

# 13<sup>th</sup> Europe Japan Forum

**33 years after holding the first edition of their Europe-Japan Forum in 1989, the Aspen Institute France and Japan Economic Foundation co-organized its 13th edition in Paris from 20th to 21st October 2022 on the theme « The World Outlook in an Era of Uncertainties: How Europe and Japan can cooperate in our economy and business by tackling geopolitical risks » .**



## Summary of the Conference

### Context for the forum

The war in Ukraine, which started last February and has been escalating ever since, has profoundly disrupted the global geopolitical order and added to the multiple challenges shared by Europe and Japan such as growth slowdown, global health crisis, weakening of representative democracy, increasing climate risks, etc. In the meantime, on the international scene, new actors are emerging, such as China and Russia, with their own value systems.

In a geopolitical context that is increasingly uncertain, what is the place for cooperation between Europe and Japan? While inward-looking China's rise commands central focus, how can we adapt to these unexpected changes and begin a new cycle of cooperation in the age-old history of exchanges between the land of the rising sun and the old continent? With these timely topics at the center of global debates over contemporary political and economic trends, how should Europe and Japan put into perspective their roles and partnerships? How can our countries understand and adjust to such unprecedented and unexpected changes?

Given these circumstances, in a geopolitical context that is increasingly insecure, how can Europe and Japan collaborate? How can we adapt collectively to these unseen changes and initiate a new cycle of cooperation?



## Opening Dinner

**Keynote Speaker : Olivier Becht**, Minister Delegate for Foreign Trade, Economic Attractiveness and French Nationals Abroad, attached to the Minister for Europe and Foreign Affairs

### Summary of discussion

In these troubled times, characterized by a growing uncertainty, the strategic nature of Franco-Japanese cooperation is more obvious than ever. Indeed, for France, Japan has been a strategic partner since 1995. In 2013, this partnership was even declared « exceptional » during the former President Francois Hollande's State visit to Japan. However, from an economic point of view, this collaboration could be strengthened, especially since Japan and France share many fields of excellence, such as nuclear power.

Enhancing this partnership could be pivotal in developing solutions to tackle our common challenges, such as rebuilding our economies' recovery after the shock of the pandemic, financing our public debt and fighting climate changes. In terms of investment, France is the 5th investor in Japan but only the 23rd receiver. However, these economic relations relatively improved over the past few years: indeed, French exports to Japan have reached €6.5 billion in 2021, an increase of 15.6% compared to their level in 2020. On the other hand, Japan is investing heavily in France. France is the third destination of Japanese FDI in Europe, after the Netherlands and the United Kingdom. Although competition from Eastern European and Asian countries in attracting FDI is strong, there has been little Japanese disinvestment in France. 400 Japanese companies are present in our country on 650 sites representing about 55,000 jobs. Given the cultural and political bonds between France and Japan, and in a global context marked by the hegemonic aspirations of countries such as China, this economic relationship must be developed further in the future.

With a rich history and a bedrock of shared values, such as multilateralism and commitment to social progress, Europe and Japan have much to learn from an enhanced dialogue with each other.



## Welcome Remarks & Introduction

### *Speakers :*

**Jean-Luc Allavena**, Chairman of the Board, Institut Aspen France  
**Masakazu Toyoda**, Chairman and CEO, Japan Economic Foundation.  
**H.E. Junichi Ihara**, Ambassador of Japan to France

The Russian aggression against Ukraine is a major blow to the international order. Not only does it enforce us to reconsider the way our institutions work but it also demonstrates the limits of our globalized economic system. The food security and the energy security levels on a global scale are far from being satisfactory. The question is: how can we evolve collectively, towards a rule-based order and prevent these conflicts from happening and causing damage to our societies ?

We are witnessing the development of a deepening hiatus between democracies and autocracies in Europe and also in the other continents. In this respect, the political evolution of such prominent powers as China is a major area of concern.

The risk of the Ukraine crisis is also to distract us from other key challenges, such as green transformation, the need to accelerate the development of disruptive technologies etc.



## Session 1 : Geopolitics Review

### Key questions :

- To what extent has the war in Ukraine highlighted the limitations of international institutions?
- How should we reframe our international cooperation models to tackle the climate crisis?

### Moderator :

**Naoyuki Haraoka**, Executive Managing Director, JEF

### Lead Speakers :

**Prof. Chisako T. Masuo**, Faculty of Social and Cultural Studies, Kyushu University  
**Muriel Penicaud**, Ambassador, Permanent Representative of France to the OECD,  
Former Minister of Labour

**Louis Schweitzer**, Honorary Chairman, Renault, Former Special Representative of the French Government for Japan

### Summary of discussion :

Since the last edition of the Europe Japan, the world has completely changed. The economic competition between the global powers is more intense than ever. In the Eastern Asia, China tries to expand its notion of Eurasia, at the expense of the stability of the region. Over the past few years, China has significantly increased its nuclear capability, which constitutes a major threat to Japan.

As regards the economic balances, the illusion that globalization produces equality has been shattered by the harsh realities of capitalism. Today, it is clear that the world is divided between « winners » and « losers » of the globalization.

Concerning the energy transition, it is still difficult to persuade some developing countries to adopt green technologies. India, for example, still relies on coal for most of its production. Even though there is a new degree of awareness to environmental matters, some green targets advocated by leading countries do not seem realistic and in line with the Paris Agreements. In the years to come, we will need to find a « middle

way » between the national interests and the global interests, by building an efficient multipolar system. The efficiency of this multipolar system will be the key in handling such tricky and holistic issues as climate change.

We must draw lessons from the past and adapt existing institutions to new realities. The World Trade Organization does not appear to be efficient anymore. We need to build a new international order: Japan and France both have roles to play in this new paradigm. However, this new world order should not dismiss all past achievements. NATO, for instance, has demonstrated an unprecedented degree of unity during the war in Ukraine.



## Session 2 : Climate change and energy

### Key questions :

- What solutions should policymakers and investors adopt to achieve the Paris Agreement objectives?
- How can policymakers, investors, companies, experts and NGOs work together to push forward energy transition?
- How can countries with different energy models and different levels of energy sovereignty and, in fine, different short-term interests unite around common goals?

### Moderator :

**Philippe Manière**, Member of the Executive Board, Institut Aspen France

### Lead Speakers :

**Hideo Suzuki**, Executive Advisor, Nippon Steel Corporation

**Cécile Cabanis**, Deputy CEO, Tikehau Capital

**Philippe Boisseau**, Former member of Totalenergies Executive Board, former CEO and Board member of CEPSA

### Summary of discussion :

The war in Ukraine has brought to light a profound disparity in energy sovereignty among world powers. Japan and France have a relatively low level of dependency on Russian energy. Germany's situation is very different. This crisis should work as a catalyst to rethink our energy models and to invest massively in clean and renewable energy.

Nevertheless, we have to bear in mind that it costs a lot to reduce the carbon emissions. Renewable energies, such as hydrogen, are also very expensive. In recent years, Japan has massively invested in hydrogen, namely through innovative public-private partnerships. To support its green transition strategy, Japan has established a very comprehensive transition roadmap.

To reach the Paris Agreement objective, we need to adopt a new mental paradigm. Globalization has introduced the myth of infinite growth. People, companies and governments seem to have understood that this myth is delusional and destructive. We are in the middle of a race against time: we only have 10 years, it is to say 3,000



days, to undo 100 years of inconsiderate growth. Hence, the solution to this holistic problem, which concerns all aspects of human existence, is also psychological. We have all been taught to think and deliver in the short term but we need to learn to adopt a long-term approach and to question our own mental habits.

Finance is a very powerful driver and has a key role to play to push forward this energy transition. Such tools as impact funds need to be at the core of this new green deal. Some renewable energies, such as solar, whose cost has been divided by 10 over the last decade, are still underestimated by both public and private investors. To successfully carry out this energy transition, we need to create coalitions between different actors. Public and private investors, NGOs, experts and citizens must find a way to work together. All agreed on the strategic importance of nuclear energy and the need to strengthen industrial cooperation around these solutions.

### Session 3: International Trade and Economic System

#### Key questions :

- What are the impacts of the Ukrainian war on Japan and Europe economies?
- How should we strengthen rule-based system for solving the anti-global movement and encourage healthier business environment between Europe and Japan?





**Moderator :**

**Philippe Manière**, Member of the Executive Board, Institut Aspen France

**Lead Speakers :**

**Prof. Mariko Watanabe**, Department of Economics, Gakushuin University

**Yasuo Hirano**, Executive General Manager, Government Relations Office, Hitachi Europe

**Ludovic Subran**, Chief Economist, Allianz

**Summary of discussion:**

In 2022, EU and Japan signed a new trade agreement. This agreement, which relates to crucial sectors of our economies such as raw materials and motor vehicles, complemented and strengthened the 2019 pre-agreement, which has been relatively efficient during the pandemic.

Even though economies of France and Japan share some commonalities, our level of dependency to China is very different. In France, a fortiori in Europe, we still heavily rely on China's inputs whereas, in Japan, policymakers and companies have protected and developed their industry. Should a conflict arise with China, Europe would be dramatically impacted. Another thing Europe can learn from Japan concerns labor participation. In Europe, the level of labor participation is not as good as it is in Japan, especially for the elderly.

Once again, it is also about finding a new paradigm. Concerning reallocation of capital, governments need to adopt a more proactive and interventionist stance, particularly in key sectors for our economies, such as cybersecurity and renewable energies. Without the support of public authorities, it will be impossible for us to meet all the challenges that lie ahead.

*The forum was conducted under Chatham House Rules. The Institut Aspen France does not take specific policy positions. Accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the participants of this Europe-Japan Forum.*