

JOINT STATEMENT

63rd U.S.-JAPAN BUSINESS CONFERENCE

Washington, DC

October 6-7, 2026

The United States and Japan have entered a period of strong commercial momentum and strategic alignment driven by deep integration in corporate strategy, mutual investment, and shared innovation. Thus, the U.S.-Japan Business Council and the Japan-U.S. Business Council held their 63rd U.S.-Japan Business Conference under the theme of “Allied for Growth: Driving the Next Era of the U.S.-Japan Economic Partnership” to capitalize on the full potential of this moment.

The U.S. and Japanese business communities see rapid shifts in the global economy, spurred by developments in artificial intelligence (AI), energy buildouts, and global supply chain reorganizations, as an opportunity to unlock exponential growth. We thus call on policymakers in both countries to lay the foundations needed to ensure that these opportunities can be fully leveraged. Those foundations should prioritize accelerating mutual investment, promoting cooperation on AI and advanced technologies, and strengthening resilient and trusted global supply chains to guide these policy efforts. Each section below goes into greater detail on how the private sector recommends guiding regulatory harmonization, permitting reform, and economic security policies so that they reinforce, rather than hinder, sustainable economic growth.

This Joint Statement, which was ratified by 130 U.S. and Japanese companies at the 63rd U.S.-Japan Business Conference in Washington, DC on October 7, 2026, also includes five sectoral annexes to provide working-level recommendations for the Digital Economy, Energy & Infrastructure, Financial Services, Healthcare Innovation, and Travel, Tourism and Transportation sectors.

Pillar I: Accelerating U.S.-Japan Mutual Investment

The next era of the U.S.-Japan economic partnership will be driven not only by trade in goods, but by a robust mutual investment relationship built on predictable, transparent, and market-oriented policies that foster the free flow of people, goods, and capital. Therefore, our Councils recommend the following actions:

- **Advance U.S.-Japan Mutual Investment for Shared Growth:** The Councils call on both governments to promote greater U.S.-Japan mutual investment by enhancing transparency, predictability, and investment facilitation measures. In this context, the U.S.-Japan Strategic Investment Initiative should ensure that a wider range of private sector stakeholders of both countries can benefit from this landmark agreement, including, where consistent with the objectives of the Initiative, sectors such as digital infrastructure, energy, materials production and healthcare.
- **Derisk Supply Chain Diversification:** The Councils call on government financing institutions (e.g., U.S. DFC, EXIM, and Japan's JBIC) to coordinate with the private sector to derisk commercial investments aimed at diversifying critical supply chains in the Indo-Pacific.
- **Streamline Bilateral Investment and Market Access:**
 - The Councils call on the Japanese Government to enable government-affiliated organizations,

including JETRO, to serve as a primary touchpoint for U.S. businesses seeking to begin or grow their investments in Japan, similar to the SelectUSA initiative held by the U.S. Department of Commerce, and to actively support the business activities of U.S. companies.

- The Councils call on the U.S. Government (USG) to recognize Japan's role as a trustworthy investor in American jobs and create a stable, predictable environment for Japanese Foreign Direct Investment (FDI), especially in sectors of shared priority like advanced manufacturing, infrastructure, and technology.
- The Councils advise both governments to maintain transparent, predictable, and innovation-supportive pricing and reimbursement frameworks that promote timely patient access to medicines, medical devices, and other healthcare innovations, while removing tariffs and non-tariff barriers that impede healthcare companies from expanding in the United States and Japan.
- The Councils urge both governments to promote the digital economy by ensuring the free flow of data across borders with trust (DFFT), avoiding data localization mandates, protecting source code and algorithms from mandatory disclosure, and ensuring open, non-discriminatory ICT government procurement, while strengthening cybersecurity, resilience and prioritizing trusted vendors.
- **Ensure Transparency, Predictability, and Stability in Trade and Investment Policies:** The Councils encourage both governments to maintain transparent, predictable, and rules-based trade and investment frameworks that support long-term business planning, resilient supply chains, and sustainable economic growth. In this regard, maintaining a stable USMCA (the United States-Mexico-Canada Agreement) framework is of critical importance to supporting North American regional supply chains and providing the predictability that businesses need to make long-term investment decisions.
- **Enhance Human Capital, Mobility, and Bilateral Connectivity:**
 - Both governments should provide bilateral policy support to facilitate talent mobility, workforce development, business engagement, and travel between the United States and Japan, thereby strengthening economic competitiveness, commercial ties, and long-term people-to-people connections.
 - In particular, both governments should modernize visa programs and cross-border workforce initiatives, taking into account the economic and workforce conditions of each country, to address the acute talent shortages companies face in AI, network engineering, cybersecurity, healthcare, tourism, transportation, and energy.

Pillar II: Expanding Public-Private Cooperation on AI and Deep Tech

The United States and Japan must work together to develop the energy, infrastructure, and policy foundations for the AI era, while strengthening collaboration on the deployment and commercialization of next-generation technologies, including Physical AI and quantum computing, to unlock new opportunities for growth. Therefore, our Councils recommend the following actions:

- **Power AI Infrastructure:** Both governments should accelerate permitting processes and implement policies that support corporate procurement of power sources aligned with their corporate strategies. Additionally, we urge both governments to leverage this rare moment of growing electricity demand to invest in R&D for next-generation energy sources (including advanced nuclear and geothermal) that can reinforce our national energy security, enhance data center and network energy efficiency, and open new business opportunities abroad.
- **Accelerate Secure Digital Infrastructure Modernization:** The Councils call on both governments to accelerate the modernization of legacy digital infrastructure, networks, cloud environments, and data centers, embedding security-by-design, resilience, and interoperability from the outset. This should include coordinated approaches to AI-related cybersecurity risks and preparation for the transition to post-quantum cryptography.
- **Harmonize AI Governance:** The Councils call on both governments to pursue interoperable, risk-based and use-case-specific AI governance grounded in international consensus standards and the Hiroshima AI Process. We urge cooperation between our respective AI Safety Institutes on shared evaluation methodologies (including for agentic AI systems) to avoid a fragmented playing field that stifles industry-led

innovation.

- **Support Joint R&D and Commercialization Incentives:** The Councils recommend targeted government funding and tax incentives, tailored to the industrial circumstances of each country, to support collaborative R&D efforts and private-sector advancement in "Physical AI" and deep tech, including but not limited to applications such as autonomous technologies, quantum computing, post-quantum security, and commercial space.

Pillar III: Fortifying Economic Security and Supply Chain Resilience

The United States and Japan must proactively foster resilient and trusted global networks with reliable partners to create a foundation for resilient supply chains that can generate sustainable growth in the next era of the global economy. Therefore, our Councils recommend the following actions:

- **Prioritize Energy Export Stability:** The Councils urge the U.S. Government to ensure the swift, stable, and predictable export of liquid fuels and natural gas, recognizing U.S. energy as a cornerstone of Japanese and Indo-Pacific economic security, while calling on both governments to incentivize long-term energy infrastructure investments.
- **Incentivize Trusted and Diversified Supply Chains:** We call on both governments to provide public-private co-investment mechanisms, tax credits, and other incentives to build viable domestic capacity in critical inputs and products, tailored to the industrial circumstances of each country, such as critical minerals processing, advanced petrochemicals, semiconductor components, and pharmaceuticals. It is important that these incentives are not conditioned on domestic-content requirements, forced localization, or technology transfer.
- **Finance Trusted Commercial Corridors:** We urge both governments to align foreign commercial diplomacy and financing to support U.S. and Japanese businesses in building secure, high-standard infrastructure and digital networks in emerging markets.
- **Ensure Operational Continuity:** The Councils advise that economic security tools be narrowly targeted and cultivated in close consultation with the private sector to safeguard against economic coercion while preserving the operational continuity of U.S. and Japanese multinational supply chains.
- **Foster Resilient and Trusted Global Networks:** We ask both governments to advance cooperation with trusted partners to build resilient and diversified supply chains, strengthen critical infrastructure, and support secure ecosystems, including through enhanced cybersecurity cooperation, threat information sharing, and coordinated preparation for emerging AI and quantum security risks.

Conclusion

The U.S. and Japanese private sectors remain committed to supporting growth and innovation to unlock massive growth potential and meet the challenges of the coming decades. Strong support from the public sector is an essential enabler for this growth. Therefore, we warmly invite both governments to join in our commitment by advancing the pro-growth, pro-partnership policies outlined in this statement and our five sectoral annexes.

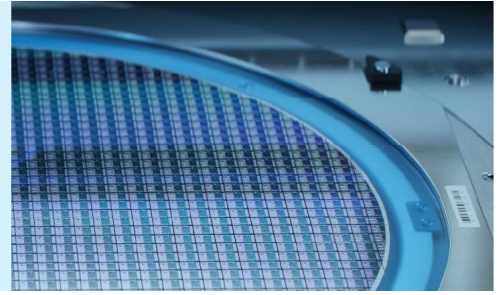


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Digital Economy



Cutting-edge digital technologies play a central role across all industries in today's economy. The development of open, secure, trusted, interoperable, and resilient digital infrastructure is essential to economic growth and national security. The Japan-U.S. Business Council and the U.S.-Japan Business Council (the "Councils") urge policymakers to consider the following recommendations.

1. Advance the Implementation of Trusted AI

AI Governance and Security: The U.S. and Japan should build a trusted AI ecosystem using best practices from the U.S. National Institute of Standards and Technology's (NIST), AI Risk Management Framework (AI RMF), Japan's AI Guidelines for Business, and the Hiroshima AI Process. Both governments should promote interoperable, internationally recognized standards, norms, testing methods, and assurance frameworks for agentic AI.

Governance frameworks should be risk-calibrated—accounting for each system's materiality, degree of autonomy, customer impact, and access to sensitive data, while avoiding fragmented, duplicative evaluations and regulations. Frameworks should also ensure the safe and responsible use of AI models broadly and protect the integrity of AI and data supply chains. As frontier AI models develop capabilities for autonomous vulnerability discovery, both governments should work together to ensure that legitimate research, red-teaming and defensive vulnerability discovery are preserved, and that model-level safeguards do not impede defenders while leaving adversaries unconstrained.

AI Workforce Development: Workforce development should prioritize reskilling, upskilling, and expanded AI and machine-learning education at K–12 and higher-education levels. Governments should invest in structured partnerships between industry and academia, including collaborative research programs, apprenticeship and internship pipelines, and AI ethics training for responsible development and use of AI. Both countries should also support industry-led public awareness initiatives that address misinformation, disinformation, AI system vulnerabilities, and regulatory compliance to build trust and security in AI.

Energy-Efficient AI Infrastructure: The U.S. and Japan should promote investment in data centers and broadband infrastructure with affordable, reliable, and energy-efficient technology and power sources. Both governments should encourage the development of sustainable and renewable energy sources to support the entire AI ecosystem. To promote sustainable AI development, both countries should work towards optimizing the full AI stack through energy-saving innovations—including next-generation semiconductors and processors, advanced materials and filtration technologies, and efficient cooling technologies.

Physical AI: Physical AI and robotics are becoming strategic technologies by building upon cyber-physical systems that integrate sensing, perception, and control. Both governments should advance common approaches to safety, reliability, interoperability, and testing. Support for testbeds, regulatory sandboxes, and standards development will accelerate responsible deployment.

Given the critical importance of hardware-software integration, both countries should pursue an open and collaborative approach that leverages best-in-class international technologies while strengthening the resilience of critical capabilities domestically and among trusted partners.

In addition, both governments must strengthen research and development and enhance supply chain resilience for

all underlying technologies, enabling physical deployment. They should also encourage the participation of small and medium-sized enterprises (SMEs) to promote the broader deployment of these technologies.

2. Promote Trustworthy, Free Data Flows

Trusted Cross-Border Data Flows: Both governments should support trusted cross-border data flows and avoid unnecessary or discriminatory data localization requirements, including requirements affecting AI services that rely on data across jurisdictions. Both countries should work toward mutually recognized personal data regulations and R&D efforts that protect sensitive data while enabling responsible data use, research, and cross-border collaboration.

Internationally Recognized Standards: Both governments should advance data interoperability using best practices and market-oriented operational rules established by the Global Cross-Border Privacy Rules Forum, APEC, and the OECD's "Data Free Flow with Trust" Expert Community.

Industrial Data Spaces: Japan and the U.S. should advance trusted, interoperable Industrial Data Spaces as a foundation for secure data sharing as outlined in Japan's Ouranos Ecosystem initiative. Such cooperation would support the advancement of innovative technologies and supply chain security, allowing for a secure operational technology and manufacturing data ecosystem to accelerate Physical AI innovation.

3. Strengthen U.S.-Japan Leadership in Emerging Technologies

Semiconductors: Given the strategic importance of all types of semiconductors, the U.S. and Japan must work together to secure the entire semiconductor supply chain—from raw materials and specialty inputs to device fabrication and advanced packaging—through diversification, international cooperation, joint funding, and R&D. Joint development projects that engage all parts of the supply chain can increase competitiveness and overcome current supply chain insecurity.

Both countries must also reduce trade barriers and promote transparent policies that promote trade in semiconductor materials, equipment, and related technology inputs, while reducing tariff and non-tariff barriers that increase costs for advanced manufacturing supply chains.

Quantum Technology: Both governments should advance collaborative quantum technology development, focusing on the practical implementation of quantum networks and computing systems. Quantum computing also presents a strategic cybersecurity challenge for both the U.S. and Japan, as it could undermine encryption protecting digital economies. As quantum systems near practical deployment, both countries should emphasize their use to enhance industrial competitiveness and recognize quantum risk as a systemic issue of national and economic security with steps to guide organizations to transition to quantum-resistant encryption algorithms, including post-quantum cryptography, while advancing quantum-secure communications.

The Councils also request government support in securing supply chains for essential materials and collaborating with industry on internationally recognized standards for interoperability.

R&D and Innovation Policy: Both governments should foster a policy environment that rewards sustained investment in research and development, including through competitive tax incentives, streamlined permitting for advanced manufacturing facilities, and stable funding for public-private R&D partnerships. Policies that encourage long-term capital investment in next-generation process technologies and materials science are essential to maintaining U.S.-Japan technological leadership. They should also pursue mutual recognition agreements and harmonized regulatory standards that facilitate the free flow of critical technology goods and services between the two countries.

4. Develop a Resilient Next-Generation ICT Infrastructure

Open Technologies for Connectivity: The U.S. and Japan should promote safe, trusted digital connectivity and advance policies that foster clear, secure ICT connectivity solutions—encouraging virtual, open, interoperable, and

standards-based network technologies, including for Radio Access Networks (RANs), Radio Local Area Networks (RLANs), optical transport, network management, and technologies that enable more efficient use of radio spectrum, such as Dynamic Spectrum Access (DSA), and automated frequency coordination (AFC).. Interoperable architecture expands trusted vendor selection

and diversifies supply chains. For 6G development, both countries must coordinate on transparent rulemaking to continue these interoperable efforts.

Multilayered Networks: Both countries should take a multi-layered approach to international communications, integrating submarine cables and non-terrestrial systems, such as Low Earth Orbit (LEO) satellite constellations, to improve disaster resilience and enhance coverage in remote areas. Governments should also support the private sector in securing funding for third-country submarine cable projects with trusted suppliers.

5. Strengthen Cybersecurity for Resilient Infrastructure

AI-Powered Threat Mitigation: The U.S. and Japan must develop secure AI systems and cybersecurity solutions that address professional shortages while mitigating AI risks. Infrastructure resilience must integrate technology, policy, and international cooperation through a risk-based approach. Cybersecurity frameworks—such as the NIST Cybersecurity Framework—should be used across governments, critical infrastructure, and supply chains. Both countries should lead on promoting standards such as the Software Bill of Materials, IoT cybersecurity labeling, and the Secure Software Development Framework. Both governments should modernize vulnerability management frameworks to enable rapid patch deployment from vendors with mature remediation practices, accelerate the retirement of end-of-life technology through government procurement and incentive funding, and incentivize AI-powered compensatory controls to protect systems that cannot be patched or taken offline without disrupting critical operations. Governments should also align incident reporting timelines and avoid mandating the disclosure of unremediated vulnerabilities outside coordinated vulnerability disclosure practices.

International Cooperation: To counter cyberattacks leveraging advanced technology, joint initiatives should include: developing AI-based cyberattack detection models integrating machine learning and deepfake detection; sharing cyber threat intelligence; and co-developing quantum-secure communication systems with joint technology standards and pilot projects.

The Councils commend the intent behind Japan's active cyber defense legislation and call for continued close public-private collaboration through dialogues, such as the U.S.-Japan Cyber Dialogue Track 1.5, in shaping its implementation regulations, ensuring transparency, proportionality and the avoidance of prescriptive design mandates on ICT vendors.

6. Strengthen Strategic Cooperation on Dual-Use Technologies

As the boundary between civilian and national-security applications continues to blur in physical AI, robotics, advanced ICT, semiconductors, and quantum technologies, the U.S. and Japan should promote risk-based, transparent governance frameworks that protect security while preserving innovation.

Priority areas include clearer technology classification, greater transparency and alignment in export controls and investment screenings, stronger research-security and IP protection, and trusted talent collaboration among industry, academia, and government—improving predictability for businesses and avoiding unnecessary barriers to legitimate commercial and research cooperation.



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Energy and Infrastructure



In today's increasingly complex geopolitical landscape, strengthening energy security has become a strategic imperative for nations around the world. The United States and Japan, as strategic allies, are uniquely positioned to lead efforts in the Indo-Pacific region, guided by their shared commitment to a Free and Open Indo-Pacific (FOIP).

The U.S.-Japan Business Council and the Japan-U.S. Business Council (the “Councils”) reaffirm that a secure, affordable, and sustainable energy system is essential to economic resilience, industrial competitiveness, and long-term growth. Recent disruptions affecting the supply and transportation of critical energy resources have underscored the vulnerability of global energy supply chains and the degree to which Japan and the broader Indo-Pacific remain exposed to geopolitical risks. In parallel, rapidly rising electricity demand, driven by population growth, industrial expansion, and the rapid rise of artificial intelligence and data center infrastructure, is intensifying the need for practical, reliable, scalable, and investment-ready energy solutions that advance affordable, reliable, and lower-carbon energy while supporting economic growth and energy security.

Against this backdrop, the Councils underscore the importance of enhanced U.S.-Japan cooperation to strengthen energy security, reinforce power system reliability, and advance a lower-carbon future through pragmatic, technology-neutral policies. The Councils continue to support an all-of-the-above approach that reflects each country's energy realities while promoting solutions that are commercially viable, resilient, and deployable at scale. Such an approach should include diverse energy sources, supporting infrastructure, and enabling technologies, such as liquefied natural gas (LNG), nuclear energy, renewables, grid modernization, critical minerals, carbon management, hydrogen and ammonia, and other emerging energy solutions that can collectively advance stability, affordability, and sustainability.

1. Continuing Efforts to Strengthen Energy Security

Energy security must remain at the center of U.S.-Japan cooperation. Recent geopolitical and market disruptions have demonstrated that the complexity and interconnectedness of global energy supply chains leave economies vulnerable to supply disruptions, tighter market balances, transportation bottlenecks, infrastructure constraints, and broader macroeconomic effects. These risks underscore the importance of building resilient and diversified energy systems with the flexibility and preparedness needed to manage disruptions and evolving market conditions. The Councils therefore welcome continued U.S.-Japan dialogue on energy security and call for stronger bilateral coordination to reinforce resilience across fuel supply, strategic infrastructure, and critical energy materials.

A resilient energy system requires a diverse mix of energy sources, supported by secure supply chains and strategic infrastructure. LNG remains an indispensable pillar of regional energy security and can play an essential role in reducing emissions, particularly in Asia, where dependable and dispatchable power remains necessary for economic growth, industrial activity, and supporting the integration of variable renewable energy. Recent supply disruptions have further reinforced the value of diversified LNG procurement, flexible contracting, and expanded supply from trusted producers, including those in the United States. Likewise, the Councils recognize nuclear energy—including both the continued operation of existing reactors and the development of next-generation technologies—as a secure, resilient, and lower-carbon source of firm baseload power. In parallel, critical minerals have become an increasingly important dimension of energy security given their central role in lower-carbon energy technologies, digital infrastructure, batteries, and advanced manufacturing.

The Councils recommend that the governments of the United States and Japan, in partnership with the private sector:

- **Continue bilateral public-private coordination on energy security**, including the creation of a regular bilateral governmental and public-private dialogue on shared energy issues, consultation on supply risks, infrastructure constraints, emergency response, post-disaster infrastructure recovery, and regional market developments;
- **Enhance U.S.-Japan cooperation to strengthen the resilience of energy supply chains**, including LNG, crude oil, refined petroleum products, and related feedstocks, through measures such as the U.S.-Japan Strategic Investment Initiatives to advance diversification, strategic flexibility, preparedness measures, and investment in critical infrastructure. This will reinforce long-term energy security across Japan and the broader Indo-Pacific, and promote the safety, security, and freedom of navigation along key international sea lanes that support global energy trade;
- **Expand nuclear power deployment**, and promote development of high-quality, trusted and secure nuclear energy technology including next-generation reactors as a key source of safe, resilient, and lower-carbon baseload power to support energy security;
- **Strengthen critical mineral resilience** through cooperation in sourcing, processing, recycling, stockpiling, and partnerships with trusted third countries to reduce concentration risk;
- **Increase capacity-building training, technical assistance, and technology cooperation** between the U.S., Japan, and Indo-Pacific countries to enable lower-carbon, affordable, reliable grids and energy sources that advance economic development and circular economy policies;
- **Promote Indo-Pacific energy resilience** through financing, technical assistance, trade, and investment frameworks that help regional partners diversify energy sources and strengthen long-term supply security using initiatives such as POWER Asia (Partnership On Wide Energy and Resources Resilience Asia);
- **Strengthen cybersecurity for critical power infrastructure** through enhanced protection of power grids, secure digital infrastructure, improved threat readiness, and closer U.S.-Japan cooperation on standards, trusted technologies, information sharing, and resilience;
- **Establish fair cost-allocation mechanisms for electricity demand growth**, ensuring that large computational loads, such as data centers and AI infrastructure, bear the costs of the generation, grid, and interconnection investments they require; and
- **Secure and develop the skilled technician workforce needed for reliable energy services** through expanded training, certification, and U.S.-Japan cooperation to address labor shortages and strengthen deployment, maintenance, and emergency response capabilities.

2. Meeting Rising Electricity Demand

Artificial intelligence and data centers are driving a significant increase in electricity demand across the United States and Japan. Meeting this demand is becoming increasingly challenging as infrastructure deployment faces constraints from transmission bottlenecks, manufacturing and supply-chain limitations, permitting delays, and shortages of critical equipment, including gas turbines and grid components. As a result, electricity demand growth is rapidly outpacing the speed at which reliable supply and supporting infrastructure can be brought online.

The Councils believe that closing this gap requires a predictable investment environment and a coordinated policy response. Governments must work with the private sector to accelerate the deployment of power generation, transmission, storage, and digital infrastructure; strengthen manufacturing and supply chains for critical equipment; and remove unnecessary barriers to investment. An effective response to rising electricity demand will enable industry to rapidly build dependable and dispatchable power sources, including LNG and nuclear energy, alongside transmission expansion, digital grid modernization, advanced efficiency measures, and other technologies that improve system performance. Greater attention should also be paid to circularity, waste recovery, and recycling technologies that can strengthen industrial resilience and recover valuable critical minerals and other materials.

The Councils recommend that the governments of the United States and Japan, in partnership with the private sector:

- **Accelerate investment in power generation, transmission, and grid equipment** through policies that

expand capacity, reform permitting framework to expedite multi-agency reviews and approvals for critical infrastructure, provide greater long-term permitting certainty and predictability, and reduce development delays;

- **Maintain technology-neutral policies** that enable the timely deployment of reliable and scalable power solutions to meet growing electricity demand, including from data centers, and complement longer-term grid expansion;
- **Strengthen electricity systems** through digital technologies such as AI, quantum technologies, advanced grid management systems, and stronger cybersecurity to improve reliability, operational efficiency, and resilience;
- **Support the digitalization and advanced maintenance of existing generation assets**, including the use of IoT-enabled monitoring and predictive maintenance, to improve asset availability, reliability, and operational efficiency as electricity demand continues to grow;
- **Enable timely deployment of reliable generation capacity**, including advanced nuclear technologies, through streamlined regulatory processes, efforts to build more robust supply chain, workforce development, and investment in supporting infrastructure;
- **Advance research, development, and regulatory initiatives that enhance the operational performance** of existing nuclear power plants, including online maintenance, operating life extensions, uprates, and flexible load-following capabilities that have been successfully implemented in Europe;
- **Strengthen manufacturing capacity and supply chains** for critical equipment, materials, and technologies needed to expand generation, transmission, and energy storage, including pumped-storage hydropower;
- **Invest in waste management research and development to recover critical minerals and other feedstock resources** as a means of reducing our shared dependence on unfavorable supply chains. Effective recycling policies will drive job creation and foster innovative techniques to support next-generation manufacturing;
- **Provide durable and predictable policy frameworks** that enable long-term private-sector investment in power generation, transmission, storage, and related infrastructure;
- **Ensure sufficient reliable and dispatchable generation capacity is brought online** in a timely manner to meet rising electricity demand while maintaining affordability and system reliability;
- **Promote investment in power and grid infrastructure across the Indo-Pacific** to support growing electricity demand, economic development, and energy security; and
- **Promote targeted investment to meet AI- and data center-driven electricity demand** through grid modernization, new dedicated power generation, digital energy management, and “watt-bit collaboration” to accelerate “Speed to Power”.

3. Pragmatic Approach to Advancing a Lower Carbon Energy Future

The Councils recognize that advancing a lower carbon energy future is a complex undertaking that must be pursued in a manner consistent with energy security, affordability, and sustainability. No single technology, prescriptive pathway, or uniform timetable can address the diverse circumstances and needs of all countries. Energy strategies should reflect differences in resource endowments, industrial structures, demand profiles, and stages of development. Accordingly, governments should support pragmatic and technology-neutral frameworks that foster innovation and competition and mobilize investment, rather than prescriptive approaches that may constrain flexibility, distort markets, or undermine energy resilience. At the same time, stable, durable and market-oriented policy environments that enable investors to earn appropriate returns commensurate with risk will be essential to scaling commercially viable projects.

An all-of-the-above strategy should support the deployment of renewables, LNG, advanced nuclear, carbon capture and storage, hydrogen, ammonia, geothermal, grid enhancements, and energy-efficient technologies that can reduce emissions while preserving reliability and affordability. Existing infrastructure should also be leveraged where appropriate to improve system efficiency and accelerate near-term emissions reductions. The Councils emphasize that commercially sound policy frameworks are essential to ensure that viable projects can advance at scale and attract long-term private sector investment.

The Councils recommend that the governments of the United States and Japan, in partnership with the private sector:

- **Continue commitments to switch to natural gas-fired generation** and methanol from higher-emission fuels,

while deploying advanced technologies such as fuel-flexible gas turbines capable of using natural gas, hydrogen, or ammonia blends, as well as dedicated hydrogen or ammonia systems where technically and commercially feasible;

- **Expand and strengthen incentives and risk-mitigation mechanisms for Carbon Capture, Utilization and Storage (CCUS), hydrogen, ammonia, hydropower, geothermal energy, and other lower-carbon pathways** to repurpose infrastructure, reduce emissions in hard-to-abate sectors (e.g., industry and transportation), enhance building energy efficiency, and produce alternative fuels like hydrogen and ammonia, e-fuels (e-methane and e-natural gas), sustainable aviation fuel, and bio-gas;
- **Adopt technology-neutral, performance-based, and investment-oriented policy frameworks** that improve project bankability, foster innovation, and mobilize large-scale private capital. Policies should reward measurable emissions reductions and system reliability outcomes, rather than prescribe a specific technology pathway;
- **Promote transparent and practical principles for evaluation**, including lifecycle-based approaches, clear carbon-accounting methodologies, and internationally compatible standards where appropriate. Greater alignment between the United States and Japan on measurement, reporting, and verification (MRV) can help reduce uncertainty, facilitate cross-border investment, and support broader deployment of commercially viable technologies that reduce emissions; and,
- **Expand U.S.-Japan cooperation in the Indo-Pacific** to deploy practical lower-carbon solutions that reinforce energy security, affordability and sustainable growth. Such cooperation should include public-private financing, technical assistance, capacity building, business partnerships, and regulatory collaboration to help regional partners develop energy systems that are reliable, affordable, lower-carbon, and aligned with their respective stages of development.

The Councils believe that strengthening energy security, meeting rising electricity demand, and advancing lower-carbon energy solutions are mutually reinforcing objectives. Through deeper U.S.-Japan cooperation and sustained partnership with the private sector, both countries can help foster a more resilient, affordable, and sustainable energy future while strengthening economic prosperity and energy security across the Indo-Pacific region.



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Financial Services



Appropriately regulated, transparent, open, and liquid global financial and capital markets are the most effective means for allocating capital to its most productive uses. While the U.S. and Japan remain global financial leaders, the Financial Services Working Group of the Japan-U.S. Business Council and the U.S.-Japan Business Council (“the Councils”) believe further improvements are desirable, achievable, and necessary, in the face of elevated geopolitical and economic uncertainty. The Councils encourage continued close coordination between the U.S. and Japanese governments to advance shared economic and strategic objectives. The Councils’ joint recommendations to the two governments focus on the following four themes:

1. Driving Investment for Economic Growth and Resilience

The Councils view two-way foreign direct investment (FDI) as a win for both economies, provided that such investments are commercially viable and bankable for both parties. They note that Japan has been the largest source of FDI in the U.S. for the past seven years, while the U.S. is the largest FDI contributor in Japan. Moreover, Japan committed up to \$550 billion for investment into the U.S. under the U.S.-Japan Strategic Trade and Investment Agreement announced on July 23, 2025. The Councils stress that foreign investment review processes should remain transparent, predictable, and narrowly tailored to legitimate national security concerns.

Supply chain transparency, sustainability, and security are critical to expanding trade and investment. Greater supply chain and trade data transparency can facilitate supplier diversification for critical goods and services. Emerging economies play an important role in building resilient supply chains, and thus should be supported in achieving sustainable growth without creating debt vulnerabilities.

Sound fiscal policies, predictable legal frameworks, and agreed international tax rules remain essential to promoting investment. Both governments should periodically review liquidity, capital, and other prudential requirements to ensure they support long-term investment, economic growth, and market liquidity, while preserving financial stability.

While recognizing legitimate national security concerns and the need for effective sanctions regimes, both governments should address national security concerns without unnecessarily restricting legitimate economic activity as financial sanctions become broader and more complex.

Key recommendations:

- Promote FDI between the U.S. and Japan by avoiding any unjustified regulatory or supervisory barriers and maintaining a transparent and predictable environment for investment and corporate transactions that supports shareholder choice and efficient capital allocation.
- Expand blended finance and transition finance through multilateral development banks, export credit agencies, and other public institutions; deepen public-private partnerships to develop resilient supply chains for critical minerals and other strategic inputs; foster private sector investment in emerging economies; and promote appropriate risk-sharing between the public and private sectors.
- Pursue credible medium-term fiscal frameworks that support debt sustainability while maintaining targeted incentives for private investment, innovation, and productivity growth.
- Enhance communication between public and private sectors to improve sanctions effectiveness and reduce compliance risks for financial institutions.

2. Advancing Regulatory Modernization and Coherence

As financial services become increasingly global and digital, regulatory frameworks should support consumer protection, efficient capital flows, and fair competition across jurisdictions, business models, service providers, and technologies. Internationally agreed standards remain essential to supporting cross-border coherence and reducing unnecessary regulatory fragmentation. The Councils encourage coordinated, evidence-based, and outcomes-oriented regulation, including in banking and insurance prudential frameworks.

The Councils also stress that market transparency and high-quality financial data, benchmarks, indices, and analytics are essential to informed investment decision-making, efficient capital allocation, and stronger U.S.-Japan investment ties.

Key recommendations:

- Further leverage multilateral or bilateral information exchange frameworks among regulators such as bilateral financial services regulatory forum modeled on the U.S.-EU Framework.
- Review and, where appropriate, recalibrate financial regulations, including liquidity and capital requirements, to better mobilize private investment for projects that contribute to economic growth and security. In doing so, account for the varying capacities of financial institutions and avoid a “one-size-fits-all” approach where possible.
- Encourage market transparency via appropriate alignment with international disclosure frameworks and continued support for public access to market data.
- Apply an activities-based approach to address systemic risks, including those arising from unregulated institutions and activities, while ensuring a level playing field across banks, (re)insurers, non-bank financial institutions and emerging financial service providers. This should include appropriate regulatory frameworks for fintech applications and stablecoin-related activities that support financial stability, fair competition, and innovation.
- Implement appropriately calibrated capital standards for insurers in the U.S. and Japan, ensuring outcomes comparable to the IAIS Insurance Capital Standard while preserving the strengths of the U.S. and Japanese insurance regulatory framework and recognizing insurers’ distinct business models in both countries, and at the same time ensuring treatments that are consistent at the subsidiary and consolidated bases. Concretely, in Japan, implement group capital standards in a manner that is consistent with the U.S. insurance prudential regulation, specifically by the removal of certain requirements under the Deduction and Aggregation Method and the recognition of NAIC designations, thereby enabling U.S. insurance subsidiaries to be assessed in a manner aligned with their local regulatory framework.
- Reassess the respective roles of their CFC regimes and minimum tax regimes and consider comprehensive simplification measures. Such measures should include, among other options, positioning the CFC regime and Pillar Two as mutually complementary frameworks, and clarifying the order of application of each regime and the corresponding tax adjustment mechanisms, so that double taxation on the same income as well as duplicative calculation and reporting burdens for businesses are eliminated.
- For the U.S. government, complete recalibration efforts surrounding the capital regulations for banks in an internationally harmonized manner that avoids excessive capital requirements compared with other major jurisdictions, including by finalizing its outstanding proposals to adopt the Basel III framework and to reform the Federal Reserve Board’s stress test and GSIB surcharge.
- For the U.S. government, allow insurance companies to offset losses from bond sales against operating income in their corporate income tax in a similar manner to banks.
- For the Japanese government, review Know Your Customer (KYC) rules and procedures using a risk-based approach aligned with international practices, particularly regarding well-recognized foreign financial institutions and institutional investors.

3. Promoting Financial Asset Building and Security for Individuals and Society

The Councils welcome the continued efforts by the Japanese government to promote Japan as a leading Asset Management Center. They also help households convert savings into sustainable retirement income by supporting measures that expand private pension coverage, employer-sponsored retirement plans, retirement assets

portability, and lifetime income solutions such as annuities.

Increasingly severe natural catastrophes, longer life expectancies, and aging populations have fueled substantial life, health, and retirement protection gaps in both countries. Public and private stakeholders, including the insurance sectors, should work together to address these gaps, including through solutions for longevity risk, healthy aging, and long-term care needs, while recognizing that certain risks may require public-sector support. Such solutions may include a range of risk-transfer and capital-management tools, including asset-intensive reinsurance (AIR) that can support long-duration insurance and savings products through effective risk transfer and management.

Key recommendations:

- Strengthen public-private collaboration to expand long-term household asset formation through enhanced financial education, broader access to diversified investment products, and targeted initiatives for youth and other underserved populations.
- Partner with the financial services industry, particularly insurers, to help households address aging, longevity, and retirement income needs, including by supporting the sound, transparent, and well-supervised development of AIR markets through robust risk-management, and effective regulation and communication, while protecting policyholders and financial stability.
- Narrow protection gaps by reducing the economic losses from natural catastrophes, promoting risk-transfer measures such as insurance and reinsurance, , and capital markets solutions such as insurance-linked securities and catastrophe bonds supporting collaborative efforts among a broad range of public and private stakeholders, and recognizing the need for public-sector support where certain risks cannot be fully absorbed by the private sector.
- For the Japanese government, promote defined contribution pension plans by encouraging participants to adopt an asset allocation based on personal risk tolerance, significantly increasing the contribution limit, and introducing catch-up contributions modeled after the U.S. 401(k) system.
- For the Japanese government, advance the “Promoting Japan as a Leading Asset Management Center” initiative to lay a foundation that drives Japan’s economic growth.

4. Promoting Digital Financial Innovation, Cybersecurity and Free Data Flow

Digital innovation, in particular, generative AI, AI agents, and other emerging technologies, offer significant opportunities to improve productivity, risk management, and customer outcomes across financial services. They also create challenges related to transparency, data governance, cybersecurity, third-party dependencies, and misuse. Closer government-industry cooperation is needed to develop interoperable governance frameworks and responsible adoption in the financial sector.

As critical infrastructure, the financial sector requires close public-private collaboration to maintain operational resilience against cyberattacks and other disruptions. Financial institutions should be able to deploy the most effective cybersecurity tools while maintaining robust risk-management standards.

The Councils reiterate the importance of data connectivity for financial services and call on both governments to pursue high-standard rules in the digital economy.

Key recommendations:

- Establish common principles, terminology, taxonomies, and risk-management expectations for AI use in financial services and create a structured regulatory dialogue to promote interoperability and reduce unnecessary regulatory fragmentation.
- Prioritize the use of AI to combat money laundering, fraud, cyber threats, and illicit finance, while expanding public-private information-sharing mechanisms and supporting secure cross-border data collaboration to expedite the identification and resolution of these threats.
- Support regulatory sandboxes, pilot programs, and other mechanisms that accelerate responsible AI adoption in financial services while maintaining appropriate safeguards, risk governance, and consumer protections.

- Establish clear, consistent and internationally interoperable regulatory frameworks for stable coins, tokenized deposits, tokenized financial assets, and other digital assets, and ensure that prudential and capital requirements are calibrated according to their distinct risk profiles, thereby supporting responsible innovation, financial stability, and consumer protection.
- Cooperate further to strengthen cyber resilience and cybersecurity capacities across the financial sector, including through enhanced public-private information sharing and cross-border incident response coordination.
- Promote Data Free Flow with Trust (DFFT) and the U.S.-Japan Digital Trade Agreement, including through policy discussions at the OECD and other international fora, while ensuring strong protections for privacy, cybersecurity, and confidential business information.



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Healthcare Innovation



Sustained investment in healthcare innovation is essential to developing new medicines and technologies, strengthening healthcare systems, improving patient access to innovative treatments, and enhancing economic competitiveness. However, demographic shifts are straining healthcare systems in the United States and Japan. While both countries seek cost containment through pharmaceutical spending controls, approaches prioritizing cost over patient value rely on outdated or unpredictable pricing and reimbursement policies and undermine the long-term sustainability of healthcare systems, hindering the quality and efficiency of healthcare services, weakening incentives for innovation, and undermining economic security.

The United States and Japan must deepen bilateral cooperation to ensure modernized healthcare policies and support continuing innovation for sustainable development. This joint statement outlines priority reforms across three interconnected pillars:

1. Patient Access and Pricing
2. Digital Health Transformation
3. Supply Chain Resilience and Economic Security

1. Patient Access and Pricing

Sustainable healthcare innovation depends on predictable, and value-based pricing and reimbursement systems that reward innovation. The U.S. and Japan should ensure that regulatory and payment frameworks incorporate the flexibility and predictability to evolve alongside innovation and maintain strong incentives for research and development.

Shared U.S.-Japan Priorities

- Establish an open dialogue on adopting pricing policies that advance investment in healthcare innovation, promote regulatory and reimbursement policy cohesion, and enhance patient and public involvement in healthcare policy development, ensuring the system better reflects patient needs and outcomes.
- Improve R&D, regulatory, pricing, and reimbursement systems to encourage long-term investment, innovation, and timely patient access to healthcare innovations.
- Support high-standard intellectual property protections as the foundation for healthcare innovation and cross-border research collaboration, including a robust patent linkage system that guarantees adequate enforcement throughout the protection period of patents and patent term extensions.
- Promote equitable patient access to innovative healthcare interventions given the healthcare cost reduction benefits of preventative care, such as through early screenings and targeted therapies.

U.S.-Specific Considerations

- Develop pharmaceutical and medical technology pricing systems that are implemented to preserve incentives for future innovation, enhance market predictability, and maintain timely patient access to healthcare solutions.
- Ensure that rebates and discounts retained by pharmacy benefit managers and other intermediaries are appropriately passed through to patients to improve affordability and access to medicines.
- Ensure that patients directly benefit from manufacturer discounts provided to 340B hospitals and affiliated entities serving low-income communities and remove unintended incentives that drive consolidation of costs in the healthcare system.
- Pursue trade policies and agreements that ensure all parties invest in innovation.

Japan-Specific Considerations

- Advance a sustainable, innovation-driven healthcare system by reconsidering the ideal balance of access, cost, and quality; supports adequate funding, predictable pricing, and accounts for inflation for innovative medicines and medical technologies; and accelerates clinical development and patient access to breakthrough therapies, vaccines, and treatments addressing unmet medical needs.
- Address regulatory and operational barriers to participation in international multi-regional clinical trials.
- Consistent with the 2026 Honebuto and Japan's Growth Strategy, grow the domestic patented medicines market by 9.6% annually, a rate comparable with leading markets. To achieve this level of growth, Japan should (1) improve how it sets initial prices for patented medicines by aligning with U.S. price levels after adjusting for GDP; and (2) abolish rules that prevent the maintenance of prices during the patent period, including market price revisions, market expansion repricing and related policies, and cost-effectiveness analysis (CEA).
- CEA should not be used to reduce prices during the patent period of medicines. Considering the current policy environment, CEA should be frozen for 2027. Ideally, it should be abolished to secure active industry investment.
- Ensure meaningful multinational industry participation in policy reform, including during Chuikyo and other meetings with active engagement from all relevant ministries.

2. Digital Health Transformation

Digital health is central to improving care delivery, expanding access, measuring outcomes, and enabling innovation and policy making. The United States and Japan are committed to leading in digital services and should deepen cooperation to accelerate responsible digitalization of their respective healthcare systems.

Shared U.S.-Japan Priorities

- Reinforce national commitments to healthcare digitalization through strong leadership, coordinated policy frameworks, and sustained government support.
- Align on regulatory approaches to digital health, including artificial intelligence, cybersecurity, and software-based medical technologies, to reduce barriers and promote patient access.
- Promote interoperable health data platforms using international standards to support integrated care, secondary data use, safety monitoring, and evidence generation.
- Address ethical, legal, and social barriers related to data sharing, privacy, and non-discrimination, while encouraging voluntary sharing of de-identified health data for research and policymaking.
- Enable secure data sharing, supporting new target and therapy discovery, while protecting patient privacy. Advance genomic and multiomic integration into healthcare through researcher-clinician collaboration and sharing best-practices.
- Support decentralized and hybrid clinical trial models to reduce patient burden and improve trial participation.
- Invest in workforce training to ensure healthcare professionals are equipped with the knowledge and training to utilize digital health technologies.

Japan-Specific Considerations

- Promote health data infrastructure and establish a legal framework that ensures patient data privacy protection while enabling secure, trustworthy access to and effective use of health data, including by AI tools, for research and innovation.
- Develop digital platforms to improve patient access to information on pharmaceuticals, medical devices, and product traceability.
- Advance a trusted data partnership designation under the Act on the Protection of Personal Information (APPI), building on the U.S.-Japan Technology Prosperity Deal to establish shared standards, security commitments, and AI governance frameworks.
- Fast-track reimbursement pathways for Software as a Medical Device (SaMD), with MHLW directed to publish updated reimbursement criteria for AI-enabled digital therapeutics within a defined timeframe.

3. Supply Chain Resilience and Economic Security

Resilient and diversified supply chains are essential to healthcare security and patient access. The interconnected healthcare supply chain amongst the U.S., Japan, and likeminded countries requires coordinated policies that promote free and fair trade while preparing for future crises.

Shared U.S.-Japan Priorities

- Promote economic security policies that strengthen supply chain resilience, and reward responsible sourcing, without undermining global integration or patient access.
- Eliminate tariffs on medicines, medical devices, and essential health goods, recognizing their negative impact on availability, affordability, and innovation.
- Enhance cooperation on supply chain transparency, regulatory alignment, and crisis response, including sharing national stockpiles, priority raw materials, key starting materials, active pharmaceutical ingredients, and finished products during an emergency.
- Ensure healthcare security for critical medicines and medical technologies in each country by strengthening stable access to critical health products and technologies through upgrading aging supply infrastructure, diversifying sourcing, and expanding national stockpiles where appropriate.
- Maintain access to global clinical research and clinical trial infrastructure to ensure geopolitical tensions do not delay patient access to innovative therapies.
- Establish fast-track regulatory processes for manufacturing changes during crises.
- Advance U.S.-Japan regulatory coordination to reduce duplicative inspections and enhance cooperation on pharmaceuticals, medical device quality oversight, supplements, and other related products, and facilitate trade in such products between the two countries.
- Support joint countermeasures against infectious diseases, antimicrobial resistance, and future health emergencies through data sharing and coordinated R&D incentives.



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Travel, Tourism and Transportation



As the world faces growing uncertainty, including Russia's prolonged invasion of Ukraine and conflicts in the Middle East, it is important for Japan and the United States, which share universal values, to further strengthen their cooperation and extend that partnership throughout the Indo-Pacific region and, ultimately, across the world. Travel, tourism, and transportation ("TTT") provide an irreplaceable bridge for deepening mutual understanding and are important elements in promoting peace among people around the world.

Within this context, travel, tourism, and transportation continue to serve as essential foundations for mutual understanding and the creation of new value, while also contributing to regional economic revitalization and job creation. Although travel between Japan and the United States has increased through initiatives and events such as the 2024 U.S.-Japan Tourism Year and the 2026 FIFA World Cup, sustained efforts will continue to be needed to deepen two-way understanding and exchanges. The 2028 Olympic Games in Los Angeles may also provide an opportunity to encourage further travel between the two countries.

The Japan-U.S. Business Council and the U.S.-Japan Business Council (collectively, the "Councils") make the following recommendations to both governments to promote sustainable growth through cooperation between the public and private sectors. We believe our efforts will contribute not only to the growth of the TTT industries, but also to the broader social and economic development of Japan and the United States by fostering new business models and innovation, expanding the use of digital technologies, and addressing workforce shortages. Stronger people-to-people ties and multilayered exchanges will also serve as a driving force behind the close relationship between our two countries.

1. Promoting Two-Way Exchanges and Travel to Regional Destinations

Promoting two-way exchanges and attracting visitors to regional destinations are also essential. By effectively communicating regional resources - including history, nature, cuisine, sports, manga, and anime - and leveraging soft power such as culture and shared values, both countries should encourage the flow of people and goods to regional communities in each direction.

Exchanges through the more than 450 sister-city relationships between Japan and the United States can also serve as a catalyst. Educational travel in which Japanese students guide visiting American students, and American students guide visiting Japanese students, could not only address the shortage of guides but also foster sustained exchanges and develop globally minded human capital. Initiatives that combine education and exchange should be advanced through public-private cooperation and cross-ministerial coordination in both countries.

At the same time, accommodation capacity is a precondition for regional dispersion. Where lodging options are limited, visits remain day trips and spending within the community does not grow. A diverse accommodation ecosystem - from hotels and ryokan to short-term rentals in existing housing - enables longer stays in regional destinations and is particularly well suited to American travelers, who tend to value local engagement and distinctive experiences. Both governments should pursue predictable and consistent regulatory frameworks so that this diversity of accommodation is sustained, which in turn ensures that educational and sister-city exchanges have places to stay in the communities they visit.

As a foundation for seamless exchange and travel, we hope that the longstanding, high level of trust between Japan and the United States will enable smoother and more reliable mutual entry procedures through advance screening

under ESTA and Japan's version of ESTA (JESTA), which is scheduled to be introduced in 2028.

2. Investment to Support Growth in Both Japan and the United States

Investment in digital technologies and emerging technologies, including autonomous mobility (self-driving taxis, robotaxis, and flying cars), is essential to developing tourism infrastructure and addressing labor shortages resulting from population decline. Research, development, and demonstration projects for these technologies are advancing through public-private cooperation and will help drive growth in both countries. In particular, given that autonomous taxis are already becoming established in American society, investment to enable their deployment in Japan is urgently needed.

Investment in human capital development must also be advanced to strengthen the competitiveness and sustainable development of the tourism industry.

Programs that contribute to human capital development, such as the JICE and JET programs, should be further expanded through closer public-private cooperation, including by increasing the number of host organizations. The contraction of Japanese studies in the United States also raises concerns about its potential impact on future mutual understanding and policymaking. Public-private collaboration is urgently needed to develop researchers and secure academic positions.

Investment in tourism infrastructure should also encompass accommodation capacity. In many regional destinations, new hotel development is difficult to justify commercially, and utilizing existing housing stock - including Japan's approximately nine million vacant homes - as short-term rental accommodation offers the most capital-efficient means of expanding lodging capacity. Both governments should support investment models and regulatory environments that enable such use, including participation by individual and small-scale operators.

3. Japan-U.S. Leadership in Developing Common Frameworks and Advancing Technological Innovation in the Asia-Pacific Region

Building on the active movement of people and goods, the Asia-Pacific region needs shared principles and common frameworks. Japan and the United States should play central roles in promoting cooperation aimed at sustainable development across the region, establishing a platform that strengthens the energy security needed to maintain transportation systems - including access to critical minerals and crude oil - and generating vitality throughout the broader regional economy.

Next-generation air mobility, including flying cars, has the potential to transform urban transportation, disaster preparedness and response, and tourism development. Japan and the United States should exercise leadership in the Asia-Pacific region by supporting research and development; developing takeoff and landing sites; advancing rulemaking, including the international standardization of operating requirements and safety standards; and creating the regulatory and infrastructure conditions needed for adoption.

The sustainable development of the tourism industry also requires greater efficiency through digital technologies. In particular, the use of AI and data will shape the industry's competitiveness. Advancing rulemaking and implementation in parallel in such areas as autonomous driving, Mobility as a Service (MaaS), cross-industry data sharing, and AI-enabled operational efficiency can reduce staffing requirements, enable unmanned operations, and strengthen the resilience of the tourism industry as a whole. By working together to advance these measures, Japan and the United States can lead the international community in the field of tourism.

4. Pursuing Sustainability

The pursuit of sustainability in travel, tourism, and transportation remains an important priority. Although decarbonization is essential, it is important to take a "multi-pathway" approach that does not depend on a single technology and instead deploys a range of options - including hydrogen, synthetic fuels, and biofuels - according to local conditions. In the aviation sector, the governments and industries of Japan and the United States should also work together to establish a stable supply of sustainable aviation fuel (SAF) and ensure its

competitiveness.

We also look to both governments to design systems that ensure everyone working in the travel, tourism, and transportation sectors - regardless of ethnicity, race, religion, sex, age, or any other status - can benefit from the technologies and services described in these recommendations and have access to employment opportunities. We further call on both governments to support the development of tourism resources that create business opportunities for regional small and medium-sized enterprises, as well as initiatives undertaken by startups.

In the accommodation sector, making use of existing buildings is itself a decarbonization measure. Converting and reusing existing housing stock avoids the embodied carbon of new construction while adding capacity where it is needed. A more distributed accommodation base also helps disperse visitor concentration and mitigate the strain that overtourism places on host communities.

We further ask that support for regional small and medium-sized enterprises and startups extend to individuals and micro-entrepreneurs, including those who host travelers in their own homes. Hosting offers flexible earning opportunities to women, older workers, and residents of regional communities, and broadens participation in the tourism workforce in line with the inclusive principles set out above. At the same time, hosting travelers in private accommodations has led to some disputes with neighbors, particularly in urban areas. Effective measures to address neighborhood concerns, strict compliance with laws and regulations, and management systems that use digital technology are also needed.

The travel, tourism, and transportation sectors of Japan and the United States should achieve sustainable growth, deepen exchanges between the two countries, and contribute to the development of regional and global economies.