

## JOINT STATEMENT 57<sup>th</sup> U.S.-JAPAN BUSINESS CONFERENCE

### *Redefining U.S.-Japan Business Priorities Amidst a Global Pandemic*

Virtual Meeting via Cisco Webex  
October 27 (United States) and October 28 (Japan), 2020

Members of the U.S.-Japan Business Council and the Japan-U.S. Business Council (the “Councils”) held the 57<sup>th</sup> Annual U.S.-Japan Business Conference virtually, for the first time in history, on October 26-27 EDT and October 27-28 JST, under the theme, “Redefining U.S.-Japan Business Priorities Amidst a Global Pandemic.” The COVID-19 pandemic is having an extraordinary impact on business and society, and has highlighted economic inequalities, societal divisions, and disruptions in the international order, in the midst of elevated geopolitical and economic tensions. This Conference assembled senior business leaders from the U.S. and Japan who committed to not only mitigate the risks made evident by the pandemic, but to view this crisis as an opportunity to enhance bilateral collaboration and business resiliency, promote a more open global economic environment, build more diverse and inclusive cultures and facilitate sustainable economic growth.

The Councils believe that continued U.S.-Japan cooperation remains a critical stabilizing force globally at a time of great uncertainty, in close cooperation with like-minded countries that consistently prioritize freedom, the rule of law, and other enduring principles of our democracies. We believe the following recommendations will enhance our collective abilities to contend with a complex and competitive environment.

- 1. Support government policies that encourage U.S.-Japan private sector collaboration, as well as promote business resiliency and innovation to better manage future crises.** The COVID-19 pandemic has reinforced the need for public-private cooperation in order to enhance supply chain resiliency and mitigate risks made evident by the crisis. It has also highlighted the role of innovation and the ability of digital technologies to facilitate the distribution of goods and services, improve healthcare delivery and quality of life, and sustain large segments of our workforce and therefore, our economies, despite various degrees of lockdowns. The Councils encourage both governments to prioritize measures to address the global emergency posed by COVID-19, including future-oriented initiatives that build a more resilient society and ensure long-term fiscal sustainability. In particular, the Councils recommend that the U.S. and Japan:

- Enhance public-private dialogues to strengthen economic resiliency, addressing supply chain diversification and constraints on production and distribution;
- Refrain from imposing trade barriers that complicate efforts to secure imports and exports of goods, particularly those goods that save lives;
- Bolster policies to incentivize investment in healthcare technologies and develop innovative healthcare solutions, reducing the economic and social burdens of disease;
- Strengthen cooperation and information-sharing in the development of diagnostic products, drugs and vaccines, harmonization of healthcare standards, and the reduction of trade barriers that impede access to such innovations;
- Create an environment that supports alternative and flexible workstyles and work locations to improve productivity, as well as reinforce telework security to support these changes;
- Facilitate investment and government support in areas that promote innovation and resiliency, such as the digitalization of micro, small and medium-sized enterprises (MSMEs);
- Improve efficiency, particularly in Japan, by promoting paperless operations in close cooperation with Japan's new digital transformation agency; and,
- Promote policies that facilitate the use of data to improve business resilience, efficiency, and services to citizens, as well as pursue an appropriate balance between public interest and privacy in the deployment of data to address the global crisis.

**2. Advocate for policies that promote a free, fair, and rules-based trading system and economic order, and strengthen bilateral as well as multilateral economic relationships toward those ends.** While the COVID-19 pandemic has prompted governments to take protectionist measures worldwide, the Councils believe that the global rules-based trading system must be strengthened to drive economic growth. The Councils recognized that the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP) is important for Japan and the region. As we await the second phase of the U.S.-Japan Trade Agreement negotiations, the Councils expressed optimism that a deal would build upon Phase I and result in a broad-based, high-standard, and forward-looking agreement. Furthermore, the Councils encourage both governments to closely collaborate with other like-minded countries, including those in Europe and the Indo-Pacific region, to:

- Reject trade restrictions and managed trade provisions that negatively impact the global economy, including those that unnecessarily impede the creation of geographically diverse, risk-mitigating supply chains;
- Ensure that investment review regimes and export controls on emerging and foundational technologies are narrowly tailored to balance governments' need to address legitimate national security considerations and promote economic growth;
- Eliminate tariffs based on overly broad application of national security policies, such as U.S. import restrictions based on Section 232 of the U.S. Trade Expansion Act;

- Reform and revitalize the World Trade Organization (WTO) and other international organizations that promote transparency, non-discrimination, and lower barriers to commerce, including the WTO's dispute settlement system to ensure its future effectiveness;
- Advocate for an early and successful conclusion of e-commerce WTO negotiations, as well as the resumption of plurilateral negotiations on environmental goods and information technology products;
- Address unfair industrial subsidies that undercut markets and distort competition;
- Strengthen the protection and facilitate the use of intellectual property rights, including for life sciences innovation, recognizing that intellectual property rights are a critical foundation for advances in global health and technology and pandemic preparedness;
- Facilitate the free and secure movement of data across borders, while protecting against cyberattacks and eliminating data localization requirements; and,
- Promote public-private collaboration on development solutions in third countries that encourage transparency and enhance accountability in line with the G20 Principles on Quality Infrastructure Investment.

- 3. Strengthen and promote corporate governance and commitment to diversity, inclusion, and sustainability goals.** The Councils agreed on the importance of U.S. and Japanese business leadership in promoting best practices related to sustainable and environmentally conscious growth and development, as outlined by the United Nations' Sustainable Development Goals (SDGs). The global community's challenges cannot be addressed only through government action. Thus, we believe it is essential that both business communities:
- Make a decisive commitment to sustainable business practices for the betterment of society;
  - Increase dialogue with and accountability to stakeholders;
  - Promote efforts to address climate change, including business-led technological innovations, by leading international discussions among like-minded countries and encouraging the U.S., Japanese, and European governments to likewise jointly support climate change adaptation and mitigation in a coordinated, systemic and deliberate process;
  - Ensure that investors are provided with relevant environmental, social, and governance (ESG) information that is material to long-term business performance;
  - Increase gender, racial, and ethnic diversity in the workforce—particularly in leadership roles—based on the strong evidence that greater diversity contributes not only to better business outcomes, but to a healthier workplace and society; and,
  - Improve outreach to and ensure equitable opportunities for women, as well as minority and underrepresented communities.

The COVID-19 pandemic's impact and the trends it has accelerated will continue even after its public health risks subside. Recognizing this, our sector-specific recommendations for the digital economy, financial services, energy and infrastructure, healthcare innovation, and travel, tourism, and transportation can be found in the supplements that follow.