

Updates on Japanese Business and Economy

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Keidanren General Assembly 2023

On May 31, Keidanren held its annual General Assembly, with the attendance of approximately 400 people including top executives from leading Japanese companies.



As the guests of honor, Prime Minister Fumio Kishida, Minister of Finance Shunichi Suzuki, and Minister of State for Economic and Fiscal Policy Shigeyuki Goto presented speeches, and Minister of Economy, Trade and Industry Yasutoshi Nishimura delivered comments in a video message.

In his remarks, Prime Minister Kishida highlighted the success of the G7 Hiroshima Summit, stating it demonstrated unity and commitment to peace of the G7 and the Global South from the symbolic city of Hiroshima. He also expressed appreciation for Keidanren’s contributions, including the [B7 Joint Recommendations](#), whose suggestions in areas like economic and fiscal policy, trade and investment, green transformation, digital transformation, and medical and healthcare were incorporated into the G7 Communiqué [For more about the B7, see also the [section below](#)]. In addition, the Prime Minister called for more robust public-private partnerships to implement a wide range of policies, from domestic investments in growing sectors to support for startups, labor market reform, and addressing the declining birthrate.



Prime Minister Kishida

Keidanren Chairman Masakazu Tokura expressed his commitment to revitalizing the Japanese economy and enhancing Japan’s presence in the international community by realizing “a virtuous cycle of growth and distribution” in this post-COVID era. On the growth aspect, he said, Keidanren would promote Green Transformation (GX), Digital Transformation (DX), startups, and new industries such as entertainment, biotechnology, and mobility. On the distribution side,



Chairman Tokura

the public and private sectors have to work together on macroeconomic policy, social security and taxation, and labor policy in order to create an ample middle class. The Chairman also praised the leadership of Prime Minister Kishida in chairing the G7 Summit at a time when efforts to rebuild a free and open international economic order are desperately needed, and committed Keidanren to engaging in active economic diplomacy.

B7 Summit Hosted by Keidanren

On April 19-20, Keidanren chaired the B7 Tokyo Summit, aiming to consolidate the business voices of the G7 countries as the [Joint Recommendations](#) and deliver them to the respective governments prior to the G7 Hiroshima Summit on May 19-21. The B7 Summit was attended by 25 executives from business organizations of the G7 members as well as 13 top executives from leading Japanese companies representing Keidanren. The guests of honor included Prime Minister Fumio Kishida, Minister of Foreign Affairs Yoshimasa Hayashi, Minister of Economy, Trade and Industry Yasutoshi Nishimura, and Minister of State for Economic and Fiscal Policy Shigeyuki Goto.



At the beginning of the plenary session, Keidanren Chairman Masakazu Tokura expressed that, as the liberal international order is being challenged and anxieties are growing that the world may even be fracturing into blocs, it is necessary for the G7 which shares fundamental values to unite, to cooperate with the Global South which is most affected by the fragmentation of the world, and to realize sustainable growth by strengthening a free and open international order and by solving global challenges such as climate change.

Regarding the [B7 Tokyo Summit Joint Recommendations](#) adopted at the Summit, the Chairman raised two key points. One is to establish the “Free and Fair Trade and Investment Club” to maintain the momentum of free trade amid the expanding scope of national security issues. The



B7 representatives presenting the Joint Recommendations to Prime Minister Kishida (front center)

The other is to pursue various pathways toward net zero emissions by 2050 through best available technologies. For example, co-combustion with ammonia in thermal power plants will contribute to green transition in developing countries. The Joint Recommendations also highlight the important role of natural gas, including LNG, in transitioning to a decarbonized economy and ensuring global energy security.

In the [Chairman’s written comments](#) after the closing of the G7 Hiroshima Summit, the Chairman welcomed the fact that the outcome of the G7 Summit was generally in line with the B7’s standpoint, including the above two points, while also celebrating the overall success of the Hiroshima Summit.

The summary of the discussions in each session of the B7 Tokyo

Summit is as follows:

(1) Achieving Sustainable Economic Growth

The era of low inflation and low interest rates is coming to an end amid the inflationary pressures caused by supply chain disruptions and labor shortages due to COVID-19, fueled by the soaring energy and food prices incurred by Russia's invasion of Ukraine. At the same time, demands are growing to strengthen economic security and pursue sustainability. The G7 and the B7 have to respond to these circumstances.

The participants suggested the need for investment in reskilling and establishing common rules and standards in areas like AI. They also raised concerns about protectionist policies and excessive government regulations and subsidies. In addition, the importance of a level playing field was stressed.

(2) Strengthening Solidarity among the G7

The participants reiterated the need for the G7 to unite and join forces toward rebuilding the free, open, and rules-based international economic order as it is being challenged. The rule of law was raised as the key.

They indicated the G7 has to unite on cybersecurity, joint research and development, and supply chain resiliency, as well as countering economic coercion, such as the weaponization of trade. Some also argued for the need to pursue de-risking, reducing risks while continuing exchanges with countries of security concern, and to avoid de-coupling.

(3) Promoting Cooperation with Global South

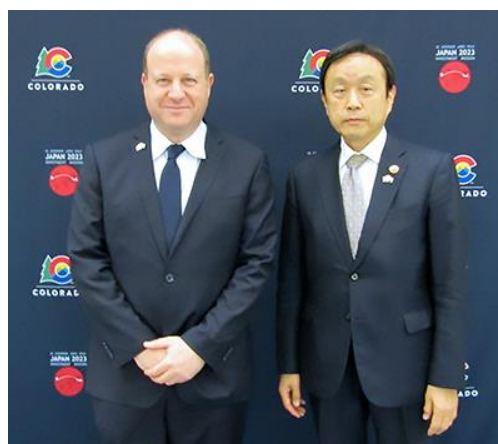
The discussion was focused on how the G7 can win the understanding and cooperation of the Global South to solve global challenges, such as climate change, and rebuild a free and open international order. It was recognized that the key is to achieving growth by, for example, improving access to digital technology and fostering trade between MSMEs (micro, small and

medium enterprises) while being aware that the Global South includes diverse countries and the need to treat regions like Southeast Asia as equal partners.

The participants agreed to continue discussions on this topic in 2024.

Meeting with Colorado Governor Polis

On March 28, Keidanren’s Committee on U.S. Affairs held a meeting with a delegation from the State of Colorado, led by Governor Jared Polis. Over 30 people attended, from state government officials to researchers and corporate executives.



Governor Polis (left) and
Committee Chair Shigeru Hayakawa

The delegation explained that Colorado has the ninth-highest GDP per capita (\$75,079) in the United States despite a relatively small population of 5.8 million. Higher productivity is bolstered primarily by the advanced manufacturing, aerospace and defense equipment, and energy and natural resources industries.

The Governor and his team highlighted the fact that Colorado is in the forefront of clean technology and the green economy. The state has aggressively invested in utilizing its abundant renewable resources, namely wind, solar, hydro, and geothermal, and is pursuing an ambitious goal of generating 100% renewable electricity by 2040. It is also focusing on the transportation sector: To achieve the goal of 940,000 EVs by 2030, the state is accelerating the deployment of EV charging infrastructure and will adopt a bill to provide a \$5,000 subsidy for all EVs sold in the state, regardless of where they are manufactured.

They emphasized the importance of involving businesses in discussing the future of sustainability and clean energy to find more robust and effective solutions, and expressed their willingness to strengthen partnerships with the Japanese business community in related areas.

Meeting with Florida Governor DeSantis

On April 24, Keidanren’s Committee on U.S. Affairs held a meeting with Florida Governor Ron DeSantis and his team.

Governor DeSantis expressed his pleasure in visiting Japan for the first time and his expectations of building closer ties between Florida and Japan, saying his state is an attractive investment destination that will provide the opportunity to develop the economy, technology, and culture on both



Governor DeSantis

sides. He highlighted Florida’s population has been growing as it attracts people from states with high taxes, inadequate anti-crime measures, and severe COVID restrictions. As the workforce becomes more skilled, the financial services, aerospace, and defense industries are expanding. The Governor noted Florida is ranked the 13th largest economy compared to countries of the world, demonstrating the state’s business friendliness, including its tax system and regulations.

Laura DiBella, Florida Secretary of Commerce and President & CEO of Enterprise Florida, followed by stating Florida has become an international gateway with three spaceports, 20 commercial airports, and 15 deepwater ports. The state



Secretary DiBella

is also home to advanced aerospace technology development, and investing in higher education system improvement. She explained the state provides support for Japanese companies to start or expand their operations, including Enterprise Florida's incentive programs, and she is looking forward to deepening the partnership with Japan and promoting mutual prosperity.

Meeting with Virginia Governor Youngkin

On April 26, Keidanren's Committee on U.S. Affairs held a meeting with Virginia Governor Glenn Youngkin during his visit to Japan.



Governor Youngkin (right) and
Committee Chair Yoshiharu Ueki

Governor Youngkin told the Committee that Virginia has recently focused on the semiconductor industry by, for example, supporting joint research between universities in the state. Given the growing importance of semiconductors from a national security perspective, it is necessary to establish a reliable supply chain with friends and allies like Japan. He said Virginia is looking forward to seeing investments in new semiconductor facilities, as well as EV battery factories, etc.

The Governor also highlighted that innovation is the key to realizing sustainable growth, such as generating clean and reliable electricity by utilizing new technologies like hydrogen, carbon capture, and small nuclear reactors. He expressed expectations for joint research and development between Virginia and Japan, which will lead to innovation and contribute to solving global challenges. He committed to continuing to make efforts as Governor to strengthen the bilateral partnership

based on trust.

In addition, the Governor emphasized Virginia's business-friendly environment, citing low corporate taxes, the state's good fiscal health, and inexpensive electricity rates. He also noted that the state is working to increase its housing supply to lower housing costs and improve its education system to develop a skilled workforce.

Meeting with Former U.S. Representative Yoho

On March 23, Keidanren's Committee on U.S. Relations held a meeting with former Congressman Ted Yoho, a former member of the U.S. House of Representatives from Florida. Former Rep. Yoho was visiting Japan under a research program of the Sasakawa Peace Foundation USA and delivered remarks regarding the U.S-China confrontation and developments in the U.S. Congress.



Former Representative Yoho

Former Rep. Yoho emphasized the importance of strong alliances, particularly the U.S.-Japan-South Korea trilateral alliance, to counter such threats as Russia, which is invading Ukraine; China, whose leader declared that a new era for the country to take center stage in the world has come; and North Korea, which is already equipped with an estimated 40-50 nuclear weapons and on its way to increasing this number to 200 by 2027. He praised ROK President Yoon Suk Yeol's willingness to improve the bilateral relationship with Japan.

In addition, the former Congressman pointed out that trade is an essential piece of national security, and strong trade ties among

countries sharing values like freedom and democracy will contribute to world peace. He expressed his expectation that the voices of business organizations influence governments to form more favorable trade policies and that the Japanese business community plays a major role in such a movement.

Meeting with U.S. Under Secretary of Commerce Estevez

On April 21, Keidanren's Planning and Coordinating Subcommittee on Trade and Investment and Subcommittee on U.S. Relations held a meeting with the Honorable Alan Estevez, the Under Secretary of Commerce for Industry and Security.



Under Secretary Estevez

Under Secretary Estevez emphasized that the intent of U.S. export controls is not to hinder other countries' economic growth but to ensure national security by preventing the military use of technologies of the U.S. and its allies like Japan and Europe.

For instance, the U.S. implemented export control measures targeting advanced semiconductors. Such technologies can be used in dual-use or military equipment in countries like China, which has been advancing its Military-Civil Fusion policy. He noted that the U.S. and like-minded countries need to consider appropriate export control measures on advanced technologies that will become vital in the future, such as quantum computing.

The Under Secretary also touched on the issue of sanctions against Russia, explaining that such measures are pursuing collective security,

as indicated by the fact that it is implemented along with 36 countries, including Japan. He assessed that the sanctions are certainly diminishing Russia's capacity for domestic weapon manufacturing and preventing the further escalation of the war in Ukraine.

He added that the Department is aware export controls significantly affect businesses, and they will continue to communicate with and ask for feedback from the business community to implement effective regulations.

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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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