

Address by Mr. SATOMI Ryuji,
Parliamentary Vice-Minister
of Economy, Trade and Industry of Japan
at the 53rd Annual Joint Meeting
of the Japan-Midwest U.S. Association
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1. Introduction

(1) Words of thanks

Good morning to you all. I am SATOMI Ryuji, Parliamentary Vice-Minister of Economy, Trade and Industry of Japan.

First of all, I would like to thank Chairman Dobie and Chairman Inokuchi for inviting me to join you here today.

I also wish to extend a wholehearted welcome to Japan to Governor Holcomb, Governor Kelly, Governor Pillen, Governor Walz, and Governor Whitmer, who have all come such a long way from the Midwest. It has been four years since the last face-to-face meeting convened in Japan and I am truly delighted to have this chance to welcome you all today.

Ambassador Emanuel, Governor Mikazuki, Governor Ono, and Governor Yamamoto have also joined us here today. I myself am participating in this 53rd Annual Joint Meeting of the Japan-Midwest U.S. Association representing Japan's Ministry of Economy, Trade and Industry, or METI, and I am very honored to have this opportunity to address you.

Speaking of the Midwest, last year I had the opportunity to meet North Dakota Governor Doug Burgum and Senator Pete Ricketts, governor of Nebraska at the time, during their visit to Japan. Listening directly to the two governors talk about energy in North Dakota and bioethanol in Nebraska, I reconfirmed the diverse potential of the Midwest. Today, I look

forward to the participants from the Midwest sharing with us a wealth of information about the industries that will carry society into the future.

2. Changes in Japan-U.S. relations and the impact on the Midwest

(1) Changes in Japan-U.S. relations and the impact on the Midwest

The era of Japan-U.S. trade friction (friction over semiconductors, automobiles)

I am a member of the National Diet representing Aichi Prefecture. Aichi is an industrial center for automobile manufacturing, with Toyota and other companies having their headquarters there. Looking back on my childhood, I recall Japan and the United States experiencing trade friction over automobiles, semiconductors, and other goods, with the Midwest, the center for manufacturing, in particular having clashes that were especially acute. Even now, I vividly remember the public displays of destroying Japanese cars. I majored in economics at university and I wrote my graduation thesis on the Structural Impediments Initiative talks between Japan and the U.S. So when I was young, I saw with my own eyes our two countries going through a rough spell.

Having come through such challenging times, Japanese companies made efforts repeatedly over time to establish themselves as good citizens in American society, and the Midwest was at the very center of those efforts. Japanese companies like Kikkoman, Kawasaki, and Honda paved the way to becoming good corporate citizens in Wisconsin, Nebraska, Ohio, and other Midwest states.

From clashes to cooperation: Japan as a good citizen

Today, relations between Japan and the U.S., and the Midwest, have

changed dramatically.

First of all, Japan is now the top investor nation for the United States. As of last year, the total stock of direct investment by Japan into the U.S. was US\$775.2 billion, securing our place as number one worldwide for the fourth year running.

Japanese companies are also actively investing in the Midwest. For example, last year, Panasonic Energy announced it will build a new electric vehicle lithium-ion battery manufacturing facility in De Soto, Kansas, and this June, Toyota announced the construction of a new research facility for automotive batteries in Michigan.

Second, Japan is the country generating the most employment in the Midwest region. As of 2021, Japanese companies had created jobs for 267,000 people in the ten Midwest states. That is roughly four times the number of fans that attended this year's Super Bowl.

In addition, Japanese companies are passionate about educating their workers. Before I became a Diet member, I worked for the Ministry of Health, Labour and Welfare, and I had the opportunity to be seconded out to work at Toyota through a public-private personnel exchange scheme. During my time there, I learned about Toyota's tradition of not only "monodzukuri"—manufacturing goods—but also "hitodzukuri"—building up human resources. For example, I think everyone knows the word "kaizen." Japanese companies don't neglect investments in human resources. Many Japanese companies are providing vocational education programs to empower young people in their communities.

In this way, the antagonism between Japan and the United States is a thing of the past, and Japan and the Midwest are now partners that walk forward together. With our countries having come through those historical twists and turns, I am very pleased today at being able to address you, the Midwest participants, as the Parliamentary Vice-Minister of Economy, Trade and Industry.

(2) U.S.-Japan relations and the Midwest in an era of economic security

The spread of COVID-19, war in Ukraine, and economic coercion

Today, September 11, is the day the terrorist attacks took place in the United States in 2001. I wish to express my deepest condolences. Even now, I cannot forget the events of that day. We were made aware that our peaceful daily lives cannot be taken for granted, and we were forced to recognize the importance of like-minded countries uniting to combat terrorism.

Although 22 years have passed since that day, people still feel anxiety stemming from the international situation.

In the pandemic that started in 2020 and the Russian aggression against Ukraine starting last year, some countries have taken advantage of economic interdependence and weaponized it in terms of diplomacy and security.

As Japan currently works towards reconstruction from the Great East Japan Earthquake disaster of 12 years ago and the decommissioning of the TEPCO Fukushima Daiichi Nuclear Power Station, we are releasing ALPS-treated water—that is to say, water treated through our Advanced Liquid Processing System—and the safety of that water has been verified. We sincerely appreciate the statement of support made by the U.S. federal government at an early time.

I myself made a visit to Fukushima Prefecture on the first of this month. The day before, August 31, Ambassador Emanuel also visited Fukushima, where he had an exchange of views with representatives of fishery businesses and took an observational tour of restaurants and other establishments.

Moreover, more than ten members of the U.S. House of Representatives visiting Japan last week, including Representatives Elise Stefanik and Jim

Himes, visited a shop featuring items exclusively from Fukushima Prefecture. This show of support illustrates the solidarity between Japan and the U.S., and it heartens me tremendously.

In contrast, China has suspended imports of Japanese marine products brushing aside explanations firmly grounded in scientific evidence as well as review conclusion by the IAEA, a trustworthy international organization. Since the release, relevant organizations have been working in cooperation to swiftly analyze and disclose tritium concentrations in seawater and in fish. The results to date confirm that the release being conducted exactly as planned and is safe.

Japan will work to foster the understanding of the international community by continuing to promptly disclose monitoring data in a highly transparent manner and release information in a way that is easily understood.

We need to strengthen the cooperation among Japan, the U.S., and other like-minded countries and stand up to the challenges to the international community that some countries are posing.

The importance of building up cooperation with like-minded countries and of enhancing supply chain resilience

Cooperation between Japan and the U.S. will be at the very center of cooperation among a range of like-minded countries, based in our long history and our active exchanges. Japan and the United States are deepening their relationship as partners, of course on the security front, grounded in the Japan-U.S. Security Treaty, and also in economic terms, backed by the reliable investments and economic activities of Japanese companies in the Midwest.

Last year, Prime Minister Kishida and President Biden established as a new framework the Economic "2+2," bringing us—the Ministry of Economy, Trade and Industry—and the Ministry of Foreign Affairs on the

Japanese side together with the Department of Commerce and the State Department on the U.S. side. This meeting will serve as a compass pointing the way forward for Japan-U.S. cooperation in the area of economic security and vigorously advance cooperation across a wide spectrum of fields.

For example, this May, METI Minister Nishimura visited Detroit, Michigan, where he and Commerce Secretary Raimondo issued a joint statement agreeing on concrete actions across a broad range of cooperation areas ranging from semiconductors, biotechnology, and quantum fields to Pacific island countries.

Also this May, the G7 Summit was held in Hiroshima. Economic security was taken up as an agenda item for the first time ever at a G7 summit, and a separate Leaders' Statement on the topic was also released.

In addition, last month the Japan-U.S.-Republic of Korea (ROK) Summit was held, the first time for it to be held independently of other diplomatic events. This raised our trilateral cooperation to new heights. METI will also make use of the newly-launched Japan-U.S.-ROK Commerce and Industry Ministers' Meeting to contribute to the strengthening of our trilateral cooperation.

The building of a free, fair, and rules-based economic order is absolutely critical for leading the formulation of international rules and for ensuring stable activities by Japanese and U.S. companies.

Japan will contribute actively to discussions on the Indo-Pacific Economic Framework, known as IPEF, that the United States has proposed. In addition, we will continue our activities to expand to the region high-level rules with their origins in the CPTPP, which the UK has joined.

The importance of cooperation at the grass roots level

This cooperation among governments will not spur any changes in how business is really done unless it has significance for the actual economic

activities of Japanese and U.S. companies. The bilateral cooperation that individual companies are engaged in will lead to real changes for the better, and the Midwest is where Japan-U.S. cooperation will arise.

JETRO, working in partnership with METI, fosters links between Japanese and U.S. companies while promoting day-to-day activities to build better cooperative relationships with state and local governments.

One of JETRO's mottos is, "Talk to JETRO first." In the Midwest, JETRO's activities are centered at the Chicago office and work towards becoming a bridge for businesses on both the Japanese and U.S. sides.

METI will also continue to support JETRO's various initiatives and contribute to the development of Japanese and U.S. businesses.

Promoting investment in Japan

Finally, I believe that friendly relations between Japan and the U.S. should be mutual. The U.S. is the top investor nation for Japan, but the amount of U.S. investment in Japan is only one-tenth of the amount Japan invests in the U.S.

Is it that Japan is just not attractive for investment? I don't think that is the case at all. This is because many people, including five governors, have come to Tokyo on this occasion, all the way from the Midwest. This is proof that you have an interest in Japan.

When we consider building supply chains grounded in trust, we find that, in addition to Japanese investment in the U.S., the role played by U.S. investment in Japan is tremendous.

We currently see some major investments by U.S. companies into Japan, centered on the semiconductor industry. We very much hope to expand this trend across a broad spectrum of industries. In my home prefecture of Aichi, too, there is a company from Iowa branching out there. I look forward sincerely to welcoming the next companies advancing into Japan.

3. Conclusion

Finally, the solid relationship we now enjoy between Japan and the Midwest is the result of all the efforts made by our predecessors in both Japan and the U.S., as well as people involved in this area on both sides working hard on the front lines at this very moment, and I extend my respect to them once more.

Everyone attending today has an important mission of linking increasingly important Japan-U.S. cooperation out to the next generation. I very much hope that you make the most out of this opportunity to interact with each other in person in Japan for the first time in four years and make the relationship of trust between our two countries even more solid.

With that, I will conclude my remarks to you today. Thank you very much for your kind attention.