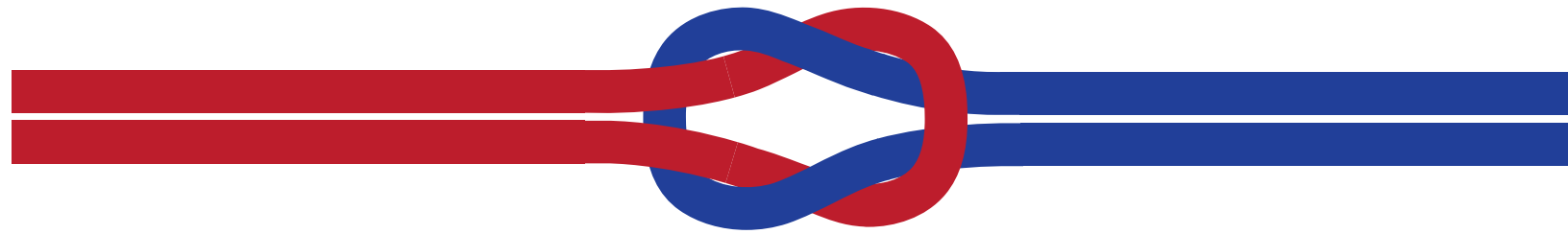


Keidanren



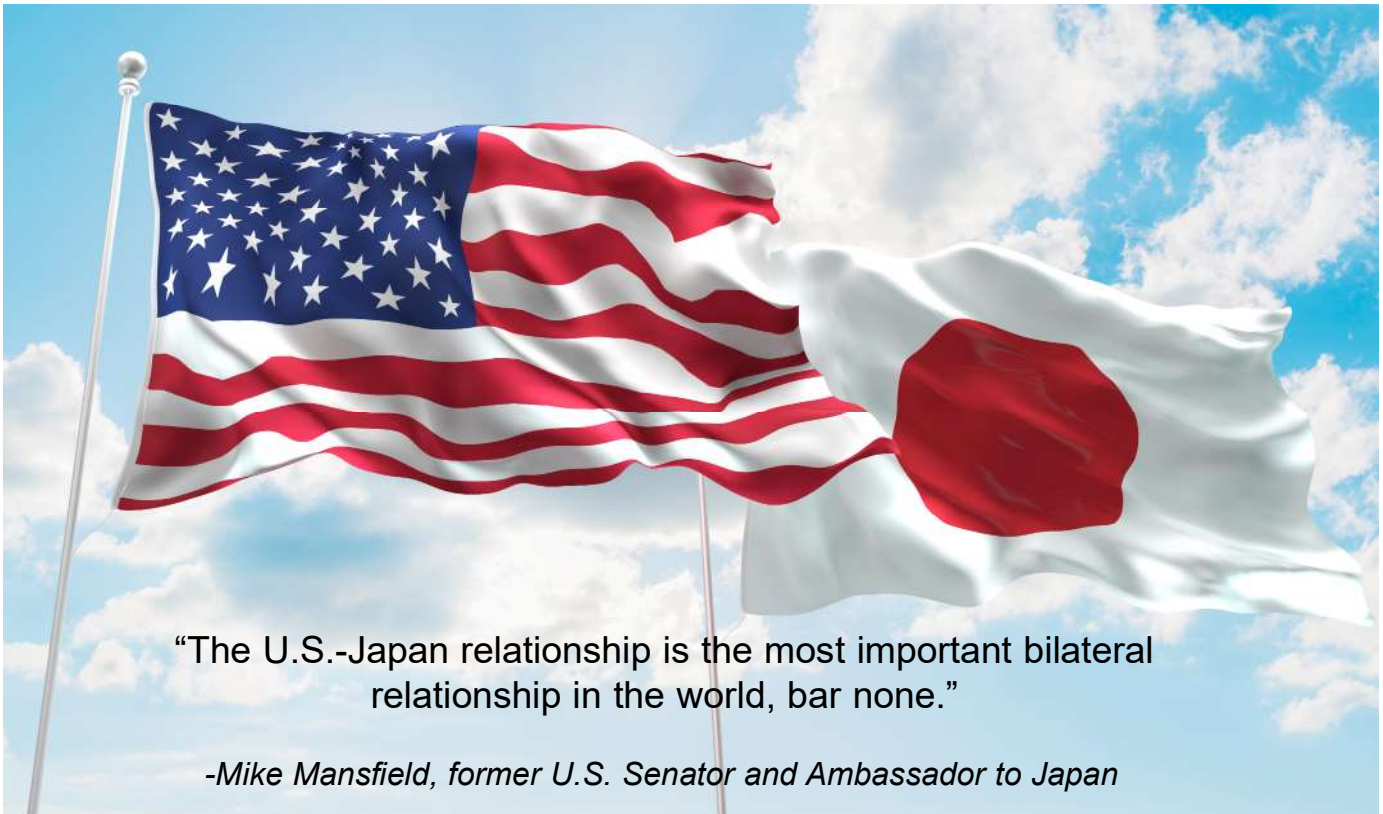
Toward a Stronger
and More Resilient
U.S.-Japan Relationship

2025

THE IMPORTANCE OF THE U.S.-JAPAN ALLIANCE

Keidanren is committed to reinforcing the strength and resilience of U.S.-Japan economic ties by promoting continuous Japanese investment and job creation and by further developing the communication channels between Japan and the United States.

Our two countries can work together in order to resolve various global issues and exercise the leadership needed to maintain and strengthen a free and open international economic order.



Japan is a Committed Economic Partner to the United States

The United States and Japan are top economic partners and global leaders who should continue to build their relationship into a stronger and more resilient economic alliance. Both countries have demonstrated their mutual commitment to one another through strong trade and investment ties. The United States is the top destination for Japanese foreign direct investment, and Japan is the United States’ largest foreign investor.

Over the past four decades, Japanese businesses have made a strategic effort to produce in the United States for the long term. Starting at close to 140,000 Americans working at Japanese affiliates in the early 1980s, Japanese companies have since poured hundreds of billions of dollars in investment into the United States. Today, Japanese affiliates employ about one million Americans. Since long before the current focus on “onshoring,” Japanese companies have been walking the walk in terms of their contributions to the U.S. economy and their commitment to being a synergistic economic partner with the United States. Many Japanese-owned companies have also forged close ties with their local communities in the United States through various forms of engagement.

JAPANESE COMPANIES BOOST U.S. JOBS AND THE AMERICAN ECONOMY



\$783 billion in Cumulative FDIUS

- 1st among foreign investors in the United States
- Japan has been the top foreign investor in the United States for five consecutive years



968,700 Jobs

- 2nd largest foreign employer in the United States
- 1st among foreign employers in manufacturing jobs in the United States with 529,200
- More than 240,000 jobs added over the past decade



\$174 billion in Value Added

- 2nd in value added (contribution to U.S. GDP)



\$94,400 Average Salary

- 3rd among large investing countries
- Japanese companies pay almost \$11,000 more than the U.S. private sector average wage

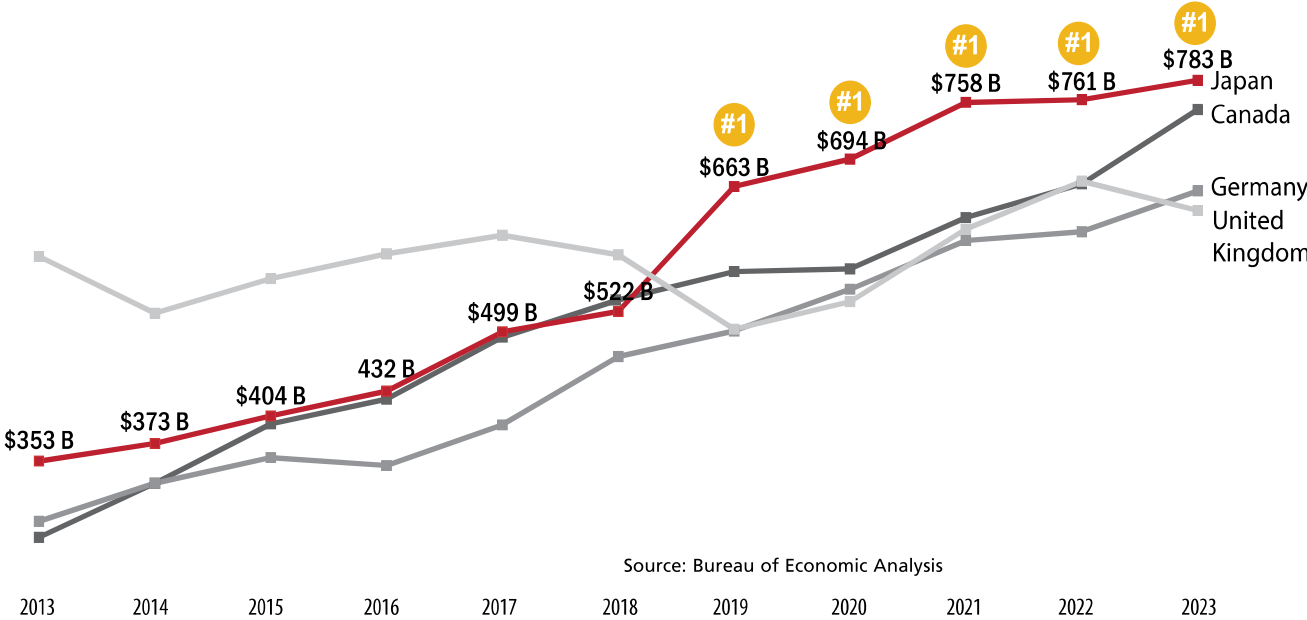


\$11.5 billion Invested in R&D

- 3rd among investors in R&D spending
- 2nd among investors in R&D employment with 33,000

JAPAN IS THE TOP INVESTOR IN THE UNITED STATES

Foreign Direct Investment in the United States by Country (Stock, 2013-2023)



Japan Is the Top Investor in the United States for Five Straight Years

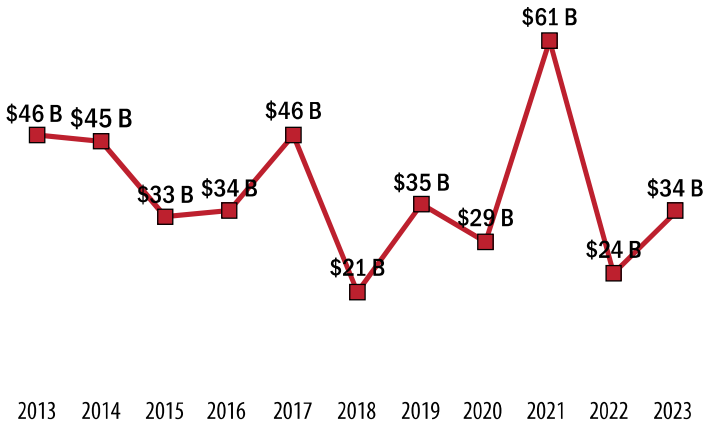
Japan is the single-largest overseas investor in the United States with \$783 billion in total cumulative foreign direct investment (FDI) holdings through the end of 2023. Over the past decade, Japanese foreign direct investment in the United States (FDIUS) stock more than doubled, increasing by 122 percent, at a faster pace than worldwide investments. Japan has been the number one investor in the United States for five years. Japanese companies have a long history of investing in the large and diversified U.S. economy, which offers domestic and foreign firms extraordinary business opportunities. States and localities nationwide vie vigorously for investment from Japanese companies, which brings skilled, and often highly paid, jobs to their communities.

Japan Continues Major Yearly FDIUS Contributions

Japan is one of the largest sources of inbound foreign direct investment in the United States annually. Over the past decade, continued annual contributions have raised Japan to the number one investor position. Between 2013 and 2023, Japanese firms provided an annual average amounting to \$37 billion.

Nearly 50 percent of Japanese companies in the United States are considering expansion, according to the Japan External Trade Organization (JETRO). Japanese startups also have been increasingly moving into the United States in recent years. These two factors help in assuring continued FDIUS flows in the future.

Japanese Foreign Direct Investment in the United States (Flows, 2013-2023)



Source: Bureau of Economic Analysis

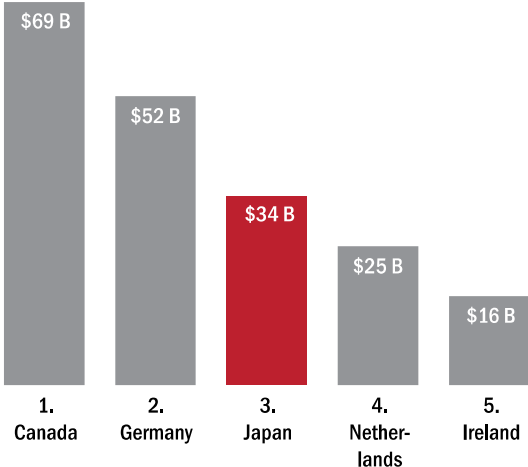
JAPAN IS THE TOP INVESTOR IN THE UNITED STATES

Japan Continues as a Top Annual International Investor

In 2023, Japan provided \$34 billion in FDI flows to the United States, the third-largest that year.

Japanese companies are proving to be long-term partners with the United States through their business models. As testament to their commitment to the long-term development and success of their U.S. enterprises, nearly three-quarters of their 2023 FDIUS flows consisted of reinvestment of earnings.

Foreign Direct Investment in the United States by Country (2023 Flows)

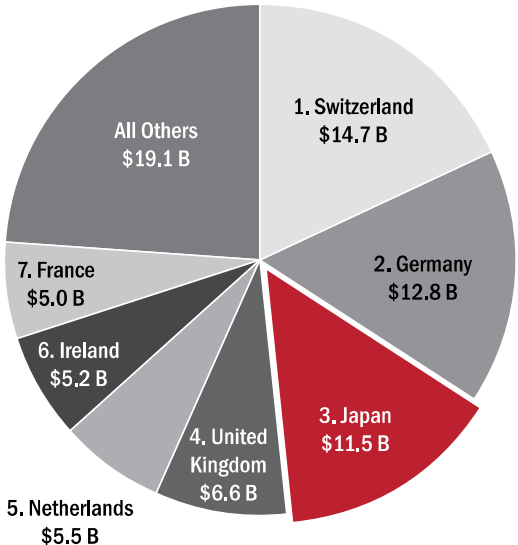


Source: Bureau of Economic Analysis

Japanese Affiliates Are Leaders in Research and Development Spending

Japanese investment in the United States is focused on research and development (R&D). In 2022, Japanese affiliates accounted for \$11.5 billion in R&D spending in the United States, making Japan the third-ranked country by this measure. R&D spending by Japanese affiliates accounted for 14 percent of all R&D spending by all foreign affiliates in the United States in 2022.

Insourced R&D Spending by Country 2022



Source: Bureau of Economic Analysis

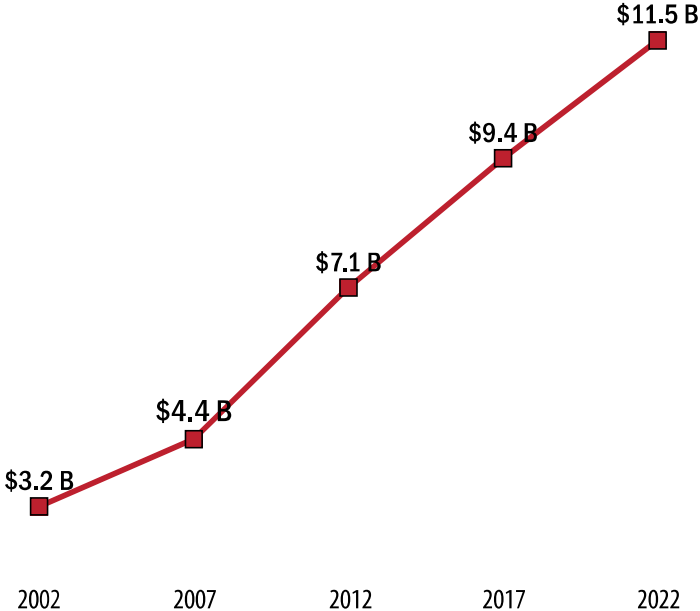
JAPANESE COMPANIES ARE LEADERS IN R&D IN THE UNITED STATES

Japanese Affiliate R&D Spending Almost Quadruples Over 20 Years

Over the last two decades, R&D spending by Japanese affiliates in the United States has increased substantially. Between 2002 and 2022, this spending has nearly quadrupled to \$11.5 billion.

Research and development spending at Japanese affiliates covers a breadth of industry sectors domestically. The largest broad industry by R&D was \$7.8 billion in manufacturing in 2022, followed by wholesale trade at \$2.9 billion, and \$600 million in professional, scientific, and technical services.

Insourced Japanese R&D 2002-2022



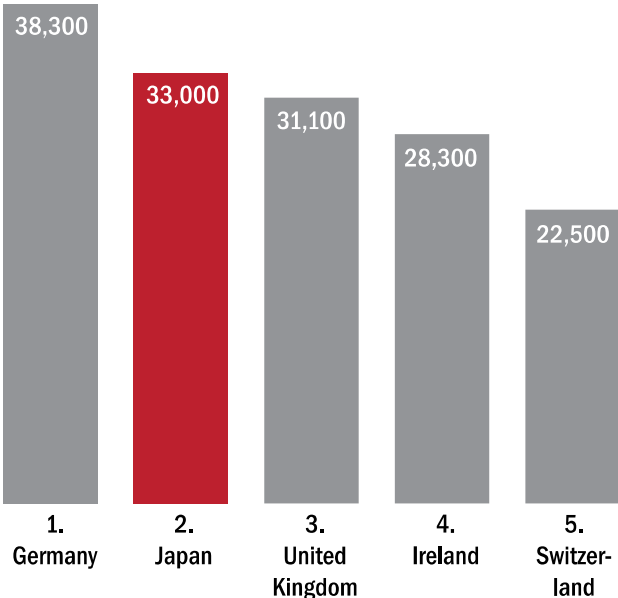
Source: Bureau of Economic Analysis

Japan Second in R&D Jobs at Affiliates in the United States

Japanese affiliates' dedication to R&D spending in the United States translates into thousands of high-end jobs for American workers. In 2022, Japanese affiliates employed 33,000 R&D workers in the United States.

The top three manufacturing sectors by this measure are pharmaceuticals and medicines with 5,100 R&D workers, followed by 3,500 in auto manufacturing, and 2,100 in semiconductors.

Top Countries in R&D Employment by Foreign Affiliates, 2022



Source: Bureau of Economic Analysis

JAPANESE AFFILIATES BOOST THE U.S. ECONOMY

Japanese Affiliates Rank Second in Contribution to the U.S. Economy

Japanese affiliates generated \$174 billion in value added, or their contribution to U.S. gross domestic product (GDP), in 2022, placing them second by this measure. Japanese affiliates accounted for 13 percent of the \$1.4 trillion in value added produced by all foreign affiliates.

Japanese affiliates in the broad manufacturing industry generated \$73 billion in value added in 2022. At \$28 billion, Japan led in transportation equipment manufacturing contributions to the U.S. economy, more than twice that of second-ranked Germany. Other factory sectors of Japan-owned affiliates that contributed greatly to the U.S. economy included chemicals, machinery, and computers and electronic products.

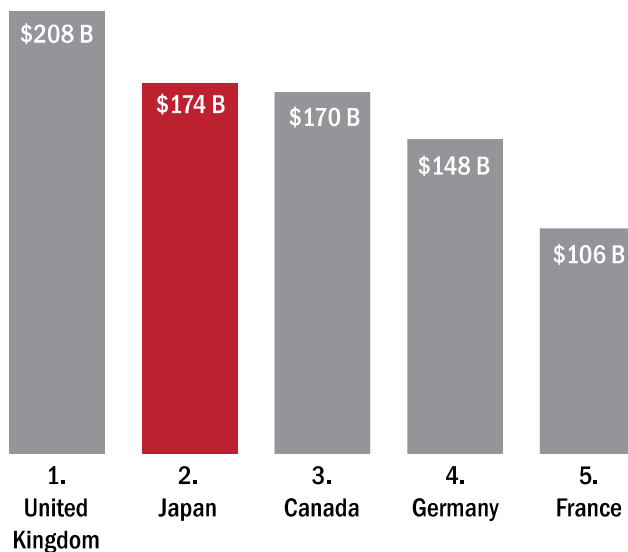
Japanese affiliates in the United States also created \$34 billion in value added in both wholesale trade and finance and insurance. Japanese affiliates in wholesale trade contributed far more to the U.S. economy than affiliates from any other country.

Japanese Affiliates Pay Second-Highest U.S. Income Taxes

Foreign affiliates pay U.S. income taxes, just like all companies operating in the United States. At \$11 billion, Japanese firms ranked second, representing 15 percent of all U.S. income taxes paid by foreign affiliates. In fact, Japanese companies contributed 3 percent of all U.S. income taxes paid by U.S. companies.

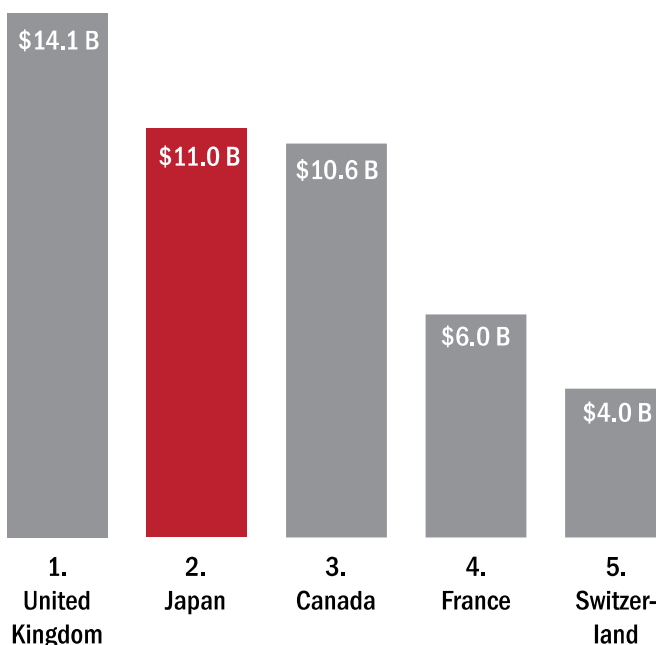
Japanese manufacturing companies paid \$3.9 billion in U.S. income taxes, with firms in computers and electronic products and electronic components both paying more than \$900 million. Japanese companies in wholesale trade also paid \$3 billion in U.S. income taxes, while those in the finance and insurance sector paid some \$1.8 billion.

Top Countries in Value Added by Foreign Affiliates 2022



Source: Bureau of Economic Analysis

Top Countries in U.S. Income Taxes Paid by Foreign Affiliates, 2022



Source: Bureau of Economic Analysis

JAPANESE BUSINESSES EMPLOY NEARLY ONE MILLION AMERICANS

Japanese Businesses Support 970,000 Jobs in the United States

Japanese investments boost U.S. employment. Japanese firms supported some 970,000 jobs in the United States in 2022, accounting for 12 percent of the 8.4 million U.S. jobs supported by investments from all foreign firms. Japan ranks second among foreign employers. An additional 924,890 indirect jobs are estimated by Keidanren for a total job impact of 1,893,590 by Japanese companies in the United States.

Japanese affiliate employment covers a broad field of industries. More than half a million Americans were employed by Japanese manufacturing companies in 2022. Additionally, Japanese affiliates supported nearly 200,000 American jobs in wholesale trade in 2022, while more than 80,000 Americans worked at Japanese-owned retail firms. Finance and insurance was another big employer with nearly 50,000 U.S. jobs at Japanese affiliates.

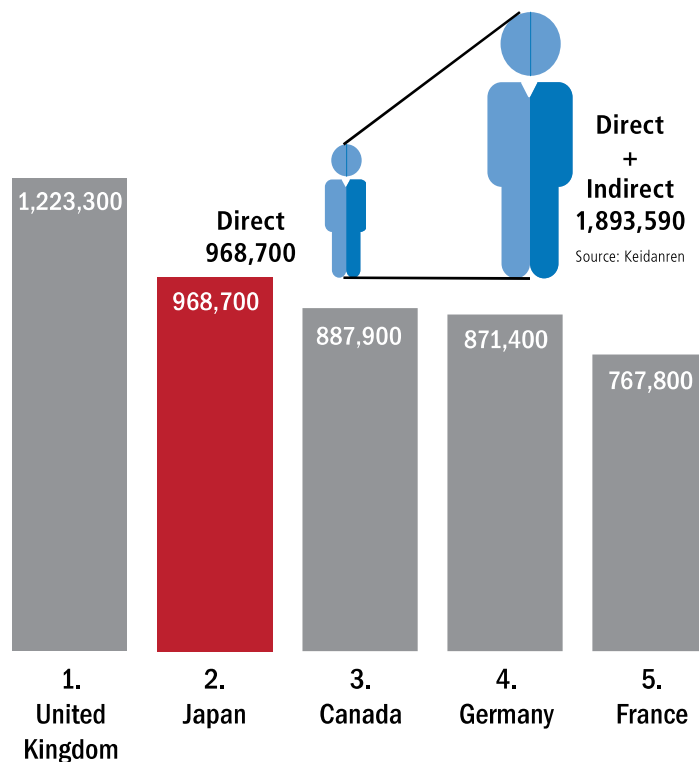
Japanese Companies' Long-Term U.S. Job Growth Demonstrates Firm Commitment As Key Partner

The last four decades have seen explosive growth in employment at Japanese-owned affiliates in the United States. A strategic effort by Japanese companies to invest in the United States during the 1980s resulted in jobs more than quadrupling between 1982 and 1992.

Continued dedication by Japanese firms as strong business partners in the United States meant that jobs continued to grow in each successive decade. Between 2012 and 2022, more than 240,000 new jobs were added to the base.

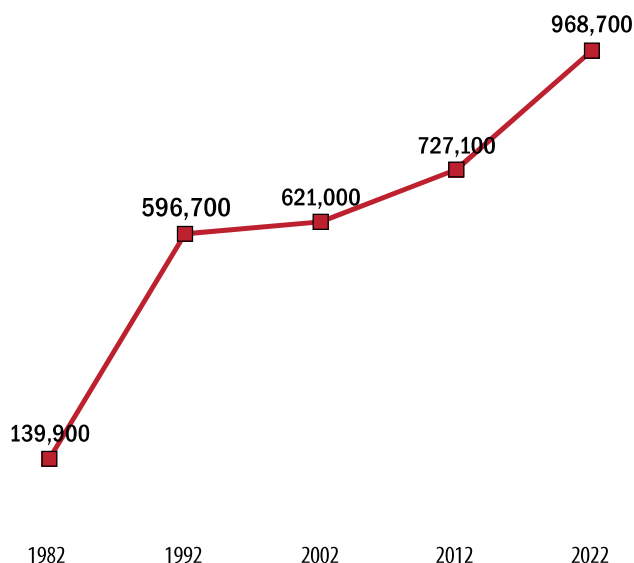
Onshoring is a term favored by many policymakers in Washington, DC. These numbers prove that Japanese firms have already done that and are committed to continue to do so as Japan has become one of the United States' closest economic allies.

Top Countries in Employment by Foreign Affiliates 2022



Source: Bureau of Economic Analysis

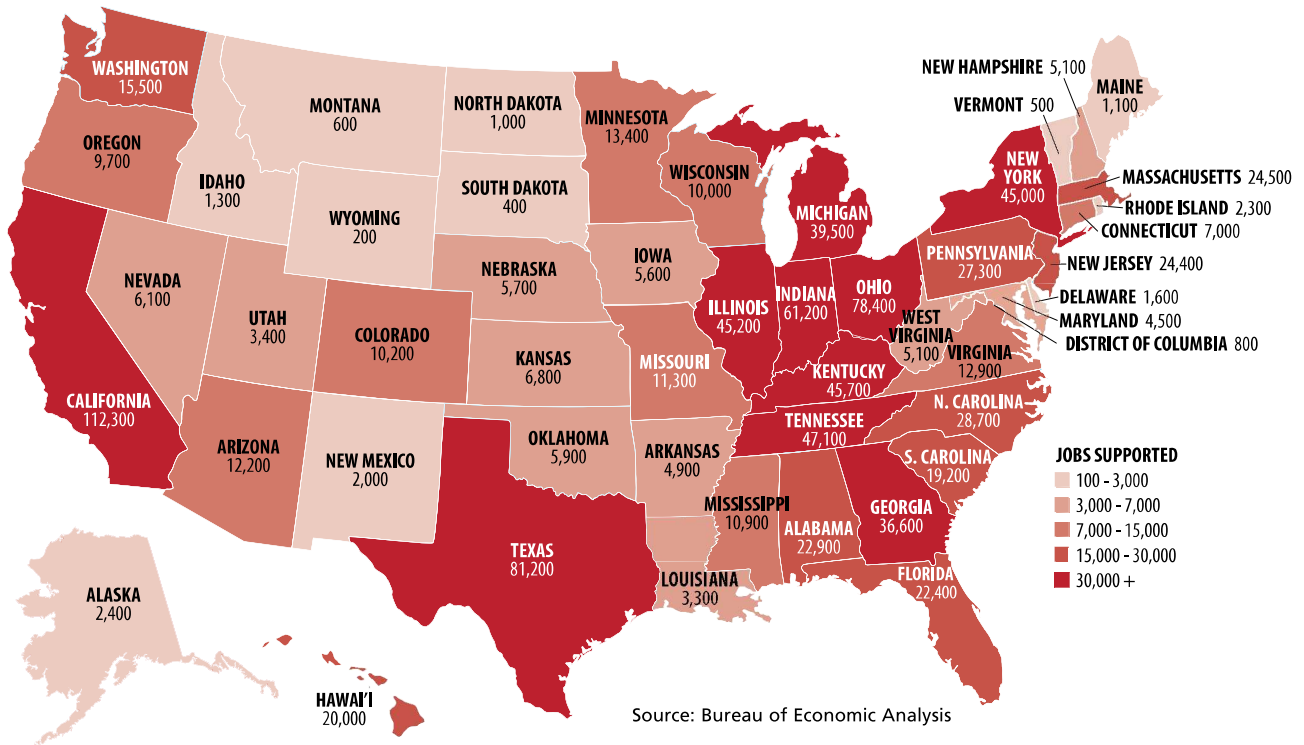
Employment by Japanese Affiliates, 1982-2022



Source: Bureau of Economic Analysis

JAPANESE AFFILIATES PROVIDE HIGH-PAYING JOBS IN ALL 50 STATES

U.S. Jobs by Japanese Affiliates, 2022



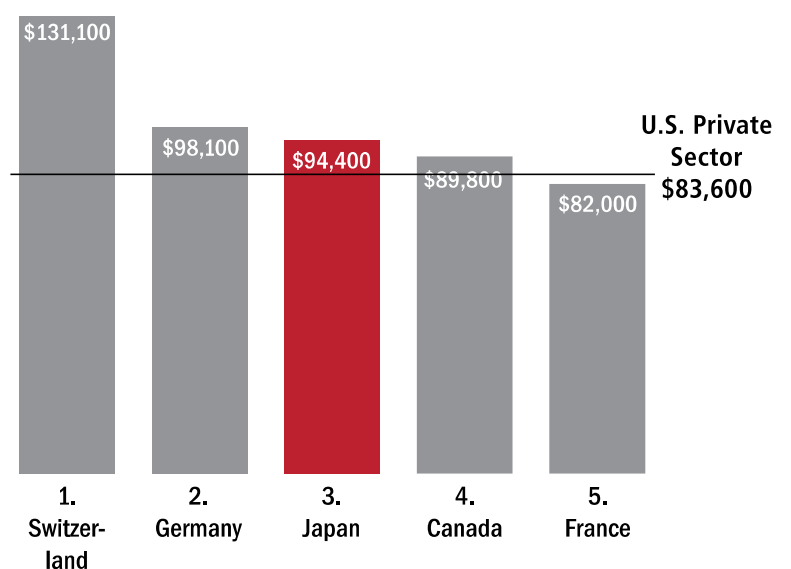
In 2022, Japanese affiliates employed Americans in all 50 states and the District of Columbia. California topped the list with more than 110,000 jobs. Rounding out the top five states were Texas, Ohio, Indiana, and Tennessee. Japan ranked in the top 3 in all 50 states for the number of companies among all foreign investor countries.

Japanese Businesses Pay High Wages

Among the largest countries by affiliate employment in the United States, Japanese firms paid the third highest annual average salary at \$94,400 in 2022.

The average wage at U.S. affiliates of Japanese companies was nearly \$11,000 higher than the U.S. private sector average wage of \$83,600 in 2022. Japanese affiliates' payrolls totaled \$91 billion that year.

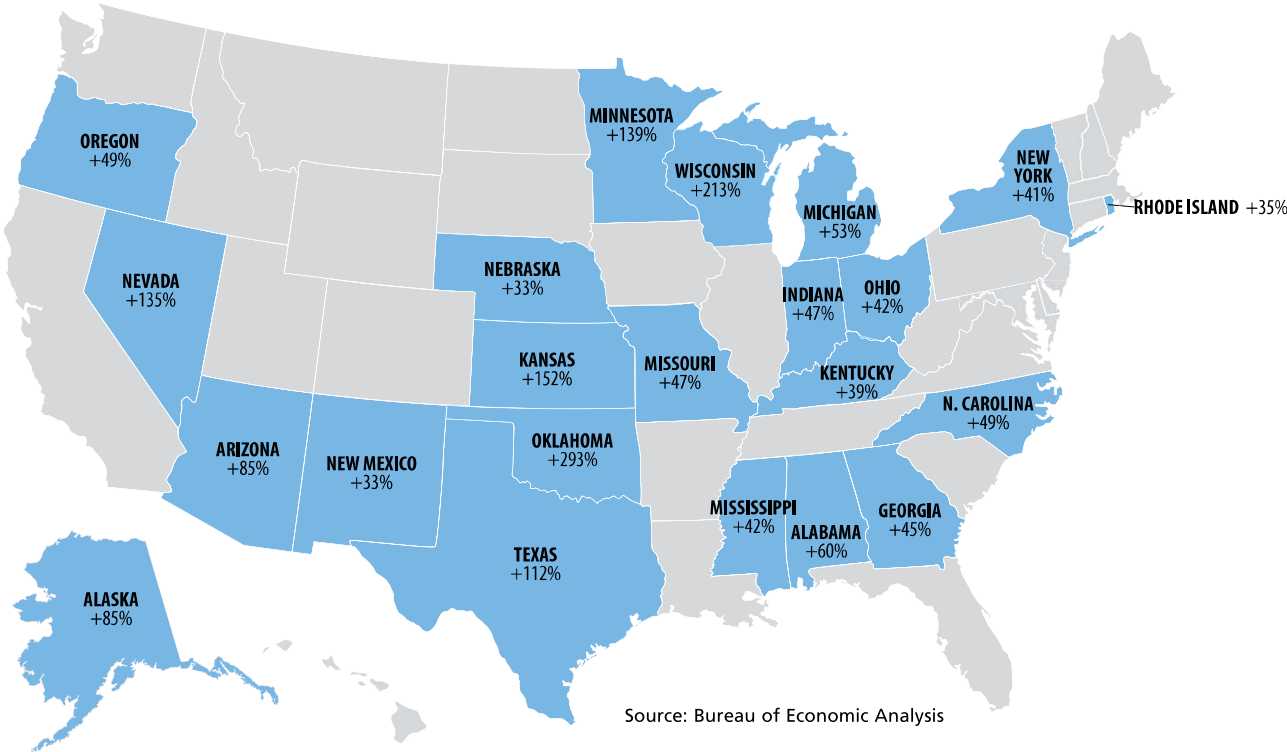
Insourced Compensation by Foreign Companies in the United States (By Large Investors), 2022



Source: Bureau of Economic Analysis

JAPANESE COMPANIES ARE LEADERS IN AMERICAN JOB CREATION

Top States by Job Growth of Japanese Affiliates, 2012-2022

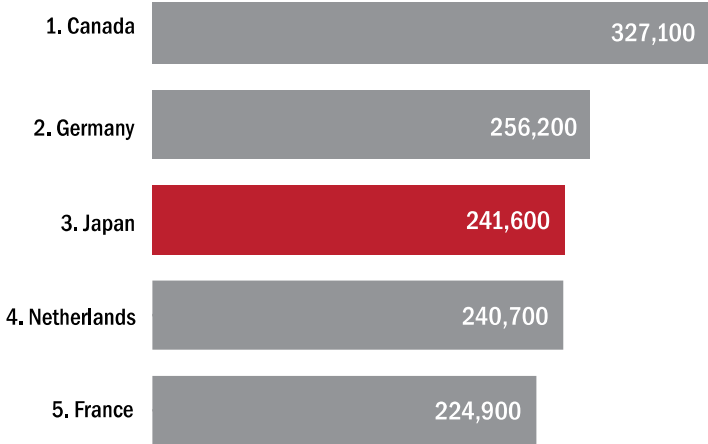


While nationwide, Japanese companies increased U.S. payrolls by 33 percent, a number of states received even larger boosts to their job base. Between 2012 and 2022, more than 20 states met or exceeded the nationwide 33 percent increase of insourced jobs at Japanese companies.

Japanese Affiliates Create Nearly A Quarter Million American Jobs over Decade

Japanese affiliates continue to boost employment in the United States. They added nearly a quarter million new jobs in the United States between 2012 and 2022, increasing by 33 percent. These new jobs represented 10 percent of the 2.5 million jobs added by all foreign affiliates in the United States.

Top Countries in Insourced Job Creation, 2012-2022



Source: Bureau of Economic Analysis

JAPANESE COMPANIES CREATE U.S. JOBS ACROSS MANY INDUSTRIES

Japanese Affiliates Provide Largest Number of Jobs in U.S. Manufacturing

Japanese manufacturing affiliates operating in the United States employed more than half a million Americans in 2022, the single largest sector, with more manufacturing jobs than any other country’s affiliates. About 200,000 additional U.S. jobs at Japanese affiliates were in wholesale trade.

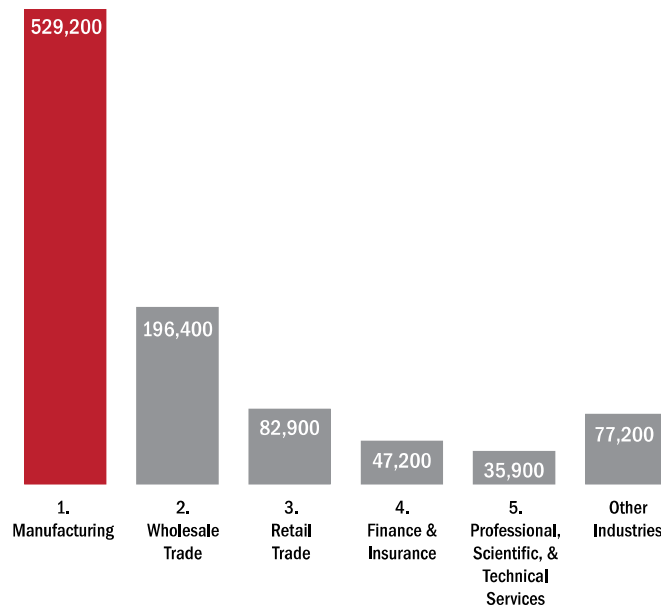
Further, Japanese affiliates supported some 83,000 American jobs in the retail sector. More than 50,000 were in food and beverage retailers. The fourth largest sector by this measure was finance and insurance with 47,200 jobs. Rounding out the top five was professional, scientific, and technical services.

More than 10,000 onshored jobs from Japan in 2022 were also found in the following four sectors: accommodation and food services; information; transportation and warehousing; and, construction.

More than 210,000 Insourced Jobs Are in Japanese Motor Vehicles and Parts

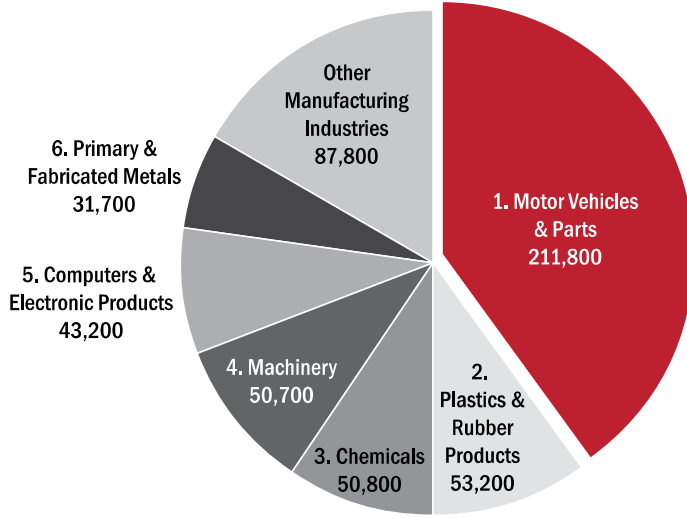
Japanese employers accounted for 211,800 factory jobs in motor vehicles and parts in 2022. More than 50,000 Japanese insourced jobs are tied to U.S. manufacturing in plastics and rubber products, chemicals, and machinery. Pharmaceuticals and medicines represent 56 percent of chemicals jobs.

U.S. Jobs at Japanese Affiliates by Industry, 2022



Source: Bureau of Economic Analysis

U.S. Manufacturing Employment by Japanese Affiliates, 2022



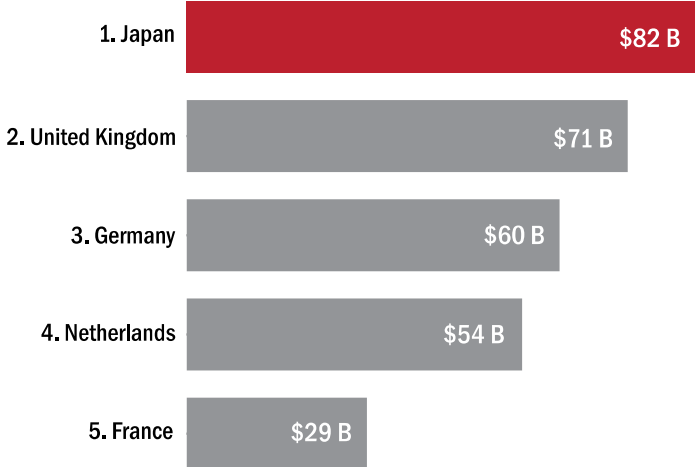
Source: Bureau of Economic Analysis

JAPANESE COMPANIES EXPORT FROM THE UNITED STATES

Japanese Companies Are Largest Foreign Contributors to U.S. Exports

In 2022, Japanese companies operating in the United States contributed \$82 billion in exports from the United States. This was the largest contribution of any foreign country's affiliates. These exports amounted to 18 percent of the \$469 billion in all U.S. exports from foreign affiliates in the United States.

U.S. Exports of Goods Shipped by Foreign Affiliates 2022

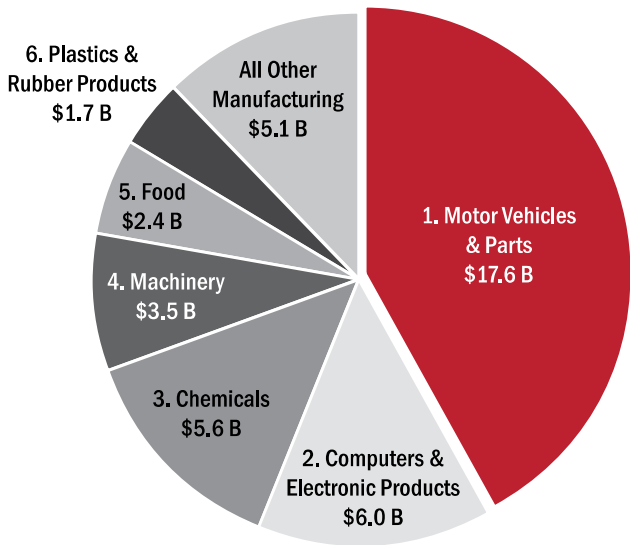


Source: Bureau of Economic Analysis

Japanese Manufacturing Affiliates in the United States Export a Diverse Variety of Goods

Japanese auto manufacturers in the United States are responsible for 42 percent of all exports from Japanese manufacturing affiliates, while the remaining products come from an array of industries. Japanese manufacturers in the United States also exported \$6.0 billion in computers and electronic products and \$5.6 billion in chemicals in 2022. Machinery, food, and plastics and rubber products made up the majority of the other manufacturing sectors.

U.S. Manufacturing Exports from Japanese Affiliates by Industry, 2022



Source: Bureau of Economic Analysis

JAPANESE COMPANIES ARE GOOD CORPORATE CITIZENS

Japanese Companies Value Their Local American Communities

It is a source of pride for the Japanese business community in the United States that our companies' contributions and engagements go beyond just the economic sphere. Many Japanese-owned companies have forged close ties with their local communities in the United States through long-term commitments. Japanese companies are dedicated to good corporate citizenship in the communities where they operate. Examples of community engagement include a variety of categories such as education and employment, environment, public health, and charitable causes.

Education and Employment

Through targeted donations, scholarships, and student competitions, Japanese companies are working to encourage students to seek science, technology, engineering, and mathematics (STEM) degrees and careers. Japanese companies work to offer employment opportunities for Americans of all backgrounds. Firms are also working with students with disabilities to successfully transition to jobs in a variety of industries.

Public Health

Japanese companies donate to advance patient care, advocacy, innovative research for cancers, and to further research on aging. In one specific example, funding enabled the production of an educational video to encourage eligible people to donate blood.

Environment

Japanese companies act proactively to address environmental problems such as climate change and the destruction of ecosystems. In addition to contributing through business activities, Japanese firms support environmental initiatives such as planting trees, cleanup efforts, and national park conservation in local communities in which their U.S. facilities operate. This support is through financial contributions, event sponsorships, and associate volunteer programs.

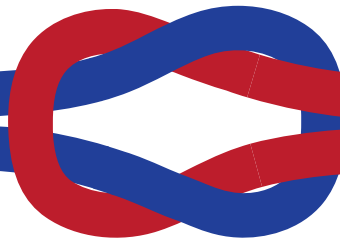
Charitable Causes

Employees at Japanese companies engage in a variety of volunteer activities to provide meals, distribute food to food banks nationwide, and provide food for elementary students who may not have sufficient food to eat over weekends.

Keidanren

Policy & Action

Long recognized and respected as the leading voice for Japanese businesses, KEIDANREN (Japan Business Federation) seeks to establish consensus in the business community on a variety of important domestic and international issues, and works for their steady and prompt resolution. At the same time, we communicate with a wide range of stakeholders including political leaders, administrators, labor unions, and citizens. We also strive for the resolution of international issues and the development of closer economic relations with various countries through policy dialogue with the governments and economic associations of each country as well as international organizations.



MEMBERSHIP

- 1,523 Corporate Members
- 109 Nationwide Industrial Associations
- 47 Regional Economic Organizations

As of January 2025

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