

Review of JEF Forums in 2025 – Resisting Power-Based International Governance



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Future historians might note 2025 as a year of power-based international chaos. Ominous signs of global depression due to rising protectionism, such as the US tariff policy and China's economic coercion and inflation triggered by the tariffs, emerged around the world. While a global economic recovery from deflation due to the Covid-19 pandemic was still weak, inflationary pressure and tightening monetary policy to curb it threatened the global economy with stagflation. The developed nations' government debt skyrocketed following attempts to erase deflationary pressure stemming from the pandemic-hit economy.

The Japan Economic Foundation (JEF) has been working to address such economic disasters brought about by power-based protectionism and advocating for the restoration of a rules-based international trade regime to ensure global economy stability and sustainability. A power-based international regime benefits only superpowers, while middle and smaller powers' interests are ignored.

For example, US President Donald Trump's tariff policy is discriminatory and arbitrary, and as such is a clear violation of the WTO's MFN principle which has been important in protecting the interests of small powers. In addition, the trade policy of the United States today is a cause of intolerable unpredictability in the business environment. Business in middle and smaller powers in particular would suffer from loss of profits that would have been secured in a more predictable business environment. Would such unpredictability discourage even superpower nations from pursuing stable business earnings? In many cases, yes, though in the short term a superpower's unpredictable protectionist policies could benefit its business; but with possible retaliation by other powers and also the possible decline of its profits due to stagnant business among its partners, even the superpower initiating protectionist policies would suffer. So a power-based international economy would be disastrous not only for middle and small nations but also for superpowers.

Since the end of World War II, democracy has been playing a major role in peace and prosperity, in particular in the Western powers, and nobody has imagined that imperialism would be reborn. It is an irony, nonetheless, that it is democracy itself that can give rise to authoritarian political leaders. How is it that people prefer authoritarian leaders seeking imperialistic solutions to

international issues and choose them in democratic elections? How is it that nationalism is their solution for economic and social challenges?

The current economic challenges faced by nations today are all rooted in this political question.

What we call populism is one outcome of politics in some developed nations, but we must not regard it as entirely negative: we need to respect what populism is aiming for and think about the best solutions. At JEF, we believe the best answer is internationalism and not nationalism. After all, what populism seeks primarily is economic benefits. One of the causes of populism is inequality, and we need to correct it. But a power-based economic regime will not be the answer.

Today, all developed nations face limited growth due to population growth decline and domestic market decline, and in trying to stimulate their economies they will find severe fiscal constraints. The best way to make a nation wealthy is to expand international trade and investment, as in the case of the many rising markets among developing or emerging economies. All political issues can be resolved by wealth, and thus seeking wealth by free trade and investment endorsed by a rules-based international regime could lead to allaying the desire for political populism.

Today's trade policy discussions are exactly opposite to this thought. Restricting trade and investment by protectionism would be the wrong answer to the inequality issue faced by many developed nations. Expanded international trade and investment would increase effective demand in each domestic economy, and with this there would be a decline in income inequality, as global trade expansion would benefit not only the wealthy but also the poor people if the growth in overall GDP is equally distributed among the nation. This is what Japan's high growth era has demonstrated.

JEF's roundtables and panel discussions organized in collaboration with overseas research institutes in FY 2025 were arranged based on this shared belief. We believe that our mission is to correct misunderstandings about international trade and showcase the merits of a rules-based international trade regime, resisting the major trends of protectionism and nationalism.

We would need to enhance our communication capacity to convince a wide range of people of the merits of a rules-based international trade system. We would need to create a trend in

which populism supports a rules-based free trade. This is not unrealistic. When late Japanese Prime Minister Shinzo Abe took the leadership in concluding the CPTPP in 2017 after the US had withdrawn from the TPP agreement, Japanese leaders were then successful in creating a populist trend in Japan supporting the CPTPP, a regional free trade agreement, that turned long-standing political protection of the agricultural sector into the opposite trend by emphasizing the merits of FTAs and strengthening the competitiveness of Japanese agriculture. This is a good example highlighting the possibility of reversing trends of populism.

Europe-Japan Forum

The Europe-Japan Forum in FY 2025 was held in Paris on July 8-9, 2025, titled “Charting New Paths: Europe and Japan in an Evolving Landscape” in collaboration with the Aspen Institute France. Three issues were discussed: climate change and energy security, demographic growth in an aging society, and enhancing rules-based global trade amidst rising imperialism.

The seeming US withdrawal from global leadership under the Trump administration and the emergence of China as an aggressive authoritarian player in the global economy were in the background of the discussions. The changes in the geopolitical landscape were truly beginning to affect all the policy agenda. Globalization will remain a reality, and thus domestic issues cannot be separated from the international landscape.

On climate change and energy security, Europe and Japan would need to pursue the convergence of decarbonization, energy security and geopolitical instability. With the US reinforcing fossil fuel competitiveness, Europe and Japan should intensify their efforts for mitigation of CO₂ emissions and at the same time cope with China’s aggressive industrial policy by encouraging competitiveness for such goods as solar panels or EVs through enhancement of industrial and strategic resilience. Economic security, including energy security to deal with geopolitical crises, complicates solutions for global environment and economic growth.

On demographic growth, Europe and Japan are both facing low fertility rates and the risk of productivity decline in an aging society. They would need to continue their efforts to sustain the growth of

their domestic economies by maintaining growth in working populations and productivity. Both should pursue the possibility of “silver growth” with more aged but healthy people in their work forces or maintain or increase the flow of immigrant labor with relevant policy measures to avoid social conflicts, or strengthen efforts to raise labor productivity by expansive use of AI.

Finally, on trade policy, it was emphasized that Europe and Japan would need to work together to strengthen their alliance for the restoration of a rules-based global trade regime. A so-called middle power alliance to achieve a rules-based approach amid the unpredictable trade policies of superpowers is well represented by the Europe-Japan alliance under a malfunctioning WTO.

US-Japan Forum

The US-Japan Forum in FY 2025 was held in Washington D.C. on Oct. 5/6, 2025, in collaboration with Prof. John Ikenberry at Princeton School of Public and International Affairs. Prof. Ikenberry is a distinguished international political scientist at Princeton University and we benefited from his worldwide reputation and also collaboration with academics and students in the organization of our roundtable.

The forum was titled “The US-Japan Forum in the Midst of Drastic Changes of Economy, Technology and Strategy” and we were asked to discuss the intertwined relations among economic interests, emerging high technology and geopolitics. What would be the consequences of these relations? How would we reconcile diverging national interests among the superpowers and middle powers? How could the US-Japan alliance evolve under these intertwined relations?

There were three sessions in this forum. Session 1 highlighted the importance of US-Japan technology and industrial cooperation to cope with China’s aggressive industrial policy. In particular, for the US and Japan, strengthening supply chain resilience in strategic sectors like critical minerals and semiconductors must be a common priority for both nations.

Session 2 was a discussion on the future of US-Japan national security cooperation in the Indo-Pacific Ocean. The critical question was whether the nature of the US-Japan alliance for national



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security has been changed or not under the Trump administration. In order to strengthen this alliance against the background of rising geopolitical risks, Japan, as an ally, would need to strengthen its commitment to national security.

We had an informal session not open to the public to discuss the “America First” trade policy and the challenges to maintaining a rules-based international economic order. The US side was pessimistic about the possibility of concluding new regional or multilateral trade agreements. Japan and its US trading partners would need to pursue a creative approach for restoration of a rules-based international economic order.

Japan-Asia Pacific Forum

The Japan-Asia Pacific Forum in FY 2025 was held in Bangkok on Nov. 6/7, 2025. The Thai Development Research Institute (TDRI) collaborated with JEF to host this forum, which was titled “Revisiting the Future of the Asian Economy: Trade, Technology and Sustainability in a Complicated Geopolitical Environment”. The members of this forum were diverse, such as ASEAN, Japan, South Korea, China, Australia and New Zealand, plus ERIA (OECD in the Asian version). Thus their reactions to today’s geopolitical risks were diverse, though they face common challenges, such as economic security related to high technology and energy security while pursuing sustainable growth.

There were three sessions. The first session highlighted the digital economy and innovation in intensified high technology global competition. This high-tech related competition is often interpreted as geopolitical confrontation, such as the conflict between democratic nations and authoritarian nations. Pursuing a growth strategy led by digitalization and innovation would be a narrow path and there would be a need to derisk in supply chains to avoid decoupling due to intensified confrontation between the superpowers.

The second session focused on climate change and highlighted how the member nations could accelerate a fair and inclusive

transition to green economy, while balancing the three goals of energy security, economic growth and a sustainable environment.

The third and closed session discussed how the Asia-Pacific nations should respond to the challenges to the international trade order today: rising nationalism, accelerated protectionism, the risk of decoupling, and policy uncertainty. How to deal with these and restore a rules-based international trade order is a common challenge for the member nations, and the RCEP and CPTPP, as well as an alliance between the CPTPP and the EU, could be used as platforms for this. As a driving force of global growth, these nations’ responsibility is held to be significant.

China-Japan-Korea Cooperation Dialogue

The trilateral policy dialogue among China, Japan and South Korea was held in Tokyo on Aug. 21/22, 2025. As always, the China Institute for Reform and Development (CIRD), the East Asia Foundation (EAF) in South Korea and JEF were the co-sponsors of this dialogue, which was titled “Enhancing Trilateral Cooperation Amid Shared Economic Challenges”. One of those shared economic challenges is US trade protectionism and its high-tariff policy, which is clearly a violation of the WTO MFN principle. Session 1 focused on this issue in discussing how to strengthen rules-based free trade in East Asia while thinking about the implications of the US policy. How to protect existing FDI is an important issue in this context, as international trade is now facing high tariffs and FDI should be another way to avoid such protectionism.

Session 2 highlighted climate change and energy security. The crucial role of technological cooperation among the three nations to achieve decarbonization, economic growth and environmental sustainability was emphasized.

Session 3 was forward-looking – the so-called Youth’s Session, promoting dialogue among young people. This is important for building up productive and mutually beneficial relations. Tourism is becoming an important industry for all three nations, and business dialogue among young people to promote tourism and to strengthen earning capacity in the three nations was discussed. JS



Japan-Asia Pacific Forum



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