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Webinar: U.S.-Japan Alliance Cooperation in the Post-Pandemic World
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TRANSCRIPT

Panelists

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PAM KENNEDY

Good morning and good evening wherever you’re joining us from, we’re going to wait a couple minutes so that everyone can log in to the webinar.

YUKI TATSUMI

Okay. Since we have a limited time, I would like to go ahead and get started. As people may still be trying to sign on – good morning, everyone. And for those of you who are joining us, that includes the half of the authors, good evening for those of you who are joining us from Japan and the rest of Asia. My name is Yuki Tatsumi. I’m a co-director of East Asia program and director of the Japan program at the Stimson Center. Every year, we have had the privilege to work with the Embassy of Japan, to work on this Views from the Next Generation publication series, to showcase the new talents in the area of a Japanese security policy, U.S.-Japan alliance, and Japan’s foreign policy, and this year is no different. And this year is the second of those series that had to be done under the constraints of travel and in person meetings due to the pandemic.

And we’re very much hopeful that starting next year, if we can continue this collaboration, we will be able to go back to our regular format, which is primarily in person. However, the pandemic brought us one big benefit, which is the benefit of webinar. So we’d like to continue this webinar style, but then I think it will probably be transitioned into a more hybrid focus. So this year, I think it is very appropriate that we were looking at some of the emerging issues in the U.S.-Japan alliance in post-pandemic world. And we have four great authors who will talk a little bit about each of the paper that they worked on, and we will move into more of a dialogue. Today we have Riho Aizawa, from National Institute of Defense Studies, Nari Miura from Sasakawa Peace Foundation USA, Ryosuke Hanada, Hanada-san, are you still in Japan or are you in Australia working on your PhD?

RYOSUKE HANADA

I move tomorrow.
Great. So here is the testament of the transition in the post-pandemic world. He is currently enrolled in a PhD program in Australia. And Ippeita Nishida from Sasakawa Foundation in Tokyo. So with that, I would actually like to pass the baton to Pam Kennedy, who actually worked more closely with each of the authors to finalize the paper. So she will be the moderator. So, Pam, off to you.

KENNEDY

Thank you, Yuki. Thanks so much for that introduction. It’s my pleasure to moderate the discussion and the topic of U.S.-Japan alliance cooperation, and how to deepen the critical partnership is very broad. So we’re going to start with some initial questions for each author to get the conversation started, and after they have each said their piece, we will open to an audience question and answer session. So all of you out there can submit your questions through the Q and A function, which you’ll see at the bottom of your screen. You can submit questions at any time, and we’re going to aim to ask as many of those questions as possible.

And while the talk is going on, if you want to take a look at the publication, it’s going to be posted in the chat, the link to the publication, so you can all see it. So we will start with Aizawa-san, in your chapter, you discuss how the U.S.-Japan alliance is facing an array of security issues in the Indo-Pacific region. And with your recommendation to reorganize the alliance’s approach to the region based on subregions that share similar interests, how does the alliance leverage this sort of piecemeal cooperation into strengthening the Free and Open Indo-Pacific, especially for potential partners that don’t necessarily share all of the same values?

RIHO AIZAWA

Thank you so much for organizing this, Kennedy-san, and for this opportunity, Tatsumi-sensei. I am Riho Aizawa working at NIDS and specializing in the triangular relations among the U.S., Japan, and China, especially after the 1990s. So let me just briefly mention the core point of this paper first and I will answer the question later. In this paper I try to reorganize the U.S.-Japan policies and cooperation in the wider area of responsibility that is the Indo-Pacific in order to make the U.S.-Japan alliance’s commitment in the region more sustainable, deal with current issues, as well as prepare for the future uncertainties, and manage this long term competition with CCP government.

I proposed reframing the Indo-Pacific for the alliance in order to rethink what the U.S.-Japan alliance should prioritize there, as you see in this table. I put maintaining stable and open-sea lanes in the Indo-Pacific as the core and shared ultimate interest for the U.S.-Japan alliance in the region as a whole. Then I propose reframing the region into six subregions based on key regional seas. So among them, there are two types of groups of the regions in relation to China. First, I said group A in the table, including from the east of Africa to Indian Ocean and south Pacific Ocean has mainly nonmilitary issues, but Chinese developments there have significant security implications for the future use of the sea lanes. And group B, the right side, that includes South and East China Seas, already has immediate military issues.

As a conclusion, the U.S.-Japan alliance should prioritize group B as they do now. At the same time, in order to hedge the uncertainties over the use of the sea lanes in the regions of the group A, long-term, careful attention should be paid, but it’s very hard to cover everything for the U.S.-Japan alliance. So working closely with regional powers in each will be vital, as it shows below the table. This type of framework can enrich discussions I believe about commitment of the U.S.-Japan alliance in the Pacific region. And after some discussions, we can introduce this type of regional divisions into our guidelines or
so in the future, I think. So to your question directly, I consider the regional concept of the Indo-Pacific, in this paper, not so much about the Free and Open in the Pacific vision or FOIP vision directly, but I would like to say this. In order to discuss what kind of approach the alliance should take for advancing FOIP, we have to consider what kind of situation or status will be in-line with the FOIP vision.

So concretely speaking, this word of “free” in the FOIP means a state where independent decision making can be made without being forced or interfered by other countries. And this “open” means maintaining the openness of public goods without control or dominance by a single country. However, there are countries that do not fully share these values as you mention. In that case, the alliance, the U.S.-Japan alliance, can still approach to the countries to make policy choices that functionally align with the values of freedom and openness in the region. For example, Chinese companies and government try to make infrastructure investment exclusive and unilateral. But if recipient countries can deny this exclusivity and require open opportunities to have investments from other countries as well, it’ll be automatically helpful for advancing the FOIP values. So the U.S.-Japan should support and asks these countries to make these policy choices by showing our stance and serious concerns to the Chinese developments and other cases of Chinese debt-trap policies and providing alternative monthly support to the regional countries and so on.

So of course we may not be able to expect every country in the region to immediately share these values. Instead, we need to make diplomatic efforts with each country to encourage to make choices that are in line with the FOIP values. Essentially, as these choices accumulate, they will bring our values closer together and support a stronger FOIP and again, these kind of efforts should not be done only by the U.S.-Japan alliance. The alliance should cooperate with regional powers for keeping our commitment in the region efficient and sustainable, I believe. That’s all I have for now. Thanks.

KENNEDY

Thank you very much, Aizawa-san. And I want to continue this theme of conceptualizing the function of the alliance with Hanada-san’s chapter. Hanada-san, you had some thoughts about the alliance within the Quad. You made a close analysis of how the Quad can be a model of minilateralism. So a small grouping of two or more countries or partners that are focusing on specific issues. The main focus of the Quad though is still as a security partnership. So do you see a path forward for the Quad to expand its partners, maybe Quad Plus, beyond occasional meetings into a functional grouping?

HANADA

Thank you, Pam, for a good question about a Quad and in my chapter, actually I did two things. The first thing is the defining the minilateralism and the second thing is examining the Quad. Rather than thinking the Quad as a model, I just examined the Quad as one of the case of the minilateral cooperation and just tested whether the day the Quad would satisfy the criteria of a minilateralism or not. And so before addressing the question about the Quad Plus, I just want to share how I see the Quad, then I will go back to the Quad Plus question. And first of all, of course, everyone, as well everyone knows the Quad is already wide accepted minilateral cooperation, which has the summit meeting, the foreign ministers meeting. And there’s also working level consultations among the four countries, mainly among the ministry of foreign affairs or the department of states.

And it’s already reached the point that we do not have to worry about a disappearance of the Quad, just in 2006-7, we had to worry about the sustainability of the framework itself, but we don’t have to worry about this at this moment. There’s two basic reasons. One is the increasing convergence of the shared perception on China, maybe the threat perception on China. And second thing is the FOIP, the Free and
Open Indo-Pacific concept, which gives some umbrella of the Quad cooperation. So with these two, the Quad is now becoming sustainable, at least sustainable framework in this Indo-Pacific region. But my question was whether this would be the successful minilateralism or not. In my chapter, I just try to define the minilateralism and just found the three characteristics.

One is the functionality compared to regionalism or globalism. Minilateralism is much more functional. They can quickly address the question and problems, and they can specify the problems based on just the consensus amount, the limited number of the members. And the second is agility, it’s similar to functionality, but I think because of the limited number of the membership, they can address the question quickly. And finally, it’s the flexibility. I mean, any country can combine the different minilateralism without sacrificing the other bilateral alliances or global or regional framework like Asia. And then in order to satisfy these three characteristics of minilateralism. Minilateralism should have specific goal, that’s number one. And the second is relevant membership. If they include someone who do not share goal, well, the minilateralism wouldn’t be successful. And the third is resources. Even if they have the three specific goal and the good membership, but if they do not have resources, they can mobilize, then I think they cannot make any result or make any changes.

So I think this is sort of the criteria I set before examining the Quad. Then looking at the Quad, I think the Quad has, first of all, good membership, the four countries, biggest democracy, maritime democracy in the Indo-Pacific region, looking at military spendings, also looking at the economic skills, the four countries have this share amount of the proportion in the region. And they have resources as well. The United States has technology, the Australian and Japan becoming prepared to take responsibility in the regional peers, especially in maritime security. But I just ask the question about the specification of the goals. At this moment, the Quad is just trying to promote the Free and Open Indo-Pacific, but that is very broad concept and then, I think that’s my chapter’s criticism on the Quad that the Quad is sort of the losing the focus.

And if I examine the Quad, their strength is maritime security and they can expand the cooperation related to maritime security, like the cybersecurity and space security, because in order to improve the maritime domain awareness, they need information sharing. And in order to have the information sharing, they have the secured cyber communication, as well as it’s better to have the sharing the satellite information. So I think my suggestion about the Quad itself is that we should have the focus on the maritime security and then expand to the other area of cooperation. This is sort of my examination and going back to your question about Quad Plus. I have to, I mean, I distinguished the expanding the partnership and expanding the membership, and I’m very skeptical on the expanding membership of the Quad because of the reason I just mentioned in the minilateralism.

But I think the expansion of the partnership is quite possible. Many countries in the region are actually desperately seeking for improving their capacity of the maritime domain awareness in the Pacific Island countries, South Asian maritime nations, and Southeast Asian maritime nations. The Quad countries can provide resources to those countries to improve their own capacities. And that will contribute to balancing against China because if we create the power vacuum in the region, that will be the space that China or any revisionist country would change the status quo by force, as we see in Europe. So I think Quad can improve, I mean, increase the partnerships with regional partners rather than expanding the membership because expansion of the membership will further complicate the decision making process and making the cooperation to the minimum denominator. So, and at the end of the day, we cannot decide anything like, as we see in some regional frameworks.

So I think going, I mean, to your question, I think I would be very supportive and I suggested the two ways of expanding cooperation. But I think, at the same time, I also suggested institutionalization of the
Quad in order to smooth them, this making a partnership. If we keep this quite ambiguous and official and not unorganized, but I think the current form of the Quadrilateral cooperation, the decision making cannot be very easy. All the different ministries have to come together or at least communication online, then make some decision on which country they would expand a partnership. But I think if they have some secretary, permanent secretary, they will make some policy suggestion to the four countries to improve, I mean, to expand partnerships in the maritime domain awareness or other areas of the security partnership. So I think the institutionalization would be not easy at this moment, but that could be the one pathway for the Quad to improve their presence in the region. I will stop here.

KENNEDY

Thank you, Hanada-san, that was a great deep dive into your paper. I would like to turn to Miura-san next. So you looked at a particular area in which U.S.-Japan cooperation can use some improvement. You looked specifically at the challenges that the U.S. and Japan face in deepening technology cooperation, especially around dual use technologies, so tech that can be used for both military and non-military purposes. You specifically looked at some of the ways in which Japan is facing some issues in creating more transparency around technology transfers or preventing the transfer of sensitive technologies, while at the same time its industry is trying to increase its presence in the international market. So my question for you is how can Japan improve technology cooperation with the United States when the two industries are competing in the same market?

NARITADA MIURA

Okay, thank you very much. First, I want to thank Stimson Center, especially Tatsumi-san and Kennedy-san for bringing all of our work together and hosting this great event. It’s my honor to be here this morning. And kind of to briefly provide a background to this question is that, in my paper, I’ve mentioned at least two examples in which, during the late 1980s, we’ve seen the U.S. and Japan’s economic conflict that’s happened over semiconductors or Japan in developing its own indigenous fighter jet, F2 fighter jet in particular. So based on that background, the past experience, I think the lesson to be learned is that the two nations pretty much fought over their economic interest over their strategic goal, which at that time was to compete with the Soviet Union. So the question then becomes, so how do we actually prevent the U.S. and Japan that are seeking for their own economic interest?

And unfortunately, right now, as we saw with President Biden’s very recent state of the union address, he mentioned about the Buy American policy again. So there is a growing sense, even in Japan and in the U.S. where the politician – policy makers need to satisfy their domestic constituents’ need, especially in light with the pandemic pretty much damaging their economies. And they are very desperate in getting the most out of technology cooperation or in the trade deals moving forward. And one of the solutions I found was, as Mr. Jim Schoff at Sasakawa USA offers in his paper, is the formation of this new mechanism, which he calls Japan-U.S. Strategic Science, Technology, and Innovation Council. Now that’s a mouthful words, but I’m just going to call it as the mechanism, but this mechanism operates as it includes not only the government-to-government level, but also includes Japan and the U.S. private sectors to be involved.

For instance, the business leaders who are involved in these leading technologies or think tank experts and academia who are also involved in developing the U.S. and Japan’s key technologies. And through this mechanism, it provides this room of free and open exchange of ideas, as well as encouraging greater coordination between the U.S. and Japan. So even as there – it’s likely that there will be a competitive market between the two nations, the two, at least they have the location or theater in which they can discuss further to try to find the compromise point or the realistic deal point for the two nations. And in
addition to this new mechanism, I also want to point out that this mechanism could also be used to ensure that both countries could share their leading technologies once the product is made. So right now, unfortunately both nations are saying, well, this is our technology. We don’t really want to share our leading technology with you.

So moving forward, it’s hopeful that this mechanism could be used so that even as Japan, for example, developed its new satellite system, that can then be shared to their allies or further with their partners in the Indo-Pacific region in expanding their technology cooperation and increasing Japan’s presence and role in the region. And last but not least for this mechanism to fully operate, I also believe that as Nishida-san may focus more, but we definitely need more implementation on economic security policies, such as security clearance or transparency, as you rightly pointed in your question. So having these kind of a prerequisite in place, it would further allow Japan not only as a government or the country, but also the business sector to be involved and fully become a trustworthy partner in developing and competing in the global market moving forward. And that is all. Thank you.

KENNEDY

Still muting myself two years into the pandemic. Thank you so much, Miura-san, that was a great summary. And last, but certainly not least, Nishida-san. So, as Miura-san mentioned, you wrote about the very complex problem of economic security and how the U.S. and Japan need to cooperate on economic security, but there isn’t a clear path forward yet for this type of coordination. So my question to you is how can the U.S. and Japan show their commitment to aligning economic security policies in the face of so many challenges, as well as the urgency of the issue?

IPPEITA NISHIDA

Okay, thank you very much. Once again, thank you to Stimson Center for this opportunity. I’m very glad to be able to participate in this discussion. I know my work on the issues on the Japan’s foreign policies, especially on the uses of economic aid and also the military engagement, we call defense diplomacy here. But today we are discussing about the U.S.-Japan relationship alliance and the economic security. And as you know, the economic security discussion, I mean, sparked up this couple years, and it spans from the supply chain to a health and all other issues. And there is no comprehensive understanding what economic security is. Some people prefer not to talk in terms of the security. And some people prefer to talk more in a rather supply chain resiliency or the other issues.

So in my paper, I didn’t labor myself to define what the economic security should mean in a U.S.-Japan relationship, but try to identify what other challenges and what kind of the policy alternatives that we could look at. Basically there are two major challenges. One is the expansive nature of the economic issues that we need to deal with. And we have different understanding how we look at the economic security and the means to address it. The second thing as Miura-san pointed out that is certain level of uncertainty, and how willing we are, wanting to have the economic cooperation between the two, given the past experiences. So knowing, analyzing those issues, I have identified four policy proposals in this paper. The first one is to have a common vision. I think it is really important that both governments have the common understanding of what we are working on.

And certainly in the last April, our prime minister, Suga, at the time, and Biden had a meeting and their outcome had historic movement to look at the economic issues in the alliance context. Nevertheless, I think there are lot of issues that not being addressed. And I think the Article Two in the U.S.-Japan security treaty can be sort of a historical background how the two country can move forward in this regard. The Article Two actually speaks about economic cooperation, but in the past, well, especially
from Japanese context, we will look at this as sort of given because of the fact that U.S. is the only allied country for Japan, and is the largest economy in the world. And it is too natural for us to assume that economic cooperation with U.S., yes, we do the bargain-sharing and we understand U.S. concerns on the semiconductor, whatever. But I think we are moving forward from that kind of understanding or economic security or economic cooperation to more proactively incorporate to work on the issues in the Indo-Pacific.

So the point number one is to reassess the Article Two and set common visions for the economic security. The second one is on implementation, but this is more about the mechanism that I’m talking about. That currently between the U.S. and Japan, there are multiple consultation arrangements at the different levels. For example, the economic 2+2 are foreign and economic was being announced in January, but then it’s not being implemented. In other track, there’s a MOFA-METI-USTR trilateral framework for the trade policy. And there are small cooperation mechanism as well, and there’s no comprehensive mechanism that can move forward. So my proposal is to have a more structured approach on the executive, working, and execution level of coordination between the two, similar to the one that the U.S. and EU has on Trade and Technology Council that are the ministerial and the working mechanism and the working groups. In this way, maybe in the future, we can link that system with the EU having 2+2+2 or 2x3, to have more comprehensive approach on the common agenda on economic security.

The third one is about the enhancing partnership programs in the third countries. This is often neglected or not being looked at closely. But nevertheless, the countries in the Indo-Pacific are needing a lot of investments and also the support. Biden in 2016, when he came to Japan, opened the new Japan-U.S. development dialogue, which happened to be ceased in the time of the Trump administration. But this should be sort of reinvigorated with the new vision of the FOIP at both countries, to try to see how two countries can align to work on the development and humanitarian issues in the Indo-Pacific. The second one is to look at the issues on supply chain resilience, which is a top priority, of course. The Biden’s 100 day review on supply chain hinted the friend-shoring approach. And the U.S. was to utilize financial tools like a development cooperation facility, and Japan should join such kind of scheme to try to have it like a joint investment scheme in the Indo-Pacific on the areas such as like semiconductor, medical, or battery or mining sectors from which two countries benefit from the most.

The fourth one is a trust building. I think Miura-san has elaborated, pointed out the delicate point of the semiconductor and F-2, but even currently the Biden administration is not lifting the sanction, the tariff on Japanese aluminum, right? So having this kind of, not eager to work on this to reduce the friction, we give the impression to the Japanese and Japanese businesses that, okay, the U.S. are not that interested in doing this. And it may make it difficult to bring the Japanese business to join that kind of supply chain coordination, for example. And I think to reduce that kind of friction, it is really important to increase the more consultation at the many levels track 1, track 2 and legislative levels. And those are four points that I point out in my paper. And I think, we can discuss more in the Q and A. Thank you.

KENNEDY

Thank you so much, Nishida-san and yes, as a reminder to everyone, the Q and A box is open. So please feel free to submit your questions. And we’re going to try to get through as many as possible in the next 25 minutes. So thank you for those summaries, for the answers that you’ve given. We have a number of questions coming in. And first I think this is a great question from Niall Nicholson, about how U.S.-Japan cooperation efforts look to China. A common theme that you’ve all mentioned in your papers is that the U.S.-Japan alliances is, in many ways, focused on balancing China in the region as a balancing force. And as U.S.-Japan cooperation deepens, what does this look like to China? How can the U.S. and Japan sort
of, I guess, allay the fears that China might have about what this means for the regional balance? Aizawa-san, Hanada-san, do you have any thoughts on that initially?

AIZAWA

Could you rephrase the question again or what’s the core of the question?

KENNEDY

Sure. I think the core of the question is like, how does deepening U.S.-Japan cooperation look to China? We’ve heard in the past, whenever Japan makes a move towards increasing its defense budget, for example, there are always complaints from China that this is Japan’s increasing aggression or return to militarization or something like that. And so what about the alliance? How does the alliance look to China today perhaps?

HANADA

Okay. I mean, I think I will just address that question from the Quad or minilateral perspective. And I think Aizawa-san will address the question from an alliance perspective. I think that’s really good question. The Quad is mainly for counterbalancing and also providing nodes to the Indo-Pacific concept. But I think at the same time, it doesn’t sacrifice the existing regional of framework or global platforms. ASEAN-centered framework, like the EAS, East Asia Summit, ARF, ADMM Plus exists and I think we shouldn’t expect those regional frameworks to take the same balancing measure against increasing power of China, but it exists for continuing communications among the regional leaders about the key regional security issue, like South China Sea. And ADMM Plus, ARF has a broader membership over – I mean, in terms of ARF, they have 27 members. So we cannot expect a concrete result in those framework, but I think those platform would exist as the tool to avoid miscommunication between China and other countries, especially United States and Japan.

And sometimes it’s the great platform for Japan to send a message and our intention to China, and what we can accept and what we cannot accept toward China. If we do not have those channels, or bilateral channels are sometimes fragile to bilateral political problems, and U.S.-China communications are not so strong at this moment, so I think from the regional perspectives, I think, I mean, we cannot make compromises to China’s expansionist policy, but I think it’s important to keep communications with China in those regional platform. That’s the importance of ASEAN centrality and we shouldn’t expect too much, but I think that’s still important.

KENNEDY

Thank you. Aizawa-san?

AIZAWA

Yes. Thank you. That’s one of the reasons that we have been having some difficulties to hit the right balance between engagement and balance or deterrence policy towards China, I believe. I mean, fierce opposition from China to our deterrence or balancing policies, we saw that kind of things in the wake of revitalization of the alliance in the late 1990s. And I believe that, of course we don’t deny cooperation with China, but we have to do our job to secure ourselves. So if China had some other ideas or too cautious about the developments of the U.S.-Japan alliance, they should also show their stance that would like to be in line with the free and open liberal international order in that region. That’s all.
KENNEDY

And I will briefly carry on with this sort of line of thought with Hanada-san and Aizawa-san. Daisuke Kawai asks an excellent question regarding Ukraine. How do you think the Quad, and I would also expand that to just the U.S.-Japan alliance, should deal with issues like the war in Ukraine, or rather any security concern outside the Indo-Pacific region that is still highly relevant to the values of the U.S.-Japan alliance? Kawai-san also mentions that India is the only country that has a clearly different position from the other members of the Quad on the Ukraine issue. So Hanada-san, maybe you can take this question first.

HANADA

Yes, just briefly, as I said, in my presentation, my position is that we shouldn’t expect Quad to do everything. Quad should be specified minilateral cooperation and I think because of the existing membership and resources, that should be mainly directed to the Indo-Pacific region rather than outside the Indo-Pacific. So I think it’s ideal if the four countries or any countries express the same position on any issue, especially in this kind of politically important issue. That’s ideal. It’s great. But I think all countries have different security relationship and especially India has the historical and still current, even currently, they have the strong security partnership with Russia based on the military equipment. So I think I don’t have much value for the Quad to express the common position on the Ukraine.

The leader summit three days ago expressed a very good position on this Ukraine issue. They said they would reaffirm the sovereignty and integrity and keep the countries free from the political, military, and economic coercion in the Indo-Pacific region. And that’s their determination to prevent the repetition of the issues, I mean, the problems in Ukraine in the Indo-Pacific region, that’ll be the good, common ground for the four countries. And I’m a bit, I mean, it may be disappointing for President Biden, but I think that would be natural for the Quad. And I think that should be continued, from my perspective.

KENNEDY

Thank you, Hanada-san. You bring up a good point that it’s easy to sort of like spread beyond the original scope of what these groupings can do. Aizawa-san what are your thoughts on that for the alliance?

AIZAWA

Right. As Hanada-san said, when the U.S. put economic sanctions in India, Russia is the country which assists India. So Russia is the traditional ally for India, and so there is no wonder. The main goal of the Quad is inclusion of India to our side in the Indo-Pacific region and not designed for other regional security issues so far, and rather Ukraine itself pose traditional difficulties we face to advance China policy. I mean, because the other, one of the reasons that we face difficulties to hit the right balance between engage and the deterrence policy towards China is, Ukraine, there is more in intensified security issues, such as wars in Middle East after 9/11, now Ukraine. So since the kind of competition with China will be long, so we will have these kind of interruptions more ahead. So seeking further cooperation with regional partners or powers is vital, I believe, in this kind of situation.

KENNEDY

Thank you for that, Aizawa-san. I will pivot now to Miura-san. We have a question from Kevin Maher on Japan’s domestic defense capability. So how does the Japanese defense industry overcome the issue of the lack of economies of scale if the market is just the Ministry of Defense? And the problem of the lack of a
competitive cost or performance of Japanese products when expanding to the international market, what are your thoughts on that?

MIURA

Thank you very much, Mr. Maher for this excellent question. And I think that’s also the question that the Japanese government is right now struggling to find, especially with the previous Abe administration, where he pretty much eased the restraints that were put upon the technology transfer or technology cooperation between U.S. and Japan, and as well as any R&D programs that Japanese companies were trying to join prior to that. And I think in order to try to overcome, the JMOD especially should first identify their market, or at least the size of Japan’s current defense industry, because right now, I may have written this in my paper, but the JMOD has conducted their own research in 2014, if I remember correctly, about the size of their defense industry and the report clearly stated that Japan’s defense industry needs more help. It’s shrinking at a much faster rate, hundreds of businesses are leaving defense-related programs.

And since then, there’s no follow up research that’s conducted that I know of. So with that, you then ask, so how do we actually make our defense industry stronger? Well, which industry stronger? Where is Japan’s key important technologies that we want to protect and nurture moving forward? So I think the first step in it is to first identify, conduct a research, try to find where we are at in terms of the defense industry. And then from there, we can then formulate, okay, this sector needs more money. This sector may need maybe a more, less tax regulation so that these companies can strive further and so forth. So again, in a nutshell, I would say we need more. We need to do a basic research to begin with, I think, is the answer to this question.

KENNEDY

Thank you. That’s great. So my next question, I think it would be interesting to hear this from a couple different perspectives. John Kim asks about the relationship between South Korea and Japan, whether it’s an impediment to the U.S.-Japan alliance and whether there is an unwritten policy to perhaps contain China, is that the correct approach given how NATO’s similar approach to Russia has... Well, we now see the crisis in Ukraine, whether it’s a direct cause or an effect situation. And so I’d first like to turn to Hanada-san for sort of the geopolitical aspects of this question. Then also, I think it’d be interesting to hear from Nishida-san about economic security issues between South Korea and Japan, and whether there’s room as well there for further cooperation with the third partner. Hanada-san, what are your thoughts?

HANADA

About South Korea-Japan relations?

KENNEDY

Yes, that’s correct. Yes.

HANADA

Well, I think, again, I’m not expert on the bilateral relations, but I think that South Korea has a lot to offer, especially in the economic security. I’d like to hear the Nishida-san’s view about the importance of South Korea, especially in terms of semiconductor, but in terms of maritime security, I think the South
Korea is, I think, in the middle, at this moment, there has been consistent and a historically preoccupied with the North Korean threat, which is basically land and air threat. And the maritime security is of course, South Korea invested hugely in the maritime security and Navy. But I think there’s a bit still some distance for South Korea to take part in the exercise in South China Sea. I mean, it’s not the physical distance, it’s more like psychological distance. And I think, although there’s some development in Australia-South Korea relations, security partnership, that’s much lagging behind the Japan-Australia security partnerships.

And that could be found, I mean, the reason of this difference from my perspective is that the South Korea is not so much dedicating themselves to the protecting the current rules-based region order at the expense, or by providing some cost of deteriorating the relationship with China potentially. So I think it depends on the South Korean determination whether and how much they would contribute to this order protection or order building effort with other countries. And I think the Japan, India, Australia, United States has no problem in terms of cooperating for order building effort. If we talk about bilateral issues, I think we’d be entrapped into the endless controversy between the two countries, but I think it’s better and more constructive to look beyond the bilateral relationship.

KENNEDY

Thank you, that’s a great point. Nishida-san, on economic security, what is the Japan-South Korea situation? And is there room for trilateral?

NISHIDA

Thank you very much. Right? That’s very interesting point, but I think I do not foresee the trilateral format for economic security is workable. I mean, given that there’s not that level of political confidence, and also on the business side, maybe the supply chain resiliency can be one area, but if we look at the semiconductor, Japan is looking at more closely on Taiwan to collaborate with. Toyota and Japanese government have invested so much to bring TSMC into Kumamoto. And to be honest with you, I don’t foresee any very active and productive cooperation between the two, because of the fact that the two countries do have a lot of competition in the automobiles and other electric appliances and also in the defense industry as well.

They’re the big promoter of the defense export, and we are the one who are behind and trying to export for the market. So I don’t say ROK is impediment for the U.S.-Japan alliance, but it’s still difficult, I think, to facilitate such kind of collaboration. Containing China, I don’t think yet we can really contain China economically, but we try to be resilient and also try to discipline the way China behaves in the market, as well as onto the countries in the Indo-Pacific. So those are not the way that we want to contain China. I think it’s really important for Japan to be in a good business relationship, they’re the major export trading partner, and the fundamental decoupling for us is really difficult. That is, I think a pretty much consensus. So in a great power game, I think that Japan is trying to see how to position itself in this game.

Now, let me just touch on the issues of defense industry in Japan, because I think it’s really interesting discussion. Just to let you know that the share of the foreign military sales in Japan’s MOD has tripled. From 2013 it is only 5% of the total procurement, to 15.9% in 2017. And as you know, the Trump has demanded more to buy from the limited budget. And this has pressed so much on the Japanese defense industry. And they, for example, the Japanese Keidanren, the Japanese business bureau, they’ve been repeatedly making a report and saying that the business, the defense industry is near to collapse or we are losing the very fine assets and knowledge and the people, if we continue in this way. So I think this really
relates to the issue of the U.S.-Japan alliance, how we looked at the Japanese defense industry. Thank you.

KENNEDY

That is an excellent point about the Japanese defense industry. And I want to ask if Miura-san has any thoughts to add to that as well, in regards to Japan, South Korea, or trilateral, the role of technology cooperation, as well as competition.

MIURA

Thank you. I think Nishida-san pretty much covered a lot of the main points. And one tiny thing to add is, again, in terms of expanding the cooperation, especially in the technology cooperation, between not just between U.S. and Japan, but with its partners in the region. This again would require Japanese government as well as their counterparts to have a pretty decent due diligence capability in the sense that both parties are assured that their technologies that they are going to work gone together, or if they are going to share or sell certain technologies, those technologies don’t land in the hands of our adversary, mainly in China or to North Korea through certain routes, the hidden parts. And I think another difficult part is in terms of building a defense related weapons, for example, it’s not as if one country can build from scratch and all the way to the finished product.

So along the way, there will be materials that will be required to pass through certain areas. And if Japan or its partners, nations doesn’t have enough due diligence capability in actually tracking where it started and how the product is proceeded to certain nations, then it just becomes a chaos where one country might say, “Hey, why is that material coming from China? Or why is that material coming from a Russian front company? Why is it invested by these questionable firms and so forth?” So again, the due diligence capability will become a key important factor, especially moving forward in really getting to the deeper technology cooperation between Japan, U.S., and its partners in the region.

KENNEDY

Thank you, Miura-san. And so we’re rapidly running out time. I will cram in one last question. This is a great question on the role of Taiwan in Japan, U.S.-Japan relations. And Taiwan has increasingly become important in Japan’s conceptualization of its security environment. And Larissa Stünkel asks whether we will see a change in stance following the Ukraine invasion, or will both countries, Japan and the U.S., remain committed to their strategic ambiguity. I’d like to start with Hanada-san and Aizawa-san, then we’ll loop back to Nishida-san and Miura-san for any last thoughts on the tech and economic security side.

HANADA

Should I go first? Okay. Just briefly. I think, of course the Taiwan is very important for not just for the regional country’s individual security, but also the concept of the Free and Open Indo-Pacific. If we do not have the stability of Taiwan, we cannot call our policy as a Free and Open Indo-Pacific. So I think the Taiwan is, of course, the major and the frontline in this Indo-Pacific arena. And of course the United States and Japan, and as well as the, I think, the Australia recently acknowledged the importance of Taiwan. Of course, I mean, there’s a sense to the hesitancy in the Japanese government, or not government but the Japanese society, regarding how much they will intervene in situations, especially high end situation.
I think the Ukraine crisis will give us the chance to seriously think about the scenario, potential scenario of the Taiwan Strait. And I think the atmosphere in here, in Tokyo, is changing. We have to, I mean, the people are acknowledging the real risk that the revisionist power or any country would take the military action in order to achieve their parochial national interest. So I think that would relate to the constitution issue of Japan. It would take time, but I think the Ukraine crisis is giving a shock or some alerts to the Japanese society at this moment. Sorry, I will stop here.

KENNEDY

No, thank you. That’s great. Aizawa-san, did you have anything that you’d like to add on Japan and Taiwan?

AIZAWA

Not so many, but like NSC Kurt Campbell under the Biden administration, he also stated that we don’t support independence of Taiwan, and the stance of Japan is not different from it. And as long as China have – wants to seek peaceful ends of the Taiwan Strait, we have to continue to have strategic ambiguity, I believe.

KENNEDY

Thank you very much. And Nishida-san, you mentioned in your last answer that Taiwan is very important for aspects of Japan’s economic security. Did you have anything you’d like to add in that regard?

NISHIDA

Sure. Well, thank you very much. Well, the only one advantage of economics is that it’s one major way for us to engage with Taiwan, right? Where the official governmental conduct is formerly prohibited, but the economic and cultural relationship with Taiwan and Japan is really strong. But the thing is we are seeing increasing contingency scenarios and we are also trying to see how we can diversify the supply chain and make the better resilience. Then what we talked about, the friend-shoring approach. We can invite Taiwan or Taiwanese tech companies to be a part of U.S., Japan, and Taiwan, a sort of consortium, to invest particular technology to a friendly country like India, for example, or I don’t know, the Malaysia or those countries that have common interest to procure such items. So I think there should be a lot of discussion going on between Japan and Taiwan on the future steps to be taken. But I think in a bilateral alliance context as well, they should be talking more closely how we can include Taiwan in economic security debate. Thank you.

KENNEDY

Thank you. And Miura-san, the last word goes to you.

MIURA

Ooh, that is a big thing. So I think just to kind of add on to what Nishida-san has stated, I also think there’s also, it’s one very welcoming – for Japan to be welcoming a greater bond between Taiwan, by welcoming the TSMC. But then the question again, would become how much of a security are we going to provide to them as well? Because again, the dual-use technology for Japan, it’s kind of a new concept where they are kind of still figuring out, okay, is it really a commercial thing, or is it a defense related
thing? And how do we draw the line? And what do we do in the case of, we decide this is more of a classified, very sensitive technology? So that might include having a security person standing in front of the factories or having more strict regulations imposed so that the technology know-hows won’t be leaking from that place.

And one more final thing to add is if Japan were to continue welcoming these new key technologies from our partnering nations and so forth, I think Japan also needs to consider about the infrastructure that can support having these factories and welcoming the foreign workers to the region. So right now we chose Kumamoto, but is there other places, locations in Japan that can provide same infrastructure, clean water, for example, which would become a very important, especially manufacturing a semiconductor product. So I think all of those factors needs to be taken into consideration. And Japan has a lot of homework that they need to do before moving forward and trying to seek greater cooperation in the region. Thank you.

KENNEDY

Thank you so much. We are over time. So thank you to these four authors for their very hard work in researching and writing these chapters. Thank you to everyone in the audience for joining us for the discussion today. You’ll be able to download the record from the web address that you’ll find earlier in the chat and print copies will be available at the Stimson Center in the coming weeks. So thank you again for joining us today, and I hope you all have a great evening or morning, wherever you are.