

## The U.S.-Japan Relationship: Modeling New Frontiers in Subnational Diplomacy

By Sarah Sieloff and Sean Connell

In our increasingly networked world, the international activities of states, cities, and other subnational actors are expanding rapidly. Their rising importance has spurred Congress to consider legislation establishing an Office of Subnational Diplomacy within the U.S. State Department that would institutionalize and support these initiatives, while better aligning them with national diplomatic strategies. Moreover, they offer opportunities for envisioning new foreign policy approaches that directly benefit U.S. communities. The U.S.-Japan relationship — with its robust history of subnational interaction, strategic global interests and increasingly integrated economies — offers a fertile environment for developing and implementing new models for subnational diplomacy, with global applicability.

While state and local governments cannot commit the federal government to action, they can conduct activities that advance both local and national interests. This is evidenced by an ever-expanding range of trade and business missions, and cultural and educational exchanges that bridge subnational actors with international partners. Increasingly, these activities are evolving into new areas, including technology-driven entrepreneurship, environmental quality and disaster resilience. At their best, subnational initiatives—which national leaders have cited as critical to U.S. foreign relations—create meaningful, long-term relationships amid often-changing national-level politics and officials. By stimulating information exchange, training and research opportunities, and business connections, they deliver concrete benefits to participants on both sides of the Pacific, especially in areas where national governments are not best positioned to engage.

The U.S.-Japan relationship illustrates these evolving possibilities. Flows of trade and investment continue to accelerate economic integration. Japanese firms are estimated to have directly created 860,000 U.S. jobs, and indirectly 700,000 more. The United States is the leading destination for Japanese investment, which totaled \$477 billion in 2018, and is also the leading source of global investment in Japan, with nearly 1,800 U.S. companies operating in virtually every Japanese prefecture. People-to-people networks that go back decades—including Japan-America societies and over 450 U.S.-Japan sister city and state relationships—actively promote bilateral cooperation. Moreover, cities and regions in both countries are increasingly collaborating around advanced technology sectors and climate change, which featured prominently in recent memoranda of cooperation between the Government of Japan and California, Washington, and Maryland. The Biden Administration and Congress therefore have a strong platform from which to partner with U.S. states, cities, and regions to implement new initiatives with Japan that support common domestic and national priorities like economic inclusion, while advancing global concerns like climate change.

Economic inclusion is an urgent priority for all U.S. and Japanese municipalities, one that the COVID-19 pandemic has only elevated. In Japan, population aging compounds these dynamics and weakens both small cities and parts of Greater Tokyo. In both countries, local governments are responding with a host of creative strategies to create new businesses and boost resilience. For example, in Washington State this includes community-based innovation and entrepreneurship networks engaging dislocated workers as small business mentors. In Japan, “workation” facilities bring urbanites and their skills to small and often depopulating municipalities. Such initiatives offer replicable models across communities and borders, including in rural areas. U.S.-Japan accelerators and prize competitions to promote technology entrepreneurship have expanded in Silicon Valley and other technology hubs. An innovative, ongoing series of “Seattle-Japan AI-IT Meetups” and two-way business missions brings together Japanese multinationals and investors with Puget Sound tech startups, resulting since 2016 in millions of dollars in business deals. These frameworks could inform similar programs in other sectors and regions. This includes rural and agricultural areas, for which longstanding technology transfer exchanges like the Japanese Agricultural Training

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Program could expand to include emerging agriculture and natural resources technologies in support of local economic revitalization.

The phenomenon of “shrinking cities” is particularly pronounced in Japan but not unknown in the United States. Former coal and steel centers such as Yubari and Kitakyushu have responded to depopulation by embracing sustainable redevelopment policies and engaging the public in new ways for a more compact, livable and sustainable future. Although the forces driving deurbanization differ across countries, the effects are familiar to local officials across the United States. Yet too little information about responses circulates widely. Increased, results-driven transnational dialogue will generate more effective policy prescriptions, with Japanese and U.S. municipalities well-positioned to lead the way. Climate change mitigation and adaptation are an increasingly active focus of U.S. subnational diplomacy, and also intersect with economic inclusion. A range of U.S.-Japan state and local initiatives seek to advance local-level energy transition projects, such as the Hawaii-Okinawa Clean Energy Partnership; the International Institute for Carbon-Neutral Energy Research at Kyushu National University and the University of Illinois, Urbana-Champaign; and an electric vehicle demonstration project in California. Japanese local governments are international leaders in this area: cities such as Kitakyushu and Yokkaichi have drawn on their experiences mitigating local pollution to transfer environmental technologies across the Indo-Pacific region. They could be partners for U.S. states and cities looking to share similar expertise worldwide.

Examples of convergence abound, presenting opportunities to deepen, expand, and develop new forms of U.S.-Japan subnational engagement. Just as western U.S. states struggle with forest management amid catastrophic wildfires, Japan has its own forestry challenges, resulting in erosion and landslide risks. Emerging technologies like cross-laminated timber (CLT) could support revitalization in U.S. and Japanese timber industry communities, and represent a potential area for engagement as stakeholders navigate the regulatory, market, and environmental factors integral to growing this industry. These topics are already a subnational focus: in 2021, the Washington State Department of Commerce and Consulate General of Japan Seattle convened a seminar to explore the use of forestry and wood products, including CLT and sustainable forest management, to mitigate carbon emissions and create new markets.

These examples represent a limited sample of innovative partnerships and projects that have developed between U.S. and Japanese subnational entities, with encouraging potential for replication around emerging issues and within other U.S. relationships. The efforts of U.S. states, cities, and regions would benefit from increased strategic coordination and resources. Greater coordination reduces risks that these activities could inadvertently send conflicting messages or undermine national policies, a concern that members of Congress have highlighted amid China’s increasing outreach to U.S. state and local officials. It would support the replication of successful models for subnational engagement - particularly important for U.S. communities that historically lacked opportunities to participate in similar initiatives. It could facilitate more active engagement among state and local leaders within federal foreign policy initiatives that also advance local goals, including developing new industries, training a globally competitive workforce, and enhancing environmental stewardship. U.S. states and cities already work closely with individual federal agencies in their subnational diplomatic activities, but lack a federal office or interagency mechanism to support and advise them across the broadening scope of initiatives. There are multiple ways the Biden Administration and Congress can increase coordination and support, whether by establishing the proposed Office of Subnational Diplomacy or through other whole-of-government structures. Successful, sustainable subnational relationships develop organically and require leadership from local participants; through facilitating connections, information sharing, and funding, the U.S. and Japanese governments can foster and encourage their growth.

Subnational partnerships have never been more core to the U.S.-Japan relationship, or to U.S. foreign policy and domestic prosperity as a whole. These partnerships transcend party affiliation, and can deliver concrete benefits. By facilitating constructive opportunities for states, cities, and other subnational actors to proactively engage in bilateral and international initiatives, the Biden Administration and Congress will further strengthen U.S. foreign policy and the resilience of relationships that connect the United States with its global partners.

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