

Sample of 54<sup>th</sup> U.S.-Japan Business Conference Press Coverage  
(Domestic)

[Inside U.S. Trade](#): U.S.-Japanese business groups express concern over NAFTA negotiations  
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**U.S.-Japanese business groups express concern over NAFTA negotiations**

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Inside U.S. Trade

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The U.S.-Japan Business Council and its Japanese counterpart today took issue with proposals the U.S. is putting forward in the NAFTA renegotiation process, especially those on auto rules of origin.

“[T]he councils expressed concern over a number of U.S. proposals tabled in the North American Free Trade Agreement (NAFTA) modernization negotiations and urge U.S. negotiators to reconsider those proposals that would be harmful to U.S. businesses, such as the local content requirements in the automotive sector, as well as Japanese firms with substantial investments in the United States and across North America,” the U.S. group and the Japan-U.S. Business Council said in a joint statement following the annual U.S.-Japan Business Conference hosted by the U.S. Chamber of Commerce.

Kunio Ishihara, chairman of the Japan-U.S. Business Council, said that NAFTA had contributed to trade between the three parties since going into effect more than 20 years ago -- and that global companies had built “value chains” as a result of the deal.

“We have to have a very realistic negotiation based on the fact that we have established value chains,” Ishihara said through a translator at a joint press conference.

The U.S. has put forward a proposal on auto rules of origin in the NAFTA renegotiation that calls for a 50 percent U.S. domestic content requirement and an increase in the NAFTA regional content requirement to 85 percent. The move has sparked opposition from both the auto industry and lawmakers.

The remarks come as President Trump departs for his first official trip to Asia, which will include a stop in Japan. Analysts have said that the U.S. proposals in the NAFTA renegotiation talks, as well as the administration’s focus on trade balances, is creating concern and confusion among countries in the Asia-Pacific region.

“The Councils expressed concern over rising protectionist sentiment on a global scale, and in particular that guided by oversimplified metric related to trade deficits and surpluses,” the groups said in the joint statement.

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**How Japanese Businesses See NAFTA**

Adam Behsudi

POLITICO Morning Trade

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The dim view of the Trump administration's NAFTA proposals isn't coming solely from U.S. businesses. A major council of Japanese firms also agreed that Trump's proposals, particularly those that would tighten rules of origin on autos, could harm investments from both U.S. and Japanese companies. Most major Japanese automobile companies — including Honda, Toyota and Nissan — have extensive production facilities throughout North America, meaning they would be directly affected by changes proposed by the U.S., such as setting a new American content requirement for autos to qualify for tariff cuts under the deal.

The primary business councils from Japan and the U.S. urged "U.S. negotiators to reconsider those proposals that would be harmful to U.S. businesses, such as the local content requirements in the automotive sector, as well as Japanese firms with substantial investments in the United States and across North America," according to a joint statement released after the annual Japan-U.S. business council conference, which wrapped up on Friday.

The U.S.-Japan Business Council and its sister group, the Japan-U.S. Business Council, also warned against "rising protectionist sentiment" guided by "oversimplified metrics related to trade deficits and surpluses."

"We have to have a very realistic aim given global value chains," Kunio Ishihara, chairman of the Japan-U.S. Business Council, said at a press conference Friday when asked about the NAFTA talks.

**BIZ GROUPS MEET A TRADE DEAL THEY DON'T QUITE LIKE:** Perhaps more notable was the fact that both the Japanese and American sides were restrained in their call for a bilateral free trade deal in the wake of the U.S. withdrawal from TPP. Given the Trump administration's focus on reducing trade deficits and the heavy-handed approach it has taken in NAFTA talks, businesses likely see trade talks as detrimental to the economic relationship between the two countries.

Ishihara said the Japanese business sector focused first on completing talks on a TPP agreement without the U.S. He said any move toward a bilateral trade deal will have to be preceded by a serious discussion on the shared objectives of such an agreement. He rejected the notion that a focus on the trade balance is a priority that Japan shares with Trump.

"We had a broad discussion on the need for free and fair trade between the U.S. and Japan, and we talked about our desire to move faster on establishing some trade agreement that is modern, that is fair and that is free," said Chuck Robbins, CEO of Cisco Systems and chairman of the U.S.-Japan Business Council. "But we also acknowledged the current challenges that exist in probably accomplishing that in the short term."