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Chairman's Message

(May 31, 2021)

The spread of COVID-19 has given a serious blow to the global economy by restricting the movement of people and goods and causing the stagnation of economic activity. However, through the development of vaccines and digitalization at an unseen rate, the world is striving to overcome this crisis. Societies and economies are undergoing a great transformation in response to the COVID-19 crisis and the world is now at a historic turning point.

In international relations, the COVID-19 crisis has given rise to protectionism or nationalism in several

countries. The Japanese government has made efforts to promote trade and investment, which have led to concrete achievements including the signing of the Regional Comprehensive Economic Partnership (RCEP) Agreement and the Japan-UK Comprehensive Economic Partnership Agreement. In the United States, with the inauguration of the Biden administration, we have seen a turning of the tide from an "America First" policy to a return to international cooperation. The role Japan should play in building a free and open trading system and establishing international cooperation to that end is becoming ever more important.

At the same time, the world is making great strides toward decarbonization. More than 125 countries and regions have already made carbon-neutral pledges, and individual companies are attaching greater importance to low-carbon and carbon-free initiatives.



Chairman
KOBAYASHI Ken
(Chairman, Mitsubishi Corporation)

Amid this growing momentum of international cooperation, the *Shosha* sector is now required not only to continue its efforts to promote and expand trade and investment, but also to contribute to the building of a sustainable economy and society through a review of supply chains broken by the COVID-19 crisis, initiatives to resolve social issues such as climate change, and the creation of new businesses that make full use of digital transformation.

Expectations are high for the role of the Japan Foreign Trade Council, Inc. (JFTC) to act as “Pioneers of a New Era”. Working in close cooperation with the Japanese government and trade authorities in other countries, we will make increasingly proactive policy proposals for the maintenance and development of the free trade and investment regime and to establish institutional systems and a business environment conducive to free corporate activities. In addition, based on the government’s policies, we will strive together with our member companies to prevent the spread of COVID-19, promote the realization of a digital society including the establishment of a new digital agency, and resolve various challenges we face today, such as the problem of low fertility and aging population and the need to promote regional revitalization.

In January 2021, we moved from Hamamatsu-cho, which had been our base for half a century, to our new office in Kasumigaseki. We very much hope you will give us your continued support.

Chairman’s Comments

Chairman Kobayashi’s Comments on Lifting of COVID-19 State of Emergency

March 19, 2021

The announcement by the Suga administration to lift the state of emergency on Monday is a testament to the joint efforts by the central government, local authorities, business community and citizens to curb the spread of COVID-19. Healthcare professionals and other frontline workers must also be commended for working so hard to alleviate the burden on Japan’s stressed healthcare system.

Unfortunately, new-variant infections have been on the rise throughout the country, so it is still too early to assume that we have the situation under control. COVID-19 concerns everyone, so we must all be aware that the lifting of the state of emergency does not mean that we are nearing the end of the pandemic. We must continue to remain on our guards and do all that we can to prevent the virus from spreading any further.

On behalf of the JFTC, I call on the government of Japan to continue its screening and other efforts to shore up our nation’s healthcare system, take the necessary steps to ensure that Japan has a stable supply of vaccines, and provide the public with timely and accurate information on vaccine safety and delivery schedules. Furthermore, I remain optimistic that our leaders will provide the right support to those who have suffered secondary impacts from the two state-of-emergency impositions that have been made thus far. Effective measures must be taken to rejuvenate our nation’s economic and social activity.

In addition to maintaining its support for measures taken by our central and local governments, the JFTC shall take whatever steps are necessary to sustain and encourage business activity, including efforts to promote continued telecommuting and digitalization.

Chairman Kobayashi's Comments on the U.S.-Japan Summit Meeting

April 19, 2021

Japanese Prime Minister SUGA Yoshihide was the first foreign leader to hold a face-to-face meeting with U.S. President Joe Biden. In addition to building a personal relationship of trust between the two leaders, this meeting was highly significant in renewing the strong ties of the U.S.-Japan Alliance, the cornerstone of Japan's diplomacy and security, and showing to the world that Japan and the United States intend to work closely to promote peace and prosperity in the international community and realize a free and open Indo-Pacific.

I also welcome the launching of the U.S.-Japan Competitiveness and Resilience (CoRe) Partnership as a new form of cooperation in the U.S.-Japan Alliance. This provides us with a concrete framework for widespread cooperation, covering responses to the COVID-19 pandemic and climate change, to R&D in the fields of innovation and leading-edge science and technology.

I am particularly encouraged by progress that has been made with the Japan-U.S. Climate Partnership. We now have a more detailed framework for achieving the targets of the Paris Agreement, developing and deploying clean-energy technologies and supporting decarbonization in the Indo-Pacific region.

In addition to supporting trade policies that contribute to digital trade between the United States and Japan and to the resolution of climate change problems, the JFTC, through the business activity of its member companies, aims to promote the development of 5th-generation (5G) wireless networks and the building of semiconductor and other supply chains.

Chairman Kobayashi's Comments on Government's Declaration of Third State of Emergency

April 23, 2021

In response to the increased spread of COVID-19 infections, the government has declared a third state of emergency for Tokyo and the prefectures of Osaka, Hyogo, and Kyoto. The "Priority Preventative Measures" have failed to stop the spread of the disease, and infections by highly infectious mutant

strains have been rising rapidly. At a critical time, with growing concerns about further strain on the medical system, this must have been a tough decision to make.

I hope that the government, while continuing to expand and improve the medical care provision system and thoroughly implementing effective measures to prevent the further spread of the disease, will do everything in its power to ensure that vaccinations can be widely provided to citizens as quickly as possible. In addition, it is vital that all citizens once again share a strong sense of crisis and that all parties involved work closely together to prevent the spread of infection.

COVID-19 countermeasures cannot be completely undertaken by one country alone. It will also be important to strengthen international cooperation in areas such as the sharing of information and data regarding the spread of infection, and the production of vaccines and therapeutics.

Together with our member companies and in close cooperation with the government, municipalities, and related organizations, the JFTC will do everything in its power to prevent the further spread of COVID-19. We will also take measures necessary to continue socio-economic activities, including efforts to promote continued telecommuting and digitalization.

Chairman Kobayashi's Comments on the Leaders Summit on Climate

April 26, 2021

The Leaders Summit on Climate hosted by the United States has just taken place. It is highly significant that the leaders of the 40 countries and regions that are the main greenhouse gas emitters met and showed to the world their positive attitude toward achieving a carbon-neutral society by ambitiously raising national greenhouse gas reduction targets.

This summit is an important milestone toward the 26th UN Climate Change Conference of the Parties (COP26) scheduled for November this year. It can be expected to further accelerate global climate change countermeasures, including those of emerging and developing countries.

In Japan, the public and private sectors must join forces in taking initiatives toward achieving the new target announced by Prime Minister Suga of a 46 percent reduction from 2013 emission levels in 2030

and realizing carbon neutrality by 2050. Based on the Green Growth Strategy formulated in December last year, I want the government to mobilize all available policies for motivating companies to invest in climate change countermeasures and accelerate innovation. At the same time, I expect it to promote cooperation with other countries regarding innovation policies, international rule making, and support for third countries.

While supporting national policies that contribute to the resolution of the climate change problem, the JFTC will aim to promote the transition to a carbon-neutral society through the business activities of our member companies.

Chairman Kobayashi's Comments on the G7 Summit in Cornwall, United Kingdom

June 14, 2021

I am delighted that the leaders of the G7 nations were once again able to unite after a two-year absence. Their latest summit in Cornwall has reassured us that they continue to embrace common values of democracy, freedom, equality, the rule of law and human rights. The joint statement covers several issues of worldwide significance, including economic recoveries, COVID-19, climate change, free trade, advanced technologies and geopolitics, and I welcome the positive messaging on all points.

During the summit, the member nations agreed to donate one billion vaccine doses to poorer nations. Along with the commencement of worldwide vaccine production and distribution, this is an important step towards international cooperation to save lives and end the pandemic by 2022.

It is equally admirable that the G7 nations have drawn up 2050 carbon-neutrality targets ahead of COP26, which is to be held in November of this year. Each nation has pledged to dramatically decarbonize its power grid by the 2030s.

In addition to supporting Japan's measures to combat COVID-19 infections and initiatives to tackle climate change, JFTC members are committed to conducting their businesses in ways that will contribute to the development of sustainable supply chains, the maintenance and expansion of fair and free trade, and the transition to carbon-free societies.

Chairman Kobayashi's Comments on Lifting of Japan's Third State of Emergency

June 18, 2021

The Japanese government has now lifted the latest state of emergency for all nine areas except Okinawa Prefecture. Not only is this a significant first step towards normalizing socioeconomic activity, but it is also a testament to the tremendous efforts by our central and local governments, our business community and our citizens to curb the spread of COVID-19. I would also like to take this opportunity to express my admiration and respect for Japan's healthcare workers, who have worked so heroically throughout the pandemic.

The news, however, is not all positive. People are also starting to go out more, and with the scientific community having confirmed that new variants of the coronavirus are even more infectious, concerns remain about another resurgence in cases. Although the central government has lifted the state of emergency, the local authorities in most of the nine areas have chosen to maintain their quasi-emergency measures.

I would like to request Japan's political leaders to continue doing all they can to both encourage citizens to get vaccinated and strengthen our country's testing and treatment capabilities. Furthermore, considering how damaging the three states of emergency have been to socioeconomic activity in Japan, I will also be looking to the government to provide swift and effective support to the growing number of businesses across our country that are struggling.

The JFTC pledges to work hand in hand with its member companies to connect with Japan's central and local governments and all others concerned in the fight against COVID-19. Together, we will do our best to end this pandemic once and for all. We will continue to promote digitalization and work-from-home systems, make efforts to improve vaccination accessibility for employees and others, and devise other steps that may be necessary to ensure business continuity and development.

Chairman Kobayashi's Comments on Declaration of Fourth State of Emergency for Tokyo

July 9, 2021

The government has declared a fourth state of emergency for Tokyo. While unfortunate, this decision was both inevitable and correct. The spread of the more contagious Delta variant and growing movement of people have caused the number of new infections to once again trend in the wrong direction. If we hope to stop COVID-19 and ease the stress it is placing on our nation's healthcare system, then we must recognize this for the crisis it is and act accordingly.

On behalf of the JFTC, I call on the government to take every step necessary to ensure a smooth vaccine rollout. Those responsible must secure sufficient doses, allocate those doses appropriately to the regional authorities and businesses, and provide our citizens with information that is both accurate and timely to help dispel their concerns about side effects and other factors that might dissuade them from receiving their vaccinations. Herd immunity will be essential to bringing this virus under control, so those of us in the working community must set a good example.

All members of the JFTC remain committed to working with the central government, local authorities and all other concerned organizations to stop the spread of COVID-19. We will continue to promote telecommuting and digitalization, help to make vaccinations more easily and readily available to workers and other citizens, and take the steps needed to ensure business continuity and growth.

JFTC New Office: An Optimal Space for Resolving Industry Challenges

More than a year has passed since the start of the COVID-19 pandemic. With the government's recommendation to stay home, we have seen radical changes in our ways of working, such as the development of telecommuting environments. Amid these changes, the JFTC moved office from

Hamamatsu-cho to Kasumigaseki in January 2021. The new office is "an optimal space for resolving industry challenges," which we have thoroughly thought through from the viewpoint of "members first" regarding the places and spaces we share with our members. In this article we outline how the office is being utilized during the unprecedented COVID-19 crisis.

Web press conference and press announcement



From the new office, we remotely held the Chairman's regular press conference on February 17 and the press announcement of the discussion paper "The Global Value Chain and Post-COVID Roles of *Shosha*" on March 30. To avoid crowding in the venue, journalists were able to access Zoom individually and we could proceed without any delays, including the question and answer session.

Hybrid committee meetings

Although most committee meetings, etc. are held online only, we have also held meetings in a hybrid format combining online and offline meetings. To ensure that people can participate with peace of mind, we thoroughly implemented body temperature checks, hand disinfection, and ventilation, ensured sufficient social distancing, and set up acrylic panels between participants. We will continue to devise ways of holding safe and pleasant meetings, such as keeping on hand non-contact thermometers, thermographs, and carbon dioxide meters.

Workspace and social space during the COVID-19 crisis



Workspace designed with activity-based working (ABW) in mind and the social space next to the reception desk are set up to promote more interaction among visiting members and JFTC staff. While hoping that the time will come soon when we can interact every day with our members, we are restricting the attendance rate of our staff and putting up with the current situation as best we can.

The Key Points of Interaction with Stakeholders: Introducing the New Office ITO Naoki, Group Leader, General Affairs Group, JFTC

The JFTC's relocation to new office took place right in the middle of the COVID-19 crisis. Frankly speaking, the change from fixed seating to a free-address workspace caused quite a lot of stress and confusion at first, but it also gave me the opportunity to think about the office's role.

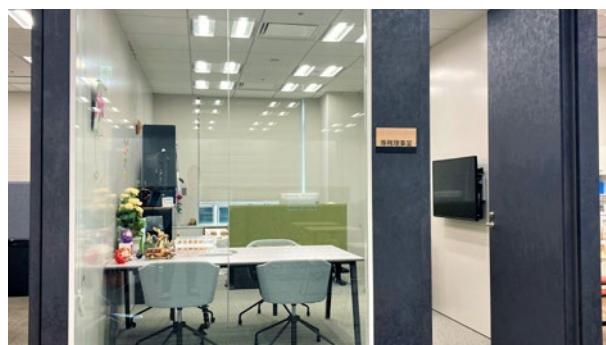
Importance of the office as a key point of interaction

The first thing I want to emphasize is that, now that telecommuting and Web conferencing and seminars are becoming the norm, we have come to realize how important the office is as a place for real interaction and information exchange. At the JFTC's new office, with "interaction" uppermost in our minds, we have expanded spaces promoting closer contact with

members and stakeholders, set up digital signage to stimulate conversation, and allocated an area for special exhibits and reading publications.



A workspace full of stimulus



Although everybody wants to work in peace, it is also true that without any stimulus it is hard to come up with new ideas or actions. By experiencing a free-address workspace, I realized how the stimulus differs from day to day depending on the height of seats, direction of line of vision, and the staff sitting around me. The counter seat by the window overlooks the Diet building, and when I look down at the row of cars on the mornings of plenary sessions, I feel motivated to proactively approach the government with proposals and requests. From the conversations I have had when I sit next to staff with whom I rarely have interactions, I may also receive unexpected suggestions about work. It is also stimulating that the walls of the executive rooms and the office are transparent, enabling people to see each other.

Providing various contact points with cyberspace



Another highlight of the new office is the infrastructure that creates various contact points with cyberspace. In Rooms A and B (large and medium-sized conference rooms), a ceiling camera is installed so that they can be used as bases for transmitting web conferences or seminars. The digital signage is used to provide real-time news via the internet or to transmit digital materials provided by member companies or news videos produced by the JFTC. In the office there is also the “online booth,” a semi-private room for web conferencing. The fact that it is not completely private is the good part, because with my loud voice I can instantly share information with my colleagues at work!

Discussion Paper “The Global Value Chain and Post-COVID Roles of *Shosha*” Third Policy Proposal Group

With the signs of prolonged US-China trade friction and spread of COVID-19 throughout the world, efforts in the field of international trade to build a sustainable global value chain are in a constant state of trial and error.

Under these circumstances, the JFTC’s International Market Committee is aware that the expected roles of the *Shosha* may be changing. Accordingly, in September 2020, it set up a working group with Professor TODO Yasuyuki of Waseda University’s Faculty of Political Science and Economics (at that time based in Sydney) as co-researcher to study “The Global Value Chain and Post-COVID Roles of *Shosha*” (chaired by TAKAGI Mitsunobu, Deputy General

Manager, Global Affairs & Solutions Department, Corporate Planning & Strategy Division, Mitsui & Co., Ltd.).

Meeting five times over six months, the working group examined the current situation of the *Shosha* business in the COVID-19 crisis and the roles that the *Shosha* should play, while drawing on the knowledge of outside experts.

As a result, it concluded that the *Shosha* have characteristics and strengths that have enabled them to respond to changes and uncertainty in the business environment and that the COVID-19 crisis has provided them with the opportunity to display these characteristics and strengths and to accelerate and bring to the surface the risk diversification and responses to change they had already been promoting.

The working group summarized these achievements in a discussion paper, outlining the current status of the *Shosha* business with examples from each company and proposing the following roles that the *Shosha* and JFTC should play in the post-COVID world.

Post-COVID Roles of the *Shosha* and JFTC

I. The Three Roles of the *Shosha*

As pioneers in uncharted business territories, the *Shosha* will open up a new era and vitalize the Japanese economy, playing the following three roles in the post-COVID world.

- (1) Promote global intellectual collaboration such as open innovation in data analysis for research and development and marketing, leveraging the depth of their global networks.
- (2) Build a new business model for conducting projects that efficiently combines online and offline activities, leveraging the strength of their ability to communicate face-to-face with people overseas even in situations where movement across national borders is severely restricted.
- (3) Build new mechanisms to connect various industries in a sustainable way and realize inclusive economic development where no one is left behind, leveraging the strengths of their long history of global business deployment and their sensitivity to global economic trends.

II. The Role of the JFTC

As an industry association representing the Japanese *Shosha* sector, while organically leveraging its three functions of government relations, member relations, and public relations, the JFTC will monitor the business environment of the *Shosha* so that the *Shosha* can display its characteristics and strengths and transmit information and exert its influence in various fields in order to resolve the challenges of the industry, thereby contributing to the realization of a sustainable society, an affluent Japan, and a stable world.

ABIC 20th Anniversary Members' Gathering and Lecture Meeting



On March 31, with the thorough implementation of COVID-19 countermeasures, the ABIC 20th Anniversary Members' Gathering and Lecture Meeting was held at the JFTC's new office. On the day of the event, guests were invited to the venue and a total of about 190 ABIC members and JFTC representatives took part, including remote participants. At the ceremony, the Chairman of ABIC, KOBAYASHI Ken gave the opening address and the President, IWAKI Hirotoishi, reported on the ABIC's activities in fiscal 2020. After that, TERASHIMA Jitsuro, Chairman of the Japan Research Institute, who was instrumental in the establishment of the ABIC, gave a lecture titled "Awareness of the Times, Regional Development, and Japan's Future Direction – The Roles the ABIC Should Play."

What is JFTC ?

About Japan Foreign Trade Council, Inc. (JFTC)



Japan Foreign Trade Council, Inc. (JFTC) was founded in 1947 as a core economic organization of private sector companies engaged in international trade. In 1986, it was reorganized to become what it is, a trade-industry association consisting of trading companies and trade organizations.

JFTC aims to contribute to the prosperity of the Japanese economy and the development of the international community through trade and investment, and is engaged in a wide range of activities. Most importantly, the JFTC develops a consensus within the industry on various trade issues and submits policy recommendations and proposals to the government and related authorities in order to help resolve those issues. Such role and functions of the JFTC have been highly regarded by those concerned.

In addition to promoting and expanding investment and trade as we have done to date, the *Shosha* sector needs to come up with bold new approaches that go beyond conventional thinking, including by creating new businesses that make full use of the digital transformation. Reestablishing close connections in a fracturing world, reinvigorating the stagnant economy, and working to bring about a more prosperous world: these too are part of our mission. As an industry association representing the Japanese *Shosha* sector, the JFTC will work to fulfill its role in helping to pioneer the full potential of this new era, working in close cooperation with the Japanese government and with trade bodies worldwide to make increasingly proactive policy proposals. Our continuing mandate will be to maintain and develop the free trade system and to work toward putting in place comprehensive systems and a business environment conducive to free corporate activities.

Principal Officers of JFTC

Chairman

KOBAYASHI Ken (Chairman, Mitsubishi Corporation)

Vice Chairmen

FUJIMOTO Masayoshi (President and CEO, Sojitz Corporation)

KASHITANI Ichiro (President and CEO, Toyota Tsusho Corporation)

KAKINOKI Masumi (President and CEO, Marubeni Corporation)

HYODO Masayuki (President and CEO, Sumitomo Corporation)

HORI Kenichi (President and CEO, MITSUI & CO., LTD.)

ISHII Keita (President and COO, ITOCHU Corporation)

(in order of assumption)

Executive Managing Director

KAWAZU Tsukasa

Managing Director

MIYAMOTO Fumiaki

Regular Member of JFTC

Companies (Total 41)

ALL NIPPON AIRWAYS TRADING CO., LTD.

CBC CO., LTD.

CHORI CO., LTD.

D. NAGATA CO., LTD.

HANWA CO., LTD.

HITACHI HIGH-TECH CORPORATION

HONDA TRADING CORPORATION

INABATA & CO., LTD.

ITOCHU CORPORATION

IWATANI CORPORATION

JALUX INC.

JFE SHOJI TRADE CORPORATION

KANEMATSU CORPORATION

KOWA COMPANY, LTD.

KYOKUTO BOEKI KAISHA, LTD.

MARUBENI CORPORATION

MARUBENI-ITOCHU STEEL INC.

MEIWA CORPORATION

METAL ONE CORPORATION

MITSUBISHI CORPORATION

MITSUI & CO., LTD.

MORIMURA BROS., INC.

NAGASE & CO., LTD.

NIPPON STEEL TRADING CORPORATION

NOMURA TRADING CO., LTD.

NOSAWA & CO., LTD.

OKAYA & CO., LTD.

SEIKA CORPORATION

SHINSHO CORPORATION

SHINYEI KAISHA

SMILE CORP.

SOJITZ CORPORATION

SUMITOMO CORPORATION

T. CHATANI & CO., LTD.

TEIJIN FRONTIER CO., LTD.

TOHO BUSSAN KAISHA, LTD.

TOKYO BOEKI HOLDINGS CORPORATION

TOSHO ASSOCIATE CORPORATION

TOYOTA TSUSHO CORPORATION

YAGI TSUSHO LTD.

YUASA TRADING CO., LTD.

Associations (Total 20)

COSMETIC IMPORTERS ASSOCIATION OF JAPAN

FUKUOKA FOREIGN TRADE ASSOCIATION

JAPAN AUTOMOBILE IMPORTERS ASSOCIATION

THE JAPAN BANANA IMPORTERS ASSOCIATION

JAPAN CHEMICAL EXPORTERS AND IMPORTERS ASSOCIATION

JAPAN FOREIGN TRADERS ASSOCIATION, INC.

JAPAN MACHINERY CENTER FOR TRADE AND INVESTMENT

JAPAN MACHINE TOOL IMPORTERS' ASSOCIATION

JAPAN OVERSEAS RAILWAY SYSTEM ASSOCIATION

JAPAN PAPER IMPORTERS' ASSOCIATION

THE JAPAN SHEEP CASING IMPORTERS ASSOCIATION

JAPAN SHIP EXPORTERS' ASSOCIATION

JAPAN TEXTILES EXPORTERS ASSOCIATION

THE JAPAN TEXTILES IMPORTERS ASSOCIATION

JAPAN WATCH IMPORTERS' ASSOCIATION

JAPAN WINES AND SPIRITS IMPORTERS' ASSOCIATION

KOBE FOREIGN TRADE ASSOCIATION

KYOTO FOREIGN TRADE ASSOCIATION

THE OSAKA FOREIGN TRADE ASSOCIATION

YOKOHAMA FOREIGN TRADE ASSOCIATION

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