

Roundtable with Shingo Ito, Prof. Yasuhiro Matsuda, Satoshi Morimoto & Masakazu Toyoda

Possible Taiwan War – How Should Japan Deal with It Under Intensified US-China Conflict?

By Japan SPOTLIGHT

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Participants



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Current Situation of Ukraine War

Toyoda: The Ukraine war has continued for more than one year, following Russia's invasion that violated international law. There have been many victims on both sides. Japan as well as the United States and some European countries have imposed economic sanctions on Russia and taken a wide range of measures to support Ukraine.

Meanwhile, there has been a growing concern about Taiwan for Asia-Pacific nations including Japan, in the sense that this Russian attempt to change the status quo by military forces without consideration for rules could be followed by China. Chinese President Xi Jinping firmly declared in October 2022 at the 20th Chinese Communist Party National Meeting that "China must achieve unification with Taiwan and it is definitely possible."

On the other hand, the US has clarified its policy to support Taiwan even by use of military force.

How should Japan face this situation? Though Japan is a US ally, its economic dependency on China has been significantly growing,

like many other major powers in the world. In this light, if military unification with Taiwan by China happens, Japan will face the need for well-considered plans and preparations for its own survival.

At this critical moment, I would like the experts of this roundtable to discuss the following three issues: How do you assess the current Ukraine war? How could this war affect China's attempt to unite with Taiwan? And how should Japan deal with the confusion that such an attempt would cause?

We have three distinguished experts to discuss these issues: Satoshi Morimoto, a military expert and former Japanese defense minister; Yasuhiro Matsuda, an expert on Taiwan and China issues and professor at the University of Tokyo; and Shingo Ito, an expert on the economic relations between Japan and China as well as Japan and Taiwan, and a senior researcher at the Institute for International Economic Studies.

Let me start the discussion by asking Mr. Morimoto about the first issue. Why do you think Russia violated international law and started a military invasion of Ukraine? What do you think would be the benefit of this for Russia? When do you think this war will most

likely come to an end, and what do the Russian people think about it all?

Morimoto: There is no definitive interpretation of the causes of this Russia-Ukraine war. I just would like to mention that Russia continues to maintain a strong grudge toward the US about being demoted to an ordinary European power by a superpower following the end of the Cold War between the US and the Soviet Union.

In addition, NATO has been expanding its membership to the East since the Cold War ended and the territory of its member nations has come closer to the Russian border. Among Russia's neighbors, there are only three non-NATO members: Belarus, Ukraine and Georgia. If Ukraine joins NATO, Russia will view this as an even greater threat from NATO. So in this regard, Russia's invasion of Ukraine can be seen as a military strategy to bolster its national security by integrating Ukraine into Russia. There is also a false perception in the depths of the Russian mind that Ukraine was historically part of Russian territory.

Anyhow, the views of both sides in the war on the territorial issue differ so much that diplomatic negotiations between them have been stopped since the fifth meeting for peace promotion on March 29 in 2022. Given that in any further talks for peace the nation which has taken a military advantage over the other would be the beneficiary, each of them has been trying to expand its territory by military force and thus battles have been continuing for a year in the East and South of Ukraine, in the Crimean Peninsula and also in Kyiv, the Ukrainian capital.

As most commentators on the war can see, neither of them has ever thought of accepting defeat in diplomatic negotiations. For the time being, from March to April, to achieve a great military success in a spring offensive, Russia appointed Chief of the General Staff Valery Gerasimov as overall commander and shook up its military leadership, having now mobilized many soldiers to win the final battle.

A key to this spring offensive, on the Ukrainian side, is military support from the US and Europe. They want heavy tanks in order to give them an advantage in close combat when tanks can move at ease in the melting snow in the spring. A definitive impact would be provided to them by the German-made super tank Leopard 2.

Another key weapon is anti-aircraft missiles to counter ground attacks by the Russian air force. The center of the current battle is the East of Ukraine, but it will be moved to the South. As the Russian army has retreated from Kherson, it would be a key to the entire war for Ukraine if it could regain Zaporizhzhia and move to the South and the Crimean Peninsula.

It will be difficult to reopen diplomatic negotiations, but the keys to the future of this war will be the Victory Day in Russia in May and the NATO leaders meeting in July.

There will be two big issues at the NATO leaders meeting. The first is the membership of Finland and Sweden. At this moment, Turkey opposes Swedish membership. On this issue, the task will be how to achieve those nations' membership while managing to maintain the unity of NATO. The other issue is whether NATO members could unanimously support Ukraine with military forces.

The US and European nations are now divided into two groups. The first one, including Germany, France and Italy, aims at maintaining long-term European stability with ingenious management of cooperation with Russia as much as possible, while the second, including the US, the United Kingdom and Canada, are thinking about reducing Russia's military capacity as much as possible by exhaustive war and turning it into a state that could not attack a European nation anymore. In this light, Japan, the host country of the G7 meeting, is in a difficult position to achieve a compromise between these two groups.

Furthermore, I think US domestic politics will be another key factor in the direction of the war. As is known, the US Congress, which reopened from Jan. 3, 2023, after the November mid-term elections, now sees the Republicans with a majority of seats in the House of Representatives, at 222, while the Democrats hold 212. In this political situation, right-wing Republicans are now coming back to an "America First" foreign policy by saying they should strengthen national borders instead of sparing military support for Ukraine and financial reconstruction. You cannot expect easily unanimous support from the US for Ukraine.

As for Russian domestic politics, I think 60-70% of the nation still support the war started by President Vladimir Putin. This is because there have been very few ordinary citizens in Russia killed by the war, even though 80,000 to 100,000 have been killed or injured on

both sides. In Russia, it is soldiers that have been killed in the war. When the bodies of these Russian soldiers were returned to their home country, the union of their mothers protested and objected to the war, but that was the main sources of opposition.

It is also true that many citizens were afraid of being called up as soldiers, and last year when the Russian military tried to mobilize another 300,000 soldiers, around 200,000 tried to escape overseas. But in 2023, I believe the announcement of the mobilization of an additional 1.5 million soldiers was made after tightening border security to prevent such escapes. The weakness of Russia is its shortage of soldiers, a weakened industrial base and the possibility of declining logistic support for the war.

On the Ukrainian side, the motivation of the soldiers is not an issue but the damage suffered by the citizens is extremely serious. Many Ukrainian citizens have been sacrificed. In spite of this, there is still strong motivation for fighting among Ukrainians. The issues for them are how to maintain their soldiers' military skills and how much support they can gain from the US and European countries.

As a matter of fact, the US had been hesitating to deliver weapons to Ukraine to enable it to attack Russian territory directly, probably out of concern that Russia might resort to using tactical nuclear weapons. The US is thus trying to manage its military support for Ukraine to avoid such a catastrophe. Ukrainian President Volodymyr Zelenskyy has been extremely unhappy with US military support and at the end of 2022 he visited the US Congress and asked the US to provide more weapons and ammunition to Ukraine as they were shedding blood to protect democracy. I believe this is what the Ukrainians truly believe.

Anyway, I am afraid this war will continue for a long time. Some are saying it could finish by the end of 2023, but I do not think so. The most important thing is for the G7 leaders meeting in May and NATO leaders meeting in July to think about how to achieve a compromise to end this war. How can Japan take a diplomatic initiative in this work? I believe we must think about how a Japanese initiative in these diplomatic efforts could impact relations between China and Taiwan and what implications it could have for stability in the Indo-Pacific area.

Toyoda: I would like to ask Mr. Ito about the economic issues. Could

you tell us how the Ukraine war would affect the rest of the world economy, excluding Ukraine and Russia, and what impacts could be produced in different regions? I would also like to ask for your views on the reasons why countries' responses to economic sanctions differ. Some countries have joined in the sanctions but some have not.

Ito: First, the Ukraine war dampened the global economy which was just starting to recover from the pandemic. Together with developed nations' economic sanctions against Russia, the supply of energy, food and fertilizers has become restricted, which raised the prices of those commodities hugely and led to further price hikes on a wide range of other goods.

Russia is the second-largest producer of natural gas in the world in 2020 and the third-largest petroleum producer, as well as the largest wheat producer in the world and the largest exporter of fertilizers. Ukraine is the largest sunflower oil producer in the world and one of the major exporters of corns and wheat. Since the major developed nations have been engaged in large-scale monetary loosening as well as expanded fiscal expenditures to soften the economic damage caused by the pandemic, such active macro-policy measures further raised commodity prices.

With such a significant rise in energy and food prices, the terms of trade have been greatly worsened, mainly among nations with low self-sufficiency in energy and food, and this provoked a flow of national income in those nations to overseas. Above all, the low-income or middle-income nations with a high Engel coefficient (proportion of food consumption to total consumption) or a high percentage of utility costs to disposable income suffer more from such price hikes. Also, not only the Commonwealth of Independent States (CIS) members but also African nations and Middle East nations are in general highly dependent upon wheat and corn or fertilizers provided by Russia and Ukraine.

It is to be noted that with the normalization of extremely loose monetary policy to modify the damage from the pandemic by curbing inflation and raising interest rates, for the newly emerging economies suffering from tremendous external debts there would be the additional burden of income outflows overseas due to worsening terms of trade. For example, concerns have arisen about the

reimbursement risk of external debts in nations like Turkey, Argentine and South Africa. In nations like Egypt, Lebanon, Sri Lanka and Pakistan, rising inflation caused by high increases in food prices has provoked political unrest.

Among developed nations, European Union countries are suffering most. This is because EU nations' energy dependency on Russia is high and their natural gas supply from Russia became restricted due to economic sanctions and the destroyed pipeline with Russia. In 2020, for example, 55% of German imports of natural gas came from Russia and it is the same situation in Italy. Also in the case of the EU, Russia occupies a certain share of its market, but in the light of national security and maintaining international order, it imposed economic sanctions on Russia and the cost has become enormous.

There has been not a small impact on the Japanese economy. Inflation has been continuing, initiated by price hikes of food and energy. With the yen's depreciation against the US dollar due to differing monetary policy directions, people are starting to sense a decline of real income in their daily lives. The yen rate on a customs declaration basis reached 131 yen to the dollar on average in 2022, the lowest value since 1998, and with the drastic increase in imports due to price hikes of fossil fuels, Japan's trade deficit reached around 20 trillion yen, the largest in its history. Since the Ukraine war, based on these observations, the IMF revised its outlook for real GDP growth drastically downward for low and middle-income nations with a low self-sufficiency rate of energy and food, as well as for the EU and Japan. They lowered their estimated growth of these countries by around 1 percentage point after assessing the Ukraine war impact on their economies.

On the question of different responses to the war, it is developed nations and regions in general that have joined in economic sanctions against Russia. To be more specific, these countries and regions are the US, Japan, the EU, the UK, New Zealand, South Korea, Taiwan, Singapore, Canada, Iceland, Liechtenstein, Norway, and Switzerland. Such nations and regions are considering the prevention of further threats to their national security rather than any damage incurred by economic sanctions. In particular, the EU is afraid of threats to security and the other countries are all ready to accept the economic cost of sanctions, believing it more important to protect international norms as stated in the UN Charter.

However, I need to mention that those countries not joining in economic sanctions against Russia do not necessarily all approve of the Russian invasion. As a matter of fact, on March 2, 2022, in the UN National Assembly, the resolution of condemnation against Russia was approved by 141 nations, while only five countries objected and 35 abstained. So the overwhelming majority supported the resolution. Many of the nations of what we call the Global South condemned the Russian invasion as the "use of arms not consistent with the objectives of the UN Charter" and considered it an infringement of sovereign rights under international law.

Nonetheless, there are many reasons why so many countries have not joined in the economic sanctions, and these seem to differ from country to country. First, there is a group of nations that regard the US and other nations in the West as a threat to their national security and which have close military cooperation with Russia. Typical examples are those that objected to the UN Resolution on March 2, 2022.

Second, there is another group of nations that have purchased Russian weapons, even though they do not consider the nations of the West as a threat to their national security. India is one such nation. It is said that 80% of the nations that objected to or abstained in the vote in the UN National Assembly on the condemnation resolution are those that have purchased Russian weapons.

Third, there are countries finding tensions with their neighbors more imminent and in this regard thinking that decisively worsening relations with Russia would not be to their advantage. Fourth, in the case of newly emerging countries, they would find their economies could be more seriously damaged by retaliation for economic sanctions and thus they try to protect their economy by balancing their relations with the major countries.

And fifth, there are cases of Western nations' former colonies where a lack of confidence in the West is the reason why they did not join economic sanctions against Russia. There are countries in this category where the West supported their authoritarian administrations in the Cold War and they could only manage to be liberated from such governments with the help of the Soviet Union.

Also there are nations who are resisting the dichotomy of authoritarian states versus democratic states. There is such a wide range of historical contexts and views in the background of the many

countries that condemned Russia for invading Ukraine but which have not joined in economic sanctions.

Toyoda: I have a question for Prof. Matsuda on the similarities and differences between the Ukraine war and the Taiwan contingency. Many nations see Ukraine as an independent state, whereas Taiwan is viewed as a part of China. In this sense, could you clarify how the issue of reuniting Taiwan and China is to be interpreted in international law and what would be the legal basis for interpretation of the issue for the US and Japan?

Matsuda: At first glance, Russia's invasion of Ukraine to try to integrate it into Russia and China's possible attempt in the future to unite with Taiwan by use of force resemble each other. These are identical in the sense that dictatorial nations try to use force to restore their "lost territory". Thus, our concern about Taiwan coming under military attack from China has been exacerbated since the outbreak of the Ukraine war. But though they look similar intuitively, there are several differences between the two.

First, geographical difference. As Ukraine and Russia are connected by land, an invasion is easier with a strong army. In the case of Taiwan and mainland China, there is the more than 100-kilometer wide Taiwan Strait. They used to be both part of the Qing Dynasty's territory, but Taiwan was an outlier of Qing and is too large to be regarded merely as a remote island.

In addition, Russia and Ukraine were once part of the same country in the 20th century, namely the Soviet Union, while Taiwan and mainland China were parts of the territory under the same nation's rule only from 1945 until 1949 following the Qing's ceding of Taiwan to Japan in 1895. Thus for more than 120 years, both peoples have been educated differently in a different country and under a different political regime. Even the letters they use for writing are different. Therefore, they have a rather different cultural identity from each other and the logic of both nations belonging to "the same people, the same nation" is increasingly invalid.

China often claims to be "one China" as a principle. This is a three-steps logic, namely, "There is only one China", "Taiwan is an inalienable part of China" and "the Government of the People's Republic of China as the sole legal Government of China". However,

in this logic, "China" and "the People's Republic of China" do not necessarily match. Whenever China concludes diplomatic relations with another country, it refers to Taiwan as "a part of China" or "a part of the People's Republic of China" and with such remarks tries to make the issue ambiguous. But most nations do not approve of Taiwan being a part of the People's Republic of China, except for friendly socialist nations such as North Korea.

In the case of the US, it acknowledges the Chinese position that there is but one China and Taiwan is part of "China". But this does not mean that it recognizes that Taiwan is part of China. The US only "acknowledges" the Chinese position. Other nations such as Canada or the Philippines use the expression "take note" in response to this Chinese claim.

In the case of Japan, responding to this Chinese claim that Taiwan is a part of the People's Republic of China, it officially says that it "fully understands and respects this stand of the Government of the People's Republic of China, and it firmly maintains its stand under Article 8 of the Potsdam Proclamation." This is meant to be "the terms of the Cairo Declaration shall be carried out, Formosa (Taiwan) and the Pescadores (Penghu Islands) shall be restored to the Republic of China."

China made a compromise with Japan by having agreed upon this expression and signed the Joint Communiqué of the Government of Japan and the Government of the People's Republic of China in 1972. However, with this Japan said that it "firmly maintains its stand to restore Taiwan and the Penghu Islands to the Republic of China" and it did not recognize that Taiwan was a part of China. In a Diet session, the Japanese government publicly announced that it did not naturally recognize it.

If Japan approves naturally the Chinese claim that Taiwan is a part of China, it would need to ask China to issue permissions and visas to maintain economic relations and human exchanges with Taiwan. The Chinese side as well understood that this issue was not resolved clearly on the occasion of the normalization of Japan-China diplomatic relations. However, China has been trying to turn the "one China" principle into a *fait accompli* by repeatedly mentioning that Japan has approved "one China" principle since 1972.

Similarly, in the UN as well, the "one China" principle has never been approved. In the UN, the right of representation of China has

been transferred from the government of the Republic of China to the People's Republic of China, but the UN has never decided to approve that Taiwan is a part of China. Keeping this question unresolved but repeating its claim that Taiwan must be a part of China, China has created a situation where other nations would find it difficult to oppose it explicitly.

On the question of “peaceful resolution” of Taiwan issue, in the case of the US, a domestic law, the Taiwan Relations Act, mentions that normalization of US-China diplomatic relations was achieved under the “expectation that the future of Taiwan will be determined by peaceful means”. In other words, it indirectly indicates that use of force for unification would collapse the premises for normalization of US-China diplomatic relations. Meanwhile, in the case of Japan, then Foreign Minister Masayoshi Ohira told the Diet, “I think a rivalry between the People's Republic of China and Taiwan is basically a Chinese domestic issue,” adding “I believe there would be no possibility of this issue ending in a military conflict.”

But according to former Ambassador to the US Takakazu Kuriyama's interpretation, “As long as they talk peacefully about this issue, it is a Chinese domestic issue,” but “if China attempts to achieve unification with Taiwan by use of force, what we call the liberation of Taiwan by use of forces, this will not be considered as a domestic issue anymore. This is what ‘basically’ in the above meant.” (Takakazu Kuriyama, “Normalization of Japan-China Diplomatic Relations”, *Waseda Law Journal*, Vol. 74, 4-1, 1999).

This is how the US and Japan share the basic view that “peaceful unification would not be a problem but unification by force must be another story.”

In the argument on international law, I think this would be probably an issue of international humanitarian law. In this law, even in the case of domestic issues, the slaughter of a nation's own people is not allowed. Use of force could kill people and any attempt to change the status quo by military means is in general not to be allowed by international law.

Another issue is that if a Chinese military attack on Taiwan went beyond the Taiwan Strait, it would not be as a matter of fact considered a domestic issue. The Taiwan Strait, for the most part, is what we call international waters, excluding territorial waters and contiguous zone. International waters mainly consist of Exclusive

Economic Zones (EEZ) and the high seas. In an EEZ, coastal countries' rights are limited to sovereign rights to biological and non-biological resources, and the rights to freedom of navigation or national security are the same as on and under the high seas. In this light, China is not allowed to make the Taiwan Strait a battlefield on its own.

It is physically impossible to achieve unification by force without turning international waters into a battlefield. For example, in the case of a blockade of the Taiwan Strait by setting up floating mines there, some mines could flow into the sea close to Japan. In such a way, China's claim that it is a domestic issue would almost certainly prevent ships from passing in the seas neighboring Japan. It would be then impossible to tell Japan not to intervene in a Chinese domestic issue.

In this regard, the fact that the “importance of peace and stability of the Taiwan Strait” was mentioned in the joint statement of the “US and Japan 2+2 meetings” in 2005 as a common strategic goal and was repeatedly raised in the “US and Japan 2+2” and also in the US-Japan leaders' meeting in 2021 has crucial implications.

Here is to be noted is that Taiwan and the Taiwan Strait are geographically different concepts. The use of the word “Taiwan” in the context of the US-Japan alliance would offend China seriously, but the Taiwan Strait is mostly international waters and Chinese territorial waters and contiguous zone are limited there. Thus, the emergence of threats to its peace and stability would be an extremely big concern. By saying that must not be allowed, it is logical that China should not be allowed to achieve unification with Taiwan by force under international law.

On the other hand, a legal basis would be needed for the US to prevent China from use of force. In the US Taiwan Relations Act, the general gist of it is that the US shall “maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan” and also that the US shall “provide Taiwan with arms of a defensive character”. It further suggests that “the President is directed to inform the Congress promptly of any threat to the security or the social or economic system of the people on Taiwan and any danger to the interests of the United States arising therefrom. The President and the Congress shall determine, in

accordance with constitutional processes, appropriate action by the United States in response to any such danger.”

It is interpreted that “appropriate action” would include anything appropriate, and thus the law permits the use of force to cope with the war, if necessary. In this light, China’s military actions are deterred by the risk of US intervention.

In the US the legal basis for defending Taiwan was changed around the occasion of normalization of US-China diplomatic relations in 1979, but in Japan the legal basis for support for the US military around the time of the establishment of a law of situation in areas surrounding Japan was changed. In the case of a Taiwan contingency, US military activation to deal with it is assumed. Meanwhile, the US-Japan Alliance predetermines the area where the US and Japan could cooperate in military action as the area of “the Far East”. This basically means “in general, the area to the north of the Philippines and also Japan and its surrounding areas including the areas under the rule of the Republic of Korea and the Republic of China.” This definition remains unchanged even now. In other words, Taiwan belongs to the area of “the Far East” where the US-Japan security alliance is supposed to work.

However, it is to be noted that the Japanese interpretation of this security alliance assumes that US military action is to be “always taken only as the execution of the right of individual or collective self-defense allowed by the UN Charter to resist an invasion”.

This means that US military forces were to act for the right of collective self-defense to defend their allies including Taiwan when the US and Taiwan had official diplomatic relations. In this case, it was assumed that Japan would allow the US army to use its military bases in Japan after advance talks with the US. However, since 1979 there have been no official diplomatic relations between the US and Taiwan and Taiwan has not been considered an independent state. The US cannot defend Taiwan legally based on the execution of the right of collective self-defense and its actions must be based on only its domestic Taiwan Relations Act.

On the other hand, China committed to a policy of “peaceful unification” on the occasion of normalization of US-China diplomatic relations and thus such a defect in the defense of Taiwan did not matter for the time being. But the question arose when the Taiwan Strait war occurred in 1995-1996 whether it was necessary to revise

the legal basis for Japanese support for the US military in the defense of Taiwan. In the “Guidelines for Japan-US Defense Cooperation” in 1997 and the law of situation in areas surrounding Japan in 1999, a contingency in areas surrounding Japan is meant to be one that has a grave impact on the peace and security of Japan. In legislation on peace and security in 2015, it is clarified that if Japan perceives a military conflict as a “situation that will have an important influence on Japan’s peace and security”, it can engage in rear area logistical support for US military forces participating in the conflict, while keeping the concept of the area of “the Far East” in the Japan-US Security Treaty as it is. This is because Japan cannot support US military action anymore if it is not based on the execution of the right of collective self-defense but based on the Taiwan Relations Act, a US domestic law, according to the existing interpretation of the law.

In addition, in 2015 another concept – “situations of existential crisis” – was created. This was meant to allow Japan to use limited execution of the right of collective self-defense to protect the US military if it was attacked, and if this attack poses threats to the survival of Japan and the people’s rights to freedom and happiness (situation of existential crisis). Also, if the US military bases in Japan were attacked, this would be literally an armed attack on Japan and Japan could counterattack by executing the right of individual self-defense, interpreting it as “a situation of an armed attack against Japan”. So, this is how Japan can now provide different ways of being prepared for a possible Chinese use of force against Taiwan.

Toyoda: How do the differences in the political systems of China and Taiwan affect this war?

Matsuda: Until the 1980s, the difference in the political systems between the two was simply socialism and capitalism. Taiwan called its political system the “Three Principles of the People”, but the Communist Party of China (CPC) in the People’s Republic of China and the Chinese Nationalist Party (KMT) in the Republic of China (Taiwan) were both building up dictatorial regions. Both parties were contradicting each other and competing continuously, but there were two occasions when they agreed to cooperate before 1945, namely the First United Front and the Second United Front. And in the 1980s,

Chinese supreme leader President Deng Xiaoping proposed a unification formula of “one country, two systems” to integrate the two different political systems, socialism and capitalism, into one single country after achieving a Third United Front through dialogue between the two and peaceful unification. However, with the democratization of Taiwan, the preconditions for this proposal totally collapsed. In democratized Taiwan, the administration is established on the basis of elections: how voters think about a policy is important and dialogue between two dictators cannot decide anything. At this moment, most Taiwanese people would not be interested in unification. Besides, the KMT is not in power now, so based on these facts a Third United Front would be impossible. It is also almost impossible for Taiwan to accept the idea of peaceful unification through dialogue.

It was also Deng’s plan to achieve the success of “one country, two systems” in Hong Kong first to reassure the Taiwanese. But since Hong Kong was returned to China in 1997, Beijing has failed to achieve success to reassure the Taiwanese people. Social and political confusion in Hong Kong in 2019 and the legislation of the Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administration Region further pushed Taiwanese people to refuse China’s proposal of “one country, two systems”.

“One country, two systems” was a kind of formula of collusion between the dictators in the 1980s. But with the democratization of Taiwan and China’s failure to create a model of “one country, two systems” in Hong Kong, it has become almost impossible to be achieved. In other words, it has been theoretically proved that a peaceful co-existence between dictatorship and democracy, completely different political systems, would be almost impossible.

However, China has not given up the idea of “peaceful unification” despite this. This is because if it gave up, it would be in trouble as it would bring back the Taiwan Strait as a potential battlefield and discourage Taiwanese companies from investing in mainland China. So, China would probably become obsessed with menacing Taiwan with its huge military forces without actual use of force. I think this “coercive peaceful unification” would be its strategy to adopt. With its nuclear arms preventing the US from intervening, as well as military forces enabling it to conquer Taiwan, it could coerce Taiwan

into surrender. It might be possible, without losing a single soldier and without a single gunshot, to force Taiwan to submit and achieve unification. I think this type of “peaceful unification” is what China is aiming at now.

Impact of the Ukraine War on China’s Unification with Taiwan

Toyoda: Prof. Matsuda, I would like to ask you further about the implications of the Ukraine war for China? Do you think its attempted unification with Taiwan could be prompted or delayed by the Ukraine war? What do you think would be the timing of attempted unification?

Matsuda: China is now very carefully observing the Ukraine war and learning many lessons. In February 2022 on the occasion of the Beijing Winter Olympic Games, a China-Russia leaders meeting was organized and both leaders emphasized that there should be no taboos about both nations’ cooperation. It is said that Putin gave notice to Xi of the impending Russian invasions of Ukraine in a private conversation.

Xi did not try to dissuade Putin. Rather, in telephone talks on the day following the commencement of the war, Xi expressed his understanding of the Russian national security environment and confirmed his approval of the invasion. He did it after having recognized that not only the Donbass region but also Ukraine’s capital Kyiv had been attacked by Russia.

In other words, at the beginning of the war, as all in the world thought, Xi believed Russia would win completely and had never thought that Ukraine would demonstrate such strong resistance or that the war would be prolonged for such a long time. Therefore, it is true that China miscalculated the direction of the war, just like Russia did. This is why we guess the lesson that China is learning from the war is a negative one.

China supports Russia, but at the same time does not reveal that it supports Russia, or seems to try to give an impression to the world that it is keeping its distance from Russia. Actually, on the China-Russia meetings, while China used unclear expressions about the meetings in press conferences or avoided reference to the language

used in the meetings in its public announcements, Russia announced a clear statement on the website of the embassy in Beijing that China supported its actions. Having understood that too close relations with Russia could invite secondary sanctions from the US and EU, and possibly worsen relations with them, China has now been trying to keep a measured distance. In the light of such Chinese reactions, it may have drawn negative lessons from the Ukraine war – the most important one being that military power alone cannot determine the direction of a conflict so easily and may not work very well in remedying a situation.

There are many in China today who claim that unification with Taiwan would be easy. There are even people saying that with their military strength unification could be achieved within several days or even several hours. The Ukraine war has reminded such people that arms alone could not decide anything very easily. Besides, Russian weapons in the battlefield in Ukraine are not as effective as the Chinese expected.

A second lesson is that – given that Ukraine is connected to Russia by land – it would be rather easy to send a massive army into an enemy's territory by land. But it would be extremely difficult to send hundreds of thousands of soldiers across the Taiwan Strait to Taiwan, because they would have to practice landing operations in full view of the enemy. Land forces are the most vulnerable when they are using the sea or sky – a direct hit on a ship could cause thousands of soldiers and their equipment to sink. So, this presents a bigger challenge.

A third lesson is that powerful economic sanctions were implemented at the earliest occasion. Both Russia and China must have thought that economic sanctions against Russia could not be implemented, as European nations' dependence on Russian energy sources is high. What Russia can sell to the rest of the world is only energy resources and weapons, but China has much closer ties with the world economy and economic sanctions against China could damage not only China but also the rest of the world. If such a situation continued for a long time, Chinese opportunities for economic development would be finished and other nations, such as those that could not replace Chinese products with other ones, would be in enormous trouble. However, in the case of assembly-oriented simple manufacturing, there are alternatives to Chinese

goods, so with prolonged economic sanctions we could say that China would be at a disadvantage. Beijing must have understood from the Ukraine war that economic sanctions against it should not be underestimated.

Nonetheless, China may also have learned some positive lessons. For example, one crucial lesson is that deterrence by the threat of nuclear weapons can work effectively. Russia's nuclear threat may well have deterred direct US intervention in Ukraine, so China may now believe that there would be a high threshold for the use of military force against a nuclear superpower.

However, from the West's viewpoint, nuclear deterrence also works well for the US, Europe, and Russia in their own interpretations. For example, in the current situation, the West cannot directly attack Russia for fear of Russia's retaliation with nuclear weapons and Russia cannot invade NATO member states, as it thinks that its own possible use of nuclear weapons would provoke the West to respond in the same way, which would be disastrous for Russia.

In this regard, what China is doing is expanding its own nuclear arsenal. It thinks that an overwhelming nuclear arms expansion surpassing US nuclear weapons would prevent US intervention, and seems to have drawn a theoretical endorsement for this strategy from the Ukraine war.

A second positive lesson is that in the case of military action, a quick "blitzkrieg" attack to try to finish the war in a moment with full utilization of all its military powers from the beginning must be recommended. In other words, gradual development of force must be avoided. The Russian military initiative was started in the belief that Ukraine, a big country, could be overwhelmed by use of a small-scale military force in a short period, but because of Ukrainian strong resistance, Russia could not help but send gradual and continuous military forces to the battlefield and this has resulted in the decline of Russian national power. Perhaps a Russian victory in this war is not possible.

A third positive lesson is the importance of creating a *fait accompli* at an early stage. In sum, to control Taiwan at a very early stage it would be important for China to create a situation in which Taiwan has already submitted completely and is under Chinese governance, and in this sense any military support for Taiwan or economic

sanctions against China would be senseless. Russia's merger of the Crimean Peninsula in 2014 would be a case in point. If such a *fait accompli* by China could be made as quickly as possible, it could avoid the economic sanctions that Russia now faces, since its economy is the second largest in the world while Russia's is merely 11th.

China has been observing the impact of economic sanctions on Russia. Moscow has continued to export its energy resources, but imports of various electronic components, machine tools and the introduction of high-technology have all been stopped, and human resource exchange also. Sending students to the US to gather new knowledge or learn about technology and then calling them back to China was a trigger for China's emergence in the world economy, but with the intensified "cold war" between the US and China it has become almost impossible to do this. In Russia, since the war with Ukraine started, several million people have left the country. Most of them were young and bright. In other words, with such effective economic sanctions against Russia, China may be wary of similar outcomes. This is an important goal of the economic sanctions against Russia for the US and Japan.

As a matter of fact, it would be far more difficult to impose economic sanctions against China than Russia. First of all, needless to say, China would veto any resolution of condemnation against it in the UN Security Council, and Russia would at least abstain. So, the UN Security Council could not issue any condemnation resolution against China. In addition, on the question whether an Emergency Special Session of the United Nations General Assembly could issue such a resolution or not, as in the case of Russia, we must take account of the fact that Taiwan is different from the case of Ukraine, an independent state and member of the UN. Not a few countries consider Taiwan as a part of China and China's influence upon the Global South is far greater than Russia's. Based on these facts, it would also be difficult. So, it would be difficult to carry out sanctions against China in a format justified by international law. The current economic sanctions against Russia are led by the G7 and most likely there would be no other way but economic sanctions against China being likewise organized mainly by the G7.

In this light, what is important is for us to lower our dependency on China in some extremely crucial areas at the earliest opportunity,

namely in peaceful times. More importantly, there will be cases where China imposes sanctions against us and to be resilient against such sanctions we need to think about the weaknesses in our economy, including supply chains, from now on. If a Taiwan emergency happens, we cannot expect to control China's actions with economic sanctions in the short term.

As for the timing of China's attempt to unite with Taiwan by military force, it is certain that it cannot achieve it immediately. This is true regardless of the Ukraine war. The reason is, as I mentioned, that the cost of such a war for China would be too great and it cannot ignore the risk of exceeding the Taiwan Strait as well as risk of US military intervention.

On the other hand, in 2023 Xi will turn 70 years old. At the age of 80 or 90, it would be difficult for him to lead a large-scale war due to his physical condition. But while he is still in his early 70's before 2027, he will be physically and mentally tough enough, and at a time when Taiwan, Japan and the US still need to strengthen their defense forces, some may see an early occasion as a window of opportunity to try to unite with Taiwan. According to this view, China's military invasion of Taiwan should be realized sooner rather than later.

In contrast, the view that an invasion would be postponed is based on the time that Xi has left. As seen in the announced personnel assignment of his administration at the 20th National Congress of the CPC in October 2022, Xi will not quit for another five years, but at minimum he has another 10 years until leaving the post of supreme leader of China. Would he risk all his political assets in his first or second year, given that he still has another 10 years ahead? There must be a high possibility that he would wait and see during the next five years.

Another basis for this view is the speed of China's nuclear weapons expansion. According to the US intelligence, China is now aiming to have 1,000 nuclear warheads in 2030 and 1,500 in 2035, meaning it will take more than another 10 years to create a nuclear force for immediate use nearly equal to that of the US. At that point, China could find it possible to deter US intervention by its own nuclear force. Over the next few years, however, there would be still a large gap between the US and Chinese nuclear arsenals.

There is another view that China may try to achieve its aims by taking advantage of a moment when the US has ceased its

commitments to somewhere in the rest of the world. For example, a political movement in favor of isolationism could be born in the US with people wondering why the US should have to send military forces to protect Taiwan when the US is no longer the “world’s policeman”. Or there may come a time when the US would not want to intervene in other nations’ military conflicts anymore because of problems caused by previous such interventions. China may just wait for such an occasion, which could bring it a better outcome.

There are also occasions when military invasions would be difficult to achieve. For example, it would be critical to create a safe and tranquil situation without any challenges such as on the occasion of the Party Congress of the CPC. This is a political season when all party and government officials from the top to the working level would not want to make any small mistakes. Under such politically sensitive occasions, high-risk military actions would be most unlikely. In this sense, in 2027 when the 21st Party Congress is planned, such an action must be unlikely.

In addition, a full invasion of Taiwan by military forces would be limited by the seasons. There are high waves in the Taiwan Strait in winter and it would not be good for conducting a landing by military forces. Besides, it would take a few months or few weeks to occupy a large island in general, according to historical precedent. In this regard, the best time would be the season when there would be no typhoons for several weeks, which means there is no other good occasion but a couple of months between April and October.

If, in such period, the Chinese military carries out a large-scale military exercise, our allies could raise their alert and be well prepared for a possible invasion resulting from that military exercise. As a matter of fact, several months would be needed for a military invasion and it could not be concealed. Therefore, a surprise attack would be extremely difficult. Thus, it is not certain whether China could choose the best time for a full invasion. Therefore, there is no simple answer. The Ukraine war would not necessarily serve as a judgement on whether a Chinese military invasion should be carried out soon or be delayed.

Toyoda: A question for Mr. Ito. The economic interdependency between China and the rest of the world is much greater than that between Russia and the rest of the world. China’s GDP is nearly 10

times as big as Russia’s. With economic sanctions imposed on China, the sanctioning countries would be seriously affected as well. How would those countries deal with it? What impact would Japan have from sanctions against China?

Ito: Economic sanctions on China would have an enormous economic impact on the world, far bigger than the ones on Russia. China is an economic superpower with the second-largest GDP. Though China’s personal consumption is half that of the US, it still accounts for more than 10% of the world’s private consumption. China’s investment has reached a little less than 30% of all global investment. With such a large-scale economy, sanctions against China and its own retaliatory measures would seriously affect the world economy.

Meanwhile, the presence of Chinese tourists in the world tourism market is significant and as their zero Covid-19 policy has ended, in many countries there are high expectations for inbound Chinese tourists. Even before the pandemic, China was already the source of the largest number of tourists in the world. But if economic sanctions against China are imposed, the Chinese government is expected to tighten the flow of tourists to those nations with which it has worsened foreign relations.

China’s presence in global supply chains has also been raised. In terms of the scale of manufacturing GDP, China is the largest and around 30% of manufacturing GDP in the world is now accounted for by China. Though its status seems to have started to decline as a base of assembling and exporting labor-intensive products it still maintains a base of manufacturing we can call the factory of the world.

The Chinese manufacturing industry has seen higher value-added and its role as a supplier of intermediary goods and capital goods has been significantly raised. With the pandemic having stopped the supply of parts and components from China, we really sensed its big impact on production, ranging from home electrical appliances to automobiles. We will see another big impact on production if mutual economic sanctions are imposed. We also saw during the pandemic that there was concern about the shortage of medical products due to limited production of those goods, such as masks and personal protective equipment (PPE).

As is seen in the intensified US-China high-tech war, China has been highly competitive as a supplier of high-tech products. It has the largest share of production in the world in domains like solar panels, wind turbines and storage batteries. China is still the largest supplier of IT products, though the production bases of IT goods are becoming diversified. China also keeps its influence in the supply of rare earths. With restricted supplies, various products would be negatively affected in some strategic goods like permanent magnets.

There are now far more countries with more imports from China than from the US, so we can say that the status of China in global supply chains has been particularly raised. I think disruption of economic relations with China would have an enormous impact on the world economy. In finance as well, the Chinese presence in the world is rising. Above all, newly emerging countries have high expectations of China as a provider of economic aid. Its FDI stock amount has exceeded Japan's.

Politically, China is one of the permanent members of the UN Security Council and it has top officials in a variety of international organizations. These political factors would prevent many countries from imposing economic sanctions on it. Each nation would have to make a more difficult decision on imposing economic sanctions on China than in the case of Russia.

Of course, as China is also engaged in economic activity in the international network of global supply chains, it too will suffer critical damage from economic sanctions. It is to be noted that the proportion of exports of goods and services in China's GDP was about 19% in 2020 and the percentage of the imports in GDP was 16%, still higher than for Japan or the US.

On the destination of Chinese exports, the US, Japan and the EU account for around 40%, and they account for around 25% of total Chinese imports. More specifically, China would be in difficulty with economic sanctions covering semiconductor manufacturing equipment, related chemical goods, and the Electronic Design Automation (EDA) used for circuit design. China also considers high-quality industrial machinery or ultra-precision polishing technology as a choke point. In terms of sources of technology imported to China, relations with developed nations are still crucial for China, and if dollar settlements are stopped it would inevitably have a grave impact on the Chinese economy.

The impact of economic sanctions against China could be significantly changed depending on what kind of sanctions are imposed in response to what situation and what kind of retaliation China would make. Anyway, the impact on Japan would not be small. China is the largest trading partner for Japanese exports and the percentage of the value-added induced by Chinese final domestic demand to Japanese GDP has reached 3.1%. The percentage has been increasing year after year.

Japan's staple export items to China are computer memories, auto parts, automobiles represented by hybrid cars, and semiconductor manufacturing equipment. The percentage of Japan's GDP from imports from China was 3.7% in 2021, the highest so far. The staple import items from China include note PCs and mobile phones, with the share of these imports exceeding 80%. Meanwhile, the share of exports to Japan from China to total Chinese exports of those products is now less than 10%. In the case of Japan, the number of items with the percentage of imports from China to total Japanese imports exceeding 50% is larger than the ones in the case of Europe and the US. And China's export dependency rate on exports to Japan has fallen to around 1%. Under such circumstances, China could take export restriction measures against Japan more easily.

This is how Japan-China mutual dependency in trade is asymmetrical and Japan's vulnerability has been rising. Under such circumstances, with retaliatory measures against sanctions taken into account, there would be a risk of serious stagflation. For example, one calculation shows that production equivalent to around 10% of Japan's GDP would be gone, if 80% of Japan's imports from China are suspended for two months. We cannot exclude the possibility of Japan being significantly affected.

How Should Japan Cope?

Toyoda: Mr. Morimoto, do you think the US would seriously protect Taiwan in the event of China's attempt at military unification? In general, it is said that people in the US are reluctant to send soldiers to Taiwan. What do you think the US can do more specifically?

Morimoto: I believe that Ukraine war will continue longer than we imagine. I do not agree with a few experts saying that around the end

of 2023 the war will be ended. Both nations' claims are so different and they are reluctant to make concessions. Also their support bases are working well, so I guess they will continue to fight until they are truly exhausted. Their supporters would be also exhausted. Within two or three years from now, the US and Europe will be truly exhausted politically, economically and on national security issues. They would still probably support another victim of a new war, like Taiwan, or hope the war will end somehow.

As is known, there will be important elections in 2024, such as a presidential election in Taiwan in January, a Congressional election in India in February, a Russian presidential election in March, a Ukrainian presidential election in May and the US presidential election in November. In those elections, how to deal with the Ukraine war will be an important issue. At this moment it is difficult to foresee the future, but I would like to say a couple of things.

First, it would not be bad for China if the US and Europe become exhausted as the Ukraine war continues. If the war comes to an end quickly, the US and other Western countries could have extra energy to look to China, which would not be good for China.

Second, whatever may happen in the Ukraine war, I think China will choose its own way. It cannot ignore the Ukraine war and will draw some lessons from it, but I believe China will work on unification with Taiwan using its own kind of logic. I do not think it will be relevant to think about the issues of Ukraine and Taiwan as being connected.

Based on these two assumptions, I would like first to talk about how the US would react to a Taiwan war. President Joe Biden has clearly mentioned four times so far in responding to media questions that the US would come to the support of Taiwan in the event of Chinese military action to pursue unification. But you would be wrong if you believe that this policy will remain unchanged in future US administrations. The US overhauls policies by administration every four years and adopts new strategies. Biden would observe what he has said in his presidency to a certain extent at least, but we need to think about the future direction of US policy, bearing in mind whether future administrations would observe it or not.

It has been the principal thought driving US politics so far that it should prioritize US national interests most, while maintaining the role of leadership in the international community without being

closely engaged in other countries' issues. I think this principle will not change hereafter as well. But I also think the US would not intervene in the Taiwan issue if China attempts to unite with Taiwan by means other than military force, such as dialogue, negotiations or persuasion not considered as military intervention under international law.

If political confusion arises in Taiwan as a result of the group of people whom they call the "faction of independence" and China tries to achieve unification by military force by taking advantage of it, it would be difficult politically as well as in the light of international law for the US to stop Chinese military intervention, since unification efforts would be the result of this Taiwanese group's own initiative.

As is known, there is a procedure to be taken defined by the War Powers Act that in the case of the US president's sending the US military overseas, it is to be reported to Congress within 48 hours after the issue of the order and their approval is to be confirmed within 60 days. If it is not approved by Congress, the US president must legally order the military to retreat.

The US, in trying to prevent China's unification with Taiwan by military force, may deploy its air force, Marines, and nuclear submarines in the Taiwan Strait area and restrain the Chinese military forces and stop them landing on Taiwan. But China, expecting this, might pull all its forces together to secure command of the sea and the air in the Taiwan Strait and strong blockage around the whole area surrounding Taiwan and Japan.

It may be possible for the US to restrict partly China's actions but it would be extremely difficult for it to stop a landing campaign by military efforts. What the US can do is to provide Taiwan with weapon systems to prevent Chinese military forces from landing, such as anti-ship missiles or anti-aircraft missiles.

Unlike the case of Ukraine, there are not so many countries supporting Taiwan. In the light of the current North Korea situation, South Korea can move very little. ASEAN countries only have sufficient weaponry for their own defense, and in their thinking about their future relations with China it would be difficult to imagine that they would cooperate with the US to stop a Chinese landing campaign in the Taiwan Strait.

The US and Europe may come to support Taiwan, but they would have to go through the seas and China would almost prevent sea

lanes communication such as in the South China Sea and around the Penghu Islands and make it difficult for them to aid Taiwan. It would be only Japan and Australia that could support Taiwan. Even if Canada or Europe try to intervene, they would not come to Taiwan directly but come via Japan. In this case, Japan would play a role like that of Poland in the Ukraine War.

Taking these things into consideration, my Taiwan scenario is as follows. It is expected that China would try to unite with Taiwan without resorting to weapons, but it is not assured. Taiwanese people firmly believe that Taiwan and China are different nations now and they do not think they are a part of China. In December 2022 on the occasion of Japan-Taiwan policy consultations, the Taiwanese side strongly said that Taiwan is different from China and they have never thought about its being a part of China as was stated by Chinese. I do not think that such convincing Taiwanese would accept a scenario of unification with China even if they were threatened by China.

On the other hand, China, considering unification with Taiwan as the Chinese Communist Party's historical mission, will pursue it without fail. Trying to prevent China's unification with Taiwan is extremely important in terms of foreign policy, military strategy, and economic policy. But there is no guarantee of success. We must think about how to deal with this war assuming that Taiwan would not be a region Japan favors in the future. In this case, the region southwest of Japan would be set as a frontline against China, and a possible military strategy would be for some US military forces to leave there and instead set the US defense line on Hawaii and Guam, maintaining an Indo-Pacific alliance to secure the national interests of all Indo-Pacific nations.

As a matter of fact, the US Air Force let all its F-15 fighters return to the mother country and it keeps F-22s and F-35s on rotation duty in Okinawa, but it does not think about keeping them there permanently. On the other hand, the largest military power threatening China's command of the seas and the air in the Taiwan Strait is the US Air Force in Okinawa, and then it would be likely for China to try to destroy it before a war begins in earnest. I suggest that the Japanese Defense Ministry creates a facility at Kadena Air Base to contain all the fighters in it and at the same time build up alternative facilities and airports to be used by the US Air Force for

their activities on the west side of Japan.

Meanwhile, as the frontline of the US itself is Guam, it will be able to set up an integrated air and missile system to try to protect the mainland of the US from Guam, and Japan will be clearly seen as only an advance deployment base in the Indo-Pacific region for the US. Bearing this in mind, we will have to work on preparations for such a war.

The key points for China in determining the timing of an attempted unification by force are firstly how much the US would be ready to prevent it and how China can assess this readiness. Secondly, what would be the military balance at that time? Thirdly, how much would other nations, in particular those in Europe, Canada and Australia be ready to support Taiwan along with the US. And finally, what would happen in Taiwanese domestic politics with such actions is another key question.

Bearing these points in mind, how can China create a power vacuum that excludes the US as a leader? For example, with cooperation from Russia or North Korea, it could provoke confusion in northern Japan so that the US and Japanese defense forces would have to deal with it and at the same time threaten the Senkaku Islands so that US and Japanese defense forces are obliged to protect them. In such a situation, if the US aircraft carrier task force happens to be in the Middle East, this would create a power vacuum that China could take advantage of to make a surprise attack on Taiwan having already prepared for the campaign.

Anyway, the challenge for Japan would be in terms of defense of the southwest region if China achieves unification with Taiwan and has occupied the island. It would be extremely important for the US to deter the Chinese military by keeping a forward deployment strategy.

In this regard, even though it appears that what Japan can do has been mostly covered by the security bills of 2015, this is not the case in reality. There are still many things Japan can do if its very existence is under threat. Japan's limited execution of the right of collective self-defense was presented to the Diet, but what can be done by Japan under the threat to national existence covers a wide range, and security bills do not touch upon them explicitly.

Security bills would clearly change role sharing between the US and Japan: namely, Japan would concentrate its efforts on defense

campaigns, unable to use counterattack forces and leaving all the offensive campaigns to the US. Any time when both the US and Japan feel it necessary, I think they will have to work on revising the Guidelines for Japan-US Defense Cooperation.

On economic sanctions, having seen the sanctions against Russia discussed for a long time in the US and Europe, I guess China would think about creating a situation in which all the issues are settled before discussions by the Western allies on possible economic sanctions are concluded – so that with a short-term decisive war it would seem pointless to impose any sanctions because “everything is over” already.

I conclude that the Chinese Communist Party will not change its resolution to achieve unification with Taiwan as an historical mission whatever the outcome of Ukraine war may be. We must be well prepared for this crucial moment and think about our national security.

Toyoda: Prof. Matsuda, could you explain what can be done to avoid a Taiwan war? And Mr. Ito, could you tell us how we can minimize the economic damage from the war?

Matsuda: I think there are many things to be done by Japan. First, the Japanese Self-Defense Forces have been accommodating self-defense powers without assuming a large-scale attack from the major powers, and thus Japan is extremely vulnerable to substantial attacks like ballistic missiles. It is most important to strengthen its self-defense capacity fundamentally and this can be done on our own.

If Taiwan is attacked by China, the US military is assumed to be activated in general and Japan is expected to support the US. It is also necessary to be ready to make a counterattack if the US or Japan is being attacked, but if Japan is attacked in earnest, with the current military capacity of Japan, its air and naval forces could be completely destroyed in the initial stages of the attack. In other words, the current situation of the Self-Defense Forces gives China an incentive to launch a devastating initial attack which would enable it to cause continuous damage. Japan needs to change this situation.

For example, Japan needs to contain its vulnerability by building up air force bases underground or increasing bunkers and shelters.

If ammunition runs short in three days or a week of fighting, as in the current situation, and Japanese forces cannot continue to fight, however good its defense facilities may be will be almost meaningless. So, Japan would need to make it possible for its forces to continue a war for at least several weeks, at maximum several months, without provision of ammunition from its allies. It will be, above all, important for Japan to strengthen the Self-Defense Forces and acquire a counterattack capacity in order to avoid giving China the belief that it could have enough time to attack Taiwan with an initial devastating attack on Japan and the US military.

Next, on the issue of strengthening the US-Japan alliance, first, it is extremely important to ensure the US commitment. If the US decides not to join in the war against China, this war will end with a Chinese victory. Unless Japan continuously reminds the US of the importance of Taiwan for Japan and the US, the US could be more seduced by the concept of “America First” and the US-Japan alliance would be politically destroyed all at once.

In addition, Japan needs to supplement the US military capacity as its original mission. For example, Japan should have its own intermediate-range ballistic missiles not owned by the US. But I guess that cannot be done immediately. In the three government documents on national security made public at the end of 2022, high-speed missiles or hypersonic missiles are mentioned. If Japan can own such weapons, this would mean that Japan can complement the US military capacity with weapons that the US does not own at this moment.

Lastly, it is important how much Japan can attract the US allies to this region. Australia is in this region, and Japan must have closer relations with it hereafter. On the United Kingdom and France as well, their aircraft carriers stayed in this region for months in 2021, which showed us their big presence. German warships also came to Japan after 19 years’ absence. It is necessary to get support from Germany and from NATO. Germany is Japan’s important ally as well.

Japan would need the commitments of the UK, France and Germany to this region and their stance maintained of not approving any change to the current status in the Taiwan Strait. With their military presence, China would have to attack all these US allies in the event of attacking Taiwan. With this, the war could literally become a Third World War and we can expect China to refrain from it.

Besides these points, space is another key. In a NATO leaders meeting in 2021, it was concluded that assets in space being attacked would be covered by the execution of the right of collective self-defense. Thus, if China attacks US space satellites in order to attack Taiwan, this could provide an authentic reason for NATO to execute its right of collective self-defense to defend the US. In the US-Japan leaders meeting in January 2023, they agreed upon assets of defense in space. A big motivation for this agreement was to prevent China from attacking those assets. Maintaining the US military's advantage in the space domain is extremely important and supporting this is also important. For example, whether European satellites can be used to replace US satellites being attacked is crucial. So, it will be vital to supplement the function of the US alliance network worldwide and strengthen it to deter any Chinese military attack on Taiwan.

Ito: I think it is important to maintain and strengthen Japan's strategic indispensability. We must protect intellectual property rights, expand R&D investment and allocate more resources for human resource development. It is to be assumed that products considered strategically important are used well in the Chinese market to take advantage of such indispensability.

On the other hand, as the importance of the Chinese economy to the Japanese economy increases, we cannot ignore earnings from business with China as sources for increasing the indispensability of such goods.

From these two points, in order to strengthen strategic indispensability, it is necessary for us to explore stable Japan-China relations. In this regard, I believe we need to keep collaborating with China on common issues such as climate change, aging and disaster prevention and mitigation.

We also need to secure our strategic autonomy. Japanese private businesses have already started a wide range of strategies ranging from diversification of procurement of components and raising inventory levels to changing local production for local consumption-type supply chains. They are now increasingly conscious of market diversification.

However, private business involvement alone will not promote the necessary changes very smoothly. Providing hard and soft

infrastructure for the regions or countries under consideration for diversification of production bases or markets and supporting their capacity building are needed. It is also important to reduce trade barriers through the conclusion of FTAs and I believe we should redouble our efforts in this regard.

Industrial policy to secure specific important materials and technologies is also important, but more than that we need to harmonize our efforts with our allies and partners. We should pay attention to consistency with international trade rules and prevent proliferation of "my country first" policies. Through this, we should ask China to exercise discipline in its industrial policy and trade policy.

In other words, maintaining and building up a business environment to achieve fair competition will be crucial for raising the resilience of supply chains. In this light, as China's Central Economic Work Conference advocates for China's joining the CPTPP, it will be important for us to keep asking them for rules-based actions consistent with the WTO, RCEP and CPTPP.

Finally, continuous strengthening of economic, financial and fiscal foundations is recommended in Japan's recently published public document "National Security Strategy" and I think above all it is vital to clarify the route to fiscal reform for its reconstruction. Market pressures on fiscal disciplines are increasing, and we must face this issue squarely and build a solid national consensus.

Toyota: Thank you all so much for your invaluable thoughts and comments.

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Written by Naoyuki Haraoka, editor-in-chief of *Japan SPOTLIGHT*, with the assistance of TapeRewrite Corporation.