METI's White Paper on International Economy & Trade 2025

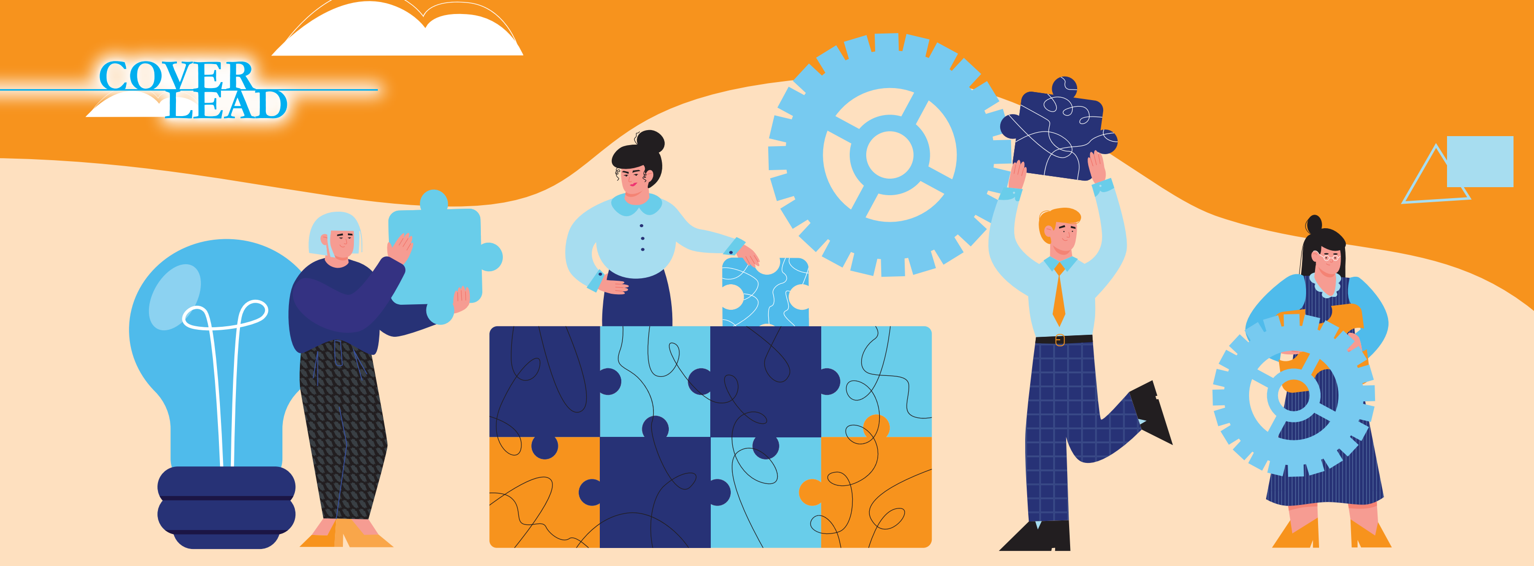
By Naoyuki Haraoka

METI's White Paper 2025 highlights the direction of the international trade and economic strategy to mitigate growing uncertainty at a critical juncture of the international economic order, which has been heightened by the US tariffs policy and China's aggressive industrial policy. Under this turmoil, we find economic and national security are increasingly closely connected. We need to deliberate on the possible consequences of certain economic policies on national security and vice versa. For example, in concluding an FTA with a country like one of those of the Global South, we would need to think about geopolitical consequences, such as how the FTA could deter a superpower's unilateralism. Or in the case of engaging in any dialogue on national security with allies, we would need to think about economic security being possibly guaranteed. A decade or two decades ago, social issues like those relating to the environment or human rights or labor practices started to be matters of concern to be treated in trade policy discussions.

National security issues have now been added to those concerns in trade policy formulation. This has made trade policy discussions more complicated and it is more difficult to achieve a consensus among nations. No matter how difficult it may be, we must pursue a rules-based international economic order by dealing properly with these concerns about international trade. This White Paper emphasizes the need for Japan to achieve productive collaboration with the Global South and like-minded nations to achieve this. As we cannot expect US leadership in doing so, we have to create a new foreign economic policy on our own to protect supply chain resilience from the political crisis caused by the superpowers' confrontation.

We must not forget that, notwithstanding political concerns about national security, it is also necessary for security people to think about how national security policies may impact the economy. The possible negative impacts of national security policies on the global economy could lead to further crises for security. Tariffs imposed to protect one's own nation could worsen the global economic situation and thus increase inequality among nations, which would lead to further disruption. In our globalized world, a cold caught by one country could easily infect any other country. In that sense, keeping the global economy in good health would be a good security policy for every nation.

It should be noted that a stable economy always provides security. It is up to our own creativity to



create an international economic order fulfilling political and social needs, as well as maximizing the benefits of globalization.

With this in mind, I hope you enjoy reading our Cover Story in this issue, the executive summary of the White Paper 2025, and the Roundtable discussion following it among distinguished experts on international politics and economics.

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