

## Prime Minister Kishida's Speech

(September 23, 2024)

- Let me first thank the panelists for their great discussion.
- I appreciate the opportunity to give my closing remarks in front of the distinguished business leaders in the United States. It is a great pleasure to visit New York, my second hometown for the third consecutive year.
- Over the past three years, I have tackled challenges facing Japan and the world, at this time of what should be called a turning point in history. I am proud to say that I have been successful in achieving remarkable results.
- Let me speak on global politics first, then turn to economic and financial issues.
- Currently, the foundation of the international order is being challenged in various parts of the world, including Russia's aggression against Ukraine. Under these circumstances, I have been making every effort on the diplomatic front to further strengthen the Japan-U.S. alliance, to fundamentally reinforce Japan's defense capabilities, and to defend the free and open international order based on the rule of law.
- What kind of future do we intend to hand down to our children and grandchildren? It is not a world where freedom is restricted and the will of the people is suppressed. It should be a safe and peaceful society based on freedom and democracy, which the United States has played a leading role in building since the end of World War II. Today, East Asia and the rest of the world need U.S. involvement and leadership. This is also for the U.S.'s own national interest. I spoke about this historic mission of the United States in a speech I delivered to a bipartisan group of members of Congress in April of this year. At a formal dinner at the White House, I spoke about the future of the Japan-U.S. alliance, quoting the famous Star Trek line,

“To boldly go where no one has gone before”. I hope to work with business leaders in Japan and the U.S. in the spirit of “To boldly go!” to secure and develop a strong U.S.-Japan relationship and a free, safe, and open market economy.

- Now, let me turn to the economic front.
- Japan’s economy has suffered from low economic growth over the past 30 years. To exit deflation and achieve a transition to a growth-oriented economy, I have worked on a full range of economic policies during the past three years. For example:
  - I have launched a drastic labor market reform and worked to bring about higher mark-up rates at companies.
  - I have also introduced extensive investment promotion policies in strategic business areas, such as the areas of semiconductors, AI, and Green Transformation.

The positive results of these initiatives are evident in a wide range of data, including: the highest wage increase in 33 years; record-high corporate earnings and capital investment; robust GDP growth; a start of monetary policy normalization; and expanded capital markets. I expect the new administration to further accelerate the big trend of advancing reforms by leveraging the ongoing structural changes.

- The initiative for promoting Japan as a leading asset management center represents our core efforts on the finance side to bolster this virtuous cycle of the economy.
- Since the beginning of my tenure as Prime Minister, I have been committed to the drastic expansion of NISA and the advancement of corporate governance reform to decisively accelerate the shift from savings to investments. Moreover, I have pushed for a comprehensive reform of the asset management sector and asset ownership, including public and corporate pension funds, to strengthen the whole investment chain in Japan.

- As a result, stock prices reached record highs for the first time in 34 years. The Tokyo Stock Exchange's market capitalization exceeded 1,000 trillion yen, about 7 trillion dollars, for the first time this March. This is a remarkable achievement given that it was 230 trillion yen, about 1.6 trillion dollars in 2003. Moreover, TSE's request for "Management that is Conscious of Cost of Capital and Stock Prices" is taking root among Japanese companies. The cross-shareholdings by listed companies in the last fiscal year was at the lowest level ever. This Japanese business practice, which was once taken for granted, has become a thing of the past.
- I have received a lot of positive feedback on my initiatives from the world's leading financial institutions and market stakeholders, including those who are here today. Your strong encouragement has supported my determination to implement the reforms.
- The work, however, is still in progress. The initiative for promoting Japan as a leading asset management center is an ambitious reform package aimed at boldly changing Japan's entire flow of capital. We must continue this initiative to make that change happen.
- My closest and most trusted friend, the late Shinzo Abe, gave his remarks in this very room in September 2015. He said that he would place the greatest emphasis on corporate governance in his long list of reforms.
- Under the Kishida administration, I have further accelerated corporate governance reform and launched the initiative for promoting Japan as a leading asset management center, a bold and comprehensive overhaul of Japan's financial services sector.
- As you may know, I have decided to step down soon. But I am confident that the Japanese government will continue to engage with financial sector stakeholders and advance this initiative to ensure that the fruits of the initiative are firmly embedded in the Japanese economy and to gain public trust in

our policies in Japan and abroad. To this end, the Asset Management Forum will be launched by leading Japanese and US asset management companies on October 3rd, in Tokyo.

- Given the decisive actions and positive results so far, I firmly believe that you will take strong leadership in expanding your company's business and financial investments in Japan.
- As I mentioned earlier, I said, "Invest in Kishida!" when I started my term as Prime Minister. Taking this opportunity, I would like to say even more strongly, like Captain Kirk in Star Trek: "Boldly invest in Japan, like no one has done before!"
- Japan and the United States are, and will continue to be, partners that have strong economic, political and social bonds and share fundamental values, including freedom, democracy, the rule of law, and a market economy.
- Shohei Ohtani also "boldly" plays in the Major League Baseball. He should be a symbol of the close relationship between Japan and the U.S.
- I would like to conclude my remarks by expressing my hope that this initiative will be a symbol of win-win financial relationship between Japan and the U.S. and further strengthen the investment flows. The initiative will contribute to the development of global financial markets and the economy, as well as the realization of our bright future.
- Thank you for your attention and your continued interest in investing in Japan.

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