

Section 3

North America

1 United States

(1) Situation in the U.S.

A Politics

The Biden administration (Democratic Party) started in January 2021 after the delay in the confirmation of the presidential elections and the mob attack on the U.S. Capitol. The key focus of U.S. politics in 2021 was on whether the Biden administration would be able to stably manage the political situation by steadily implementing measures to combat the novel coronavirus disease (COVID-19) and achieve economic recovery. In addition, as many hold the opinion that the U.S. public is becoming increasingly divided and partisan, attention was also focused on whether President Joseph Biden would be able to make progress in his efforts to achieve national reconciliation.

On January 20, former Vice President Biden and former Senator Kamala Harris were respectively inaugurated as the 46th President and 49th Vice President of the U.S. after taking the oath of office at the presidential inauguration ceremony. Due to the effects of COVID-19 and the mob attack on the U.S. Capitol, the number of attendees at the inauguration ceremony was greatly limited, a large number of National Guard members was dispatched, and the general public was prohibited from entering the area around the venue. The inauguration was also unusual because

former President Donald Trump did not attend. In his inaugural address, President Biden spoke about the fight against COVID-19 and his aspirations for his “Build Back Better” agenda, strongly emphasized the need for national unity in dealing with many challenges, and reiterated his pledge to be a president for all Americans.

President Biden emphasized a stance of placing importance on diversity in the appointment of cabinet members who will form the core of his administration. These included the first female Secretary of the Treasury, the first African-American Secretary of Defense, the first Native American cabinet member, and first openly LGBTQ cabinet member. Moreover, in accordance with his campaign promises, during his first few days in office, President Biden signed a series of executive orders and took other executive measures that transformed many of the policies of the previous Trump administration. Among these, measures that attracted a high degree of attention included more rigorous COVID-19 countermeasures as well as immigration-related measures such as suspending the construction of the border wall between the U.S. and Mexico. Furthermore, in February, President Biden delivered a speech on foreign policy and emphasized that the U.S. would once again engage with the world by repairing and strengthening its alliances under the slogan “America is back.” The United States returning to the Paris Agreement and revoking its

withdrawal from the World Health Organization (WHO) were symbolic of this policy.

From the outset, the Biden administration gave top priority to COVID-19 countermeasures and economic recovery. In regard to COVID-19 countermeasures, in March, Congress passed the 1.9 trillion US dollar American Rescue Plan Act, which strengthened the testing system and vaccine supply, and also provided direct benefits to the public. Vaccination numbers showed steady growth. In May, President Biden called for the public to be further vaccinated, with the goal of 70% of adults having received at least one dose by Independence Day on July 4 in order to return the nation closer to normal. As a result, the number of daily COVID-19 infections in the U.S. declined from approximately 200,000 at the time of his inauguration to a level below 12,000 in late June.

Moreover, in regard to economic measures, in addition to “rescue” from COVID-19, President Biden announced a massive fiscal stimulus plan focused on “jobs” and “families.” In his speech to a joint session of Congress delivered before the 100th day of his administration, he appealed for support for these economic policies in order to help the middle class.

On the diplomatic front, the main policies were presented on occasions such as President Biden’s foreign policy speech in February, his policy speech before the Congress in April, and Secretary of State Antony Blinken’s speech in March. Under the basic policy that the U.S. alone cannot deal with various challenges and that the U.S. will take a strong position toward China, which it positions as a strategic competitor, the Biden administration has pursued a foreign policy that emphasizes strengthening alliances, which it regards as its greatest asset, international cooperation, and values such as democracy and human rights. President Biden emphasized the restoration of U.S. leadership in the international community by hosting the online Leaders Summit on Climate in April, attending the G7 Summit 2021 in Cornwall on his first overseas trip in June, and

other actions. While promoting such active diplomacy, he has also indicated his policy of perceiving foreign policy and domestic policy issues as two sides of the same coin, identifying the revival of U.S. economic and technological strength and the rebuilding of U.S. democracy as key priorities.

At first, U.S. public opinion generally responded favorably to the Biden administration’s various measures, and the President’s approval rating remained stable at around 55%. However, six months after the inauguration, his approval rating gradually declined. Behind the decline was an increase in the number of infected people and deaths caused by the spread of the Delta variant of COVID-19. Although President Biden touted progress toward normalization of social life in his speech celebrating Independence Day on July 4, he fell short of his goal of having 70% of adults receive at least one vaccine dose by that date. There was strong opposition to moves to make vaccination and the wearing of masks mandatory, and some pointed out later that the sluggish growth in the vaccination rate led to the resurgence of infections after July. Although President Biden announced in September his policy to require federal agencies and large corporations to make vaccination obligatory for employees, some Republican state governors opposed this, and filed lawsuits one after the other, claiming that the administration oversteps its authority and infringes on personal liberty. Amidst this, the number of deaths from COVID-19 in the U.S. in 2021 exceeded that of the previous year, reaching a cumulative total of 750,000 in November.

It was also pointed out that the administration’s policy on Afghanistan was a factor in the further decline of the approval rating. In keeping with his pledge to end the longest war in U.S. history, President Biden announced and carried out the withdrawal of U.S. troops from Afghanistan by the end of August. In the process, the anti-government forces of the Taliban expanded their influence throughout Afghanistan and gained control of the capital city of Kabul on August 15,

resulting in chaos at Kabul airport as people tried to flee the country. Although public support for the policy to withdraw U.S. troops was relatively high, the chaos led to increased criticism of the administration's analysis of the situation as inadequate. Republicans in Congress severely accused this, and there was also critical commentary from within the Democratic Party. Although President Biden emphasized the success of the evacuation operation for U.S. citizens, Afghani allies, and others as well as the fulfillment of his campaign pledge, disapproval continued to outweigh approval from August onward.

In terms of economic policy, President Biden personally devoted much of his energy to facilitating Congress to pass a bipartisan infrastructure investment bill and the Build Back Better bill on investments in social security, climate change, and other fields. The former was passed as the Infrastructure Investment and Jobs Act in November, but the process highlighted the difficulty of bringing the Democrats together. In addition, the difference between the two Parties intensified on the debt ceiling issue as well, and the difficulty of overcoming partisan divisions was once again encountered.

In 2021, the Democratic Party won majorities in the Senate and the House of Representatives, giving them control of the administration and both houses of Congress for the first time in 12 years, since 2009. However, the very small difference in seats with the Republicans had a significant impact on the administration's ability to implement major policies and manage its relations with Congress. For the Biden administration and the Democratic Party, maintaining majorities in both the House of Representatives and Senate in the 2022 midterm elections will be essential for further advancing COVID-19 countermeasures and economic recovery measures, and at the same time, alleviating divisions over economic disparity, race, immigration, and other issues. However, history shows there are many examples of the parties of first-term presidents faring poorly in midterm

elections. Furthermore, the Biden administration's approval rating continues to be lower than its disapproval, and developments such as the defeat of the Democratic candidate who was seen as the frontrunner in the Virginia gubernatorial election in November were viewed as signs of a growing sense of alarm within the Democratic Party.

As for the presidential election in 2024, the White House Press Secretary stated in November that President Biden intends to run as a candidate. This intention was widely reported, as President Biden is currently the oldest U.S. president in history and will be 81 years old at the time of the next election. Vice President Harris has also been garnering attention. As the first female and black vice president in U.S. history, she has played a role in promoting President Biden's diplomacy by holding telephone calls with many foreign leaders at the beginning of his administration and visiting Central America in June, Southeast Asia in August, and Europe in November. Additionally, she was assigned by President Biden to guide the U.S. through difficult domestic issues, such as reform of the immigration and voting systems.

On the other hand, in regard to the Republican Party, many pointed out that former President Trump was key for Republican success in the midterm and upcoming presidential elections. In January 2021, former President Trump was impeached for the second time during his term, the first time for a president in U.S. history, for inciting the mob attack on the U.S. Capitol. Although he was acquitted during his impeachment trial in the Senate after leaving office, criticism of former President Trump momentarily increased. However, former President Trump and his policy stances remained popular with many Republican supporters. With his popularity in the backdrop, he bolstered his political activities by denouncing Senators and Congresspersons who were critical of him at political rallies and supporting his own candidates in the upcoming elections.

At the same time, former President Trump continued to claim that fraud had been committed

in the 2020 presidential election and repeatedly made statements suggesting that he would run again for the next presidential election. In response to the claims of fraud, states with Republican control of state legislatures, such as Georgia and Florida, proceeded to revise their state election laws for restrictions on mail-in ballots and stricter requirements for showing ID from the perspective of preventing election fraud. Many of these measures are believed to be disadvantageous to racial minorities, who are mostly supporters of the Democratic Party, and some have criticized them as being aimed at suppressing voting, thus accelerating the partisan divide. In addition, in the wake of the decennial census results, states proceeded to redraw their congressional districts, and the Republican Party reportedly took the lead in more states in this process as well. Meanwhile, it was also pointed out that within the Republican Party, there is friction between those who devotedly support former President Trump and those who maintain a certain distance from him as he has repeatedly made extreme statements.

Going forward, attention will be focused on developments in the two parties' offensive and defensive actions in the run-up to the midterm elections, and what impact this will have on President Biden's administration.

B Economy

(A) Current Economic Situation

2021 was a volatile year for the U.S. economy, having had to recover from 2020, a year in which the U.S. was hit hard by the COVID-19 pandemic and the resulting global supply chain disruptions. The unemployment rate, which deteriorated to its worst postwar level (14.8%) in April 2020, improved to 3.94% in December 2021, and recovered to a level close to that of the early stages of the COVID-19 pandemic (3.5% in February 2020). GDP also exceeded its pre-pandemic level (October-December 2019 quarter) in the April-June 2021 quarter. In particular, the recovery of consumer spending, which accounts

for 70% of GDP, has significantly contributed to this recovery. The Biden administration regards that this was achieved by normalizing economic activity through stimulus checks of up to 1,400 US dollars and vaccination promotion measures included in the 1.9 trillion US dollar COVID-19 economic stimulus package (the American Rescue Plan) enacted in March 2021. Amid this recovery of consumer demand, the mismatch between the global supply chain disruption and labor shortages caused by COVID-19 intensified, resulting in the U.S. consumer price index (CPI) remaining above 5% year on year since May. In December, it reached 7.1%, the highest level in approximately 40 years. Federal Reserve Board (FRB) Chairman Jerome Powell acknowledged that inflation, which he initially characterized as temporary and limited to a few items such as automobiles, was now on a broad-based and persistent trend, covering markets such as energy and rents, and expressed his intention to pursue monetary policy that would prevent prolonged high inflation. The Biden administration aims to ease the negative impact of inflation on citizens' lives and psychology by developing a concrete action plan to strengthen supply chains by upgrading ports and waterways, including relocating shipping containers stuck at ports to inland areas, as stipulated by the Infrastructure Investment and Jobs Act enacted on November 15, 2021.

(B) Economic Policy

Prior to its inauguration in January 2021, the Biden Administration announced the American Rescue Plan, a 1.9 trillion U.S. dollar COVID-19 economic stimulus framework, with the hopes of recovering the domestic economy that had languished due to the pandemic and to "Build Back Better." The plan was signed into law on March 11, and included stimulus checks of up to 1,400 US dollars, expansion of unemployment benefits, support for small and medium-sized enterprises, as well as support for state governments that took financial hits due to COVID-19 countermeasures.

Furthermore, in the same month, the administration announced the American Jobs Plan, an approximately 2 trillion U.S. dollar investment that included investments in infrastructure and higher taxes on corporations. In April, the Biden administration announced the approximately 2 trillion U.S. dollar American Families Plan, which invests in education, social welfare and increases the tax rates for wealthy individuals. Out of the American Jobs Plan, only the 550 billion U.S. dollar Infrastructure Investment and Jobs Act, which is limited to investment in infrastructure such as roads and ports, was passed with bipartisan support following congressional inquiries in November 2021. However, the Build Back Better Act, which includes measures on climate change and contents from the American Families Plan that lack bipartisan support, is still under consideration between the Biden administration and congressional democrats. As for monetary policy, amid the ongoing trend of high inflation since May 2021, the FRB began slowing down the rate at which it conducts quantitative easing (tapering) in November, gradually reducing the pace of purchases of Treasury bonds and other securities in response to further significant progress in domestic economic conditions. In December, the FRB decided to accelerate the tapering process. Moreover, in November, President Biden announced the reappointment of FRB Chairman Powell, whose term was set to expire in January 2022, as well as the nomination of FRB Member Lael Brainard to the Vice Chair of the FRB upon the end of her predecessor's term in February 2022.

(2) Japan-U.S. Political Relations

Since the Biden administration took office in January 2021, frequent policy coordination at high levels has continued between Japan and the U.S., including eight summit meetings (of which three were telephone calls and one was a teleconference meeting) and 15 foreign ministers' meetings (of which nine were telephone calls), even in the difficult situation with restrictions on international

travel due to COVID-19, and the Japan-U.S. Alliance has become stronger than ever. In particular, the two countries have closely cooperated in further strengthening the Japan-U.S. Alliance, realizing a "Free and Open Indo-Pacific" (FOIP), addressing regional issues such as China and North Korea, and responding to global challenges such as COVID-19, climate change, and nuclear disarmament and non-proliferation through opportunities such as the meeting between Prime Minister Suga and President Biden in April 2021 and the teleconference meeting between Prime Minister Kishida and President Biden in January 2022. In addition, First Lady Jill Biden visited Japan to attend the Opening Ceremony of the Olympic Games Tokyo 2020 in July 2021 as well as Second Gentleman Douglas Emhoff who visited Japan to attend the Opening Ceremony of the Paralympic Games Tokyo 2020 in August of the same year. Each of them held wide-ranging exchanges of views with Prime Minister Suga.

After President Biden was inaugurated on January 20, 2021, Foreign Minister Motegi and Secretary of State Blinken held their first telephone call on January 27, and Prime Minister Suga and President Biden held their first telephone call on January 28. During the Japan-U.S. Summit telephone call, the leaders shared the view to work closely together in order to further strengthen the Japan-U.S. Alliance. President Biden expressed his unwavering commitment to the defense of Japan, including the application of Article 5 of the Japan-U.S. Security Treaty to the Senkaku Islands. The two leaders also shared the view on the importance of strengthening the U.S. presence in the Indo-Pacific region, and affirmed that they would work side-by-side to address regional challenges and to realize FOIP. During the Japan-U.S. Foreign Ministers' telephone call, the two ministers confirmed that they would closely coordinate to further strengthen the Japan-U.S. Alliance, and exchanged views on the regional issues including China, North Korea and the ROK, as well as the importance of FOIP. In addition, the two ministers

concluded on continuing close coordination between Japan and the U.S., as well as with like-minded countries including Australia and India, on challenges facing the region and the international community.

On February 11, Foreign Minister Motegi held a Japan-U.S. Foreign Ministers' telephone call with Secretary of State Blinken. The two foreign ministers confirmed that Japan and the U.S. would continue to closely cooperate on the situation in Myanmar. They also agreed on close cooperation among like-minded countries to realize FOIP, and to steadily strengthen the Japan-Australia-India-U.S. cooperation.

On March 16, Foreign Minister Motegi held his first Japan-U.S. Foreign Ministers' Meeting with Secretary of State Blinken, who was visiting Japan on his first overseas visit since assuming his position as Secretary of State. The two foreign ministers reaffirmed that Japan and the U.S. will continue to take the lead in strengthening cooperation to realize the vision of FOIP in cooperation with Australia, India, ASEAN and others. They also exchanged views on regional issues including China, North Korea, the ROK, Myanmar and Iran. Furthermore, the foreign ministers also exchanged views on common issues of the international community, such as COVID-19 countermeasures and climate change.

From April 15 to 18, Prime Minister Suga was the first among other leaders of the world to visit Washington, D.C. since President Biden's inauguration and held an in-person Summit Meeting with President Biden. The two leaders noted their shared universal values, including freedom, democracy, human rights and the rule of law, and they shared the view on strengthening the Japan-U.S. Alliance, which is the cornerstone of peace and prosperity in the Indo-Pacific region, while strengthening their relationship of personal trust. They also confirmed that Japan and the U.S. will strengthen their unity and cooperation while partnering with like-minded countries such as Australia, India and ASEAN countries

toward the realization of FOIP. After the meeting, a Japan-U.S. Joint Leaders' Statement titled "Japan-U.S. Global Partnership for a New Era" was issued. The Joint Leaders' Statement also emphasized the importance of peace and stability across the Taiwan Strait based on the Joint Statement of the Japan-U.S. "2+2" held in March, and encouraged the peaceful resolution of cross-Strait issues. The two leaders also shared the view on the "Japan-U.S. Competitiveness and Resilience (CoRe) Partnership" to lead efforts to "Build Back Better" in the world. They also shared the view on promoting competitiveness and innovation in the digital and science and technology fields, common priorities to both countries, and cooperating in areas such as COVID-19 countermeasures, green growth, and climate change. Furthermore, the leaders shared the view on launching the "Japan-U.S. Climate Partnership on Ambition, Decarbonization, and Clean Energy" to strengthen cooperation on the implementation of the Paris Agreement, clean energy technology, and the transition to decarbonization in developing countries.

On May 3, Foreign Minister Motegi, who was visiting the UK to attend the G7 Foreign Ministers' Meeting, held a Japan-U.S. Foreign Ministers' Meeting with Secretary of State Blinken. The two ministers confirmed that they would follow up one by one on the results achieved at the previous Japan-U.S. Summit Meeting and other meetings and further strengthen the Japan-U.S. Alliance. They also exchanged views on the regional issues, including China and North Korea, and agreed to continue working toward the realization of FOIP.

On June 12, Prime Minister Suga, who was visiting the UK to attend the G7 Summit in Cornwall, held intermittent talks with President Biden. Prime Minister Suga emphasized the importance of FOIP and the role of ASEAN. In response, President Biden showed his agreement and stated that the U.S. would like to work closely with Japan.

On June 29, Foreign Minister Motegi, who was visiting Italy to attend the G20 Foreign Ministers'

Meeting, held a Japan-U.S. Foreign Ministers' Meeting with Secretary of State Blinken. The two ministers exchanged views on Japan-U.S. relations and the situation in East Asia, and affirmed cooperation between Japan and the U.S. in the G20 and other frameworks. .

On July 23, Foreign Minister Motegi held a Japan-U.S. Foreign Ministers' telephone call with Secretary of State Blinken. The two ministers exchanged their views on a broad range of issues, such as the regional issues and global issues. They also confirmed that Japan and the U.S. would continue to take the lead and cooperate with like-minded countries in strengthening the Japan-U.S. Alliance and realizing FOIP.

On August 6, Foreign Minister Motegi held a Japan-U.S. Foreign Ministers' telephone call with Secretary of State Blinken. The two ministers reconfirmed that Japan and the U.S. will cooperate to strengthen the Japan-U.S. Alliance and to realize FOIP. They also exchanged their views on regional issues based on the discussion at the series of ASEAN-related Foreign Ministers' Meetings held during the same week.

On August 10, Prime Minister Suga held a Japan-U.S. Summit telephone call with President Biden. President Biden expressed his congratulations on the success of the Olympic and Paralympic Games Tokyo 2020. In response, Prime Minister Suga expressed appreciation for the consistent, strong support and cooperation of the U.S. Government to Japan's hosting of the Games. The two leaders reconfirmed to continue close cooperation to strengthen the Japan-U.S. Alliance and to realize FOIP.

On September 22, Foreign Minister Motegi, who was visiting New York to attend the United Nations General Assembly, held a Japan-U.S. Foreign Ministers' Meeting with Secretary of State Blinken. The two ministers shared the view to continue to strengthen the Japan-U.S. Alliance. They also confirmed to further deepen cooperation among allies and like-minded countries through various frameworks, including

Japan-U.S., Japan-Australia-India-U.S. and cooperation with European countries toward the realization of FOIP. They also exchanged views on Afghanistan, China, and North Korea, and agreed to coordinate closely in their response. In addition, the two foreign ministers discussed the international order in the Indo-Pacific region, including the Trans-Pacific Partnership (TPP), from a strategic perspective, and Foreign Minister Motegi encouraged the U.S. to return to the TPP.

On September 24, Prime Minister Suga, during his visit to Washington, D.C. to attend the Japan-Australia-India-U.S. Summit Meeting, held a conversation with President Biden. Prime Minister Suga stated that the importance of the Japan-U.S. Alliance will remain unchanged.

Prime Minister Kishida was inaugurated on October 4. He held a Japan-U.S. Summit telephone call with President Biden on October 5, the day after he assumed office. At the outset, Prime Minister Kishida stated that the Japan-U.S. Alliance will continue to be the core of Japan's foreign and security policy. In response, President Biden offered his congratulations to Prime Minister Kishida on his assumption of office and the start of his administration. The two leaders shared the view to work closely together toward the peace and stability of the region and beyond, through further strengthening the Japan-U.S. Alliance and realizing FOIP. In addition, the two leaders shared the view to coordinate closely in responses to COVID-19 and climate change, and in efforts toward "a world free of nuclear weapons."

On October 7, Foreign Minister Motegi held a Japan-U.S. Foreign Ministers' telephone call with Secretary of State Blinken. The two foreign ministers confirmed that they would continue to cooperate in strengthening the Japan-U.S. Alliance and realize FOIP. Furthermore, both sides exchanged a wide range of views on regional issues, such as China and North Korea, and cooperation on dealing with climate change.

On November 2, Prime Minister Kishida, who was visiting the UK to attend COP26, held informal



Informal talk between the leaders of Japan and the U.S.
(November 2, Glasgow; Photo: Cabinet Public Relations Office)



Japan-U.S. Foreign Ministers' Meeting
(December 11, Liverpool)

talks with President Biden. The two leaders confirmed that Japan and the U.S. will continue to work closely together toward further strengthening the Japan-U.S. Alliance, realizing FOIP, and tackling climate change.

Foreign Minister Hayashi assumed his position as Foreign Minister on November 10, and held a Japan-U.S. Foreign Ministers' telephone call with Secretary of State Blinken three days later on November 13. The two foreign ministers reaffirmed to work closely in further strengthening the Japan-U.S. Alliance, realizing FOIP, and responding to global issues such as COVID-19 and climate change. They also exchanged views on regional affairs including China and North Korea. In light of the increasingly severe regional security environment, the two ministers concurred to advance the strengthening of the deterrence and response capabilities of the Japan-U.S. Alliance as a matter of strongest priority.

On December 11, Foreign Minister Hayashi, who was visiting the UK to attend the G7 Foreign and Development Ministers Meeting, held a Japan-U.S. Foreign Ministers' Meeting with Secretary of State Blinken. The two foreign ministers shared the view that in light of the increasingly severe regional security environment, it is essential to strengthen the deterrence and response capabilities of the Japan-U.S. Alliance, and that Japan and the U.S. will continue to work closely together to that end. Foreign Minister Hayashi also welcomed

the U.S. commitment to the Indo-Pacific region, including President Biden's attendance at the East Asia Summit (EAS) and Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting, as well as Secretary Blinken's visit to Southeast Asia. The two ministers also confirmed that Japan and the U.S. will continue to further deepen cooperation with ASEAN countries and coordination with like-minded countries such as Australia and India, toward the realization of FOIP.

On January 6, 2022, Foreign Minister Hayashi held a Japan-U.S. Foreign Ministers' telephone call with Secretary of State Blinken. The two foreign ministers reaffirmed that Japan and the U.S. will work together to strengthen the Japan-U.S. Alliance and to realize FOIP. They also exchanged views on the COVID-19 situation among the U.S. Forces in Japan as well as exchanged views on regional issues including North Korea, Russia, and Ukraine.

On January 21, Prime Minister Kishida held a Japan-U.S. Summit Video Teleconference Meeting with President Biden. The two leaders shared the intention to coordinate closely under the strong Japan-U.S. Alliance and to deepen cooperation with like-minded countries such as Australia, India, ASEAN, and Europe, toward realizing FOIP. In this regard, Prime Minister Kishida expressed his intention to host the Japan-Australia-India-U.S. (QUAD) Summit Meeting in Japan in the first half of this year by inviting President Biden



Japan-U.S. Summit Video Teleconference Meeting
(January 21, 2022; Photo: Cabinet Public Relations Office)



Japan-U.S. Foreign Ministers' Meeting
(February 11, 2022, Melbourne)

to Japan, to which President Biden expressed his support. The two leaders also exchanged views on regional issues, including China, North Korea, Russia, and Ukraine. Furthermore, the two leaders shared the intention to further strengthen the deterrence and response capabilities of the Japan-U.S. Alliance amidst the increasingly severe security environment in the region. Prime Minister Kishida expressed his determination to fundamentally reinforce Japan's defense capabilities by newly formulating the National Security Strategy, the National Defense Program Guidelines, and the Mid-Term Defense Program, and President Biden expressed his support to it and underscored the importance of sustaining vital investments in defense over time. Prime Minister Kishida then explained the idea of a "New Form of Capitalism," and the two leaders shared the view to deepen discussions on new policy initiatives toward realizing a sustainable and inclusive economy and society at the next summit meeting. The two leaders also concurred on the launch of the ministerial Japan-U.S. Economic Policy Consultative Committee (the Economic "2+2"), and shared the intention to expand and deepen bilateral economic cooperation and mutual exchanges based on the CoRe. In addition, Prime Minister Kishida illustrated his idea of nuclear disarmament grounded in realism, to which President Biden expressed his support, and the two leaders confirmed their intention to work together toward a world without nuclear

weapons. In addition, the two leaders underscored the significance of the Japan-U.S. Joint Statement on the NPT released on the same day.

On February 2, Foreign Minister Hayashi held a Japan-U.S. telephone call with Secretary of State Blinken. The two ministers exchanged views on North Korea's nuclear and missile activities, and agreed that in light of the increasingly severe regional security environment, it is essential to strengthen the deterrence and response capabilities of the Japan-U.S. Alliance, and to continue close coordination between Japan and the U.S. The two ministers also exchanged views on the situation in Russia and Ukraine.

On February 11, Foreign Minister Hayashi, who was visiting Australia to attend the Japan-Australia-India-U.S. Foreign Ministers' Meeting, held a Japan-U.S. Foreign Ministers' Meeting with Secretary of State Blinken. The two ministers concurred on continuing close coordination between Japan and the U.S. and deepening cooperation with like-minded countries such as Australia, India, ASEAN and Europe toward realizing FOIP. They also exchanged views on regional issues, including China, North Korea, Russia, and Ukraine. In light of the increasingly severe regional security environment, they concurred that it is essential to strengthen the deterrence and response capabilities of the Japan-U.S. Alliance and to continue close coordination between Japan and the U.S. Furthermore, they exchanged views on "New

Form of Capitalism” and “Build Back Better” efforts that Prime Minister Kishida and President Biden promote respectively, and concurred that they will deepen discussion on economic policies of both in the future, utilizing the ministerial Japan-U.S. Economic Policy Consultative Committee (the Economic “2+2”). In addition, Minister Hayashi urged the U.S. to return to the TPP. In addition, based on the exchange between Prime Minister Kishida and President Biden at the Japan-U.S. Summit Video Teleconference Meeting on January 21, the two foreign ministers shared the view to make appropriate arrangements for President Biden’s visit to Japan during the Japan-Australia-India-U.S. Summit Meeting to be held in Japan in the first half of 2022.

On February 26, Foreign Minister Hayashi held a Japan-U.S. Foreign Ministers’ telephone call with Secretary of State Blinken. The two ministers exchanged views on the situation in Russia and Ukraine, and shared the view that Japan and the U.S. would continue to closely cooperate with the international community, including the G7. The two foreign ministers also reaffirmed the necessity of strengthening the deterrence and response capabilities of the Japan-U.S. Alliance, and concurred to continue close coordination toward the realization of FOIP.

(3) Japan-U.S. Economic Relations

Japan-U.S. economic relations are one of the three pillars of the Japan-U.S. Alliance, together with security and people-to-people exchanges.

Since 2019, Japan has been the leading source of foreign investment in the U.S. as the foreign direct investment leader (679 billion US dollars in 2020 (U.S. Department of Commerce)). Direct investment by Japanese companies also contributes to the regional economy of the U.S. in the form of employment creation. In fact, in 2019, Japan was responsible for the creation of approximately one million jobs in the U.S., a figure second only to the UK. In particular, Japan has created approximately 530,000 jobs in the

manufacturing sector, a leading figure within the industry. Furthermore, R&D investment (corporate R&D activities) by Japan exceeded 10 billion US dollars in 2019, higher than any other country in the world. Such multifaceted efforts to strengthen our bilateral relationship through vigorous investment and employment creation serve as the foundation of Japan-U.S. relations that are better than ever before.

The Japan-U.S. Summit Meeting held in April 2021 marked the launch of the CoRe. Through the Partnership, Japan and the U.S. seek to present a bright vision of the future to the international community by having Japan and the United States take the lead in efforts to “Build Back Better” from COVID-19 not only for the two countries but for the international community as a whole. The three pillars of the Partnership are (1) Competitiveness and Innovation, (2) COVID-19 Response, Global Health, and Health Security and finally (3) Climate Change, Clean Energy and Green Growth and Recovery. Concrete and comprehensive cooperation is to be promoted under these three pillars. Moreover, in December 2021, Under Secretary of State for Economic Growth, Energy and the Environment Jose Fernandez visited Japan to follow up on the Partnership with Senior Deputy Minister Suzuki Hiroshi, and confirmed continued Japan-U.S. cooperation under the CoRe partnership.

Going forward, Japan will utilize the Economic “2+2” established at the Japan-U.S. Summit Video Teleconference Meeting in January 2022 in holding high-level discussions concerning cooperation based on the CoRe Partnership as well as efforts to maintain the rules-based economic order within the Indo-Pacific region and the broader international community, thus further deepening and expanding Japan-U.S. cooperation in the economic realm.

In November 2021, U.S. Secretary of Commerce Gina Raimondo and U.S. Trade Representative Katherine Tai visited Japan and paid courtesy calls on Chief Cabinet Secretary Matsuno Hirokazu



Meeting between Foreign Minister Hayashi and U.S. Secretary of Commerce Raimondo (November 15, Tokyo)



Meeting and working dinner between Foreign Minister Hayashi and U.S. Trade Representative Tai (November 17, Tokyo)

as well as held meetings with Foreign Minister Hayashi and Minister for Economy, Trade and Industry Hagiuda Koichi. These opportunities for in-person diplomacy made it possible to broadly exchange views on Japan-U.S. cooperation and U.S. engagement in the Indo-Pacific region. In the same month, MOFA, the Ministry of Economy, Trade and Industry (METI), and the Office of the United States Trade Representative (USTR) launched the “Japan-U.S. Partnership on Trade,” a Director-General level framework to discuss various international trade issues that should be addressed jointly by Japan and the U.S.

With regard to the infrastructure sector, the Fourth Japan Infrastructure Investment Forum was held online in March 2021 in cooperation with the U.S. Department of Transportation and the State of Indiana as one of its local partnership cooperation projects. During the Forum, the governments of Japan and the U.S. gave talks on new technologies and digital technologies such as smart cities and smart mobility, efficient infrastructure maintenance, and infrastructure policies such as the use of next-generation energy. In addition, Japanese companies and other stakeholders active in the U.S. gave insight into their experiences in the U.S. as well as the technologies they have developed.

In the energy sector, in light of the CoRe Partnership and the Japan-U.S. Climate Partnership announced at the Japan-U.S. Summit Meeting in April, the existing Japan-U.S. Strategic Energy Partnership (JUSEP) was reorganized

to have a stronger focus on cooperation in the clean energy field, launching the Japan-U.S. Clean Energy Partnership (JUCEP). Thus, Japan and the United States will support countries in the Indo-Pacific region and around the world to accelerate their decarbonization efforts and implement clean, affordable, and safe energy technologies with the goal of promoting energy security and sustainable growth. The June 2021 inaugural meeting identified (1) Renewable Energy, (2) Power Grid Optimization, (3) Nuclear Energy, and (4) Decarbonization Technologies as core areas of cooperation. The second meeting, which was held in December, followed up on the first meeting and discussed ways to move forward.

With respect to the digital sector, in May 2021, cooperation under the existing Japan-U.S. Strategic Digital Economy Partnership (JUSDEP) was expanded, and the Japan-U.S. Global Digital Connectivity Partnership (GDGP) was launched as a framework to promote secure connectivity and a vibrant digital economy. Expert-level working groups were held in May and October to discuss cooperation with third-party regions such as the Indo-Pacific, Africa, and Latin America. Cooperation within multilateral frameworks and the promotion of bilateral initiatives on 5G and Beyond 5G were also discussed. Next, at the 12th U.S.-Japan Policy Cooperation Dialogue on the Internet Economy (U.S.-Japan IED) held in November, there were wide-ranging discussions on matters related to the internet economy,

including cooperation in promoting Open RAN and capacity building for cyber security in third-party countries, diversification of 5G vendors on a Japan-U.S. bilateral basis, cooperation on Beyond 5G and related matters, further cooperation on AI, DFFT, and similar fields in multilateral fora, as well as utilization of ICT to contribute to green growth and recovery.

Cooperation with the regional governments, including various U.S. states, is also advancing. Cooperation is being conducted based on the memorandums of cooperation concerning economic and trade relations between Japan and subnational governments such as states of Washington, Maryland, and Indiana as well as the city of Chicago. Moreover, in addition to the states of Maryland, Washington, Hawaii, and Virginia, memorandums concerning reciprocal partial exemptions of driver's license tests were established with the state of Ohio in March 2021 and the state of Indiana in May 2021. These memorandums reduce the burden associated with acquiring a driver's license for local Japanese nationals.

Since the launch of the Government Taskforce on Strengthening Japan-U.S. Ties at the Grass Roots in 2017, the Government of Japan has undertaken efforts based on a tailor-made approach that accords with the characteristics of each region and the level of interest in Japan within the target regions, recognizing that it is important to implement grassroots initiatives to further strengthen Japan-U.S. ties. In 2021, in light of the inauguration of the Biden administration, the government compiled a new approach named "Action Plan 2.0," which was in line with the incoming administration's priority policies (emphasis on workers and the middle class, COVID-19 countermeasures, climate change and energy, and innovation, science, and technology). In addition, various initiatives are being implemented with the cooperation of various ministries, agencies, and organizations. These include the promotion of local activities of Japanese companies and Japanese food products

through video streaming, networking and match-making events for Japanese companies and other economic stakeholders, "regional caravans" that visit areas hosting several Japanese companies, and various webinars held in cooperation with think tanks. Japan will continue to realize a wide range of all-Japan initiatives to boost Japan-U.S. economic relations and promote understanding of Japan at a grassroots level.

2 Canada

(1) Situation in Canada

In September 2021, a general election was held following the dissolution of the House of Commons of the Parliament of Canada. It resulted in the continuation of the administration of Prime Minister Trudeau with almost no change in the number of seats held by any party, including the ruling Liberal Party led by Prime Minister Trudeau and the largest opposition party, the Conservative Party. The new Trudeau cabinet was established in October, with 38 ministers excluding the Prime Minister and consisting of an equal number of male and female cabinet members). Former Minister of Economic Development and Official Languages Mélanie Joly was newly appointed as Minister of Foreign Affairs. Prime Minister Trudeau's priorities include the full containment of the pandemic, a strong economic recovery, combating the issue of steeply rising housing prices, issues revolving around climate change, and reconciliation with indigenous peoples.

The Trudeau administration positions COVID-19 countermeasures as a top priority, and has strongly promoted vaccinations while continuing to provide benefits, wage subsidies, and cash flow support to companies in 2021. The GDP growth rate slowed again to -0.8% (annual rate of -3.2%) in the quarter from April to June 2021 due to the resurgence of COVID-19 infections, but recovered to 1.3% (annual rate of 5.4%) in the quarter from July to September due to the gradual removal of various restrictions (real GDP growth rate of

4.6%). The unemployment rate has remained generally flat at the 6% level (from 6.0% in December to 6.5% in January 2022), but there are concerns about rising inflation and other issues due to supply chain disruptions and rising oil prices.

Prime Minister Trudeau also focuses efforts on climate change policy. At the Leaders Summit on Climate in April, he announced a greenhouse gas emissions reduction target of 40-45% below 2005 levels by 2030. In September, during the general election for the House of Commons, Prime Minister Trudeau pledged to make zero-emission vehicles (ZEVs) account for the majority of new car sales by 2035, decarbonize the electricity grid, impose restrictions on total emissions in the oil and gas sector, consider border carbon adjustments, and utilize Carbon dioxide Capture and Storage (CCUS) as well as hydrogen.

On the diplomatic front, the Trudeau administration has been strengthening engagement in the Indo-Pacific region, in addition to the relationships that Canada placed importance on in the past such as the U.S.-Canada relations, the UN, the North Atlantic Treaty Organization (NATO), the G7, the G20 and the Organization of American States (OAS). In particular, Canada has been active in monitoring and surveillance activities against illicit maritime activities, including illegal ship-to-ship transfers by North Korean-flagged vessels as prohibited by the UN Security Council resolutions. Canada dispatched Royal Canadian Air Force aircraft in October, and Navy vessels conducted monitoring and surveillance activities from October to November. As for Canada-China diplomatic relations, the arrest of Huawei Chief Financial Officer (CFO) Meng Wanzhou by the Government of Canada in late 2018, and the subsequent detention of two Canadian citizens by the Government of China afterward, had remained an unresolved issue. However, in 2021, a plea deal with the U.S. resulted in the release of CFO

Meng in September, followed by the release of the two Canadians by China. Canadian public opinion toward China continues to be dour, not only due to this case, but also from distrust of China's COVID-19 response as well as human rights issues in Hong Kong and the Xinjiang Uyghur Autonomous Region. Future relations with China will be the focus of attention.

On the economic front, the Canada-UK Trade Continuity Agreement entered into force in April. In addition, July marked one year since the entry into force of the United States-Mexico-Canada Agreement (USMCA). Canada also announced the start of CEPA negotiations with Indonesia in June and the start of FTA negotiations with ASEAN in November.

(2) Japan-Canada Relations

In 2021, two summit meetings (including one teleconference meeting) and four foreign ministers' meetings (including one telephone call and one teleconference meeting) were held between Japan and Canada. On February 9, 2022, a summit telephone call was also held.

The Japan-Canada Foreign Ministers' Meeting in May 2021 marked the unveiling of the "Shared Japan-Canada Priorities Contributing to a Free and Open Indo-Pacific"¹, which works toward realizing FOIP that Japan and Canada share. At the Japan-Canada Summit Meeting during the G7 Cornwall Summit in June, the leaders shared the view to further promote concrete and robust cooperation and coordination in the six priority areas of cooperation between the two countries.

In more recent events, Foreign Minister Hayashi, who was visiting the UK to attend the G7 Foreign Ministers' Meeting, held a meeting with Foreign Minister Joly on December 11th. The two ministers concurred to advance further cooperation on the concrete aspects of the six priority areas of cooperation. They also exchanged views on

¹ Six Priority Areas of Cooperation: (1) The Rule of Law; (2) Peacekeeping Operations, Peacebuilding, and Humanitarian Assistance and Disaster Relief; (3) Health Security and Responding to COVID-19; (4) Energy Security; (5) Free Trade Promotion and Trade Agreement Implementation; (6) Environment and Climate Change

regional issues, including China and North Korea. Furthermore, they exchanged views on nuclear disarmament and non-proliferation, and shared the view to cooperate for a meaningful outcome at the NPT Review Conference in 2022. They also held strategic discussions on the international order in the Indo-Pacific region, including the CPTPP Agreement, and shared the view on the importance of maintaining the high standard of the CPTPP Agreement.

Although trade between Japan and Canada declined in 2020 due to the effects of COVID-19, there has been a steady recovery throughout 2021. Trade and investment relations have further deepened, with the two countries marking three

years since the entry into force of the CPTPP Agreement, the first economic partnership agreement between Canada and Japan. In December, the 31st Meeting of the Japan-Canada Joint Economic Committee (JEC) was held in an online format. In addition to exchanges of views on recent international economic developments, such as the CPTPP and the WTO, and the realization of FOIP, among other areas of Japan-Canada cooperation, there were discussions on five priority areas of cooperation: (1) Energy; (2) Infrastructure; (3) Science and technology cooperation and innovation; (4) Tourism and youth exchange; and (5) Improving the business environment and promoting Investment.