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Updates on Japanese Business and Economy

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Highlight: Keidanren's 2024 Regular General Meeting

Approved new management and business policies for FY2024

Keidanren held its annual Regular General Meeting at Keidanren Kaikan building in Tokyo on May 31. Approximately 300 people, including member representatives, attended the meeting in person, and approximately 150 people watched the meeting via webinar. At the meeting, four [new Vice Chairs](#) were appointed. The business report and financial statements for fiscal 2023 were presented, and the Keidanren Policy and income/expenditure budget for fiscal 2024 were also approved.

Prime Minister Fumio Kishida [delivered a speech](#) at the meeting, followed by Finance Minister Shunichi Suzuki, Health, Labour and Welfare Minister Keizo Takemi, Economy, Trade and Industry Minister Ken Saito, and Minister of State for Special Missions Yoshitaka Shindo.

In his opening remarks, Chairman Masakazu Tokura highlighted that "Japan's economy is steadily progressing towards growth, buoyed by ongoing wage increases and expanding investment." He expressed his resolve to accelerate this momentum and make 2024 a historic year in which Japan breaks free from 30 years of deflation. He outlined plans to achieve this goal through various initiatives aimed at "ending deflation" and "achieving a virtuous cycle of growth and distribution."

Specifically, he announced the revision of Keidanren's "[Charter of Corporate Behavior](#)" to include the phrase "strive to achieve coexistence and co-prosperity across the entire supply chain, in accordance with the 'Declaration of Partnership Building'," and urged members to enhance cooperation in achieving structural wage increases and to promote environmental improvements at small and medium-sized enterprises. Additionally, he emphasized Keidanren's commitment to strategically attract foreign talent with expertise and skills, through the establishment of a new "Committee on Migration Policies" aimed at enhancing Japan's international competitiveness in talent attraction.

For the original article, visit [here](#) (Japanese only)



Keidanren Policy for Fiscal 2024

Seize This Critical Opportunity to Completely Overcome Deflation and Realize a Virtuous Cycle of Growth and Distribution (Provisional translation)

Japan's economy is approaching a historical turning point. With the Bank of Japan changing its large-scale monetary easing policy, this is a critical opportunity to completely overcome the deflation that set in three decades ago. To that end, Keidanren will pursue a diverse range of initiatives that prompt a transformation of the economy and society and contribute to a virtuous cycle of growth and distribution, with the goal of achieving a virtuous cycle of wages and prices and, in turn, sustainable economic growth. Keidanren is determined to ensure that the business community takes the initiative and adopts more aggressive management approaches with a view to creating scientific and technological innovation, increasing productivity, and enhancing the international competitiveness of Japan's industry.

First of all, it is necessary to strive toward growth that is developed on the basis of solutions to the deep and complex interrelated issues faced by society, which include the collapse of ecosystems that results from climate change, increasingly frequent and devastating natural disasters, and the magnification, entrenchment, and reproduction of inequalities. Therefore, Keidanren will facilitate domestic investment in green transformation, digital transformation, artificial intelligence (AI), startup development, and other relevant fields through private-public collaboration. At the same time, constant consideration must be given to addressing the negative aspects of cutting-edge science and technology, while taking into account the appropriate balance between fostering innovation and ethics.

With regard to distribution, on the other hand, Keidanren will pursue a unified approach to the three fields of macroeconomic policy, social security and taxation, and labor policy, with the aim of creating an ample middle class, which will support the achievement of sustainable capitalism and play a central role in the economy and society. It is essential to push forward with efforts to ensure structural wage increases by all companies, including SMEs, and to develop the environment for diverse and flexible work styles. Moreover, there is a pressing need to build a fair and equitable social security system for all generations in order to dispel the younger generation's concerns about the future.

Keidanren will explore effective national and local approaches from the perspective of ensuring local economies and communities that are full of vitality, as well as increasing the sustainability and resilience of Japan as a whole.

As international affairs become ever more complex, it is now more important than ever to rebuild a free and open international economic order. Keidanren will proactively engage in private-sector economic diplomacy to maintain free economic activity as far as possible, while endeavoring to ensure economic security.

On top of the issues described above, Japan's society is marked by an ongoing trend of severe birthrate decline and population aging. Keidanren will devise a vision for the shape that Japan's economy and society needs to achieve by 2040, the year in which aging is set to reach its peak, and will share this vision—tentatively entitled “Future Design 2040”—with a wide range of stakeholders in and outside Japan.

*(*The following is an excerpt of item titles only)*

1. Consider “Future Design 2040”: A Vision for Japan's Economy and Society in 2040

2. Achieve Sustainable Economic Growth through Science, Technology, and Innovation

- (1) Green transformation (GX)
- (2) Digital transformation (DX)
- (3) Promoting startups
- (4) Strengthening competitiveness in new growth areas

3. Create an Ample Middle Class

- (1) Putting an environment in place for structural wage increases
- (2) Promoting DEI, diverse work styles, and educational reforms
- (3) Building a fair and equitable social security system for all generations

4. Reform the Fiscal and Taxation Systems to Support Strong Economic Growth

5. Build Vibrant Regional Communities and Economies

6. Rebuild a Free and Open International Economic Order

- (1) Promoting rules-based free and fair trade and investment and ensuring economic security
- (2) Promote private-sector economic diplomacy proactively

7. Contribute to the Success of Major National Events

- (1) World Expo 2025
- (2) World Horticultural Exhibition 2027

For the original Policy, visit [here](#) (Japanese only)

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Highlight: **‘Key Initiatives for Achieving BX’ and Keidanren Delegation Visit to San Diego**

Keidanren published a policy proposal titled [‘Key Initiatives for Achieving Biotechnological Transformation \(BX\)’](#) on April 16. Committee on Bioeconomy Co-Chairs Tatsuo Kosaka and Keiichi Iwata then led a 16-member delegation to San Diego, CA, from June 3 to 7. The delegation engaged with key stakeholders in the region, known for its prominent bio community, including local ecosystem builders, academics, and CEOs of bio-related startup companies. The delegation exchanged views over the BX paper, and heard about the efforts of cutting-edge U.S. companies and policies for promoting startups, and building an international network. The summary is as follows:

■ **Interacting with Bioecosystem Builders**

The delegation participated in the world's largest business matching event in the biotechnology industry, the “BIO International Convention 2024,” along with its side events. At the “Japan Innovation Luncheon,” co-hosted by the Ministry of Economy, Trade and Industry and the Japan External Trade Organization (JETRO), Kaori Ouchi, Chairman of the Sub-Committee on Bioeconomy, delivered a presentation on Keidanren's biotechnology-related activities.

The delegation also engaged in discussions with [Biocom California](#) and the [San Diego Regional Economic Development Corp](#), key platform providers in the local bio community. Additionally, they visited [Torrey View](#), a rental laboratory and office space managed by Mitsui Fudosan. It was noted that each organization plays a central role in establishing networks that connect bio companies, academia, and investors.

They also heard presentations from the [University of California, San Diego \(UCSD\)](#) and HomeLab, which collaborates closely with the university. They discussed their roles as regional innovation hubs aimed at fostering innovation creation and international partnerships. Specific initiatives to support startups originating from the university were also highlighted. These insights provided valuable lessons on promoting the success of university-based startups in Japan.

■ **Individual company visits**

The delegation visited bio-startups BlueNalu and Genomatica, as well as the Johnson & Johnson Innovation Center.

For more information about the delegation, visit [here](#) (Japanese only)



Policy Paper “Key Initiatives for Achieving BX” published on April 16, 2024

The bioeconomy refers to a circular economy that contributes to solving societal issues such as decarbonization and food security. Building on Keidanren’s March 2023 proposal, “Biotechnological Transformation (BX) Strategy”, it outlines key initiatives for the government’s next Bioeconomy Strategy due in June. As international competition in biotechnology intensifies, **Japan must strategically allocate resources to key initiatives**. It suggests cross-sectoral key initiatives over 5 sectors, differentiated as White, Green, Red, Blue and Gray, as well as key initiatives by sector of application.

Cross-Sectoral Key Initiatives

1. Creating an issue-oriented roadmap
2. Visualizing and strengthening supply chains
3. Enhancing the pathway
from basic research to application
4. Enhancing the framework
for advancing biotech strategy

Key Initiatives by Sector of Application

1. White Biotech (manufacturing & energy)
2. Green Biotech (food & plants)
3. Red Biotech (medical & healthcare)



For more information on the policy proposal, visit [here](#)

Keidanren publishes proposals on various policy issues and encourages the Japanese government, the business community, and society to implement them in Japan and overseas.

Toward the Fair, Equitable, Resilient and Sustainable Trade and Investment Environment

— Proposal for the Reconstruction of the Free and Open International Economic Order—
(Provisional translation)

Keidanren published a policy proposal on June 18 as a response to recent changes in the trade and investment environment. It proposes the basic direction and specific measures for "reconstruction" of the free and open international economic order. The outline is as follows:

■ Changes in the Trade and Investment Environment

Under the "Fears of a Shift to a Bloc Economy," "Growing Importance of Economic Security" and "Growing Importance of Sustainability," the time has come to reconstruct the free and open international economic order. This proposal goes into the details of the "reconstruction" and **seeks to stimulate domestic and international debate on it** by presenting the basic direction for the reconstruction and current possible measures.

■ Basic Direction for the Reconstruction of the Free and Open International Economic Order

To reconstruct the free and open international economic order, it is necessary to:

- 1) **Maintain and strengthen free and fair trade and investment to avoid further dispersion**
- 2) **Incorporate the increasingly important economic security factor into the order**
- 3) **Achieve sustainability and expansion of free and fair trade and investment in an integrated manner**

These should be pursued in an integrated and mutually reinforcing manner.

Specifically, the [CPTPP](#) membership should be expanded. The Republic of Korea, having established high-level Economic Partnership Agreements and Free Trade Agreements (FTA), is expected to apply for membership. In addition, India's participation will be crucial in a Free and Open Indo-Pacific (FOIP) from a medium- to long-term perspective. As for China, it is essential to steadily implement the Regional Comprehensive Economic Partnership (RCEP) Agreement, followed by its further liberalization and rule development, and to accelerate Japan-China-Korea FTA negotiations.

The paper also proposes the measures of strengthening ties with the Global South, realization of a resilient trade and investment environment incorporating elements of economic security, expanding free and fair trade and investment through ensuring sustainability, and promoting WTO reform.

For the original proposal, visit [here](#)

Proposal for Strengthening Cooperation with the Global South

On April 16, Keidanren published a proposal regarding the relationship with the Global South. Anticipating the Japanese government's expected [publication](#) on cooperation with Global South countries this spring, the proposal calls for measures, highlighting the necessity and points to consider, given the current international situation and the challenges Japan faces. The outline is as follows:

■ The Necessity and Points to Consider

Japan should strengthen cooperation with the Global South from the perspective of (1) securing national interests, (2) maintaining and strengthening the international order, and (3) addressing social issues. However, conditions vary widely across Global South countries, necessitating tailored policies for each major country or region. It is also crucial for both the public and private sectors in Japan to jointly engage in the policy-making processes of Global South countries and regions. This collaboration should involve 'offer-type cooperation,' considering connections and aspects such as neighboring countries and regions alongside the partner country for specific projects. Moreover, cooperation should be conducted as equal partners, focusing on securing Japan's national interests and other important issues rather than imposing shared values like democracy. It's important to note that other countries are accelerating their cooperation with the Global South at a pace surpassing Japan's.

■ Specific Measures for Strengthening Cooperation: Policies for Each Major Country/Region

When enhancing cooperation with the Global South, policy measures should be organically combined according to the specific conditions of each target country/region. Specific policy tools include:

- 1) Top-level diplomacy by the Prime Minister and other ministers
- 2) Holding public-private forums
- 3) Developing high-quality infrastructure systems
- 4) Concluding economic agreements or other agreements
- 5) Forming international rules and standards
- 6) Cooperation with third countries
- 7) Expanding financing
- 8) Promoting start-ups
- 9) Continuing support for projects
- 10) Support for legal development
- 11) Human resource exchanges



Proposal submitted to Prime Minister Kishida

Under (6), developing African markets could involve collaboration with companies from Europe, Turkey, or India. Regarding (7), proposals include expanding ODA (Official Development Assistance) through the Japan International Cooperation Agency (JICA), enhancing the lending and investment functions of the Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI), and implementing public measures to support facilities and equipment in current or former ODA-recipient countries.

For the original proposal, visit [here](#) (Japanese only)

Joint Statement of the 8th Korea-Japan-China Business Summit

The Korea Chamber of Commerce & Industry (KCCI), Keidanren (Japan Business Federation), and China Council for the Promotion of International Trade (CCPIT) co-hosted the 8th Korea-Japan-China Business Summit in Seoul, Korea on May 27, 2024, in conjunction with the 9th Korea-China-Japan Trilateral Summit. The Business Communities of Korea, Japan, and China welcome the 9th Korea-China-Japan Trilateral Summit and the outcomes thereof, and as a statement of private-sector support and economic cooperation between the three countries, we issue this Joint Statement.

1. Economic Revitalization

For the past few years, the pandemic and a rise in protectionism have imposed a series of challenges on the global economy, including a decline in trade and supply chain uncertainties. Korea, Japan, and China have likewise experienced a downturn in economic growth. Trilateral economic cooperation between Korea, Japan, and China has become an ever more urgent necessity.

In the interest of revitalizing the economy and promoting economic growth for the three countries, the Business Communities of Korea, Japan, and China pledge to cooperate on the facilitation of the digital transition, stimulation of trade, and stabilization of supply chains. The Business Communities also pledge to cooperate on the fostering of cutting-edge industries and industrial digitalization as key growth engines of the economy. Furthermore, the Business Communities were in full agreement on working to stimulate trade through the improvement of investment climates; stabilization of parts, materials, and resource supply chains; and cooperation in industry and trade. We welcome the 2025 APEC Summit hosted by Korea, Expo 2025 Osaka, Kansai in Japan, and the 2nd China International Supply Chain Expo to be held in 2024.

2. Sustainable Development

Amid a shift in the global environment, Korea, Japan, and China face the same challenge: the imperative to achieve sustainable development. The three countries are all manufacturing powerhouses, with industrial structures characterized by relatively high energy consumption. This necessitates a proactive response to the climate change crisis. Furthermore, rapidly aging populations and low birth rates have triggered demographic shifts that threaten sustainability.



In the interest of sustainable development for the three countries, the Business Communities of Korea, Japan, and China pledge to cooperate on the green transition, responses to aging populations, and healthcare. The Business Communities will work together on the development of carbon reduction technologies and resolution of regional environmental issues, and the Business Communities will also jointly respond to the international community's efforts regarding climate change. Furthermore, the Business Communities shared their experiences regarding industrial, labor, and welfare policies implemented as a result of aging populations and low birth rates; the Business Communities were in full agreement on the necessity for cooperation in the fields of healthcare and medicine.

3. Establishment of Working Group

Growing uncertainties in the global economic environment have triggered the necessity for a joint trilateral response and preemptive coordination on trade issues. Before, the Business Communities of Korea, Japan, and China had convened bilateral working groups; a working group for trilateral dialogue between the Business Communities of the three countries had not been convened.

The Business Communities of Korea, Japan, and China pledge to cooperate on the development of the Business Summit as an apparatus for trilateral cooperation. To this end, the Business Communities will convene a Working Group for joint research on private-sector economic cooperation and the discussion of current issues. We will continue to encourage trilateral cooperation and strengthen economic and trade exchanges.

The upcoming 9th Korea, Japan, China Business Summit is scheduled to be held in Japan, and we expect the Business Summit and the Working Group to serve as both catalyst and platform for economic cooperation.

For the original statement, visit [here](#)

The 13th Asian Business Summit Joint Statement

On July 5, 2024, 13 Asian Economic Organizations gathered at Keidanren for the 13th Asian Business Summit. Asia's economic growth rate is projected to be 4.5% in 2024, making the Region a growth center of the world. Meanwhile, the world is becoming increasingly disintegrated. It is estimated that 2.5% to 7% of the world GDP could be lost if the global division of labor and technology transfers stagnate due to the global fragmentation, inevitably affecting Asia. In addition, several Asian countries are facing challenges such as aging and declining populations. In order for Asian countries and regions to achieve sustained growth, public and private sectors must collaborate to bring about innovation, promote free and fair trade/investment and develop a pathway for achieving carbon neutrality. Based on this common understanding, we, the Business Community of Asia, reached a consensus on the following points.

1. **Innovation** (1) Building a Startup Ecosystem, (2) Movement of Natural Persons
2. **Free and Fair Trade/Investment**
3. **Carbon Neutrality**
4. **Digital Transformation**

For the original joint statement, visit [here](#)

4 Dialogue with the U.S.

Keidanren Mission to Indiana and Michigan

May 22- 25, 2024

Keidanren has dispatched various missions to each state in the United States since 2015 to emphasize the significant contribution by Japanese companies for the economic and social development of the United States through direct investment and other means. In addition, Keidanren has strived to build multi-layered relationships with the government, legislatures, and the business communities in the United States.

Recently, Committee on U.S. Affairs, Keidanren (Chairman: Jun Sawada, Shigeru Hayakawa, and Yoshiharu Ueki (at the time)) dispatched a mission to Indiana and Michigan, with a total of 15 members from 8 companies, from May 22 to 25, 2024. Mr. Sawada, Vice Chairman of Keidanren and Chairman of the Committee, led the mission.

During this mission, Chairman Sawada and delegation members participated in the Indiana Global Economic Summit held in Indianapolis, Indiana. Keidanren's participation at the summit was in response to a direct invitation from Indiana Governor Eric Holcomb during a meeting with the Committee when Governor Holcomb visited Japan in September 2023.

In addition, Chairman Sawada and delegation members met individually with Governor Holcomb of Indiana and Governor Gretchen Whitmer of Michigan (prior to visiting Indiana), in order to strengthen relationships with both states which have a significant impact on the business activities of Japanese companies.

The outline of the meetings is as follows:

■ Meetings with state governors

At meetings with both governors, Mr. Sawada and the Committee members emphasized that Japanese companies have contributed to the development of state economies for many years

through direct investment, creating jobs, etc. in various parts of the United States.

With the upcoming presidential election in November, Mr. Sawada emphasized that the importance of the relationship between Japan and United States will remain the same no matter which candidate becomes president. Both governors expressed their gratitude for the investment by Japanese companies, and explained the policies and social issues that the state are prioritizing, as well as the attractiveness of the state as an investment destination. Both governors also expressed hope for further investment from Japanese companies and state government's commitment to support Japanese companies.

■ Indiana Global Economic Summit

Indiana Governor Holcomb emphasized that foreign direct investment is essential for the state's economic growth, and that investments related to the manufacturing industry in particular, where Indiana is strong, make a large contribution to the local economy by creating many jobs.



Michigan Governor Whitmer (left) and Vice Chairman Sawada

During the Summit, Chairman Sawada participated in a panel discussion. He emphasized that, in the post-pandemic world, a "glocal" mindset that combines localization and globalization has become important, and he called for maintaining the ability to innovate among allies in an increasingly multipolar world.

The mission also visited Purdue University in Indiana, one of the nation's leading technical universities. In addition to touring Purdue University's semiconductor research and development facilities, Committee members visited the Krach Institute for Tech Diplomacy and exchanged views on economic security.

Free trade and investment have been given less priority in U.S. politics. Under these circumstances, through the exchange of opinions and meetings held by the mission this time, Keidanren was able to mutually reaffirm the need to rebuild a free and open international economic order and the importance of Japan and the United States working together to address global issues. This is of great significance and Keidanren will continue to actively engage in multi-layered dialogue not only with the federal government, but also with states and cities, and will contribute to resolving issues together with the United States.

For the original article, visit [here](#)

Meeting with the California State Senate Delegation

March 26, 2024

Sub-Committee on U.S. Affairs, then chaired by Yulia Toyokawa, convened a meeting with a delegation of California State Senators led by Senate Majority Leader Lena Gonzalez at the Keidanren Kaikan in Tokyo, Japan.

Senator Gonzalez's remarks at the meeting:

"Japan is the largest foreign direct investor in California, and our trade relations are robust. I anticipate that these ties will be further strengthened through the activities of the newly established [California-Japan Legislative Forum](#) in both the House and Senate.

In particular, addressing environmental issues requires creating innovation through investments in the clean energy sector. I look forward to increased investment from Japanese companies."

For the original article, visit [here](#) (Japanese only)



Indiana Governor Holcomb (6th from right)

B7 Summit held in Rome - Issuing the Joint Statement to G7-

May 17, 2024

Ahead of the G7 Summit scheduled for June 13-15, in Puglia, Italy, the Business Federations of the Group of 7 countries, known as 'the B7,' held a summit meeting hosted by [Confindustria](#) in Rome, Italy on May 17. Keidanren's Vice Chairs Toshiaki Higashihara, Nobuhiro Endo, and President Masakazu Kubota participated.

During the B7 Summit meeting, participants engaged in panel discussions on trade and economic security, energy transition, AI, and cooperation with the Global South, including Africa. The B7 [Joint Statement](#) included these priorities, reflecting the results from the B7 Tokyo Summit last year and incorporating Keidanren's policy proposals. Following the meeting, B7 leaders visited Prime Minister Giorgia Meloni to present the Joint Statement.

■ B7 Summit

In her opening remarks, Emma Marcegaglia, Chair of the B7 Italy, emphasized the following points in light of a complex and challenging international environment: the G7 must promote public-private collaboration, uphold fundamental values such as freedom, democracy, the rule of law, and fair competition, maintain open markets, and strengthen cooperation with non-G7 countries. She underscored the necessity for policy coordination among nations to enhance industrial competitiveness and drive transitions in areas like energy, digitalization including AI, and supply chain resilience.

Vice Chairman Higashihara addressed the session representing Keidanren. He pointed out the importance of involving developing countries, particularly in Asia, to achieve global carbon neutrality. He also highlighted the necessity of securing diverse pathways, such as co-firing hydrogen and ammonia to reduce emissions from existing thermal power plants, alongside nuclear power generation and renewable energy initiatives. Additionally, he stressed that digital transformation (DX) and green transformation (GX) need to be comprehensively considered to manage the rising energy consumption of data

centers due to the proliferation of generative AI.

In the subsequent session on trade and economic security, Vice Chairman Endo underscored the significance of fostering mutual trust among nations to maintain free and fair trade and investment. He also argued against economic decoupling, advocating instead for the continued pursuit of fair and open trade. His views were widely supported by the representatives of each country.

■ Prime Minister Meloni's remarks

In the meeting with B7 leaders, she explained as follows:

At the G7 Italy summit, following discussions from G7 Hiroshima, the focus remains on several key objectives:

1) Upholding an international order based on the rule of law, regarding Ukraine, the Middle East, and the Indo-Pacific region, 2) Addressing global issues such as climate change, energy, and AI, and 3) Strengthening cooperation with the Global South, particularly Africa. It is crucial to shift from providing mere aid to promoting investment in sectors like food, energy, and resources. This approach aims to foster equitable partnerships that contribute to the economic growth of African countries, which is crucial for addressing migration challenges in Europe. Furthermore, ethical guidelines and regulations for AI are necessary. Building on the Hiroshima AI process, these policies prioritize human values and consider the impact of AI on the labor market, while advancing the use of generative AI to boost productivity.

For the original article, visit [here](#) (Japanese only)



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