

Chapter 2

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

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Section 1

Asia and Oceania

1 Overview

(General overview)

The Asia-Oceania region is home not only to China and Japan, the second and third largest economies in the world, but also to many emerging countries with remarkable growth. As the world's growth center, the region, with an abundance of human resources, drives the world economy 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 nearly tripled over the last ten years, as compared to the world average of 150%³. Total exports and imports of EAS member states (excluding the U.S. and Russia) is 10.35 trillion US dollars, making it comparable to the European Union (11.72 trillion US dollars)⁴. 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: the nuclear and 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. 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, frequent natural disasters and aging population.

Japan highlights enhancing cooperation with neighboring countries as a pillar of its diplomacy, and has been engaging in proactive diplomacy including at the leaders' and Foreign Ministers'

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

² The State of World Population 2018

³ World Bank (WB)

⁴ International Monetary Fund (IMF)

level. Regarding the relations with Asia-Oceania countries, in 2018, Prime Minister Abe visited the Republic of Korea (ROK) to attend the opening ceremony of the PyeongChang Olympic Games in February, and paid an official visit to China in October for the first time in seven years by a Japanese Prime Minister. In November, Prime Minister Abe visited Singapore to attend the ASEAN-related Summit Meetings, followed by his visit to Australia and then to Papua New Guinea for the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting. Japan also hosted summit meetings inviting Asia-Pacific countries, such as the seventh Japan-China-ROK Trilateral Summit Meeting and eighth Pacific Islands Leaders Meeting (PALM8) in May and the tenth Mekong-Japan Summit Meeting in October. In addition, summit meetings were held by inviting VIPs, including Prime Minister Modi of India. Foreign Minister Kono engaged in diplomatic activities in this region persistently, visiting 21 countries and regions in the Asia-Pacific in 2018.

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

The Japan-U.S. Security Arrangement is a foundation of peace, prosperity and freedom, not only for Japan but also the entire Asia-Pacific region. In the midst of an increasingly severe regional security environment, the Japan-U.S. Alliance is more important than ever. Since the inauguration of President Trump in January 2017, Prime Minister Abe and President Trump held 36

Summit Meetings, including telephone calls, by the end of 2018. The two countries have been working closely at multiple levels, including at the summit level, to address the various issues of the Asia-Pacific region, including those related to North Korea.

Furthermore, Japan and the U.S. are deepening their cooperation in achieving a “Free and Open Indo-Pacific.” On the occasion of the Japan-U.S. Summit Meeting in September, a factsheet was released on Japan-U.S. cooperation in areas such as maritime security and disaster risk reduction. On the occasion of U.S. Vice President Pence’s visit to Japan in November, a joint statement was issued on concrete cooperation in the areas of energy, infrastructure and digital connectivity. Aside from the U.S., Japan will continue to work with like-minded countries, such as Australia, India and ASEAN countries, in continuing to play a leading role in the peace and prosperity of the region.

(Measures on the comfort women issue)

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



Japan-Australia Summit Meeting (November 16, Darwin, Australia; Photo: Cabinet Public Relations Office)



Foreign Minister Kono attending the World Economic Forum on ASEAN (September 13, Hanoi, Viet Nam)

The Issue of Comfort Women

1. The issue of comfort women between Japan and the Republic of Korea (ROK)

- (1) As the issue of comfort women has been a major diplomatic issue in Japan-ROK relations since the 1990s, Japan has sincerely dealt with it. The issue concerning property and claims between Japan and the ROK was 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 ROK. However, from the perspective of facilitating feasible remedies for the former comfort women, the people and the Government of Japan cooperated to establish the “Asian Women’s Fund” in 1995, through which they 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 former comfort women. The Government of Japan has made every effort as mentioned above.
- (2) Furthermore, as a result of great diplomatic efforts, the Governments of Japan and the ROK confirmed that the issue of comfort women was “resolved finally and irreversibly” with the agreement reached at the Japan-ROK Foreign Ministers’ Meeting in December 2015. The Japanese and ROK 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. This agreement was welcomed by the international community, including the then Secretary-General of the United Nations Ban Ki-moon and the U.S. Government.

In accordance with this agreement, in August 2016, the Government of Japan contributed 1 billion yen to “the Reconciliation and Healing Foundation” established by the Government of the ROK. The Foundation provided financial support to 34 out of 47 former comfort women who were alive at the time of the agreement, and to the bereaved families of 58 out of 199 former comfort women who were deceased at the time. The agreement has been received positively by many former comfort women.

- (3) However, in December 2016, a comfort woman statue¹ was installed on the sidewalk facing the Consulate-General of Japan in Busan by a civic group in the ROK. Subsequently, the Moon Jae-in administration was newly inaugurated in May 2017. Based on the results of the assessment made by the Taskforce to Review the Agreement on Comfort Women Issue under the direct supervision of the Minister of Foreign Affairs of the ROK, Foreign Minister Kang Kyung-wha announced the position of the Government of the ROK on January 9, 2018 as follows: i) it will not ask for a renegotiation with Japan; and ii) the 2015 agreement, which fails to properly reflect the wishes of the victims, does not constitute a true resolution of the issue. In July 2018, the Ministry of Gender Equality and Family of the ROK announced that it would arrange a reserve budget to “appropriate the full amount” of the 1 billion yen contributed by the Government of Japan and contribute this amount to “the Gender Equality Fund”. In November, the Ministry of Gender Equality and Family announced that it would proceed with its dissolution of “the Reconciliation and Healing Foundation.”
- (4) The dissolution announcement is totally unacceptable for Japan in light of the 2015 Japan-ROK agreement. While the Government of the ROK, including President Moon Jae-in, repeatedly stated in public that it “will not abandon the agreement” and “will not ask for a renegotiation with Japan,” Japan has implemented all of its commitments under the Japan-ROK agreement and the international community is closely awaiting the ROK’s implementation of the agreement. The Government of Japan will continue to call on the Government of the ROK to steadily implement the Japan-ROK agreement.

1: For the sake of convenience and practicality, 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 accurately embody the reality of these women at that time.

2. The comfort women issue in the international community

- (1) The Government of Japan has sincerely dealt with the issues of reparations, property, and claims pertaining to the Second World War, including the comfort women issue, under the San Francisco Peace Treaty, which the Government of Japan concluded with 45 countries, including the United States, the United Kingdom, and France, and through other bilateral treaties, agreements, and instruments. These issues including those of claims of individuals have already been legally settled with the parties to these treaties, agreements, and instruments.
- (2) On this basis, the Government of Japan has actively taken measures to recover the honor of former comfort women and to provide remedies for them. In 1995, the AWF was established with the cooperation of the people and the Government of Japan for the purpose of carrying out atonement and remedy projects for former comfort women. The Government of Japan provided a total of 4.8 billion yen. Approximately 600 million yen was donated to the AWF by the people of Japan. The Government of Japan extended maximum cooperation to the AWF, which implemented medical and welfare support projects and provided “atonement money,” to offer realistic relief to former comfort women. As part of the AWF’s projects, “atonement money” (2 million yen per person), which was funded by donations from Japanese people, was provided to 285 former comfort women (211 for the Philippines, 61 in the Republic of Korea, 13 in Taiwan). Moreover, the AWF provided funds in those countries/areas for medical and welfare support funded with contributions by the Government of Japan (3 million yen per person in the Republic of Korea and Taiwan, 1.2 million yen for the Philippines) (for a total of 5 million yen per person in the Republic of Korea and Taiwan, 3.2 million yen per person in the Philippines). Furthermore, using funds contributed by the Government of Japan, the AWF extended support for projects to promote social welfare services for elderly people in Indonesia as well as projects to help improve the living conditions of former comfort women in the Netherlands.
- (3) When the “atonement money” as well as the medical and welfare support were provided to individual former comfort women, then-Prime Ministers (namely, PM Ryutaro Hashimoto, PM Keizo Obuchi, PM Yoshiro Mori and PM Junichiro Koizumi) sent signed letters expressing their apology and remorse directly to each former comfort woman.
- (4) As stated in the Statement by the Prime Minister issued in 2015, Japan will engrave in its heart the past, when the dignity and honour of many women were severely injured during wars in the 20th century. Japan will lead the world in making the 21st century an era in which women’s human rights are not infringed upon.
- (5) Despite such sincere efforts by the Government of Japan, there are claims that can hardly be said to be based on historical facts, such as the allegations of “forceful taking away” of comfort women and “sex slaves” as well as the figures such as “200,000 persons” or “several hundred thousands” for the total number of comfort women.

The Government of Japan’s position regarding these claims is as follows;

- “Forceful taking away”

“Forceful taking away” of comfort women by the Japanese military and government authorities could not be confirmed in any of the documents that the Government of Japan was able to identify. (This position is stated, for example, in a written answer approved by the Cabinet on December 16, 1997 to a question by a member of the House of Representatives.)

- “Sex slaves”

The expression of “sex slaves” contradicts the facts so that it should not be used. This point was confirmed with the ROK on the occasion of the Japan-ROK Agreement in December 2015 and the expression “sex slaves” is not used in the agreement.

● Figures such as “200,000 persons” for the total number of comfort women

The figure “200,000 persons” lacks concrete evidence. As stated in the report of the Government study’s result of August 4, 1993, it is virtually impossible to determine the total number of comfort women as no documents have been found which either indicate the total number or give sufficient ground to establish an estimate.

- (6) The Government of Japan has been making efforts to provide clear explanations regarding its sincere efforts and official position in international fora. Specifically, at the UN, the Government of Japan has explained its position at a number of opportunities such as during the examination of the Seventh and Eighth Periodic Reports by the Government of Japan on the implementation of the Convention on the Elimination of All Forms of Discrimination against Women in February 2016. In February 2017, the Government of Japan also submitted its *amicus curiae* brief to the U.S. Supreme Court for the trial concerning a comfort woman statue installed in Glendale in the suburbs of Los Angeles, United States.

[See References]

- Written Answer to the Second Question Submitted by House of Representatives Member Ms. Sanae Takaichi on References to the “Comfort Women” Issue in Textbooks (December 1997)
- Announcement by Foreign Ministers of Japan and the Republic of Korea at the Joint Press Occasion (December 2015)
- Remarks by Then Deputy Minister for Foreign Affairs Sugiyama for the Consideration of the Seventh and Eighth Periodic Reports by the Government of Japan under the Convention on the Elimination of All Forms of Discrimination against Women (February 2016)
- Brief of the Government of Japan as *Amicus Curiae* in Support of Petitioners, *Koichi Mera and Gaht-US Corporation v. City of Glendale* (February 2017)
- Statement by Then Parliamentary Vice-Minister for Foreign Affairs Horii at the High-Level Segment of the Human Rights Council (February 2018)
- Remarks by Deputy Director-General / Deputy Assistant Minister (UN Ambassador) of the Foreign Policy Bureau Otaka for the Consideration of the Tenth and Eleventh Combined Periodic Report by the Government of Japan under the International Convention on the Elimination of All Forms of Racial Discrimination (August 2018)
- Letter from Ambassador Extraordinary and Plenipotentiary for Human Rights Okamura Chair Janina of the Committee on Enforced Disappearances and Fact-sheet with Regard to the Concluding Observations from the Consideration of the First Report by the Government of Japan under the Convention for the Protection of All Persons from Enforced Disappearance (November 2018)

Meanwhile, we have observed some installation of comfort woman statues⁵ not only in the ROK but also in the U.S., Canada, Australia, China, the Philippines, Germany and Taiwan. Such movements are 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. (For more details, see boxed article “The Issue of Comfort Women”)

⁵ 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.

2 Korean Peninsula

(1) North Korea (including the abductions issue)

The Government of Japan has been taking various initiatives 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.

A historic U.S.-North Korea Summit was convened in Singapore in June 2018, where U.S. President Trump and Chairman of State Affairs Commission Kim Jong-un agreed on the complete denuclearization of the Korean Peninsula. The second U.S.-North Korea Summit was held in Hanoi, Viet Nam in February 2019. It is important that the international community remains united to support the process between the U.S. and North Korea toward the denuclearization of the Korean Peninsula, building on the results of the summits. Japan will continue to cooperate with the U.S. and the ROK and coordinate closely with the international community, including China and Russia, toward the resolution of the issues of North Korea.

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 Stockholm⁶) and will continue to make utmost efforts to realize the return home of all abductees at the earliest possible date, while coordinating closely with relevant countries including the U.S.

A North Korea Nuclear and Missile Issues

North Korea has not carried out the dismantlement of all weapons of mass destruction and ballistic missiles of all ranges in a complete, verifiable and irreversible manner, in accordance

with a series of relevant United Nations (UN) Security Council resolutions, and there has been no essential change in North Korea's nuclear and missile capabilities.

In his New Year's Address in January 2018, Chairman Kim made reference to the need for inter-Korean dialogue, while on the other hand, indicated that North Korea will mass-produce nuclear warheads and ballistic missiles and spur efforts to deploy them for operation. At the Foreign Ministers' Meeting on Security and Stability on the Korean Peninsula held in Vancouver on January 16, participating countries discussed the need to fully implement the UN Security Council resolutions and to further strengthen autonomous measures. At the Japan-U.S.-ROK Foreign Ministers' Meeting held on the same day, the three Ministers confirmed that Japan, the U.S. and the ROK would take the lead on the initiatives of the international community, including calling for the full implementation of the UN Security Council resolutions. Subsequently, President Trump expressed his intention to hold talks with Chairman Kim. At the Japan-U.S. Summit Meeting that followed on April 17 and 18, the two leaders shared the view that North Korea needs to abandon all weapons of mass destruction and ballistic missile programs in a complete, verifiable and irreversible manner.

At the third Plenary Meeting of the seventh Central Committee of the Workers' Party of Korea held on April 20, North Korea announced it would suspend nuclear tests and test launches of intercontinental ballistic missiles (ICBMs) and shut down a nuclear test site. In the "Panmunjom Declaration on Peace, Prosperity and Reunification of the Korean Peninsula" issued at the Inter-Korean Summit on April 27, both sides confirmed the common goal of realizing, through the complete denuclearization, a nuclear-free Korean Peninsula. On May 24, North Korea demolished the Punggye-ri nuclear test site. In addition, at

⁶ In May 2014, Japan-North Korea Intergovernmental Consultations were held in Stockholm, Sweden. North Korea promised to conduct comprehensive and full-scale investigation on all Japanese nationals, including abductees.

the Inter-Korean Summit on May 26, Chairman Kim once again expressed his intention to achieve the complete denuclearization of the Korean Peninsula, according to an ROK announcement.

At the first ever U.S.-North Korea Summit on June 12, a joint statement of the U.S. and North Korean leaders was issued, in which Chairman Kim directly promised President Trump the “complete denuclearization” of the Korean Peninsula in a written document with his signature. This format took into account a proposal made by Prime Minister Abe to President Trump at the Japan-U.S. Summit Meeting in April that agreements between the U.S. and North Korean leaders be kept in a signed document. During the Japan-U.S. Summit Telephone Talks on June 12 following the U.S.-North Korea Summit, the two leaders reaffirmed the resolute policy of Japan and the U.S., as well as Japan, the U.S. and the ROK to make a concerted effort with the international community to urge North Korea to fully implement the UN Security Council resolutions, building on the achievements of the historic U.S.-North Korea Summit. Furthermore, on June 14, at the Japan-U.S.-ROK Foreign Ministers’ Meeting held in Seoul, ROK, the Foreign Ministers shared the view that it is important to translate the outcomes of the U.S.-North Korea Summit into concrete actions by North Korea. On July 7 and 8, U.S. Secretary of State Pompeo visited Japan immediately after visiting North Korea, and Japan-U.S.-ROK and Japan-U.S. Foreign Ministers’ Meetings were held. At the meetings, the Foreign Ministers confirmed their shared goal of seeking the dismantlement of all its weapons of mass destruction and ballistic missiles of all ranges in a complete, verifiable and irreversible manner based on the UN Security Council resolutions, and shared their views that they will work together to urge North Korea to take concrete actions toward the complete implementation of the UN Security Council resolutions.

In the “Pyongyang Joint Declaration of September 2018” issued at the Inter-Korean

Summit on September 19, North Korea announced that it would first permanently dismantle the Dongchang-ri missile engine test site and launch platform under the observation of experts from relevant countries, and that it expressed its willingness to take additional measures, such as the permanent dismantlement of the nuclear facilities in Yeongbyeon, as the U.S. takes additional measures. The Declaration also set forth that both sides would cooperate closely in the process of pursuing the complete denuclearization of the Korean Peninsula.

On October 7, Secretary of State Pompeo held talks with Chairman Kim during his visit to North Korea. The U.S. announced that Chairman Kim invited inspectors to confirm the irreversible dismantlement of the Punggye-ri nuclear test site. Meanwhile, on November 7, the cancellation of the scheduled U.S.-North Korea High Level Official Meeting was announced, and no additional U.S.-North Korea High Level Official Meetings were held in 2018.

On January 18, 2019, Kim Yong-chol, Deputy Chairman of the Workers’ Party of Korea, visited the U.S. and made a courtesy call on President Trump. While the second U.S.-North Korea Summit was held in Hanoi, Viet Nam on February 27 and 28, it did not lead to an agreement between the two leaders. Regarding the Summit, President Trump stated that he spent constructive time with Chairman Kim, and that while North Korea was ready to carry out a large part of the denuclearization sought by the U.S., the U.S. could not agree to lift its sanctions entirely to this end.

It is crucial that the international community makes concerted efforts to fully implement the UN Security Council resolutions for the dismantlement of all weapons of mass destruction and ballistic missiles of all ranges in a complete, verifiable and irreversible manner by North Korea. As part of the Japan Coast Guard’s patrolling activities and the Self Defence Force’s monitoring and 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 2018, Japan revealed to the public ten activities strongly suspected to be ship-to-ship transfers, through the Ministry of Foreign Affairs (MOFA) website and through other media. Aircrafts of Canada, Australia and New Zealand, in addition to the U.S., have engaged in monitoring and surveillance activities against illicit maritime activities, including ship-to-ship transfers for around one month from late April 2018 and for around a month and a half from mid-September based in Kadena Air Base. Furthermore, monitoring and surveillance activities were conducted in waters surrounding Japan including the East China Sea, by naval vessels such as multiple vessels of the U.S. Navy, the British Royal Navy frigate SUTHERLAND and landing ship ALBION, the Royal Canadian Navy frigate CALGARY and Royal Australian Navy frigate MELBOURNE. Japan considers it is significant that Japan, the U.S., Australia, New Zealand, Canada, the UK and France are sharing information and coordinating efforts as part of the multinational effort to ensure that UNSCRs are implemented fully and effectively.

B The Abductions Issue and Japan-North Korea Relations

(A) Basic Position on the Abductions Issue

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 8 of these 12 abductees have died and that it is unable to confirm that the other 4 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.

(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.

(C) Japan-North Korea Relations

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, 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 August, during the ASEAN-related Foreign Ministerial Meeting held in Singapore, Foreign Minister Kono briefly talked with the North Korean Minister of Foreign Affairs Ri Yong-ho and conveyed Japan's basic position regarding Japan-North Korea relations. Additionally, in September, Foreign Minister Kono held a meeting with the North Korean Minister of Foreign Affairs Ri Yong Ho at the UN headquarters.

(D) Cooperation with the International Community

In order to resolve the abductions issue, it is essential for Japan not only to proactively urge North Korea, but also to gain understanding and support from other countries regarding the importance of resolving the abductions issue. Japan has taken all possible diplomatic opportunities to raise the abductions issue and other issues concerning North Korea, including at summit meetings, foreign ministers' meetings and international conferences such as the G7 Charlevoix Summit in Canada, the Japan-China-ROK Trilateral Summit, the Japan-U.S.-ROK Foreign Ministers' Meeting, ASEAN-related Summit Meetings and UN meetings.

With regard to the U.S., President Trump raised the abductions issue with Chairman Kim at the U.S.-North Korea Summit in June 2018, at the request of Prime Minister Abe. In addition, the U.S. has raised the abductions issue with North Korea at opportunities, such as Secretary of State Pompeo's visit to North Korea. At the second U.S.-North Korea Summit in February 2019, President Trump raised the abductions issue with Chairman Kim at the tête-à-tête meeting, which was held first on the first day, and clearly stated Prime Minister Abe's views regarding the abductions issue. At the small group dinner that followed, President Trump again raised the abductions issue, and a serious discussion was held between the leaders. At the U.S. Congress, a resolution regarding a U.S.

citizen possibly abducted by North Korea was approved and passed during the regular session of the House of Representatives in September 2016 as well as during the regular session of the U.S. Senate in November 2018.

The ROK has raised the abductions issue with North Korea at multiple opportunities, including the Inter-Korean Summit in April 2018. At the Japan-China-ROK Trilateral Summit Meeting in May 2018, Prime Minister Abe called on support and cooperation of President Moon Jae-in of the ROK and Premier of the State Council of China Li Keqiang toward the early resolution of the abductions issue, and as a result of obtaining their understanding, the abductions issue was included in the outcome document for the first time. Furthermore, at the Japan-Russia Summit Meeting in September 2018, Prime Minister Abe called on Russia's cooperation in resolving the abductions issue, and obtained President Putin's understanding. At the Japan-China Summit Meeting in October that year, Prime Minister Abe once again explained Japan's position regarding the abductions issue, and obtained the understanding and support of President Xi Jinping.

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

On March 8, 2018, Chung Eui-yong, Republic of Korea National Security Adviser paid a courtesy call on President Trump during his visit to the U.S. to explain the outcomes of the visit to North Korea by an ROK delegation, which was led by a special envoy, from March 5 to 6. Following the courtesy call, National Security Adviser Chung Eui-yong announced to the press at the White House that President Trump stated he would meet with Chairman Kim by May. Subsequently, U.S. Government officials including President Trump verified such intention.

On May 9, during Secretary of State Pompeo's visit to North Korea to prepare for the U.S.-North Korea Summit, three U.S. citizens who had been detained in North Korea were released. On May 10, President Trump announced that a U.S.-North Korea Summit would be held in Singapore on June 12.

On May 24, President Trump disclosed his letter to Chairman Kim and indicated his intention not to hold a U.S.-North Korea Summit. However, following a courtesy call by Kim Yong-chol, Deputy Chairman of the Workers' Party of Korea during his visit to the U.S. on June 1, President Trump announced once again that a U.S.-North Korea Summit would be held in Singapore on June 12.

On June 12, a U.S.-North Korea Summit was held for the first time in history in Singapore, and following the meeting, President Trump and Chairman Kim signed a joint statement of the two leaders. From July 6 to 7, U.S. Secretary of State Pompeo visited Pyongyang and held a meeting with Kim Yong-chol, Deputy Chairman of the Workers' Party of Korea. Following the U.S.-North Korea generals' consultations on July 15, a transport aircraft of the U.S. Forces repatriated the remains of U.S. troops killed during the Korean War from Wonsan in North Korea to Osan in the ROK on July 27, on the 65th anniversary of the Korean War armistice. On August 1, the remains were transported to Hawaii, and a repatriation ceremony was held with U.S. Vice President Pence attending.

On October 7, Secretary of State Pompeo visited North Korea with Special Representative for North Korea Stephen Biegun, who was appointed in August, and others, and held talks with Chairman Kim. The U.S. Department of State announced that they discussed the dates and location of the second U.S.-North Korea Summit, and that Chairman Kim invited inspectors to verify

the irreversible dismantlement of the Punggye-ri nuclear test site.

In January, February, August, September, October, November and December 2018, the U.S. newly designated individuals, entities and ships which are subject to sanctions based on the autonomous measures of the U.S. against North Korea for its involvement in the proliferation of WMDs and human rights violations, based on the U.S. policy of maintaining sanctions until the denuclearization of North Korea is achieved. The sanctions target entities and individuals in North Korea, as well as those in third countries, including Russia and China.

(B) Inter-Korean Relations

Though the Moon Jae-in administration of the ROK inaugurated in May 2017, through channels such as "the Korean peninsula peace initiative" unveiled in Berlin in July 2017⁷, proposed the resumption of inter-Korean dialogue to North Korea, North Korea continued not to oblige. However, Chairman Kim made reference to the need for inter-Korean dialogue in his New Year's Address in 2018, and this prompted considerable strides in inter-Korean relations that year.

Three Inter-Korean Summits were held in 2018⁸. The first summit of the year was held at the "Peace House" on the South Korean side of Panmunjom on April 27, and the "Panmunjom Declaration for Peace, Prosperity and Unification of the Korean Peninsula" was adopted as an agreement document between the two leaders. The second summit was held at the "Thongil house" on the North Korean side of Panmunjom on May 26. At this meeting, it is believed that Chairman Kim expressed his willingness to hold a U.S.-North Korea Summit. The third summit was held during President Moon's visit to North Korea from September 18 to 20, and the "Pyongyang

⁷ On July 6, 2017, President Moon announced "the Korean peninsula peace initiative" ((1) the reunion of separated families and revisits to ancestral graves on October 4 and holding South-North 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).

⁸ Prior to 2018, an Inter-Korean Summit was held twice in June 2000 and October 2007.

Joint Declaration of September” was adopted as an agreement document between the leaders.

On this basis, the North and South deepened exchanges and cooperation in a variety of areas according to the above agreement documents. In the security realm, the “Agreement on the Implementation of the Historic Panmunjom Declaration in the Military Domain” was adopted as an outcome of the Inter-Korean Summit in September. Measures taken thus far include the suspension of military exercises around the Military Demarcation Line (MDL), establishment of a no-fly zone over the MDL and withdrawal of some guard posts in the demilitarized zone. In the area of economic cooperation, the two sides discussed cooperation in sectors such as railway and road, forestry, health and medicine, and aviation. They have held, for example, on-site surveys for railways and roads connecting the North and South and their groundbreaking ceremony. The ROK has also provided insecticides to control pine wilt to North Korea.

In addition, the Inter-Korean Liaison Office stationed with North Korean and ROK authorities was established in Kaesong in North Korea. A reunion of separated families was also conducted for the first time in approximately three years. On the other hand, some agreements made at the Inter-Korean Summit to be achieved by the end of 2018 were not realized, including Chairman Kim’s visit to Seoul.

Against this backdrop, the Moon administration has expressed its position of promoting inter-Korean cooperation within the sanctions framework according to the UN Security Council resolutions, and requested and obtained approval from the Security Council Committee for sanctions exemptions for some of the projects⁹.

(C) China-North Korea Relations

In March 2018, Chairman Kim visited China as his first overseas destination following the death

of Chairman of National Defense Commission Kim Jong-il in December 2011, and held talks with President of China Xi Jinping. Chairman Kim visited China again in May and June 2018. Minister of Foreign Affairs of China Wang Yi visited North Korea in May 2018 and paid a courtesy call on Chairman Kim. Chairman of the Congress Standing Committee of China Li Zhanshu, visited North Korea on the anniversary of its founding on September 9. North Korean Minister of Foreign Affairs Ri Yong Ho visited China and paid a courtesy call on President of China Xi, in December. In January 2019, Chairman Kim visited China ahead of the second U.S.-North Korea Summit. In this manner, reciprocal visits by high-level officials were conducted.

Under such circumstances, China and North Korea have maintained close economic ties. For example, trade between China and North Korea accounts for approximately 90% of North Korea’s entire external trade excluding inter-Korean trade.

(D) Other Issues

In 2018, a total of 225 drifting or wrecked wooden vessels presumed to be from North Korea were discovered (104 in 2017). While such vessels have been discovered before, their number has increased in recent years, and the Government of Japan continues its effort to gather and analyze information with great interests on developments in North Korea. Japan will continue to deal appropriately with these issues working closely with relevant government agencies.

D Domestic Political Affairs and Economy

(A) Political Affairs

In North Korea, the power base of the regime centered on Chairman Kim, is being enhanced. Through the revision of the party constitution at the seventh Party Congress of the Workers’ Party of Korea held in May 2016, the post of Chairman of the Party was newly established and, Kim Jong-

⁹ Of the projects identified above, sanctions exemptions have been approved for projects such as on-site surveys for railways, railway and road groundbreaking ceremony and repair of facilities used for the reunion of separated families.

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 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. At the plenary session of the Central Committee of the Worker's Party of Korea held in April 2018, Chairman Kim declared victory of the "byungjin policy," which was presented at the plenary session of the Central Committee of the Workers' Party of Korea in March 2013, and he stated that focusing all of its energies on economic construction was the strategic policy of the Party.

(B) Economy

The National Five-Year strategy for Economic Development (2016–2020) was announced at the Seventh Party Congress of the Worker's Party of Korea in May 2016. 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.

North Korea's economic growth rate in 2017 was -3.5% (Bank of Korea estimate), deteriorating significantly from the positive growth of 3.9% in the previous year. Decreased production in agriculture, forestry and fisheries industries, steel industry, industrial production and other industries is considered to have contributed to this negative growth. Trade with China continues to account for the largest share of North Korea's external trade. In 2017, the total value of North Korea's external trade (excluding inter-Korean trade) was

5.5 billion US dollars (Korea Trade-Investment Promotion Agency (KOTRA) estimate), of which trade with China accounted for around 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

In 2018, the relations between Japan and the ROK faced an extremely severe situation amid a series of negative moves by the ROK, including the decisions by the ROK Supreme Court regarding the issue of former civilian workers from the Korean Peninsula, the announcement by the Government of the ROK to dissolve the "Reconciliation and Healing Foundation," the landing by ROK National Assembly members on Takeshima Island, the incident in which Japanese vessels had to withdraw from an international fleet review hosted by the ROK over the hoisting of the flag of SDF vessels, and the incident of an ROK naval vessel directing its fire-control radar at an SDF aircraft¹⁰. Meanwhile, three Japan-ROK Summit Meetings and eight Japan-ROK Foreign

¹⁰ For the Ministry of Defense's final statement on the radar irradiation incident, see the following link: https://www.mod.go.jp/j/press/news/2019/01/21x_1_e.pdf

Ministers' Meetings were held. Based on its consistent position, Japan continued to urge the ROK to take appropriate measures to the difficult issues between the two countries, and confirmed with the ROK that Japan-ROK and Japan-ROK-U.S. would work closely on the issues of North Korea.

(B) Issue of Former Civilian Workers from the Korean Peninsula (See boxed article "The Issue of Former Civilian Workers from the Korean Peninsula")

(C) Issue of Comfort Women (See boxed article "The Issue of Comfort Women")

(D) 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 keeping the world informed about Japan's position on the issue through various media¹¹, and has repeatedly lodged strong protests against the ROK over matters such as landing on the island by members of the ROK's National Assembly and others, the ROK's military exercises and maritime surveys¹². In particular, in 2018, members of the ROK's National Assembly landed on Takeshima on three instances, and military exercises and marine searches were also conducted on the island or its

vicinity. The Government of Japan considers them unacceptable in view of the Japanese position and lodged strong protests.

For a peaceful settlement of the Takeshima dispute, Japan has proposed to the ROK that the issue be referred to the International Court of Justice (ICJ) in 1954, 1962 and 2012. However, the ROK has rejected the proposal in all instances. Japan is determined to continue to engage in appropriate diplomatic efforts to settle the Takeshima dispute in a peaceful manner in accordance with international law.

(E) Exchange

While there are various issues between the two countries, people-to-people exchanges are taking place steadily between the two countries. With regard to the number of people making visits between the two countries, in 2018, approximately 7.54 million people from the ROK visited Japan, while approximately 2.95 million people from Japan visited the ROK. Both figures are higher than the ones in the previous year. People of the two countries actively visited each other, with the total number reaching approximately 10.49 million people, exceeding 10 million people for the first time.

In Japan, K-POP and South Korean TV dramas, etc., are widely accepted by people of all ages. In the ROK, Japanese food, manga, anime and novels of Japan have become popular.

The Government of Japan has also sought to promote mutual understanding and build a friendly and cooperative relationship for the future through the Japan-Korea Exchange Festival—the

¹¹ In February 2008, the Ministry of Foreign Affairs published 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 increasing awareness about the Takeshima issue.

¹² After Shim Jae-kwon, member of the Minjoo Party of Korea, landed on Takeshima in May 2018, a delegation of 13 ROK National Assembly members of the Education Committee led by Lee Chan-yeol, member of the Bareunmirae Party, landed on the island in October and a delegation of eight ROK National Assembly members led by Na Kyung-won, member of the Liberty Korea Party, landed in November. In addition, the ROK Armed Forces conducted Takeshima defense training in June and December 2018. 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.

The Issue of Former Civilian Workers from the Korean Peninsula

1. Japan's Basic Position

The problems concerning property and claims between Japan and the ROK, including the issue of former civilian workers from the Korean Peninsula, have been settled completely and finally by the Agreement on the Settlement of Problems concerning Property and Claims and on Economic Co-operation between Japan and the ROK of 1965. Article I of the Agreement stipulates that Japan shall supply to the ROK 300 million US dollars in grants and up to 200 million US dollars in loans through economic cooperation. In Article II, it was also confirmed that problems concerning property, rights and interests of the two Contracting Parties and their nationals (including juridical persons) as well as concerning claims between the Contracting Parties and their nationals (including juridical persons) are "settled completely and finally" and "no contention shall be made" thereof.

2. ROK Supreme Court Judgments and Japan's Response

On October 30 and November 29, 2018, the Supreme Court of the ROK ordered Japanese companies to pay compensation to ROK nationals who were allegedly working at these companies during World War II.

Such Supreme Court judgments are extremely regrettable and totally unacceptable. The decisions clearly violate Article II of the Agreement and inflict unjustifiable damages and costs on the Japanese companies*. Above all, the decisions completely overthrow the legal foundation of the friendly and cooperative relationship that Japan and the ROK have developed since the normalization of diplomatic relations in 1965.

Accordingly, Japan has strongly demanded that the ROK take appropriate measures, including immediate actions to remedy such breach of international law. Nevertheless, the Government of the ROK has not taken any concrete measures since then. Furthermore, Japan regards as extremely serious the plaintiffs' moves to seize the assets of the Japanese companies.

It is clear that there is a dispute over the interpretation and implementation of the Agreement between Japan and the ROK regarding this matter. Therefore, on January 9, 2019, the Government of Japan requested diplomatic consultations to the Government of the ROK pursuant to Article III, Paragraph 1 of the Agreement. Japan considers that the Government of the ROK will enter into consultations in good faith.

From the standpoint of, inter alia, protecting the legitimate business activities by Japanese companies, the Government of Japan has provided explanations to as well as conducted exchanges of views and maintained close contact with relevant companies regarding the Government's consistent position and the circumstances in the ROK related to the relevant litigations. The Government of Japan will continue to examine all possible options, including international adjudication and counter measures, and take appropriate actions based on its consistent position.

*On October 30, 2018, the four economic organizations of Japan (Keidanren, Japan Chamber of Commerce and Industry, Japan Association of Corporate Executives and Japan-Korea Economic Association) issued a statement stating that they were "deeply concerned" about the Supreme Court judgment.

[See References]

- Regarding the Decision by the Supreme Court of the Republic of Korea, Confirming the Existing Judgments on the Japanese Company (Statement by Foreign Minister Taro Kono) (October 30, 2018)
- Request for Consultations Pursuant to the Agreement on the Settlement of Problems concerning Property and Claims and on Economic Co-operation between Japan and the Republic of Korea, Pertaining to the Issue of Former Civilian Workers from the Korean Peninsula (January 9, 2019)

major Japan-ROK cultural exchange event that has become firmly rooted in both countries—and Japan’s Friendship Ties Programs (JENESYS 2018).

In addition, as 2018 marked the 20th anniversary of the 1998 “Japan-ROK Joint Declaration: A New Japan-ROK Partnership toward the Twenty-first Century” between Prime Minister Obuchi and President Kim Dae Jung, the Advisory Panel of Experts on Promotion of Japan-ROK Cultural and People-to-People Exchanges was set up in July under the leadership of Foreign Minister Kono. The Panel met three times, following which on October 3 the experts submitted recommendations to Foreign Minister Kono. On October 29, the experts of the Panel visited the ROK and exchanged views with members of the Task Force to Boost Cultural and People-to-People Exchanges between the ROK and Japan, set up at the Ministry of Foreign Affairs of the ROK, regarding each other’s recommendations. In connection with the 20th anniversary of the Joint Declaration, a commemorative symposium was held attended by Prime Minister Abe and a commemorative reception was hosted by Foreign Minister Kono on October 9.

(F) Other Issues

Sea of Japan is the only internationally established name for the sea area concerned and the UN and 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 UN 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 its diplomatic channels to return cultural properties that were stolen and are currently in the ROK¹³ to Japan as soon as possible. Japan will continue to call upon the Government of the ROK for their prompt return.

In February 2019, Moon Hee-sang, Speaker of the National Assembly of the ROK, made grossly inappropriate remarks. Japan firmly protested to the ROK that the remarks were extremely regrettable, lodged a strong protest, and requested an apology and withdrawal of the remarks.

Other than these issues, Japan has provided supports and taken measures as much as possible from a humanitarian perspective in a wide range of fields, including responses for ethnic Koreans in Sakhalin¹⁴, addressing the issue of atomic bomb survivors living in the ROK¹⁵ and helping Hansen’s disease patients admitted to sanitariums in the ROK¹⁶.

B Japan-ROK Economic Relations

Japan and the ROK continue to maintain close economic relations. The total value of

¹³ 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).

¹⁴ 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 supports, such as to enable them to return home temporarily and to visit Sakhalin.

¹⁵ 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.

¹⁶ 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.

trade between the two countries amounted to approximately 9.34 trillion yen in 2018. 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 decreased by approximately 21% from a year earlier, reaching 2.24 trillion yen (Trade Statistics of Japan, Ministry of Finance). Japanese direct investment in the ROK totaled approximately 1.3 billion US dollars (down 29% from the previous year) (figures published by the ROK Ministry of Trade, Industry and Energy), making Japan the ROK's sixth-largest source of foreign direct investment.

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 20th Japan-ROK Joint Committee on Environmental Cooperation was held in July 2018. The two sides exchanged views on bilateral environmental cooperation, marine debris measures, 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. After examining the issue for around two and a half years, a panel report was submitted in February 2018 recognizing Japan's claims. However, the ROK appealed certain issues of law contained in the Panel Report to the Appellate Body in April 2018. In addition to the WTO response, the Government of Japan has been taking various opportunities to request the ROK to repeal the import restriction measures promptly. In addition, regarding the ROK's anti-dumping measures against stainless steel bars originating from Japan, a panel was established at the WTO in October 2018 at Japan's request. Bilateral consultations based on the WTO Agreement were also held

in December concerning the ROK's assistance measures for its shipbuilding industry.

C Situation in the ROK

(A) Domestic Affairs

The ROK hosted its first winter Olympic and Paralympic Games: the PyeongChang Olympic Games in February 2018 and the PyeongChang Paralympic Games in March.

On March 26, President Moon Jae-in proposed revising the Constitution, which would reduce the powers of the President while shortening the presidency from a five-year to a four-year term. This was the first constitutional amendments proposed since the existing Constitution was established in 1987. However, voting on the draft constitutional amendments presented to the National Assembly was nullified on May 24 due to a lack of a quorum (two-thirds of sitting National Assembly members), which meant a denial of the amendments.

In the local elections on June 13, the ruling Democratic Party of Korea won 14 of the 17 metropolitan mayor and governor posts. In the National Assembly re- and by-elections held at the same time, the Democratic Party of Korea secured an overwhelming victory, winning 11 of the 12 constituencies.

Since the 2017 presidential election campaign, President Moon Jae-in pledged to eradicate "deep-rooted evils" and eliminate the frauds and corruption from nine years of conservative government (Park Geun-hye and Lee Myung-bak administrations). In this regard, some developments have been observed, including prosecutors' search and seizure of the Ministry of Foreign Affairs (August 2, 2018) and detainment of Yang Sung-tae, former Supreme Court Chief Justice (January 24, 2019) on suspicion of "judicial transaction," in which attempts were made to accommodate by extending the Supreme Court decision on the issue of former civilian workers from the Korean Peninsula in exchange for increasing posts at diplomatic missions overseas.

(B) Foreign Policy

In 2018, the ROK engaged in diplomacy with top priority given to the issues of North Korea. At milestone opportunities, such as visits to North Korea by a special envoy delegation (March and September) and Inter-Korean Summits (April and September), the ROK provided explanations to or held consultations with countries such as the U.S., Japan, China and Russia regarding the outcomes of its meetings, through channels such as summit meetings, summit telephone talks, and dispatches of special envoy delegations (See Chapter 2, Section 1, 2 (1) regarding inter-Korean relations).

With regard to ROK-U.S. relations, it was announced that, based on the progress of the dialogues with North Korea, in June 2018, all plans for the U.S.-ROK joint military exercise “Freedom Guardian” scheduled for August 2018 would be suspended indefinitely, along with two U.S.-ROK Marine Exchange Program training exercises scheduled to occur within three months. In October 2018, the suspension of the U.S.-ROK joint military exercise “Vigilant Ace” was announced. In March 2019, the ROK and the U.S. decided to end a series of the U.S.-ROK joint military exercises, “Key Resolve” and “Foal Eagle.” However, from the perspective of maintaining military readiness, the two countries newly conducted the command post exercise “Alliance.” Furthermore, the ROK and the U.S. reached an agreement in principle on revising their FTA in March 2018, and the revised protocol was signed in September and entered into force in January 2019.

In addition, in 2018, President Moon Jae-in visited Viet Nam (in March), the United Arab Emirates (in March), Japan (in May for the Japan-China-ROK Trilateral Summit), the U.S. (in May), Russia (in June), India (in July), Singapore (in July), the U.S. (in September for the UN General Assembly), France (in October), Italy (in October), the Vatican (in October), Belgium (in October), Denmark (in October), Singapore (in November for the ASEAN-related Summit Meetings), Papua New Guinea (in November for the APEC

Economic Leaders’ Meeting), the Czech Republic (in November), Argentina (in November for the G20 Summit) and New Zealand (in December).

(C) Economy

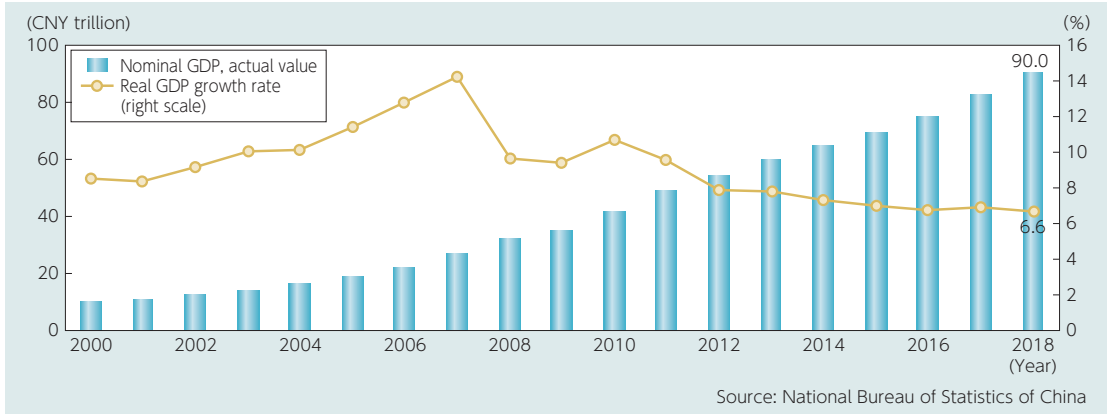
In 2018, the GDP growth rate was 2.7%, showing a decrease from 3.1% the previous year. The total amount of exports increased 5.5% year-on-year to around 605.2 billion US dollars, while the total amount of imports increased 11.8% year-on-year to around 535.2 billion US dollars, resulting in a trade surplus of around 70.0 billion 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. Against this backdrop, it has taken measures, such as significantly increasing the minimum wage for two consecutive years (to 7,530 won in 2018 (up 16.4% year-on-year) and to 8,350 won in 2019 (up 10.9% year-on-year)). On the other hand, the ROK has a youth unemployment rate of 9.5% (2018), and employment conditions are worsening.

3 China / Mongolia, etc.**(1) China****A The Situation in China****(A) Domestic affairs**

The first session of the 13th National People’s Congress (NPC) and the first session of the 13th Chinese People’s Political Consultative Conference (CPPCC) National Committee were held in March, and the personnel of the State Council, NPC, and CPPCC of the second Xi Jinping administration based on the party personnel in autumn 2017 was announced. President Xi Jinping (first in the internal party hierarchy) and Premier of the State

Development of China's GDP



Council Li Keqiang (second in the internal party hierarchy) were reelected, while Chairperson of the Standing Committee of the NPC (NPC SC) Li Zhanshu (third in the internal party hierarchy), Chairperson of the CPPCC Wang Yang (fourth in the internal party hierarchy), and others were newly appointed. Mr. Wang Qishan, who had retired from the Standing Committee of the Central Political Bureau (PSC) (the so-called “top seven”), was elected as Vice President (it was unusual for a retired PSC member to return to public office).

At the NPC this time, the Constitution was amended for the first time in 14 years since 2004, with an addition to the Constitution of “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era” alongside former President Hu Jintao’s “Scientific Outlook on Development.” In addition, the existing prohibition of third terms by presidents and vice presidents was abolished, making it possible for President Xi to maintain his position as president after 2023.

In the anti-corruption field which is actively undertaken by the Xi administration, the “National Supervision Commission” was newly established, starting an organization to crack down on corruption targeting not only members of the Communist Party of China but also all government workers.

There was reorganization of the State Council for the first time in five years since 2013,

and the number of departments constituting the State Council increased from 26 to 27, including the Ministry of Natural Resources, the Ministry of Ecology and Environment, the Ministry of Agriculture and Rural Affairs, the Ministry of Culture and Tourism, the Ministry of Veterans Affairs, and the Ministry of Emergency Management.

Regarding social affairs, Ms. Liu Xia, the wife of Mr. Liu Xiaobo, a human rights activist and Nobel peace prize Laureate who died in 2017, moved to Germany in July after being released from what was essentially house arrest. The suppression of human rights activists and ethnic minorities such as the Uighurs in China continues to increase, and concerns are being raised by the international community.

(B) Economy

The real GDP growth rate in 2018 increased 6.6% year-on-year, and total trade value increased 12.6% year-on-year, which shows a slowdown in the recovery of China’s economy. Due to the effects of managing issues of excess production capacity and excess debt, and trade and investment between the U.S. and China, lowered growth in domestic demand (consumption, fixed asset investment) has become visible. Trade and investment issues between the U.S. and China can also be seen in financial affairs, and stocks

on the Shanghai Stock market became 25% lower at the end of the year compared to the beginning of the year. For foreign exchange rates, the trend of the drop in the value of the yuan against the US dollar continued on from the second half of the year, and although there was a change in the way of calculation of exchange rates in August, the exchange rate at the end of the year was around 6.9 yuan to the US dollar (at the beginning of the year it was 6.4 yuan to the US dollar). Based on such economic conditions, in July, the Government of China indicated that it would prop up business conditions through implementation of proactive financial policies such as infrastructure development and moderate financial policies such as provision of liquidity.

In terms of external economic policies, in 2018, the 40th anniversary of China's "reform and opening up" policy, the China International Import Expo was held and, the tariffs on vehicles, daily necessities, and other products were lowered, which are efforts toward opening up the domestic market. On the other hand, concerning the trade and investment issue between the U.S. and China, while both countries repeatedly implemented additional tariff measures on each other, attention is being paid to the trends of the discussions conducted between the countries on their future responses.

At the Central Economic Work Conference in December, with a statement that "We must see that there are new and worrisome developments amid generally steady economic operation, the external environment is complicated and severe, and the economy faces downward pressure," there was continuation of proactive financial policies such as large-scale tax reductions as well as moderate financial policies such as resolution of the financial problem faced by private businesses and small businesses. The important tasks for 2019 were set as high-quality development of the manufacturing industry, promotion of strong domestic market formation, acceleration of economic system reform (strengthening and improvement of state-owned

capital, reduction of government participation in resource allocation, etc.), promotion of general external openness, and more. In order to manage the party and administration stably, it is necessary to ensure constant economic growth and handling all domestic and external issues, and it is worth paying attention to the trends of China's future economic and financial policies.

(C) Foreign Policy

In 2018, China appealed with its "major-country diplomacy" by holding successive large-scale diplomatic events inviting leaders of countries around the world, including the Boao Forum for Asia (April), the Shanghai Cooperation Organisation Summit (June), the Forum on China-Africa Cooperation (September), and the China International Import Expo (November).

In June, the Central Conference on Work Relating to Foreign Affairs was held for the second time under the Xi administration (the previous conference was in November 2014), attended by the seven members of the PSC and Vice President Wang Qishan. Director of the Office of the Foreign Affairs Commission Yang Jiechi announced the establishment of the guiding position of the "Xi Jinping thought on diplomacy."

In terms of U.S.-China relations, President Trump stated in his State of the Union Address at the beginning of the year that China and others are "rivals...that challenge our interests, our economy, and our values." Since July, relations have been increasingly tense with both countries implementing retaliatory tariffs on each other. Amidst this, at the U.S.-China Summit Meeting (December) held during the G20 Buenos Aires Summit, both countries shared the view on temporarily suspending further tariff measures and holding more discussions, so their future movements are the focus of attention.

(D) Military Affairs and Security

China has been increasing its defense expenditures about 51-fold over the past 30

years, but the breakdown of the budget and the intention behind the increase has not been disclosed sufficiently. Under such circumstances, it is extensively and rapidly enhancing and modernizing its military power centered on its nuclear and missile capabilities and naval and air forces. In doing so, it is placing importance on ensuring its superiority in new domains of outer space, cyberspace, and electromagnetic waves. China's expansion of military capability lacking transparency, unilateral actions to change the status quo in the East China Sea, and expansion and activation of its military activities are common concerns in the region and international community. China has been demonstrating a proactive stance in continuing to take an active part in United Nations PKOs as well as providing various kinds of humanitarian aid and disaster support, etc.

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 people-to-people exchanges, including the Japan-China Security Dialogue, while cooperating with other countries. 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

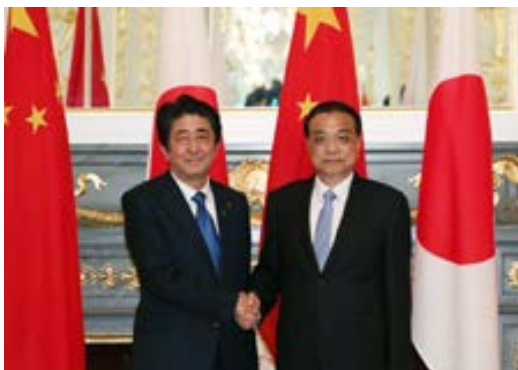
(A) Bilateral Relations - General

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 exchanges. 2018 marked the 40th anniversary of the conclusion of the Treaty of Peace and Friendship between Japan and China, and the opportunity was taken to frequently hold high-level dialogues including Summit Meetings and Foreign Ministers' Meetings. It was a year in which Japan-China relations returned to their normal track and entered into a new stage aiming for new development.

In 2018, reciprocal visits were realized by Prime Minister Abe and Premier Li Keqiang. In May, Premier Li Keqiang paid his first official visit to Japan as Premier in eight years since 2010. At the Japan-China Summit Meeting, Premier Li Keqiang invited Prime Minister Abe to visit China within the year, and both leaders shared the view on steadily implementing high-level reciprocal visits toward the visit to Japan by President Xi Jinping. In addition, Premier Li Keqiang stated that Japan-China relations had returned to their normal track through this visit to Japan and that he wanted to maintain long-term, stable development. Prime Minister Abe stated that Japan-China relations have transitioned from competition to collaboration, and that he would like Japan and China to take major responsibilities together for various regional and global issues through development of bilateral relations. A total of 10 memoranda of cooperation have been signed, including the Maritime and Aerial Communication Mechanism between the defense authorities of Japan and China.

In October, Prime Minister Abe visited China for the first time in about seven years by a Prime Minister of Japan, with the exception of attendance at multilateral conferences. Extensive results were achieved in politics and security, foreign affairs, culture and people-to-people exchanges, and other various fields, including frank discussions on bilateral relations as well as various regional and global issues at respective summit meetings held with President Xi Jinping and Premier Li Keqiang and signing of 12 international agreements and memoranda. During Prime Minister Abe's visit to



Japan-China Summit Meeting with Premier Li Keqiang (May 9, Tokyo; Photo: Cabinet Public Relations Office)

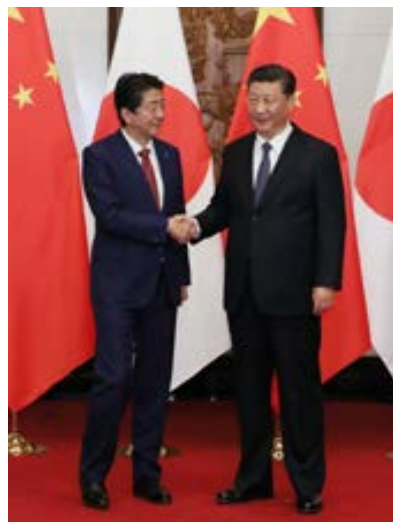


Japan-China Summit Meeting with Premier Li Keqiang (October 26, Beijing, China; Photo: Cabinet Public Relations Office)

China, in addition to the summit meetings, many events were conducted such as the reception for the 40th anniversary of the Treaty of Peace and Friendship between Japan and China, and the Japan-China Forum on Third Country Business Cooperation, and an exchange between Prime Minister Abe and students from Peking University. It was thus a highly meaningful visit.

Additionally, between the leaders of Japan and China, the first Japan-China Summit Telephone Talk was held with President Xi Jinping in May, and Japan-China Summit Meetings were held with President Xi Jinping in September (the Eastern Economic Forum) and November (the G20 Buenos Aires Summit).

Reciprocal visits by the foreign ministers of Japan and China were also held for the first time in nine years in 2018. Foreign Minister Kono visited China in January, and confirmed the importance of steadily realizing mutual visits by the leaders of Japan and China. State Councilor and Foreign Minister Wang Yi visited Japan in April, and a Japan-China Foreign Ministers' Meeting was held as well as the Japan-China High-Level Economic Dialogue, which was held for the first time in about eight years. In addition, continuous dialogues were held between the Foreign Ministers of Japan and China by seizing various opportunities including in August (the ASEAN-related Foreign Ministers' Meetings), September (the United Nations General Assembly), and October (Prime Minister Abe's visit to China).



Japan-China Summit Meeting with President Xi Jinping (October 26, Beijing, China; Photo: Cabinet Public Relations Office)

On August 12, the 40th anniversary of the signing of the Treaty of Peace and Friendship between Japan and China, congratulatory telegrams were exchanged between Prime Minister Abe and Premier Li Keqiang, as well as between Foreign Minister Kono and State Councilor and Foreign Minister Wang Yi, and resolutions of deepening bilateral cooperative relations and further developing Japan-China relations were announced.

In addition to this, in February and September, Secretary-General of the National Security Secretariat Yachi visited China and met with State Councilor of the State Council Yang Jiechi, and in August, Vice-Minister for Foreign Affairs Akiba visited China and held an exchange of

views with Vice Minister of Foreign Affairs Le Yucheng and others. Besides this, between the diplomatic authorities of both countries, the 2019 Memorandum on Drafting the Annual Plan on Exchanges and Cooperation between the Ministry of Foreign Affairs of Japan and the Ministry of Foreign Affairs of the People's Republic of China was signed during Prime Minister Abe's visit to China, and practical dialogue and trust-building were steadily advanced between Japan and China in each field, including the Japan-China International Law Dialogue (September), the Japan-China Counter-Terrorism Consultation (September), exchange between the Foreign Service Training Institute of Japan and China Foreign Affairs University (September), reciprocal visits by groups of mid-level officials (December), and the Japan-China Foreign Press Officials Meeting (December). Moreover, active exchanges were conducted between the legislative bodies and political parties of Japan and China. Speaker of the House of Representatives Oshima paid an official visit to China in July at the invitation of the NPC, and a joint statement was issued at the 8th meeting of the Japan-China Ruling Party Exchange Council that was held in Japan 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, for 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 issues of the international community, Japan will continue to implement frequent high-level reciprocal visits in a broad perspectives, and advance exchanges and cooperation in all fields, and elevate Japan-China relations to a new stage.

(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 317.5 billion US dollars in 2018 (6.9% increase year-on-year), and China has been the largest trading partner for Japan for 13 consecutive years. Moreover, according to Chinese statistics, Japan's direct investment in China increased to about 3.81 billion US dollars (16.5% increase year-on-year (estimated from officially published information on investment)) in 2018, due to a trend of recovery in the Chinese economy. Japan ranks fourth in terms of the amount of direct investment to China (Singapore ranks first, the ROK is second, and the UK is third).

2018 marked the 40th anniversary of the conclusion of the Treaty of Peace and Friendship between Japan and China, and high-level visits and cooperative relations were also strengthened in the economic field. In April, the Japan-China High-Level Economic Dialogue was held for the first time in about eight years, during which topics as follows were discussed; regarding macroeconomic policies, cooperation and exchange in the economic field between Japan and China, cooperation between Japan and China in third countries, and economic cooperation in East Asia and responses toward global issues. During the visit to Japan by Premier Li Keqiang in May, in addition to sharing views on economic cooperation between Japan and China for finance, food products, and third countries, the "Agreement on Social Security between the Government of Japan and the Government of the People's Republic of China" (Japan-China Social Security Agreement) was signed in the presence of Prime Minister Abe and Premier Li Keqiang, and received unanimous approval at the extraordinary Diet session in November. During Prime Minister Abe's visit to China in October, finance cooperation was developed (selection of a Chinese yuan-clearing bank, conclusion and

entry into force of a currency swap agreement, strengthening of cooperation between the stock markets of Japan and China), and the view was shared on creating a Japan-China Innovation Cooperation Dialogue for cooperation in the fields of innovation and intellectual property rights. In particular, Prime Minister Abe pointed out to President Xi Jinping that it is important for China to further improve on issues including intellectual property rights. In addition, the Forum on Third Country Business Cooperation was held with the participation of about 1,500 top people from the business circles of Japan and China, and 52 memoranda of cooperation concerning infrastructure, distribution, IT, and other fields were signed and exchanged. Furthermore, considering that 2018 is the 40th anniversary of China's "reform and opening up" policy, the Government of Japan ended all new ODA contributions to China as of FY2018, the view was shared on seeking a new stage of bilateral cooperation, and it was decided to proceed with coordination toward implementing dialogues and people-to-people exchanges in the development cooperation field (See Special Feature "Reflection on 40 Years of ODA to China"). Besides this, Deputy Prime Minister and Minister of Finance Aso visited China in August, and held the Japan-China Finance Dialogue with Minister of Finance Liu Kun. In addition, exchanges were implemented in broad areas, including the visit to Japan by Minister of Science and Technology Wang Zhigang in August, during which he attended the Japan-China Science and Technology Cooperation Committee, and had a meeting with Minister of Education, Culture, Sports, Science and Technology Hayashi.

In regard to food products, the Project to Support the Overseas Promotion of Regional Charms was held in Beijing and Shanghai from the end of January to the beginning of February to expand publicity business for Japanese food products centered on rice cultivated in Japan and other products. In November, the Japan-China Food

Safety Promotion Initiative Ministerial Meeting was held in Tokyo for the first time in seven years, attended by State Minister of Health, Labour and Welfare Oguchi, Vice Minister Zou Zhiwu of general administration of customs, and others. In particular, regarding the import restrictions placed on food and agricultural products from Japan by the Government of China, Japan has taken every opportunity to urge Chinese side to carry out an evaluation based on scientific evidence, and has lobbied for the abolition and relaxation of the restrictions. The opportunities included the Japan-China Summit Meetings in May and October and the above-mentioned Japan-China High-Level Economic Dialogue, the 8th Japan-China Ruling Party Exchange Council in October and the meeting between top officials of the relevant authorities, i.e. Minister of Agriculture, Forestry and Fisheries Yoshikawa and Customs Commissioner-General Ni Yuefeng in November, the visit to China by Special Advisor to the Prime Minister Eto in November, the visit to China by Special Advisor to the Cabinet Nishikawa in July, and the visit to China by LDP Secretary-General Toshihiro Nikai in August. Some results were produced from this, including the announcement by the Chinese authorities of the lifting of the ban on polished rice from Niigata Prefecture at the end of November.

There were active economic exchanges also in the private sector. During the visit to China by a mission from the Japan-China Economic Association, Keidanren (Japan Business Federation) and Japan Chamber of Commerce and Industry in September, and the Japan-China Business Leader and Former High-Level Government Official Dialogue (Japan-China CEO Summit) held in Beijing in October, views were exchanged between the executives of major companies in Japan and China, and meetings were held with officials of the Government of China including Premier Li Keqiang.

Special Feature

Reflection on 40 Years of ODA to China

In 1979, Prime Minister Ohira announced Japan's cooperation for China's modernization following the normalization of diplomatic ties between Japan and China, and China's adoption of the reform and opening-up policy. In the same year, Japan began Official Development Assistance (ODA) to China with technical cooperation for railway modernization and other areas of cooperation.

In the 1980s, Japan provided assistance with emphasis on transition to a market economy and modernization, mainly through large-scale economic infrastructure assistance with yen loans. For example, the expansion project for Qinhuangdao Port in Hebei Province turned the port into China's largest coal loading and unloading port. Additionally, the China-Japan Friendship Hospital was established as the first grant aid project to China. Since then, the hospital continued to train medical experts through technical cooperation from Japan and is a symbol of friendship between Japan and China.

In the 1990s, in addition to economic infrastructure projects, such as Shanghai Pudong International Airport and Beijing Urban Railway, Japan provided assistance toward urbanization, and countermeasures to environmental pollution and regional poverty. The Sino-Japan Friendship Centre for Environmental Protection, the establishment of which was supported by Japan's grant aid, now plays a central role in China's environmental protection efforts. Survey results show that a series of yen loan projects in environmental areas conducted from FY1996 to FY2000 benefited more than 3.95 million people in ten cities via city gas projects, more than 900,000 people in six cities via regional heat supply projects, and more than 13 million people in 28 cities via sewage projects.

In the 2000s, the focus of assistance shifted from economic infrastructure to areas such as environmental and ecological conservation, social development, human resource development, and legal system establishment, and the scale of ODA to China contracted from a peak of 214.4 billion yen in FY2000. Specifically, ODA steadily contributed to afforestation projects in 13 provinces and autonomous regions, establishing pension systems in rural areas, fostering the business environment, and developing a legal framework to support Japanese companies' entry into Chinese market. However, Japan concluded general grant aid and new yen loan provision to China in 2006 and in 2007 respectively in light of China's advancement. In addition, the media in Japan and China extensively covered assistance by Japan's Disaster Relief Team after the major Sichuan earthquake in 2008.

These assistance helped support and promote China's reform and opening-up policy, while also forming a robust foundation as a major pillar underpinning Japan-China relations.

In recent years, through technical cooperation projects and other assistance, Japan has provided assistance only to areas which truly require assistance such as cross-border pollution and infectious diseases that directly benefit the Japanese people. On the occasion of Prime Minister Abe's visit to China in October 2018, he announced the conclusion of ODA to China, which totaled approximately 3.6 trillion yen including loan aid and grant aid on the occasion of the 40th anniversary of China's reform and opening-up policy from a perspective of promoting a new era of Japan-China cooperation as equal partners. Chinese President Xi Jinping expressed his great appreciation for Japan's past assistance. In the coming future, the governments of Japan and China will hold discussions to materialize new forms of cooperation between the two countries, such as dialogue and people-to-people exchanges in the area of development policy.

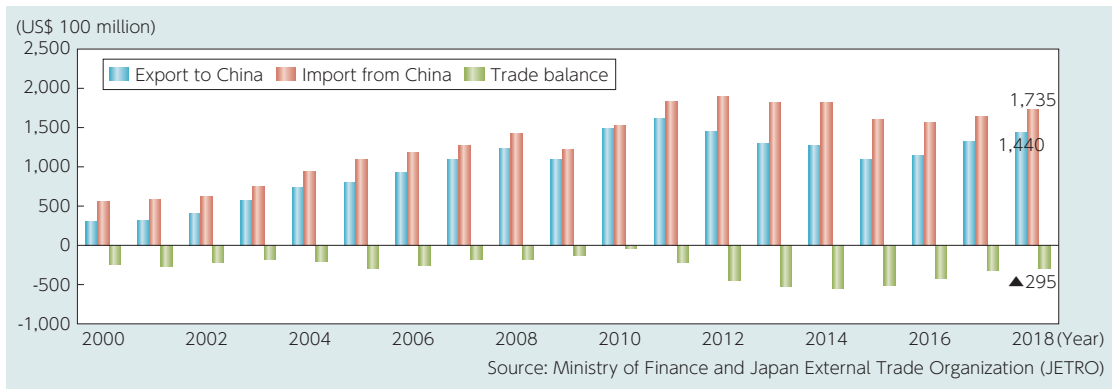


China-Japan Friendship Hospital (Beijing, China; Photo: JICA)

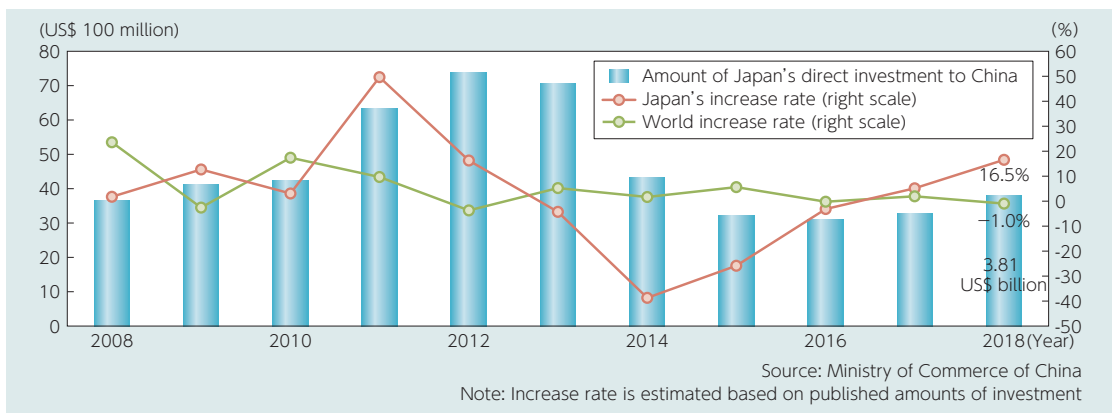


Activities by Japan's Disaster Relief Team after the major Sichuan earthquake (Sichuan Province, China; Photo: JICA)

Change in Japan's Value of Trade with China



Change in Japan's Direct Investment to China



(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 the Japan National Tourism Organization (JNTO)), which was a new record. In 2017, over 10 million people from Japan and China visited the other country throughout the year. 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.

(Japan-China youth exchange, etc.)

During Prime Minister Abe's visit to China in October, he and Premier Li Keqiang shared the recognition that it is necessary to further expand people-to-people exchanges between Japan and China, particularly exchanges among the young generation, from the perspective of fostering mutual trust and understanding among the people of both countries. In addition, the foreign ministers of Japan and China signed the "Memorandum on Enhancing Youth Exchange between the Government of Japan and the Government of the People's Republic of China," 2019 was designated as "Japan-China Youth Exchange Promotion Year," and shared the view on implementing young exchanges on a scale of 30,000 people over the following five years.

In 2018, through JENESYS2018, the people-



Prime Minister Abe interacting with university students at Peking University (October 26, Beijing, China; Photo: Cabinet Public Relations Office)



Welcome reception for Premier Li Keqiang hosted by the Executive Committee for Promotion of Japan-China Exchange (May 10, Tokyo; Photo: Keidanren)



The Japan-China 500-University Student Delegation at the Japan-China University Student Exchange Ceremony and Networking Dinner marking the 40th anniversary of the Treaty of Peace and Friendship between Japan and China (November 30, Tokyo; Photo: Japan-China Friendship Center)



Opening ceremony of "Japan Autumn Festival in HK: Rediscovering Nippon" held with attendance of Chief Executive of the Hong Kong SAR Carrie Lam (third from left) (October 12, Hong Kong)

to-people exchange project including young people, about 800 Chinese people, including high school students and young adults, were invited to Japan. 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-Planting, 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) University exchanges, (2) Olympic and Paralympic exchanges, and (3) Soccer exchanges).

(Exchanges in various fields)

To develop Japan-China stable relations that will continue in the future, the Government of Japan endeavors to invite people at various levels from all walks of life to Japan, such as people who have certain influence in the political, economic, public and academic sectors, 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 2018, which is the 40th

anniversary of the conclusion of the Treaty of Peace and Friendship between Japan and China, with the cooperation of the Executive Committee for Promotion of Exchanges for the 45th Anniversary of the Normalization of Japan-China Diplomatic Relations and the 40th Anniversary of the Conclusion of the Treaty of Peace and Friendship between Japan and China (the Executive Committee for Promotion of Japan-China Exchange), over 440 approved events were held throughout the year including a variety of exchange programs, promoting friendly cooperative relations.

(D) Specific 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 at sea and in the airspace over the East China sea. 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 the trends in the presence of Chinese



A Chinese maritime structure confirmed to have been built near the geographical equidistant line between Japan and China (Photo: Ministry of Defense)
See the link below for details: https://www.mofa.go.jp/mofaj/area/china/higashi_shina/tachiba.html

Government-owned vessels and fishing boats in the waters around the Senkaku Islands, Chinese Government-owned vessels continue to intrude into Japanese territorial waters, recording 19 incidents during the year (the numbers were 29 in 2017, and 36 in 2016). 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 through diplomatic routes. With the determination to defend Japan's territorial land, sea and airspace, Japan will deal with the situation with resolute and calm determination.

In addition, Chinese naval vessels and aircraft have also been accelerating their activities in the sea and airspace around Japan. In January, a submarine and ship navigated into Japan's contiguous zone around the Senkaku Islands, and in June, a Chinese Navy hospital ship navigated into the same contiguous zone. We expressed serious concerns, issued a severe protest, and

strongly requested that it would not happen again, through diplomatic routes. Furthermore, aircraft activity also continues to be active, and the number of times the Air Self-Defense Force had to scramble jets in response to Chinese military aircraft since autumn 2012 has remained high. In response to these recent activities by the Chinese military, Japan has been raising the issues in an appropriate manner through diplomatic routes.

Furthermore, China has continued its unilateral activities to develop natural resources in the Exclusive Economic Zone (EEZ) between Japan and China and the continental shelf that have not yet been delimited 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. Such unilateral development actions are extremely regrettable, and 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 “2008 Agreement” regarding the cooperation between Japan and China on the development of natural resources in the East China Sea. During Prime Minister Abe’s visit to China in October 2018, both countries reaffirmed the complete adherence to the “2008 Agreement” regarding the development of resources in the East China Sea, and shared the view that they will increase communication with the aim for an early resumption of negotiations to implement the agreement.

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. During the visit to Japan

by Premier Li Keqiang in May, the discussions on the Maritime and Aerial Communication Mechanism between the defense authorities of Japan and China had been conducted after ten years of consultations, and in June the Mechanism began to be utilized. This is highly significant for promoting mutual understanding between both countries and avoiding and preventing accidental collisions. In December, the first Annual and Experts Meeting based on the Maritime and Aerial Communication Mechanism between the defense authorities was held. Also, during Prime Minister Abe’s visit to China, the Japan-China Maritime Search and Rescue (SAR) Agreement was signed. The Agreement creates a legal framework regarding Japan-China cooperation for the maritime search and rescue field, and is expected to enable smoother and more efficient search and rescue activities. In addition, in April and December, meetings of the Japan-China High-Level Consultation on Maritime Affairs were respectively held in Sendai and Wuzhen, Jiaxing City, Zhejiang Province.

As Prime Minister Abe has repeatedly stated at Japan-China Summit Meetings, 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 other discussions between related authorities of both countries. 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, in accordance with the Chemical Weapons Convention (CWC), has

been working on the destruction of chemical weapons abandoned by Japan in China. In 2018, on site investigations, and excavation and recovery operations were carried out in various locations across China. The destruction works in Haerbaling District in Dunhua, Jilin Province also have been carried out. In total, about 52,000 abandoned chemical weapons have been destroyed as of December 2018.

(Cases of Detainment of Japanese Nationals)

In regard to cases of detainment of Japanese nationals, the Government of Japan requests the Government of China to ensure transparency in executing the law and the judicial process, properly safeguard the rights of Japanese nationals, ensure impartial justice, and provide humane treatment.

(2) Taiwan

A Internal Affairs

The once-every-four-year local elections were held on November 24. The ruling Democratic Progressive Party (DPP) was severely defeated losing half its mayor post, and the opposition Kuomintang party more than doubled its number of mayors and won. After the elections, President Tsai Ing-wen resigned as Chairperson of the DPP. In addition, the real GDP growth rate in 2018 increased by 2.63% year-on-year.

B Cross-strait Relations and Foreign Affairs

Since the inauguration of the Tsai Ing-wen administration, it can be seen that the direct cross-strait exchanges through the official route (Chinese side: the Association for Relations Across the Taiwan Strait, Taiwan Affairs Office; Taiwan side: the Straits Exchange Foundation, Mainland Affairs Council) have been discontinued. Moreover, Taiwan was unable to attend meetings held by international organizations and others, including meetings organized by World Health Organization (WHO), due to opposition from China. The Dominican Republic and Burkina Faso

severed relations with Taiwan and established diplomatic relations with China in May, and El Salvador did the same in August, decreasing the number of countries with diplomatic ties with Taiwan to 17.

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, five cooperation documents between the Japan-Taiwan Exchange Association and the Taiwan-Japan Relations Association were signed. Then the 3rd dialogue on maritime cooperation was held in December, and two memoranda of cooperation were signed.

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 strongly requested the removal and relaxation of the restrictions on the basis of scientific evidence.

(3) Mongolia

A Domestic Affairs

Prime Minister Khurelsukh, who was elected Prime Minister in October 2017 and Chairman of the ruling Mongolian People's Party in November 2017, has made efforts to steadily implement the Extended Fund Facility (EFF) agreed upon with the International Monetary Fund (IMF). Results include the real GDP growth rate reaching 6.4% for the January-September 2018 period, creating a shift to steady improvement of Mongolia's macroeconomic indicators.

B Japan-Mongolia Relations

Mongolia is an important regional partner sharing universal 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.

High-level exchanges were actively held between the Government of Japan and the Government of Mongolia in 2018, including the Foreign Ministers’ Meeting in February (Tokyo), the third Japan-Mongolia Strategic Dialogue in April (Tokyo), the Summit Meeting between Prime Minister Abe and President Battulga in September (Vladivostok, Russia), and the Summit Meeting between Prime Minister Abe and Prime Minister Khurelsukh in December (Tokyo). In addition, as for multilateral dialogues, the 3rd Japan-U.S.-Mongolia Trilateral Dialogue was held in April (Tokyo), and Special Advisor to the Prime Minister Sonoura visited Mongolia in August to attend the completion ceremony for capacity building support implemented by the Ministry of Defense.

Between the legislative bodies, after the visit to Japan by Deputy Speaker of State Great Hural (Parliament) of Mongolia Enkh-Amgalan in June, Vice President of the House of Councillors Gunji visited Mongolia in October. Following on from reciprocal visits by Chairman of State Great Hural (Parliament) of Mongolia Enkhbold and Speaker of the House of Representatives Oshima last year, reciprocal visits by the vice presidents of the legislative bodies were implemented to further strengthen mutual exchanges.

Following the Japan-Mongolia Summit Meeting held during the visit to Japan by Prime Minister Khurelsukh in December, both leaders announced a joint statement and issued a fact sheet confirming the status of progress of the “Japan-Mongolia Mid-term Action Plan for a Strategic Partnership (2017-2021)” “signed by the foreign ministers in March 2017. Japan will continue to strengthen



Japan-Mongolia Summit Meeting (September 11, Vladivostok, Russia; Photo: Cabinet Public Relations Office)



Joint press announcement following the Japan-Mongolia Summit Meeting (December 13, Tokyo; Photo: Cabinet Public Relations Office)



Japan-Mongolia Foreign Ministers’ Meeting (February 22, Tokyo; Photo: Cabinet Public Relations Office)

bilateral relations steadily in accordance with the Plan and make efforts to develop the “Strategic Partnership” between Japan and Mongolia.

4 Southeast Asia

(1) Indonesia

Regarding domestic politics, incumbent President Joko, and Gerindra Party Leader Prabowo announced themselves as candidates in September 2018 for the presidential election in April 2019, and Indonesia has entered the full-blown “politics season” focusing on the presidential and general elections, including the start of election campaigns. The Joko administration has gained high trust from the people by implementing reforms of the social welfare system and education system, infrastructure development, and more.

In relations with Japan, 2018 marked the 60th anniversary of the establishment of Japan-Indonesia diplomatic relations, and various exchanges and cooperation projects were actively implemented in both the public and private sectors in both countries. Among others, the 60th anniversary opening event and opening ceremony were held in Jakarta with attendance of Prime Minister’s Special Envoy Nikai in January. In April, the Commemorative Symposium for the 60th Anniversary of Japan-Indonesia Diplomatic Relations was held in Tokyo with attendance of Foreign Minister Kono. In addition, experts from Japan and Indonesia compiled policy recommendations regarding future bilateral cooperation in “Project 2045¹⁷,” which was implemented throughout the year.

Furthermore, government high-level exchanges included holding three Foreign Ministers’ Meetings with Foreign Minister Retno, such as on the occasion of Foreign Minister Kono’s visit to Indonesia in June, and the Summit Meeting between Prime Minister Abe and President Joko during the ASEAN-related Summit Meetings (Singapore) in November. Through these meetings, the two countries, which welcomed the 60th anniversary



Japan-Indonesia Summit Meeting (November 15, Singapore; Photo: Cabinet Public Relations Office)

of the establishment of their diplomatic relations, confirmed further strengthening of cooperation in fields such as politics and security, economics and infrastructure, maritime affairs, disaster prevention, people-to-people exchanges, and support for Islamic education, as well as cooperation on regional issues such as the South China Sea and North Korea.

(2) Cambodia

Cambodia is located in a strategic place 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.” In 2018, the 65th anniversary of the establishment of diplomatic relations, there were active reciprocal visits by officials, including Foreign Minister Kono’s visit to Cambodia in April, Foreign Minister Prak Sokhonn’s visit to Japan in September, and Prime Minister Hun Sen’s

¹⁷ A project for proposing policies that will serve as guidelines for the future by having civilian experts from Japan and Indonesia conduct discussions from an independent standpoint on what cooperation both countries will advance going forward toward 2045, the 100th anniversary of Indonesia’s independence.



Japan-Cambodia Summit Meeting (October 8, Tokyo; Photo: Cabinet Public Relations Office)

visit to Japan to attend the Mekong-Japan Summit Meeting in October. In recent years, an expansion of the bilateral relations has been seen in a variety of areas such as an increase in the number of Japanese residents and Japanese companies in Cambodia, and Cambodian residents in Japan.

Regarding domestic affairs, amidst the dissolution of the Cambodian National Rescue Party (CNRP), the largest opposition party, due to a violation of the law on Political Parties in November 2017, the National Assembly election was held without the participation of the CNRP group in July 2018, and the ruling Cambodian People's Party (CPP) won all 125 seats. At the Japan-Cambodia Foreign Ministers' Meeting held immediately after the election in August, Japan indicated that various points were regrettable in the election such as a large number of invalid votes, and called on Cambodia in various ways to continue on the path of democratic development. In addition, at the Summit Meeting in October, Prime Minister Abe requested Cambodia to undergo democratization and conveyed his intention to expand governance support including invitations to Japan to young, politics-oriented Cambodians.

In the Khmer Rouge Tribunal which Japan has been supporting for many years, a new Trial Court Chamber judgment was issued against two former leaders of the Khmer Rouge regime, including a former head of state, in November for another sentence of life imprisonment.

(3) Singapore

In Singapore, the People's Action Party (PAP), led by Prime Minister Lee Hsien Loong, occupies an overwhelming majority of seats in the Parliament. However, with the Cabinet reshuffle in May 2018, there has been steady progress toward a change of generations, with the percentage of young cabinet members in their 40s, known as "the fourth generation," occupying the majority for the first time.

In relations with Japan, there were continued high-level exchanges in 2018. During his visit to Belgium to attend the Asia-Europe Meeting (ASEM) in October, Prime Minister Abe held a meeting with Prime Minister Lee Hsien Loong. He reaffirmed the importance of free trade, confirmed close cooperation aiming for the early entry into force of the Trans-Pacific Partnership (TPP) agreement and the early conclusion of the Regional Comprehensive Economic Partnership (RCEP), and confirmed continued cooperation for the situations in the South China Sea and North Korea. In addition, Prime Minister Abe visited Singapore to attend the ASEAN-related Summit Meetings in November, and held a Summit Meeting. Furthermore, Foreign Minister Kono and Foreign Minister Balakrishnan held Foreign Ministers' Meetings a total of four times in January, February, August, and December, and discussed issues including strengthening bilateral relations, promotion of free trade, and the regional situation.

Furthermore, the two countries work together to provide technical assistance through the "Japan-Singapore Partnership Program for the 21st Century (JSPP21)" that was signed in 1997, targeting developing countries. In 2018, 20 years since the signing of the JSPP21, a revised Memorandum of Discussion (MOD) was signed that added strengthening connectivity and the rule of law to the project goals. Projects introducing Japanese culture at the Japan Creative Centre (JCC) in Singapore, a platform to better understand Japanese culture, and intellectual



Japan-Singapore Summit Meeting (November 15, Singapore; Photo: Cabinet Public Relations Office)

exchange between experts from both countries are also actively conducted.

(4) Thailand

Thailand is located in the center of the Mekong region and is geopolitically important. It also has many production bases of Japanese companies as a result of investment accumulated over the years, and it now serves 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 the Government of Thailand announced plans to hold an election for the House of Representatives on March 24, 2019 to restore democracy.

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 and the “Strategic Partnership” relations. Active exchanges were continued at various levels between the two countries in 2018 as well. In June, Foreign Minister Kono visited Thailand to pay a courtesy call on Prime Minister Prayut and hold a Japan-Thailand Foreign Ministers’ Meeting. In July, the Fourth Meeting of the Japan-Thailand High Level Joint Commission was held, co-chaired by Deputy Prime Minister Somkid, who was visiting Japan, and Chief Cabinet Secretary Suga, and attended by economics-related ministers from both countries. In addition, Prime Minister



Prime Minister Prayut of Thailand visits Japan (October 8, Tokyo; Photo: Cabinet Public Relations Office)

Prayut made the first visit to Japan in three years as Thai Prime Minister in order to attend the 10th Mekong-Japan Summit Meeting in October.

(5) Timor-Leste

Timor-Leste, the first country which achieved independence in the 21st century, has realized peace and stability with the support of the international community and has been building the nation based on democracy. Stagnation in the political administration occurred in the country as the 7th Constitutional Government led by Prime Minister Alkatiri, which was inaugurated in September 2017, was the minority party in the National Parliament. To break this deadlock, President Lu-Olo decided to dissolve the National Parliament on January 26, 2018, and a National Parliament election was conducted on May 12. As a result, the Alliance of Change for Progress (AMP), composed of three opposition parties from the former National Parliament, acquired 34 out of 65 parliament seats which is the majority. On June 20, the 8th Constitutional Government was inaugurated with its new Prime Minister being former President Ruak, the central figure of the AMP.



Japan-Timor-Leste Foreign Ministers' Meeting (October 12, Dili, Timore-Leste)

Regarding relations with Japan, a Japan-Timor-Leste Foreign Ministers' Meeting was held for the first time in five years between Foreign Minister Kono and Minister for Foreign Affairs and Cooperation Babo during the ASEAN-related Foreign Ministers' Meetings held in Singapore in August. In October, Foreign Minister Kono visited Timor-Leste. This was the first visit by a Japanese foreign minister in 18 years since the visit by Foreign Minister Yohei Kono in 2000 and the first visit since the Restoration of Independence of Timor-Leste in 2002. Taking this opportunity, Foreign Minister Kono held meetings with President Lu-Olo, Prime Minister Ruak, and Minister of State and Presidency of the Council of Ministers Pereira (Acting Minister of Foreign Affairs and Cooperation), and confirmed promotion and strengthening of bilateral cooperation in fields such as politics and security, economics and infrastructure, people-to-people exchanges and human resources training, and maritime affairs; trilateral cooperation with Indonesia; and regional cooperation.

(6) The Philippines

President Duterte of the Philippines, who assumed office in June 2016, has been backed by a high approval rating and a robust economy, and has continued to demonstrate strong leadership. Although the martial law in the Mindanao region has been maintained since the outbreak of



Japan-Philippines Summit Meeting (November 15, Singapore; Photo: Cabinet Public Relations Office)

the Marawi crisis in May 2017, the Philippines government has been making progress toward the reconstruction of Marawi with the help of the international community including Japan. The Mindanao peace process has witnessed milestone achievements such as the enactment of the Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao for the establishment of the new autonomous government in July 2018, and the establishment of the Bangsamoro Transition Authority in February 2019, following the municipal plebiscite. On the economic front, the Philippines government steadily implemented the tax reform agenda, including the enforcement of comprehensive tax reform laws.

Symbolizing the Japan-Philippines relations, "Strategic Partnership," reciprocal visits by high-level officials have been actively conducted. Japanese high-level visits to the Philippines included Minister of Internal Affairs and Communications Noda in January, Minister of Land Infrastructure and Transport Ishii in April, and Deputy Prime Minister Aso in May. In return, Secretary of Foreign Affairs Cayetano visited Japan in June to hold Japan-Philippines Foreign Ministers' Meeting. In November, the 6th Japan-Philippines Summit Meeting was held between Prime Minister Abe and President Duterte in Singapore.

Japan has strongly supported active infrastructure development by the Government of the Philippines through various means, including

three meetings of the Japan-Philippines Joint Committee on Infrastructure Development and Economic Cooperation in 2018, which was started specifically to follow up on the steady implementation of a one trillion yen pledge of Japanese public-private financing over five years, as announced by Prime Minister Abe in January 2017. In addition, there has been progress in Japan-Philippines security cooperation, including President Duterte's visit to the escort ship *Kaga* of the Japanese Maritime Self-Defense Force (JMSDF) at Subic Port and the transfer of TC-90 training aircraft from the JMSDF to the Philippine Navy.

(7) Brunei

Brunei has achieved high economic levels thanks to rich natural resources. However, the economic growth rate has fallen since 2014 due to causes such as drastically falling prices of crude oil around the world. Although there has been a positive recovery in the economic growth rate from the second quarter of 2017 due to gradually rising oil and gas prices, 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 exchange projects such as "JENESYS 2.0" and the Ship for Southeast Asian Youth Program, 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 is steadily becoming popular while receiving cooperation from Japan with the start of the Brunei Judo Federation in April 2018.

In addition, in 2018, Foreign Minister Kono visited Brunei immediately after the Cabinet



Japan-Brunei Foreign Ministers' Meeting (February 11, Bandar Seri Begawan, Brunei)

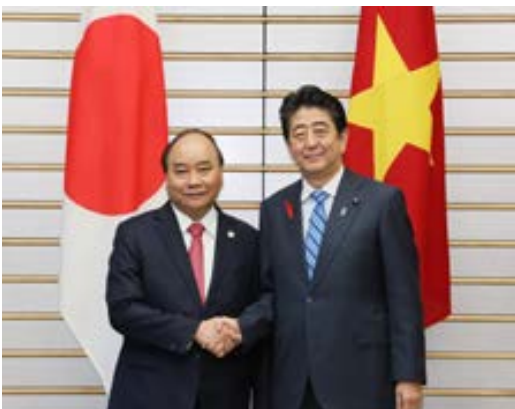
reshuffle in February and held a Foreign Ministers' Meeting with Second Minister of Foreign Affairs and Trade Erywan. During this opportunity, Foreign Minister Kono also visited the Japan Maritime Self-Defense Force Overseas Training Cruise Crew, which was docked at Muara Commercial Port. From Brunei, second Minister of Foreign Affairs and Trade Erywan visited Japan in July. A Foreign Ministers' Meeting was held with Foreign Minister Kono, and in order to further activate favorable bilateral relations, they confirmed strengthening of continued bilateral cooperation in fields such as the economic diversification of Brunei, as well as cooperation for regional issues. There were also other active reciprocal visits by officials, including the visits to Japan by ministers such as Minister of Health Isham and Minister of Energy and Industry Mat Suny. Foreign Minister Kono also held his fifth Japan-Brunei Foreign Ministers' Meeting since he became Foreign Minister with Second Minister of Foreign Affairs and Trade Erywan during the ASEAN-related Foreign Ministers' Meetings held in Singapore in August, and expressed his gratitude for the contributions and cooperation from Brunei, which 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 a promising market. The country is currently 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. Viet Nam was also the seventh country to conclude the TPP11 Agreement, which occurred in November. Moreover, the Government has been engaging actively in administrative reform and anti-corruption measures.

Both Japan and Viet Nam are developing cooperation in various areas under the “Extensive Strategic Partnership for Peace and Prosperity in Asia.” Reciprocal visits by officials were also actively conducted, and the late President Quang and his spouse paid a state visit to Japan in a period extending from May to June. Foreign Minister Kono visited Viet Nam to attend the World Economic Forum on ASEAN in September, and Prime Minister Phuc visited Japan to attend the Mekong-Japan Summit Meeting in October. At the Summit Meeting between Prime Minister Abe and Prime Minister Phuc in October, both leaders exchanged views, taking into account the fact that Viet Nam became the ASEAN Country



Japan-Viet Nam Summit Meeting (October 8, Tokyo; Photo: Cabinet Public Relations Office)

Coordinator for Japan in August. 2018 marked the 45th anniversary of the establishment of Japan-Viet Nam diplomatic relations, which became an excellent opportunity to develop exchanges in various fields between the two countries by implementing over 200 anniversary projects, including cultural exchange projects.

Viet Nam has also essentially been pro-Japanese. The number of Vietnamese people visiting Japan grew from about 40,000 in 2011 to over 300,000 in 2017. The number of Vietnamese people living in Japan rose from about 40,000 in 2011 to about 290,000, the third highest nationality of people from foreign countries living in Japan.

(9) Malaysia

In the 14th Dewan Rakyat general election held in May, the opposition alliance (the Alliance of Hope, or Pakatan Harapan) led by former Prime Minister Mahathir (fourth Prime Minister) acquired a majority, and there was a change of administration for the first time since Malaysia achieved independence in 1957. Prime Minister Mahathir become Malaysia’s seventh Prime Minister, and visited Japan as his first visit to a foreign country after taking office in June. He also visited Japan for the ceremony for the conferment of decorations (Grand Cordon of the Order of the Paulownia Flowers) in November, and confirmed close bilateral cooperation relations at the Summit Meeting. Foreign Minister Kono visited Malaysia in July in response to the assumption of office of Foreign Minister Saifuddin, having the first Foreign Ministers’ Meeting with the new administration in Malaysia. Active reciprocal visits are being conducted by officials of the two countries with successive visits to Japan from the new administration in Malaysia.

In regard to specific cooperation between Japan and Malaysia, cooperation has progressed in various fields. The “Agreement between the Government of Japan and the Government of Malaysia concerning the Transfer of Defence

Special
Feature**45th Anniversary of the Establishment of Diplomatic Relations between Japan and Viet Nam: Continuing to Expand and Deepen the Bilateral Relationship**

2018 marked the 45th anniversary since the establishment of diplomatic relations between Japan and Viet Nam on September 21, 1973. During this period, the relationship between the two countries has advanced significantly, and currently the two countries are developing cooperation and exchanges in a wide range of fields, such as politics, economy, security, culture, and people-to-people exchanges, under the “Extensive Strategic Partnership for Peace and Prosperity in Asia.”

Japan has been a good partner to Viet Nam during its process of promoting economic and social development and playing an active role as a member of the international community. In particular, since 1992 when Japan resumed full-fledged ODA to Viet Nam, it has consistently been the largest official development assistance (ODA) donor to Viet Nam and supported the development of Viet Nam in many areas, including infrastructure development, human resource development, poverty reduction, and health and medical care. As a result, the investment and trade between the two countries have also expanded. The number of Japanese companies operating in Viet Nam increased from about 400 companies in 2005 to over 1,800 companies last year, becoming the sixth highest in terms of the number of Japanese companies operating in a foreign country. Japan and Viet Nam are expected to further develop their economic relations, sharing high-level trade and investment rules in the region following the entry into force of the TPP11 Agreement that they concluded as member countries.

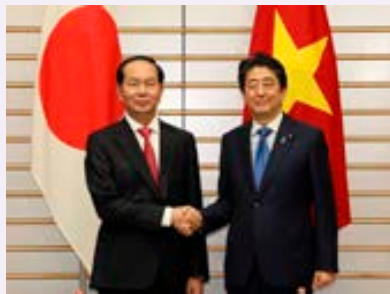
Viet Nam is a pro-Japanese country. Viet Nam has a high level of confidence in Japanese people and products, and the two countries share some cultural similarities. The number of Vietnamese people visiting Japan has been rapidly increasing as Viet Nam develops and the bilateral relationship becomes stronger. The number of tourists from Viet Nam to Japan rose from about 40,000 in 2011 to more than 300,000 in 2017, and the number of Vietnamese people living in Japan has increased from about 40,000 in 2011 to approximately 290,000.

The first visit by Their Majesties the Emperor and Empress of Japan to Viet Nam in spring 2017 attested to the heightened friendly relations between the two countries. Many Vietnamese people waved the flags of the two countries and provided a warm welcome along the roadsides and at destinations visited by Their Majesties.

In 2018, the year marking the 45th anniversary of the establishment of diplomatic relations, the two countries held more than 200 commemorative events combined in order to further strengthen the bilateral ties. Amid growing of friendship between the two countries, H.E. Mr. Tran Dai Quang, President of the Socialist Republic of Viet Nam and his spouse Madame Nguyen Thi Hien paid a State Visit to Japan from May 29 to June 2, 2018. During the visit, President Quang visited the Maebashi Plant of Koganei Seiki in Gunma Prefecture. Koganei Seiki is a manufacturer of aircraft and automobile precision parts, including parts for Formula One cars. Thirty-four Vietnamese work as full-time employees at the company. President Quang was highly impressed by the sight of Vietnamese technicians working vibrantly together with Japanese people and commented that “this is a great honor for them.”

During their stay in Japan, President Quang and his spouse attended a welcoming ceremony and a State Banquet hosted by Their Majesties the Emperor and Empress at the Imperial Palace, and conversed with Their Majesties, as well as other members of the Imperial Family. President Quang also met with Prime Minister Abe, and both leaders exchanged views on bilateral relations and international affairs.

President Quang, who passed away while still in office on September 21, 2018, contributed greatly to strengthening relations between Japan and Viet Nam during his tenure.



Leaders of the two countries shaking hands
(Photo: Cabinet Public Relations Office)



Japan-Malaysia Summit Meeting
(November 6, Tokyo; Photo: Cabinet
Public Relations Office)

Equipment and Technology” was signed in April. During the visit to Japan by Defence Minister Mohamad in September, he and Defense Minister Onodera signed the “Memorandum of Defense Cooperation and Exchanges between the Ministry of Defense of Japan and the Government of Malaysia.” During the visit to Japan by Minister of Entrepreneur Development Redzuan in November, the “Memorandum of Cooperation on Halal Cooperation” was signed with Minister of Economy, Trade and Industry Seko.

Through the Look East Policy, which serves as a foundation for the good bilateral relationship between Japan and Malaysia and was proposed by Prime Minister Mahathir in 1981, about 16,000 Malaysian people have studied or have been trained in Japan so far. The two countries are cooperating in making the Malaysia Japan International Institute of Technology (MJIIT), which was opened in September 2011, a base for Japanese-style engineering education in ASEAN countries. At the Summit Meetings held in June and November, it was confirmed that the Look East Policy not only contributed to Malaysian development but also to the bond between the people of the two countries, and it was agreed to further strengthen this.

On the economic front, Japan is the biggest investor to Malaysia, and about 1,300 Japanese companies have been operating in Malaysia, demonstrating continued close cooperation between the two countries.

(10) Myanmar

In Myanmar, the current administration led by State Counsellor Aung San Suu Kyi has been making efforts for the consolidation of democracy, national reconciliation, and economic development. Japan is providing full-fledged support to Myanmar’s democratic nation building in collaboration between public and private sectors, based on the recognition that the stability of Myanmar, which has a historical friendship with Japan, huge potential for economic development, and geopolitical importance 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 in total by public and private sectors over five years from FY2016 to 2020. Since then, Japan has been materializing its cooperation in various fields, including urban development, electricity, and transportation infrastructure. In October 2018, Prime Minister Abe held a meeting with State Counsellor Aung San Suu Kyi, who was visiting Japan to attend the Mekong-Japan Summit Meeting, and conveyed the implementation of new assistance projects to enhance civic life in the Yangon metropolitan area.

There has been continuous tension since the conflict between communities began in 2012 in the western state of Rakhine. More than 700,000 people were displaced to Bangladesh due to the armed group’s attacks on Myanmar security forces’ bases in August 2017, the security forces’ clearance operation and the subsequent destabilization of the situation. Together with the international community, Japan has been urging



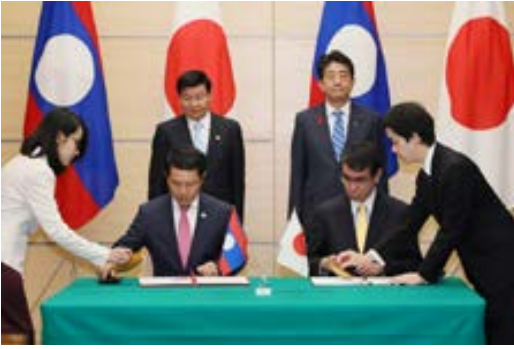
Japan-Myanmar Summit Meeting (October 9, Tokyo; Photo: Cabinet Public Relations Office)

the Government of Myanmar to implement the “safe, voluntary, and dignified” return of displaced persons and create an environment conducive to repatriation with the involvement of the United Nations. Japan is also implementing humanitarian aid for displaced persons and host communities on the Bangladesh side and displaced persons and residents in Rakhine State. In addition, Japan is urging the Government of Myanmar to implement a transparent and credible investigation on allegations of human rights violations in Rakhine State with the involvement of the international community, and to take appropriate measures accordingly.

In Myanmar, achieving peace with ethnic armed groups, who have been fighting against the Myanmar military since its independence, has also been a pressing issue. By February 2017, 10 ethnic armed groups, including Karen National Union (KNU), had signed the Nationwide Ceasefire Agreement (NCA). Japan is promoting dialogues between stakeholders in cooperation with Mr. Yohei Sasakawa, Special Envoy of the Government of Japan for National Reconciliation in Myanmar. Japan is also implementing reconstruction and development assistance, including infrastructure development for houses, schools, medical facilities, and agricultural technique training, and providing electricity to houses through solar panels in cooperation with Japanese NGOs in southeast Myanmar, including Kayin State, to improve the living standards of the residents in the areas where there is a ceasefire.

(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, after the holding of the 10th Congress of the Lao People’s Revolutionary Party and the 8th National Parliamentary Elections in 2016, 2018 has been a year of stable administrative operation under the single-party rule of the Lao People’s Revolutionary Party. 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. In regard to relations with Japan, two visits to Japan by Prime Minister Thongloun Sisoulith and three Foreign Minister’s Meetings through reciprocal visits by both Foreign Ministers have been held, and momentum has been maintained for close, high-level exchanges in recent years under the “Strategic Partnership.” Regarding the support in financial stability strongly requested by the leaders of the Government of Laos, Japan continued to cooperate at multiple levels in the public and private sectors by dispatching experts, holding various seminars, etc. The Government of Japan provided emergency aid goods through JICA for the large-scale water damage from the dam collapse that occurred in Attapeu Province in July. Wattay International Airport Terminal Expansion Project, the symbolic project between both countries (See Column “Wattay International Airport-Operation of international flights”), was completed in August, and a grand handover ceremony was conducted with the attendance of high-level officials from both countries. This project made an impression for strengthening regional connectivity by the Government of Japan toward achieving a “Free and Open Indo-Pacific.” In this way, for economic cooperation fields, steady progress has been seen for the “Japan-Lao PDR Joint Development Cooperation Plan” announced by both leaders in September



Signing and exchange of notes ceremony following the Japan-Laos Summit Meeting (October 8, Tokyo; Photo: Cabinet Public Relations Office)

2016. Regarding cultural exchange, the largest-ever “Japan Festival” was held in Vientiane in February, and promoted mutual understanding by the peoples of both countries.

5 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.

Recently, India has been implementing a variety of economic initiatives, including “Make in India,” resulting in the maintenance of a high economic growth rate of around 7%. Consumption and production have also been increasing, and foreign direct investment has been rising steadily against a backdrop of deregulation.

In diplomatic relations, the “Act East” policy has been laid down in implementing active diplomacy to promote 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, Prime Minister Modi visited Japan for the third time since his inauguration and held the twelfth summit meeting with Prime Minister Abe in October 2018, as part of annual reciprocal visits between the prime ministers held since 2005. At the Summit Meeting, the prime ministers agreed to cooperate in extensive fields including holding a new Foreign and Defense Ministerial Consultation (“2+2” Ministerial Meeting), identifying specific areas of cooperation to improve connectivity, launching negotiations for the Japan-India Acquisition and Cross-Servicing Agreement (ACSA), making progress in the high speed railway project, making decisions on the seven projects related to yen loans, reaching agreement in principle on the signing of the bilateral swap arrangement between Japan and India, further cooperating on global issues and regional affairs, in order to achieve a “Free and Open Indo-Pacific.” Moreover, Prime Minister Abe invited Prime Minister Modi to his vacation home in Yamanashi Prefecture for the first time as a foreign dignitary, symbolizing the special and multi-layered partnership between Japan and India.

(2) Pakistan

Pakistan is located in a strategic position 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 one of the most important countries 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.

As for internal affairs, the term of office of the lower house members expired in May 2018, and elections of the National Assembly and Provincial Assembly were held on July 25. Pakistan Tehreek-e-Insaf (PTI), the second largest opposition party,

won the elections with a lead of around 50 seats on the ruling political party, Pakistan Muslim League-Nawaz (PML-N). The leader of PTI Khan was inaugurated as prime minister, and the new Khan administration was launched in August.

In foreign affairs, the India-Pakistan relationship has remained tense even after the start of the new administration. Furthermore, under the “All-Weather Strategic Cooperative Partnership,” the relationship with China has been enhanced in a wide range of fields toward the construction of an economic corridor between China and Pakistan (CPEC), which is an important constituent element of China’s “Belt and Road” initiative. Regarding the relationship with Afghanistan, there remain many issues to be addressed, including border control and refugee problems. Meanwhile, the relationship with the U.S. remains stagnant with Pakistan being criticized by name in the Trump administration’s new South Asia strategy.

On the economic front, the growth rates in FY2017/2018 marked around 5.79%, making them the highest in the past 13 years. However, the Khan administration has faced a serious shortage of foreign currency reserves since its inauguration, and it is advancing initiatives to improve this situation through support from pro-Pakistan countries and negotiations on IMF programs.

Regarding the relationship with Japan, Foreign Minister Kono visited Pakistan for the first time in nine years as foreign minister of Japan in January 2018, and in August immediately after the start of the Khan administration, State Minister for Foreign Affairs Nakane visited Pakistan and held meetings with leading figures in Pakistan to exchange views on efforts to further bolster bilateral ties, and on regional affairs. Meanwhile, Advisor to Prime Minister of the Islamic Republic of Pakistan on Commerce, Textile, Industry, Production and Investment Dawood visited Japan in December to attend a public-private economic dialogue and discuss with government officials measures to enhance economic ties between 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 11th general elections were held at the end of December in 2018, resulting in the continued rule of the Awami League administration led by Prime Minister Hasina. Furthermore, with the deterioration in peace and order in Rakhine State of Myanmar since August 2017, more than 700,000 displaced persons have flooded into the country, thus causing deterioration in humanitarian conditions. Negotiations have been taking place with the government of Myanmar to return the refugees, but this has yet to be finalized.

On the economic front, the 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 in 2005 to 269 in 2016. However, the securing of a stable supply of electric power and natural gas as well as infrastructure improvement remain as challenges for foreign companies investing in the country.

Regarding the relationship with Japan, Parliamentary Vice-Minister for Foreign Affairs Iwao Horii visited Bangladesh in March, followed by a visit by Foreign Minister Kono in August. The foreign ministers of both countries confirmed to strengthen bilateral relationship and cooperation on regional and international affairs under the Japan-Bangladesh Comprehensive Partnership. In addition, Minister Kono held detailed discussions on the response to the issue of displaced persons flooded into Bangladesh from Northern Rakhine

State of Myanmar. Furthermore, Foreign Minister Kono visited the Cox's Bazar refugee camp.

(4) Sri Lanka

Sri Lanka is located in a strategic position 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 civil war in 2009, the security situation has greatly improved. Japanese tourists roughly quadrupled as compared with 2008, to over 40,000 since 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). However, President Sirisena dissolved the UNP and SLFP coalition in October 2018 and dismissed Prime Minister Wickremesinghe, while simultaneously naming former President Rajapaksa as Prime Minister and announcing the dissolving of Parliament. After that in December, the court ruled that the dissolving of Parliament by President Sirisena was unconstitutional, and Mr. Rajapaksa resigned, reinstating Mr. Wickremesinghe to the post of Prime Minister.

The Sirisena administration set up a National Reconciliation Bureau to address this important task after the end of the civil war 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 civil war, the economy of Sri Lanka was growing at an annual rate of 7%, and it continues to maintain steady annual growth of over 3% in recent years. Its GDP per-capita was

recorded at 4,065 US dollars in 2017, and given the geopolitical importance of the country and its access to the Indian market, an even higher growth rate is expected.

Regarding the relationship with Japan, President Sirisena visited Japan in May 2016, followed by another visit in March 2018 for the second time since his inauguration as President. A Summit Meeting was held with Prime Minister Abe in which the two countries agreed on Japan's support to enhance "quality infrastructure" in various areas, such as ports, transportation and energy. The leaders also agreed to advance cooperation in defense and security-related areas through capacity building assistance, cooperation for visits by MSDF vessels to Sri Lanka, and personnel exchanges.

Furthermore, Foreign Minister Kono visited Sri Lanka for the first time in 15 years as foreign minister of Japan, in January 2018.

(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 mountaineering.

In domestic affairs, local elections for the House of Representatives and Provincial Assemblies were held in 2017, and in February 2018, Prime Minister Oli was inaugurated, and the coalition government formed by the Communist Party of Nepal (Unified Marxist-Leninist) (UML) and the Communist Party of Nepal-Maoist Centre (MC) was set up. The UML and MC merged in May and the Nepal Communist Party was established.

For many years, Japan has assisted the consolidation of democracy in Nepal, and has been supporting the country's initiative to realize a "Prosperous Nepal, Happy Nepal."

In November 2018, Foreign Minister Gyawali

visited Japan and exchanged views with Japanese government officials, toured agricultural facilities, and held an investment seminar to further strengthen economic relations.

(6) Bhutan

In Bhutan, the third lower house election was held in October 2018 since the country's democratization, and it was won by the Druk Nyamrup Tshogpa (DNT) party, launching a new administration under the leadership of Prime Minister Tshering. Bhutan sets Gross National Happiness (GNH) as a guideline of the administration and is currently working on the priority issues of reducing poverty, improving the quality of healthcare and education, gender equality, the preservation of the environment, culture and traditions, stabilization of the macroeconomy, economic diversity, advancing of decentralization, etc., under the 12th Five- Year Plan (from July 2018 until June 2023).

With regard to the relationship with Japan, Prime Minister Tobgay visited Japan in April 2018 for the second time since his inauguration and held a Summit Meeting with Prime Minister Abe. The leaders agreed to further strengthen bilateral relations through promoting economic cooperation and human exchanges. Furthermore, during his stay in Japan, Prime Minister Tobgay visited Soma City in the Fukushima Prefecture. Moreover, in June, Foreign Minister Kono made Japan's first ministerial level visit to Bhutan and paid a courtesy call to His Majesty King Wangchuck. He also held meetings with various government officials of Bhutan, including Foreign Minister Dorji.

(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 presidential election held in September 2018 saw President Yameen (at the time) running for reelection, pitted against joint opposition candidate Solih, resulting in candidate Solih's win inauguration as president in November. President Solih is promoting a foreign policy of strengthening cooperation with all countries hoping to build mutually beneficial relations through advancing cooperation with other countries in the region including India.

Regarding the relationship with Japan, 2017 marked the 50th anniversary of the establishment of diplomatic relations, and in January 2018, Foreign Minister Kono visited the Maldives for the first time as a Japanese foreign minister. On the occasion of the inaugural ceremony for President Solih held in November, Prime Minister's Special Envoy Takeshita (President of the Japan-Maldives Parliamentary Friendship League) visited the Maldives and paid a courtesy call to President Solih. In December, Foreign Minister Shahid visited Japan with Finance Minister Ameer and Economic Development Minister Ismail to hold meetings with Foreign Minister Kono. During the series of meetings, the ministers confirmed that they would strengthen bilateral relations and cooperate to achieve a "Free and Open Indo-Pacific."

6 Oceania

(1) Australia

A Brief Summary and Overview

In the Foreign Policy White Paper issued by the Australian Government in November 2017, it was announced that as the guidelines of foreign policy of the next ten years, 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. This

foreign policy has continued to be upheld even after Prime Minister Morrison replaced Prime Minister Turnbull in August 2018.

With the region facing a variety 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 toward 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’ annual 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 toward stability and prosperity of the international community. 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.

On the economic front, the two countries are promoting free trade, including the TPP Agreement. Australia is the fifth 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 Economic Partnership Agreement (EPA). During Prime Minister Turnbull’s visit to Japan in January 2018 and Prime Minister Abe’s visit to Australia in November, they confirmed the deepening of the “Special Strategic Partnership” in an array of areas including the deepening of security and defense cooperation, economic issues and people-to-people exchanges. Prime Minister Abe visited Darwin, Australia, a target of air raids of the Imperial Japanese Army during World War II. Prime Minister Abe visited a memorial dedicated to the war dead with Prime Minister Morrison and sent out a message regarding the successful postwar reconciliation between the two countries. In addition, the two leaders commended the start of gas production from the Ichthys LNG Project

based in Darwin and shared the view that they would further promote energy cooperation.

In Darwin, Prime Minister Abe held his first Summit Meeting with Prime Minister Morrison. They also held a meeting accompanied only by their interpreters and a small group dinner, and developed a personal relationship of trust. The two leaders shared the view on advancing concrete cooperation, such as capacity-building assistance in maritime security and enhancing connectivity, in order to maintain and strengthen a free and open Indo-Pacific region. Furthermore, the two leaders affirmed their commitment to cooperate on North Korea issues and shared the view on regional affairs, including Southeast Asia and Pacific island countries.

The Foreign Ministers held frequent meetings on the margins of various occasions, including the UN General Assembly. In October, the Eighth Foreign and Defence Ministerial Consultation (“2+2”) was held in Sydney. 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. Furthermore, Japan has strengthened its relations with the states of Australia. Parliamentary Vice-Minister for Foreign Affairs Iwao Horii visited Victoria and New South Wales (NSW) in February as well as the Northern Territory, South Australia, NSW and Queensland in June. Premier of Queensland and Minister for Trade Palaszczuk and others also visited Japan.

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. At the Japan-Australia Summit Meeting in November, the two leaders welcomed the significant progress made to date in negotiations for the reciprocal access agreement, which would improve administrative, policy and legal procedures to facilitate joint operations and exercises between Japan’s Self-Defense Forces

and Australia's Defense Forces. They also directed all relevant Ministers to accelerate negotiations with a view to concluding them, preferably by early 2019.

At the Eighth Japan-Australia 2+2, the two countries shared the view that enhancing collaboration between Japan and Australia, "Special Strategic Partners" sharing fundamental values and strategic interests, is important more than ever, and confirmed their unwavering partnership under the Government of Prime Minister Morrison who took office in August. They agreed to further strengthen security and defense cooperation between Japan and Australia, and confirmed strengthening coordination regarding North Korea, the South China Sea, the East China Sea, Southeast Asia and Pacific island countries.

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 Eighth Japan-U.S.-Australia Trilateral Strategic Dialogue (TSD) was held in August, and views were exchanged on various regional issues such as North Korea, the South China Sea, the East China Sea, infrastructure investment, cybersecurity, and measures countering terrorism and violent extremism. It was also agreed that Japan, the U.S. and Australia would coordinate and cooperate closely including these issues.

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). 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

complementary economic relationship that has been developed steadily over the years. Japan is the second biggest investor in the world 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 2018, the exchange program including young people, and the "New Colombo Plan"¹⁸ as well as the Young Political Leaders Exchange.

From April to November, the Government of Australia ran "Australia now" in Japan, a flagship public relations and cultural diplomacy program. It held performances as well as cultural and sports events featuring science, research and innovation, creativity and design and Australian lifestyle.

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

¹⁸ An Australian Government policy which aims to increase knowledge of Asia among university students in Australia by promoting their studies in Asia.

as maritime security and nuclear and missile development by North Korea. In 2018, Australia dispatched aircraft three times for monitoring and surveillance activities based in Kadena Air Base against illicit maritime activities, including ship-to-ship transfers with North Korean-flagged vessels prohibited by UN Security Council resolutions. In addition, Australia dispatched its frigate MELBOURNE for monitoring and surveillance activities in waters surrounding Japan, including the East China Sea. Japan and Australia also work closely with respect to Pacific island countries with which the latter has deep ties. In November, on the occasion of the APEC Economic Leaders' Meeting in Papua New Guinea, the "Joint Statement of the Governments of Australia, Japan, and the United States of America on the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific" and "The Papua New Guinea Electrification Partnership" signed by Papua New Guinea, Japan, Australia, the U.S. and New Zealand were issued. Furthermore, the two countries are working together as important partners on global issues, such as UN peacekeeping operations (PKOs), disarmament and non-proliferation, climate change and UN Security Council reforms.

(2) New Zealand

A Brief Summary and Overview

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. The Labour Party-NZ First Party coalition government, which was inaugurated in October 2017 by the first change in government in approximately nine years, places emphasis on

Japan-New Zealand relations.

B Mutual VIP Visits

From Japan, State Minister for Foreign Affairs Nakane visited New Zealand in February to hold a meeting with Deputy Prime Minister and Foreign Minister Peters. He also attended the commemorative ceremony to mark the 7th anniversary of the Christchurch earthquake. In October, Foreign Minister Kono paid the first visit to New Zealand by a Japanese Foreign Minister in approximately five years. He paid a courtesy call on Prime Minister Arden and held meetings including with Deputy Prime Minister and Foreign Minister Peters. The two sides shared the view on strengthening bilateral relations and advancing cooperation in Pacific island countries, and on coordinating on regional situations, including North Korea issues.

From New Zealand, Deputy Prime Minister and Foreign Minister Peters visited Japan in May to attend the Eighth Pacific Islands Leaders Meeting (PALM8). He held a Foreign Ministers' Meeting with Foreign Minister Kono, and they shared the view that cooperation would be promoted especially regarding Pacific island countries. On the margins of the ASEAN-related Summit Meetings in November, Prime Minister Abe held a Summit Meeting with Prime Minister Arden, and they shared the view that the two countries would continue to work closely to strengthen their relations.

C Economic Relations

The two countries enjoy a complementary economic relationship and cooperated on the entry into force of the TPP Agreement. Furthermore, in the fields of food and agriculture, the "New Zealand Hokkaido Dairy Collaboration Project" designed to improve the profitability of dairy farming in Japan has been implemented since 2014. The "New Zealand Hokkaido Sheep Collaboration Project" has also been launched with the aim of vitalizing the sheep industry.

D Cultural and People-to-People Exchanges

In FY2018, approximately 20 university students from New Zealand visited Japan as part of JENESYS 2018. 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, 31 Japanese students visited New Zealand in 2018.

E Cooperation in the International Community

The two countries are cooperating closely for the peace and stability of the international community, including the UN. In particular, in response to illicit maritime activities, including ship-to-ship transfers with North Korean-flagged vessels prohibited by UN Security Council resolutions, New Zealand conducted monitoring and surveillance activities by aircraft based in Kadana Air Base in September 2018 with the U.S., Australia and Canada. Furthermore, Japan and New Zealand have collaborated in regional cooperation frameworks such as the East Asia Summit (EAS), the ASEAN Regional Forum (ARF) and APEC. As for Pacific island countries, the two countries have also been cooperating through the Pacific Islands Leaders Meeting (PALM). Japan and New Zealand issued the “Joint Press Release on Cooperation in the Pacific” between their foreign ministers as well as a joint press release on “Cooperation on the Pacific Climate Change Centre.”

(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 geopolitical perspective as they are located at the heart of the Pacific Ocean. Japan has been holding PALM once every three years since 1997, and the Eighth Pacific Islands Leaders Meeting (PALM8) was held in May 2018. Furthermore, high-level officials from Japan have been constantly attending the Pacific Islands Forum (PIF) Post Forum Dialogue 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)

PALM marked its 20th anniversary in 2017. In May 2018, PALM8 was held in Iwaki City, Fukushima Prefecture under the co-chairmanship of Prime Minister Abe and Prime Minister Tuilaepa of Samoa. PALM8 was held under the theme, “We are Islanders—Partnership Towards Prosperous, Free and Open Pacific,” and leaders and others participated from 19 countries and regions including Japan, 14 PICs, New Zealand and Australia as well as the two regions of New Caledonia and French Polynesia which participated for the first time. Prime Minister Abe held individual summit meetings with various leaders. At PALM8, discussions focused on the four agenda items of (i) maritime order based on the rule of law, and sustainable oceans, (ii) resilient and sustainable development, (iii) connecting Pacific citizens, and (iv) cooperation in the international arena. The PALM8 Leaders’ Declaration was adopted as an outcome of the discussions. Countries expressed their gratitude for Japan’s contributions through PALM and other initiatives.

C Mutual VIP Visits

In January, Parliamentary Vice-Minister for Foreign Affairs Iwao Horii visited Nauru to attend its 50th independence anniversary



Parliamentary Vice-Minister for Foreign Affairs Horii attending the Nauru 50th independence anniversary celebration (January, Nauru)



Parliamentary Vice-Minister for Foreign Affairs Suzuki visiting the Division of Marine Law Enforcement of Palau (December, Palau)

celebration and held meetings with President Waqa and others. Special Advisor to the Prime Minister Sonoura visited Papua New Guinea and the Solomon Islands in March and held meetings with Foreign Minister Pato of Papua New Guinea, Prime Minister Houenipwela of the Solomon Islands and others. Special Advisor Sonoura visited Palau and Micronesia in April and held meetings with President Remengesau of Palau, President Christian of Micronesia and others. In the same month, Parliamentary Vice-Minister Horii visited Samoa, etc. and held meetings with Prime Minister Tuilaepa and others. In August, Parliamentary Vice-Minister Horii visited the Cook Islands to attend their 53rd Constitution anniversary ceremony and also visited Tonga, Kiribati, Marshall Islands, etc. He held meetings with Prime Minister Puna of the Cook Islands, Prime Minister Pohiva of Tonga, President Maamau of Kiribati, President Heine

of the Marshall Islands and others. In November, President Christian of Micronesia and Foreign Secretary Robert of Micronesia visited Japan and held meetings with Prime Minister Abe and State Minister for Foreign Affairs Toshiko Abe, respectively. In the same month, Prime Minister Abe and Foreign Minister Kono visited Papua New Guinea to attend the APEC meetings and held meetings with Prime Minister O'Neill and Foreign Minister Pato, respectively. In December, Parliamentary Vice-Minister for Foreign Affairs Suzuki visited Palau as the head of the Public-Private Joint Economic Mission, attended a trade, investment and tourism seminar and held meetings with President Remengesau and others.

D Relationship with Pacific Islands Forum (PIF)

In September, the Pacific Islands Forum Leaders Meeting was held in Nauru, and Parliamentary Vice-Minister for Foreign Affairs Iwao Horii attended the Post Forum Dialogue 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. In addition, Parliamentary Vice-Minister Horii held a meeting with President Waqa of Nauru as well as meetings with leaders and ministers from PICs attending the meeting.

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.

PALM8: The Eighth Pacific Islands Leaders Meeting

The Eighth Pacific Islands Leaders Meeting (PALM8) took place in Iwaki City in Fukushima Prefecture on May 18 to 19.

The Pacific Islands Leaders Meeting is a summit meeting that has been taking place once every three years since 1997 to conduct candid exchanges of opinions on a variety of issues facing the Pacific Islands region at the level of top leaders, for the purpose of contributing to regional stability and prosperity, and strengthening the partnership between Japan and the Pacific Islands region. It had been held seven times previously. Under the theme “We are Islanders - Partnership Towards Prosperous, Free and Open Pacific,” leaders participated from 19 countries and regions including Japan, 14 island countries, New Zealand, and Australia, and in addition, the two regions of New Caledonia and French Polynesia which participated for the first time.



(Photo: Cabinet Public Relations Office)

At the summit meeting, Prime Minister Abe delivered the keynote speech in which he explained that the commitments pledged at PALM7 (2015) had been achieved in a form that greatly surpassed the goals and then declared that over the next three years Japan would advance cooperation centered on three areas: (1) free, open and sustainable oceans; (2) sustainable development; and (3) connecting Pacific citizens. Furthermore, he promised that the Government of Japan would listen carefully to the needs of the Pacific island countries, while providing meticulous, high-quality

support both on the tangible and intangible fronts that will truly benefit the people of the island countries and their society, and implement human resource development and people-to-people exchanges for more than 5,000 people centered on these areas over the next three years. The Pacific island countries stated that they highly evaluated the role that PALM had played to date, and Japan and the Pacific island countries agreed to further strengthen the PALM process. Furthermore, the Pacific island countries expressed their gratitude for the contribution of Japan over many years, and expressed strong support for new cooperation and assistance measures for the next three years.

At PALM8, discussions were conducted centered on the four agenda items: (i) a maritime order based on the rule of law, and sustainable oceans; (ii) resilient and sustainable development; (iii) connecting Pacific citizens; and (iv) cooperation in the international arena. The PALM8 Leaders' Declaration was adopted as the outcome of the discussions.

Prime Minister and Minister of Foreign Affairs and Trade of Samoa Tuilaepa, the co-chair country, expressed his gratitude to each country, in particular Japan, for the success of PALM8, and stated that Samoa intended to further strengthen the partnership between Japan and the Pacific island countries. Finally, Prime Minister Abe reaffirmed his determination for Japan and the Pacific island countries to build a partnership together for a new era based on the PALM8 Leaders' Declaration and ensure a prosperous, free and open Pacific together, and then he declared the Eighth Pacific Islands Leaders Meeting closed.

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.

7 Regional and Inter-regional Cooperation

The Asia-Pacific region is one of the world's growth centers and realizing 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 achieve a rules-based "Free and Open Indo-Pacific" based on international law through various regional cooperative frameworks, including Japan-ASEAN, Japan-Mekong cooperation, ASEAN+3 (Japan, China and the ROK), East Asia Summit (EAS), Japan-China-ROK trilateral cooperation 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. Also, "ASEAN2025: Forging Ahead Together" was adopted as a guiding policy for the ASEAN Community for the ten years from 2016 to 2025. In East Asia where ASEAN plays an important role as a center of regional cooperation, a multi-layered regional cooperation

such as ASEAN+3 (Japan, China and the ROK), East Asia Summit (EAS) and ASEAN Regional Forum (ARF) is operating with ASEAN at its center, and cooperative relationships in a wide range of areas including politics, security and the economy are built. On the economic front, ASEAN has concluded the ASEAN Free Trade Area (AFTA), as well as other EPAs and FTAs with various countries including Japan, China, the ROK and India, which has expanded the ASEAN-centered free trade zone. With regard to 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 faces important sea lanes for Japan 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, including Japan, that ASEAN advances its integration in accordance with values such as the rule of law.

(2) Issue of the South China Sea

The issue with regard to the South China Sea is directly related to the peace and stability of the region and is a legitimate concern of the international community. The issue is also an important matter 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 toward the maintenance and development of open and stable seas.

In the arbitration proceedings instituted by the Government of the Philippines as to the disputes between the Philippines and China regarding 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, “As the Tribunal’s award is final and legally binding on the parties to the dispute under the provisions of UNCLOS, the parties to this case are required to comply with the award. Japan strongly expects that the parties’ compliance with this award will eventually lead to the peaceful settlement of disputes in the South China Sea.”

In 2018, China continued to conduct unilateral actions to change the status quo that increase tensions such as large-scale and rapid building of outposts as well as their use for military purposes, and attempts to make the results of these actions fait accompli. The international community including Japan has expressed serious concern over such actions. Until now, Japan has consistently supported the full enforcement of the rule of law in the South China Sea, and emphasized the importance for all the concerned parties related to the South China Sea to work toward peaceful settlement of disputes based on international law, including UNCLOS. Furthermore, Japan has pointed out that China’s claims to “historical rights” over the South China Sea do not have a clear basis under international law, and that China’s claims to its baseline in the South China Sea is inconsistent with UNCLOS. In 2018, negotiations commenced on the Code of Conduct (COC) in the South China Sea between China and ASEAN. Japan has stressed the importance of having such initiatives lead to demilitarization of the area and to realization of a peaceful and open South China Sea.

(3) Japan-ASEAN Relations

ASEAN exerts its centrality and is the engine of various regional cooperation. Therefore, realizing a more stable and prosperous ASEAN 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 ASEAN-Japan Commemorative Summit Meeting held in Tokyo in 2013.

In 2018, Japan and ASEAN confirmed that they would further strengthen their cooperative relationship in a wide range of areas, including advancing the integration of ASEAN, ensuring sustainable economic growth, improving people’s lives and ensuring peace and security in the region and the international community, through meetings such as the Japan-ASEAN Foreign Ministers’ Meeting in August in Singapore, which held the ASEAN chairmanship, and the 21st Japan-ASEAN Summit Meeting in November, which marked the 45th anniversary of ASEAN-Japan Friendship and Cooperation. At the Summit Meeting in November, Prime Minister Abe congratulated the 45th anniversary of ASEAN-Japan Friendship and Cooperation. Prime Minister Abe referred to the ASEAN-Japan Music Festival held in Tokyo in October 2018 and the upcoming “ASEAN-Japan Day” in 2019, and expressed his hope that such events would serve as an opportunity to further deepen mutual understanding between Japan and ASEAN. At the Summit Meeting, in addition to the usual Chairman’s Statement, the Joint Statement of the 21st ASEAN-Japan Summit to Commemorate the 45th Anniversary of ASEAN-Japan Friendship and Cooperation was issued with the consensus of all the participating countries. Taking note with satisfaction the excellent development of ASEAN-Japan friendship and cooperation over the past 45 years, Japan and ASEAN Member States expressed their commitment to strengthening Japan-ASEAN cooperation in the four areas of partnership, namely “Partners for Peace and Stability,” “Partners for Prosperity,” “Partners for Quality of Life,” and “Heart-to-Heart Partners,” as stated in the Vision Statement on ASEAN-Japan Friendship and Cooperation in 2013.

**Special
Feature****45th Anniversary of ASEAN-Japan Friendship and Cooperation:
Fostering Heart-to-Heart Relations for the Future****1. 45th anniversary of ASEAN-Japan Friendship and Cooperation**

At the ASEAN-Japan Summit held in Singapore on November 14, 2018, the two sides issued a future-oriented Joint Statement to Commemorate the 45th Anniversary of ASEAN-Japan Friendship and Cooperation. The Joint Statement reaffirmed the importance of the ASEAN-Japan relationship and called for further advances in ASEAN-Japan Friendship and Cooperation ties based on mutual trust through heart-to-heart relations and an equal partnership. It also included an initiative to further strengthen ASEAN-Japan Cooperation and the ASEAN-Japan Strategic Partnership from the four areas of partnerships* in the Vision Statement on ASEAN-Japan Friendship and Cooperation: Shared Vision, Shared Identity, and Shared Future issued in 2013. Additionally, the ASEAN and Japanese leaders agreed to promote a rules-based Indo-Pacific region that is free and open in the Joint Statement.

In the field of cultural interaction, numerous events to mark the 45th anniversary of ASEAN-Japan Friendship and Cooperation took place in 2018. In particular, Japanese and ASEAN artists assembled in October for the 2nd ASEAN-Japan Music Festival, a major event held in Tokyo. The festival provided an opportunity to deepen interaction between ASEAN and Japan, particularly among young people.



(Photo: Cabinet Public Relations Office)



(Photo: Cabinet Public Relations Office)

2. History of the 45 years of ASEAN-Japan Friendship and Cooperation

The partnership between Japan and ASEAN extends back to establishment of the ASEAN-Japan synthetic rubber forum in 1973. Then-Prime Minister Fukuda proposed the “Fukuda Doctrine” in 1977, which would serve as a fundamental principle for subsequent diplomatic ties with ASEAN, moving postwar diplomacy which mainly focused on problem solving and offering a clear approach. The ASEAN-Japan Summit, which started in the same year, became a regular event and has promoted ASEAN-Japan Friendship and Cooperation ever since.

In 2013, which marked the 40th anniversary of ASEAN-Japan Friendship and Cooperation, Prime Minister Abe announced “Five Principles of Japan’s ASEAN Diplomacy.” In December 2013, the leaders of ASEAN and Japan adopted the Vision Statement on ASEAN-Japan Friendship and Cooperation: Shared Vision, Shared Identity, and Shared Future and its Implementation Plan at the ASEAN-Japan Commemorative Summit Meeting. In the five years since then, Japan steadily achieved assistance goals in the areas presented in 2013, including official development assistance (ODA), defense cooperation, human resource development, counter-terrorism measures, and people-to-people exchange. Cooperation continues to advance in a variety of areas through the four partnerships.

3. Importance of ASEAN and the Future of the ASEAN-Japan Partnership

The ASEAN population increased from 180 million people when ASEAN was originally established to 650 million people today. Japan has cumulatively extended roughly 17.93 trillion yen in ODA to ASEAN and contributed to economic and social advancement in ASEAN countries so far. ASEAN has also been strengthening its presence as an important partner of Japan in the area of the economy. As of October 2017, 12,000 Japan-affiliated companies had expanded their operations in the ASEAN region (number of business sites). Trade with ASEAN totals about 23.4 trillion yen out of Japan’s 153.7 trillion yen in overall trade, making ASEAN the second largest trading partner after China.

It is expected that the ASEAN-Japan Partnership, which commemorated its 45th anniversary in 2018, will further advance in a wide range of areas based on the above-mentioned Joint Statement.

* Japan and ASEAN confirmed to strengthen cooperation in the following four partnership areas: (1) Partners for Peace and Stability (politics and security); (2) Partners for Prosperity (economics and economic cooperation); (3) Partners for Quality of Life (new economic and social issues); and (4) Heart-to-Heart Partners (people-to-people exchanges). The two sides updated the Vision Statement’s Implementation Plan in August 2017.

On the security front, Prime Minister Abe stated in regards to defense cooperation that Japan would promote practical cooperation under the Vientiane Vision (Japan's Defense Cooperation Initiative with ASEAN) and strengthen cooperation in the area of cybersecurity. Regarding regional and international affairs, Prime Minister Abe said Japan would continue to work closely with ASEAN Member States to maintain and strengthen a "Free and Open Indo-Pacific." Concerning the issue of North Korea, Prime Minister Abe stated that it was necessary to fully implement UN Security Council resolutions in order to achieve complete, verifiable and irreversible dismantlement of all weapons of mass destruction and ballistic missiles of all ranges by North Korea, as stipulated in UN Security Council resolutions. With regard to the issue of the South China Sea, Prime Minister Abe noted that the South China Sea is a lifeline for both Japan and ASEAN, which have enjoyed peace and prosperity through trade in the sea, and that freedom of navigation in the South China Sea is vital to both sides. Prime Minister Abe expressed Japan's full support of the principles that ASEAN has upheld to ensure freedom of navigation, Japan's appreciation for ASEAN's efforts, including those on the COC negotiations and Japan's hope that these principles be reflected in the COC. Furthermore, Prime Minister Abe shared ASEAN's deep concerns over unilateral attempts to change the status quo in the South China Sea, and stated that Japan would support ASEAN's initiatives that seek to pursue demilitarization of the area and maintain a peaceful and open South China Sea.

On the economic front, through ODA and the Japan-ASEAN Integration Fund (JAIF), Japan has supported the deepening of ASEAN integration in a variety of areas, including support for narrowing the economic disparities within the region by enhancing ASEAN Connectivity. At the Japan-ASEAN Summit Meeting in November, Prime Minister Abe noted that Japan's assistance to ASEAN has exceeded its 2013 commitment to provide 2 trillion yen over five years, and stated that Japan

would continue to support private investment and advance the development of quality infrastructure in accordance with international standards while respecting ASEAN's unity and centrality. Moreover, Prime Minister Abe announced that Japan would collaborate with ASEAN to promote the following types of initiatives: (1) Industrial Human Resource Development Cooperation Initiative 2.0; (2) ASEAN-Japan Fourth Industrial Revolution Initiative; (3) promotion of free trade through WTO reforms, etc.; (4) cooperation on smart cities network in partnership with the ASEAN Smart Cities Network (ASCN); (5) disaster management cooperation, including the ASEAN-Japan Disaster Management Cooperation through utilizing JAIF and collaborating with the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre); (6) environmental cooperation, such as the Japan-ASEAN Environment Cooperation Initiative and measures to tackle marine plastic litter; (7) Asia Health and Wellbeing Initiative; (8) cooperation in the areas of education and culture, such as the "WA Project: Toward Interactive Asia through Fusion and Harmony"; and (9) reforms of the ASEAN-Japan Centre.

At the Summit Meeting, ASEAN welcomed the issuance of the Joint Statement on the 45th Anniversary of ASEAN-Japan Friendship and Cooperation, and many ASEAN Member States expressed appreciation for Japan's cooperation in a variety of fields, including disaster management and connectivity enhancement. Many Member States expressed expectations toward Japan's efforts for achieving a "Free and Open Indo-Pacific," and also raised the issues of North Korea and the South China Sea.

(4) 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

Column

10th Anniversary of the Founding of the Economic Research Institute for ASEAN and East Asia (ERIA)

The Economic Research Institute for ASEAN and East Asia (ERIA) is an international organization founded in Jakarta (Indonesia) in 2008, with leadership from the Government of Japan, and marked its 10th anniversary in 2018.

ERIA is now widely known as an East Asian international organization. However, it experienced a number of twists and turns in its history, including finding agreement on its host country and securing the necessary financial contributions, from the ASEAN-Japan Meeting of Economic Ministers in 2006, when the then Minister of Economy, Trade and Industry Nikai, first proposed a concept of an 'East Asian version of the Organization for Economic Co-operation and Development (OECD),' until the Third East Asia Summit (EAS) in 2007, when the establishment of ERIA was officially agreed. ERIA, which began as a tiny organization with three employees located in a single room within the ASEAN Secretariat (Jakarta, Indonesia), has grown into an organization with 83 staff members, including 17 in-house economists, with over 150 researchers annually participating in research projects at ERIA. This is thanks to assistance from the Government of Japan, the largest contributor, and various other East Asian countries, as well as the unwavering support of the late Secretary-General of ASEAN, Dr. Surin Pitsuwan.

ERIA's roles are: (1) research into economic topics with emphasis on 'deepening economic integration,' 'narrowing development gaps,' and 'achieving sustainable economic development'; (2) policy research and recommendations based on requests from the 16 member countries (10 ASEAN countries, Japan, China, the Republic of Korea, India, Australia, and New Zealand); and (3) capacity building aimed at proliferation and utilization of research results. ERIA is continually collaborating with the governments of ASEAN countries and other member countries, as well as the ASEAN Secretariat, to ensure that the research in which ERIA takes a leading role takes into account the policy needs of various countries.



ASEAN@50 High-Level Forum (October 19, 2017, Manila, the Philippines; Photo: ERIA)

ERIA has achieved a variety of results in areas such as free trade agreements for East Asia and ASEAN, ASEAN connectivity, infrastructure development in East Asia, energy security, and small and medium-sized enterprises. With regard to new issues confronting ASEAN, such as aging, digitalization, the environment, and development of highly-skilled human resources, it is expected that ERIA will further enhance its value as an international organization that contributes to regional development, while leveraging knowledge and experience from Japan, which had a leading role in its foundation.

* ERIA makes all of its publications available to the public on its website <<http://www.eria.org/>>.



ERIA's 10th Anniversary Dinner Reception (October 18, Tokyo; Photo: ERIA)

Furthermore, the ERIA President attends the EAS Meeting of Economic Ministers and Meeting of Energy Ministers every year, and announces research results and policy recommendations. In 2017, as commemoration of the 50th anniversary of ASEAN's establishment, ERIA worked jointly with the Government of the Philippines, the ASEAN chair country at the time, to publish a five-volume book on ASEAN history and developments and held a high-level forum with participation by summit-class officials. Declarations by ASEAN-related Summit Meetings, including EAS, and various related ministerial meetings annually mention these accomplishments by ERIA.

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, since 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 10th Mekong-Japan Summit Meeting held in Tokyo in October 2018, the leaders adopted the “Tokyo Strategy 2018 for Mekong-Japan Cooperation,” which sets the course for future Japan-Mekong cooperation. The leaders praised the achievement of Japan’s commitment to provide over 750 billion yen in the past three years as ODA, as well as the strengthening of connectivity through quality infrastructure development. The Mekong countries expressed deep appreciation for Japan’s assistance over many years through the Japan-Mekong cooperation. Japan will continue to contribute to the prosperity and development of the Mekong region as a trusted partner for Mekong countries.

In 2019, which marks the 10th anniversary of the 2009 “Mekong-Japan Exchange Year” between Japan and the Mekong countries, “Mekong-Japan Exchange Year 2019” will be held. During the exchange year, exchange programs will be held in wide-ranging fields including politics, economy and culture in Japan and Mekong countries.

(5) ASEAN+3 (Japan, China and ROK)

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



ASEAN+3 Summit Meeting (November 15, Singapore; Photo: Cabinet Public Relations Office)

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. Under the “ASEAN+3 Cooperation Work Plan (2018-2022)” adopted in August 2017, ASEAN+3 member states have been making further progress on cooperation in various fields.

At the 18th ASEAN+3 Foreign Ministers’ Meeting held in Singapore in August 2018, Foreign Minister Kono appreciated the progress of ASEAN+3 working-level cooperation over the past 21 years. Foreign Minister Kono also provided a review of the ASEAN+3 cooperation, and explained the future direction focusing on Japan’s efforts. Furthermore, he referred to regional and international affairs, including the issue of North Korea.

At the 20th ASEAN+3 Summit Meeting held in Singapore in November, Prime Minister Abe welcomed the timely holding of the ASEAN+3 Summit Meeting, referring to his official visit to China in October at which Japan and China shared the view on playing a constructive role for peace and stability of the international community. Prime Minister Abe also stated that ASEAN+3’s areas of cooperation is expanding from the initial financial cooperation to other areas, such as food security, poverty eradication, culture, tourism and youth exchange, and announced that Japan will focus its efforts particularly on the environment, disaster risk reduction and healthcare.

Regarding North Korea, Prime Minister Abe stated that the full implementation of UN

Special
Feature**10th Mekong-Japan Summit Meeting**

The 10th Mekong-Japan Summit Meeting was held on October 9, 2018 in Tokyo. Attendees included Prime Minister Abe, who chaired the meeting, and leaders of the five Mekong countries (Cambodia, Laos, Myanmar, Thailand, and Viet Nam). This meeting has taken place annually since 2009 for the purpose of strengthening relations between Japan and the Mekong countries as well as narrowing intraregional disparities and promoting sustainable development in the Mekong region. It is held in Japan once every three years (2018 was one of these years).

The leaders adopted the “Tokyo Strategy 2018 for Mekong-Japan Cooperation” at this commemorative 10th Mekong-Japan Summit, and decided to define the relationship between Japan and the Mekong region as “strategic partners.” In accordance with the Strategy’s three pillars of “vibrant and effective connectivity,” “people-centered society,” and “realization of a Green Mekong,” it identifies the three concrete targets to promote Mekong-Japan cooperation: of achieving the SDGs; achieving a free and open Indo-Pacific; and coordination with the Ayeyawady – Chao Phraya – Mekong Economic Cooperation Strategy (ACMECS), which is the five Mekong countries’ own economic cooperation framework led by Thailand.

At the Summit Meeting, Prime Minister Abe expressed his determination to strongly promote Mekong-Japan cooperation based on the Tokyo Strategy 2018 for Mekong-Japan Cooperation, and emphasized that Japanese companies are playing an important role in the development of the Mekong region. Prime Minister also presented a policy encouraging private-sector investment more than ever before with the utilization of public funds including Official Development Assistance (ODA). Prime Minister Abe

then requested the leaders of the Mekong countries to listen to the views of Japanese companies and to steadily develop their countries’ investment environments. In response, the leaders of the Mekong countries expressed appreciation for Japan’s contribution thus far and hope for future cooperation.

Besides the Summit Meeting in Tokyo, Cambodian Prime Minister Hun Sen visited Kanagawa Prefecture, Myanmar State Counsellor Aung San Suu Kyi visited Fukushima Prefecture, and leaders of the Mekong countries also met with business leaders.

2019 is designated as “Mekong-Japan Exchange Year 2019” and it is expected that the relationship will further deepen, including in cultural aspects, based on the success of the 10th Mekong-Japan Summit Meeting.



Photo of the Leaders (Photo: Cabinet Public Relations Office)



Joint Press Announcement (Photo: Cabinet Public Relations Office)



Summit Meeting (Photo: Cabinet Public Relations Office)

Security Council resolutions was necessary for denuclearization of the Korean Peninsula, and that Japan will cooperate on measures to counter ship-to-ship transfers prohibited by UN Security Council resolutions.

(6) 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 premium forum of the region, 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 strengthening international rules and norms concerning trade and investment.



East Asia Summit (EAS) (November 15, Singapore; Photo: Cabinet Public Relations Office)

A 8th EAS Foreign Ministers' Meeting

At the 8th EAS Foreign Ministers' Meeting held in Singapore in August, Foreign Minister Kono stated that since 2017 EAS has proven itself to be an effective mechanism to tackle issues, such as the issue of North Korea, facilitation of maritime cooperation and promotion of free trade. Foreign Minister Kono also explained Japan's initiatives to achieve a "Free and Open Indo-Pacific" and explained Japan's position concerning the issues of North Korea and the South China Sea.

Specifically, regarding the issue of North Korea,

Foreign Minister Kono commended the efforts by the U.S. and the ROK toward "complete denuclearization" of North Korea. Foreign Minister Kono called for close coordination for the realization of the goal of complete, verifiable and irreversible dismantlement of all weapons of mass destruction and ballistic missiles of all ranges by North Korea, in accordance with the relevant UN Security Council resolutions. He appealed for maintaining and strengthening efforts to close the "loopholes" of sanctions, including "ship-to-ship transfers." Furthermore, Foreign Minister Kono called for the cooperation of EAS member countries over the abductions issue.

Regarding the issue of South China Sea, Foreign Minister Kono stated that Japan shares with other countries serious concerns over the continued rapid and large-scale building of outposts in the area. Foreign Minister Kono stressed his strong opposition to attempts to unilaterally change the status quo, stating that such moves may undermine freedom of navigation. He also advocated that efforts should be made toward peaceful settlement of disputes, and expressed his expectation that efforts such as the negotiations on the code of conduct in the South China Sea lead to demilitarization of disputed features as well as a peaceful and open South China Sea.

B The 13th EAS

At the 13th EAS held in Singapore in November, leaders reviewed the cooperation within the EAS, and discussed its future direction as well as regional and international issues. Prime Minister Abe stated that, during his official visit to China in October 2018, Japan and China shared the view to play a constructive role for the peace and prosperity of the international community, and expressed his desire for the EAS discussions to proceed in the same spirit. He then expressed Japan's determination to achieve a "Free and Open Indo-Pacific," the cornerstone of peace and prosperity of the Indo-Pacific region, and stated that this included the principles of ASEAN's centrality and

openness shared by EAS participating countries. Regarding Japan's concrete cooperation, Prime Minister Abe introduced examples of Japan's quality infrastructure projects, and underscored the need for international standards such as openness, transparency, economic efficiency and fiscal soundness of recipient countries. He stated that initiatives that contribute to achieving a "Free and Open Indo-Pacific" do not exclude any countries and benefit all countries in the region, and expressed Japan's intention to cooperate with all countries that share these views.

Regarding the issue of North Korea, Prime Minister Abe welcomed the historic U.S.-North Korea Summit and three Inter-Korean Summits as a step toward the comprehensive resolution of the outstanding issues of concern, such as the abductions, nuclear and missile issues. Prime Minister Abe advocated the need for full implementation of UN Security Council resolutions in order to achieve complete, verifiable and irreversible dismantlement of all weapons of mass destruction and ballistic missiles of all ranges by North Korea, as stipulated in the UN Security Council resolutions. He highly appreciated the cooperation of countries, including the U.S., Australia, the UK, Canada and New Zealand, to counter ship-to-ship transfers, and expressed Japan's wish to continue to cooperate with these countries. He also sought the understanding and cooperation of the countries toward the early resolution of the abductions issue.

Regarding the issue of South China Sea, Prime Minister Abe stated that the disputes should be resolved peacefully based on international law and not by force, and from this perspective, expressed full expectations toward the conclusion of an effective COC. He expressed continued serious concerns over the situation in the South China Sea. In order to realize a peaceful and open South China Sea, he said Japan firmly supports the fundamental principles of "full respect for legal and diplomatic processes," "freedom of navigation," and "the importance of demilitarization and self-

restraint" that ASEAN has upheld, and urged that these principles be conveyed strongly to the international community.

Regarding the situation in Rakhine of Myanmar, Prime Minister Abe commended the dialogue between Myanmar and Bangladesh. He expressed his hope for the "safe, voluntary and dignified" return of displaced persons in cooperation with the UN, and sought the international community's support for the efforts of both countries.

(7) Japan-China-ROK Trilateral Cooperation

Trilateral cooperation among Japan, China and the ROK continues to be vital from the perspective of promoting 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 May 2018, the Seventh Japan-China-ROK Trilateral Summit Meeting was held in Tokyo under the chairmanship of Japan. At the Trilateral Summit Meeting held for the first time in around two and a half years, the three leaders of Japan, China and the ROK discussed the current status and future direction of the trilateral cooperation. The leaders made a new start on the trilateral cooperation and reaffirmed holding the Summit Meeting on a regular basis. Regarding the trilateral cooperation, the three leaders welcomed steady progress made in various fields and appreciated the efforts made by the Trilateral Cooperation Secretariat (TCS) to this end. In addition, they discussed the current status and future direction of specific cooperation projects. The three leaders shared the view to advance cooperation in a variety of areas, including people-to-people

exchanges through the opportunity of the 2020 Tokyo Olympic and Paralympic Games, as well as finance, energy, environment, disaster risk reduction and ICT. The three leaders also confirmed that they would advance the trilateral cooperation in a more “open and inclusive” manner. Regarding the efforts over the last decade, Prime Minister Abe stated, “We are determined to pursue comprehensive cooperation in a future-oriented manner.” He then underscored the spirit of the Joint Statement of the First Japan-China-ROK Trilateral Summit Meeting, and stated that he hoped to make a new start of the trilateral cooperation. Additionally, the three leaders who share a large responsibility for the peace and prosperity of the region discussed regional and international affairs, such as the issue of North Korea and promotion of free trade, taking into account that this Summit Meeting was held at an important juncture prior to the U.S.-North Korea Summit, shortly after the Inter-Korean Summit.

(8) Asia-Pacific Economic Cooperation (APEC)

Consisting of 21 economies (countries and regions) 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 economic aspect in this region is extremely important in pursuing Japan’s further development.

The APEC Economic Leaders’ Meeting in Papua New Guinea in 2018 was attended by Prime Minister Abe from Japan. Looking ahead to Japan’s G20 presidency in 2019, Prime Minister Abe stated that, as the standard-bearer of free trade, Japan would contribute proactively to the prosperity and stability of the Asia-Pacific region, the “world’s growth center,” and that Japan would secure and enhance its presence in the Asia-Pacific region as an proponent of a “Free and Open Indo-Pacific” and the host of the Pacific Islands Leaders Meeting (PALM).

(9) 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 2018, SAARC has eight member states (India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives and Afghanistan) and nine observer countries and institutions including Japan. As a rather loose framework of regional cooperation, SAARC has worked primarily on economic, social and cultural areas, through summit meetings and meetings of the Council at the ministerial level (foreign ministers’ meetings). As part of youth exchange between Japan and SAARC, Japan has invited around 3,100 people to date (192 people in FY2018).

Special
Feature

Seventh Japan-China-ROK Trilateral Summit: Making a New Start with the First Meeting in Two Years

1. Seventh Japan-China-ROK Trilateral Summit

The Seventh Japan-China-ROK Trilateral Summit held in Japan in May 2018 was the first summit meeting in two and a half years. Visits to Japan by Premier of China Li Keqiang and President of the Republic of Korea (ROK) Moon Jae-in were the first by a Chinese Premier in eight years and by an ROK President in seven years, other than for attendance at multilateral meetings. The Trilateral Summit was held despite the various issues facing Japan-China and Japan-ROK relations, and the three countries reached a consensus to hold Summit meetings regularly. It was a significant outcome to make a new start for the three countries.



(Photo: Cabinet Public Relations Office)

2. Background of Japan-China-ROK cooperation

Japan-China-ROK cooperation began as a dialogue among leaders of the three countries in a breakfast meeting format at the ASEAN+3 (Japan, China, and the ROK) Summit Meeting (held in Manila, Philippines) in November 1999 during the Asian currency and financial crisis, as a proposal by then Prime Minister Obuchi. This marked the start of the cooperation process among the three countries, and thereafter Japan-China-ROK Summit meetings took place annually during the ASEAN+3 Summit.



(Photo: Cabinet Public Relations Office)

Subsequently, in December 2008, the Japan-China-ROK Summit meeting was held individually for the first time in Fukuoka. At the joint post-meeting press conference, then Prime Minister Aso referred to the meeting as the “First Japan-China-ROK Trilateral Summit” and commented on the “historical necessity” of the leaders of these three countries coming together periodically in an effort to strengthen cooperation. Furthermore, the three leaders issued a declaration of “We are resolved to promote comprehensive cooperation in a future-oriented manner.” In 2011, they established the Japan-China-ROK Trilateral Cooperation Secretariat as an international organization for the purpose of contributing to further promotion of cooperative trilateral relations.

2018 marked the 10th anniversary since the First Japan-China-ROK Trilateral Summit. Looking back over the past ten years, trilateral cooperation has steadily advanced. The three countries, which together account for 20% of global GDP, initiated an investment agreement and are currently negotiating a trilateral FTA. These steps are forming a mutually beneficial economic zone. Additionally, the number of people-to-people exchanges has doubled, which led us to create a new goal of elevating the number of people traveling among the three countries up to 30 million people annually. Furthermore, areas of cooperation have expanded too, with 21 ministerial-level meetings being held and over 100 cooperative programs being implemented even during the period between the Sixth and Seventh Japan-China-ROK Trilateral Summits when no summit was held. Trilateral cooperation is also vital to resolving the North Korean nuclear and missile issue confronting the region and the international community and to realizing the denuclearization of the Korean Peninsula.

Based on the discussions at the latest summit, Japan will advance cooperation among these three countries, which are responsible for regional peace and prosperity.