Abe stated the need of realizing leaders' mutual visits that consist of Premier Li Keqiang's visit to Japan on the occasion of the Japan-China-ROK Trilateral Summit, Prime Minister Abe's visit to China and President Xi Jinping's subsequent visit to Japan, indicating a path toward further improvement in Japan-China relations. On September 29, the anniversary of the normalization of diplomatic relations with China, congratulatory telegrams were exchanged between Prime Minister Abe and Premier Li Keqiang, and Foreign Minister Kono and Foreign Minister Wang Yi. The APEC Summit Meeting (Da Nang, Viet Nam) and the ASEAN-related Summit Meeting (Manila, the Philippines) in November provided opportunities to hold Japan-China Summit Meetings with President Xi Jinping and Premier Li Keqiang, where there were exchanges of forward-looking opinions regarding the leaders' mutual visits, promoting people-to-people exchanges, bolstering of economic ties, etc., to mark the 40th anniversary of the conclusion of the Treaty of Peace and

Friendship between Japan and China, in 2018. The meetings marked the start of renewed efforts for a total improvement in relations. With the frequent holding of high-level dialogues, steady progress has been made by the two Governments toward the holding of practical dialogue and the cultivation of trust between Japan and China, including talks between the diplomatic authorities in April, the Japan-China High-Level Consultation on Maritime Affairs in June and December, and the Japan-China Security Dialogue in October.

Both Japan and China share a major responsibility for the peace and stability of the region and the international community, and a stable relationship between Japan and China is essential not only to the citizens of both countries but also to, e.g., dealing with regional and international issues, including the North Korean issue. Founded on the idea of building "a Mutually Beneficial Relationship based on Common Strategic Interests" in which 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, the Japanese Government will continue to promote a friendly relationship with China 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 296.8 billion US dollars in 2017 (9.8% increase year-on-year), and China has been the largest

trading partner for Japan for 12 consecutive years. Moreover, according to Chinese statistics, Japan's direct investment in China increased to about 3.27 billion US dollars (5.1% increase year-on-year (estimated from officially published information on investment)) in 2017, due to a continued trend of recovery in the Chinese economy. By country, Japan ranks third in terms of the amount of direct investment to China (Singapore ranks first, the ROK is second, and the U.S. is fourth).

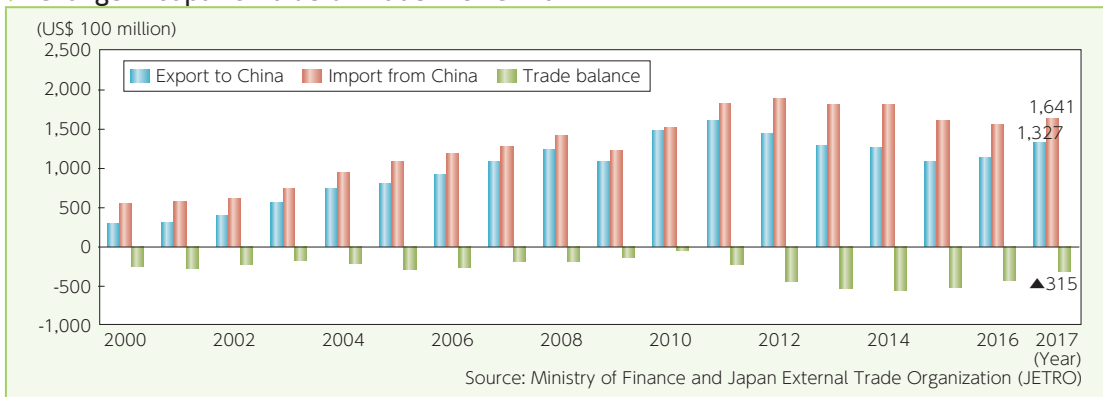
In 2017, the necessity for dialogue and cooperation between Japan and China in the economic area was reaffirmed through active dialogue at the summit and foreign minister levels. At the Summit Meeting during the G20 Hamburg Summit (Germany) in July, the two countries agreed to further promote economic cooperation, and bolster cooperation in various fields including finance, tourism, trade, environment and energy-savings. The countries also agreed to hold discussions on how they can contribute to stability and prosperity in the region and throughout the world, including the "Belt and Road Initiatives" proposed by China. These matters were discussed at the Japan-China Summit Meetings held during the APEC Summit Meeting (Da Nang, Viet Nam) and the ASEAN-related Summit Meeting (Manila, the Philippines) in November, in addition to agreeing that promoting businesses in the private sector, and expanding them into third countries would not only benefit Japan and China, but it would also be beneficial to the growth of those third countries.

In response to these developments, a range of active dialogue and exchanges were held in the economic field. To attend the opening event for the "Project

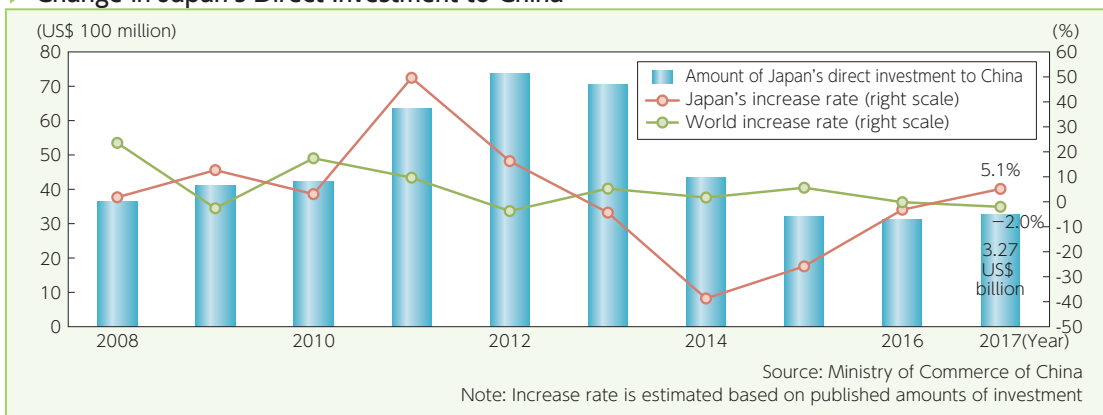
to Support the Overseas Promotion of Regional Charms," Deputy Chief Cabinet Secretary Kotaro Nogami visited China in February. In May, Finance Minister Xiao Jie visited Japan for a Japan-China Finance Dialogue, followed by Minister of Science and Technology Wan Gang in July, who held meetings with Minister of State for Science and Technology Policy Yosuke Tsuruho and Minister of Education, Culture, Sports, Science and Technology Hirokazu Matsuno. Minister of Agriculture, Forestry and Fisheries Yuji Yamamoto also visited China in July to meet Minister of General Administration of Quality Supervision, Inspection and Quarantine Zhi Shuping, and Vice Minister for the Ministry of Agriculture and Rural Affairs Yu Xinrong. Then in August, Minister of Agriculture, Forestry and Fisheries Ken Saito attended a food expo in Hong Kong. The Japan-China Economic Partnership Consultation in which high-ranking officials of relevant ministries and agencies get together from the two countries was held in November (Beijing, China), and wide-ranging views were exchanged on Japan-China bilateral issues and cooperation, as well as 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 Economic Partnership Consultation held in November, 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 carried out actively. In November, the Japan-China Economic

► Change in Japan's Value of Trade with China



► Change in Japan's Direct Investment to China



Association, Keidanren (Japan Business Federation) and Japan Chamber of Commerce and Industry jointly dispatched a delegation to China to hold a meeting with top officials from the Government of China, including Premier Li Keqiang. At a summit of CEOs, etc., from Japan and China held in Japan in December, views were exchanged between the executives of major companies in Japan and China, and the reception was also attended by Prime Minister Abe and Foreign Minister Kono.

On the working-level, various dialogues took place, including Japan-China governmental negotiations for Agreement on Social Security (April in Beijing and October in Tokyo).

(C) Promotion of Mutual Understanding Between Japanese and Chinese People (Current situation of people-to-people exchanges between Japan and China)

The number of Chinese visitors to Japan has continued to increase since 2013. The number of visitors in 2017 reached around 7.36 million people (estimated by JNTO), with a 15.4% increase year-on-year. This marked a decline in the rate of increase, but set a new record in terms of the number of visitors. There was a further shift from group tourism to individual tourism, and there was also an increase in the number of repeat visitors as a result of relaxed visa requirements. It is thought that this is leading to diversification of the destinations and needs of visitors to Japan.



A group of Chinese high school students visit Japan for exchanges. Exchange upon visiting Towanomori Sanai High School affiliated to Rakuno Gakuen University (September 11, Hokkaido; Photo: Japan-China Friendship Center)

(Japan-China youth exchange, etc.)

In 2017, Japan invited around 1,600 Chinese high school students and young adults under the program, “JENESYS (Japan-East Asia Network of Exchange for Students and Youths) 2.0.” and “JENESYS 2017.” Young Chinese people who visited Japan experienced various cultures, lifestyles and the charms of Japan through school exchanges and tours of companies, while deepening mutual understanding with Japanese youth. They also actively exchanged opinions about what the future of Japan-China relations should be. Furthermore, under the Japan-China International Solidarity Project on Afforestation and Tree-Planting²¹, a thousand or so people were invited to the exchange event for promoting understanding of Japan based on the theme of the “Three KAKEHASHI (Bridge) Projects ((1) Regional exchanges (2) Youth exchanges, and (3) Culture and sports exchanges)”

(Exchanges in various fields)

To develop Japan-China stable relations



Japan City of Art PR Seminar (August 18, The Embassy of Japan in China, China)

that will continue in the future, the Government of Japan endeavors to invite people at various levels in all walks of life to Japan, such as leaders of central and local governments in China, people who have 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. Through exchanges including the exchanging of views with various circles and experts in Japan, and inspection tours, it is expected that good relationships will be built between the participants, promoting a more accurate understanding of Japan.

Furthermore, in 2017 which is the 45th anniversary of the normalization of Japan-China diplomatic relations, 370 approved events were held including a variety of cultural exchange programs, promoting the building of friendly relations.

²¹ Size of budget: 9 billion yen (FY2015 supplementary budget)

Special Feature

45th Anniversary of the Normalization of Diplomatic Relations between Japan and China



Logo

Forty-five years ago, on September 29, 1972, Prime Minister Kakuei Tanaka signed the Joint Communiqué of the Government of Japan and the Government of the People's Republic of China with Premier of the State Council Zhou En-lai in Beijing, thus realizing the normalization of diplomatic relations between Japan and China. From then on, the relationship between Japan and China, countries that have a history of exchange extending for more than 2,000 years, entered a new era. Since then, the relationship between the two countries has progressed steadily, and today, broad exchanges are being made between the people of the two countries. In 2017, in commemoration of the 45th anniversary of the normalization of diplomatic relations, various events were held to further promote exchanges and cooperation between Japan and China.

In March, performances of the Shochiku Grand Kabuki were held in Beijing by the Japan Foundation, and the tickets sold out immediately after going on sale. The program featured performances of *Yoshitsune and the Thousand Cherry Trees*, *The Love Messenger of Yamato*, and *Wisteria Maiden*, which are also popular in Japan, and simultaneous commentary through headphones in Chinese was also provided. Shouts of joy rang out during the shows' climaxes, and the performances served as a perfect opportunity for the audience to get familiar with traditional Japanese culture.

In June, the Japan-China Green Expo was held in Beijing for the first time in six years, in order to promote cooperation in the field of environment. The Expo was jointly hosted by business organizations from Japan and China, and approximately 40 Japanese companies participated. The environment is a field in which Japan and China, as two of the world's largest economies, should work cooperatively, and the Expo is expected to be a precursor for cooperation on various global issues.

On September 8 at the Great Hall of the People in Beijing, and on September 28 in Tokyo, receptions were held to celebrate the 45th anniversary of the normalization of diplomatic relations between Japan and China, and the latter event was attended by Prime Minister Abe and Foreign Minister Kono among others. Furthermore, on September 29 on the anniversary of the normalization of diplomatic relations, congratulatory telegrams



Poster for the Shochiku Grand Kabuki performances in Beijing
©Shochiku

were exchanged between Prime Minister Abe and Premier of the State Council Li Keqiang, and Foreign Minister Kono and Foreign Minister Wang Yi respectively. The two sides exchanged positive messages on advancing the Japan-China relationship.

In addition, in the field of sports, the “Japan-China Friendship Cities’ Junior high School Students Table Tennis Exchange Tournament” was jointly held in Beijing in August by friendship organizations in both China and Japan, and junior high school students from both countries attended. In the field of film, an agreement in principle on the Film Co-Production Agreement between Japan and China was announced at the Tokyo International Film Festival in October. Exchanges and cooperation between Japan and China are moving ahead in a broad range of fields.

Japan and China are important partners in Asia that are located next to one another across the East China Sea. In order to advance the two countries’ amicable and cooperative relationship stably, it is essential to deepen exchanges and dialogue in various fields and at various levels, including in areas such as youth exchanges, culture, film, tourism, sports, economy and inter-regional exchanges. In 2018, taking the opportunity of the 40th anniversary of the conclusion of the Treaty of Peace and Friendship between Japan and the People’s Republic of China, Japan and China will also continue to work cooperatively to develop the relationship under the concept of “Mutually Beneficial Relationship Based on Common Strategic Interests.”



Prime Minister Abe making remarks at the reception to celebrate the 45th anniversary of the normalization of diplomatic relations between Japan and China (September 28, Tokyo; Photo: Cabinet Public Relations Office)

(D) Dealing Appropriately with Pending Issues

(Situation surrounding the East China Sea)

In the East China Sea, Chinese Government-owned vessels continue to intrude into Japanese territorial waters around the Senkaku Islands. Also, the Chinese military has been rapidly expanding and increasing its activities in quality and quantity in the area. Furthermore, China continues unilateral development of resources in the maritime area pending delimitation between Japan and China, and has repeatedly carried out maritime surveys without Japan’s consent.

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. Thus, there exists no issue of territorial sovereignty to be resolved concerning the Senkaku Islands. 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 had not raised any objections to Japan’s sovereignty over

the Senkaku Islands. Moreover, China has never explained why it had not expressed objections until then.

Regarding trends in the presence of Chinese Government-owned vessels and fishing boats in the waters around the Senkaku Islands, no incidents occurred in 2017 similar to the incident in August 2016, when huge numbers of Chinese Government-owned vessels and fishing boats gathered around the islands. However, Chinese Government-owned vessels continue to intrude into Japanese territorial waters, recording 29 incidents a year (the numbers were 36 in 2016, and 35 in 2015). In response to such unilateral attempts by China to change the status quo, the Government of Japan has repeatedly lodged strong protests and requested the withdrawal of Chinese vessels. To defend Japan's territorial land, sea and airspace, Japan will deal with the situation with resolute and calm determination.

Chinese naval vessels and aircraft have also been accelerating their activities in the sea and airspace around Japan. Aircraft activity in particular is on the increase, and since the 19th Party Congress, the frequency of flights over international waters between Okinawa Island and Miyako Island has increased. Then in December, a Chinese fighter plane flew over international waters in the Tsushima Channel for the first time. Under these circumstances, a new record was set in the number of times the Air Self-Defense Force had to scramble jets in FY2016 in response to Chinese military aircraft. In response to these recent activities by the Chinese military, Japan has been raising the issues in an appropriate manner through diplomatic routes.

Furthermore, in recent years, China has

accelerated its activities to develop natural resources in the East China Sea. The Government of Japan has confirmed 12 new structures built between June 2013 and May 2016, making 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, and it is extremely regrettable that China is advancing unilateral resource development. Every time such moves by China 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" regarding the cooperation between Japan and China on the development of natural resources in the East China Sea.

Moreover, in recent years numerous activities by China to carry out surveys in the waters around Japan, including the East China Sea, without obtaining Japan's approval, or surveys that differ from those agreed upon have been confirmed.

In order to deal with these concerns appropriately, both Japan and China have been promoting dialogue and exchanges between the authorities concerned. Japan-China High-Level Consultation on Maritime Affairs Round Meetings were held in June and December, in Fukuoka and Shanghai. At the meeting in December, Japan and China agreed to bolster communication regarding the "June 2008 Agreement," and positive progress was made in the building and operation of a "Maritime and Air Communication mechanism between Japan-China defense authorities" to avoid unexpected situations. Furthermore, in

October, the Japan-China Security Dialogue was held in Tokyo, and opinions were exchanged on cooperation, exchanges, etc., in the field of security.

As Prime Minister Abe stated at the Japan-China Summit Meeting during the APEC Summit Meeting (Da Nang, Viet Nam) in November, true improvement in Japan-China relations cannot be achieved without stability in the East China Sea. It is highly meaningful from the perspective of building trust and bolstering cooperation for diplomats from both countries to meet in person and exchange opinions frankly, such as at the Japan-China High-Level Consultation on Maritime Affairs Round Meetings, or the Japan-China Security Dialogue. The Government of Japan will strive to improve relations with China, while asserting Japan's position on individual issues through steady dialogue and

continued bolstering of communication, in an effort to turn the East China Sea into the "Sea of Peace, Cooperation and Friendship."

(Abandoned chemical weapons issue)

The Government of Japan, pursuant to the Chemical Weapons Convention (CWC), has been working on the disposal of chemical weapons which were abandoned by the Imperial Japanese Army in China. In 2017, a survey was carried out on the status of chemical weapons in various regions around China. Weapons were excavated and recovered, and test disposal took place in Haerbaling District in Dunhua, Jilin Province. The disposal of a cumulative total of about 50,000 abandoned chemical weapons has been completed (as of December 2017).

(2) Taiwan

A Internal Affairs

The Tsai Ing-wen administration has entered its second year, passing a pension reform bill to change the favorable treatment of public officials and teachers in successfully dealing with internal affairs. However, her popularity has dropped, and the Premier was replaced in September.

On the economic front, the real GDP growth rate in 2017 increased by 2.86% (calculated from estimates) year-on-year due to foreign demand and steady private consumption.

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



A Chinese maritime platform confirmed to have been built near the geographical equidistant 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

for Relations Across the Taiwan Strait, and the Straits Exchange Foundation) have been discontinued, and the number of tourists from China to Taiwan has decreased. Moreover, Taiwan was unable to attend numerous meetings held by international organizations, including the World Health Organization (WHO), due to opposition from China. In June, Panama established diplomatic relations with China, decreasing the number of countries with diplomatic ties with Taiwan to 20.

C Japan-Taiwan Relationship

For Japan, Taiwan is a crucial partner and an important friend, with which it shares fundamental values such as freedom, democracy, basic human rights, and the rule of law, and enjoys close economic relations and people-to-people exchanges. 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. In November, cooperation documents regarding (1) mutual assistance in custom matters and (2) cultural exchanges between the Japan-Taiwan Exchange Association and the Taiwan-Japan Relations Association were signed. Then the 2nd dialogue on maritime cooperation was held in December, resulting in the signing of a cooperation document on maritime search and rescue cooperation.

In September, Taiwan lifted the ban on imports of Japanese beef for the first time in 16 years. On the other hand, Taiwan has continued to impose import restrictions on Japanese food products after the Great East Japan Earthquake, and Japan has repeatedly requested the removal and

relaxation of the restrictions.

(3) Mongolia

A Domestic Affairs

In the presidential election held in June (direct election with a four-year term of office), none of the three candidates could acquire the majority of votes, and after a runoff election between the top two candidates held for the first time in the history of Mongolia, the opposition Democratic Party candidate, Mr. Battulga, won and was inaugurated as President in July.

On the other hand, there was a confrontation within the ruling People's Party as the result of its candidate, Chairman of State Great Hural (Parliament) Enkhbold, losing the election, and the Erdenebat Cabinet, inaugurated in July 2016, stepped down in September. In October, former Deputy Prime Minister Khurelsukh, was appointed as the new Prime Minister, and in November, he was chosen as the leader of the People's Party.

The Khurelsukh Cabinet prioritizes the consistency and continuity of policies. In particular, it aims to achieve the economic and fiscal reconstruction of Mongolia through steady implementing of the Extended Fund Facility (EFF) agreed upon with the International Monetary Fund (IMF).

B Japan-Mongolia Relations

Mongolia is an important regional partner sharing fundamental values with Japan, so Japan will continue to strengthen friendly ties with the country in a "Strategic Partnership," so that the relationship will truly be mutually beneficial.

2017 marked the 45th anniversary of the

establishment of Japan-Mongolia diplomatic relations, and a variety of memorial events were held in both countries.

The Governments of the two countries engaged in active dialogue, holding the 2nd Japan-Mongolia Strategic Dialogue in February (Ulaanbaatar, Mongolia), a Foreign Ministers' Meeting in March (Tokyo), the 4th Japan-Mongolia Diplomatic Defense and Security Coordination Meeting in August (Ulaanbaatar, Mongolia), and a Summit Meeting in September (Vladivostok, Russia). Moreover, the 2nd Japan-U.S.-Mongolia Trilateral Dialogue was held in August (Ulaanbaatar, Mongolia).

After Chairman of State Great Hural (Parliament) Enkhbold's visit to Japan in March, Speaker of the House of Representatives Oshima visited Mongolia for the first time in July as an incumbent Speaker of the House of Representatives. Furthermore, in September, the Japan-Mongolia Friendship Parliamentarian's Union (Leader: Speaker of the House of Representatives Motoo Hayashi (Chairman)) visited Mongolia, resulting in the further bolstering of bilateral ties through extensive exchanges.

Other than that, the Japan-Mongolia Mid-term Action Plan for a Strategic Partnership (2017-2021) was signed by the Foreign Ministers of both countries in March as a specific policy on cooperation, and as part of an international assistance package formulated by the International Monetary Fund (IMF), it was decided that Japan would provide financial support to Mongolia of up to 850 million US dollars over three years, and the first disbursement (32 billion yen) was made in December. Moreover, in November, it was decided that a grant aid (around 2.4 billion yen) would



Japan-Mongolia Summit Meeting with President Battulga (September 6, Ulaanbaatar, Mongolia; Photo: Cabinet Public Relations Office)



Both Foreign Ministers signed the Japan-Mongolia Mid-term Action Plan for a Strategic Partnership witnessed by Chairman of State Great Khural (Parliament) Enkhbold (March 29, Ministry of Foreign Affairs, Tokyo)



Ceremony to commemorate the inauguration of President Battulga (July 10, Ulaanbaatar, Mongolia)

be provided to build or expand four model schools for children with disabilities, or for use in disaster prevention, using Japanese knowledge.

3 Southeast Asia

(1) Indonesia

The Joko administration inaugurated in October 2014 has so far increased its support from the people by implementing three cabinet reshuffles, reforms of the social welfare system, reforms of the education system, development of infrastructure, and other economic policies, and the administration is gaining further stability. On the other hand, as it could be seen in the runoff Jakarta gubernatorial election held in April 2017, the political forces have been stepping up their activities in preparation for the upcoming presidential and general elections in 2019, signaling the start of the season for politics in Indonesia.

In relations with Japan, meetings between the leaders and ministers were also held in 2017, and in preparation for the 60th anniversary of the establishment of Japan-Indonesia diplomatic relations in 2018, there were exchanges of opinions to further bolster cooperative ties between the two countries. In January 2017, Prime Minister Abe visited Indonesia to hold a Summit Meeting with President Joko at Bogor Palace, and issued a Japan-Indonesia Joint Statement on Strengthening Strategic Partnership. At the ASEAN-related Foreign Ministers' Meeting (Manila, the Philippines) in August, Foreign Minister Kono held a meeting with Foreign Minister Retno to exchange opinions on the enhancement of bilateral relations and regional affairs including the South China Sea and North Korea. They agreed to continue working in close cooperation. Furthermore, Minister of Marine Affairs and Fisheries Susi paid Foreign Minister Kono a courtesy visit, and expressed her wish to cooperate with Japan, with advanced technology, to



Summit Meeting held with President Joko when Prime Minister Abe visited Indonesia (January 15, Bogor, Indonesia; Photo: Cabinet Public Relations Office)

manage fisheries resources and to deal with illegal fishing boats. At the ASEAN-related Summit Meeting (Manila, the Philippines) in November, another Summit Meeting was held, and both leaders agreed to further strengthen bilateral ties, including the current infrastructure cooperation, in preparation for 2018, the upcoming 60th anniversary of the establishment of diplomatic relations between the two countries. In December, on the occasion of the visit of Coordinating Minister for Maritime Affairs Luhut, State Minister for Foreign Affairs Kazuyuki Nakane held the 1st Japan-Indonesia Maritime Forum with Minister Luhut and maritime ties between the two countries have deepened further.

(2) Cambodia

Cambodia is located in a strategic point of the Southern Economic Corridor and serves as a key country in strengthening connectivity in the Mekong region and narrowing the regional development gap in the ASEAN region. The country has been promoting a development policy with emphasis on the enhancement of governance, with the aim of entering the group of Upper Middle-Income Countries by 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.” On the occasion of the Official Working Visit by Prime Minister Hun Sen in August 2017 a Summit Meeting with Prime Minister Abe was held. Prime Minister Abe stated that Japan will enhance assistance in areas including improvement of logistics, industrial human resource development and reinforcement of urban functions, with a view of assisting Cambodia in becoming a upper middle income country by 2030. In response, Prime Minister Hun Sen expressed his gratitude for Japan’s assistance, and expressed his support for Japan’s policies: “Proactive Contribution to Peace” and “Free and Open Indo-Pacific Strategy.” Other than that, State Minister for Foreign Affairs Nobuo Kishi and Parliamentary Vice-Minister for Foreign Affairs Iwao Horii visited Cambodia in May and October respectively.

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. The Consular Office of Japan in Siem Reap was opened in January 2018, the 65th anniversary year of the establishment of the diplomatic relations.

Regarding domestic affairs, political discord between the ruling and opposition parties has increased since the opposition party, the Cambodian National Rescue Party(CNRP), became much stronger in the National Assembly (lower house) election

in 2013. Then in November 2017, CNRP was dissolved due to a violation of the law on Political Parties. The future issue is how the will of the people of Cambodia can be reflected in the general elections to be held in July 2018.

In the Khmer Rouge Tribunal 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. Subsequently, the hearings for the other cases against them were conducted in the Trial Chamber.

(3) Singapore

For many years, bilateral ties between Japan and Singapore have been extremely good, and there have been active exchanges of senior officials.

In Singapore the People’s Action Party (PAP), led by Prime Minister Lee Hsien Loong, occupies an overwhelming majority of seats in the Parliament. In the 2015 general elections, the ruling party succeeded in overturning the downward trend in support for the ruling party. Singapore has been proactive in the appointment of young cabinet members many of whom are in their 40s, known as “the fourth generation,” making steady progress toward a change of generations.

In relations with Japan, there were continued high-level exchanges in 2017. During his visit to Germany to attend the G20 Summit in July, Prime Minister Abe held a meeting with Prime Minister Lee Hsien Loong. Based on the variety of achievements by Japan and Singapore, as the two countries commemorated their 50th anniversary of the establishment of



Japan-Singapore Summit Meeting (July 8, Germany; Photo: Cabinet Public Relations Office)

diplomatic relations in 2016, the leaders agreed to further deepen bilateral ties. Furthermore, in the meeting between Foreign Minister Balakrishnan and Special Adviser to the Prime Minister Kentaro Sonoura, in December, they confirmed the importance of ensuring rule of law and freedom of navigation, enhancing connectivity, promoting free trade, regional economic integration, etc., as Singapore is set to be the ASEAN Chair in 2018.

On the economic front, many Japanese companies have established regional headquarters in Singapore, and cooperation between companies from the two countries continues to progress in areas such as infrastructure. The Japan-Singapore Economic Partnership Agreement (JSEPA), signed and enacted in 2002, was the first bilateral EPA signed by Japan.

Furthermore, the two countries work together to carry out technical cooperation through the “Japan-Singapore Partnership Program for the 21st Century (JSPP21),” targeting developing countries. The two countries also enjoy active intellectual and cultural exchanges through establishment of the Japan Creative Center, a base for disseminating information on Japan’s culture.

(4) Thailand

Thailand is located in the center of the Mekong region and has a “Strategic Partnership” relationship with Japan. 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 global supply chains for the Japanese economy. Under the parliament and interim cabinet established by the military government, a process to restore democracy had been under way, and a new constitution was promulgated and put into effect in April 2017. The restoration of democracy is expected to be achieved through the implementation of parliamentary elections around February 2019.

As a consequence of the demise in October 2016 of His Majesty King Bhumibol, the country went into mourning until October 2017. A royal cremation ceremony for His Majesty the late King Bhumibol was held in October.

Various levels of exchanges, including political and economic ones, have been continued between Japan and Thailand on the foundation of the close relationship between the imperial and royal families. In particular, this year marked the 130th anniversary of the establishment of diplomatic relations between Japan and Thailand, and extensive exchanges and celebratory events were held in both the public and private sectors, reconfirming close and friendly ties between the two countries, and the importance of further promoting them. In September, Foreign Minister Don and Parliamentary Vice-Minister for Foreign Affairs Iwao Horii visited each other’s countries to attend commemorative events and exchange

celebratory commemorative messages between the leaders and foreign ministers.

Three Japan-Thailand Foreign Ministers' Meetings were held in 2017. Other than that, there were continued high-level exchanges in 2017. Deputy Prime Minister Somkid visited Japan in June, and along with Chief Cabinet Secretary Yoshida Suga co-chaired the Third Meeting of the Japan-Thailand High Level Joint Commission attended by the cabinet ministers concerned and seven memorandums on cooperation were signed.

(5) Timor-Leste

Timor-Leste, the first country which achieved independence this century, has realized peace and stability with the support of the international community and has been building the nation based on democracy. In the Timor-Leste presidential election held in March 2017, Mr. Lu Olo, the leader of the opposition party, Fretilin, ran for president for the third time. He was elected in the first ballot, becoming the fourth president of the country in May. Prime Minister Abe sent him a congratulatory letter, and expressed his intention to continue providing total support to the development of Timor-Leste. The inauguration ceremony held on the same day was attended by Special Envoy of Prime Minister Gen Nakatani. Furthermore, a parliamentary election was held in July to elect members of the National Parliament. Japan dispatched a group of observers to oversee the election. In September, Mr. Alkatiri was elected as the new Prime Minister, marking the inauguration of the 7th Constitutional Government.

In July 2011, a "Strategic Development Plan (SDP)" (long-term guidelines for development policy up until 2030) was

formulated in Timor-Leste, 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. In May, the two countries exchanged the documents regarding the "Economic and Social Development Programme," a grant aid of up to 200 million yen through providing medical equipment with the aim of improving healthcare services. Furthermore, Japan has been supporting Timor-Leste's aim of acceding to ASEAN smoothly and assisting in human resources development toward the accession.

(6) The Philippines

In the Philippines, the Duterte administration, in the second year since its inauguration, ran the country with stability backed by a high approval rating. On the other hand, an armed conflict broke out with an Islamic extremist group in Marawi City on the island of Mindanao, and President Duterte placed the entire island under martial law. The conflict came to an end in October, but the challenges remained are to ensure security and order, implement counter-terrorism measures, and revitalize the city. Regarding the economy, the Philippines maintained strong economic growth, while actively promoting policies in accordance with a socio-economic development agenda, including infrastructure development and tax system reform. Furthermore, as the ASEAN Chair in 2017, the Philippines held summit meetings, foreign ministers' meetings and other related meetings.



Prime Minister Abe greets President Duterte at the banquet hosted by the Prime Minister (October 30, Tokyo; Photo: Cabinet Public Relations Office)



Japan-Philippines Foreign Ministers' Meeting (August 6, Manila, the Philippines)

Japan and the Philippines witnessed frequent exchanges as “Strategic Partners” in 2017. In January, Prime Minister Abe became the first overseas leader to visit Davao, President Duterte’s hometown, and pledged to provide the support of 1 trillion yen over five years. Secretary of Foreign Affairs Cayetano visited Japan in June to hold a Japan-Philippines Foreign Ministers’ Meeting. Furthermore, in October, President Duterte visited Japan for the second time as President. A joint statement on bilateral cooperation for the next five years was issued. Japan and the Philippines agreed to further enhance cooperation in a variety of fields including the infrastructure development such as the subway projects in Metro Manila, providing assistance in Mindanao, and combatting illegal drugs.

Japan-Philippines Foreign Ministers’ Meeting was also held on the same occasion. Furthermore, Foreign Minister Kono visited the Philippines in August for the ASEAN-related Foreign Ministers’ Meetings, and Prime Minister Abe visited the Philippines in November to attend the ASEAN-related Summit Meetings.

(7) Brunei

Brunei achieved high economic levels, 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 economic diversification to avoid overreliance on energy resources.

Japan and Brunei have maintained friendly relations over a long period of time. Around 60% of Brunei’s liquefied natural gas (LNG) exports are bound for Japan, and LNG from Brunei makes up around 5% of the total LNG import to Japan, making Brunei an important country for the stable supply of energy resources to Japan. Through “JENESYS 2.0,” launched in 2013, Japan and Brunei witness frequent exchanges of young people who carry the future of Japan-Brunei relations on their shoulders. Sports exchanges, represented by badminton, are extremely important in promoting bilateral ties. Judo and karate are also steadily becoming popular in Brunei.

In 2017, various ministers, including Minister at Prime Minister’s Office and Second Minister of Foreign Affairs and Trade Lim Jock Seng and Minister of Energy and Industry of Prime Minister’s Office Yasmin visited Japan. During the ASEAN-related Foreign Ministers’ Meeting held in August in Manila, the Philippines,



Japan-Brunei Summit Meeting (November 13, Manila, the Philippines (representative photo); Photo: Cabinet Public Relations Office)

Foreign Minister Kono met with Minister Lim Jock Seng, which led to a Japan-Brunei Foreign Ministers' Meeting in November in Da Nang, Viet Nam. Furthermore, during the ASEAN-related Summit Meeting held in November in Manila, the Philippines, a Japan-Brunei Summit Meeting was held, and Prime Minister Abe congratulated Sultan Bolkiah on the 50th anniversary of the accession to the throne in 2017, and exchanged opinions on further bolstering bilateral ties through supporting Brunei's efforts toward economic diversification. Permanent Secretary of the Ministry of Foreign Affairs and Trade Lim Jock Hoi, who will be assigned as the next ASEAN Secretary-General from January 2018, visited Japan in December to hold a meeting with Foreign Minister Kono, who expressed his support for promoting cooperation with Brunei in the integration of ASEAN. Brunei has been serving as the ASEAN Country Coordinator for Japan for three years since 2015.

(8) Viet Nam

Located next to sea lanes in the South China Sea and sharing a long border with China, Viet Nam is a geopolitically important country. Given that the country embraces the third largest population in

Southeast Asia, and is experiencing a surge in the number of people in middle-income brackets, Viet Nam is becoming a promising market. After the inauguration of the new leaders of the Communist Party of Viet Nam in January 2016, the country has been striving to realize stable economic growth through the stabilization of the macro-economy including control of inflation, the promotion of foreign investment by the development of infrastructure and the improvement of the investment environment. Moreover, the Government has been engaging actively in anti-corruption measures and administrative reform.

In 2017, Viet Nam acted as APEC Chair, and at the APEC Summit and Ministerial meeting held in Da Nang in November achieved major diplomatic results, including the agreement in principle to TPP11. Furthermore, Viet Nam welcomed President Trump of the U.S. followed by President Xi Jinping of China as State Guests after the meeting, demonstrating a well-balanced diplomatic policy.

There have been active mutual high level exchanges, including the visit to Viet Nam by Prime Minister Abe in January, and the Speaker of the House of Representatives, Oshima in May, the visit to Japan by Deputy Prime Minister and Minister of Foreign Affairs Minh, the visit to Japan by Prime Minister Phuc and his spouse as an Official Visit in June, and the attendance of Prime Minister Abe and Foreign Minister Kono at the APEC Viet Nam Summit and Ministerial Meeting in Da Nang in November. 2018 marks the 45th anniversary of the establishment of Japan-Viet Nam diplomatic relations, and a variety of cultural exchange programs are planned

in both countries to further deepen the “Extensive Strategic Partnership” between them.

(9) Malaysia

In 2015, the Najib administration announced the “11th Malaysia Plan (a five-year plan from 2016 to 2020),” and with the aim of entering the group of advanced countries by 2020, the country has implemented deregulation and liberalization to strengthen international competitiveness, while maintaining steady growth at home, supported by investment and domestic consumption.

2017 marked the 60th anniversary of the establishment of Japan-Malaysia diplomatic relations, and a variety of

commemorative events were held in both countries, deepening friendly ties between the people of the two countries. The leaders of both countries have also been communicating closely. A telephone Summit Meeting was held after the House of Representatives election in October, and a Summit Meeting on the occasion of the ASEAN-related Summit Meeting in Manila, the Philippines was also held in November. It was confirmed in the Summit Meeting that the two countries would further deepen the “Strategic Partnership.”

The Look East Policy, which serves as a foundation for the good bilateral relationship between Japan and Malaysia, celebrated its 30th anniversary in 2012. In this program, about 16,000 people have studied or have been trained in Japan so far. Currently, the Look East Policy has been named “Look East Policy 2.0,” and efforts are being made to expand the fields covered and improve the quality of the initiative. The two countries are cooperating in making the Malaysia Japan International Institute of Technology (MJIT), which was opened in September 2011, a base for Japanese-style engineering education in ASEAN countries.

On the economic front, Japan is the biggest investor to Malaysia, and 1,400 Japanese companies have been operating in Malaysia, demonstrating continued close cooperation between the two countries. The two countries have been studying the possibility of cooperation in a high-speed railway project between Malaysia and Singapore.

(10) Myanmar

In March 2016 in Myanmar, a democratic administration was established for the first



Official logo for the 60th Anniversary of the Establishment of Malaysia-Japan Diplomatic relations in 2017



Japan-Malaysia Summit Meeting (November 12, Manila, the Philippines; Photo: Cabinet Public Relations Office)

Special Feature

Their Majesties the Emperor and Empress Visit to Viet Nam and Thailand

Their Majesties the Emperor and Empress visited Viet Nam for a period of six days from February 28, 2017. The visit was realized with a long-held invitation from Viet Nam. In addition, on their way home from Viet Nam, Their Majesties paid a condolence visit to Thailand in order to show their respect for His Majesty King Bhumibol Adulyadej, who passed away on October 13, 2016.

Viet Nam is a country located east of the Indochina peninsula with a population of around 93.7 million people. Although it has no royal family, it is a pro-Japanese country with deep relations to Japan.

This was Their Majesties' first visit to Viet Nam. Their Majesties heard stories about visits of His Imperial Highness the Crown Prince and His Imperial Highness Prince Akishino, and Their Majesties had been looking forward to visiting Viet Nam.

At a welcome ceremony and banquet held at the Presidential Palace, Their Majesties received a magnificent welcome from President Quang and his spouse. Central Committee of the Communist Party General Secretary Trong and his spouse, Prime Minister Phuc and his spouse, and National Assembly Chairwoman Ngan were received in audience by Their Majesties. Their Majesties also spoke with Japanese nationals living in Viet Nam, such as Japan Overseas Cooperation Volunteers who are active locally, and former exchange students to Japan, as well as met with the families of former Japanese soldiers in Viet Nam. Furthermore, Their Majesties visited a museum where a goby specimen that was presented to the country by His Majesty in 1976 is on display.

In the ancient capital city of Hue, Their Majesties appreciated Viet Nam's Nha Nhac court music, which shares a common source with *gagaku* ancient Japanese court music, and visited the memorial hall of Phan Bội Châu, the nationalist leader of the "Đông-



Their Majesties the Emperor and Empress attending a welcoming ceremony at the Presidential Palace (March 1, Hanoi, Viet Nam, Photo: Vietnam News Agency)



Their Majesties the Emperor and Empress conveying their condolences over the late King Bhumibol Adulyadej at the Grand Palace (March 5, Bangkok, Thailand, Photo: The Office of His Majesty's Private Principal Secretary, Kingdom of Thailand)

du Movement,” whose objective was to have young Vietnamese study in Japan at the beginning of the 20th Century. There, Their Majesties learned the history of exchange between the two countries.

During their visit, Their Majesties were warmly welcomed by the people of Vietnamese including many of those gathered along the roadside bearing the national flags of both countries in their hands.

On their way home from Viet Nam, Their Majesties also paid a visit to Thailand in order to convey their condolences to His Majesty King Bhumibol Adulyadej. A close relationship between Their Majesties, the late King and Her Majesty Queen Sirikit have been maintained exchanges for over half a century. The Imperial Family and the Thai Royal Family have a deep relationship – when the Thai Royal Family visits Japan they are frequently invited to the Imperial Palace, for example. The former King was always the symbol of the people of Thailand's respect and affection for a period of 70 years, and he also performed an extremely major role in promoting friendship and goodwill between Japan and Thailand. Their Majesties made a deep bow in front of the Grand Palace's altar in order to express their respect for the former King, and showed the depth of their sadness.

Their Majesties also met His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun at Amphorn Sathan Residential Hall. This meeting between Their Majesties and the new King represents a new chapter in Japan-Thailand relations, and it is hoped that the amicable relations between the two countries will deepen further.

time in half a century with support by the majority of the people. Under the leadership of State Counsellor Aung San Suu Kyi, who had been leading a democratization movement for a long time, the country is making efforts for consolidation of democracy, national reconciliation, and economic development. Japan is providing full-fledged support to the Government of Myanmar's democratic nation building in collaboration between public and private sectors, based on recognition that stability of Myanmar, which has traditional friendship with Japan, geopolitical importance and huge potential for economic development, is directly related to stability and prosperity throughout the entire region. When State Counsellor Aung San Suu Kyi visited Japan in November 2016, Prime Minister Abe expressed his intention that Japan would

contribute 800 billion yen over five years in total by public and private sectors. Since then, the Japanese Government has been accelerating efforts to cooperate in broad fields, including urban development, electricity and transportation infrastructure. In November 2017, at the meeting between Prime Minister Abe and State Counsellor Aung San Suu Kyi in Manila, the Philippines, Prime Minister Abe expressed his intention that Japan would implement development assistance programs which amount to 125 billion yen. Furthermore, in December, President Htin Kyaw visited Japan and a Japan-Myanmar Summit Meeting was held.

In Myanmar, achieving peace with ethnic armed groups, who have been fighting against the Government armed forces since Myanmar's independence, has been a pressing issue. In October

2015, eight ethnic armed groups, including Karen National Union (KNU), signed the Nationwide Ceasefire Agreement (NCA), and the remaining issue had been to reach an agreement with the remaining groups, including New Mon State Party (NMSP). Then in February 2018, NMSP and the Lahu Democratic Union (LDU) finally signed the NCA. The Government of Japan had supported the progress of peace negotiation through Special Envoy of the Government of Japan for National Reconciliation in Myanmar Yohei Sasakawa, who also signed the NCA as a witness during the signing ceremony. The Government of Japan has also been providing support for rebuilding livelihoods, by cooperating with Japanese NGOs, in the area under the control of the armed groups who have signed the NCA, such as in Kayin State, including construction of houses, schools, hospitals and bridges, so that the people residing in those areas can feel improvement in their living standards after the ceasefire.

In the western state of Rakhine, over 700,000 people were displaced to Bangladesh as a result of destabilization after the armed groups attacked security forces' bases in August. The international community expressed serious concern to the Government of Myanmar. Japan expressed serious concern over security and humanitarian and human rights situations in Rakhine State. Japan also expressed its intention to offer maximum support to the Government of Myanmar's efforts for providing humanitarian assistance, ensuring return of the displaced people, and peace and stability, encouraging Myanmar to ensure restoring security in accordance with the law and reopening humanitarian access.

(11) Laos

Laos is a land locked country bordering the five countries of China, Myanmar, Thailand, Cambodia, and Viet Nam and, therefore, is a key country in connecting the Mekong region. With regard to domestic affairs, being the year after the holding of the 10th Congress of the Lao People's Revolutionary Party and the 8th National Parliamentary Elections, there were no major changes under the single-party rule of the Lao People's Revolutionary Party. It was a year of stability for the Government. On the economic front, the Government strived to stabilize finances, which was the most pressing issue. On the other hand, economic growth remained steady at around 7%, which was about the same level as the previous year, driven by electricity and mineral resources. Japan and Laos formed a "Strategic Partnership" in 2015, and the countries have been deepening cooperative ties in extensive fields. Laos has been drawing the attention of Japanese companies in recent years for its investment potential, and in March Deputy Prime Minister Sonexay visited Japan, followed by Prime Minister Thongloun in June, who held investment seminars and economic forums. In the field of economic cooperation, steady progress was made in the Japan-Lao PDR Joint Development Cooperation Plan for the Sustainable Development of Lao PDR, which was announced by the Prime Ministers of both countries in September 2016. Particularly in regard to the strong request by the leaders of the Government of Laos for support in financial stability, Japan cooperated at multiple levels in the public and private sectors by dispatching experts, holding various seminars, etc. In June, a Japan-Lao PDR Summit Meeting

Special Feature

His Imperial Highness the Crown Prince's First Visit to Malaysia

The year 2017 marked the 60th anniversary of diplomatic relations between Japan and Malaysia which was established in the same year as the independence of the Federation of Malaya in 1957. His Imperial Highness the Crown Prince's visit to Malaysia on this important milestone proved to be an excellent opportunity to showcase the friendly relations between Japan and Malaysia to people inside and outside Japan.

His Imperial Highness received a warm welcome from His Majesty The Yang di-Pertuan Agong XV Sultan Muhammad V, the Royal Families of Malaysia, government officials and the people of Malaysia. The meeting with His Royal Highness Sultan Dr. Nazrin Muizzuddin Shah, Deputy Yang di-Pertuan Agong of Malaysia, and luncheon hosted by The Honorable Dato'Sri Mohd Najib bin Tun Haji Abdul Razak, Prime Minister of Malaysia and his spouse left a strong impression of the continued and further developing relationship between the Imperial Family of Japan and the Royal Families of Malaysia as well as the advancements seen in the multilayered friendly relationship between the two countries.

Moreover, His Imperial Highness visited the University of Malaya, a cornerstone of the Government of Malaysia's Look East Policy initiated in 1982 (a human resources development program in which people of Malaysia learn the work ethic and will to learn/work from Japan and the Republic of Korea in order to develop Malaysia's economy and society and establish the country's industrial base). Through the programs of Look East Policy, approximately 16,000 Malaysian youth had been sent to Japan to study or train. In the remarks, His Imperial Highness noted that Japanese nationals studying in Malaysia can learn a great deal from Malaysia's society that respects diversity where multiple ethnicities, cultures and religions co-exist with one another.

On the final day of the visit, His Imperial Highness, who has long been studying water issue, visited the SMART Tunnel in Kuala Lumpur (a tunnel with the dual purpose of alleviating traffic congestion and preventing flooding) that His Imperial Highness introduced in his keynote address at the UN Special Thematic Session on Water and Disasters in 2016. During the visit, His Imperial Highness listened intently to the explanation on the tunnel's history, its mechanisms combining drainage function and transportation system to alleviate traffic congestion in the city, and its disaster risk reduction capabilities.

His Imperial Highness the Crown Prince's visit to Malaysia left a strong impression of the truly friendly relationship between Japan and



His Imperial Highness the Crown Prince listening to an explanation about the tunnel's mechanisms during a visit to the SMART Tunnel Control Center (April 15, Kuala Lumpur, Malaysia, Photo: Ministry of Communications and Multimedia Malaysia)

Malaysia. The visit reminded both nations of the great efforts and hard work of forerunners from both countries over the years in building the friendly relationship between Japan and Malaysia today. It also got both nations to recognise the importance of people-to-people exchanges, particularly youth exchanges, in order to maintain and strengthen this friendly relationship. The visit proved to be deeply meaningful to both countries in the sense of entrusting the next 60 years of Japan-Malaysia relations to the next generation, based on friendship over the last 60 years.



His Imperial Highness the Crown Prince attending a dinner reception with His Majesty The Yang di-Pertuan Agong XV Sultan Muhammad V (April 16, Kuala Lumpur, Malaysia. Photo: Ministry of Communications and Multimedia Malaysia)



Parliamentary Vice-Minister for Foreign Affairs Odawara attends the ceremony to handover Namsang Secondary School built under the Grass-Roots Human Security Projects (July 13, Vientiane, Laos)

and Foreign Ministers' Meeting were held. Parliamentary Vice-Minister for Foreign Affairs Odawara visited Laos in July, followed by Parliamentary Vice-Minister for Foreign Affairs Iwao Horii in September, representing momentum maintained in close and high-level exchanges between the two countries in recent years. Other than that, a memorandum of cooperation regarding Foreign Technical Intern Training Programs was signed in December between the Ministry of Justice, Ministry of Foreign Affairs, and Ministry of Health, Labour and Welfare of Japan, and the Ministry of Labour and Social Welfare of Lao PDR.



Prime Minister Abe and his spouse receive a warm welcome from Prime Minister Modi and local residents of India (September 13, Ahmedabad, India; Photo: Cabinet Public Relations Office (Prime Minister's Office of Japan Facebook Page))

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 fundamental 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 Modi has put forward active diplomacy through the “Act East” policy that promotes concrete 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 2017, three summit meetings were held. In particular, Prime Minister Abe was invited to Gujarat State in September, where Prime Minister Modi comes from, during his third visit to India under the current administration. He was given an exceptionally warm welcome. Upon arriving at the airport, he was welcomed by around 50,000 people who lined the streets for 8 km. He attended a ceremony to launch the construction of the Mumbai-Ahmedabad High Speed Rail, and held a Summit Meeting for the tenth time with Prime Minister Modi. At the Summit Meeting, the Prime Ministers agreed to further promote coordination between Japan’s “Free and Open Indo-Pacific Strategy” and India’s “Act East” policy. They agreed to cooperate in connectivity, and defense equipment and technology, promote Japan-U.S.-India trilateral cooperation, continue support through ODA, promote the spread of Japanese education, and fundamentally expand tourism and people-to-people exchanges. Moreover, opinions were exchanged on regional affairs, including

the North Korea issue, and the Prime Ministers agreed to maximize pressure on North Korea.

(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 counter-terrorism measures. Furthermore, the country embraces a population of around 200 million, and approximately 60% of the total population is under 25 years old, thus making its economic potential high.

In security, Prime Minister Abbasi, who took office in August 2017, has decided to maintain the policy of former Prime Minister Sharif, identifying security improvement as a top priority. Since June 2014, the Pakistani military has conducted operations against armed forces including Tehrik-i-Taliban Pakistan (TTP), and the Government of Pakistan has announced that the number of terrorist incidents has been greatly reduced.

In foreign affairs, the former Prime Minister Sharif had been engaged in improving relations with neighboring countries including India, but after the terrorist attack on an Indian Air Force base in January 2016, India-Pakistan relationship has been tense. Furthermore, under the “All-Weather Strategic Cooperative Partnership,” relationship with China has 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 “Belt and

Road” initiative. Regarding the relationship with Afghanistan, the Quadrilateral Coordination Group (QCG: with the participation of Pakistan, Afghanistan, the U.S., and China) has begun discussions on the peace and reconciliation process since January 2016, but there remain many issues to be addressed between the two countries, including border control, and refugee problems.

On the economic front, structural reforms have been completed under the International Monetary Fund (IMF) program since September 2013. Though there are remaining issues, such as further reduction of official debt, and increases in tax revenues, the growth rates in FY2016/2017 marked around 5%, making them the highest in the past ten years.

The year 2017 marked the 65th anniversary of the establishment of diplomatic relations between Pakistan and Japan, and in May, State Minister for Foreign Affairs Kishi visited Islamabad and Karachi. During the visit, he held meetings with the former Prime Minister Sharif and other leading figures to exchange views on efforts to further bolster bilateral ties, and on regional affairs. They also discussed measures to enhance economic ties through business associates in Japan and Pakistan.

(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, a terrorist attack occurred in

October 2015 in which a Japanese national was murdered. Moreover, another terrorist attack occurred in Dhaka in July 2016. Although measures to combat terrorism have been advanced by the security authorities, including through exposing Islamic extremist groups and setting up numerous checkpoints, the threat of terrorism still remains throughout the country. Furthermore, with the deterioration in peace and order in Rakhine State of Myanmar since August 2017, more than 600,000 displaced persons have flooded into the country, thus causing deterioration in humanitarian conditions.

On the economic front, the country, though classified as a least developed country, maintained a steady economic growth rate of around 7.24% in 2017, thanks to robust exports mainly of textile products. With a population of around 160 million people, Bangladesh has a production base with abundant low cost and high-quality labor, and the high potential of its market including considerable infrastructure demand is attracting attention. The number of Japanese-affiliated companies developing business in the country has increased from 61 (2005) to 270 (October 2016). However, the stable supply of



Tour of Kutupalong Refugee Camp (November 19, Kutupalong, Bangladesh)

electric power and natural gas as well as infrastructure improvement remain as challenges for foreign companies.

In the relationship with Japan, Parliamentary Vice-Minister for Foreign Affairs Takei visited Bangladesh in January, followed by visits of Parliamentary Vice-Minister for Foreign Affairs Iwao Horii, in September, and Foreign Minister Kono in November. A Ministerial Meeting was held with Foreign Minister Ali and it was confirmed that relations would be strengthened under the Japan-Bangladesh Comprehensive Partnership. In addition, Minister Kono took a tour of the camp of displaced persons who had flooded into Bangladesh from Northern Rakhine State of Myanmar.

(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 note-worthy. Since the end of the conflict in 2009, the security situation has greatly improved. Japanese tourists roughly quadrupled as compared with 2008 to over 40,000 (as of 2016).

In domestic politics, President Sirisena, who was elected at the presidential election in January 2015, maintained the grand coalition of the United National Party (UNP) and the Sri Lanka Freedom Party (SLFP) established after the general election in August the same year, and is running the Government together with Prime Minister Wickremesinghe (UNP).

The current administration set up a National Reconciliation Bureau to address this important task after the end of the conflict, and has been working in a variety

of ways including the establishment of a mechanism consisting of a four-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 conflict, the economy of Sri Lanka was growing at an annual rate of 7%, and it continues to maintain an annual growth of over 4% in recent years. Its GDP per-capita was recorded at 3,887 US dollars in 2016, and given the geopolitical importance of the country and its access to the Indian market, an even higher growth rate is expected.

In the relationship with Japan, Prime Minister Wickremesinghe visited Japan in October 2015, and in April 2017 for the second time since the inauguration of the current administration. A Summit Meeting was held with Prime Minister Abe, and the Prime Ministers agreed to deepen and strengthen the Comprehensive Partnership, issuing a joint statement after the meeting. Furthermore, in November 2017, State Minister of Defence Wijewardene visited Japan and held meetings with Defense Minister Itsunori Onodera and State Minister for Foreign Affairs Nakane, to exchange opinions on further bolstering cooperation in the field of maritime security.

(5) Nepal

Nepal has geopolitical importance as an inland state between the great powers of China and India. For many years, Japan has been a major donor to Nepal and the two countries keep traditionally friendly relations through a variety of exchanges including between the imperial family and the former royal family, and through



Visit to Nepal by Parliamentary Vice-Minister for Foreign Affairs Iwao Horii (December 7, Kathmandu)

mountaineering.

In domestic affairs, Prime Minister Dahal expressed his intention to step down in May 2017, and Mr. Deuba, leader of the Nepali Congress (NC), was elected as the new Prime Minister in June, giving birth to a new administration. In 2017, to shift to the three-tiered administrative system of dividing Nepal into provinces, districts and municipalities, as enacted under the new constitution of September 2015, local elections were held in May, June and September, and the elections of the House of Representatives and Provincial Assemblies were held in December. For many years, Japan has been supporting Nepal to consolidate democracy, and Parliamentary Vice-Minister for Foreign Affairs Iwao Horii, was dispatched to ensure freedom, fairness and transparency of the elections of the House of Representatives and Provincial Assemblies held on December 7. The Japanese Government Election Observer Mission visited polling stations in the Kathmandu Valley: voting was carried out without major confusion in a generally peaceful manner. With the end of the elections stipulated by the new constitution, future political processes are expected to be carried out smoothly.

In August 2017, Nepal's representative soccer team, which had experienced the earthquake in April 2014, was invited to Japan for an earthquake reconstruction exchange. The team visited environmental and disaster prevention facilities, and deepened understanding for related initiatives in Japan through experts. At the same time, they played a disaster relief friendly match with Vissel Kobe U-18 to disseminate cooperation between Japan and Nepal in striving to recover from the earthquake (See the Column "Cooperation with Sports Associations - Soccer Exchanges between Japan and Nepal").

(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 June 2018).

With regard to the relationship with Japan, since His Majesty and Her Majesty of Bhutan visited Japan as State Guests in 2011, bilateral exchanges have become active in a variety of fields and at various levels. His Royal Highness Prince Jigyel Ugyen Wangchuck, President of the Bhutan Olympic Committee, visited Japan in April to strengthen cooperative ties in the field of sports for the 2020 Tokyo Olympic and Paralympic Games. In October, Her Royal Highness Princess Sonam Dechan Wangchuck visited Japan to attend a forum organized by Kyoto University among other

Special Feature

Japan Week in Bhutan and the Royal Bhutan Flower Exhibition

- Graced by Her Imperial Highness Princess Mako of Akishino -

1. Japan Week 2017 in Bhutan

Judo throwing techniques and Karate kumite demonstrations to powerful background music. Energetic voices of local children echoing under the blue Himalayan sky with the roar of loud applause of the audience each time a technique was demonstrated. The opening event of Japan Week was held at Clock Tower Square located in the heart of Thimphu, the capital of Bhutan, graced by Her Imperial Highness Princess Mako of Akishino



Singing of "*Hana wa Saku*" by Bhutanese children (June 2, Thimphu, Bhutan)

and important Bhutanese Government officials including Foreign Minister Damcho Dorji. The symbolic opening event that marked the start of the four-day Japan Week from June 2 included Judo and Karate demonstrations presented by Bhutanese elementary and junior high school students, along with performance of a Japanese song '*Hana wa Saku*' by young students. In addition, a Japanese traditional performing arts group was invited to demonstrate the '*Magisawa Kagura*', an Intangible Folk Cultural Property of Ichinoseki City, Iwate Prefecture.

Bhutan is situated in a mountain range with large differences in altitude from a few hundred meters above sea level to 7,000 meters. The country has approximately the same land area as Kyushu Island and is home to a population of around 800,000. Some similarities can be found between Japan and Bhutan from idyllic scenes, formed mainly by rice cultivation, reminiscent of Japan's farm villages, to similar facial features of the two people, and to traditional dress such as "*gho*" and "*kira*" which look like the Japanese kimono.

The friendly relationship between Japan and Bhutan began through cooperation initiated by the agricultural expert the late Mr. Keiji Nishioka, dispatched by the Overseas Technical Cooperation Agency (now JICA) long before the establishment of diplomatic relations in 1986. Japan and Bhutan have established a very friendly relationship through mutual exchanges in various levels and fields including ones between the Imperial Family of Japan and the Royal Family of Bhutan. The year 2016 marked the 30th anniversary of the establishment of diplomatic relations between the two countries.

Japan Week has been co-hosted by the Embassy of Japan in India, the Japan Foundation, New Delhi, and JICA Bhutan Office since 2012 with the aim of promoting cultural exchanges and mutual understanding between the two countries given the long history of friendship.

This year, Japan Week included events such as projection of Japanese short films at City Cinema in Thimphu as well as Japanese language teacher training and Japan workshop.

2. Royal Bhutan Flower Exhibition

On June 4, concurrently with Japan Week, the opening ceremony for the 3rd Royal Bhutan Flower Exhibition was held in Thimphu. Her Imperial Highness Princess Mako of Akishino attended the ceremony as the Guest of Honor at the invitation of the Government of Bhutan, together with Their Majesties the King and Queen of Bhutan as well as other members of the Royal Family and important government officials including cabinet members. Following the commemorative ceremony, Her Imperial Highness had a look around the beautifully decorated exhibition with colorful flowers, and observed the Japanese garden designed by a Japanese landscape designer and *Bonsai* collection provided by His Majesty the King.

The Royal Bhutan Flower Exhibition, launched in 2015 at the proposition of His Majesty the King, is a horticulture exhibition as a national memorial event held by the Ministry of Agriculture and Forests. The exhibition this time, held at National Memorial Chorten in Thimphu as a tribute to the late His Majesty the Third King, was inaugurated on June 4, the same date of Her Majesty the Queen's birthday. On this special occasion of particular importance to the Bhutanese people, the invitation extended to the member of the Imperial Family as the Guest of Honor symbolizes a close friendly relationship between the two countries.

The visit of Her Imperial Highness Princess Mako of Akishino was extensively reported not only in Bhutan but also in Japan, serving to further enhance the mutual interests of the two people. It is expected that the friendly relationship between Japan and Bhutan will be further deepened.



Her Imperial Highness Princess Mako of Akishino interacting with the performers following the event (June 2, Thimphu, Bhutan)



Her Imperial Highness Princess Mako of Akishino observing the Japanese garden (June 4, Thimphu, Bhutan, Photo: Royal Office for Media Bhutan)



Commemorative photo with His Majesty the King of Bhutan and the members of the Royal Family (June 4, Thimphu, Bhutan, Photo: Royal Office for Media Bhutan)

events.

In the area of economic cooperation, the two countries exchanged letters in December for grant aid of a maximum of 979 million yen under the Project for the Construction of a Disaster-Resilient Emergency Mobile Network. It is expected that this network will improve communication conditions to allow quick sharing of information in case of emergency and mitigate risks during natural disasters.

(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 account for about 30% of GDP. The country graduated from a least developed country in 2011, and its per-capita GDP reached approximately 9,792 US dollars, marking the highest in South Asia.

In domestic affairs, the administration has been relatively stable since President Yameen took office. However, a motion of no confidence was passed against the Speaker of the People's Majlis Maseeh in March and July 2017, under sustained cooperation between the four opposition parties, testifying to antipathy to President Yameen. Regarding foreign policy, importance has long been placed on relations with neighboring countries including India, but the country has recently been strengthening relations especially with Saudi Arabia and China. In December 2017, President Yameen visited China as a State Guest, and signed various agreements including a free trade agreement.

Regarding the relationship with Japan, 2017 marked the 50th anniversary of the establishment of diplomatic relations. In November, Foreign Minister Asim visited

Japan to hold a Foreign Ministers' Meeting with Foreign Minister Kono. Moreover, Parliamentary Vice-Minister for Foreign Affairs Iwao Horii visited the Maldives to make a courtesy visit to President Yameen and Foreign Minister Asim, and attended a ceremony to commemorate the 50th anniversary of the establishment of diplomatic relations. During the meeting and courtesy visit, the two countries agreed to promote cooperation in a wide range of fields, including maritime security, disaster prevention, tourism, sports and culture. Furthermore, in commemoration of the anniversary, a performance was given by a Japanese drum group in Malé in October to promote active cultural exchanges between the two countries.

5 Oceania

(1) Australia

A Brief Summary and Overview

In Australia, Prime Minister Turnbull's administration entered its third year since its inauguration. In November 2017, the Australian Government issued a diplomatic white paper for the first time in 14 years. It was announced that as the guidelines of future foreign policy, Australia will promote an open, inclusive and prosperous Indo-Pacific region, oppose protectionism, promote and protect international rules, etc., while also strengthening cooperation with partners including Japan.

With the region facing a wide range of issues, the "Special Strategic Partnership" between Japan and Australia, which share fundamental values and strategic interests, is more important than ever. The two countries' strategic visions towards maintenance and strengthening a free and open international order based on the

rule of law in the Indo-Pacific region are aligned in wide ranging areas. With the Prime Ministers' mutual visits and close coordination between the Foreign Ministers serving as the basis, the two countries have been further deepening political and security cooperation and collaboration towards stability and prosperity of the international community.

On the economic front, the two countries are promoting free trade, including the TPP agreement. Australia is the sixth largest trading partner for Japan and Japan is the second largest trading partner for Australia, and the two countries are further developing mutually complementary economic relations based on the Japan-Australia EPA. Furthermore, multilateral coordination and partnerships such as the Japan-U.S.-Australia, Japan-Australia-India

and Japan-U.S.-Australia-India relations are being steadily strengthened.

In January 2017, Prime Minister Abe visited Sydney as part of mutual visits made by the Prime Ministers of the two countries, and confirmed the deepening of the "Special Strategic Partnership" in a wide range of areas including the deepening of security and defense cooperation, economic issues and people-to-people exchanges, while also strengthening the personal relationship between the two leaders. In January 2018, Prime Minister Turnbull visited Japan to hold a Summit Meeting with Prime Minister Abe, and attended a Special Meeting (Four Ministers' Meeting) of the National Security Council. The Prime Ministers agreed to further strengthen the "Special Strategic Partnership," and confirmed the need to strengthen coordination and cooperation in order to realize their vision on the Indo-Pacific region. Furthermore, the two Prime Ministers confirmed close cooperation in dealing with regional affairs, including the North Korea situation, and agreed to strengthen cooperation in a wide range of areas such as security and defense, economy including TPP agreement and people-to-people exchanges. Moreover, the Foreign Ministers held meetings at the Foreign and Defence Ministerial Consultation ("2+2"), as well as on the occasion of the UN General Assembly in September, and the APEC Ministerial Meeting in November (Da Nang, Viet Nam). The two countries shared their views on the increasingly severe regional situations and confirmed that they would continue to cooperate closely toward the peace and stability of the region.



Special Meeting of the National Security Council (Meeting among Four Ministers) (January 18, Tokyo; Photo: Cabinet Public Relations Office)



Both leaders visit JGSDF Camp Narashino (January 18; Photo: Cabinet Public Relations Office (Prime Minister's official Twitter account))

B Cooperation in the Security Field

To ensure peace and prosperity of the Indo-Pacific region, Japan and Australia have continued to steadily strengthen and expand cooperation in the field of security. 2017 marked a milestone of the 10th anniversary since the 2007 Japan-Australia Joint Declaration on Security Cooperation. In January, the leaders of both countries attended the signing of the new Japan-Australia Acquisition and Cross-Servicing Agreement (ACSA) (the agreement entered into force in September). At the same time, the two countries expressed their expectations for the early conclusion of an agreement to mutually improve the administrative, policy and legal procedures for facilitating joint operations and exercises between Japan's Self-Defense Forces and Australia's Defense Forces.

At the 7th Foreign and Defence Ministerial Consultation ("2+2") held in April, the two countries agreed to further strengthen security and defense cooperation between Japan and Australia, in order to maintain and strengthen a free and open regional and international order, based on the rule of law. At the same time, the two countries confirmed strengthening coordination regarding North Korea, maritime security including the South China Sea and the East China Sea and the Pacific region.

Furthermore, Japan and Australia, both of which are allies of the U.S., are continuing to work on further enhancing Japan-U.S.-Australia cooperation. The Japan-U.S.-Australia Trilateral Strategic Dialogue (TSD) was held for the first time since the inauguration of the Trump administration in the U.S., and views were exchanged on various regional issues such as North Korea, the South China Sea, the

East China Sea and measures countering violent extremism. It was also agreed that the three countries of Japan, the U.S. and Australia would coordinate and cooperate closely including these issues. Moreover, in November, a Japan-U.S.-Australia Summit Meeting was held with discussions centered on North Korea, and confirmed the unwavering solidarity between Japan, the U.S. and Australia to ensure peace and prosperity in the region.

C Economic relations

Japan and Australia have taken the lead in promoting a system of free trade in the region through close cooperation, including the TPP agreement and the Regional Comprehensive Economic Partnership (RCEP). During the Summit Meeting in November (Manila, the Philippines) and the Foreign Ministers' Working Dinner (Da Nang, Viet Nam), the two countries agreed to cooperate for an early conclusion of TPP11. Between Japan and Australia, mainly industrial products such as automobiles are being exported to Australia, while mainly energy resources such as coal and natural gas, and agricultural products such as beef are being imported into Japan, in a mutually



Japan-U.S.-Australia Summit Meeting (November 13, Manila, the Philippines; Photo: Cabinet Public Relations Office)



Japan-Australia Working Dinner (November 7, Da Nang, Viet Nam)

complementary economic relationship that has been developed steadily over the years. 2017 marked the 60th anniversary of the signing of the Australia-Japan Agreement on Commerce, and major commemorative events were held in various places. Japan is the second biggest investor for Australia, and since the entry into force of the Japan-Australia EPA in January 2015, there have been active exchanges of goods, funds and people between the two countries. 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 an innovation-led reform of industrial structures and region-led promotion of relationships serving as the two pillars.

D Cultural and People-to-People Exchanges

There exists a foundation for 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 initiatives have been implemented, including the promotion of mutual understanding through JENESYS 2017, the exchange program including young people, and the “New Colombo Plan,” as well as the promotion of reconciliation through the invitation program of former Australian prisoners of war (POWs), and the Young Political Leaders Exchange. Particularly, in light of the decrease in the number of the Australian former POWs who can travel to Japan, a commemorative event was held in December to reflect on the achievements of this program.

E Cooperation in the International Community

In order to make an active contribution to peace and stability in the international community, the two countries have been strengthening cooperation in wide ranging areas. In particular, cooperation has been deepened in addressing various issues facing the Indo-Pacific region such as maritime security, the nuclear and missile development, and the abductions issue by North Korea. Other than that, there has also been close coordination on Pacific Island countries where Australia plays an important role. In December, the Second Japan-Australia Pacific Policy Dialogue (Tokyo) was held, and exchanged views on regional affairs, which confirmed coordination toward the Eighth Pacific Islands Leaders Meeting (PALM8) in May 2018. Furthermore, the two countries are working together as important partners on global issues, such as UN peacekeeping operations, disarmament and non-proliferation, climate change, and UN Security Council reforms.

(2) New Zealand

A Brief Summary and Overview

A parliamentary election was held in New Zealand in September, and the National Party failed to attain the majority of seats on its own, resulting in negotiations for the forming of coalitions between different parties. This led to the forming of a coalition between the New Zealand Labour Party and New Zealand First Party, which was inaugurated in October. It was the first time in nine years, since 2008, for a change in Government. Japan and New Zealand share fundamental values, such as democracy and a 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 bilateral cooperation in areas including the economy, security and defense cooperation, and people-to-people exchanges and also cooperative relations on issues facing the region and the international community.

B Mutual VIP Visits

From Japan, State Minister for Foreign Affairs Kishi visited New Zealand in February to hold a meeting with Foreign Minister McCully. He also attended the commemorative ceremony to mark the 6th anniversary of the Christchurch earthquake, and held meetings with the top government officials.

From New Zealand, Prime Minister English visited Japan in May to hold a bilateral meeting with Prime Minister Abe. The two countries agreed to promote peace and stability based on the rule of law, and free trade and investment based on rules, as well as actively build on the partnership



Prime Minister Abe exchanges a handshake with Prime Minister Ardern (November 10, Da Nang, Viet Nam; Photo: Cabinet Public Relations Office)



Japan-New Zealand Foreign Ministers' Meeting (November 8, Da Nang, Viet Nam)



State Minister for Foreign Affairs Kishi, offers flowers at Avonhead Park Cemetery (February 22, Christchurch, New Zealand)

between the two countries.

Moreover, during the APEC Economic Leaders' Meeting (Da Nang, Viet Nam), Prime Minister Abe held the first Summit

Meeting since the change of Government with Prime Minister Ardern. At the APEC Ministerial Meeting held just prior to the Summit Meeting, Foreign Minister Kono also held a Foreign Ministers' Meeting with Deputy Prime Minister and Foreign Minister Peters, where it was confirmed that Japan-New Zealand relations would be strengthened.

C Economic Relations

The two countries enjoy a complementary economic relationship, and the Prime Ministers of Japan and New Zealand confirmed the importance of the TPP Agreement during the Summit Meeting in November. The two countries agreed to cooperate in its early entry into force. Furthermore, in the fields of food and agriculture, the two-year extension of the "New Zealand Hokkaido Dairy Collaboration Project" was decided in June 2016 after the completion of a two-year pilot project which began in 2014, and is under implementation. This project is designed to identify methods of improving the profitability of dairy farming in Japan.

D Cultural and People-to-People Exchanges

In FY2017, 20 university students from New Zealand visited Japan as part of JENESYS 2017. More than 1,100 young people from New Zealand have now visited Japan through youth related programs.

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, 24 Japanese students visited New Zealand in 2017.

E Cooperation in the International Community

The two countries are cooperating closely for the peace and stability of the international community, including the United Nations. Furthermore, Japan and New Zealand have been playing active roles in the stability and prosperity of the region, including collaboration in regional cooperation frameworks such as the East Asia Summit (EAS), the ASEAN Regional Forum (ARF) and the Asia Pacific Economic Cooperation (APEC). As for Pacific island countries, the two countries have also been cooperating through the Pacific Islands Leaders Meeting (PALM).

(3) Pacific Island Countries (PICs)

A Brief Summary and Overview

The PICs and Japan are bound by the Pacific Ocean, have deep historical ties, and are important partners for Japan in areas such as cooperation in the international arena and the supply of fisheries and mineral resources. They are becoming increasingly important from a geographical perspective as they are located at the heart of the Pacific Ocean. Japan has been holding the Pacific Islands Leaders Meeting (PALM) once every three years since 1997, and the Eighth Pacific Islands Leaders Meeting (PALM8) will be held in May 2018. Japan has also been holding PALM Ministerial Interim Meetings roughly every three years since 2010, and since 2014, Japan has been holding Japan-Pacific Islands Leaders Meetings every year on the occasion of the

UN General Assembly held in September, in New York. Furthermore, Japan has been constantly attending the Pacific Islands Forum (PIF) Post Forum Dialogue at a high level since its inception in 1989. Japan has been further strengthening relations with PICs through visits at various levels using the occasion of these international conferences, ODA projects, and active people-to-people exchanges.

B Pacific Islands Leaders Meeting (PALM)

The Pacific Islands Leaders Meeting (PALM) marked its 20th anniversary in 2017. On May 18 and 19, 2018, the Eighth Pacific Islands Leaders Meeting (PALM8) will be held in Iwaki City, Fukushima Prefecture. Leaders from 14 PICs, including Samoa which will serve as co-chair, and cabinet level participants from Australia and New Zealand are expected to attend the Summit.

Prior to this in January 2017, the PALM Third Ministerial Interim Meeting of the Pacific Islands Leaders Meeting was held in Tokyo. 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 on the follow-up of the PALM7 and the direction towards the PALM8, and the participants agreed to cooperate closely to ensure the success of the PALM8. Furthermore, Prime Minister Abe, who visited New York in September on the occasion of the UN General Assembly, held the fourth Japan-Pacific Islands Summit Meeting and confirmed their coordination on the North Korean affairs, and in preparation for the PALM8, exchanged views on self-sufficient and sustainable growth including the areas



The 4th Japan-Pacific Islands Summit Meeting (September 19, New York, the U.S.; Photo: Cabinet Public Relations Office)

such as climate change, the environment, disaster prevention, trade, investment and tourism, invigoration of people-to-people exchanges, and various maritime issues. Various countries expressed their gratitude for Japan's contributions through PALM and other initiatives, and confirmed that they would accelerate preparations to ensure the success of the PALM8.

C Mutual VIP Visits

In January, Parliamentary Vice-Minister for Foreign Affairs Odawara visited Palau to attend the inauguration ceremony of the President, and held meetings with President Remengesau and others. President Remengesau visited Japan in September and held a meeting with Foreign Minister Kono. In October, President Christian of Micronesia visited Japan and held meetings with Prime Minister Abe and Foreign



Visit by President Christian of Micronesia (October 25, Tokyo; Photo: Cabinet Public Relations Office)

Minister Kono, and exchanged views on the strengthening of bilateral ties, cooperation toward the PALM8, regional issues including North Korea, and cooperation in the international arena including the UN Security Council reform. In November, Parliamentary Vice-Minister for Foreign Affairs Iwao Horii visited the Marshall Islands as the head of the Public-Private Joint Economic Mission and attended a trade and investment seminar and held a meeting with President Heine. In the same month, Vice President and Minister of Justice of Palau Oilouch was invited to Japan to hold the Meeting with Foreign Minister Kono, while Minister of Communication and Information Technology of Samoa Afamasaga and the former President of Micronesia Urusemal held meetings with Parliamentary Vice-Minister for Foreign Affairs Iwao Horii respectively.

D Relationship with Pacific Islands Forum (PIF)

In September, the Pacific Islands Forum Leaders Meeting was held in Samoa, and Parliamentary Vice-Minister for Foreign Affairs Iwao Horii attended the summit as a Special Envoy of the Prime Minister. Japan expressed its intention to cooperate with PICs in ensuring free and open maritime order based on the rule of law, the sustainable use of ocean resources, and the management and conservation of the marine environment as priority issues in the region. Furthermore, Parliamentary Vice-Minister for Foreign Affairs Iwao Horii held meetings with Prime Minister Tuilaepa of Samoa and various other leaders from PICs.

E Cultural and People-to-People Exchanges

As part of efforts to bolster the “assistance for human resource development to 4,000 people in three years” as pledged at the PALM7 in 2015, people-to-people exchanges were implemented between students, through JENESYS. Furthermore, from FY2016 Japan commenced the Pacific-Leaders’ Educational Assistance for Development of State (Pacific-LEADS) for young government administrators of PICs, and in FY2017 the program accepted 41 trainees.

F Establishment of a Liaison Office in Vanuatu

Vanuatu is an island nation located in the Melanesia region of the South Pacific, and it is an important country that has been supporting Japan’s position in the UN Security Council reform and in international organization elections. In light of this fact, Japan established a liaison office in Vanuatu in January 2018.

6 Regional and Inter-regional Cooperation

The Asia-Pacific region is one of the world’s growth centers and 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 rules based peaceful and stable regional community based on international law and a free, open and prosperous regional economy through 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 cornerstone of its foreign policy.

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

At the ASEAN-related Summit Meeting held in November 2015 (Kuala Lumpur, Malaysia), it was declared that the three councils of the “ASEAN Political-Security Community Council,” the “ASEAN Economics Community Council,” and the “ASEAN Socio-Cultural, Community Council” (Kuala Lumpur Declaration on Establishment of ASEAN Community) would be established by the end of 2015. In addition, “ASEAN2025: Forging Ahead Together” was adopted as a guiding policy for the ASEAN Community for the ten years from 2016 to 2025. In 2017, the 50th anniversary of the establishment of ASEAN, the commitment to developing the ASEAN Community was reconfirmed.

ASEAN also plays an important role as a center of regional cooperation in East Asia. A multi-layered regional cooperation centered on ASEAN such as ASEAN+3, EAS and ARF is operating and cooperative relationships in a wide range of areas including politics, security, and the economy is established. On the economic front, ASEAN has concluded 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, creating an ASEAN centered network of Free Trade Agreements (FTAs). With regard to the Regional Comprehensive Economic Partnership (RCEP), the negotiations started in 2013, and are being advanced with the aim to

conclude 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 directly affects those of not only the East Asian region but also the international community, it is important for the entire international community that ASEAN advances its integration in accordance with values such as the rule of law.

In the South China Sea, China has been further conducting unilateral actions that change the status quo and increase tensions such as the large-scale and rapid building of outposts for military use, and attempts to create a *fait accompli*. Many countries including Japan have expressed concern over such actions by China. Japan has so far consistently shown support for the rule of law, and underscored the importance of striving for a peaceful resolution of disputes based on international law in the South China Sea. Furthermore, the Government of Japan takes note the negotiations on the South China Sea issue between China and ASEAN countries, and taken the position that eased tensions caused by such forward-looking efforts should be led to demilitarization.

Regarding the arbitration instituted by the Government of the Philippines concerning the disputes between the Philippines and China over 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, 2016. Japan issued a statement by the Foreign Minister on the same day, stating that

the Tribunal's award is final and legally binding on the parties to the dispute under the provisions of UNCLOS, therefore the parties to this case are required to comply with the award, and that Japan strongly expects that the award will eventually lead to the peaceful settlement of disputes in the South China Sea.

The issues surrounding the South China Sea are important matters of concern for Japan which depends most of its resources and energy on sea transport and places importance on freedom of navigation and overflight as well as 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 and is the engine of various regional cooperation that gathers diverse countries within the Asia-Pacific region. Therefore, realizing 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 ASEAN's efforts in accordance with "ASEAN Community Vision 2025" for further integration even 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.

Japan-ASEAN relations which were elevated to new heights by the Commemorative Summit Meeting in

2013 were further strengthened in a wide range of areas including the integration of ASEAN, ensuring sustainable economic growth, improving people's lives, and ensuring peace and safety in the region and the international community through meetings such as the Japan-ASEAN Foreign Ministers' Meeting in August (Manila, the Philippines) and the 20th Japan-ASEAN Summit Meeting (Manila, the Philippines) in November 2017. At this same Summit Meeting, Prime Minister Abe congratulated the 50th anniversary of the establishment of ASEAN, and expressed his expectations for Japan and ASEAN to jointly lead the world in advancing the free and open international order based on the rule of law over the next 50 years.

On the security front, the ASEAN countries supported and appreciated Japan's contribution to the region and the international community under the policy of "Proactive Contribution to Peace," and mentioned Japan's cooperation in countering terrorism, violent extremism and transnational crimes, as well as cooperation in maritime security. With respect to the South China Sea issue, which may undermine peace, safety, and stability in the region, they shared recognition of the importance of maintaining and promoting the freedom of navigation and over-flights, finding peaceful resolutions to disputes in accordance with international law including UNCLOS, self-restraint in all activities which may increase tensions, and non-militarization. Furthermore, regarding North Korea, the ASEAN Member States expressed their grave concern for missile development by North Korea and mentioned the importance of complying with the UNSC resolutions, while sharing

Japan's concerns on matters including the abductions issue.

On the economic front, through Official Development Assistance (ODA) and the Japan-ASEAN Integration Fund (JAIF), Japan will continue to support the deepening of ASEAN integration, including support for enhancing ASEAN Connectivity and narrowing the economic disparities within the region. At the 20th Japan-ASEAN Summit Meeting held in November (Manila, the Philippines), in regard to Japan's policy on cooperating with ASEAN in the future, Japan expressed its intention to cooperate in realizing a more integrated community by bolstering initiatives under the "four pillars of partnerships" announced at the ASEAN-Japan Commemorative Summit Meeting in 2013 and utilizing various tools including the ADB. In regard to being "Partners for Peace and Stability," Japan announced support to implement cooperation to strengthen and build maritime law enforcement capabilities in order to advance the free and open international order based on the rule of law, and the reconstruction of Marawi City, etc. As for being "Partners for Prosperity," Japan expressed its intention to bring the TPP Agreement into force expeditiously, pursue a comprehensive, balanced, high quality RCEP, promote high-quality investment in infrastructure, etc. Moreover, regarding being "Partners for Quality of Life," Japan emphasized its intention to realize a healthy longevity society through the "Asia Health and Wellbeing Initiative," and cooperate in building a recycling society through the "Japan-ASEAN Environmental Cooperation Initiative." Furthermore, regarding being "Heart-to-Heart Partners," Japan expressed its will to promote exchanges through JENESYS, and cultural

exchanges through the "WA Project," as well as provide support for, e.g., sports. In response to this, numerous countries on the ASEAN side praised Japan's cooperation so far, in addition to expressing a desire to further strengthen their partnerships with Japan. They also expressed high appraisal for various Japanese initiatives in building high-quality infrastructure, fostering human resources, etc.

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. Japan has also been promoting Japan-ASEAN Disaster Management Cooperation through the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA CENTRE).

(3) Mekong-Japan Summit Meeting (Participating Countries: Cambodia, Laos, Myanmar, Thailand, Viet Nam and Japan)

The Mekong region (Cambodia, Laos, Myanmar, Thailand, and Viet Nam), situated in a strategic location for land and sea transport, is a promising partner for further growth, which has been achieving strong economic growth. Peace and prosperity in the Mekong region are extremely important to Asia as a whole, including Japan, for it will contribute to narrowing economic disparity and promoting regional integration within ASEAN. The building of hardware infrastructure has progressed in recent years in the Mekong region, and there has been a steady increase in the number of Japanese companies expanding businesses in the region, as well as direct investment from Japan, which testifies to great expectations

for the further stimulation of economic activities in the future.

At the 9th Mekong-Japan Summit Meeting held in November 2017 in Manila, the Philippines, the Mekong countries expressed their appreciation and gratitude to Japan for the solid progress in shaping cooperation under the “New Tokyo Strategy 2015” adopted at the 7th Mekong-Japan Summit Meeting held in July 2015 in Tokyo, where it was announced that 750 billion yen would be provided as ODA, of which two-thirds have been provided. Japan will continue to contribute to the prosperity and development of the Mekong region as a trusted partner in the region.

(4) 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 a significant leaders’ level regional forum, which aims to facilitate candid dialogue among leaders on issues of importance to the region and the international community, and to promote leaders-led cooperation in politics, security and economy. Moreover, many democratic nations take part in the EAS, and it is expected that the EAS will contribute to the sharing of fundamental values in the region, including democracy and the rule of law, as well as to the strengthening of international rules and norms concerning trade and investment.

A 7th EAS Foreign Ministers’ Meeting

The 7th EAS Foreign Ministers’ Meeting held in August (Manila, the Philippines), was attended by Foreign Minister Kono from Japan, where EAS cooperation was reviewed and discussions were held on

the future direction of the EAS as well as regional and international issues including North Korea and the South China Sea. Foreign Minister Kono expressed Japan’s views on North Korea and the South China Sea. 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 of East Asia.

Regarding the North Korea issue, Foreign Minister Kono stated that two ICBM-class missile launches by North Korea showed that North Korea is a top priority of the international agenda and that it is a significant and real threat to the region and the international community. Against this backdrop, Foreign Minister Kono insisted that the level of response from EAS participating countries needed to be taken up to the next level, and that effective pressure on North Korea must be further enhanced. At the same time, he called for the vigorous and full implementation of all relevant UN Security Council (UNSC) resolutions. Furthermore, he stressed that the EAS should send a strong message concerning human rights and humanitarian situations in North Korea, especially the abductions issue.

Foreign Minister Kono expressed serious concern over the continued rapid and large-scale building of outposts in the South China Sea. He emphasized that Japan strongly opposes any unilateral attempt to change the status quo by force or coercion, including those through threat or use of force. He expressed his view that it is significant for the international community to collaborate with each other to ensure peace and stability by a free and open

maritime order based on the rule of law.

B The 12th EAS

At the 12th EAS held in November (Manila, the Philippines), leaders reviewed cooperation within the EAS, and discussed its future direction as well as regional and international issues. Prime Minister Abe expressed his intention to (1) seek to establish fundamental values such as freedom of navigation and the rule of law, (2) strengthen connectivity through the development of “high quality infrastructure” and (3) engage in cooperation for peace and stability such as support for capacity building in maritime law enforcement and humanitarian assistance and disaster relief (HA/DR) under the “Free and Open Indo-Pacific Strategy,” and shared the importance of promoting these efforts with participating countries.

In addition, Prime Minister Abe stated that Japan will implement its assistance worth 15 billion yen over two years to improve security in the southern part of the Philippines and Sulu-Celebes Seas in order to realize “Asia resilient to terrorism.” Prime Minister Abe also announced that with the aim of further promoting the policy of “Proactive Contribution to Peace,” Japan would expand human resource development, provision of supplies and equipment, and intellectual contribution in three areas: maritime safety; humanitarian assistance and disaster relief (HA/DR); and peacekeeping operations (PKO).

Regarding the issue of North Korea, Prime Minister Abe stated that North Korea has persistently continued its nuclear and missile programs, conducting nuclear tests and two ballistic missile launches that flew over Japan, and emphasized that there

could be no peace in the region without the denuclearization of the Korean Peninsula. Prime Minister Abe also stressed that it was necessary for the international community to maximize pressure on North Korea and that it was important for the EAS to issue a clear message on strengthening pressure on North Korea. He further advocated that the resolution of the issue of the abductions by North Korea was the most important issue for his administration and increasing pressure on the country was important for its early resolution.

Regarding the issue of South China Sea, Prime Minister Abe stressed that Japan has always supported ASEAN centrality and wholeheartedly supported the basic principles laid out in the Joint Communiqué of the ASEAN Foreign Ministers’ Meeting issued in August, and all the countries concerned should strictly adhere to the “three principles of the rule of law on the seas” which he has consistently advocated for and solve conflicts peacefully in accordance with international law and not by force. Furthermore, he expressed Japan’s continuing concerns over the situation in the South China Sea. In addition, he welcomed the recent development of forward-looking efforts by China and ASEAN including dialogues to finalize the Code of Conduct on the South China Sea, and emphasized that easing tensions through such efforts should lead to “demilitarization.”

Regarding the situation in Rakhine of Myanmar, Prime Minister Abe advocated that restoring public safety while taking the rule of law and human rights into consideration, expanding humanitarian access, and progress in consultations among the parties concerned towards the return and resettlement of the displaced



East Asia Summit (EAS) (November 14, Manila, the Philippines; Photo: Cabinet Public Relations Office)

people were necessary. He also announced that Japan would be encouraging the Myanmar Government by implementing humanitarian assistance through the AHA and other means.

(5) ASEAN+3

The Asian financial crisis in 1997 prompted the launch of ASEAN+3, in the form of adding the three countries of Japan, China, and the ROK to ASEAN. ASEAN+3 has been developed focusing on areas 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. The year 2017 marked the 20th anniversary of the cooperation and “ASEAN+3 Cooperation Work Plan (2018-2022)” was adopted in August. ASEAN+3 member states have been making further progress in cooperation in various fields based on the adoption of the work plan.

In the financial area, the Agreement Establishing ASEAN+3 Macroeconomic Research Office (AMRO) entered into force in February 2016, and in the same month, AMRO opened in Singapore.

At the 18th ASEAN+3 Foreign Ministers’ Meeting held in August (Manila, the Philippines), Foreign Minister Kono reviewed ASEAN+3 cooperation and

explained its future direction centered on the initiatives of Japan. In addition, he explained Japan’s concerns over the abductions issue, and nuclear and missile development by North Korea, the threat of terrorism in Asia, as well as regional and international affairs including Japan-China-ROK trilateral cooperation.

At the 20th ASEAN+3 Summit Meeting held in November (Manila, the Philippines), Prime Minister Abe praised the strengthening of practical cooperation among the ASEAN+3 nations as the result of the “Manila Declaration on the 20th Anniversary of ASEAN+3 Cooperation” and the “ASEAN+3 Leaders’ Statement on Food Security Cooperation” adopted in commemoration of the 20th anniversary of the establishment of ASEAN+3. He also made statements about the “Free and Open Indo-Pacific Strategy,” the “Expanded Partnership for Quality Infrastructure Initiative,” the early conclusion of RCEP negotiations, and the strengthening regional energy security for the sustainable development. Furthermore, in regard to enhancing people-to-people connectivity, Prime Minister Abe declared that he would engage in the development of high-level human resources and promote their circulation between Japan and ASEAN under the “Innovative Asia Project” launched in 2017. He also declared that Japan would take a leading role in ASEAN+3 cooperation in higher education through Working Group on Mobility of Higher Education and Ensuring Quality Assurance of Higher Education among ASEAN+3 Countries and other efforts. He also stated collaboration would be promoted between ASEAN City of Culture and East Asia Cultural Cities based on



ASEAN+3 Foreign Ministers' Meeting (August 6, Manila, the Philippines)

the “Kyoto Declaration 2017.”

Regarding North Korea, Prime Minister Abe stressed the need to maximize pressure on North Korea, while stating his intention for Japan-China-ROK and ASEAN coordination to ensure the full implementation of the UN Security Council Resolutions. In response, many countries expressed concerns regarding developments such as its nuclear tests and ballistic missile launches in North Korea.

(6) 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 2016, the Japan-China-ROK Trilateral Foreign Ministers' Meeting was held (Tokyo), and Foreign Minister

Kishida chaired the meeting. The Foreign Ministers from the three countries discussed cooperation in a wide range of fields and regions, such as disaster management, the environment, youth exchanges, counter-terrorism, the Middle East and Africa, and agreed to further strengthen cooperation. Moreover, there were frank exchanges of opinions on regional issues such as the situation in Northeast Asia including North Korea and cooperation in East Asia. The Trilateral Summit Meeting was not held in 2017 due to scheduling difficulty. However, Japan continues to make its efforts to realize the Summit Meeting in Japan in 2018 under Japan's chairmanship.

(7) Asia Pacific Economic Cooperation (APEC)

Consisting of 21 countries and regions (economies) in the Asia-Pacific 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 economic cooperation and relationships of trust in the APEC economic realm in this region is extremely important in pursuing Japan's further development.

At the APEC Economic Leaders' Meeting in Da Nang, Viet Nam in 2017, extensive discussion took place on a wide range of topics, including deepening regional economic integration, strengthening MSME's competitiveness and innovation in the digital age, promoting sustainable, innovative and inclusive growth. Prime Minister Abe commented Japan's proactive stance for establishing “free and fair” trade rules, as well as Japan's initiatives such as the “productivity revolution,” the “human

resources development revolution,” and “digital trade” to the world. (see 3-3-1 (3)).

(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 economic, social, and cultural areas, through summit

meetings and meetings of the Council at the ministerial level (foreign ministers’ meetings). It is rather a loose framework of regional cooperation but SAARC is regaining 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 peacebuilding, 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 (236 people in FY2017).