



June 2014

### **FDI in the Spotlight**

President Obama's visit helps boost economic ties

By Andrew Wylegala

Our story for 2014—let alone for the month—is the visit of US President Barack Obama to Japan to kick off a four-country tour of Asia to advance the Trans-Pacific Partnership (TPP) trade pact and reassure the United States' allies on security matters.

Economy matters were central to President Obama's agenda around the rim of Asia, and Japan was no exception. For starters, United States Trade Representative Michael Froman held a breakfast briefing with ACCJ leadership. And, in addition to pushing TPP along during his third visit to Japan while in office, President Obama continued his direct involvement in the SelectUSA program he launched by Executive Order, and which Congress set up for expansion with funding this fiscal year.

At the request of the White House, SelectUSA headquarters, the Economics Section, and Commercial Service-Japan (CS-J) put on an investment roundtable moderated by Deputy National Security Advisor Caroline Atkinson.

The invitees were the top executives of 10 blue-ribbon Japanese investors in the United States and the leaders of Japan's top business chambers. Around one table was represented tens of billions of dollars in US investment, and an excess of 20,000 US-based jobs. Mid-sized firms were included in the mix, which also ranged in product line from carbon fiber to carbonated beverages.

The CEOs engaged with Atkinson on a range of investment-related issues, including the ongoing US economic recovery, energy markets, local-federal regulation, visas, taxes, liability issues, workforce skills, and crime.

Yes, Japanese business leadership has concerns about aspects of our investment climate—as well as suggestions to improve it. Yet the view of the history of, and prospects for, Japanese investment in the United States were bullish.

The numbers bear this out: Japan is our number-two investor, globally, and the absolute flows and the US share of Japanese outbound investment (about 25 percent in 2013) are up over the past few years.

In the midst of this animated discussion, President Obama and Ambassador Caroline Kennedy joined in to offer our country's and workers' thanks to the investors, as well as President Obama's personal commitment to continue honing the United States' edge as the world's premier investment destination.

Ambassador Kennedy noted her desire to see the balanced development of our two-way direct investment relationship, and wished Japan well with its counterpart initiative to SelectUSA: InvestJapan.

The event's attendees found the afternoon's exchange with the US leaders and one another so fruitful that several joined a similar panel on May 19 at the Japan Chamber of Commerce and Industry headquarters.

Recognizing the important role Japan is playing in the global effort to promote investment in the United States, Ambassador Vinai Thummalapally made his second visit to Japan as SelectUSA's executive director to participate in a weeklong roadshow of three such seminars, as well as meet with potential strategic partners in the Japan program, including JETRO and JCCI.

Shortly after the roadshow, CS-J will be conducting a SelectUSA event focused on the medical device sector, on June 11 in Tokyo and June 13 in Osaka. For details, call Hiroyuki Hanawa: (03) 3224-5083.

As full as our FDI facilitation agenda has grown, CS-J continues to promote US exports, full bore. During the same week of President Obama's visit, Commerce's Assistant Secretary for Export Administration Kevin Wolf kicked off a full-day seminar for more than 200 Japanese importers and re-exporters of items with both military and civilian applications.

While "control" and "promotion" might sound at odds, Wolf was spearheading a global outreach campaign by Commerce's Bureau of Industry and Security that is launching a bold reform of the US Export Control architecture, an effort that has spanned both Obama administrations.

Through a dozen meetings and site visits, Wolf explained how the reform is boosting trade and defense-related inter-operability with Japan, even as US national security is enhanced. The ACCJ, METI, and the Center for Information on Security Trade Controls were among the organizations that received him.

The Assistant Secretary also discussed the US multilateral approach to Russia sanctions with Japanese government and industry leaders, and reiterated the promise to take a firm line on undercutting transactions, be they by Japanese or American firms.

Recent weeks featured another fully subscribed company matchmaking annual must-do event for the electrical power sector: our New Orleans Association Conference, held at TAC on May 22.

During the same week, we made common cause with NAFTA friends from the Embassy of Canada to Japan and the Canadian Chamber of Commerce in Japan at a seminar on private public partnerships for the infrastructure works in both Japan and the United States.

As triumphant ACCJ Washington Doorknockers returned, DCM Tong and I visited San Francisco, Atlanta, and Boston to promote the US–Japan business relationship on panels co-sponsored by Commerce and DHL.

This flurry of trade activity was fully appropriate, given that May was World Trade Month. For the United States—and the global economy—the benefits of trade have been great, as have the successes of our businesses. The Commerce Department recently announced that, for the fourth straight year, the United States set a record for annual exports: \$2.3 trillion in 2013. This is a 40 percent growth in total exports since 2009.

Behind those exports are millions of well-paying US-based jobs—1.6 million more from 2009 to a record 11.3 million jobs.

No idle boast . . . just a big boost.