

(2) 英語 English Summary drafted by Paul H. Nitze School of Advanced  
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## Summary

### JEF and SAIS / JAPAN -US Conference

Chairman Toyoda gave a brief background of JEF and mentioned the celebration of JEF's anniversary. He stated that U.S.-Japan relations are getting more important in the context of multipolarity problems not only in the region but in every part of the world, also noted that for the past few forums JEF has been discussing various themes related to the repercussions of globalization. Chairman Toyoda noted that a big issue is economic decoupling, between the United States and China, which is affecting the whole world not only in supply chains in manufacturing but in the energy and environment sectors as well. These issues have rapidly expanded into issues of national security, including areas of cyber and space. Chairman Toyoda maintained that it is a good year to talk about deterrence, national security, and the international rules-based order from a standpoint of the economy and the environment.

Dr. Calder mentioned how participating in JEF forums over the years deepened his own personal understanding of the U.S.-Japan relationship from a broader global perspective. He maintained that this is an auspicious time to focus on decoupling and these major issues of deterrence, national security, and strengthening rule-making processes in the international economy in the midst of great power competition between the United States and China. To open the first panel, Dr. Calder introduced Mr. Naoyuki Haraoka.

### Panel 1: Deterrence and National Security

Mr. Haraoka mentioned that geopolitics has been an important factor when thinking about the global economy and this is quite a relevant subject to JEF. He stated that the nature of war and geopolitics are in transition and brought up two issues that are new: 1) the emergence of China as a superpower—China replacing Russia as the preeminent challenge to international order; and Northeast Asia replacing Europe and the Middle East as the fulcrum of international geopolitical competition. 2) The extremely rapid progress of information technology. He argued that this has changed the environment of security very dramatically—space and cyber are important issues as nonconventional challenges. Mr. Haraoka invited Panelist A to speak and brought attention to his expertise on security

issues and his professional career of many years in Asia.

Panelist A started by congratulating the United States and Japan for a successful 2+2 meeting and a new Special Measures Agreement on Host Nation Support. He maintained that these developments demonstrate that not only the United States, but U.S. allies are networking to support greater regional stability and strengthen deterrence. Panelist A made five points on regional stability, deterrence, and the requirements of regional order.

1. The United States and Japan need new ways of pursuing shared strategic goals. These goals should be to establish a balance of power throughout the region that favors U.S. and Japanese interests and that prevents China from dominating the periphery of Eurasia and the Western Pacific. During the Cold War and post-Cold War period, the United States established a defense perimeter, established alliances along that perimeter, and stationed military forces in those allied countries—this is not going to work with China in some regions. It will work in Northeast Asia but not in Southeast Asia. In Northeast Asia the United States has a clear line of defense and forward forces and strong allies. This is just not the case in Southeast Asia and will not likely happen in the future, especially given the current shakiness of the U.S. alliance with the Philippines. This puts a premium on diplomatic and economic statecraft in Southeast Asia. The U.S.-Japan Alliance and the Quad matters in this regard. The Quad's present value is primarily diplomatic rather than military—any military utility is far in the future.
2. The United States appreciate Japan's role in filling the void with CPTPP. But more needs to be done, especially by the United States.
3. The United States cannot completely decouple from China economically or technologically but needs to be more careful with managing technology transfer. The United States also needs to coordinate this with not only Japan but will all U.S. allies, also need to devise a technology policy with Japan, that recognizes the continued interdependence of Chinese and Western economies but limits the transfer of critical technologies. There are important ways of supplementing technology export controls, including ensuring resilience in supply chains and implementing cyber security regimes.
4. Deterrence is a necessary but not a sufficient basis to build regional stability. The United States and Japan need to build a regional order that can limit competition and

reduce the likelihood of war. Even during the Cold War, the United States and the Soviet Union established a rarely recognized order based on deterrence, mutual understanding of the need for strategic stability, limited arms control, the avoidance of direct armed conflict and competition for influence in the third world, including economic competition and development assistance. It's possible that such an order could evolve between the United States and its allies on one side and China on the other, and statesmen in both Washington and Tokyo need to be alert to the possibilities of this.

Panelist B pointed out that Xi has been emphasizing the importance of history and calling for people to stand on the right side of it. She stated that Chinese Marxists understand that history develops depending on the technology and it was Deng Xiaoping who argued that science and technology are the productive forces that advance human history. As the Chinese economy grew, the dream of socialism after the world revolution became blurred. Instead, Xi has reset a new aim as the "Chinese Dream of the Great Rejuvenation", which requires high tech innovation as the most important political means to achieve it. Panelist B also mentioned that the 14th 5-year program focuses Artificial Intelligence (AI), quantum information, integrated electronic circuits, life and health, computer science, space technology, deep earth and deep sea, etc. She argued that China's advantage lies in areas where massive state investment is needed such as space industry. The United States and Japan should pay attention to developments those areas. She brought up BeiDou, the Chinese version of GPS, and how China is connecting it with other satellite systems so that it can monitor the global ocean, not just the jurisdiction waters it claimed.

She argued that Xi is trying to build an advanced nation by promoting unified governance of its territories and its claiming jurisdiction waters, while restoring ecosystems and protecting agriculture and industrial key commodities under a national program. This new nation-building has been made possible by various satellites as well as Information Technology and new tech like AI. Therefore, she stated, on the U.S.-Japan side it will be important to develop new technologies and frameworks that will not allow Chinese dominance over those technologies.

Mr. Haraoka thanked for her introduction of Xi's thoughts on technological innovation and competition and maintained that is critical for the United States and Japan to think about national security.

Panelist C stated that U.S.-China competition goes beyond the realm of traditional security

and extends to various other domains. He pointed that in China in 2014, Xi instructed the CCP to build a national security system in which political, territorial, military, economic, cultural, social, science/technological, information, ecological, resource and nuclear etc. are integrated and China is also emphasizing operations in the grey zone, also pointed to how at present, some information communication technology like 5G is being obtained from China. Technological cooperation between the United States and Japan is necessary to minimize damage. He stated that China is building its own global network infrastructure, including satellites and sub-sea cables; it is also trying to implement Chinese standards rules and norms in international community. He argued that if the United States and Japan want to maintain the free and secure use of data, it will be difficult to share technology with China, except to the extent that the United States and other democratic countries can maintain their dominance. He mentioned how the joint statement of the United States and Japan 2+2, which was held January 7, stated that in addressing increasingly challenging regional security environment, the United States and Japan will ensure alignment of alliance visions and priorities through forthcoming NSS.

However, He contended, there are some challenges; the United States and Japan have different national goals which preclude shared strategy. Japan does not have a system in place to cooperate with the United States. Japan does not have a framework for handling information, including a security clearance and lack of laws governing extraterritorial cyber operations. There is a perception gap between the government and private companies. He brought up that the Biden administration has the same gap, so Japanese companies are skeptical of the U.S. government China policy. The Global Posture Review is one of the examples. He stated that although the 2021 report of the US-China Economic and Security Review Commission expressed concern that U.S. companies are prioritizing business with China, it is unclear to what extent the Biden administration will impose effective regulations.

Mr. Haraoka thanked for his comprehensive and productive presentation on hybrid warfare and the importance of gray zone.

Panelist D made three points that reinforced and synthesized some of the points that previous panelists made.

1. When the United States and Japan think about deterrence, U.S. and Japanese resources are limited, so the United States and Japan need to array them as effectively as possible in space and time to achieve U.S. and Japanese aims. It's not just deterrence in the abstract but about who it is the United States and Japan want to deter.

2. When the United States and Japan think about deterrence, they tend to think in terms of a dichotomy—either they are at peace, or at war. The United States and Japan think peace is the natural state of things and war is a temporary and regrettable disruption. By contrast, on the Chinese side, it's a continuum and not a dichotomy—it's a spectrum. On the U.S. and Japanese side, this dichotomy is reflected in stovepipes—bureaucratic and organizational. In China, there is an integrated strategy. As the United States and Japan move forward, the two countries need to take that into account. The United States and Japan shouldn't pretend that they can become like the authoritarians. The two countries should look to their history and to other historical examples of how democracies can integrate different instruments of power, but the United States and Japan should recognize that it is not always something that comes naturally to the two countries.
3. Third and finally, Panelist D names four strategy to think about:
  - a. A strategy of denial: seeks to convince Xi that what he seeks is impossible. In a Taiwan scenario—it would be to make him think it is impossible to reunify with Taiwan forcefully.
  - b. Cost imposition: seeks to convince Xi that achieving his goals would bear with it far too costly of consequences.
  - c. Attack their strategy: cause Xi and the CCP leadership to question their own strategy and go back to the drawing board.

Historically, states have used these four strategies in peace and war time and these strategies might apply to China in the 21st century. But the challenge with these strategies is the challenge of knowledge. It certainly takes a lot to understand Xi's values and the values of CCP leadership and do it in a way in which the United States and Japan can fruitfully employ these strategies, but on the U.S. and Japanese side, certainly strides are being made towards improving. The intellectual side of this should not be understated. But it needs to be coupled with action.

Mr. Haraoka thanked Panelist D for his excellent overview of strategies and also mentioned that learned a lot about strategies from the presentation, because Japanese are not often used to strategic thinking.

#### Q&A

How Japan can secure military security in Taiwan, in thinking about foreign relations with

the United States and China and so on?

Panelist A stated that the Japanese government has begun to balance externally by strengthening its alliance with the United States and planning, training, and operating more to contemplate a Taiwan contingency. Japan has also been balancing externally by networking with other partners and allies and Australia is a case in point. Panelist A contended that while all of that is very commendable, Japan needs to do more, and the United States needs to do more with Japan. The issuance of the U.S. NSS, as well as Japan's drafting of a new NSS, will provide the United States and Japan with a really good opportunity to discuss further what the two countries need to do to strengthen deterrence across the Taiwan Straits. Panelist A argued that again, reassurance of Taiwan needs to be a part of this and in order to do this the United States and Japan need to be talking more to Taiwanese counterparts.

Panelist B argued that the possibility for China's military aggression against Taiwan in coming years is not that high, but China is trying to penetrate into the society of Taiwan to change its social operation, which has already become a serious threat for the island. According to her, the United States and Japan can strengthen cooperation with Taiwan to deter this type of threat.

Panelist C confirmed the need to use the means of deterrence that Panelist D mentioned. PDI is one of those means. China is conducting capability building of A2/AD. PDI is trying to neutralize A2/AD capabilities to guarantee the military operations of the United States and its allies in the East and South China Sea. He pointed the United States shows AUKUS is not the end, only a stage for cooperation among allies.

Regarding the integration of different levers of power, Panelist D argued that for Japan there needs to be a greater appreciation across Japanese society of what is at stake with competition with China and potential aggression against Taiwan, also needs to be discussions within Japanese government and society about what things might need to be done. He pointed there's a lot that the United States, Japan, Taiwan, and others can do when it comes to supply chains as a way of countering coercion, and all three countries working together there are things that can be done to enhance deterrence, not only militarily but also economically.

### Q&A

The panelists are asked if they expect Japan will establish a cyber security organization in the future?

Panelist C noted that he hopes the Japanese government will establish an organization like the joint HQ for cyber operations, and while LDP members are discussing these issues. Also, he mentioned there is an issue with the lack of literacy in Japanese society about cyber operations, so there is a need to conduct education or other activities to make the Japanese society understand cyber threats and the necessity of cyber operations.

### Q&A

The panelists are asked if the United States and Japan would consider help or mediation from other countries who enjoy better relations with China, like the EU or the Middle East?

Panelist A maintained that he would be wary of asking the EU to mediate on behalf of the United States or Japan in a dispute with China. The United States is always willing to hear the views of allies on how to manage issues with China. He argued the best way to ensure stability in the region over the long run is strengthening deterrence over the whole spectrum of operations, geopolitical and geoeconomics.

Mr. Haraoka argued that this issue needs a holistic approach, not only political or security but also an economic approach as well. Geopolitical issues and economic issues are very closely related and interconnected. He maintained that in that sense, this panel too is a very important session to introduce the whole picture of the solution for U.S.-China disruption and how the U.S.-Japan Alliance can deter this disruption.

### **Panel2: Building a Rules-Based International Order: Economic and Environmental Considerations**

Dr. Calder mentioned how evolving technology is driving Chinese policy and also deepening security dangers in the grey area between overt conflict and stable relationships. In thinking about the issues on which Japan and the United States, and also the world as a whole, have in common—shared interests and concerns—Dr. Calder maintained that most people would agree that the environment is one of those. And to speak to that question, Dr. Calder introduced Panelist E.

Panelist E stated that the EU is setting a variety of regional rules and influencing financial

sector to promote climate change measures. Companies and firms are now forced to follow a new set of international financial rules such as declaring carbon neutrality targets. The core issue is that the EU, with its access to renewable energy, not only can lead these policies but increase its international influence via measures such as taxonomy or border adjustments. While those with fossil fuel resources like Russia and the Middle East are not necessarily vocal in making known their points of view, she argued they will remain influential because their resources remain essential during the course of transition periods towards carbon neutrality. She stated that renewable energy centered policy not only benefits rich countries of Europe, but also benefits China with its over 70% refinement of the several of the world's critical minerals and its majority in solar panel production. She argued that if investments in new infrastructure are not met in time, the huge scale introduction of a variable renewable electricity threatens the traditional power systems and forces more players into bankruptcy. She maintained that from the Asian point of view, a stable and economical supply of fossil fuels will be essential for the transition period. Switching from coal to natural gas and later to fuels like ammonia and hydrogen, will enable a smooth transition for emerging economies which are also global growth centers. She stated that it is important to achieve both climate change goals and global sustainable development goals. The United States and Japan must collaborate in tackling climate issues from an energy security point of view. She argued that 2022 should mark the starting point for collaboration between the two countries. 2022 is the year of the German presidency of the G7 and together the two countries can pave the road for Japan's G7 presidency in 2023. Through collaboration, the United States and Japan must remain influential on climate change issues. She clarified that countries are so dependent on each other, and diversity of energy supply is still necessary and therefore it is so important to understand what energy transition means as this matters to national security of each country. She stated that for the United States and Japan, there is so much to do to share this target of carbon neutrality but also secure the way to carbon neutrality for the world.

Panelist F stated that she would talk about climate change and the food insecurity crisis as they are two of the greatest challenges of the time and they interact with each other. She argued that these issues require multilateral cooperation. When looking at the United States and China, two of the largest greenhouse gas emitters in the world, she maintained that while they did act and agreed to work more closely together, they didn't act in a bold way and they didn't think about the time horizon. The United States and China announced this bilateral Glasgow declaration but it's not nearly enough. China, unlike the United States and Japan, did not sign the methane pledge. Panelist F made the point that there



were some commitments from China but not enough. Same with the United States and Japan. She mentioned that Japan pledged billions to help vulnerable countries and support infrastructure for renewable energy. But she pointed out that Japan didn't commit to reduce coal consumption, which is a step back from the Kyoto Protocol. Panelist F pointed out that food was totally ignored at the COP meeting, but that the food system emits 30% of total greenhouse gasses in the world. While current focus is on energy and transportation, also contended that the global food system is a huge contributor to climate change. And very little is happening to try to reduce those emissions, particularly methane emissions coming from livestock. She argued that if action is not taken, there is a risk of increased political polarization, geopolitical competition would increase for trade issues and the global sharing of public goods like water. She maintained that there is a need to be thinking about food and countries like the United States and China need to commit to reducing greenhouse gasses coming from food. If climate change is not addressed, Panelist F argued that issues of food insecurity and the growing problem of malnutrition cannot be solved. She argued that the world is currently in the middle of three pandemics: malnutrition, covid, climate change—a syndemic. She maintained that global cooperation and inclusion need to be embraced in order to address this syndemic.

Dr. Calder stated how Panelist F's talk about syndemics made him think about Mr. Haraoka talking about holistic problems, and he maintained that these pieces are inter-related. Dr. Calder asked Panelist G about his take on global trade issues today and the role of the United States and Japan in dealing with them.

Panelist G stated that 2022 started with RCEP entering into force with 10 signatories. He mentioned that the Japanese effort, which started in the early 2000s to conclude a series of bilateral or regional FTAs, is fairly complete he argued, also put out the question "So where does Japan go from here?" He maintained that globalization and global free trade is no longer just about getting rid of trade barriers and supply chain management, now there is a need to include the aspect of sustainability. He brought up the initiative to launch this year—the Indo-Pacific Economic Framework that the Biden Administration is putting out. He posited that several important pillars in this framework are potentially: how to support and promote energy transition in Asia, and regarding the digital economy, the United States and Japan should collaborate and push forward rulemaking in this area. He stated that digital economy involves various aspects: data management, semiconductor supply chain, telecommunication technology. He mentioned that the CPTPP already has three basic principles built in on data management:

1) secure free flow of data, 2) no forced data localization, 3) protection of source code. The Japan-U.S. trade deal, Japan-UK trade deal and USMCA contain these same principles. He argued that it would be an important push for rulemaking in the digital economy if the new Indo-Pacific Economic Framework could share these same principles, especially when RCEP has softer rules on this respect. WTO plurilateral negotiation on e-commerce is also ongoing. He maintained that Japan-US collaboration on this issue will also mean the two countries can support the WTO regime, also pointed out that one thing that this new economic framework probably will lack is market access negotiation, mostly due to U.S. trade politics. He stated that it remains to be seen if this framework will gain traction in the region without this market access component.

Panelist H made four main points on digital trade and economic sanctions:

1. The United States seeks to shape global rules on digital trade through a variety of means.
2. The United States has aggressive sanctions policies to address issues related to nuclear proliferation, terrorism, and national security.
3. The United States makes use of extraterritoriality as a tool to advance both of these goals as well as other values like financial regulation and money laundering.
4. The United States is no longer the only player that uses extraterritoriality to shape global rules. This further complicates life for global corporations for creating a rules-based international order.

Panelist H mentioned that in digital trade the United States has articulated a number of goals which are reflected in recent agreements including the USMCA and the U.S.-Japan digital trade agreement, and to achieve those goals the United States has used a combination of negotiation. One example is the U.S. CLOUD Act. Turning to sanctions policy, Panelist H maintained that the United States has been proactive in applying sanctions for security and other reasons. One thing that is interesting about U.S. sanctions policy are secondary sanctions, and this is important for Japan.

He explained that secondary sanctions are an inherently extraterritorial measure that targets commercial activity not directly involving the United States, and Secondary sanctions operate by denying access to U.S. markets. Due to the centrality of the U.S. dollar and U.S. financial markets in the global economic system, secondary sanctions have achieved high levels of compliance. He brought up that the EU has put in a blocking statute that prohibits compliance with foreign sanctions unless authorized by the European

Commission. He also pointed to the fact that China's 2021 law is modeled on the EU law, but also adds its own extraterritoriality extending to Chinese subsidiaries of foreign firms and foreign subsidiaries of Chinese firms. Panelist H argued that these situations do not look like a recipe for building a rules-based international order and that this is particularly true of sanctions policy where U.S. extraterritoriality has arisen largely because of the lack of international consensus to impose multilateral sanctions.

Panelist H suggested that there is presumably more hope in digital trade but that there are deep differences between major players. He also, pointed there are competing visions of privacy that divide the United States and Europe, and whether these competing visions can be bridged through international agreement that is very much in question.

Panelist H stated that he hopes at least those competing extraterritorialities do not lead to a breakdown of other trade dependencies, also noted that this is a dangerous situation for Japanese firms who must triangulate among U.S., Chinese and EU extraterritoriality. It is possible that conflicting rules on data localization and data disclosure and sanctions compliance will literally make it impossible to not violate the laws of one jurisdiction or another for multinational corporations. Panelist H maintained that the hardest challenge for Japanese and U.S. firms will likely be China's data security and privacy laws.

Dr. Calder stated that sanctions and tech-related sanctions of course are close to the top of the non-military side of the agenda. Dr. Calder asked Panelist G about some of the problems Japan sees with the use of sanctions and what some alternatives may be?

Panelist G has heard a lot of concerns about secondary sanctions and extraterritoriality of U.S. sanctions regime, and that it's not just about specific programs, this whole thing about sanctions and 301 and 232 tariffs and export controls related to high tech, all these measures create a sense of uncertainty. He stated that all of these things are political in nature so uncertainty can't totally be avoided. He argued what is needed is clarity and predictability.

Dr. Calder brought up another question on trade that could relate to the environment as well. In the Indo-Pacific, the issue was raised at the last Quad summit on developing supply chains in the health area for producing Covid vaccines. And in the defense production area, one could think about ways supply chains could be more efficiently organized. Dr. Calder asked the panelists if they have any thoughts on the supply chain issue—this could relate to rules related to digital trade.

Panelist H stated that decoupling is a word that has become pretty popular, but that it's a very difficult thing to do because the world has a vote in this. He argued that countries need to understand that staying in a situation of interdependence is most likely and pointed there are two ways of thinking about this: strategically important issues—COCOM and export and technology controls. The other has been having to do with vulnerabilities like the ones having to do with the pandemic. Panelist H argued that one has to be willing to accept higher costs and unless there's some mechanism for subsidizing higher costs, he thinks that both of those are going to be very difficult to change over unless companies make the decision that their own supply chains are vulnerable.

Dr. Calder asked the panelists if they had any thoughts on the role of the United States and Japan in combatting global warming.

Panelist E stated that in rulemaking the United States and Japan can cooperate and pointed out that there are so many things that don't have rules—how does one define carbon neutral natural gas; companies are making their own individual efforts to identify this. But the rule is not there yet. She argued that that kind of rulemaking where the United States is a great supplier of natural gas, and the Asian side is a big importer—or CCS, blue ammonia and blue hydrogen, but there is not a consensus yet if it can be considered “blue” under EU taxonomy—that kind of rulemaking is very important.

Panelist F argued that one of the big things they can do is help resource constrained countries that are struggling adapting to climate change. Most high-income countries should provide support for these countries. She pointed out that as these high-income countries are emitters, they don't want to change their behavior, also posited, in the near term, how can those countries reduce suffering and inequities that climate change is bringing to regions of the world?

### **Closing Session:**

Chairman Toyoda maintained that there is quite a lot to learn from the two sessions. From the first session about deterrence and national security, a sort of conclusion he got is that deterrence needs strategic and holistic thinking. It's not only military but also economic and cultural. Unfortunately, he argued, the United States and China, and Japan and China, have different goals and it's important for the United States and Japan to cooperate on their shared goals. Clearly, Europe or other Asian countries can join. From the second panel, He maintained he was very much impressed by the three important goals which may

not be co-existent with each other: climate change, food insecurity, and economic growth—how can these three important issues be reconciled? He argued that upgrading trade and investment rules are quite important, including digital rulemaking and the importance of having common goals and trying to establish shared rules. He stated that he believes United States and Japan can collaborate in that regard. Essentially, Chairman Toyoda stated, the important thing in those two panels is how important the cooperation between the two countries is.