U.S. Chamber of Commerce International Affairs

U.S.-Japan Business Council

JUBC Japan-U.S. Business Council

JOINT STATEMENT

62nd U.S.-JAPAN BUSINESS CONFERENCE

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Members of the Japan-U.S. Business Council and the U.S.-Japan Business Council (the "Councils") held the 62nd Annual U.S.-Japan Business Conference on October 2-3 in Tokyo, Japan. The Councils, representing more than 120 leading companies from Japan and the United States, convened to strengthen economic ties and advance shared strategic objectives.

Building on the momentum of continuous high-level government engagements, the alliance between the two countries remains the cornerstone of peace and prosperity in the Indo-Pacific. It is clear that the U.S.-Japan partnership is more critical than ever to address complex economic challenges, from supply chain vulnerabilities to the rapid pace of technological change.

The 2025 Conference focused on three strategic pillars: establishing a trade and investment ecosystem that fosters mutual growth and aligns with shared priorities, deepening U.S.-Japan collaboration in critical and emerging technologies, and launching joint initiatives to develop new markets. The Councils affirm that robust private sector cooperation in these areas is essential for driving innovation, enhancing economic security, and fueling growth. To achieve these goals, the Councils committed to urge both governments to:

1. Establish a Trade and Investment Ecosystem that Promotes Mutual Growth, Resilience, and Shared Priorities.

A transparent and predictable trading and investment system is fundamental to the economic prosperity and security of both our nations. The Councils believe that U.S.-Japan leadership is essential for shaping an ecosystem that reflects the realities of a 21st-century economy and advances U.S.-Japan shared priorities. Therefore, the Councils recommend that both governments:

- **Secure Transparency and Predictability of International Trade and Investment:** Establish rules on trade and investment to promote private sector economic activities. Reaffirm the U.S. and Japan's support for foreign direct investment between our two countries, ensuring investment screening measures are narrowly tailored to national security concerns and such review mechanisms operate in a rules-based manner to ensure transparency and facilitate investments among trusted partners.
- **Harmonize Regulatory Frameworks:** Work to align standards and regulations in key sectors to reduce non-tariff barriers, facilitate smoother cross-border business operations, and accelerate the development and adoption of innovative products and services in both markets. Such sectors may include, but are not limited to, financial services, healthcare, and pharmaceuticals.
- **Promote Trusted Capital Partnerships and Facilitate Capital Flows**: Foster investment relationships built on driving mutually beneficial yield. Reduce unnecessary barriers to cross-border investments.

2. Deepen U.S.-Japan Collaboration in Critical and Emerging Technologies

Maintaining a strategic edge in technology is paramount for our collective economic and national security. The U.S. and Japan must cooperate in the research, development, and deployment of the technologies that will define the future. Therefore, the Councils recommend that both governments:

- **Support Joint R&D and Commercialization in Key Technologies:** Strengthen bilateral and public-private collaboration on R&D as well as manufacturing and commercialization in areas such as artificial intelligence (AI), quantum computing, semiconductors, energy, critical minerals, pharmaceuticals and medical devices, defense and shipbuilding
- **Develop Common Technology Governance Frameworks:** Co-lead the development of internationally recognized standards and norms for the responsible and ethical use of AI and quantum computing, ensuring that governance frameworks are risk-based, interoperable, and promote innovation while mitigating risks.
- **Invest in Cybersecurity:** Bolster public and private sector cooperation in the U.S. and Japan to protect critical infrastructure and address emerging cybersecurity risks, including managing risks associated with the advancement of AI.
- **Strengthen Protection of Intellectual Property and Technology:** Enhance coordination on export controls for foundational technologies critical to national security and work together to protect sensitive intellectual property from state-sponsored theft and exploitation.
- **Foster a Future-Ready Workforce:** Create bilateral talent exchange programs, joint curricula, and streamlined visa processes for students and professionals in STEM and relevant fields to build a shared talent pool capable of leading future innovation.

3. Launch Joint Initiatives to Develop New Markets and Enhance Global Competitiveness

By combining Japanese and American capital, technology, and expertise, our nations can offer high quality solutions to meet the infrastructure and development needs of economies across the globe. To achieve this, the Councils recommend that both governments:

- **Secure Critical Technology Supply Chains:** Jointly map vulnerabilities and coordinate investments with like-minded countries to secure supply chains for ready access to critical minerals, advanced materials, and components essential for manufacturing ecosystem for key technologies, and support companies in establishing geographically diverse and resilient production capabilities.
- **Foster Advantageous Commercial Partnerships:** Actively support advantageous U.S.-Japan business partnerships that can deepen cooperation with like-minded countries to scale up investments, to create robust, diversified regional value chains, and to expand markets.
- **Combat Economic Coercion and Unfair Trade Practices:** Strengthen bilateral and multilateral cooperation to deter and respond to economic coercion, intellectual property theft, forced technology transfer, and the use of pervasive, market-distorting industrial subsidies.

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.

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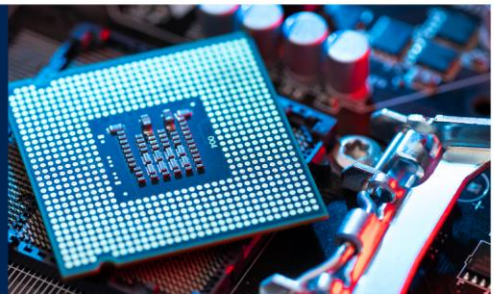
Digital Economy



Cutting-edge digital technologies play a central role across all industries in today's economy. AI has become a driving force for economic growth and the importance of ICT infrastructure has surged. At the same time, cyberattacks are becoming increasingly sophisticated and targeted at global supply chains, such that addressing these threats has become a top priority for governments around the world. As trusted partners sharing common values, the United States and Japan should further deepen cooperation to expand a digital economy that balances trust and competitiveness under the shared principles of freedom, democracy, and the rule of law. Further, as both nations promote sustainable growth through enhanced partnership in the digital economy—addressing societal challenges and fostering development that benefits all—the Japan-U.S. Business Council and the U.S.-Japan Business Council (hereinafter referred to as "the Councils") recommend policymakers consider the following policy recommendations.

1. Promote Trustworthy, Free Data Flows

- **Promote Free Data Flows: Counteracting data localization policies and strengthening international cooperation.**
  As globalization and the digital economy expand, the promotion of trustworthy and free data flows remains a challenge. Data localization policies pursued by some nations not only hinder the global operations of businesses but also risk undermining international cooperation. The Councils recognize that, while data localization policies claim to enhance security, they actually increase compliance costs, stifle innovation, and increase cybersecurity risks. This drastically reduces operational efficiency, making the free flow of data a priority for economic viability. We urge the U.S. and Japanese governments to counter efforts at data localization through continued support for cross-border data flows.

- **Establish International Standards: Utilizing forums such as the Global Cross-Border Privacy Rules (CBPR) and the Data Free Flow with Trust (DFFT) expert community to develop market-oriented operational rules.**
  In this regard, we support the two governments in advancing institutional adjustments and interoperability between bilateral frameworks, taking into account principles and guideline formulations in forums such as the OECD and APEC. We advocate for continued exploration of flexible, market-oriented operational rules through established mechanisms like the Global CBPR Forum and the working groups under the OECD DFFT Experts Community.

- **Develop an Industrial Data Interoperability Framework: Early formulation of common principles for international interoperability, governance, and transparency in industrial data sharing.**
  We also believe that, based on the implementation needs of the industrial sector, institutional and technical connectivity should be strategically promoted to realize a reliable industrial data sharing infrastructure. In particular, we call on both governments to initiate public-private discussions on common principles for interoperability, governance, and transparency, in a manner that supports the activities of globally operating private enterprises.

- **Mutual Recognition of Data Protection Standards: Standardizing cross-border personal data transfer regulations between Japan and the U.S. to reduce compliance burdens on enterprises.**
  Both the U.S. and Japan maintain regulations on the cross-border transfer of sensitive personal data, requiring compliance by foreign enterprises holding either countries' persons' data, in addition to various state-level laws in the United States. We believe that Japan and the U.S. should work toward mutual recognition of these regulations to create operational efficiencies for businesses while still protecting consumer data.

- **Advance Technological Innovation: Leading global research and development efforts to ensure safe and trusted data flow while protecting sensitive information.**
  Most importantly, we assert that data fluidity and the protection of sensitive information are not mutually exclusive. We urge both governments to lead efforts in R&D and the establishment of technical solutions in these domains, demonstrating innovation leadership amid evolving digital landscapes.

2. Strengthen U.S.-Japan Leadership in the Promotion of Emerging Technologies

- **Strategic Collaboration on Advanced Semiconductor Technologies: Strengthening the resilience and risk diversification of semiconductor supply chains.**
  Advanced semiconductors, serving as essential foundations for next-generation technologies such as AI, quantum, and energy efficiency advancements, play a critical role in the global digital ecosystem. The Councils believe that the U.S. and Japan should further enhance strategic cooperation to maintain leadership positions in these competitive technological domains.

  Semiconductors are the backbone of global digital infrastructure, and the stability of this sector is crucial for ensuring the resilience of industrial supply chains and economic security. Given their strategic importance in the development and production of advanced semiconductor technologies, the U.S. and Japan must work together to address vulnerabilities within the supply chain. Building on the ongoing dialogue and cooperation between the two nations regarding economic security and supply chain resilience, the Councils advocate for strengthened public-private frameworks—led by the U.S. Department of Commerce and Japan's Ministry of Economy, Trade and Industry—to promote resilience and risk diversification within the semiconductor supply chain.

  The Councils urge both governments to continue operating their semiconductor incentive programs (e.g., the U.S. CHIPS Act and Japan's semiconductor competitiveness initiatives) in an open and transparent manner, such as through collaborative G2G dialogues, such as the annual Government/Authorities Meeting on Semiconductors (GAMS), as well as by fostering collaboration among U.S. and Japanese firms. These programs should comprehensively support a broad range of activities, from R&D to manufacturing, with a particular emphasis on activating joint development projects.

- **Diversify Semiconductor Supply Chains: Enhancing coordination with Asian countries to promote the dispersion of critical supply chains within the region.**
  To further strengthen the resilience of the semiconductor supply chain, the Councils call on the U.S. and Japan to take leadership in fostering cooperation with aligned countries within the Asia-Pacific region, promoting diversification and redundancy within critical supply chains.

- **Quantum Technology Development and Standardization: Promoting collaborative R&D and practical implementation of quantum technologies while supporting private-sector participation in international standard-setting.**
  Emerging quantum technologies—including quantum computing, quantum communications, and quantum sensing—have the potential to drive transformative disruptions in the next-generation digital economy. To establish technological dominance in these fields, the U.S. and Japan should advance their collaborative efforts in quantum technology development, with a focus on the practical implementation of projects such as quantum cryptography networks and quantum computing systems.

  The Councils request continued support from both governments in securing supply chains for essential materials (e.g., superconducting materials, and photodetectors) critical to quantum technologies, and in facilitating industry participation in the development of international standards (e.g., ITU-T, ISO/IEC QC series) pertaining to quantum technologies. Additionally, in light of the importance of secure communications, the Councils seek deepened collaboration between the U.S. and Japan to establish interoperability for quantum-secure communication systems and to further strengthen joint efforts in this technological domain.

3. Advance the Implementation of Trusted AI

- **Applying agile governance practices informed by the NIST and METI frameworks to promote transparent, accountable, and risk-aware AI development while ensuring alignment with evolving U.S. and Japan, and contributing to broader international discussion.**

  As AI technology advances rapidly, its applications are expected to expand further, not only for consumer use but also for industrial applications such as robotics. AI serves as an indispensable foundation for building resilient and efficient societies while enhancing economic productivity. However, misuse of AI could pose serious risks to society and could harm economic growth and the resilience of U.S. and Japan's economies.

  As AI technology evolves rapidly, its transformative potential continues to expand—from consumer applications to industrial innovations like robotics. AI is a foundational driver of economic productivity and a key enabler of resilient, efficient societies. To ensure its benefits are fully realized, agile governance approaches—grounded in frameworks such as NIST and METI—are essential for promoting transparency, accountability, and trust. At the same time, proactive risk management is critical to prevent misuse that could undermine public confidence and economic stability in both the U.S. and Japan.

  To maximize the economic benefits of AI, the development of human-centered and trustworthy AI is essential. The Councils welcomed the emphasis placed by Japanese Prime Minister Shigeru Ishiba and U.S. President Donald Trump at the June G7 summit on human-centric AI.

  We believe that establishing trust is foundational for the successful and secure deployment of AI. Based on this principle, we encourage the U.S. and Japanese governments to adopt practices that enable the use of trusted vendors, support trusted enterprises, and build trusted governments.

  To this end, the Councils welcome the approach of both nations in strengthening collaboration between their AI institutions, within the framework of the Hiroshima AI Process, which promotes voluntary and internationally harmonized efforts to enhance AI governance among businesses.

- **Data Standardization and Workforce Development: Supporting data flows, intellectual property protections, and AI skills development to deepen public understanding of AI technologies.**

  To ensure that all stakeholders in the AI ecosystem responsibly develop and use AI, it is crucial to support transparent, multi-stakeholder approaches by like-minded countries to AI governance, based on internationally recognized standards and frameworks. The U.S. National Institute of Standards and Technology's (NIST) AI Risk Management Framework (AI RMF) and Japan's Ministry of Economy, Trade and Industry (METI) AI Governance Framework both emphasize agile governance, a risk-based approach, safety, transparency, and accountability, while fostering innovation.

  The recently released U.S. AI Action Plan underscores the importance of innovation, infrastructure development, and international leadership. Building on this, Japan and the U.S. can jointly promote flexible, industry-driven governance models. A framework based on guidelines and consensus—complemented by appropriate regulation where necessary—can provide a strong foundation for broader adoption and international inspiration in AI governance.

  In the development of AI, it is important to continue supporting data privacy, cross-border data flows, robust intellectual property protection, voluntary global AI standards, digital transformation in the public sector, and workforce development to ensure the availability of necessary technology and skills for AI adoption.

  To address the digital divide, education systems must be reformed through policy changes that better prepare students at both the K-12 and higher education levels to utilize and develop AI and machine learning systems. Furthermore, both governments should raise public awareness about the innovations and benefits of AI across the economy and society to help all citizens better understand how to maximize its use in daily life.

  The Councils recognize that strengthening the workforce and human capital-through cultivating engineers for

research and development that supports the social implementation of Ai, as well as reskilling and upskilling the labor force-is essential.

- **Energy-Efficient AI Infrastructure: Advancing technological innovations for low-consumption data centers.**
  In support of the development and deployment of AI, the U.S. and Japan should focus on promoting investment in future-proof data centers and broadband infrastructure with affordable, reliable, and energy-efficient power, alongside encouraging strategic investments and best practices for AI-ready networks.

  The Councils recognize the potential for data centers to drive energy innovation by thoughtfully considering their environmental impact and collaborating with new and existing energy providers to meet their power needs. Optimizing data center energy efficiency through energy-saving innovations—such as next-generation semiconductor technologies (high-density integration, optoelectronic integration, silicon carbide materials, power devices), efficient cooling systems, water-use policies, and energy management—is crucial for achieving sustainable development goals with AI.

- **AI Cybersecurity: Strengthening resilient AI infrastructure and promoting policies for robust cybersecurity measures.**
  To achieve a truly resilient AI infrastructure, the U.S. and Japan should encourage strong AI cybersecurity policies and funding programs. This should not be considered a secondary requirement, following investments in infrastructure, but rather a primary necessity as infrastructure projects are approved and launched. As AI is then designed, developed and deployed, it can benefit from a resilient infrastructure, but will need equally strong cybersecurity policies to ensure that the U.S. and Japan can safely reap the benefits of the AI revolution.

4. Develop and Promote a Resilient and Reliable Next-Generation ICT Infrastructure

- **Adoption of Open Technologies: Supporting the design of open and interoperable network infrastructures for 5G and beyond, ensuring universal compatibility.**
  The Councils recognize that, amid rising cybersecurity threats and geopolitical instability, strengthening and ensuring the reliability of communication infrastructure is an urgent priority, particularly from the perspective of economic security.

  Building on recent collaborative efforts between the U.S. and Japan to promote safe and trusted digital connectivity, we urge both governments to continue advancing public policies that foster the development and voluntary adoption of clear, secure, and trusted Information and Communications Technology (ICT) 5G solutions and beyond. These policies should encourage the use of virtual, open, interoperable, and standards-based network technologies and solutions—including those for Radio Access Networks (RANs), optical transport, and network management—both domestically and internationally.

- **Diversify Supply Chains: Mitigating geopolitical risks through joint development of 6G and satellite communication technologies.**
  The U.S. and Japan should collaborate on ensuring trusted vendors and supply chains, emphasizing the need for trustworthy technology from reliable sources, while avoiding restrictions based on country of origin to maintain supply chain resiliency. The two countries should prioritize the deployment of trusted vendor equipment within digital networks to safeguard against cyber threats and enhance data security, seeking to foster greater interoperability, security, resiliency, and competition within ICT networks, ultimately strengthening defenses against malicious actors and ensuring a robust and secure digital economy.

  We believe that an open and interoperable architecture in the wireless domain is particularly valuable for enhancing economic security, as it expands the selection of trusted vendors and diversifies supply chains. Further, we advocate for accelerating the adoption of open RAN technologies in 5G and beyond, establishing seamless interoperability between products from the U.S., Japan, and like-minded partners within a hybrid supply model. This approach can reduce dependency on any single country while also engaging with international standards organizations to mitigate geopolitical risks.

In the context of 6G development, which will incorporate cutting-edge technologies such as ultra-high-speed optical communications (terabit-scale) and Non-Terrestrial Networks (NTN), we emphasize the importance of supporting free and transparent rulemaking by the U.S. and Japanese governments.

- **The Importance of Multilayered Networks: Expanding the use of non-terrestrial communication networks.** Recognizing that the resilience and reliability of the broader information and communications network depend on a multi-layered approach, we call for the development, deployment, and maintenance of infrastructure that integrates not only terrestrial networks, including submarine cables, but also non-terrestrial systems like Low Earth Orbit (LEO) satellite constellations. Expanding the use of LEO satellites can enhance disaster resilience and provide coverage in remote areas, making joint research and development in satellite data links and anti-jamming technologies a priority from an economic security standpoint.

- **Secure Submarine Cables: Collaborating with allied nations to maintain reliable submarine cable infrastructure.**
  Additionally, given the geopolitical implications of non-terrestrial infrastructure such as submarine cables, cooperation with like-minded partners is crucial. The U.S. and Japanese governments should support the private sector in securing funding for third-country submarine cable projects that facilitate smooth project execution with trusted suppliers, including securing construction vessels for deployment.

5. Leverage Cybersecurity for Safe and Secure Infrastructure Development

- **Strengthen International Cooperation: Promoting cross-border cybersecurity measures through frameworks such as the NIST standards.**
  With the rapid advancement of AI and digital technologies, cyber threats to global supply chains have heightened, transcending borders. Both the U.S. and Japan recognize these threats as critical challenges that require a unified response. To counter these threats effectively, we must strengthen the partnership between governments and industries in both countries, while simultaneously leveraging Japanese-U.S. cooperation to expand collaboration with like-minded nations. There is a need for collaboration with the private sector to develop secure AI systems and cybersecurity solutions, promoting the use of AI to address cybersecurity professional shortages, and ensuring the secure development and deployment of AI by mitigating risks through testing and evaluation.

  In the digital era, infrastructure resilience demands a synergistic approach that integrates technology, policy, and international cooperation. Given the increasing diversification and sophistication of cyber threats against critical infrastructure, we recognize the importance of accelerating the shift from prescriptive regulation to a risk-based approach. This enables governments to implement adaptive and technology-driven risk management strategies.

  As the U.S. and Japan take steps to bolster cybersecurity across governments, critical infrastructure, and supply chains, their approaches should adhere to internationally recognized cyber risk management frameworks, such as the NIST Cybersecurity Framework. These frameworks, along with evolving best practices and globally acknowledged standards, empower industries to develop more flexible, up-to-date, and risk-based cybersecurity strategies to counter evolving threats.

  We advocate for increased international cooperation in promoting standards such as the Software Bill of Materials (SBOM), where appropriate, to enhance supply chain cybersecurity. Continued efforts toward mutual recognition of the Internet of Things (IoT) cybersecurity labeling program, along with establishing interoperable policies for secure IoT and software development—such as the Secure Software Development Framework (SSDF)—should be led by Japan and the U.S. through negotiations with emerging economies.

  There is a need for flexible accreditation and certification schemes and fostering international collaboration among other like-minded governments to advance foundational technologies like chips, quantum, and AI through active participation in standards development organizations. It is important to have internationally consistent guidance on transparency and accountability, and alignment of security certifications to internationally recognized schemes to minimize duplicated efforts and facilitate mutual recognition across borders, creating incentives that would drive more secure products and services and their deployment.

- **AI-Powered Threat Mitigation: Advancing joint research in machine learning and quantum cryptography for enhanced detection and defense against cyber threats.**
  To counter cyberattacks leveraging advanced technologies like AI, we emphasize the need for strengthened cooperation between the U.S. and Japan. This includes joint initiatives such as:
  - Developing AI-based cyberattack detection models, integrating machine learning and deepfake detection technologies, along with sharing cyber threat intelligence to enhance the accuracy of training data and analytical algorithms.
  - Collaborating on the development of quantum-secure communication systems, including the establishment of joint technology standards and the implementation of pilot projects to advance quantum cryptography technologies.

  We commend Japan's proactive Cyber Defense Law, which has strengthened its response to cyber threats. We call on the government to ensure close public-private collaboration in shaping policies, reflecting the actual dynamics of cyber threats and responses during the deliberation of subordinate statutes and implementation regulations.

- **Support SMEs: Implementing common standards and cost-reduction measures to enhance the cybersecurity capabilities of small and medium-sized enterprises and startups.**
  Finally, a more aligned international approach to cybersecurity policymaking can streamline the process for small and medium-sized enterprises (SMEs) to enhance their cybersecurity capacities and integrate into global supply chains. We urge measures such as establishing common evaluation standards for cyber defenses applicable to businesses in both countries, providing cost subsidies for cybersecurity measures, and developing joint cloud-based security services. These steps should help minimize costs for SMEs while elevating the resilience of the entire supply chain against cyber threats.

- **Sustainable Digital Economy: Addressing Japan's digital trade deficit, fostering discussions on building a sustainable digital economy.**
  Lastly, the Councils recognize that Japan's growing digital trade deficit poses potential long-term impacts on the competitiveness of domestic industries and sustainability of the economy. As dependence on foreign digital platforms-such as cloud services, OS licensing fees, and online advertising-continues to expand, both countries are called upon to engage in serious discussions on this structural challenge and to explore opportunities for cooperation toward building a sound and sustainable digital economy.

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Energy and Infrastructure

In today's complex geopolitical landscape, strengthening energy security is a top priority for every country. 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 (hereafter "the Councils") have consistently stressed the importance of taking an all-of-the-above approach to realizing emissions reduction goals while recognizing the diverse pathways that individual countries must take based on their unique circumstances. The Councils encourage the U.S. and Japan to champion a diversified portfolio of lower carbon solutions, including natural gas, carbon capture, nuclear, geothermal, e-fuels such as e-methane/e-natural gas, bio-gas/biofuel, and hydrogen/ammonia-ready gas turbines, to ensure a pragmatic and inclusive path towards lower carbon energy.

1. Responsibility for Meeting Soaring Electricity Demand

The rapid expansion of generative AI and data centers is driving unprecedented electricity demand. According to the International Energy Agency (IEA), global electricity consumption for data centers reached 415 terawatt hours (TWh) in 2024, growing at 12% annually since 2017. Projections suggest this could more than double by 2030[1], underscoring the urgent need for resilient and scalable energy infrastructure. The energy and infrastructure sectors must demonstrate the ability to reliably meet this surging electricity demand. Governmental support is also important for the private sector to expand its capacity for products that support the long-term growth of electricity supply.

While hyper-scalers, utilities and energy providers must build new power generation in order to meet this demand, there are constraints, such as the limits on production capacity for large gas turbines, and grid shortages for energy transportation.

The industrial sector must also coordinate its response to rising electricity demand with the government. To do so, industry needs governmental support on broader issues including supply chains, permitting reform, financial incentives, policy and regulations, because these often involve political issues that the private sector cannot solve on its own. Consistency and predictability are important for companies to have the confidence to make the significant capital investments needed to expand and modernize power grids and energy infrastructure.

To meet rising energy demands and support long-term energy security, the Councils urge the U.S. and Japanese governments to undertake the following activities:

- **Expand production and transmission capacity** for electricity generation equipment through targeted incentives;
- **Digitize energy infrastructure** through technologies such as AI, IoT and quantum to enhance efficiency, resilience, and resource optimization. The U.S. and Japan should also take the lead in promoting the strengthening of cybersecurity for critical infrastructure such as Post Quantum Cryptography (PQC) and Quantum Key Distribution (QKD);
- **Secure critical mineral supply chains** that support the development of renewables and battery storage

[1] According to the IEA, global electricity consumption for data centers will increase 945 terawatt hours (TWh) by 2030 as a base case, which is double the number in 2024, and by 1,260 terawatt hours (TWh) as a lift-off case.

technologies and support innovation to reduce dependency;

- **Promote an increase in nuclear power deployment**, including advanced new reactors, small modular reactors, fast reactors, high-temperature gas-cooled reactors and nuclear fusion, under stringent safety standards;
- **Encourage investments in waste management which can recover critical minerals and other feedstock resources** and support next generation manufacturing. Waste management value chains represent investment in technology and job creation; while also supporting more employment opportunities in waste collection and innovative manufacturing using recycled material as feedstock for development of new products;
- **Advance research and development on** initiatives that lead to the effective operation of existing nuclear power plants, such as online maintenance, extension of operating periods, and even enhancement of rated load and flexible load control, which have proven successful in Europe; and,
- **Encourage greater investment in recycling technology**, including the deployment of advanced recycling which is a more suitable technology to address the complexity in developing economies in the region.

2. Continuing Efforts to Strengthen Energy Security

The Councils would welcome the continuations of the U.S. - Japan Energy Security Dialogue and the 1.5 track dialogue with the private sector every year. While uncertainties remain related to energy security, such as volatile energy prices and global competition over resources, it is important to continue these dialogues to foster stability and predictability.

Japan and Southeast Asia comprise a vast region which requires significant and secure energy supplies. Importing liquefied natural gas (LNG) has been a valuable strategy to help to alleviate global energy supply constraints and to strengthen energy security for the region. The Councils welcome that leaders of U.S. and Japan have announced their intention to strengthen energy security by unleashing the United States' affordable and reliable natural gas by increasing exports of U.S. LNG to Japan in a mutually beneficial manner in their official joint statement.

Nuclear power is also essential for reinforcing energy security as well as contributing to progress on carbon neutrality aspirations. In its Seventh Strategic Energy Plan in 2025, Japan outlines an enhanced role for nuclear power, due to its excellent supply stability, technological self-sufficiency rate and stable power generation at a constant output.

The Councils recommend that the U.S. and Japanese governments consider the following measures to enhance energy security and resilience for a stable worldwide energy supply:

- **Continue the Japan-U.S. Energy Security Dialogue** to strengthen bilateral partnerships and maintain 1.5-track dialogues with private sector partners for government-industry alignment;
- **Lobby to eliminate tariffs on energy-related products** with the recognition that a stable electricity supply with reasonable cost is not only the foundation of economic activity, but also important infrastructure for ensuring the prosperous and safe lives of the people in both countries.
- **Support infrastructure development** to boost U.S. LNG export capacity and efficiency to the Indo-Pacific, while accelerating low-carbon energy technology deployment in the region;
- **Encourage an increase in energy supplies** through inter-governmental frameworks with like-minded countries and invest in infrastructure to diversify sources and supply chains, reducing reliance on single suppliers;
- **Expand nuclear power utilization** and promote next-generation reactors as a key source of safe, resilient, and green baseload power to support energy security;
- **Increase capacity-building training, technical assistance, and technology transfers** between the U.S., Japan, and Southeast Asia to enable lower-carbon, affordable, reliable grids and energy sources that advance economic development and circular economy policies;
- **Leverage existing U.S.-Japan public-private dialogue frameworks** to support regional energy and infrastructure projects, including concessionary financing, business matching, private capital mobilization, and reduced regulatory barriers in Southeast Asia;

- **Support Southeast Asian policymakers in implementing their national waste management plans**, including through increased investment in waste management via U.S. and Japanese development funding and through the adoption of Extended Producer Responsibility (EPR) and its supporting regulations. Development support may include capacity building and technical assistance to enable wider adoption of circularity, including the use of fiscal incentives and mandates that could promote wider adoption of circular materials; and,
- **Implement legislation and policy** to assure the regulatory certainty and consistency necessary to attract long-term capital investments.

3. An All-of-the-Above Approach to a Lower Carbon Energy Future

The energy transition requires careful planning and international collaboration on pragmatic policies for energy production, power grids, efficiency measures and consumption to support achieving aspirational carbon neutrality goals and enhancing energy security.

The Councils are aware that the development of a lower carbon energy future is far more complicated than simply turning off fossil fuels and switching on renewables. It requires a balancing act between reducing society's emissions and ensuring secure, stable and affordable energy supplies for each country. Every country has different resource constraints, energy requirements, and is at a different stage of its development of a lower carbon pathway. Obviously, there can be no one-size-fits-all approach or collective pace, so we need to advance solutions that complement efforts to enable a balanced energy transition.

Various investments in potential alternatives are becoming available, including e-fuels such as e-methane/e-natural gas, bio-gas/biofuel, carbon capture systems, nuclear power, batteries, low-carbon hydrogen and ammonia in addition to employing natural energy resources such as solar, wind, geothermal, and pumped storage hydropower. Considering the best mix of power generation sources, thermal power is still needed and renovating these power plants would contribute to achieving carbon neutrality.

Technology development and innovation are critical to expanding adoption of these alternatives, and we must also offer the private sector a fair return in order to increase the number of actual projects using these alternatives. Limited incentives and support make it hard for commercial developers to greenlight resources and capital for such projects. It also diminishes the ability for equipment suppliers to join such projects. While the U.S. Inflation Reduction Act (IRA) has been modified, the Councils welcome that some incentives still continue, such as 45Q's tax credit for Carbon Capture, Utilization and Storage (CCUS) projects.

The Councils call on both governments to reinforce their support for the following initiatives to accelerate an All-of-the-Above Approach to the energy transition:

- **Continue commitments to switch to natural gas-fired generation** and methanol from higher-emission fuels, while deploying advanced technologies like dual-fuel gas turbines for natural gas and hydrogen/ammonia combustion, or hydrogen/ammonia-only systems;
- **Activate incentives for CCUS, hydrogen, ammonia, 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/ammonia, e-fuels (e-methane/e-natural gas), sustainable aviation fuel, and bio-gas;
- **Support scaled, safe advancement of lower-carbon hydrogen** by providing stable policies that enable competition across production technologies based on full lifecycle greenhouse gas intensity, use market-based accounting for growth, foster demand via carbon pricing and incentives, and facilitate infrastructure deployment;
- **Develop common principles such as "Resource Efficiency Principles (REP) and life cycle assessment (LCA) tools to evaluate the economic viability and scale of waste alternatives**, and additionally support the waste hierarchy by rethinking the traditional, linear "take-make-dispose' way of doing business to adopt new ways of working that maximize the value and use of our resources;
- **Amend the IRA's inflation adjustment clause** for CCUS tax credits (e.g., update 45Q to shift inflation

adjustment from 2027 to 2028 and base index from 2025 to 2026, while accounting for inflation since 2021) to attract investments in decarbonization projects. Furthermore, reconsider the new limits on foreign-derived feedstocks for 45Z;

- **Drive discussions on managing and reducing carbon intensity** via expanded low-carbon hydrogen, carbon dioxide capture solutions, methane emissions management, and renewable energy, with each country applying lifecycle analysis and carbon accounting frameworks—tailored to their energy and economic contexts—to improve transparency on product carbon content, imports, and consumption for advancing decarbonization; and
- **Develop a framework to measure the impact of Japanese investments** in U.S. decarbonization projects, enhancing visibility of Japan's global contributions to carbon neutrality.

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Financial Services

Appropriately regulated, transparent, and liquid global financial and capital markets are the most effective mechanism for allocating capital efficiently toward its most productive uses. While the U.S. and Japan remain globally leading financial markets, the Financial Services Working Group of the Japan-U.S. Business Council and the U.S.-Japan Business Council ("the Councils") nonetheless believe that in numerous areas improvements are desirable, and achievable, particularly at a time of elevated geopolitical and economic uncertainty.

With this belief in mind, the Councils believe the two governments should closely coordinate to understand each other's policy priorities and act to reach shared goals. Aiming at addressing the current priorities and challenges facing our member companies, the Councils would like to focus on the following four themes and to recommend the U.S. and Japanese governments to consider the listed policy actions:

1. Driving Investment in the U.S. and Japan

Investment is a key driver for economic development. Promoting investment in businesses as well as infrastructure is a policy priority in both countries. Japan has been the largest source of foreign direct investment (FDI) in the U.S. for the past 6 years, and the U.S. is the largest FDI contributor in Japan. Moreover, Japan committed to making up to $550 billion available for investment into the U.S. to strengthen core American industries in the U.S.–Japan Strategic Trade and Investment Agreement announced on July 23, 2025. The Councils view two-way FDI as a win for both economies and stress that the foreign investment review process should be conducted objectively.

Investment is driven by savings, which should contribute to individual asset formation. The Councils underline the need for targeted policy measures, such as tax incentives or subsidies, to support individual asset formation and improve financial literacy for individuals to take a more active role in managing their personal assets. At the same time, the Councils reemphasize that sound fiscal policies, and stable and predictable legal frameworks, including agreed-upon international tax rules, remain essential to promoting investment in both countries.

Key recommendations:

- Promote foreign direct investment between the U.S. and Japan, lifting any unjustified impediments, including regulatory or supervisory barriers.
- Establish and utilize blended finance frameworks involving public institutions such as export credit agencies, to mobilize private sector resources.
- Strengthen public and private collaboration in enhancing the incentives for personal financial asset formation and increasing financial literacy, particularly among the vulnerable and youth.
- Partner with the financial services industry including the insurance sector to meet the evolving financial needs of consumers, such as long-duration insurance and savings products that help prepare for aging and close life and retirement protection gaps.
- For the Japanese government, advance its initiative of "Promoting Japan as a Leading Asset Management Center" to lay a foundation that furthers Japan's economic growth.

2. Strengthening Ensuring Regulatory Coherence and Level Playing Field

Regulatory fragmentation in financial services can raise risks to financial stability and market efficiency, increase transaction costs, and harm economic growth. The Councils urge alignment between the U.S. and Japanese governments on policies and regulations that are coordinated, balanced, evidence-based and outcomes-oriented, to achieve financial regulatory coherence.

With increasing globalization and digitalization of financial services, fair and consistent regulatory treatment across jurisdictions is essential to enable healthy competition, safeguard consumers, and promote efficient capital flows. The Councils emphasize the importance of establishing a regulatory environment that ensures a level playing field between jurisdictions, financial sectors, and types of service providers, which are in the interests of the U.S. and Japanese financial sectors. Internationally agreed standards and principles are instrumental in aligning regulatory frameworks across borders.

Key recommendations:

- Further leverage multilateral or bilateral information exchange frameworks among regulators such as bilateral financial services regulatory forum patterned after the one between the U.S. and the European Union (EU), to discuss various financial sector and market regulations and challenges.
- Consider reliance on trusted supervisory arrangements and established assessment frameworks to promote regulatory deference, avoid duplication, and facilitate efficient capital flows.
- Apply regulations designed to address similar identified risks in the financial markets across all similar providers and ensure a level playing field between new entrants and incumbent players and between tech-focused companies and traditional financial institutions.
- Implement appropriate capital standards for insurers in light of the Insurance Capital Standard (ICS) finalized by the International Association of Insurance Supervisors and the U.S. implementation of the ICS via the Aggregation Method.
- For the U.S. government, expeditiously finalize the Basel III framework in an internationally harmonized manner, and calibrate the capital regulations for banks, including the enhanced supplementary leverage ratio (eSLR), the Federal Reserve's stress test and the capital floor, to avoid excessive capital requirements compared with other major jurisdictions.
- For U.S. authorities, work with all stakeholders to refine the requirements in cross-border swaps regulation under the Commodity Futures Trading Commission's rulesets, paying due regard to the equivalent rulesets overseen by the Japanese regulators, and recalibrate the extra-territoriality of the Security Exchange Commission's mandatory clearing requirements of U.S. Treasury cash and repo transactions.
- For the Japanese government, review its Know Your Customer (KYC) rules and procedures based on a risk-based approach in harmony with international practices.

3. Advancing Economic Resilience and Security

The Councils understand that finance represents a critical infrastructure sector, requiring public and private sector collaboration to ensure provision of safe and sustainable services required in critical situations, especially against cyber-attacks. Both governments should coordinate to ensure national security while taking care not to impede free economic activity, given the increasing number of targets and growing complexity of financial sanctions.

To strengthen global economic resilience, the Councils support efforts to enhance the sustainability and security of international supply chains, particularly by diversifying sources of critical goods and services. In this context, emerging economies play a key role. The Councils appreciate both governments supporting sustainable growth of emerging economies which are vulnerable to risks arising from environmental changes, while avoiding debt problems.

In recent years, more frequent and severe natural catastrophe (NatCat) events occurred, and the NatCat protection gap in disaster-prone areas becomes a major issue for both countries and the world. Similarly, longer life spans and aging populations have fueled a substantial life, health and retirement protection gap in many countries, including Japan and the U.S. The Councils support the collaborative efforts of multiple various public and private stakeholders, including especially insurance sectors, to narrow these protection gaps.

Key recommendations:

- Cooperate further to strengthen capability of cybersecurity at financial institutions.
- Enhance communication between public and private sectors to improve sanctions effectiveness and reduce compliance risks for financial institutions.
- Promote transition finance and blended finance involving multilateral development banks, export-import banks, and other public institutions, and partner with public-private initiatives to foster private sector investment in emerging economies and to develop resilient supply chains for strategic materials.
- Narrow protection gaps by reducing the economic losses caused by NatCat events, promoting risk transfer measures such as insurance and reinsurance, and encouraging further capitalization of insurance sectors.
- Facilitate innovative insurance products that meet evolving customer needs and ensure sufficient coverage.

4. Promoting Digital Financial Innovation and Free Data Flows

The Councils recognize the importance of resolving regulatory and operational issues to promote digital financial innovation. When developing legal frameworks, it is vital to hold adequate consultation with market participants and provide timely, clear, and integrated guidance to balance innovation with financial stability and consumer protection.

The Councils welcome international efforts for reliable AI systems, such as the launch of the G7 Hiroshima AI Process in 2023, and the establishment of the AI Safety Institute in respective countries. Both governments should lead international discussions related to the use of AI and the associated risks to avoid duplicative or conflicting regulations.

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. The Councils urge the two governments to reaffirm their commitment to supporting free flow of data across borders, as embodied in the U.S.-Japan Digital Trade Agreement.

Key recommendations:

- Ensure a level playing field among banks, non-bank financial institutions and non-financial institutions in fintech applications and methods with particular attention to cybersecurity.
- Provide appropriate regulations to enable stablecoin providers and traditional financial institutions to build resilient financial systems under a fair competition environment, allowing financial institutions to hold, issue, transact in and custody stablecoins.
- Ensure that internationally agreed standards for digital assets, such as those of the Basel Committee, are properly calibrated for risk and achieve widespread adoption.
- Refrain from creating new, stringent regulations, instead prioritizing flexible, risk-based guidance on the use of AI in the financial sector, and engage actively in international standard-setting bodies.
- Promote Data Free Flow With Trust (DFFT), including through policy discussions under the Organization for Economic Co-operation and Development (OECD) and other relevant international venues, while paying due attention to data privacy protection and cyber security.

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Healthcare Innovation

Urgent and sustained investments in healthcare innovation are needed to promote health system resilience, timely patient access to new treatments, workforce productivity and stability, and economic competitiveness. Declining birth rates and rapidly aging populations present new health challenges in the U.S. and even more so in Japan, where almost one-third of the population is now aged 65 or older. At the same time, the younger generation is being diagnosed with certain cancers at unprecedented rates, chronic diseases strain healthcare systems, and preparedness for global-scale threats remains critical. These global issues require increasingly efficient, personalized, and scalable solutions.

The life sciences industry rises to the challenge by investing in research and development (R&D) that results in the creation of cutting-edge innovation. Breakthrough treatments and technological advancements, such as artificial intelligence (AI) and new digital tools, make healthcare more accessible and data driven. However, the policies that dictate access to these innovations for Japanese and American patients are failing to keep pace. Instead, these policies create significant obstacles for patients and industry, preventing optimal healthcare services and economic outcomes.

As the United States and Japan continue leading the biopharmaceutical and medtech ecosystem, we must work together to ensure innovation receives balanced and sustainable support. Ensuring that the value of innovative medicines is appropriately supported—particularly in pricing mechanisms—is critical. A shared commitment to fair and predictable trade frameworks will safeguard patient access and foster continued innovation. Additionally, both countries should support digital transformation and cut bureaucratic red tape preventing deeper bilateral cooperation on healthcare as economic security.

By committing to the critical reforms we recommend below, the U.S. and Japan can cement their ongoing leadership in life sciences:

1. **Pricing and Patient Access Policy:** Negotiations should include reforming pricing policies to advance best practices, promoting investment for medical innovation and timely and continued patient access. A new, holistic strategy with cross-ministerial engagement is needed to support ambitious outcomes across all parts of the health innovation ecosystem. The private sector can offer guidance on targets and policy approaches, as well as lessons learned from similar endeavors in other countries.

2. **Create a U.S.-Japan Digital Health Transformation:** USJBC and JUBC recommend leveraging the new public-private council to design and launch a U.S.-Japan partnership on digital health. The council will share best practices for: telemedicine and remote care, digital therapeutics, use of AI, cross-border data flows and privacy, and the creation of efficient regulatory pathways to enable patient access to these technologies.

3. **Increase Supply Chain Resilience and Economic Security:** The Councils recommend that negotiated outcomes address specific opportunities for the U.S. and Japan to promote supply chain resilience, including improvement of regulatory transparency and due process, and reducing regulatory disparities. The commitments should also address other tariff and non-tariff barriers that increase the cost of supply chain integration, industry competitiveness, and national economic security. As noted above, the Councils urge both countries to avoid imposing tariffs on medicines and medical devices, as these measures will not contribute to competitiveness and will harm patients.

The U.S. and Japan need to ensure innovation and patient access are at the heart of their healthcare strategies. We recommend the following reforms to ensure both countries have access to the best, most effective healthcare innovation. These items are not comprehensive, hence we welcome continuous conversation from both countries:

1. Pricing and Patient Access Policy

In a positive development for Japan, the 'Basic Policy on Economic and Fiscal Management and Reform 2025' highlights the need to strengthen drug discovery capabilities and raise official medical care prices in response to rising costs, although it does not explicitly mention drug pricing. However, unpredictable drug price revisions and policies, such as using a cost-effectiveness evaluation to cut price premiums, have disincentivized R&D and resulted in drug lag/loss and quality issues. In the United States, the Most Favored Nations (MFN) Executive Order presents a monumental challenge to long-term R&D and patient access should the threat of international reference pricing be realized.

- For both: Commit to developing and improving the current R&D, regulatory, and reimbursement systems to encourage adequate investment in the market. Ensure that regulatory and pricing systems are evolving to keep pace with the incredible breakthroughs and advancements in science and technology associated with new pharmaceutical and medical technology products.
- For both: Support high-standard intellectual property (IP) regimes. IP protections create the foundation for and drive investment in biopharmaceutical research and are essential to current and future research partnerships in Japan and the United States.
- For both: Introduce financial initiatives that reflect the value of innovation to support innovative therapeutics such as regenerative medicine, cell therapy, gene therapy, and digital therapeutics such as software as a medical device ("SaMD").
- For both: Prevent and eliminate harmful price control policies that discourage innovation and patient access, including provisions stipulated in the Inflation Reduction Act (IRA). These provisions disincentivize the development and stable supply of small molecule medicines, medicines for rare diseases, and R&D for new uses of medicines following an initial regulatory approval.
- For both: Our understanding of human pathology has advanced remarkably, and some interventions for diseases are now initiated before symptoms appear. Discussions should be initiated on improving the healthcare system and patient access to innovative interventions regardless of a patient's finances.
- For both: Enhance Patient Public Involvement (PPI) in the formation of health policy.
- For the U.S.: Address the unintended consequences of pricing reforms and proposals on provider reimbursement, so that all physicians can afford to administer the most appropriate medicines for their patients.
- For the U.S.: Ensure that patients benefit directly from the discounts provided by biopharmaceutical companies to 340B hospitals and off-site entities serving low-income communities.
- For Japan: Given Japan's economic inflation and the negative impact it has had on drug innovation and shortages, lift the ceiling on growth of social security-related expenditures. Reform the current fiscal framework of social security-related expenditures to promote investment in biopharmaceutical innovation by recognizing health system savings (care burden reduction and well-being improvement, etc.) and economic growth from innovative medicines.
- For Japan: Maximize multinational company engagement in the new public-private council (PPC) starting in 2025 and listen sincerely industries' advise on the development of rules impacting the healthcare sector. Ensure that the drug pricing system is addressed within the framework of the PPC, with the active participation of all relevant ministries. Recommendations from the PPC should be jointly formulated through close collaboration between the public and private sectors.
- For Japan: Exclude patented innovative new drugs from the scope of price revisions (including off-year), market expansion, and spillover repricing to ensure a simple and predictable system.
- For Japan: Promote practical pricing approaches that consider the wide range of benefits derived from therapies, including clinical outcomes as well as social, population-level, economic, and health system benefits. In addition, add more flexibility to apply comparative pricing methods or create a new pricing mechanism for innovative products with no comparator to ensure fair and adequate value is given to novel

drugs without a subjective transparency penalty. Given that innovative cell and gene therapies are produced through personalized manufacturing processes, reducing the price of those based on increased patient numbers would have a significant negative impact on the sustainability of patient access and the supply system.

- For Japan: Do not expand the scope of the Health Technology Assessment (HTA) system. Proposed expansion of the cost-effectiveness evaluation system will discourage investment for innovative drugs and medical technologies. When conducting evaluations, consider that drug prices in Japan are determined by a sophisticated drug pricing system. It is necessary to maintain consistency with the existing drug pricing system. Avoid the mechanistic use of cost-effectiveness thresholds when determining value, including for insurance reimbursement decisions, to limit barriers to innovations.
- For Japan: While the Optimal Use Promotion Guidelines (OUG) serve as a meaningful tool to balance patient benefit and financial sustainability of National Health Insurance (NHI) it is important to ensure that they do not overly restrict patient access in clinical practice. The OUG for each medicine or device should be reviewed regularly.
- For Japan: With respect to medical devices, abolish the Foreign Average Price adjustment system, which compares medical device pricing without considering differences in healthcare systems, economies, and reimbursement environments among countries. This abolishment will ensure innovative medical devices remain available to patients in Japan. The outlier rule applied for the calculation works to omit its price in the U.S. in most cases.
- For Japan: Exclude innovative medical devices, such as those classified under unique designated functional categories, from market expansion repricing.
- For Japan: When reviewing functional categories for medical technologies, work closely with industry to ensure that any changes do not undermine innovation.
- For Japan: Provide early access to diagnostics and screening assays for diseases like cancer and rare diseases given screening, prevention, and better targeted therapies lead to lower healthcare costs in the long term. Work to align regulatory and reimbursement systems with global standards to ensure timely patient access to innovative medicines.
- For Japan: The Ministry of Health, Labour and Welfare should promote transparency in the drug review process for the public/patients and biotech companies. Deepening understanding of the process is important to improve drug loss issues in Japan.
- For Japan: Advance discussions on the ideal way to ensure the stable supply of medicines, while further developing an effective system which enables the prompt withdrawal of off-patent medicines from the market.

2. Digital Health Transformation

The U.S. and Japan share a commitment to leadership in digital services, and industry welcomes constructive actions like the FDA's draft guidance on the use of AI. Early guidance ensures we have the level playing field we need to succeed.

- For both: Reinforce a comprehensive commitment to swift and effective digitalization in healthcare, supported by strong leadership and adequate government backing.
- For both: Promote alignment between U.S. and Japanese regulators in developing and implementing new digital health policies, reduce the cost of new innovative therapies, and improve health outcomes by collecting data and supporting physician/patient interaction. Health data platforms should be designed with consideration for the secondary use of collected health data, which may be utilized for R&D, safety monitoring activities, and evidence generation.
- For both: With appropriate protections and meaningful incentives, promote the development, adoption, and use of interconnected/interoperable health data platforms – whereby individuals can access their own health data. Use international standards such as HL7/FHIR to support integrated care across diagnosis, treatment planning and delivery, patient follow-up, and patient data management.
- For both: Address Ethical, Legal, and Social Issues ("ELSI") including privacy, information protection, and antidiscrimination to accelerate the sharing of de-identified health data. Conduct an education campaign to raise awareness of the advancements achievable through the voluntary sharing of anonymized medical data,

which can drive evidence-based treatment solutions and policymaking.

- For both: Address barriers to data-sharing mechanisms, while maintaining appropriate privacy protections, to enable the discovery of novel targets and therapies. Integrate genomic/multiomic data into the healthcare system through collaboration with researchers and clinicians and the bilateral exchange of best practices.
- For both: Further promote the application of decentralized clinical trials, enabling a hybrid model of in-person and remote visits to medical institutions for the benefit of trial participants.
- For both: Align U.S. and Japanese regulators in cybersecurity risk management to protect against cyberattacks and data intrusions, ensuring patient safety, and minimizing enterprise risk.
- For both: Support diverse treatment modalities, such as telemedicine, which can be effectively utilized at home.
- For both: Foster partnerships between U.S. and Japanese healthcare institutions, technology companies, and academic researchers to share best practices and jointly develop innovative digital health solutions. Establish bilateral working groups to address common challenges and identify opportunities for collaboration.
- For both: Train healthcare professionals with the necessary skills to effectively use digital health technologies. Encourage continuous education and certification programs to ensure healthcare workers are up to date with the latest digital tools and practices.
- For both: Develop digital health solutions that prioritize patient engagement and empowerment. Encourage the use of patient feedback in the design and implementation of digital health platforms to ensure they meet the needs of diverse patient populations.
- For both: Facilitate the integration of AI and machine learning technologies in healthcare systems to enhance predictive analytics, personalized medicine, and operational efficiency. Encourage the development of ethical guidelines for AI use in healthcare.
- For both: Develop data governance frameworks that ensure the ethical use of health data, protect patient privacy, and promote transparency in data sharing practices. Encourage international collaboration to establish global standards for data governance.
- For Japan: Implement a comprehensive health data policy that encourages the government to build data infrastructure and include legal frameworks, which enables the private sector's utilization of health data while also protecting patient privacy.
- For Japan: The Ministry of Health, Labour and Welfare should enact a bill to amend the Medical Care Act by the end of 2025, enabling pharmaceutical companies and other entities to utilize public databases held by the Ministry for secondary purposes.
- For Japan: Establish a digital mechanism that allows the healthcare industry to effectively deliver necessary information regarding pharmaceuticals and medical devices to patients and the public.
- For Japan: Further support the development of a data platform for the traceability of pharmaceuticals and medical devices.
- For Japan: Expand telehealth infrastructure to ensure equitable access to digital health services across rural and underserved areas. Provide subsidies or incentives for healthcare providers to adopt telehealth technologies and reach remote populations.
- For Japan: Create innovation hubs and fund startups in the digital health sector. Encourage collaboration between startups, established companies, and academic institutions to drive innovation and accelerate the development of new digital health solutions.
- For Japan: Educate the public about the benefits and potential of digital health technologies. Provide resources and support for patients to understand and navigate digital health platforms effectively.

3. Supply Chain Resilience and Economic Security

On the U.S. side, tariff proposals create new concerns. Increased tariffs will hamper American and Japanese healthcare due to our deeply interconnected global supply chains.

- For both: Promote economic security policies that enhance diverse and resilient supply chains and encourage free and fair trade with trusted partners. During cross-border crises, such as pandemics, it would

be desirable to establish a system under which both countries would share raw materials, active pharmaceutical ingredients (APIs), and end-products with each other as a top priority.

- For both: Avoid tariffs on medicines and other medical goods, which both governments have recognized for decades require special consideration. Such measures do not contribute to economic security, risk shortages, and ultimately raise healthcare costs.
- For both: Reinforce global supply chains through alliances between the U.S. and Japan. Support the removal of unjustified trade barriers on medical products to ensure timely and equitable access for patients and stable supply of health products. In particular, the supply chain for biopharmaceuticals is complex and globally optimized, and relocating manufacturing sites requires long-term economic certainty, significant time, and expense, including compliance with many regulations. Therefore, it is important to promote policies that do not hinder access.
- For both: Establish initiatives to enhance mutually beneficial cooperation between the U.S. and Japan regarding components, materials, and manufacturing technology from the viewpoint of promoting industry development and creating a stable supply of medical products and technologies.
- For both: Support joint U.S. and Japan countermeasures against infectious diseases and health emergencies. Establish an appropriate market-based incentive system for R&D for antimicrobial drugs and vaccines while also countering against antimicrobial resistance ("AMR"). It is beneficial to share data on disease factors such as pathogens, as well as development and manufacturing technologies for vaccines and medicines.
- For both: Create fast-track review processes for improved supply chains, such as the relocation of manufacturing sites in the event of an emergency and regulatory reliance/sharing of reviews of post-approval changes related to manufacturing.
- For both: In cooperation with the Japan and U.S. authorities, establish a Mutual Recognition Agreement (“MRA”) on Good Manufacturing Practice (“GMP”) to improve supply chain management.
- For both: Adopt and strengthen science-based, pro-vaccination policies and public information campaigns, understanding that high vaccine uptake is essential to preserving economic and social resilience vis-a-vis pandemic, seasonal, and endemic diseases.
- For both: Recognize the evidence-based benefits of fundamental health solutions, such as a well-balanced diet, exercise, and adequate sleep. These benefits should be communicated to promote public health and enhance primary disease prevention for healthy longevity in aging societies.
- For Japan: The Ministry of Health, Labour and Welfare should promote use of digitalization and establish a database to understand actual distribution of the medical product in supply chain.

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Travel, Tourism and Transportation

Over the decades, Japan and the United States have forged a robust partnership through trade, investment, and people-to-people exchanges, contributing significantly to the growth and stability of the global economy. Among the areas of bilateral cooperation, the fields of travel, tourism, and transportation play a vital role, not only in job creation and regional revitalization, but also as a foundation for deepening mutual understanding and fostering new value and innovation. Building on initiatives such as the "U.S.-Japan Tourism Year," bilateral exchanges are steadily recovering from the pandemic period. Continued efforts remain necessary to further enhance two-way exchanges.

At the same time, the rapid rebound in demand has brought to light a range of challenges. In Japan, tourism infrastructure has not kept pace with the increase in visitors, and strengthening local capacity to host travelers has become a pressing issue. Addressing these challenges will require the broader deployment of digital tools, the introduction of advanced technologies such as autonomous driving, and, in some instances, workplace and regulatory reforms. Indeed, pioneering public-private initiatives are already underway, including Japan-U.S. joint pilot projects in autonomous mobility.

In the United States, major international events such as the FIFA World Cup 2026 and the Los Angeles Olympic Games 2028 are forthcoming. These will create opportunities to expand tourism demand, attract visitors to diverse regions, and promote increased flows of people and goods from Japan.

In view of these developments, the Japan-U.S. Business Council and the U.S.-Japan Business Council (hereinafter, "the Councils") respectfully submit the following recommendations to both governments to address the challenges facing the travel, tourism, and transportation sectors and to advance their sustainable growth.

1. Revitalization of Bilateral Exchanges

1.1 Promotion of Regional Tourism

Sustainable growth of the tourism industry requires avoiding excessive concentration of demand, while expanding consumption and encouraging longer stays. Promotion of regional tourism is indispensable. Regional assets such as history, culture, nature, cuisine, and sports should be effectively showcased to channel both people and goods toward regional areas. Demand should be further balanced by stimulating off-peak travel and promoting flexible vacation systems. Public-private cooperation will be essential, with government expected to play a leading role in shaping public awareness.

MICE (Meetings, Incentives, Conferences, and Exhibitions) represents a high-growth sector with substantial economic impact. The United States possesses strong capabilities in attracting large-scale international conferences and entertainment events, with extensive experience in branding and monetizing such initiatives. Japan should draw upon these best practices while leveraging its own strengths, such as safety, detailed hospitality, and cultural diversity.

1.2 Enhancement of Tourism Infrastructure

The sustainable development of the tourism industry requires, in parallel with improved working conditions, the pursuit of efficiency through digital innovation. The effective utilization of data will be decisive for competitiveness. Advancing initiatives such as autonomous driving, Mobility-as-a-Service (MaaS), cross-industry data collaboration, and artificial intelligence (AI)-driven efficiency will enhance labor-efficiency, automation, and overall resilience. Through coordinated efforts, Japan and the United States can assume a global leadership role in tourism innovation.

In Japan, where demographic decline and population aging are accelerating, institutional reforms including the acceptance of foreign workers should be advanced through public-private cooperation. Lessons from U.S. precedents in ride-sharing and autonomous driving should be applied in both urban and regional transportation systems. Furthermore, multilingual services, cashless payment systems, and digitalization of transportation information are indispensable to improving visitor convenience, and the government should lead in establishing standards and promoting their adoption. Equally important is the maintenance and enhancement of a diverse range of accommodation options, from hotels to short-term rentals. Overly restrictive regulations could limit travelers' choices and undermine the economic benefits of tourism. Therefore, flexible and carefully designed policies are essential to support sustainable growth in the tourism sector.

1.3 Facilitation of Entry and Exit Procedures

People-to-people exchange underpins the bilateral relationship. To promote greater mobility, smoother and more convenient border procedures are required, with strong administrative leadership. The Councils welcome Japan's inclusion in the U.S. Global Entry Program and urge further improvements in accessibility, such as interviews at embassies and the establishment of pre-clearance facilities at major airports.

In addition, the early and reliable introduction of Japan's planned Electronic System for Travel Authorization (JESTA), expected in 2028, will be critical to expedite immigration procedures and ease congestion. Revenues generated through JESTA should be directed toward strengthening infrastructure and workforce development in the travel, tourism, and transportation sectors.

1.4 Promotion of Next-Generation Exchanges

The cultivation of next-generation talent forms the cornerstone of future bilateral relations. Diverse opportunities for cultural, educational, sports, and youth exchanges should be strategically leveraged.

Strengthening youth exchanges is particularly urgent. The number of Japanese students studying in the U.S. has been in long-term decline since the early 2000s, with barriers including lower passport acquisition rates, rising tuition fees, and currency fluctuations. Concurrently, the reduction of Japan studies programs in the United States raises concerns for future mutual understanding and policymaking. Public-private collaboration to nurture researchers and secure academic posts is imperative.

Stable and ongoing government-led exchanges, including short-term study abroad programs and training initiatives, should be expanded. Combined with corporate internships and industry-led initiatives, such measures will nurture globally capable next-generation leaders.

2. Diverse Human Resource Participation in the Tourism Industry

2.1 Globalization of Work Conditions and Practices

The introduction of internationally standardized work conditions and flexible work practices are necessary to encourage the growth of the tourism industry in Japan. The industry should promote merit-based evaluation systems and the application of digital technologies in workforce management, thereby establishing an environment in which diverse human resources can actively contribute.

2.2 Investment in the Tourism Workforce Development Infrastructure

Strengthening investment in practical education and training is required in collaboration with educational institutions, in order to foster immediately effective personnel and support reentry into the workforce. Through these measures, the industry will be able to respond to the increasing demand from inbound travelers while ensuring the sustainable succession of Japan's distinctive strength, the spirit of *omotenashi*.

3. Promotion of Sustainability and Emerging Technologies

3.1 Critical Minerals and Supply Chain Resilience

Decarbonization in the automotive and other sectors requires a broad portfolio of technologies suited to local conditions, rather than a narrowing of technological options. By disseminating these technologies to third countries, Japan and the United States, together with industry, can contribute to global sustainability. To achieve this, supply chain resilience—including the securing of critical minerals—must be strengthened. The Councils look to both governments for continued leadership to ensure the practical adoption of diverse low-carbon technologies, including hydrogen, synthetic fuels, and biofuels.

3.2 Stable Supply and Global Competitiveness of SAF

In aviation, Sustainable Aviation Fuel (SAF) is essential to reducing future carbon emissions. In the United States, SAF investment is accelerating through federal policy support as well as state-level incentives in California, Minnesota, and elsewhere. Further expansion is anticipated.

In Japan, a new tax framework to promote domestic production of strategic goods has been established. Nevertheless, it is essential to build a globally competitive SAF supply chain that enables airlines to secure stable procurement. This will require not only capital investment in production and supply facilities, but also mechanisms to reduce operating costs and provide incentives. Such measures are vital to achieving long-term cost reduction and global competitiveness.

3.3 Introduction of Advanced Air Mobility (AAM)

Next-generation air mobility, including flying vehicles, has the potential to transform urban transport, disaster response, and tourism. Both governments should advance research and development support, the establishment of takeoff and landing sites, and the international standardization of operational and safety requirements, while ensuring regulatory and infrastructural preparedness.

4. Crisis Preparedness, Including Natural Disasters

To prepare for natural disasters and other crises, the tourism and transportation sectors must build resilient infrastructure and rapid decision-making frameworks. Drawing lessons from the Noto Peninsula earthquake and the Maui wildfires, efforts should be accelerated to reinforce the earthquake resistance of airports, stations, and tourist sites; establish evacuation routes; and strengthen preparedness for floods and heavy rains.

Public-private cooperation must be reinforced during normal times to ensure prompt responsiveness in crises, thereby minimizing damage. Moreover, Japan and the United States should establish frameworks for sharing crisis-related information and ensuring the safety of foreign visitors.