



UK-Japan 21st Century Group 34th Annual Conference

Chairmen's Summary

The 34th Annual Meeting of the UK-Japan 21st Century Group was held at Churchill College, Cambridge from 8-10 September 2017. The meeting was chaired by the Rt Hon Lord Lansley, UK Co-Chairman, and by Mr Yasuhisa Shiozaki, Japanese Co-Chairman.

The 21 British and 18 Japanese participants included parliamentarians and senior representatives from business, the media, academia, think tanks and the diplomatic service from both countries.

London programme

The Japan Society and the Japanese Chamber for Commerce & Industry hosted a luncheon meeting for the Group at the Cavalry & Guards Club on the 7th of September. The discussion was chaired by Sir David Warren, Chairman of the Japan Society and British Ambassador to Japan from 2008 to 2012, and was attended by conference delegates, corporate members and other guests as a prelude to the conference discussions.

Meeting with the Prime Minister

The Japanese participants, accompanied by the Group's Co-Chairmen, Lord Lansley and Mr Shiozaki, called on Prime Minister May in the afternoon. The Prime Minister spoke of her recent visit to Japan, her first official foreign visit outside Europe, and the positive discussions with Prime Minister Abe on future opportunities for economic and security co-operation between the UK and Japan. During her stay, she described Japan as Britain's closest security partner in Asia and pursued discussions on a post-Brexit trade deal with Japan. She welcomed the contribution that the forthcoming conference would bring to this process. Mr Shiozaki set out for the Prime Minister the breadth of the Group's prospective discussions; and the will to support the two Prime Ministers' desire to take UK-Japanese bilateral relations to a higher level.

On the evening of the 7th of September, a Reception to welcome the Japanese delegation was hosted by the Foreign & Commonwealth Office and presided over by the Rt Hon Mark Field MP, Minister of State for Asia and the Pacific.

The London programme concluded with a dinner for both Japanese and British conference delegates, hosted by His Excellency Ambassador Koji Tsuruoka at his residence.

Churchill College Conference

In their opening remarks, the Co-Chairmen spoke of the many positive developments in UK-Japan relations since the last conference and the importance and timeliness of the topics that would be covered over the weekend. The recent visit by Prime Minister May to Japan provided a particular focus for conference discussions that would look not only to the political, economic and security agendas but would consider forces for good and the role of soft power in international relations. In praising Japan as ‘a like-minded nation with a shared belief in free trade and a rules-based international system’, the Prime Minister highlighted an aspect of the bilateral relationship that offers opportunities for the UK and Japan to work together to promote solutions to some of the problems in the wider world.

As ever, the UK-Japan 21st Century Group annual conference was action-oriented, aiming to bring an independent perspective to key issues facing the UK and Japan through its recommendations to both Prime Ministers.

Session 1: Latest Developments in UK Politics and the Economy

The Group discussed the British political scene as the nation wrestles with trying to leave the European Union and the legacy of the referendum and the 2017 general election. An important political fact that serves as the backdrop to voter dissatisfaction is the lack of any improvement in living standards with average wages not having risen for the past decade. This dissatisfaction had been expressed in the result of the referendum and was reflected too in the voting patterns of the June 2017 general election that led to the formation of a minority Conservative government. The surge of populism and the rise in the fortunes of Jeremy Corbyn and the Labour Party have been aspects of this shift, with the significant increase in 18-35 year-old voters, mainly supporting Labour, a contributing factor.

Dominating current political debate is the question of whether, and in what form, the government can secure a deal in the ongoing Brexit negotiations. It was felt that a deal would be reached in due course but that its impact would only be clear in the long run. As for the debate on immigration, it was suggested that this too was tied to economic concerns and worries about employment.

It was noted that, recognising the impact of Brexit legislation on parliamentary time, there were other areas on which the government might focus, such as health, welfare, education and industrial policy, that would not require legislation and could set a more positive agenda for the future.

Session 2: Latest Developments in Japanese Politics and the Economy

The Group discussed developments in the current political and economic landscape in Japan.

For the first time since the financial crisis of 2008, the Bank of Japan has recognised that the Japanese economy is expanding with private consumption and productivity on the rise.

Against this backdrop, there is continued strong support for Abenomics to be pursued, in particular, for structural reforms which is the third and most challenging arrow of the Prime Minister's core agenda. In this context, the Group discussed issues that Japanese society faces as a result of depopulation and ageing, and noted the importance of implementing appropriate labour market reform policies which will be under deliberation at the coming Diet session.

The Group also considered the challenges that Japanese diplomacy faces in an uncertain world, of which currently the threat from North Korea is the most significant, but also includes management of its relations with the United States, China and Russia.

Session 3: Global Institutions and the Rule of Law: Working Together to Meet International Obligations

The Group reflected on the wider responsibilities of the UK and Japan in the context of their international obligations. It was argued that assumptions about the liberal international order had changed in the last 12 months. Whereas there had been a continued expansion of a global system based on democratic values, the rule of law, open, well-regulated markets, etc, this expansion had halted and even reversed in some regions and areas. For many, the current priority was to protect the status quo. While the rise of China continues apace, economic reform has not been matched by political reform. Russia meanwhile has adopted a position of 'might is right'. The Group acknowledged the decline in US leadership on East Asian security which had been central to world order for the UK and Japan. There has also been a worrying spread of illiberalism in a number of democratic countries around the world. In this new uncertain environment, how might the UK and Japan work together in future?

At a time when promoting the liberal order at a global level will be very difficult, the Group discussed the need for Japan and the UK to look for different platforms and mechanisms in order to play a positive role in the world. It was noted that both the UK and Japan were major contributors to the global economy. In the area of trade and investment, following Brexit negotiations and completion of the EU-Japan EPA, a UK-Japan FTA could be negotiated, and in due course it would make sense to go even further in targeting sectoral priorities (eg robotics/ AI / cybersecurity) where we might help each other, not simply piggyback and mirror the EU-Japan EPA, thereby driving forward new economic integration.

It was emphasised that the UK and Japan each carry a responsibility to improve the security resilience of their respective regions. In addition, a broader conversation involving both the

UK and Japan, could be pursued with third countries, such as India, Australia, South Korea and others to enhance regional security in Asia. The UK and Japan could also use their strong voices in institutions such as the UN, World Bank, G7 and OECD to promote economic growth in the developing world, with a focus on sustainable, green growth and the strengthening of public administration, health and education.

At an international level, the UK and Japan could focus on strengthening global standards for cyber security. Both countries also share a deep interest in non-proliferation, and supporting the proper implementation of the nuclear deal with Iran would be critical for international consensus on confronting North Korea.

Finally, trying simply to contain Chinese and Russian power was unlikely to be a recipe for protecting the liberal order. The UK and Japan needed to ensure instead that the rule of law, sustainability and transparency applied as far as possible as these countries increased their influence. One idea would be for the UK and Japan to use their influence in the World Bank and Asian Development Bank respectively, to ensure the China-led Belt and Road Initiative, backed by the Asian Infrastructure Investment Bank, proceeded under these norms.

Session 4: UK-Japan Trade and Investment Relations in the Post-Brexit Era

The Group discussed the background to UK trade policy and the relationship with the European Commission. The road to the Brexit referendum had been a long one with immigration coming to dominate concerns with the free movement of labour resulting from the UK being part of the structures of the EU. Since the vote to leave the EU, the UK has embarked on the process of redefining its trade and investment relationships. In this context, Japan is a key partner and a trading priority. Following the memorandum issued by the Japanese government in September 2016, reassurances have been given to Nissan and other Japanese investors in the UK by the UK government.

An ‘in-principle’ commitment on a free trade agreement between the EU and Japan has been reached. It will be important to capture the benefits of an EU-Japan Economic Partnership Agreement in an early UK-Japan EPA when the UK and Japan are in a position to negotiate this.

In this scenario, the biggest risk is uncertainty with Japanese companies expressing their ongoing concerns about the lack of clarity on the likely terms of Brexit. The Group heard that, for the financial sector, the greatest risk was being left in a period of limbo if decisions on the single market and the customs union were not forthcoming. For some companies, despite the continuing strength of London’s position as a global financial centre, relocating a subsidiary in an EU member state while retaining a headquarters in London was a way of mitigating risk in the current circumstances.

The Group discussed the fact that, along with risks, there would also be opportunities to emerge from Brexit, including the potential for the UK and Japan to adopt a leadership role with Japan in upgrading current global financial frameworks and create new frameworks.

A recent positive development has been the establishment of the CityUK's Japan Market Advisory Group, chaired by Sir David Wright, which aims to support the strengthening of the UK's trade and investment relationship with Japan.

A need for clarity about the future UK-EU relationship and for an implementation period following withdrawal leading to this was made apparent in relation to other sectors of the UK economy and Japanese investors.

Session 5: Defence and Security Challenges for the UK and Japan

The Group discussed key security challenges and ways in which Japan and the UK could strengthen collaboration in facing them. Compared to just ten years ago, the current global security situation has changed dramatically. In East Asia, an acute risk is presented by North Korea which is rapidly developing its missile and nuclear capability. It was noted that if and when their capacity to strike with nuclear weapons of high yield should become a reality, not only the neighbour countries and the United States but also Europe will fall within their reach, presenting a tangible threat to the UK. Proliferation from North Korea of their knowledge and technology on nuclear and missile weapons was also recognised as a serious global threat. Furthermore, it was agreed that this heightened security risk has to be seen in a broader context in which the dynamics between the major global powers are shifting with the rise of China and an increasingly assertive Russia, and in the presence of unpredictability on how the United States may respond. In Europe, the spill-over of conflicts in the Middle East is occurring in the guise of repeated terrorist attacks in major cities and migration crises threatening social cohesion. This calls for reciprocal engagement for Europe in supporting security resilience in Asia and for Asian powers, especially Japan, to support security resilience, for example, in North Africa.

Against this backdrop, the Group strongly endorsed the Japan-UK Joint Declaration on Security Cooperation which was signed by the leaders of the two countries during the recent visit by Prime Minister Theresa May to Japan. This document, which contains 17 areas where Japan and the UK will strengthen security cooperation, was recognised as a landmark document. The Group discussed many concrete and possible areas for enhancing bilateral collaboration including making economic sanctions to North Korea more effective, capacity building of developing countries in Southeast Asia, enhancing cooperation amongst the defence industries, and information and intelligence sharing.

The Group also noted that, for geopolitical reasons, the ways in which the UK and Japan perceive and approach China and Russia may not always be the same, and that therefore cross-reference to the situation of each other would be effective in order to avoid misunderstanding or misconception. In addition, the importance of working closely with the United States which is the most important ally of both the UK and Japan in tackling major security issues, in particular the current situation in North Korea, was emphasised

Session 6: UK-Japan Research and Strategic Partnerships in the Higher Education Sector

Comparisons were made of the British and Japanese Higher Education systems in terms of the quality of research output and the excellence of teaching at undergraduate and postgraduate level. It was noted that there was a strong history of collaborations between Japanese and British institutions, with many strategic goals in common.

The successes of and the challenges facing UK universities were outlined, including the uncertainty caused by Brexit. There remained a determination to maintain and increase international partnerships in research as well as the flow of international students and researchers into the UK. The importance of student mobility, as well as retaining the model of the Erasmus programme was emphasised. Key to maintaining quality in the sector was retaining and attracting academics and researchers from overseas and ensuring that this process was not undermined by delays and difficulties in acquiring UK visas.

The successes of and the challenges facing Japanese universities were also stated. The Group recognised that there was an imbalance in the numbers of UK students travelling to Japan as compared with the numbers of Japanese students in the UK. Both countries needed to do more to promote overseas study; the creation of further scholarship opportunities was not purely a matter for governments but for companies who could contribute to this process through the provision of student internships.

It was concluded that there were multiple challenges and opportunities in facilitating different forms of research and partnership in Higher Education but that the need to stay internationally competitive should be a driver in seeking enhanced opportunities for movement of individuals between the two countries.

Session 7: Tokyo 2020: Opportunities for UK-Japan Collaboration in Planning for the Future

The Group discussed how Japan and the UK could capitalise on the opportunity of Tokyo hosting the Olympic and Paralympic Games in 2020 to further collaboration between the two countries. Large international sporting events are increasingly becoming occasions to bring societies together through demonstrating inclusiveness and accessibility. The London Olympics and Paralympics held in 2012 was a wonderful celebration of diversity and inclusiveness; in particular, the Paralympics was an enormous success that was not about charitably supporting ‘disabled people’ playing sports, but genuinely enjoying sports played by ‘people with their own stories’. The great excitement that the London Paralympics Games generated has become a profound source of inspiration for the organisers of the Tokyo Paralympic Games who are eager to learn how the London Games contributed to tackling issues of discrimination, and generating acceptance for diversity and inclusiveness in society, in particular towards disabled people. This is an important issue for Japan where there are considerable physical and mental barriers impeding the acceptance of disabled people, but

where there is the potential to create a society in which they are not segregated but are cohabiting with others.

Under the joint chairmanship of Lord Holmes and Lord McConnell, a sports subcommittee has been established under the All-Party Parliamentary Group on Japan at Westminster that will promote the 2020 Tokyo Olympics and Paralympics as well as the 2019 Rugby World Cup, also to take place in Japan. The Japanese Ambassador to the Court of St James, Mr Koji Tsuruoka is currently encouraging Japanese politicians to establish their own counterpart organisation responding to this development at Westminster. However, such bilateral collaboration should not be confined to such government-led initiatives but needs to be extended to the corporate and third sectors. Furthermore, it was agreed that issues that can be explored as areas of collaboration can be widened to encompass sports and health, doping and corruption, counter terrorism and cyber-security attacks, and how to publicise and show the games widely through effective ticketing and broadcasting strategies. Assisting developing countries to host international sporting events, including Olympic and Paralympic games, as well as assisting athletes from those countries can also be a relevant area for bilateral collaboration.

The Group discussed the importance of addressing the sustainable agenda in hosting these large sporting events, and also of sustaining the goals that are set for these events, such as promoting diversity and inclusiveness, regeneration of cities and regions, etc. There was a recognition that unless these goals are sustained and the benefits of investing in the hosting of such large sporting events using public funds were clearly shown, it would become increasingly difficult to justify such initiatives. In this context, it was recognised that a rich debate on how sport can contribute to society was necessary for the future.

The Group welcomed the announcement by Prime Minister May that the UK would launch a year-long festival in Japan running from the Rugby World Cup in 2019 to the Tokyo 2020 Olympics and Paralympics. A season of Japanese culture will also be conducted in the UK during this same period.

After-Dinner Speeches

The After-Dinner Speech on Friday, 8th September was given by Roger Mosey, Master of Selwyn College, Cambridge. He spoke about his career in broadcasting and links with Japan.

The Rt Hon Jeremy Hunt MP, Secretary of State for Health, Guest-of-Honour and After-Dinner Speaker at the Conference Dinner held at Queens' College on Saturday, 9th September, shared his long experience of Japan and his relationship with the UK-Japan 21st Century Group.

Session 8: Chairmen’s Summary Dialogue

Since the UK-Japan 21st Century Group’s last conference at Kazusa Akademia Park, Chiba Prefecture in October 2016, there has been significant contact and exchange between the UK and Japan at Ministerial and official level.

Official visitors to Japan from the UK have included:

Secretary of State for Business, Education and Industrial Strategy Greg Clark (July 2016)
Foreign and Commonwealth Office Minister Alok Sharma (Oct 2016)
Chancellor of the Exchequer Philip Hammond (December 2016)
Secretary of State for International Trade Dr Liam Fox (May 2017)
Foreign Secretary Boris Johnson (July 2017)
Secretary of State for Wales Alun Cairns (August 2017)
Prime Minister Theresa May (August 2017)

Official visitors to the UK from Japan have included:

Minister for the Tokyo Olympic and Paralympic Games Tamayo Marukawa (January 2017)
Parliamentary Vice Minister for Foreign Affairs Shunsuke Takei (May 2017)
Vice Minister for Foreign Affairs Motome Takisawa (July 2017)
State Minister for Education, Culture, Sports, Science and Technology Toshiei Mizuochi (July 2017)
State Minister for Foreign Affairs Kentaro Sonoura (April 2017)
Prime Minister Shinzo Abe (April 2017)

Various of the recommendations made at the Group’s 2016 conference with regard to UK-Japan cooperation have been addressed and there have been positive developments in the areas of: trade and investment; defence and security cooperation; ageing societies and demographic change; energy and the environment; pharmaceutical regulation; womenomics; international development cooperation in Africa; and information sharing.

The publication on the 31st of August 2017 of a ‘Japan-UK Vision Statement’, ‘Japan-UK Joint Declaration on Security Cooperation’, ‘Japan-UK Joint Declaration on Prosperity Cooperation’ and ‘Joint Statement on North Korea’ following the Summit meeting between Prime Minister May and Prime Minister Abe underlined the two countries’ shared values and commitment to working together. The UK-Japan 21st Century Group’s 2017 annual conference has sought to build on this commitment in its discussions and recommendations.



21st Century Group

UK-Japan 21st Century Group 34th Annual Conference

Churchill College, Cambridge

8-10 September 2017

The following recommendations emerged from discussions at the 34th Annual Meeting of the UK-Japan 21st Century Group.

Multilateral Diplomacy/International Dialogue

- The Group welcomed the enhancement of the relationship announced by the two Prime Ministers during the recent visit to Japan by Prime Minister May. It recommends that the UK and Japan should take the opportunity not only to enhance our bilateral cooperation, but also to work, across a range of issues, to concert and act together as global agenda-setters; promoting adherence to democratic values, human rights and the rule of law; in advancing our shared interests and values in global free and fair trade; for global regulatory convergence, breaking down non-tariff barriers and raising standards; in action to achieve the sustainable development goals; to promote climate change mitigation and adaptation; to achieve universal health coverage; and to raise the quality and effectiveness of international development and humanitarian assistance.
- The Group recommends the governments of Japan and the UK to work together through international institutions such as the OECD, World Bank and G7 to promote initiatives and an agenda in support of these shared interests and values.
- The Group recommends that the UK and Japan develop their shared interests and values to enable a broader conversation with third countries, such as India, Australia and others in seeking to extend the reach of our diplomacy in the international sphere.

Security and Defence

- The Group recommends the reiteration of the UK and Japanese governments' commitment to stand shoulder to shoulder countering the North Korean security threat; seeking UN Security Council resolutions for renewed sanctions, unity in the international community and encouraging meaningful dialogue as a means of resolution; and deploying the UK's diplomatic presence in DPRK in support.
- Deriving from the shared interests in meeting security threats, including in particular that from North Korea, we recommend that there be enhanced cooperation in intelligence and cyber security action between the US, UK and Japan.
- In the context of the need to maximise the benefit from defence expenditure, as well as securing industrial and technological progress, the Group recommends that the UK and Japan, with the US, explore the potential to align future major equipment development programmes; and, if each countries' requirements can be fully met, to consider joint procurement and industrial cooperation in future generation defence equipment procurements. We note in this context the importance of Japan's consideration of a future development of an air superiority fighter.
- Underlining the commitment expressed in the 'Japan-UK Joint Declaration on Security Cooperation' signed by the British and Japanese Prime Ministers on 31 August 2017, the Group supports increased security and defence cooperation in the specified areas (including joint defence forces exercises, defence equipment and technology, capacity building of developing countries, etc) along with building on the Acquisition and Cross-Servicing Agreement (ACSA).

Brexit

- The Group acknowledges and endorses Japanese concerns that a constructive Brexit be achieved, including a relationship that works in the best interests of the UK, the EU and Japan.
- The British Government should consider whether the advantages of forming a Customs Union with the EU in relation to manufactured goods, not including

agriculture and services, significantly outweigh the potential benefit from new independent trade deals in manufactured goods; whilst giving the UK the freedom independently to negotiate economic partnership agreements with third countries, to promote trade in services, investment and regulatory convergence.

- The Group recognises the need for more opportunities to be created for Japanese companies to express their views and concerns about Brexit and to engage with government in the course of the negotiation process. There is a widespread desire for urgency and predictability and we endorse this position.

- The Group emphasises that there is a need to audit all of the issues to be addressed in an early UK-Japan Economic Partnership Agreement when the two countries are in a position to negotiate, and that detailed and granular work needs to be done.

- The Group encourages the prioritisation of technological cooperation (eg in AI, robotics, cyber security) in a future UK-Japan trade liberalisation.

- The Group recognises that, in a post-Brexit era, the UK will need to establish mutual recognition agreements (MRAs) with the EU and other countries and to maintain its leadership position in regulatory excellence, such as in the life science sector. In a world where the regulatory process may be used competitively, which can result in an inward focus, there is an opportunity for the UK and Japan to be at the forefront to develop initiatives in the area of global regulatory convergence.

- The Group recommends that the UK confirms its membership with the WTO – the UK at a minimum should have the protection of WTO membership and reaffirm its intention to benefit from all the agreements it currently applies under that membership. It should seek to implement the WTO ‘zero for zero’ initiative for pharmaceuticals (and should have it updated as soon as possible).

- The Group recommends, especially for the life science sector, that the UK should secure bilateral agreements:
 - a) with the EU itself, allowing to test and release products from the UK into the EU
 - b) with existing EU mutual recognition agreement partner countries as above, to ensure continued acceptance of products and active pharmaceutical ingredients.

- The Group acknowledges that Japanese investors in the UK are well placed to contribute to multilateral relationships beyond the UK and Japan.

Higher Education Collaboration

- The Group recognises that both the UK and Japan are leaders in digital technology, digital economy and digital security. Across these technologies and their applications, the Group considers that both countries will gain from enhanced cooperation. We recommend that the Prime Ministers should consider establishing a high-level dialogue on research and innovation through Higher Education; and ask UK Research and Innovation (UKRI) and Japanese agencies to establish a joint programme for collaboration in the translation of research into applications in areas extending from AI, robotics, life sciences and energy and climate adaptation.
- On the basis of the example of the European ‘Erasmus’ programme, the Group encourages the UK government to look to internationalise this experience and, in particular, by developing an equivalent scheme between the UK and Japan in cooperation with the Japanese government, and involving other Asian countries where appropriate.
- The Group recommends that, as Japanese universities reform their governance and management structures to adapt to a more competitive international environment, there should be opportunities to share the experience of British universities during a period of radical change in the higher education sector.
- The Group recommends that the UK HE sector experience of ‘governance’ be taken forward formally as an issue to be shared with Japanese institutions, highlighting the range of bodies overseeing university performance and the high degree of accountability that now prevails in the sector.
- The Group supports existing efforts by the UK and Japan to build HE capacity in developing countries, and the offering of opportunities to students from developing countries, and recommends consideration be given to expanding these programmes.

Tokyo 2020

- The Group recommends that there should be an increased sharing of experience with Japan of the UK's management of major sporting events in the run-up to Tokyo 2020, including the preparation and implementation of the sporting and economic legacy.
- The Group recommends that the UK and Japan jointly address the issue of doping and corruption in sport in 2020, a potentially important contribution to defining good governance in the world of sport.
- The Group recommends that a variety of measures be pursued with respect to the furthering of the Paralympian movement, including opinion exchange to find effective ways to change attitudes towards those with disabilities; the active exchange of Paralympians between the UK and Japan; the undertaking of joint research to highlight the positive impacts of holding the Paralympic Games in a mature city of a leading nation; and the involvement of private companies in an open debate about the meaning and value of the Paralympic Games.

Sustainable Development Goals

- The Group recommends that UK and Japanese governments be proactive in promoting and supporting their business communities contributing to driving the SDG agenda forward.

The 35th annual conference of the UK-Japan 21st Century Group will take place in Japan from 31 August to 2 September 2018.