

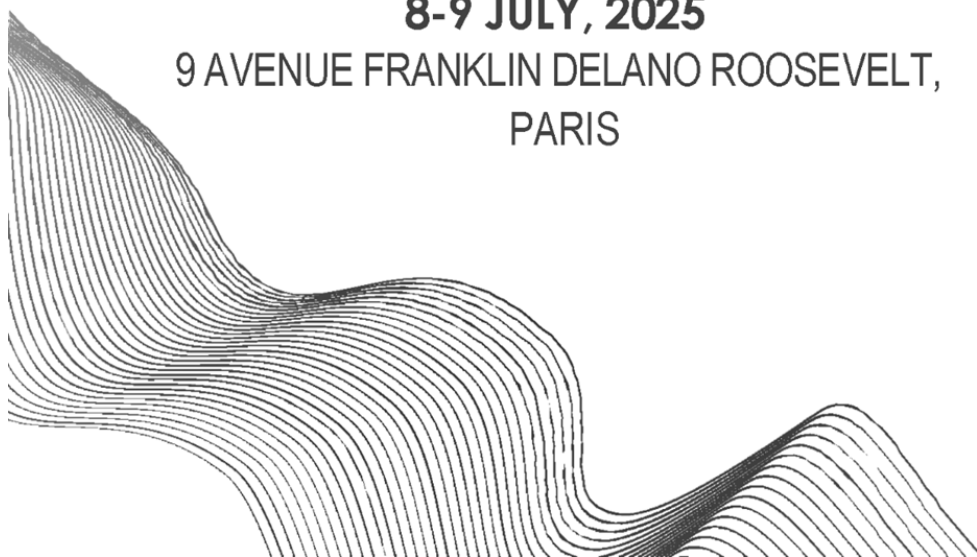


14TH EUROPE-JAPAN FORUM

**“CHARTING NEW PATHS:
EUROPE AND JAPAN IN AN
EVOLVING GLOBAL
LANDSCAPE”**

8-9 JULY, 2025

9 AVENUE FRANKLIN DELANO ROOSEVELT,
PARIS





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The international order is undergoing a period of accelerated fragmentation. Longstanding assumptions about multilateral cooperation, economic interdependence, and global governance are being tested by overlapping crises. Strategic competition is intensifying, democratic institutions are under pressure, and the pillars of the postwar system—open trade, climate cooperation, and collective security—are increasingly fragile.

In this evolving context, the 14th Europe-Japan Forum convened leaders, experts, and policymakers to examine how two like-minded partners can navigate shared challenges.

These include the return of a more unilateral U.S. foreign policy marked by tariff escalation and climate withdrawal, the enduring consequences of Russia's war in Ukraine, instability in the Middle East, and China's growing dominance in emerging technologies. At the same time, both Europe and Japan face a quiet but profound demographic transformation, with aging populations placing mounting strain on labor markets, social welfare systems, and public finances.

The Forum provided a space for open, strategic dialogue on how Europe and Japan can reinforce their cooperation, promote resilience, and contribute to a more stable and rules-based global order.

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Opening Dinner

Speaker: Minister Laurent SAINT-MARTIN

Laurent Saint-Martin welcomed attendees as “new and genuine friends,” stressing the exceptional nature of the Franco-Japanese relationship in a time of deep geopolitical uncertainty. He described Japan as a “partner of exception,” and called for renewed bilateral ambition: “It just depends on us.”

Saint-Martin emphasized the importance of France and Japan’s shared commitment to multilateralism, open trade, and the rule of international law. “These values make it easier to invest, easier to work,” he said, and stand in contrast to the transactional logic of global heavyweights like the United States and China. Rather than retreating into protectionism, Europe, he argued, should lean into its openness and build strategic partnerships. “Either we make ourselves small under international pressure, or we gather our strength.”



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Welcome Breakfast

Speakers:

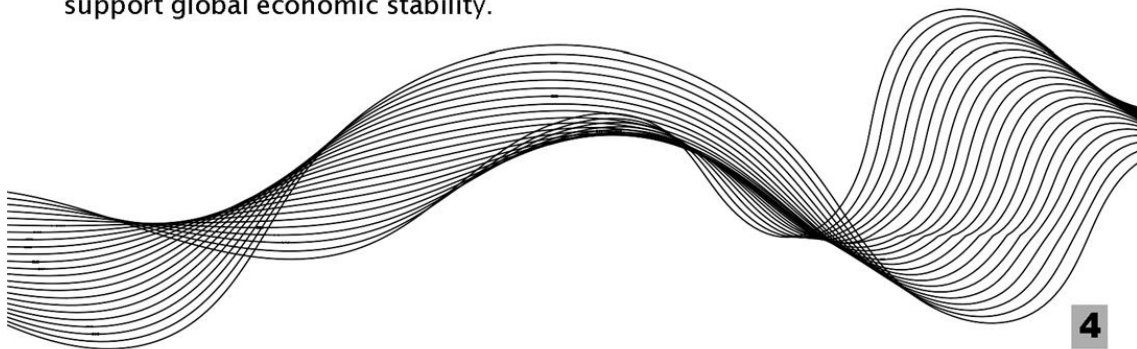
H.E. Makita SHIMOKAWA,
Anne Gabrielle HEILBRONNER,
Masakazu TOYODA

Anne-Gabrielle Heilbronner opened the Forum by marking 36 years of Europe-Japan collaboration and emphasizing the need for sustained dialogue in an increasingly unstable world. She identified three core challenges facing both France and Japan: climate and energy security in light of the U.S. exit from the Paris Agreement, the social and economic pressures of aging populations, and the erosion of a rules-based global trade system.

Mr. Toyoda, of the Japan Economic Foundation, highlighted JEF's long-standing role as co-host of the Forum and reiterated the importance of continuing bilateral dialogue, especially amid political uncertainty in the United States.



Ambassador Shimokawa recalled that the last Forum in 2022 took place as the war in Ukraine began—a conflict that still shapes global instability. He pointed to rising tensions in the Middle East and increasing challenges to international law as further signs of systemic risk. On climate, he questioned whether global decarbonization could continue following the U.S. withdrawal. On demographics, he noted Japan's experience as a preview of Europe's future. On trade, he called for Japan and Europe to work together to reinforce the WTO framework and support global economic stability.



Session 1: Climate change and energy security During the Trump Administration

Speakers: Denis FERRAND, Katsuji SUGIMORI, Yukari YAMASHITA

Moderator: Philippe MANIÈRE

The opening session of the Forum examined the convergence of decarbonization, energy security, and geopolitical instability. With the United States withdrawing from climate leadership and reinforcing fossil fuel competitiveness, Europe and Japan face intensifying pressure to reconcile climate ambition with industrial and strategic resilience.

Yukari Yamashita reaffirmed Japan's goal of carbon neutrality by 2050, with interim reductions of 60 percent by 2035 and 73 percent by 2040. These targets must now be met amid rising demand from AI, semiconductors, and data centers. "Electricity demand is surging, and our strategy must evolve." Japan has installed twice as many solar arrays as Germany despite land constraints, though wind remains underdeveloped. Nuclear energy is regaining political traction, following other countries and influenced by France's pre-Ukraine pivot. She identified the steel sector—10 percent of Japan's emissions—as a critical target. Transitioning to hydrogen-based production will require Contracts for Difference and infrastructure investment, with commercial rollout by 2030. Yamashita also warned of supply chain vulnerabilities, including rare earth dependence on China and chokepoints in fossil fuel transit. Without continued fossil fuel investment during the transition, global output could drop to 10 percent of current levels by 2050. "We must stay flexible, anchored in realism and guided by cooperation."



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Denis Ferrand echoed this urgency but underscored global misalignment. While major economies are reducing emissions, global totals will continue to rise due to emerging markets. “Decarbonization and economic growth must no longer be seen as trade-offs.” He pointed to the Trump administration’s fossil fuel strategy as a short-term competitive advantage, triggering “investment leakage” from Europe and Japan. Ferrand critiqued the EU’s Carbon Border Adjustment Mechanism for focusing only on upstream emissions and warned of rising costs for downstream industries. “We must protect entire supply chains, not just principles.” He urged convergence between EU and Japanese carbon pricing and the establishment of shared international production standards, especially as China is poised to lead clean tech by 2035. Despite dysfunction at the WTO, Ferrand called for deeper coordination. “We need coordination, not fragmentation—otherwise the energy transition will become a zero-sum game.”

Katsuji Sugimori offered a corporate view centered on implementation constraints. Inflation, high interest rates, and falling capture prices are squeezing renewable returns. “Costs are up, returns are down, and grid access is stalled,” he said, citing delays of three to five years for connection. As the EU phases out Russian oil by 2027, he stressed fuel source diversity and a stable grid.

Climate risks like heatwaves, natural disasters, and terrestrial stalling further challenge renewable reliability. Sugimori argued for a gradual decarbonization strategy anchored in dispatchable energy. “Without consistent policy support, the transition is not financially viable.”



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Session 2: Demography Growth in an Aging Society

Speakers: Sophie BOISSARD, Maxime SBAIHI, Hiroaki MIYAMOTO

Moderator: Philippe MANIÈRE

Sophie Boissard described aging as Europe's "political blind spot." The continent's population is projected to remain stable at 450 million, but the internal structure is shifting rapidly. In Italy, 13.6 percent of the population will be over 80 by 2045. "We are entering a period of demographic stagnation—the only major region in the world to do so." She emphasized the disconnect between life expectancy gains and healthy aging, noting the rise in chronic illness and care dependency. "We are adding years, but not good years."

Boissard criticized the chronic underinvestment in care infrastructure, citing a 2008 EU report recommending 140 billion euros annually—"not one euro" has been delivered. Her strategy focused on preventive aging starting in midlife, and doubling the number of care workers, supported by public and private investment. "The system won't hold unless we act. It's not just a moral imperative—it's an economic necessity."

Maxime Sbahi focused on Europe's collapsing fertility rates. "Women today have half as many children as they did 50 years ago." France's rate has fallen to 1.6, the lowest since World War I. French exceptionalism is over."



Despite generous family policy, fertility continues to decline, which he linked to structural economic burdens. First, intergenerational inequality: "In the 1970s, a worker could double their standard of living in 15 years. Today, it takes 80." Second, housing: prices have outpaced incomes, with homeownership plummeting among younger adults.

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Sbaihi questioned the viability of Europe's welfare state, noting that the over-65 population now exceeds the under-50s, and social spending has reached 50 percent of public budgets. On policy responses, he was skeptical: "People don't respond to public incentives when it comes to fertility. Immigration doesn't raise fertility long-term. And robots—are we really ready to let them raise our kids and care for our grandparents?" Europe, he concluded, has a "hate-need relationship with immigration," and must confront the broader societal implications of demographic decline.



Hiroaki Miyamoto described Japan's sharper trajectory. The population is set to fall from 125 million to 100 million by 2056, and 87 million by 2070. The share over 65 is projected to reach 38 percent by 2060. With a growth rate of just 0.5 percent and public debt at 240 percent of GDP, Japan's demographic crisis is already a macroeconomic issue. Forty percent of state spending now goes to social security. Miyamoto proposed mobilizing senior labor.



Since 2013, Japan has raised retirement age policies and required companies to offer employment up to age 70. "Eighty percent of older Japanese want to work until at least 70, and forty percent would work indefinitely, health permitting." Yet rigid labor markets remain a barrier. He called for structural reform and support from robotics and AI to expand senior employment and care services. These innovations, he argued, could be exported globally.

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Session 3: Enhancing Rules-Based Global Trade Amidst Rising Imperialism

Speakers: Louis SCHWEITZER, Alexandre IMBERT, Akihiko TAMURA

Moderator: Naoyuki HARAOKA

Schweitzer Imbert and Tamura examined the paralysis of the World Trade Organization (WTO), the rise of state-backed competition, and the need for renewed Japan-Europe cooperation in shaping global trade norms.

Louis Schweitzer traced the WTO's decline to design flaws and geopolitical obstruction. The 1995 framework assumed broad support for liberalization but underestimated resistance and strategic vetoes. "The United States blocked all nominations to the arbitration court under Trump, and Biden has not reversed this," he noted. Schweitzer criticized the European Union's inability to respond, citing internal fragmentation. "Japan is sovereign; France is not. The EU is divided



—Germany is a net exporter, France an importer, Hungary supports Trump, others do not." He argued that global trade imbalances require adjustment from both surplus and deficit countries, naming China and Germany as key examples. Left to deficit states alone, rebalancing will take the form of tariffs and unilateralism. He supported WTO protections for investment and intellectual property, but dismissed enforcement of state aid rules as unworkable. On China, he emphasized its lead in sectors like batteries and EVs, and drew a contrast between US and Chinese ambitions: "The US sees itself as world leader; China only wants to be number one." The distinction, he argued, matters.

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Alexandre Imbert provided a business perspective, underscoring the need for predictability. As an exporter of wine and spirits, he stressed the damage from disrupted trade. "We need reliability and stability," he said. Exports to China have fallen 70 percent since tensions escalated, threatening the viability of the sector. Non-tariff barriers, he added, are often more damaging than tariffs. Imbert expressed support for Japan's leadership in Asia-Pacific trade, calling it "a model of cooperation" in food and beverage sectors. While endorsing the principles of the WTO, he questioned its current effectiveness. "We believe in multilateralism," he said, "but must grow and expand where we can, and wait them out."

Akihiko Tamura argued that the time has come for the Indo-Pacific region and the EU to cooperate in order to revive the international trade order, and one proposal that has been put forward recently is the collaboration between the CPTPP and the EU. Tamura supports this proposal, but he believes that the collaboration should include the following three elements: ① The establishment of new subsidy rules; ② the establishment of rules to justify friend-shoring; and ③ the revival of the WTO dispute settlement system. Furthermore, to promote these new rules agreed by the CPTPP and the EU to the international community,



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political power is necessary, and for that, economic integration between these two entities is effective. Therefore, the EU's accession to the CPTPP or the formation of an FTA between the two should be considered. Furthermore, in light of the Hegemonic Stability Theory and in the absence of a hegemon envisaged at least at this moment except the United States, the collaborative project by the CPTPP and the EU should proceed with engaging with the United States.

In discussion, Schweitzer questions the necessity of a hegemon in stabilizing the global trade order, Tamura replied: "Theoretically the global order may be stabilized without a hegemon if the constructivism dominates, but the reality of the world, at least in Asia, realism prevails. Therefore the Hegemonic Stability Theory is virtually the consensus in the region, I believe."

