



Fact Sheet
Office of the Spokesman
Washington, DC
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Recent Developments in U.S.-Japan Economic Relations

The U.S. and Japanese Governments continue to make progress toward the shared goal of strengthening and deepening the bilateral economic relationship between the United States and Japan.

Regulatory Reform:

- The U.S.-Japan Regulatory Reform Initiative's Seventh Report to Leaders was released on July 5, detailing progress and commitments made under the Initiative since both Governments last exchanged recommendations in October 2007. The United States welcomed and encouraged new steps being considered by Japan to further improve and open its business and investment environment over the coming months.
- Certain new measures taken by Japan are reflected in the report, including in areas such as medical devices and pharmaceuticals, distribution, insurance and financial services, communications, intellectual property rights and competition policy. The report and a related Fact Sheet are available at www.ustr.gov.

Investment:

- The U.S.-Japan Investment Working Group issued its 2008 report on July 3. The report details the efforts of the two governments to promote cross-border investment, based on their shared understanding of the critical contribution of foreign direct investment to economic growth. The Working Group welcomed in particular President Bush's May 2007 statement on investment as well as Prime Minister Fukuda's January 2008 commitment to advance Japan's efforts towards economic reform and a more open investment climate.
- The Investment Working Group supports the Japanese government's goal of doubling inward foreign investment as a share of gross domestic product by 2010. To that end, it monitored the effect of recently enacted rules governing cross-border stock swaps to assess their impact in facilitating mergers and acquisitions. The report also describes the results of a recent study by Japan's Expert Committee on Foreign Direct Investment, which made several useful recommendations concerning strategies to increase inward investment in Japan. The text of the report is available at <http://www.state.gov/p/leap/ci/ja/>.

Financial Services:

- The U.S.-Japan Financial Services Working Group meets annually and provides a valuable forum for the exchange of views among technical experts and senior-level officials from U.S. and Japanese financial regulatory and financial policy agencies. The March 2008 session, chaired by the U.S. Department of the Treasury and Japanese Ministry of Finance, addressed a range of regulatory and supervisory issues, including regulatory reform recommendations related to financial services, regulatory transparency and Japan Post privatization.

Secure Trade:

- Under the auspices of the U.S.-Japan Sub-Cabinet Dialogue's Study Group on Secure and Efficient Trade, representatives from the Departments of Homeland Security (DHS), State, Energy and Commerce have engaged with Japanese counterparts in frank and productive dialogue on U.S. supply chain security programs and their implementation. Among other activities, an interagency delegation led by DHS traveled to Japan in November 2007 for a series of constructive discussions with Japanese officials and industry groups on trade and cargo security issues.
- The two governments also announced on July 3 that Japan would cooperate with the United States in implementing new port security measures as part of the National Nuclear Security Administration's Megaports Initiative. This program, to be implemented in the Port of Yokohama, a major container cargo hub, will help to prevent the illicit trafficking of nuclear and radiological material in the global maritime shipping system. More information is available at http://nnsa.energy.gov/nuclear_nonproliferation/1641.htm

Nuclear Energy:

- Secretary Bodman of the U.S. Department of Energy and Minister Amari of Japan's Ministry for Economy, Trade and Industry issued a Joint Statement on June 7 detailing the significant progress being made in nuclear energy cooperation. That cooperation includes detailed work toward the development of a sodium-cooled fast reactor, exploration of ways to collaborate on optimizing waste management systems, and consultations on potential financing support measures that could facilitate nuclear power plant construction in the United States. The text of the Joint Statement is available at http://www.enecho.meti.go.jp/policy/nuclear/pptfiles/080610_3.pdf

Regional Economic Integration:

- Japan and the United States, which will host the Asia-Pacific Economic Cooperation (APEC) forum in 2010 and 2011, respectively, are deepening their cooperation and coordination in support of trans-Pacific regional economic integration initiatives. This year APEC is undertaking an intensive work program designed to answer key questions concerning how APEC economies can accelerate the process of regional economic integration, including through the pursuit of a Free Trade Area of the Asia-Pacific (FTAAP) as a long-term prospect. The United States and Japan play a central role in these efforts.
- The Office of the U.S. Trade Representative and its Japanese counterpart agencies have also made considerable progress on a joint in-depth

Information Exchange concerning the Free Trade Agreements that each government has concluded with third countries. The conclusions of this initiative will help shape the approach of both governments toward trans-Pacific regional economic integration.

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