

1. Introduction

Thank you for the introduction, President Restino. My name is Nishimura Yasutoshi, Minister of Economy, Trade and Industry.

When I was considering what to speak about here in Paris, I asked Chat GPT who the most famous French person is. The answer was "Napoleon Bonaparte". I also asked who the most famous Japanese person is in France and got the answer "Haruki Murakami". It did not present me with a politician's name though I was the person who was asking. I felt, in a sense, Chat GPT is very honest and smart.

It is a great honor to be invited today to this historical building, the Paris Ile-de-France Chamber of Commerce and Industry, built by the most famous French person in history.

Napoleon was the man who reformed the system of the French Chamber of Commerce and Industry and promoted businesses and industries not only in Paris but also all over France.

Additionally, as infrastructure underlying prosperity, Napoleon articulated the French Civil Code, now called the "Napoleonic Code". The rule of law is the foundation of peace and prosperity. This fundamental value has been handed down until today.

However, looking around the world today, we realize that we are facing various risks that have been caused by the pandemic and the war in Ukraine, such as the energy and food crises, climate change, and supply-chain vulnerabilities, as well as a movement of protectionism. It is no exaggeration to say that the world is at a crossroads.

Today, I would like to share some thoughts on how we can get through these difficult periods by looking back at history.

2. Never turn the clock back

Just one hundred years ago, the world was also at a crossroads, facing the World War I and the Spanish flu epidemic. To rebuild Europe, people faced two choices: to head to free trade or to bloc economy.

At that time, a young Austrian man came up with an answer that was "Pan-Europeanism", the idea of uniting Europe. Mr. Coudenhove-Kalergi, the young man with a European father and a Japanese mother said, "We should not think in a nationalistic way". His Europe-wide mindset created the Pan-European movement of his time.

The history of European integration clearly shows that he was right in his ideals. Europe and Japan have cooperated to promote free trade under the GATT and WTO regimes and driven economic growth in the world. The foundation of the current world is the shared values of freedom, democracy, human rights, and the rule of law.

Mr. Kalergi said, "although Europeans and Asians differ in appearance, we share the same values."

However, the world order that was established based on fundamental values is now under threat.

Russia's invasion of Ukraine. While Japan is nearly 10,000 kilometers away, we in Japan will not overlook what is happening here. Japan continues to do its best to support the Ukrainian people who fight valiantly to protect their homeland and their beloved families. Distance does not matter to the importance of fundamental values. Today's Ukraine might be tomorrow's Asia.

Of course, the best situation would be that such a situation never occurs in Asia. However, if it ends up occurring, I am confident that everyone in Europe will show solidarity with Asia.

Another challenge we are facing is economic coercion. We now realize the risks posed by excessive interdependence. Japan faced the embargo on rare-earth elements implemented by China in 2010. The suspension of the Nord Stream gas supply from Russia has imposed heavy burdens on business activities and people's lives in Europe.

Some even say that the world is heading to an era of new Cold War, echoing Churchill's words "an iron curtain has descended".

However, I do not think so. Nor should we.

At this crossroads, we need to recall the lesson from the history that bloc economy only leaves tragedy and that searching for a correct path is essential. Even Napoleon failed in his continental blockade against Britain. It is not a sustainable policy. Nor, if we recall World War II, will it bring peace to the world.

I still believe that it is free trade that drives global economic growth. However, by free trade, I do not mean a perfect "laissez faire" situation. Each participant needs to be fully prepared for the risks involved. The problem we must solve is how to reduce the risks associated with free trade.

3. Toward risk reduction

As President Macron and President von der Leyen has often mentioned, it is no longer possible to achieve complete decoupling. We should be concerned about a system that lacks transparency or coercive foreign and security policies. We can no longer tolerate sacrifices made by our industrial base through forced technology transfers or trade-distorting measures. Illegal theft of technology and its use for military purposes are also unacceptable.

A major premise of this is thoroughly managing the risk of such things happening even as we utilize the major markets and skilled human resources those countries offer. It is necessary

for governments to set out a roadmap and promote strong cooperation among countries and regions. Business communities must also change their mindsets. We must form what would come to be an alliance for de-risking, so to speak.

Any divisions that exist between like-minded countries are exactly what authoritarian countries want. The cooperation among like-minded countries, such as Japan, France, the rest of Europe, and the United States, is now being tested. I must emphasize the following four points as the path we should pursue.

(Ensure energy security)

Firstly, energy is an indispensable foundation for our economic activities. Since the Russian invasion of Ukraine, the world has again witnessed the risks of energy dependency on certain countries. Ensuring energy security and promoting energy transition are two urgent issues. In addition to the promotion of renewable energy and energy conservation, the use of natural gas and nuclear power is an important issue.

With regard to nuclear energy in particular, Japan has announced our determination to work on the development and construction of next-generation innovative reactors in order to improve nuclear safety. We will cooperate with France and other like-minded countries to promote research and development of next-generation innovative reactors, build a robust supply chain, and ensure nuclear safety and nuclear security. It is precisely in this context that I have signed a joint statement on nuclear cooperation with Minister for Energy Transition Ms. Pannier-Runacher. France and Japan will promote the development of fast reactors together.

(Fostering and protecting critical emerging technologies)

Secondly, there are many other risks of over-dependence on particular countries in terms of issues besides energy. It is important that Japan and Europe cooperate to drive global innovation in critical emerging technologies such as semiconductors, biotechnology, quantum, robotics, and green.

France has one of the world's leading start-up ecosystems. I am here in France with 15 start-ups from Japan.

Japan has suffered from deflation for many years since the ending of the bubble economy in the 1990s. There was a period when companies were afraid to invest, and young people suffered from joblessness. Today, however, Japan has changed. Abe-no-mics has put the Japanese economy back on a strong growth trajectory, and we are now in the midst of an awakening.

Also, Japanese companies are accelerating their investments in new fields. More and more young people are launching start-ups. Japan is trying to regain its animal spirit, which it had lost for a while.

The start-up companies with me today have cutting-edge technologies in green, robotics, space, food tech, and other fields. For example, they have technology that purifies used shower water to make it reusable, technology to make jet fuel from insects known as midges, AI technology that makes government services easier to use, drone technology for public health infrastructure and other future innovations for a sustainable world. Please give them a round of applause for having the courage to present their innovations here as they attempt to contribute to a sustainable world.

“Building union among people, not cooperation among states.” These are the words of Jean Monnet, the father of the European Union. Bringing people together is the source of Europe's strength and the engine for new innovations around the world. I hope that the networking between France and Japan will be the catalyst to open a new era.

Two days ago, I visited imec in Belgium, where I saw the power that is provided by rich human resources as more than 5,000 researchers from over 95 countries drive developments of next generation technologies. Together with Rapidus, a company founded by gathering the

strengths of Toyota and Sony and other private-sector corporations representing Japan, we will accelerate the cooperation in designing and establishing the foundations for next-generation semiconductors.

We will connect people to people and companies to companies. With cooperation between Japan, Europe and the U.S., we will grow and protect critical emerging technologies.

(Resilient supply chains and countering economic coercion)

Thirdly, along with technologies, another important pillar is the resilience of supply chains. My memories of the global supply-chain disruption that occurred when the novel coronavirus swept the world remain vivid. At that time, I was the minister in charge of the coronavirus response and was very busy dealing with the situation.

The diversification of mineral resource supply is another major challenge faced by Europe and Japan among many such challenges. At the G7 Ministers' Meeting on Climate, Energy and Environment held last month, the G7 countries agreed on working together to balance the clean energy transition and economic security.

In addition to the development of upstream and midstream mineral resources, we should pay more attention to the mineral resources around us, also known as urban mines. So-called E-Waste, such as waste PCs, contains many critical minerals, including rare metals as well as gold, silver, and copper. Japan has advanced technologies for sorting and recycling them, and we would like to establish a recycling network in cooperation with Europe and the United States.

However, it takes time to establish a stronger supply chain. In the current climate, a country with a large supply share today might suddenly stop their supply tomorrow. Japan has suffered in the past due to export restrictions on rare earths.

A country with a large market might ban imports of goods from a particular country or region. Economic coercion, such as China's suspension of Taiwanese pineapple imports, the suspension of Australian wine imports, and even the suspension of Lithuanian beef imports, is a real danger.

For such a risk, France and Japan are no exception.

It is necessary to build supply chains with reliable partners, and furthermore, to respond collectively under international cooperation.

(Cooperation with the Global South)

Finally, such cooperations should not be confined to developed countries such as Japan and those in Europe. Since the Russian invasion of Ukraine, it is not us who have suffered the most from soaring energy and food prices, but many countries in Asia and Africa.

Furthermore, the importance of India and other countries in the international order will increase in light of their future potential for population and economic growth.

It is our responsibility to encourage the Global South to achieve sustainable and resilient economic growth.

A Free and Open Indo-Pacific is a clear vision of the new world we should pursue. From the Pacific to the Indian Ocean, the vast ocean and sky must be free and open to all, benefiting all nations, large and small.

Europe's Global Gateway Strategy is a response to this very idea. Let us, Europe and Japan who share fundamental values, deepen our cooperation with the Global South. Movements have already begun. For example, onshore wind power is being built in Egypt under cooperation with French and Japanese companies, EBRD, NEXI, and JBIC. By 2025 we will be able to utilize the wind of Red-Sea to provide clean power to more than 800,000 Egyptian homes.

It's not only about infrastructure. It is also important to promote free and fair-trade rules, which are the basis for economic activities. New challenges are constantly emerging in the area of economic security, but we must never allow ourselves to fall into protectionism. We must also avoid situations such as excessive subsidy races or emergence of bloc economies.

The challenges we face are increasing. Let us overcome them together with like-minded countries based on trust.

In closing

"The tragic events we have experienced have made us wiser." Jean Monnet said looking back on the foundation of the European Union.

Exactly 100 years ago, the Pan-Europeanism advanced by Kallergie became a major foundation for peace and prosperity in Europe.

How will our descendants in 100 years evaluate our current actions? We must not repeat the same mistakes of falling into protectionism and bloc economy. We need to raise the flag of free trade even higher, while managing various risks.

Let us do our best in the hope that our descendants remember us as learning from our trials so that they may say "the events then made our ancestors wiser." Let us, France and Japan, and all of Europe and Japan, work hand in hand together to create a sustainable and resilient future.

I am sure that the Stade de France in October will bring great excitement. Next year, we could see the five rings, the Olympic emblem, crossing over the Seine. We have a bright future ahead of us. With this belief, let us move forward together.

I will end my remarks here. Thank you very much.