

# Japan's Diplomatic & Security Strategy & External Economic Policy in Light of the Situation in Ukraine & the Confrontation Between the United States & China

By the Study Group on a Roadmap of US-Japan-China Relations

## I. Current State of Affairs

### (1) Diplomacy and Security

#### ① The Current State of Affairs Regarding Ukraine

##### i) Russia's Strategy

Nine months have passed since President Vladimir Putin launched Russia's invasion of Ukraine on Feb. 24, 2022. Russia appears to be making a fait accompli of its absorption of at least the four states in eastern and southern Ukraine while the US and European nations hesitate to intervene in the face of the threat of nuclear warfare. In the background of this invasion is a negative outlook on the part of Russia. During the Cold War, parity in conventional forces existed between the US and the Soviet Union, and mutual deterrence was secured by mutually assured destruction (MAD). But the parity in conventional forces collapsed in the post-Cold War era. So Russia is attempting to prevent military intervention by NATO by brandishing low-yield nuclear weapons, what we call a strategy of "escalating to de-escalate".

##### ii) Response from the US and Europe

The US and some European nations are supplying Ukraine with weapons, imposing sanctions on Russia, and otherwise taking measures to prevent the emergence of an international order where Putin's attempt to "change the status quo, not on the basis of rules but through military power" is rewarded. This has enabled Ukraine to step up its counterattacks on occupied territory and retake some of it. However, NATO is taking great care to prevent the fighting from spilling over Ukraine's borders even as it promises to maintain its support. This is in line with the coolness with which it is handling Ukraine's bid to join NATO. Behind this caution must be the fear of circumstances that could trigger collective defense under Article 5 of its founding treaty and create the risk of a war with Russia over Ukraine escalating to nuclear warfare. Furthermore, if the invasion of Ukraine results in an outcome to Russia's satisfaction, it is not difficult to imagine Russia making further expansionist moves in other parts of Europe. It appears that NATO is eager to extinguish any such possibility by continuing to support Ukraine.

##### iii) China's Response

China wants to maintain an appropriate distance from Russia. It supports Russia while carefully avoiding military support and other measures to avoid economic sanctions from the US and Europe. At the same time, the fact that Xinhua News Agency, China's state news

agency, is full of reports that NATO, and the US in particular, is causing the "Ukrainian crisis" means that China shares Russia's view that it is the US that is violating the international order and threatening its security. China must regard "NATO's eastward expansion" in the same light as the Indo-Pacific strategy of the US, through which the latter seeks to deter China's reunification with Taiwan.

#### ② The Current State of Affairs Regarding Taiwan: How Ukraine and Taiwan Differ

##### i) China's Interest in Taiwan

China's interest has always revolved around the Taiwan Strait. In a telephone conference between the US and Chinese heads of state on March 18, three weeks after Russia's invasion of Ukraine began, President Joe Biden sought to restrain China's support for Russia while President Xi Jinping did likewise for US support for Taiwan's self-defense.

##### ii) How Ukraine and Taiwan Differ

Russia claims unity with Ukraine, China likewise with Taiwan. Both countries are major powers with nuclear weapons. But there is a distinction here, rooted in the different statuses that Ukraine and Taiwan have under international law. Ukraine is a sovereign state, while Taiwan, according to Chinese claims, is a Chinese province; in that sense, the Taiwan question is a domestic issue. However, a military invasion of Taiwan would unilaterally destroy longstanding, stable governance under a government democratically elected by its residents. It violates the rule of law, which, in the words of the Preamble to the United Nations Charter, "reaffirm(s) faith in fundamental human rights, in the dignity and worth of the human person."

#### ③ China's Domestic Politics as Backdrop

The political dynamics in China today are reminiscent of the Mao Zedong years. As supreme ruler and anxious to maintain his power, wary of his ascendant deputy, Mao pushed him by mobilizing Chinese youths as Red Guards and launching the Cultural Revolution. And focusing on his personal legacy, he spoke of achieving a world revolution and launched attacks against the Soviet Union at their national border, and stunned the world by deciding to dramatically improve relations with the US. Xi likewise is likely to repeatedly undertake irregular actions at home and abroad due to similar domestic political concerns. He is also prone to punishing his

opponents at home and abroad with military and economic means while emphasizing his own moral superiority.

## (2) Foreign Economic Relations

### ① The Current State of the Economy and Trade

#### i) The Massive Expansion of the Chinese Economy

Since it adopted its reform and opening-up policy, China has achieved economic growth by leveraging the expansion of trade and inbound direct investment. This trend has only accelerated since its accession to the WTO in 2001. China has indeed been on the rise in economic terms by making full use of the international free trade system. China's GDP surpassed Japan's in 2010; by 2020, it had grown to three times the size of the other. Moreover, China's external economic relations are much more complex and deeper than those of Russia. Given the current dependence of many major powers on their economic relationships with China, those nations must be prepared to accept serious harm if they impose on China the kind of sanctions they have imposed on Russia if China decides to reunify Taiwan by force.

#### ii) The Economic Relationship Between Japan and China

Let's look at the economic relationship. China's reliance on its trade with Japan has been declining while Japan's reliance on China has increased significantly. Japanese businesses now have more than 30,000 business establishments in China. More important import items are being sourced mainly from China. China's autumn 2021 electricity shortages and the 2022 Shanghai lockdown caused shortages of a wide variety of materials and products, highlighting the fact that it was not only high-tech items for which the supply chains in the two nations are closely intertwined. But there are numerous items for which China relies on imports from Japan for the bulk of its needs. The economic, technological, and supply-chain interdependence between the two nations is still strong.

### ② Confrontation Between the US and China and the Conflict over Technology

#### i) US Concerns about China

Meanwhile, there is confrontation between the US and China that has been growing since the latter half of the 2010s. The US in particular has come to see China's technological progress and efficient and asymmetrical military buildup under its state-led economic model and civil-military integration strategy as a threat.

#### ii) China's Policy to Enhance Competitiveness

Meanwhile, China has adopted "dual circulation" as a government strategy in recent years. Under this strategy, China will expand domestic demand and "create a gravitational field" that attracts investment and technology from overseas with its attractive market under "domestic-international dual circulation with the emphasis on the great domestic circulation". This is also connected to a policy that "requires strengthening the reliance of global supply chains on China and creating powerful counterattack and retaliation capabilities against states that stop supplies (to China as economic sanctions)". China also upholds "self-reliance in science and technology" and

promotes the domestic production of core technologies with the objective of "strengthening the capability of autonomous, controllable supply chains", keeping key elements of supply chains at home.

### ③ The Significance of the Chinese Market for Japan

#### i) Many Japanese Businesses Considering Expansion of Activities in China

China established its position as the "factory of the world" in the 2000s. As the Chinese economy expands, it has also become an important market for Japanese businesses operating there. Roughly half of the Japanese businesses with establishments in China responding to a questionnaire survey have consistently stated that they are considering expanding business operations there and very few respond that they are considering withdrawal or contraction.

#### ii) Matters of Concern for Japanese Businesses in the Chinese Market

According to a survey conducted by the Japanese Chamber Commerce and Industry in China, whose members are Japanese businesses with establishments in China, its members expressed concern over such matters as the prioritization of domestic goods and services in government procurement as well as the still-prevalent opacity of the provisions in cybersecurity-related legislation that are now being established, among other things. There are also growing calls for improving Japan-China relations in the interest of stabilizing and expanding economic transactions.

## II. Policy Recommendations

### (1) Diplomatic and Security Policy

#### ① Information and Scenario Analysis for a Potential Taiwan Crisis

It is important to analyze information regarding the potential "clear and present danger" of a Taiwan emergency to consider the lessons China is likely to be taking from the Ukrainian and the diplomatic and military strategies it will adopt therefrom and to explore crisis scenarios.

(The bar has been raised for a Chinese invasion of Taiwan, which was already more difficult than Russia's invasion of Ukraine. However, the Xi administration is obsessed with reunification with Taiwan, so a crisis could occur sooner rather than later.)

#### i) Factors to Be Considered in a Crisis

#### A) The Bar Is Higher for a Military Invasion in Taiwan than in Ukraine

From a conventional national security perspective, Ukraine and Taiwan have different implications for the defense of the US homeland. And while Russia has a land border with Ukraine, China is separated from Taiwan by the Taiwan Strait. Landing on Taiwan while securing air and naval supremacy over the strait will be a far more difficult task than invading Ukraine. China observes and analyzes the interaction between the US and Russia very closely. We assume that the bar for a military invasion of Taiwan has gone up. Many experts believe that a Taiwan Strait crisis will occur while Xi is in office (Xi's third term as president ends in 2027; a fourth term

would end in 2032).

### **B) Xi's Obsession over Reunification with Taiwan**

A higher bar does not mean that China will give up reunification with Taiwan. As the 20th National Congress of the Chinese Communist Party has come and gone, concern is rising in the US, Japan, and elsewhere over China's Taiwan policy. Xi becoming more of a dictator means that it will be more difficult for accurate information to get through to him, making appropriate decision-making that much more difficult. If economic progress does not match expectations, he may obsess even more over reunification with Taiwan. The promotion of He Weidong, a PLA general who had been commander of the theater that would be crucial to the exercise of military force over Taiwan, to the Politburo speaks eloquently to this point.

### **C) The Significance of the 2022 Communist Party Congress**

It is better to prepare early for a crisis under the presumption that it is likely to happen sooner rather than later. In his report to the 20th National Congress of the Chinese Communist Party in October 2022, Xi called the reunification of Taiwan a historic mission and declared: "Complete reunification of our country must be realized, and it can, without doubt, be realized!" This means that neither the Chinese Communist Party nor Xi will be able to continue without achieving reunification. On the other side, the US will lose its presence as well as its rights and interests in the Indo-Pacific region if it suffers defeat in a military conflict over the reunification of Taiwan. We must assume that this undertaking determining the fate of great powers will take place and be aware that Japan must be prepared to take action that will put its own existence on the line.

### **D) The Lessons China Has Drawn from Russia's War in Ukraine**

It is our conjecture that China has drawn the following lessons from Russia's war in Ukraine. They must be carefully examined to determine how they affect the Taiwan Strait crisis scenario.

(a) First is the effectiveness of threatening and intimidating with nuclear weapons. The war in Ukraine revealed that the US and Europe cannot deter the use of force by a nuclear power.

(b) Second is the unforeseeable nature of the effect of hybrid warfare. It is difficult to predict the effect of cyberattacks, destruction of network infrastructure and lifelines, traffic lane blockages, and other operations that do not amount to actual use of force. Nevertheless, the possibility cannot be ruled out that China will use these untested means in the preparation stage of its operation. It is possible that China will engage in cyberattacks, disinformation, obstruction using social media platforms, communication intelligence, intimidation, kidnapping of key officials, sabotage, information warfare, illegal infiltration, and other activities that will be difficult to define as use of force under international law preceding or simultaneously with the actual invasion. Japan and the US must collaborate closely in their vigilance, surveillance, and other activities regarding operations using drones and outer space/cyber systems.

(c) Third is the difficulty of conducting cognitive warfare targeting public opinion. Particularly if hybrid warfare is ineffective, the

international community will see what is actually going on, and the excuses and lies of the invader will not be accepted.

(d) Fourth is the possibility that heavy sanctions may be imposed. If the war stretches out, this will give time for the international community to unite. As the war drags on, massive losses will be incurred in terms of weapons, ammunition, and other logistics as well as casualties, making it difficult to maintain public support. Rising criticism at home will take a heavy toll on the ability to conduct the war. This means that the operation must be concluded swiftly, and this means that great care must go into preparations for the operation: air and naval supremacy must be secured beforehand, and sea-lane blockades around the Taiwan Strait must also be taken into account. These preparations are also likely to be detected by the other side.

### **ii) Scenario for the Military Operation**

#### **A) Quick Occupation of Taiwan**

Taking these four lessons into account, China is likely to accelerate the buildup of its ability to rapidly occupy Taiwan by means of kinetic attack in addition to reinforcing its hybrid warfare capabilities. To this end, it may undertake diversionary action around the Senkaku Islands or Japan's Northern Territories while seeking help from Russia and/or North Korea to create a power vacuum through intimidation and pressure. Taking these factors into consideration, the likelihood of unforeseen confrontation and/or accidents occurring in the area surrounding the Taiwan Strait is rising. This is because conflict between the US and China is becoming the norm. Related to this point is that an attack on the Senkaku Islands is likely to take place simultaneously with the annexation of Taiwan, although the possibility that it could be conducted on its own cannot be discarded altogether.

#### **B) Exercising Full Command over "Jurisdictional Seas"**

China, in parallel with its rapid military expansion, is constructing a domestic administrative system to exercise full command over its "jurisdictional seas" by 2035. To support this, it is building new infrastructure that connects outer space, airspace, the sea, the sea bottom, and land.

#### **C) Enhancing the Ability to Transport Massive Ground Forces**

One area in which China has been concentrating its efforts of late is the enhancement of its ability to cross the sea with massive ground forces. In recent years, it has frequently been conducting landing exercises using civilian ships. It is likely that the PLA will use civilian roll-on/roll-off (RORO) ships in addition to navy ships in a landing operation in Taiwan.

#### **D) High Likelihood of Sea-Lane Blockades**

However, it will be difficult for unarmed civilian ships to transport landing forces. The first troops must rely on the navy's own transportation capabilities. China currently has eight Type-071 dock landing ships and is in the process of securing three Type-075 amphibious assault ships. It also has a massive number of tank landing ships. Even all this will not be enough, though, for a

successful landing operation in Taiwan. Given that maritime transport will be more important for third-party support than in the war in Ukraine, it is likely that China will implement a sea-lane blockade.

#### **E) Using Drones**

To minimize its own casualties during the landing operation, China may secure air and naval supremacy before it and/or use massive numbers of drones after an aerial blitz with missiles and other weapons to attack Taiwanese troops as well as those of the US Forces, Japan (USFJ). The PLA is pursuing “intelligentized warfare”, which uses lethal autonomous weapon systems (LAWS) integrated with artificial intelligence and is expected to be waged as “man-versus-machine” or “machine-versus-machine”. China will allow swarms of drones that do not require human intervention to make the decisions to attack enemy troops, human and drones alike.

#### **F) Using Outer Space and Cyberspace**

Contemporary warfare weaponizes all spaces – outer space and other physical spaces, cyberspace, and cognitive space – as well as all means available including the economy, technology, and resources. All actions that China takes to nullify US deterrence must be taken into consideration.

#### **iii) The US Response: Redeploying Forces to the Indo-Pacific**

Meanwhile, the US is putting a brake on China’s expansionary moves, emphasizing military operations across all domains and partnerships under a newly adopted “integrated deterrence” strategy. The US clearly no longer has the power to conduct simultaneous operations in Europe and Asia. But since the 2014 annexation of Crimea by Russia, European nations have been increasing their defense expenditures and begun to prepare for threats from Russia. Even as it strengthens its relations with NATO, the European Union (EU) is promoting strategic autonomy on security and putting serious effort into enhancing the overall defense of Europe. This could be seen as an attempt to shed the longstanding defense posture of relying on the US and effectively supplement the US military presence there. Meanwhile, as Biden repeatedly refers to the defense of Taiwan, the conditions are being prepared to reduce the unipolar US military presence in Europe and redistribute its military power to the Indo-Pacific.

### **② Detering the Use of Force by China in Case of an Emergency Through Close Collaboration Between the US, Japan, and Taiwan**

#### **i) Collaboration with Friendly Nations Including the US and Taiwan**

Japan should take the most effective measures possible for deterrence and response to prevent China from attempting to reunite with Taiwan by force while thoroughly upgrading its own defense capabilities. To this end, the US, Japan, and Taiwan should build the determination and capability to secure peace and stability in the Taiwan Strait by holding full and close policy consultations with each other, securing sufficient cooperation from European countries, India, and other friendly states, and cooperating and providing

mutual support for all contingencies. Most important is the need to make an appeal to the international community that China is moving forward with the same kind of unlawful actions that Russia has taken in its war in Ukraine and seeking to destroy the international order and, most importantly, demonstrate the powerful unity and cooperation between the all-important US, Japan, and Taiwan.

#### **ii) Maximum Support for the US**

Japan must provide the maximum assistance and cooperation allowed under current law to the US, which plays the leading role here. Assistance to the US, particularly for outer space, cyberspace, and intelligence activities as well as logistics, is important in order to enhance Japan’s own capability for deterrence and counterattack. The building up of the necessary overseas intelligence organizations and cybersecurity capabilities and, where necessary, a review of the legislation for peace and security and the Guidelines for Japan-US Defense Cooperation should be conducted as swiftly as possible. Although there are limits to what it will be able to do for the defense of Taiwan, Japan should develop a clear grasp of Taiwan’s desires beforehand through consultations with the US and Taiwan.

### **③ Securing the Safety of Japanese Nationals in the Far East**

The possibility cannot be denied that a Taiwan emergency will become a Japanese emergency. In that case, it will be the key responsibility of the state to secure the safety of the Japanese people as well as the safety of the state. The Japanese government must proactively evacuate and bring home overseas Japanese (in Taiwan, China, the Korean Peninsula, and elsewhere in the Far East), and to make sure it can take all necessary measures in the event that this is not possible by closely communicating with the relevant states.

### **④ Cooperation with Allies and Friendly Nations in Peacetime**

#### **i) Strengthening the Defense System in the Indo-Pacific Region**

The US is countering China’s steady buildup of its military power by strengthening the Japan-US alliance and launching the Quad (the quadrilateral security dialogue between Japan, the US, Australia, and India) and AUKUS (the trilateral security pact between Australia, the United Kingdom, and the US). Japan and other US allies and partners not only should support the US but also unite to integrate defense capabilities with states other than the US and enhance the defense potential of the Indo-Pacific region in its entirety. Biden is leaning into the defense of Taiwan, but the fact that public opinion in the US is reluctant on this point should also be taken into consideration.

#### **ii) Deepening the Integration of Defense Capabilities**

##### **A) The Japan-US Relationship**

Cooperation with allies and friendly countries in the region should be further reinforced with the Japan-US alliance as the core. A key point here is deepening “integration”. Japan, through its “multidimensional integrated defense force”, and the US, under its “integrated deterrence” strategy, are working to build up their individual cross-domain capabilities, a seamless defense posture from peacetime to emergencies, and a multidimensional,

multilayered security cooperation framework with allies and friendly countries. The two nations are working beyond the military dimension to build up the overall deterrence framework and competitiveness by combining economic tools, building up their technological and industrial foundations, and other non-military means. By bringing together the power of Japan and the US in all aspects both military and nonmilitary and further integrating their capabilities and resources, it will be possible to maintain deterrence and competitiveness *vis-à-vis* China.

## **B) Relations with Nations Other than the US**

Japan should also seek to integrate its capabilities with nations other than the US. The Quad and AUKUS in particular are frameworks that have the potential to be “gamechangers” in the long-term competition with China. The Quad enables cooperation that employs the strengths of the four nations in emerging technologies, infrastructure and connectivity support, maritime security, and other areas through information sharing, policy coordination, and mutual complementarity and offers an alternative to “Chinese standards”. AUKUS focuses on the integration of the technology and industrial foundations of the three parties and comes with the expectation that it will promote faster and more efficient research and development and innovation. If Japan, with its high technological capabilities and financial power, could participate in the latter even in limited form, it will be possible to compete with China more advantageously.

## **C) Challenges for Japan in Integrating Defense Capabilities**

However, Japan faces many challenges when it comes to integrating its capabilities with other nations in the free world. The unique provisions of the Japanese Constitution and an inadequate security clearance framework are clear obstacles in cooperating with other nations on military and cybersecurity matters. The deterioration of the industrial foundations and international competitiveness including defense due to the slowness when it comes to digitalization, innovation, and dual-use technology as well as insufficient research and development funds is reducing Japan’s attractiveness as an international partner. Japan must tackle these issues if it is to deepen collaboration in the Quad and with AUKUS and help maintain and strengthen the unity of the free world.

## **D) Buying Time Until the Transition to a Post-Xi Regime**

Lying ahead for China are the growing seriousness of structural problems such as slower economic growth, a declining birthrate, and an aging population as well as the political instability when it transitions to a post-Xi regime. In the meantime, Japan and its allies and likeminded countries should adopt the mindset of buying time by persisting in maintaining a balancing strategy until China no longer has the leeway to hold up an aggressive external posture.

## **⑤ The Importance of a Multilayered China Strategy**

While the risk of the status quo being changed by force remains high, Japan has no choice but to adopt a “hard balance” strategy *vis-à-vis* China. But Japan also needs to be mindful of the possibility of a

future policy change and lay the diplomatic groundwork towards the improvement of the Japan-China relationship. It goes without saying that a China with a prosperous economy and a cooperative external posture is to Japan’s benefit. But Japan cannot expect such a China for the time being. In the meantime, Japan should set forth a clear vision of how the international order should ideally be and demonstrate its desire for coexistence and co-prosperity with China while maintaining an appropriate distance in practice and being fully prepared against the uncertainties in China’s future.

## **i) Efforts to Improve Japan-China Relations Through Tourism and Student Exchanges**

First, it is important to always treat China as our everlasting neighbor and develop personal connections, maintain the dialogue, and not give up on persuasion even if these efforts do not yield immediate returns. It is also important to resume and expand the acceptance of Chinese tourists and students with a view to future improvement of the relationship.

## **ii) Tackle International Challenges that Can Be Addressed Together with China**

It is also important to be prepared to work together with China on international issues whose resolution will be facilitated by such cooperation. Allies and likeminded countries should not abandon efforts to engage China in areas where cooperation is possible. It is necessary to take the greatest care so that diplomacy with China will not focus solely on confrontation. It will be important for diplomacy with China going forward to adopt a multilayered strategy oriented towards the future even if benefits may not be available in the near term.

## **iii) Achieve Dialogue and Cooperation with Taiwan**

Active diplomacy *vis-à-vis* China should be accompanied by close communication with Taiwan. In dealing with China, Taiwan is a valuable partner with which Japan should exchange information and otherwise cooperate to their mutual benefit. Dialogue and cooperation between Japan and Taiwan should be explored through both official and unofficial contacts.

## **(2) External Economic Policy**

The following measures should be taken so that Japan maintains an appropriate presence within the international community, the premise being that measures are taken to continuously maintain a level of population and strengthen the technological competitiveness of domestic industries as their basis.

### **① Maintain and Strengthen Japan’s Strategic Indispensability and Autonomy from the Perspective of Economic Security**

#### **i) Maintaining Technological Superiority**

- Use the Economic Security Promotion Act and other means to promote the research and development of core, cutting-edge technologies that have the potential to be used in a wide variety of areas including government infrastructure, counterterrorism/

- counter-cyberattack measures, and national security.
- Prevent the leakage of core technologies through the movement of people and corporate acquisitions.
- With regard to products and technologies in which Japan has an overwhelming technological superiority, aim beyond decoupling and continue efforts to enable Japanese products and technologies to continue to be indispensable to the countries concerned by maintaining technological superiority and supply stability while administering effective technology leakage prevention measures (promotion of strategic indispensability).

## ii) Enhancing the Supply Reliability of Japanese Technology and Securing Chokepoint Products

Consider the adoption of measures to retaliate against the suspension of rare earth and other critical mineral supplies to Japan by suspending the supply of products essential to the offending country.

## ② Enhancing the Resilience of Supply Chains

### i) Voluntary Diversification of Corporate Production Bases

For products that would have a serious impact on Japanese society if their supply were to be suspended, businesses should be encouraged to identify the chokepoints in their supply chains and do the preparatory work for grasping the state of their supply chains and their reconstruction when rapid change occurs, while voluntarily diversifying their production bases and utilizing digital technology.

### ii) Developing Counterweights to the Chinese Market

To reduce national security concerns regarding over-reliance on China, efforts to reduce the relative importance of the Chinese market by looking for a post-China market where profits can be made, and diversifying overseas investment and investing in markets that will be the next to take off should be encouraged. The government should consider measures to support this, such as the encouragement of Japanese corporate investment in ASEAN member countries, India, and elsewhere through assistance supplementary to official development assistance. The growth in the emerging economies in Southeast Asia and elsewhere should be incorporated through government support for digitalization and other means.

### iii) Measures to Help Secure Key Commodities

The government should designate commodities whose shortage would have a grave impact on the daily life of the people and the economy as important supplies under the Economic Security Promotion Act and undertake measures to secure them.

## ③ Establishing a Rules-based Business Environment for International Transactions and the Domestic Market

i) Japan, with an economy whose relative weight is declining, requires international transactions and overseas markets to function according to rules.

ii) The Regional Comprehensive Economic Partnership (RCEP), which came into effect in January 2022, has 15 members including China. It is important for the agreement to be implemented in full.

iii) Efforts should be sustained to develop rules with transparency and foreseeability based on a common understanding with likeminded countries so that trade and investment and supply chains are not unduly impacted by arbitrary, unilateral measures.

iv) To promote compliance with existing WTO rules, Japan should work with likeminded countries to establish an alternative mechanism to the dysfunctional WTO dispute settlement system, and also restore the Appellate Body to functional form.

v) Multiple states and regions including China have applied for accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). First, they must be examined objectively in detail for their history of compliance with other trade agreements and confirm that they are prepared to meet the CPTPP's high standards without exception. Consistency with international trade rules should also be given full consideration when setting up the economic security architecture.

## ④ Building Cooperation and Promoting Mutual Understanding

i) Japan is well behind the US and Europe when it comes to summitry and Cabinet minister-level interaction with China. Needless friction with China should be avoided and high-level mutual understanding should be promoted by maintaining the framework for productive exchanges.

ii) Mutual understanding should be promoted through such means as youth exchanges and human resource exchanges, academic exchanges, and business contacts.

iii) Cooperate on policies to deal with climate change, aging, communicable diseases, and other areas of common concern.

## ⑤ Enhancing Official and Private Sector Intelligence

i) Work to establish an external intelligence organization modeled on those existing in the US and Europe to collect, evaluate, and analyze information to promote the national interests.

ii) Businesses (global corporations in particular) should also improve their ability to utilize the international state of affairs in their business activities by conducting comprehensive, unified analyses of information that they gather through their overseas networks.

iii) In addition, collaboration between the government and businesses, currently limited to the collection of industrial information by individual businesses, should be upgraded to the analysis and evaluation of the international state of affairs and reflected in policy decisions.

**JS**

The Japan Economic Foundation (JEF) initiated the Study Group on a Roadmap of US-Japan-China Relations with prominent Japanese experts in January 2022 and concluded its role by publishing recommendations in February 2023.