

Joint Statement
Maintaining Momentum in the U.S.-Japan Economic Relationship
U.S.-Japan Business Council/Japan-U.S. Business Council
May 11, 2018

Following the summit meeting between President Trump and Prime Minister Abe on April 17 and 18, the U.S.-Japan Business Council and Japan-U.S. Business Council (the “Councils”) take this opportunity to highlight the importance of the economic partnership and good relations between the United States and Japan.

The U.S.-Japan economic relationship is mutually beneficial. Japan is a critical market for U.S. exports of goods and services across a range of industries, with total exports measuring almost \$115 billion in 2017, making Japan the fifth largest market for U.S. exports. The United States remains the second largest market for Japanese exports.

Investment flows also strengthen the bonds between our countries. Japanese companies invest more in the United States than those from any other country except the United Kingdom. As of 2017, Japanese companies cumulatively have invested over \$410 billion in the United States, providing over 800,000 well-paying jobs to American workers. Japanese investment in the United States has increased significantly over the past four years, and has created thousands of new jobs in manufacturing and other sectors, thus helping lower the U.S. unemployment rate. Japanese companies operating in the United States also pay billions in taxes and wages, contribute significantly to U.S. exports, and play important roles in the communities in which they operate.

It is against this backdrop that the Councils urge both governments to find a positive and constructive path forward in the economic relationship that can expand our trade and investment ties even further to support jobs and economic growth in both countries, and provide collaborative leadership to establish a free and open global trading system that will also benefit both countries and the global economy.

The Councils recognize that unilateral measures will not lead to a resolution of the global overcapacity of steel and aluminum production caused by market distorting measures. The Councils urge both governments to accelerate the work on global overcapacity in steel along with other nations under the framework of the G20 and the OECD, rather than resort to tariffs, which is already leading to sharply higher prices for manufacturers and other steel users in the United States.

The Councils also urge both governments to lead efforts with other allies to promote free and fair trade by establishing high standards and strong rules for trade and investment, including enhanced intellectual property protection and clear rules that enable digital trade. The rules-based trading system is the basis of our mutually beneficial relationship, and is essential for economic growth both in Japan and the U.S., as well as the rest of the world.

In particular, the Councils have long advocated for U.S. – Japan collaboration in improving market access and setting high standards and strong rules for trade and investment in the Asia-Pacific through trade agreements such as the Trans-Pacific Partnership, Trade in Services Agreement, and Environmental Goods Agreement, as well as APEC and other regional fora. Japan’s leadership role in moving the TPP-11 forward is notable, as the agreement will, if enacted, raise standards in new areas like digital trade in important ways. The Councils believe that the United States and Japan should continue to be ambitious in pursuing agreements that seek the highest standards and rules to facilitate and reduce the costs of trade, protect intellectual property to stimulate innovation and the creative economy, and level the playing field in the Indo-Pacific region.

We believe a critical aspect of the U.S. and Japan bilateral relationship lies in this collaborative approach to the dynamic markets and supply chain within the Indo-Pacific. The Councils therefore encourage both governments to address our trading relationship from this perspective in the new talks aimed at achieving “free, fair and reciprocal” trade under the leadership of U.S. Trade Representative Robert Lighthizer and Minister in charge of Economic Revitalization Toshimitsu Motegi.

It is also important to sustain momentum in the U.S.-Japanese bilateral economic relationship in a collaborative manner. To this end, the Councils urge both governments to pursue an ambitious and meaningful agenda under the Lighthizer-Motegi talks and Pence-Aso dialogue that allows both countries to address bilateral trade and investment issues, as well as cooperation on energy and infrastructure, in a timely and concrete way. Given the rapid pace of technological change and need for regulations and standards to enable innovation and growth, these discussions, as well as existing dialogues on the internet economy and cybersecurity, are important vehicles for improving business conditions and increasing opportunities.

The Councils look forward to working with both governments to identify priority issues and finding solutions in these and other areas in order to promote further expansion of our bilateral trade and investment ties.