

Joint Statement of the U.S.-Japan Economic Policy Consultative Committee

Strengthening Economic Security and the Rules-Based Order

July 29, 2022

United States Secretary of State Antony Blinken and Secretary of Commerce Gina Raimondo co-hosted Japan's Minister for Foreign Affairs HAYASHI Yoshimasa and Minister of Economy, Trade and Industry HAGIUDA Koichi for the inaugural ministerial meeting of the U.S.-Japan Economic Policy Consultative Committee (EPCC) on July 29, 2022. The Ministers affirmed their shared resolve to present a positive economic vision that highlights the benefits of a rules-based international economic order and emphasized the need to make our economies more competitive and resilient.

The Ministers considered the complex global economic context that has produced increased levels of risk and uncertainty for all. They noted recovery from the COVID-19 pandemic remains incomplete, and the pandemic has contributed to various economic challenges including supply chain disruptions, increasing commodity prices, and greater inequalities, many of which have disproportionately impacted historically underserved communities. The Ministers strongly condemned Russia's brutal, unprovoked, and unjustified aggression against Ukraine and shared the view that it has exacerbated such challenges and undermined energy and food security around the world. The Ministers affirmed the need to address the climate crisis in the face of complications due to energy insecurity.

The Ministers also recognized the pandemic has significantly altered social and economic life through accelerated adoption of various technologies, including digital transformation, providing new opportunities as well as challenges. They noted technological innovation - including in critical and emerging technologies such as artificial intelligence, quantum technologies, and renewable and circular technologies - presents transformative potential, as well as risks for our economies if abused. The Ministers committed to continue taking steps to realize a full and sustainable recovery from the pandemic and enhance the international order in the post-pandemic world to optimize new opportunities and prepare for unprecedented challenges.

The Ministers resolved that the United States and Japan stand for open, sustainable, and inclusive economic growth that delivers prosperity, upholds democratic values, reduces economic disparities, and protects human rights in the Indo-Pacific region and beyond. They reiterated the importance of commitments to promote broad-based economic prosperity for our middle classes, including through economic and foreign policies that benefit workers and small businesses and increase women's economic participation. They intend to promote this vision through the EPCC and other platforms, including the G7, APEC, and the Indo-Pacific Economic Framework for Prosperity (IPEF). They committed to advancing policies that support a multilateral trading system based on free and fair trade and that counter economic coercion and non-market policies and practices, emphasizing the importance of offering workers, businesses, and countries around the world a level playing field.

The Ministers shared the view that the United States and Japan, as the world's two largest democratic economies, can demonstrate that democracies provide the best model for prosperity, stability, and security. In this context, the Ministers committed to continue sharing insights and exchanging views on our respective economic agendas, including President Biden's plan to build from the bottom up and the middle out, as well as Prime Minister Kishida's "new form of capitalism." They further reviewed ways to defend workers, companies, and investors against the harms of unfair, anti-competitive, and non-market policies and practices. The Ministers also welcomed cooperation between the two countries in furtherance of shared objectives under the CoRe Partnership, as well as with like-minded partners, and emphasized our joint leadership in enhancing the rules-based economic order and prosperity in the Indo-Pacific region and beyond.

The Ministers committed to countering threats to economic security and to the rules-based international economic order and noted recent developments in both countries, including passage of Japan's Economic Security Promotion Act. The Ministers focused on the resilience and diversification of critical supply chains to promote their transparency, security, and sustainability. The Ministers also intend to collaborate in promoting and protecting critical and emerging technologies in a manner consistent with international rules and norms, including through research and development, as well as export controls, so as to support technological competitiveness and resilience and to address the challenges posed by the illicit diversion of technology critical for weapons development.

The Ministers expressed grave concern about, and opposition to, harmful uses of economic influence, including economic coercion as well as unfair and opaque lending practices, in ways that threaten the legitimate interests of sovereign nations, as well as those of individuals and industries. The Ministers affirmed these practices undermine legitimate sovereign choices, challenge the free and open rules-based international order, and are best addressed through a collective response. Respecting the importance of sustainable finance for long-term economic growth and development, they stressed the need to work together bilaterally and multilaterally to promote fair and transparent development finance across all debtors and creditors in accordance with internationally recognized principles, rules, and standards. In addressing these issues, the Ministers expressed their intention to deepen discussions and foster cooperation among like-minded partners.

The Ministers emphasized their conviction that economic security is indispensable to overall security, and that diplomacy and economic policy are intertwined and require a coordinated approach. Towards that end, the EPCC can provide an essential channel for bilateral collaboration, and the Ministers also confirmed their intention to meet periodically in this forum and to cooperate on economic priorities during the United States' 2023 APEC host year and Japan's Presidency of the G7 in 2023.

Recognizing the importance of carrying forward the priorities identified under the EPCC, the Ministers charged their undersecretaries and vice-ministers with implementing the EPCC Plan of Action based on their economic vision, ensuring robust private sector engagement to inform ongoing efforts, and convening the next EPCC vice-ministerial meeting before the end of 2022.

U.S.-Japan Economic Policy Consultative Committee 2022 Plan of Action

Realizing Peace and Prosperity through the Rules-Based Economic Order

1. The United States and Japan pledge to further improve competitiveness and resilience by expanding and deepening cooperation based on the CoRe Partnership. The two countries seek to further enhance cooperation, stability, prosperity, development, and peace in the Indo-Pacific region through innovative economic arrangements including the Indo-Pacific Economic Framework for Prosperity (IPEF).
2. The United States and Japan are united in our strong condemnation of Russia's aggression against Ukraine. The two countries remain steadfast in our solidarity with Ukraine and continue to support Ukraine. In this regard, the two countries welcomed the Lugano Declaration.
3. The United States and Japan are committed to working together to mitigate the effects of Russia's aggression against Ukraine on markets for energy and food. The two countries underscore the need to sustain momentum toward energy transition and decarbonization, and we recognize the roles of renewable energy, nuclear power, ammonia, clean hydrogen-based solutions, carbon capture utilization and storage, as well as carbon recycling in achieving long-term energy security and net zero greenhouse gas emissions no later than 2050. The United States and Japan also acknowledge the need to strengthen investment in the energy sector and to ensure secure energy resources in the near term, including liquefied natural gas (LNG), in response to the current crisis. Japan welcomes the increase of U.S. shale oil and gas production as needed to stabilize global energy markets. The two countries further affirm the necessity of supporting energy security and methane emissions reductions in the Indo-Pacific region and globally. The two countries also commend the progress of advanced nuclear reactor projects and pledge to work together to create more resilient nuclear supply chains.
4. The United States and Japan pledge to support the openness of our agricultural supply chains, reaffirming the importance of not imposing export prohibitions or restrictions on food in a manner inconsistent with relevant WTO provisions, and seek to cooperate with other partners to strengthen global food security. The two countries also call on all countries to implement policies that improve sustainability and productivity in food production, and to develop resiliency in agriculture, food systems, and the food supply chain, and to promote access to agricultural inputs such as fertilizer. In this regard, the two countries reiterated the importance of the Ministerial Declaration on the Emergency Response to Food Insecurity adopted at the 12th Session of the Ministerial Conference of the World Trade Organization. In addition, the United States and Japan encourage dialogue between producer and consumer countries as well as the use of data to enhance global food security.
5. The United States and Japan commit to enhancing international efforts to address barriers on cross-border data flows, while respecting different approaches to data governance. The two countries further reaffirm the role of U.S.-Japan cooperation in multilateral initiatives, such

as promotion and expansion of the newly established Global Cross-Border Privacy Rules (CBPR) Forum and support for efforts to develop the OECD Trusted Government Access to Personal Data Held by the Private Sector. In doing so, U.S.-Japan cooperation advances a common understanding and foundation to promote data free flow with trust among like-minded democracies.

6. In cooperation with interagency partners, the United States and Japan intend to promote information sharing on cybersecurity threats including through discussion of threat assessment and mitigation efforts in the Japan-U.S. Cyber Dialogue. We also affirm our intention to collaborate on the Japan-U.S.-EU Industrial Control Systems Cybersecurity Week for the Indo-Pacific region.
7. The United States and Japan are committed to coordination on business and human rights to foster an environment in which companies uphold human rights, and we welcome ongoing bilateral discussions.

Countering Economic Coercion and Unfair and Opaque Lending Practices

8. The United States and Japan pledge to coordinate with other like-minded partners to address and respond to economic coercion, effectively confront non-market policies and practices, and deliver calibrated messaging to the international community, including in multilateral fora such as the WTO, OECD, G7, and G20.
9. To help ensure debt transparency and sustainability, internationally coordinated debt treatments, fair lending practices that respect the autonomy of debtor countries, and society-friendly infrastructure investment, the United States and Japan call on all actors to adhere to international rules, standards, and recognized principles, including the G20 Principles for Quality Infrastructure Investment and the G20 Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative. The two countries further call on all major economies to adhere to other relevant international obligations and standards, as appropriate, including the OECD Anti-Bribery Convention and the OECD Guidelines for Multinational Enterprises.
10. The United States and Japan plan to work together to promote fair and transparent development finance. We emphasize the critical role of creditor coordination to ensure fair burden sharing among all creditors in debt treatments under the Common Framework and for other vulnerable countries, such as Sri Lanka.

Promoting and Securing Critical and Emerging Technologies and Critical Infrastructure

11. The United States and Japan, noting the transformative opportunities that technological innovation provides, commit to explore and support joint research and development projects for critical and emerging technologies both between the United States and Japan and among like-minded partners.

12. In support of the U.S.-Japan Global Digital Connectivity Partnership, the United States and Japan intend to continue supporting efforts to deploy secure and open 5G networks globally in view of an ambition to significantly expand market share of Open RAN in the global 5G market by 2030, particularly through workshops, seminars, and proof-of-concept projects in third countries, and to promote secure technology options for advanced communications networks, including Open RAN-based approaches to wireless network technology.
13. Recognizing the on-going efforts in the U.S.-Japan Policy Cooperation Dialogue on the Internet Economy (Internet Economy Dialogue), the United States and Japan intend to continue to strengthen our coordination in international and multilateral venues on digital policy issues and to foster collaboration with partners to promote and support strategically important and mutually beneficial projects of secure and trusted submarine cable systems.
14. The United States and Japan seek to continue joint efforts to enhance U.S.-Japan cooperation on more effective and agile export controls on critical and emerging technologies, including microelectronics and cyber surveillance systems, to address the misuse of critical and emerging technologies by malicious actors and inappropriate transfers of emerging technology through research activities. The two countries are continuing our collaboration to enhance export controls on materials, technology, and research that could be used to develop weapons, including WMDs and their means of delivery, and are doing so through international export control regimes, information exchange, and coordinated outreach.
15. The United States and Japan affirm the importance of sharing information relating to threats to critical infrastructure.

Strengthening Supply Chain Resilience

16. The United States and Japan seek to advance efforts under the Japan-U.S. Commercial and Industrial Partnership and other frameworks to foster supply chain resilience in strategic sectors, including, in particular, semiconductors, batteries, and critical minerals. Towards this end, the two countries:
 - a. Welcome the progress of the Joint Task Force announced by President Biden and Prime Minister Kishida to explore the development of next generation semiconductors and commit to continued cooperation through this mechanism.
 - b. Recognize that Japanese companies are increasing investment in battery manufacturing in the United States, contributing to supply chain resiliency, and that it is important for the two countries to build a strong battery supply chain to lead collaboration between like-minded countries.
 - c. Underscore the importance of cooperation, including providing financial support, to build a diverse and robust supply chain of critical minerals, including rare earths, especially to address bottlenecks in processing, which will increase energy security and support the clean energy transition. The two countries plan to work closely with other partners through the Minerals Security Partnership announced on June 14, 2022 in Toronto. We note the importance of engagement with the private sector.