

Section 2

North America

Overview

(United States)

The Japan-U.S. Alliance is the cornerstone of Japan's diplomacy and security. It also plays a substantial role in regional and international peace and prosperity. Amid the increasing severity of the regional security environment including North Korea, the Japan-U.S. Alliance is becoming more and more important.

In January, Mr. Donald Trump was inaugurated as president. Under his "America First" stance, President Trump is implementing his policies, such as strengthening the economy through tax reform, etc., increasing the defense budget and reforming the immigration system.

The relationship between Japan and the U.S. is stronger than ever, against the backdrop of the close trusting relationship between Prime Minister Abe and President Trump. The two leaders have been working to closely align their policies and are closely coordinating on the North Korea issue and other issues, having conducted five summit meetings and 19 telephone conferences (as of February 2018). Their close coordination and rigorous discussion on issues such as



Prime Minister Abe and President Trump shaking hands (November 6, Tokyo; Photo: Cabinet Public Relations Office)

North Korea has continued in 2018 with frequent high level visits, including Vice President Pence's visit to Japan in February, Foreign Minister Kono's visit to the U.S. in March, and Prime Minister Abe's visit to the U.S. in April. On the economic front, progress has been made with cooperation under the Japan-U.S. Economic Dialogue framework launched under an agreement between the leaders in February.

(Canada)

Japan and Canada are both G7 members, and cooperate closely in a wide range of fields as important partners in the Asia Pacific Region. In 2017, progress was made with cooperation between Japan and

Canada in a wide range of fields, including the field of security with, for example, a substantial agreement on an Acquisition and Cross-Servicing Agreement (ACSA), as well as in the economy.

1 United States

(1) Situation of the U.S.

A Politics

On January 20, Mr. Trump was inaugurated as the 45th President of the United States. In his inaugural speech, he reemphasized his “America First” and “Make America Great Again” campaign policies and explained that he would move forward with “Buy American” and “Hire American” policies. On February 28 President Trump made a speech to a joint session of the Congress again, expressing his determination to make the U.S. a great country by, among other things, repealing the Patient Protection and Affordable Care Act (the so-called “Obamacare”), tax reform, investing in infrastructure, and creating a stronger economy through regulatory reform, expanding the defense budget, and reforming the immigration system.

With regard to domestic politics, President Trump took action immediately after his inauguration through administrative measures to work on repealing and reducing regulations, improving welfare for military veterans, implementing stricter immigration and refugee policies, and so on. Concerning the enactment of legislation and budgetary measures, factional conflicts sometimes forced President Trump to compromise, and slowed progress on certain measures. This

is partly because the Republicans, although holding the majority in both Houses, have only a slight advantage in seats at the Senate. In May, the American Health Care Act, which was aimed at reforming and repealing Obamacare, was passed by the House of Representatives, but effectively shelved in late September due to internal conflicts of views within the Republicans in the Senate. On the other hand, with regard to tax reform, cooperation between the White House and the Republican Party helped the bill to pass in both Houses and be signed into law by President Trump on December 22.

Along with deliberations on the spending bill, the major issue in Congress in 2018 is expected to be the reform of the immigration system, including relief measures for the recipient of the Deferred Action for Childhood Arrivals (DACA)¹, which President Trump announced to terminate in September, and expansion of illegal immigration countermeasures including securing a budget for the construction of the wall on the border with Mexico. President Trump and Republicans in the Congress have indicated their intention of moving ahead with legislation relating to investment in infrastructure as a key part of their agenda. With factional conflict worsening as the mid-term elections approach, it is garnering interest how much Congress can achieve.

In 2017, debate on gun control was roused by a series of shooting incidents with large numbers of victims, including a shooting incident at an outdoor concert in Las Vegas in October, in which 59 people

¹ The Differed Action for Childhood Arrivals (DACA) is a program for differing the compulsory repatriation of illegal immigrants who were children when they entered the U.S. This program was implemented by the Obama administration as an administrative measure. President Trump announced the repeal of DACA on September 5, 2017.

were killed, and another in November at a church in Sutherland Springs, Texas, in which 27 people were killed.

On the diplomatic front, the Trump administration's position of overturning the policies of the Obama administration has become increasingly evident, through withdrawing from the Trans-Pacific Partnership (TPP) Agreement, withdrawing from the Paris Agreement, changing the policy of "strategic patience" with North Korea, declining to recertify the Iran nuclear agreement, overturning the policy on Cuba, and recognition of Jerusalem as the capital of Israel. President Trump has also eliminated mandatory caps on defense spending, increased the national defense budget, and is focused on rebuilding the U.S. military. On the other hand, President Trump has largely maintained the direction of the previous administration with regard to coordination with Japan and other allies; the commitment to peace, stability, and prosperity in the Asia Pacific region; and the fight against ISIL. The National Security Strategy published on December 18 indicated that the following "four pillars" would be pursued: (1) Protecting the homeland, the American people, and the American way of life; (2) Promoting American prosperity; (3) Preserving peace through strength; (4) Advancing American influence.

Although President Trump has to a certain extent implemented his campaign policies, his approval rates from May onwards have largely trended between 35% and 39%, with the 45% approval rate immediately

after his inauguration remaining his highest. The administration's first-year approval rates have been relatively low compared with those of past administrations². There has been a tendency for mainstream media to report on the administration's negative factors in a critical manner. One of such factors is the so-called "Russia-gate," an investigation into whether or not there was collusion between the Trump team and the Russian Government over the 2016 presidential elections. Statements by President Trump concerning conflict between white supremacists and their opponents, as well as confusion in the White House with the resignations and conflicts of core high-ranking officials were also negatively portrayed. On the other hand President Trump maintains a stable approval rate of close to 80% among Republican Party supporters.

Midterm elections will be held in 2018. Following primaries that will be held from March until September, general elections will be held on November 6. All 435 seats of the House of Representatives, 34 of the 100 seats in the Senate³, and 36 state governorships will be contested. Regional and state government elections and public official elections will also be held. With election-related moves gaining momentum, attention is turning to whether President Trump and the Republican Party implement their policies in line with the expectations of voters, and whether the Democratic Party develops as an effective counterweight to boost their influence as an opposition party at the midterm elections.

² According to weekly average approval rates in polling data from Gallup, Inc.

³ This includes the special election, held concurrently with the mid-term elections, to replace Senator Al Franken (Democrat, Minnesota), who resigned on January 2, 2018, for the remainder of his term (until January 2021). The interim replacement for Mr. Franken is Lieutenant Governor Smith (Democrat), who was appointed by the state governor. The number of seats up for re-election is accurate as of February 2018.

B Economy**(A) Current economic situation**

The U.S. economy continued to recover steadily in 2017. The annualized real GDP growth rate for the October to December quarter (secondary estimated figures) increased by 2.5% year on year. The unemployment rate also continues to improve, dropping from 4.8% in January to 4.1% in December. While the U.S. economy's recovery is expected to continue, attention will need to be paid to future policy moves and their impact.

(B) Economic policy

Since his inauguration, President Trump has implemented policies that have considerable influence on the global economy. These include: Signing a presidential memorandum concerning withdrawal from the TPP agreement; renegotiation of the North America Free Trade Agreement (NAFTA); initiatives aimed at rectifying unfair trade including measures based on the provisions of Section 232 of the Trade Expansion Act relating to iron, steel, and aluminum, and investigations into intellectual property infringement based on Section 301 of the Trade Act; withdrawal from the Paris Agreement; enactment of a tax reform bill which includes a reduction in the corporate tax rate; and negotiating revisions to the U.S.-ROK Free Trade Agreement (FTA). In his State of the Union address in January 2018, President Trump outlined the economic policy targets for the second year of his administration, including new investment in infrastructure, and stricter enforcement of the Trade Act.

With regard to financial policies, the 2007 subprime loan issue led to the

incremental lowering of target policy rates, and a zero-interest-rate policy with target policy rates being set between 0% and 0.25% continued for seven years from 2008. In December 2015 the U.S. Federal Open Market Committee (FOMC) decided to raise the target policy rate and end the zero-interest-rate policy. The target policy rate has been raised four times since then (in December 2016, and March, June, and December 2017). As of January 2018 the target policy rate range was between 1.25% and 1.50%. The FOMC has also announced that the stance of monetary policy remains accommodative. When making decisions on monetary policy the FOMC will look into the economic conditions and take into account a wide range of information including measures of labor market condition, indicators of inflation pressures and inflation expectations, as well as financial trends and global conditions.

(2) Japan-U.S. Political Relations

On November 10, 2016, immediately after Mr. Trump's election victory, Prime Minister Abe held a telephone talk with the president-elect to offer his congratulations. On November 17 (U.S. time) they also held a meeting in New York. These early discussions were highly significant in forming the subsequent personal relationship of trust that exists between the two heads of state.

In February, immediately after President Trump's inauguration, Prime Minister Abe visited the U.S. to hold the first Japan-U.S. summit meeting of Mr. Trump's presidency in Washington D.C. The two leaders issued a joint statement affirming their strong determination to further strengthen the Japan-U.S. Alliance and economic



Joint Japan-U.S. press conference (February 11, Palm Beach, U.S.; Photo: Cabinet Public Relations Office)

relations. With regard to political and security-related matters, they also issued documents affirming: (1) The commitment of the U.S. towards defending Japan including nuclear capabilities; (2) The application of Article 5 of the Japan-U.S. Security Treaty to the Senkaku Islands; and (3) The relocation to Henoko is the only solution to the Marine Corps Air Station (MCAS) Futenma issue. Regarding the economy, the leaders affirmed that they would continue to strengthen the economic relationship between the two countries and their respective regions based on the rules of free and fair trade. They also agreed that proactive cooperation would be pursued in individual fields that accord with the interests of both countries.

Based on this, the two heads of state decided to launch rounds of economic dialogue between Deputy Prime Minister Aso and Vice President Pence. Following the summit meeting in Washington D.C., the two heads of state travelled to Palm Beach, Florida to play golf, spent time with each other's family members, engaged in in-depth discussions, and built a robust relationship of trust.

Foreign Minister Kishida visited Washington D.C. with Prime Minister

Abe and held the first Japan-U.S. Foreign Ministers' Meeting with Secretary of State Tillerson. The two ministers affirmed the importance of the Japan-U.S. Alliance as the cornerstone of peace and stability in the Asia-Pacific region, and agreed to strengthen Japan-U.S. cooperation in addressing the issues in the region. Furthermore, the two ministers shared the view that the security environment in the Asia-Pacific region is becoming increasingly severe, and in particular agreed on the importance of Japan-U.S., as well as Japan-U.S.-ROK cooperation for responding to the issues regarding North Korea's nuclear and missile development. Furthermore, Foreign Minister Kishida explained Japan's position regarding the abductions issue and affirmed that Japan and the U.S. would continue to coordinate in responding to the North Korea issue. Moreover, Secretary Tillerson reaffirmed that Article 5 of the Japan-U.S. Security Treaty covered the Senkaku Islands. In addition, the two sides exchanged views regarding the relocation of MCAS Futenma and Japan-U.S. economic relations.

Secretary of State Tillerson visited Japan from March 15 to 17. Japan was the first destination on his first trip to Asia since taking office. The two countries affirmed that, based on the results of February's summit meeting, concrete cooperation between Japan and the U.S. would be pursued yet more vigorously. The two sides agreed to accelerate coordination in order to hold Japan-U.S. "2+2" talks as soon as possible, and to cooperate on reducing the burden placed on Okinawa Prefecture. The two sides also affirmed the intention to coordinate on the issue of North Korea's nuclear and missile development and the

abductions issue. Discussions were also held on the situation in East Asia, the building of a network of allies, and the economy. Foreign Minister Kishida explained that Japan would like to coordinate with the U.S. on the climate change issue, including the Paris Agreement, as a global issue that needs to be tackled by the global community, and both sides affirmed the intention to continue communicating on the issue.

In April, Foreign Minister Kishida travelled to Lucca, Italy, to attend the G7 Foreign Ministers' Meeting, and during his stay he held talks with Secretary of State Tillerson on April 10. In response to the U.S. strike against Syria on April 7, Foreign Minister Kishida communicated Japan's support for the U.S. decision to take responsibility for preventing the proliferation and use of chemical weapons, and they affirmed the intention to continue Japan-U.S. coordination on the issue. With regard to responding to the North Korea issue, the two sides reaffirmed their understanding of the vital importance of China's role and the need for close Japan-U.S. and Japan-U.S.-ROK coordination.

Vice President Pence visited Japan on April 18 and 19. Vice President Pence held the first round of the Japan-U.S. Economic Dialogue with Deputy Prime Minister Aso, made a courtesy call to Prime Minister Abe, and gave a rousing speech to the U.S. military and Japanese Self Defense Force personnel on the aircraft carrier, the U.S.S. Ronald Reagan. During his courtesy call to Prime Minister Abe, Prime Minister Abe expressed Japan's approval of the Trump administration's stance of "keeping all options on the table" in its response to the North Korea issue. They agreed on the

importance of close Japan-U.S. coordination on the North Korea issue, the importance of China's role, and the need to urge China to play an even larger role. They also agreed to continue Japan-U.S. coordination aimed at resolving the abductions issue as soon as possible.

Prime Minister Abe and President Trump held their second summit meeting on May 26, on the occasion of the G7 Summit in Taormina, Italy. The two leaders renewed their determination to unite against the threat of terrorism following the May 22 Manchester Arena bombing in the UK. The two leaders also discussed issues on North Korea, maritime matters including the South and East China Seas, China, and coordination at the G7 Summit.

Prime Minister Abe also held a summit meeting with President Trump on July 8 at the G20 Hamburg Summit in Germany. The leaders agreed to continue to coordinate closely on the North Korea issue and exchanged opinions on the regional situation including matters relating to China. They also affirmed their shared understanding of the fact that work by Japan and the U.S. to enhance and strengthen their relationships with other countries in the region is founded on the strong ties between Japan and the U.S. and a solid Japan-U.S. Alliance.

On August 7, while in Manila, the Philippines, to attend an ASEAN-related foreign ministerial meeting, Foreign Minister Kono held his first talks with Secretary of State Tillerson since assuming his new post. They agreed to cooperate closely to further strengthening the Japan-U.S. Alliance. They also agreed to continue coordinating closely on ensuring the viability of Security Council resolutions concerning sanctions on North Korea.

Foreign Minister Kono visited Washington D.C. to participate in the Japan-U.S. “2+2” talks on August 17 and met Secretary of State Tillerson. They agreed to strengthen Japan-U.S. cooperation to facilitate the maintenance of stability and prosperity in the Asia-Pacific region based on an order characterized by freedom and openness. They also shared understanding that the international community is facing such adverse conditions that continued contact and dialogue with Russia is important. They also agreed on the importance of the rule of law on the seas. Foreign Minister Kono also stated he looks forward to seeing proactive efforts from the U.S. relating to the Comprehensive Nuclear-Test-Ban Treaty (CTBT), including the early ratification of the said treaty, and Foreign Minister Kono and Secretary of State Tillerson agreed on Japan-U.S. cooperation aimed at preventing nuclear proliferation. They also agreed on the need to apply maximum pressure on North Korea.

On September 21, Prime Minister Abe held his fourth Summit Meeting with President Trump during a visit to New York to attend the UN General Assembly. The two leaders reaffirmed their shared understanding that North Korea's string of provocative actions pose a more serious and immediate threat to Japan and the whole global community than ever before, that the U.S. remained committed to the policy of defending Japan with all kinds of military power including both nuclear and conventional capabilities, and that the U.S. and Japan are 100 percent together. The leaders also confirmed that Japan-U.S. and Japan-U.S.-ROK would continue coordination on the issue, such as on urging collaboration on relevant countries, including China and



Japan-U.S. Foreign Ministerial talks (August 7, Manila, the Philippines)

Russia. Prime Minister Abe also asked for support and cooperation toward resolving the abductions issue as soon as possible, and President Trump gave his support.

President Trump's eldest daughter, Advisor to the President of the United States Ivanka Trump, visited Japan from November 2 to 4 to attend a special seminar at a meeting of the World Assembly for Women (WAW!). Prime Minister Abe held a dinner meeting and Foreign Minister Kono and his wife held a lunch meeting with Ms. Ivanka Trump and held discussions covering a wide range of topics concerning Japan-U.S. relations including women's issues.

From November 5 to 7 President Trump and First Lady Melania Trump visited Japan—the first destination on their first tour of Asia since his inauguration (See Special Feature “President Trump's Visit to Japan”). Prime Minister Abe and President Trump affirmed once again that Japan and the U.S. are 100 percent together on the pressing issue of North Korea. They also agreed to work together on implementing the “Free and Open Indo-Pacific Strategy.” President Trump and his spouse, and Prime Minister Abe and his spouse met with the families of the abduction victims and the

Special Feature

President Trump's Visit to Japan

From November 5 to 7, 2017, U.S. President Donald Trump and First Lady Melania Trump visited Japan as the first stop on his first visit to Asia since his presidential inauguration.

Upon his arrival on November 5, President Trump joined Prime Minister Abe for lunch at Kasumigaseki Country Club in Kawagoe, Saitama Prefecture, and later played a round of golf with professional golfer, Hideki Matsuyama. Later that evening, the two leaders and their spouses had dinner at a restaurant in Tokyo. The two leaders discussed various topics concerning Japan-U.S. relations over golf and dinner, and also exchanged pleasantries in a casual manner on topics including their hobby of playing golf as well as their families.

On November 6, Prime Minister Abe and President Trump held a summit meeting and working lunch at the State Guest House in Akasaka. The two leaders confirmed that the two countries are 100 percent together with regard to the pressing issues on North Korea. In addition, the two leaders agreed to jointly promote the “Free and Open Indo-Pacific Strategy.” Following this, both leaders and their spouses met with the families of Japanese abductees and listened attentively as the families shared their thoughts. The two leaders agreed to cooperate closely in aiming to resolve the abduction issue promptly. Subsequently, both leaders held a joint press conference and announced the results of this official visit. At night of that day, a banquet was hosted at the State Guest House in Akasaka by Prime Minister Abe and his spouse. The reception was attended by active members in the context of Japan-U.S. relations spanning various fields, who enjoyed conversations following the speeches by the two leaders.

In the morning of November 7, President Trump and the First Lady wrapped up their visit



Prime Minister Abe and President Trump taking a commemorative photograph (November 5, Saitama; Photo: Cabinet Public Relations Office)



The two leaders and their spouses attending dinner (November 5, Tokyo; Photo: Cabinet Public Relations Office)



Meeting with the families of Japanese abductees (November 6, State Guest House Akasaka Palace, Tokyo; Photo: Cabinet Public Relations Office)

to Japan and headed for the next country on the itinerary, the Republic of Korea.

The visit to Japan by President Trump served as an opportunity to demonstrate to the world the unwavering Japan-U.S. bond amidst the increasingly severe security environment in the region, including North Korea.

The agreement to jointly promote the “Free and Open Indo-Pacific Strategy” as well as the profound exchanges of ideas and adequate coordination toward President Trump’s later visits to the Republic of Korea and China, and summit meetings of APEC and ASEAN, carried great significance for the Japan-U.S. alliance to assume a leading role in ensuring peace and prosperity of the region. Moreover, through the time spent together, the two leaders further deepened their personal relationship as well as their mutual trust.



Salute by the guard of honor (November 6, Tokyo; Photo: Cabinet Public Relations Office)



Joint press conference (April 18, 2018, Florida, U.S.; Photo: Cabinet Public Relations Office)

two leaders promised that Japan and the U.S. would cooperate closely in order to swiftly resolve the abductions issue.

Foreign Minister Kono held separate

meetings with U.S. Secretary of State Tillerson and U.S. Trade Representative Lighthizer, and also received a courtesy call from Senior Advisor to the President of the United States Kushner. Discussions at the meeting with Secretary of State Tillerson involved North Korea, the “Free and Open Indo-Pacific Strategy,” and maintaining and enhancing the relationship of trust between Okinawa and the U.S. Forces in Japan. During Senior Advisor to the President Kushner’s courtesy call, Foreign Minister Kono explained that the Middle East is one of the pillars of Japan’s diplomacy and that Japan intends to become even more deeply involved than ever in the Middle East. Discussions were centered on the situation in the Middle East including Middle East peace and Iran, and they both affirmed that Japan and the U.S. would continue to coordinate on matters relating to the region.

Foreign Minister Kono visited New York in December to attend the UN Security Council Ministerial-Level Meeting on non-proliferation (North Korea). While there, Foreign Minister Kono held talks with U.S. Secretary of State Tillerson. They reaffirmed their recognition that denuclearization of the Korean Peninsula is vital for the

peace and security of the region and the global community, and that it is necessary to increase the pressure on North Korea. They also affirmed that Japan and the U.S. would cooperate even more closely in their dealings with the UN Security Council.

In addition to these meetings in person, there were 17 telephone summit conferences, as well as 12 telephone conferences between Japan's Foreign Minister and the U.S. Secretary of State in 2017. Through these telephone conferences, the heads of state and the Foreign Ministers were able to directly and rapidly discuss North Korea's nuclear tests and ballistic missile launches, and facilitated a close coordinated Japan-U.S. response.

(3) Japan-U.S. Economic Relations

Close coordination and rigorous discussions on the North Korea issue, etc. continued in 2018 as well, with frequent high-level visits between Japan and the U.S., including Vice President Pence's visit to Japan and Foreign Minister Kono's visit to the U.S. in March.

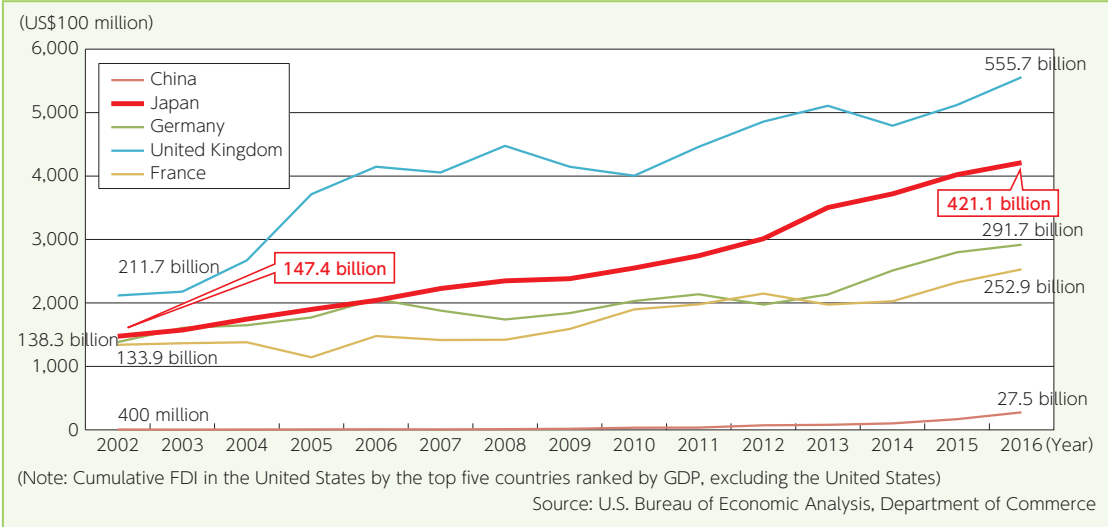
Prime Minister Abe also visited Palm Beach, Florida in the U.S., from April 17 to April 20, 2018, and during summit talks there with President Trump, President Trump agreed that the abductions issue would be raised during the U.S.-North Korea Summit Meeting. Both leaders also affirmed the necessity of maintaining maximum pressure, and the necessity of complete, verifiable, and irreversible abandonment by North Korea of their plans concerning all weapons of mass destruction and ballistic missiles. With regard to economic matters, the two leaders agreed to begin talks for "free, fair, and reciprocal trade deals."

Japan-U.S. economic relations are,

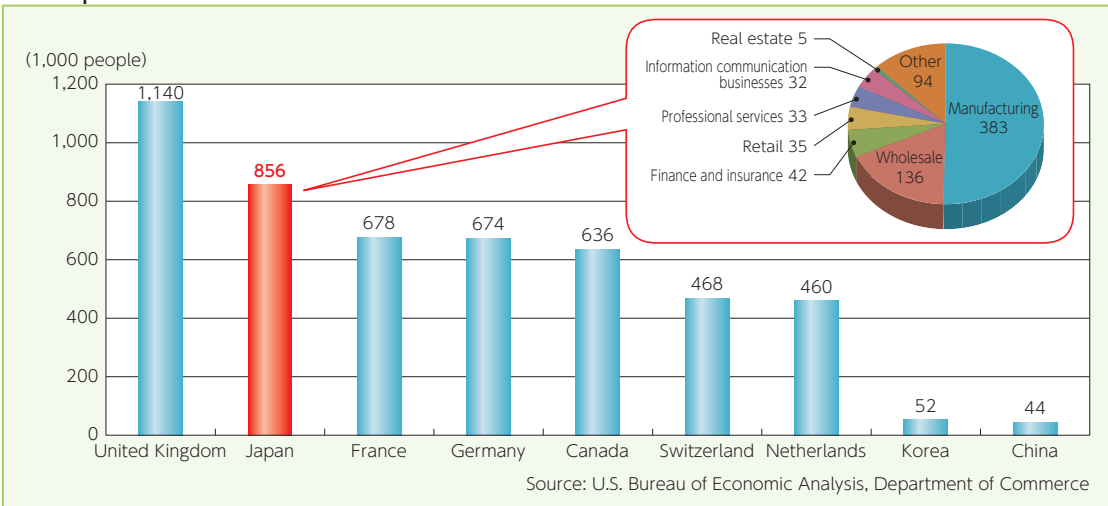
together with security and people-to-people exchanges, one of the three pillars of the Japan-U.S. Alliance, and 2017 was a year that provided an opportunity to build a new kind of Japan-U.S. economic relationship. The Japan-U.S. summit meeting held on February 10 saw the launch of the Japan-U.S. Economic Dialogue chaired by Deputy Prime Minister Aso and Vice President Pence with the aim of further boosting Japan-U.S. economic relations. In the first round of Japan-U.S. Economic Dialogue meetings subsequently held in April, Deputy Prime Minister Aso and Vice President Pence agreed to structure the Japan-U.S. Economic Dialogue on the three pillars of shared strategies on trade and investment rules/issues, cooperation in the fields of economic and structural policy, and cooperation in other separate fields, and forge ahead with discussions based on this structure.

At the second round of meetings held in October, it was affirmed that, with the increasingly adverse security situation in the Asia-Pacific region, it is important to continue moving ahead with constructive discussion to further deepen Japan-U.S. economic relations, which are also crucial from a strategic perspective. A joint press release concerning the progress and fruits of the discussions between Japan and the U.S. was also issued. President Trump held a summit meeting with Prime Minister Abe on November 6 during his first trip to Japan. The two leaders welcomed that the importance of the strengthening of Japan-U.S. economic, trade, and investment relations was affirmed at the second round of Japan-U.S. Economic Dialogue meetings, and it was agreed that the two countries would take the initiative

▶ Japan ranks second in the world for cumulative FDI in the United States



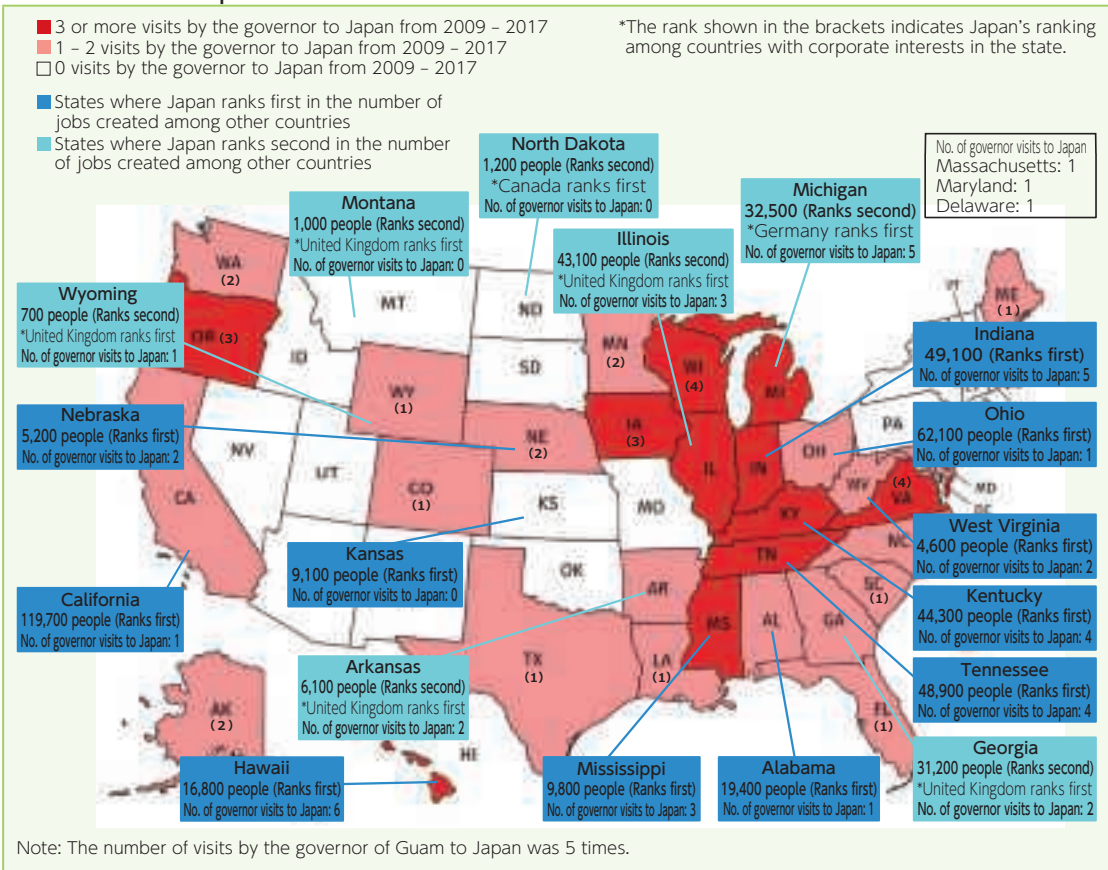
▶ Japan ranks second in the world for the number of people employed by Japanese companies in the United States



Second round of Japan-U.S. Economic Dialogue meetings (October 16, Washington D.C., U.S.)

in setting high standards for trade and investment throughout the Asia-Pacific region and move ahead with cooperation on law enforcement issues. It was also affirmed that initiatives in fields such as life science innovation and automobiles would be pursued. Furthermore, it was affirmed that the countries would cooperate in fields such as energy, infrastructure development in third countries, space exploration, and healthcare, and it was agreed to promote

► Creation of employment by Japanese companies in each state, and visits by the governor of each state to Japan



two-way investment and grassroots-level initiatives.

Of particular note in the Japan-U.S. economic relations is the investment by Japanese companies in the U.S. Currently, Japan's cumulative direct investment in the U.S. occupies the position of second highest after the UK (approximately 421.1 billion U.S. dollars (2016)). This kind of direct investment is contributing to the regional economy of the U.S. in the form of employment creation by Japanese companies in the U.S. (approximately 860,000 people (2015)), and the strengthening of the multilayered relationship of the two countries through this kind of vigorous investment and

employment creation has become a rock-solid foundation for good Japan-U.S. relations that are better than ever before.

With respect to infrastructure development, Japan is working on three separate U.S. high-speed railway projects. Japan and the U.S. are cooperating on promoting the Northeast Corridor Superconducting Maglev technology, with Washington D.C. officials taking a test ride in September. In addition to a decision by the U.S. Government to provide a federal subsidy for the project, Japan has also allocated survey expenses for the project. Public and private sector lobbying for the California High-Speed Rail Project is continuing. Support is also being provided

Special Feature

Japan-U.S. Economic Dialogue

Japan-U.S. Economic Dialogue is an initiative undertaken to further enhance the strong economic ties between Japan and the United States led by Deputy Prime Minister Aso and Vice President of the United States Pence.

This dialogue was launched as a result of the first Japan-U.S. Summit Meeting that took place in Washington, D.C. on February 10, 2017 following the inauguration of U.S. President Trump, where the two leaders shared a mutual recognition of the importance of the Japan-U.S. economic partnership, and agreed to greatly enhance this relationship and further implement dialogue and cooperation in order to drive worldwide economic growth.

The first round of dialogue was held in April. Deputy Prime Minister Aso and Vice President Pence shared the view to conduct the dialogue following the three principle categories of common strategy on trade and investment rules and issues, cooperation in economic and structural policies, and sectoral cooperation. Following this, each task force engaged in active discussion in order to yield specific results for each of the three categories.

In the second round of dialogue in October, the two chairmen shared the importance of proceeding with productive discussions going forward in order to further enhance the critically important Japan-U.S. economic relationship from a strategic perspective, given the increasingly severe security environment in the Asia-Pacific region, followed by affirming the progress and results from the dialogue between the two countries based on the three categories initially determined in the first round. The results were announced in a joint press release.

Among the common strategies on trade and investment rules and issues, progress was seen in the fields of automotive, agriculture, life science innovation with regard to bilateral trade matters, while progress was also seen in the improved effectiveness of enforcement of unfair trade practices and discussions at the expert level concerning the promotion of advanced trade and investment standards. As for economic and structural policy cooperation, active utilization of the three arrows approach of the G7 was reaffirmed. Both countries agreed that regulatory costs for financial regulations should be adjusted while ensuring soundness and accountability. Furthermore, both Japan and the U.S. discussed ongoing collaboration for promoting sustainable and inclusive development. As for sectoral cooperation, practical, broad-based discussions were held on fields where both countries can mutually promote their economic interests and job creation, including infrastructure, energy and the digital economy. Both countries welcomed the concrete achievements for further building the win-win relationship between Japan and the U.S.

Results of the Japan-U.S. Economic Dialogue were approved once again on the occasion

of the official visit by U.S. President Trump in November 2017 between the two leaders, which are becoming increasingly significant. This dialogue will continue to be held in cooperation with the U.S. Government in order to further strengthen the economic relationship between the two countries.



The first round of Japan-U.S. Economic Dialogue (April 18, Tokyo)



The second round of Japan-U.S. Economic Dialogue (October 16, Washington D.C., U.S.)

for realization of the Texas Central Railway Project, with the private U.S. company working on the project, Texas Central Partners (TCP), concluding a technology transfer agreement with HTeC, a subsidiary of the Central Japan Railway Company.

With regard to the energy field, progress is being seen in the areas in which Japan has been lobbying. With regard to U.S.-produced oil, an FY2016 omnibus spending bill was passed enabling the importation into Japan of U.S.-produced oil based on short-term contracts, with the first importation since the embargo was lifted occurring in May 2016. Import into Japan has been taking place intermittently since then. The first liquefied natural gas (LNG) exportation base on the U.S. mainland launched operations in February 2016 and exports to Japan began in January 2017. The first long-term contract importation of LNG is expected to begin as early as the first half of 2018. It is hoped that these achievements will contribute significantly to Japan's energy security and the stability of Japan's energy supply.

With regard to the technology field, Japan-U.S. cooperation on supporting startups and innovation creation is being strengthened in addition to Japan-U.S. cooperation in scientific technology fields such as cyber-technologies, life sciences, robotics, and space. Of particular note was the 5th round of Japan-U.S. Cyber Dialogue meetings held in July which provided an opportunity for discussions on wide-ranging Japan-U.S. cooperation on issues such as cooperation in the international arena and support for capacity-building. At the 8th U.S.-Japan Policy Cooperation Dialogue on the Internet Economy director-general level meetings in September, discussions covered issues such as cross-border data distribution, privacy protection, and digital trade, and the results of the discussions were issued in a joint press release and were also reported at the 2nd round of Japan-U.S. Economic Dialogue meetings.

With regard to the investment and tourism fields, during Prime Minister Abe's visit to New York in September to attend the UN General Assembly, Prime Minister

Abe attended a social gathering for U.S. CEOs, which world-famous businesspeople, investors, and others were invited. At the gathering Prime Minister Abe engaged in discussions concerning the kinds of measures the Government of Japan ought to take to encourage foreign investment in Japan. Prime Minister Abe also attended a food and tourism reception organized by the Government of Japan and the Japan National Tourist Organization (JNTO) to help promote the charms of Japan's regions and food culture.

Progress is also being made with regional-level cooperation in the U.S. State-level relations have been strengthened with the drafting of a memorandum of cooperation with the State of Indiana in September in addition to memoranda of cooperation with the states of California, Washington, and Maryland. Based on the idea that easing the acquisition of local driving licenses is an important aspect in helping Japanese citizens to prepare themselves for life in the U.S., memoranda of cooperation concerning reciprocal exemptions of parts of driving license tests were drafted with the state of Maryland in November 2015 and the state of Washington in November 2016. As a result, from January 2017, applicants holding Japanese driving licenses are exempted from the academic and technical test sections of driving license tests in the state of Washington. This initiative will be expanded to other areas based on comprehensive evaluations of traffic conditions in each locality.

Based on the understanding that devising grassroots initiatives that reach members of the general public is an important way to further strengthen Japan-U.S. ties, a "Grassroots Government Taskforce

on Strengthening Japan-U.S. Ties" was launched in April. The task force so far has had three rounds of discussions under Deputy Chief Cabinet Secretary Koichi Hagiuda, and drafted an action plan setting out guidelines for the implementation of specific initiatives. At a follow-up meeting held on December 8 under Deputy Chief Cabinet Secretary Nishimura, reports were made on specific initiatives implemented in accordance with the abovementioned action plan and discussions were held on measures to enhance those initiatives. Based on the understanding, set out in the action plan, that a tailor-made approach that accords with the characteristics of each region and the level of interest in Japan of the target regions is necessary, a wide range of initiatives are being implemented in different parts of the U.S. including a "regional caravan" that travels to areas in which multiple Japanese companies operate, combined events that promote understanding of Japan, and sports days. A wide range of initiatives will be implemented to further boost Japan-U.S. relations and further strengthen the Japan-U.S. Alliance.

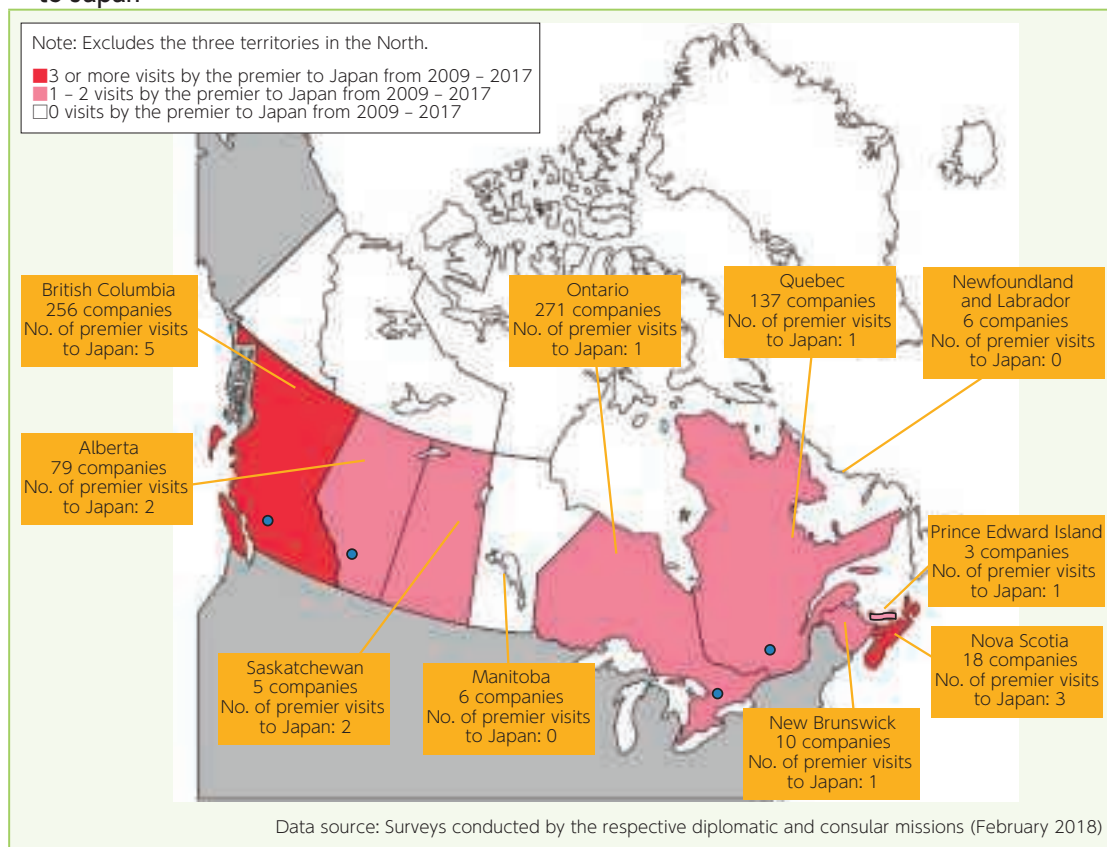
2 Canada

(1) Situations of Canada

The Trudeau administration, inaugurated in November 2015, is running the Government steadily backed by a stable approval rating.

On the diplomacy front, Canada has traditionally engaged in diplomacy in multinational venues such as the UN, the North Atlantic Treaty Organization (NATO), the G7, the G20, and the Organization of American States (OAS), based on close U.S.-Canada relations. The Trudeau

► Number of Japanese companies in each province, and visits by the premier of each province to Japan



administration, in particular, has based its diplomatic policies on multilateralism, and is returning to multinational diplomacy through active engagements in humanitarian and international cooperation efforts, such as accepting Syrian refugees and the ratification of the Paris Agreement on climate change. At the same time, the administration is showing a proactive stance towards bilateral diplomacy through high-level foreign visits and dialogues with foreign leaders.

On the economic front, against the backdrop of favorable economic conditions, the Trudeau Government is moving ahead with proactive policies in principle aimed at the creation of employment and wealth for the middle class, as well as enhancement

of investment in domestic infrastructures, including through the establishment of the Canada Infrastructure Bank. With regard to international economic matters, Canada is advancing its basic policy of progressive trade aimed at the creation of employment for the middle class, under which it has worked to promote the Comprehensive Economic and Trade Agreement (CETA), to strengthen North American economic relations and economic relations with emerging markets such as China and India.

(2) Japan-Canada Relations

Japan and Canada are important partners for each other in the Asia-Pacific region. As G7 members, the two countries also cooperate closely in a wide range of fields



Prime Minister Abe shaking hands with Prime Minister Trudeau (November 10, Danang, Vietnam; Photo: Cabinet Public Relations Office)



Japan-Canada Foreign Ministerial talks (November 8, Danang, Vietnam)

including politics, economics, security, and people-to-people exchanges.

In May, Prime Ministers Abe and Trudeau spoke briefly at the G7 Summit held in Taormina, Italy, and welcomed the agreement in principle on the Japan-Canada Acquisition and Cross-Servicing Agreement (ACSA) and agreed to continue working towards signing the agreement as soon as possible. The two leaders also held three telephone conferences in February, June, and October, during which they engaged in intensive discussion centering on the regional situation, including the North Korea issue, and trade-related issues such as the TPP agreement.

In September, Foreign Minister Kono held talks with Foreign Minister Freeland in New York on the occasion of the UN General Assembly. The two ministers agreed to engage in bilateral coordination on maximizing pressure on North Korea and cooperation aimed at resolving the abductions issue. The ministers also exchanged their views on the North American Free Trade Agreement (NAFTA) and reform of the UN Security Council, and affirmed that Japan and Canada would promote bilateral and international cooperation under the “A New Era for

Cooperation between Japan and Canada” framework. The ministers also held talks on November 8 during the APEC ministerial meetings in Danang, Vietnam, and reaffirmed the need to maximize pressure on North Korea. They also discussed the strengthening of bilateral relations and issues in the international arena such as the promotion of free trade, nuclear disarmament, and reform of the UN Security Council.

In March 2018, Canada, together with ten other countries, signed the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (The TPP 11), in Chile, where Canada announced that it will move ahead with necessary domestic processes for an early ratification. This means the establishment of an economic partnership agreement between Japan and Canada is expected, and that economic relations between the two countries will be further strengthened.

The 10th Japan-Canada Political-Military and Military-Military (PM/MM) talks were held in Ottawa in December, and the two countries affirmed the continuation of bilateral coordination on security. The 15th Japan-Canada Symposium on Peace and Security Cooperation, also held in Ottawa,

was attended by government officials from both countries and saw a vigorous exchange of opinions.

There have also been frequent high-level Japan-Canada visits, with visits to Japan from members of the federal Government

of Canada, such as Minister of International Trade Champagne, Minister of Sport and Persons with Disabilities Qualtrough, and the premiers of Alberta, British Columbia, and Nova Scotia.

Column

50th Anniversary of the Nikka Yuko Japanese Garden

A large number of Nikkei people were forcibly relocated from British Columbia to Lethbridge, Alberta during World War II. As a result, there remains a large Nikkei population living in Lethbridge today. The city is also home to The Nikkei Cultural Society of Lethbridge and Area.

The Nikka Yuko Japanese Garden first opened in 1967, marking the 100th anniversary of the confederation of Canada, to commemorate the contribution of Nikkei people to the multicultural society of Lethbridge. Since then, as a symbol of the friendship between Japan and Canada, the garden has become an important tourist resource for the city of Lethbridge as well as a place of recreation for local people.

During the construction of this garden, utmost care was taken to incorporate a traditional Japanese aesthetic philosophy as well as the local vegetation, topography and culture of Alberta. Today, the garden represents an amalgamation of Japanese culture and the natural beauty of Alberta. The garden is used to host a variety of Japanese cultural events, including tea ceremony demonstrations and *Bonsai* exhibitions.

The Nikka Yuko Japanese Garden has close ties with Japan's Imperial Family. The garden's opening ceremony in 1967 was graced by Their Imperial Highnesses Prince and Princess Takamatsu, and the 25th anniversary celebration held in 1992 was graced by Their Imperial Highnesses Prince and Princess Takamado. In 2017, a large celebration was held for two days on July 14 and 15 to commemorate the garden's 50th anniversary, which was graced by Her Imperial Highness Princess Ayako of Takamado. In remarks at the festivities, Her Imperial Highness extolled the achievements of Japanese-Canadians who have overcome a great deal to establish their current position in society, and indicated that the Nikka Yuko Japanese Garden—long maintained and cared for by the people of Lethbridge—stands as a symbol of the friendship of not only Japan and Canada but also Japanese-Canadians and both countries, sharing her hope that this relationship will continue forever.

In addition, Consul General Kunihiko Tanabe of the Consulate-General of Japan in Calgary awarded the 2017 Foreign Minister Commendation to the Nikka Yuko Japanese Garden, lauding the garden's role in promoting friendly relations between Japan and Canada as well as promoting understanding of Japan.



Nikka Yuko Japanese Garden



Unveiling ceremony for the 50th anniversary commemorative monument at Nikka Yuko Japanese Garden graced by Her Imperial Highness Princess Ayako of Takamado (July 14, Lethbridge, Canada, Photo: Nikka Yuko Japanese Garden)