

Updates on Japanese Business and Economy

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Keidanren Summer Forum 2022

On July 21-22, Keidanren held its annual “Keidanren Summer Forum,” a series of in-depth, candid discussions on a wide range of important topics for the Japanese business community. Forty top executives of Keidanren, including Chairman Masakazu Tokura (Chairman of the Board, Sumitomo



Japanese Prime Minister Kishida (center), Chairman Tokura (right), and Vice Chair Nakamura

Chemical Co., Ltd.), participated in the discussions under the common theme of “Practicing Sustainable Capitalism,” and adopted the Summer Forum Action Plan ([link—in Japanese](#)).

During the Opening Ceremony, Chairman Tokura gave remarks emphasizing the importance of more proactively communicating and acting on the business community’s opinions on various domestic and international issues in order to resolve the many social issues we face and to achieve a sustainable and prosperous future society.

The forum consisted of six sessions as follows:

Session 1 *Considering a Future Worth Inheriting*

Guest Speaker (virtual): Kazuto Ataka, Professor, Faculty of Environment and Information Studies, Keio University; Senior Strategist, Z Holdings Corp.

Session 2 *Regional Revitalization and DX (Digital Transformation) in SMEs*

Guest Speaker: Hiroyuki Morikawa, Professor, Graduate School of Engineering, the University of Tokyo

Session 3 *The Politics of Catastrophe and the Impact on Japan*
Guest Speaker (virtual): Niall Ferguson, Milbank Family
Senior Fellow, Hoover Institution, Stanford University

Session 4 Working Group Breakout Sessions

WG1 *How to Foster Innovation*

WG2 *How to Revitalize Local Regions*

WG3 *How to Promote GX (Green Transformation)*

WG4 *How Japan should Respond to Challenges to the
Liberal International Order*

Session 5 Wrap-up Session; Adoption of the Action Plan

Special Session Address by Japanese Prime Minister Fumio Kishida

In the Special Session, Prime Minister Kishida stated that it is his duty and mission as Prime Minister to fully leverage the political stability that was won through the Upper House election in July to address the historical challenges we face. He also expressed his expectation for further cooperations with the business community, including on policy implementations.

In closing, Chairman Tokura and Vice Chair Kuniharu Nakamura (Chairman of the Board of Directors, Sumitomo Corporation), the Chair of this year's Keidanren Summer Forum, presented the Action Plan to Prime Minister Kishida.

Keidanren General Assembly 2022

On June 1, the annual General Assembly of Keidanren took place with its officers, who are senior executives from top Japanese companies, in attendance. About 80 people attended in-person and 400 virtually as well. Prime Minister Fumio Kishida, Minister of Economy, Trade and Industry Koichi Hagiuda, and Minister of Health, Labor and Welfare Shigeyuki Goto delivered comments in video messages.



The General Assembly adopted the Keidanren Policy for Fiscal 2022: [“Practice Sustainable Capitalism.”](#)

In the preface, the Policy first mentions Russia’s invasion of Ukraine, emphasizing that an attempt to change the status quo unilaterally using force is simply inexcusable. Japan must further collaborate with the G7 and other nations to pursue stabilization of the international order, through which post-war prosperity was built, by taking measures integrating the economy, diplomacy, and national security, while averting international fragmentation.

Then, the Policy sets forth practicing sustainable capitalism as the principle on which to base Keidanren’s action this fiscal year. While we recognize capitalism as the prerequisite for Japan’s economic activity, we believe it should be updated through “sustainable capitalism,” a concept that seeks to avoid an excessive emphasis on shareholder capitalism and market fundamentalism that has resulted in a range of social problems. It focuses on the social point of view and the public

good.

Regarding the respective policy domains, the Policy identifies nine critical areas as follows:

1. Strengthen Collaboration to Rebuild a Free and Open International Economic Order
2. Implement COVID-19 Measures Targeting an Exit Strategy: Shift the Focus from Pandemic to Endemic
3. Accelerate Green Transformation (GX)
4. Pursue Digital Transformation (DX)
5. Establish Japan as a Nation Built on Science and Technology, and Strengthen Its Industrial Competitiveness
6. Promote Startup
7. Promote Transformation of Work Styles, Investment in People, and Educational Reform
8. Revitalize Local Society and Economy
9. Promote Fiscal Consolidation and Reforms to the Social Security and Taxation Systems

Keidanren Meets with Sens. Hagerty, Cardin, and Cornyn

On April 12, Keidanren Chairman Masakazu Tokura, the Chairs of Keidanren's Committee on U.S. Affairs, Shigeru Hayakawa (Vice Chairman of the Board of Directors, Toyota Motor Corporation) and Tsuyoshi Nagano (Chairman of the Board, Tokio Marine Holdings, Inc.), and the Chair of the Subcommittee on U.S. Relations, Eiichi Yoshikawa (Advisor to the President, MUFG Bank, Ltd.) held a meeting with Senators Bill Hagerty (R-Tennessee), Ben Cardin (D-Maryland), and John Cornyn (R-Texas), welcoming their visit to Japan.

At the meeting, Sen. Hagerty raised resilient supply chains and cybersecurity as challenges the U.S. and Japan face. He said that strengthening U.S.-Japan cooperation in the Indo-Pacific is essential to address these challenges. He recommended that the U.S. and Japan build a reliable network infrastructure to ensure cybersecurity, and promote innovation in critical technologies to enhance their competitiveness. The Senator also noted the importance of reinforcing the economic partnership between the U.S., Japan, and South Korea, taking the change of administration in Korea as an opportunity.



Senator Hagerty

Sen. Cardin pointed out that how to meet each country's energy needs while imposing effective sanctions on Russia is a critical question as its aggression against Ukraine continues. With regard to supply chain resiliency, the Senator stated the U.S. and Japan have to work together to address the dilemma of the growing need to confront threats like Russia and China and build reliable supply chains while maintaining a free and open international trade system remains essential. He told Keidanren attendees that he would listen carefully to the Japanese business community as they seek a well-balanced solution.



Senator Cardin

Sen. Cornyn stated that Russia's invasion of Ukraine highlighted the importance of diversifying energy resources, adding that realistic and clean solutions such as hydrogen, in which Japan has an advantage, are necessary. As for China, the Senator condemned its ambition to change the international economic order and its failure to follow the rules even since joining the WTO while prioritizing its own interests. Criticizing Russia and China for stealing intellectual property and spreading propaganda in cyberspace, he called for collaboration among the U.S., Japan, and other democratic nations to stand against authoritarianism.



Senator Cornyn

B7 Berlin Summit

On June 20, prior to the G7 Summit on June 26–28 in Elmau, Germany, the G7 Business Summit (B7 Summit), organized by the Federation of German Industries (BDI), was held in Berlin. Managing Director Ichiro Hara attended the summit from Keidanren.



Presenting the Joint Statement to Chancellor Scholz (front row, third from left)

At the B7 Summit, business organizations representing each G7 member held panel discussions on three areas: Geopolitical situation including the conflict in Ukraine, climate change and energy policy, and public health policy. Afterward, they made a courtesy call on German Chancellor Olaf Scholz at the German Federal Chancellery and presented [the B7 Summit Joint Statement](#) to the G7.

In 2023, Keidanren will organize the B7 Summit before Japan chairs the G7 Summit in Hiroshima in May. We will keep in close contact with the business organizations and governments of each nation to contribute to rebuilding a free and open international economic order.

High-level Visit to South Korea

On July 4–5, Chairman Masakazu Tokura and other top executives of Keidanren visited South Korea, and met with President Yoon Suk-yeol and other top government officials. They also held a summit meeting with the Federation of Korean Industries (FKI) executives, including its Chairman Huh Chang-soo. The traditionally annual meetings had been suspended since 2020 due to the COVID-19 pandemic.



The delegation meeting with President Yoon (left center)
Photo credit of the Office of the President of the Republic of Korea

At the meeting, President Yoon welcomed the delegation and the resumption of the annual summit between the business organizations of both countries. He expressed his willingness to normalize bilateral relations between Korea and Japan, stating his expectations for the role of the business communities that have been working together as trusted partners.

At the meeting with FKI, both sides exchanged their views on the current economic situation. They agreed to promote cooperation between Korea and Japan on efforts to realize sustainable societies, like green transformation (GX) and digital transformation (DX). They also recognized that solid relations between Korea and Japan, which share values such as democracy and a market economy, will not only contribute to the growth of both countries but also to the peace and stability of Northeast Asia.

Through the discussions, FKI and Keidanren adopted the joint statement [\[JP/KR\]](#), reconfirming the importance of building future-oriented relations between the two countries. “Although there are unresolved issues,” Keidanren Chairman Tokura [said in a press conference](#), “we agreed in our recognition that Japan-South Korea cooperation is essential amid rising geopolitical risks in Asia.”

Joint Statement on Japan's Entry Restrictions

On June 10, with Japan maintaining strict border control measures, although they have been eased over time, Keidanren, the Japan Chamber of Commerce and Industry (JCCI), American Chamber of Commerce in Japan (ACCJ), and six other chambers of commerce representing foreign business entities operating in Japan published [the Joint Statement on Japan's Entry Restrictions](#) that recommends the Japanese government take further steps to re-open its borders. The proposed measures include restoring visa waiver eligibility for business travelers from G7 countries and rapidly resuming individual tourist travel.



Keidanren's action, including this joint statement, led to [Prime Minister Kishida's announcement](#) that Japan would relax border control measures to be on par with the U.S., as well as resume visa-free travel and individual travel from October 11.

Comments on Proposed SEC Climate Disclosure Rules

On May 31, Keidanren's Global Strategy Task Force on ESG Disclosure submitted [comments in response to the United States Securities and Exchange Commission \(SEC\) request on the "Rules to Enhance and Standardize Climate Related Disclosures for Investors"](#).

Japan regards combatting climate change as an urgent task, and the public and private sectors are working together to pursue carbon neutrality by 2050. Japan also is home to the largest number of

companies and institutions announcing support for the Task Force on Climate-related Financial Disclosures (TCFD). As Japan's leading business organization, Keidanren considers it a timely opportunity for the SEC, which oversees the world's largest capital markets, to propose these Rules.

Keidanren is pleased with the proposed Rules in that (1) they were developed based on the TCFD recommendations; (2) they take into consideration the disclosure of corporate business models; (3) they do not require industry-based disclosures, reducing the burden on registrants. On the other hand, in order to ensure the effectiveness of disclosures according to the Rules, the SEC has to define the disclosure requirements by fully considering the embedding of disclosure practices into the registrants' business environment, and requests to address certain issues were also submitted.

[\(Read more, including comments on respective matters\)](#)

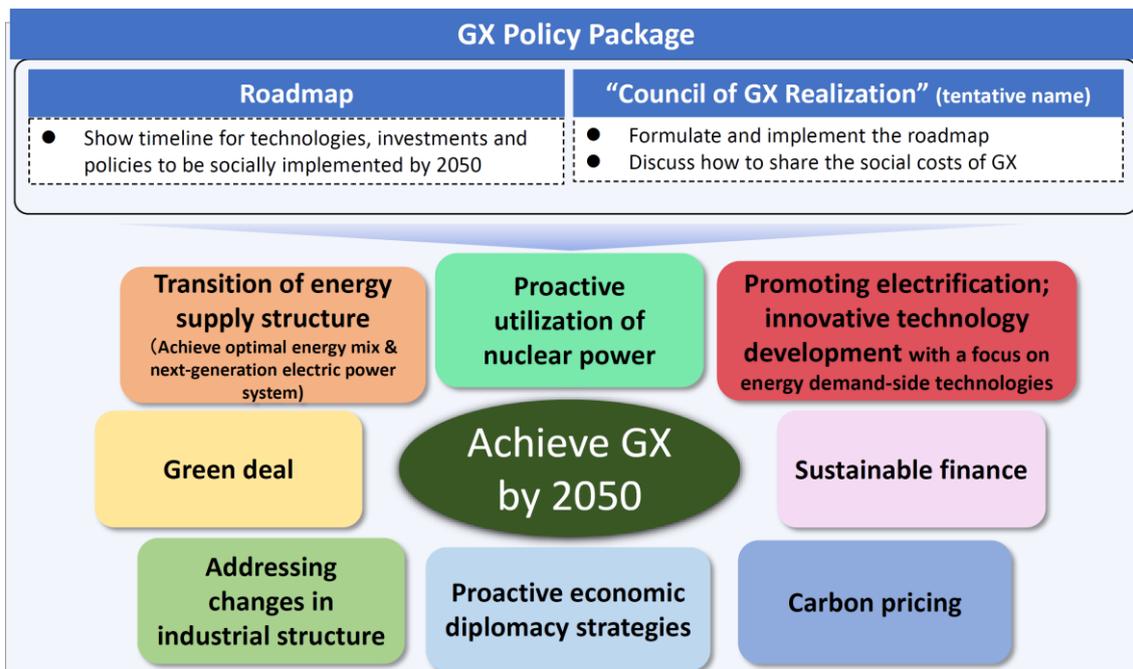
Calling for Policies towards Green Transformation (GX)

On April 26, Keidanren released "[Towards Green Transformation \(GX\)](#)," a policy proposal pointing out necessary measures to achieve carbon neutrality by 2050.

Japan has pledged to reduce carbon emissions by 46% in 2030 and to achieve carbon neutrality by 2050. To realize such ambitious goals, profound change in society, namely Green Transformation (GX), is needed. GX will be a pillar of growth strategy, while citizens and companies must deal with the change. Therefore, the national strategy to map out the path to carbon neutrality is indispensable, but it has yet to be formulated.

In the policy proposal, Keidanren urged the government to present a “GX Policy Package,” a grand design for the nation, to maximize public and private investment and thus maintain and enhance the international competitiveness of the industry. Besides drawing a roadmap toward 2050 of technologies and policies and establishing a command post for GX implementation, the suggested package consists of eight policy pillars as follows:

1. Transition of Energy Supply Structure
2. Proactive Utilization of Nuclear Power
3. Promoting Electrification & Innovative Technology Development
4. Green Deal
5. Sustainable Finance
6. Addressing Changes in Industrial Structure
7. Carbon Pricing
8. Proactive Economic Diplomacy Strategies



Overall picture of the “GX Policy Package”

Chairman's Comments on Hot Topics



Welcoming Passage of New Economic Security Promotion Act

(May 11) — The National Diet of Japan passed the Economic Security Promotion Act, the country's first comprehensive legislation to ensure economic security.

The Chairman welcomed the passage, saying businesses should raise awareness for risks and play a key role in ensuring economic security. He stated he hopes the Act becomes the basis for strengthening supply chains, securing critical infrastructure, and developing and implementing advanced technologies while maintaining free economic activities. He added the business community is willing to engage with the government so that future measures can be efficient and practical.

President Biden's Visit to Japan

(May 24) — On May 22-24, U.S. President Joe Biden made his first trip to Japan since his inauguration.

The Chairman welcomed the visit amidst this crucial period when cooperation among the U.S., Japan, and other allies and friends is critical to ensure peace and prosperity in the Indo-Pacific region. It was also extremely heartening that President Biden and Prime Minister Fumio Kishida agreed to hold the Economic "2+2" meeting in July, the QUAD leaders confirmed the importance of furthering practical cooperation for contributing to a Free and Open Indo-Pacific, and the launch of IPEF (Indo-Pacific Economic Framework) was announced.

Mourning Former PM Abe and Honoring His Legacy

(July 8) — Former Prime Minister Shinzo Abe’s assassination shook Japan and the world.

The Chairman stated he was also profoundly shocked by the untimely passing of this great leader and that he prayed that he would rest in peace. PM Abe engaged energetically in diplomacy and raised Japan’s international presence through such efforts as developing the concept of a “Free and Open Indo-Pacific.” The numerous expressions of condolences from people around the world are a testimony to how unforgettable he was for so many.

[\(Read more\)](#)

Expectations for Reshuffled Kishida Cabinet

(August 10) — After winning the House of Councillors election in July, Prime Minister Fumio Kishida reshuffled his Cabinet.

The Chairman views the new Cabinet as a strong lineup with plenty of policy expertise. They are expected to deal with the country’s top policy priorities: Achieving recovery from COVID-19, developing foreign policy to address the difficult international situation, securing a stable energy supply, and fostering Green Transformation (GX) and Digital Transformation (DX).

On the Importance of Nuclear Power

(August 24) — Prime Minister Kishida ordered a detailed discussion on measures for the continued use of nuclear power, including the new construction of advanced reactors, extending the operation of existing plants, and restarting suspended plants. He called for conclusions to be reached by the end of 2022.

The Chairman commends PM Kishida’s decision, which is a breakthrough after the yearslong ambiguity of Japan’s nuclear policy since the Fukushima Daiichi Nuclear Station accident in 2011. Keidanren has stressed the importance of the continued use of nuclear power before and after the accident, given that no one energy source can provide a stable supply at

an affordable price while also reducing carbon emissions.

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For more information on Keidanren's recent activities, please visit [here](#) and our weekly journal [Keidanren Times](#).

Editor: Keidanren USA

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