METI's White Paper on International Economy & Trade 2026

By Haruhisa Somaya

In this issue of *Japan SPOTLIGHT*, the Cover Story features METI's White Paper on International Economy and Trade 2026, an annual publication released by Japan's Ministry of Economy, Trade and Industry (METI), which is responsible for Japan's trade policy.

The Mini Cover Story highlights Japan's new Disaster Management Agency, which has been formally approved by the Japanese Diet as the country's central command for disaster management policy.

METI's White Paper 2026 expresses concern over rising policy uncertainty and increasing geopolitical risks, including instability in the Middle East, as key elements shaping the global economic environment. In this context, building co-creation partnerships with emerging economies – such as those in the Global South, where markets are expanding due to high economic growth and population increases – has become essential for the development of Japan's economy and the stability of the global economy.

Developing markets in emerging economies is important for Japan as a means of diversifying its trade structure, thereby reducing dependence on specific countries and strengthening resilience against geopolitical risks. It is also crucial for diversifying sources of vital resources and materials indispensable to Japan's economy. Furthermore, the White Paper analyzes how investment in emerging economies – particularly in sectors such as energy, real estate, and AI-related industries – can effectively contribute to addressing challenges faced by these countries. The report also underscores the importance of "friend-shoring" among like-minded nations for critical minerals and energy, going beyond traditional trade rules.

Based on the above understanding, METI sets out Japan's trade strategy for 2026 as follows. Japan aims to "remain a reliable economic partner" while "maximizing Japan's added value in the world through addressing global challenges", and to counter protectionist and inward-looking trends to evolve and realize a Free and Open Indo-Pacific (FOIP). To this end, Japan aims to build a "trusted economic sphere" by advancing existing initiatives such as EPAs, including the CPTPP and realizing AZEC 2.0 – an expanded Asian Zero Emission Community incorporating POWERR Asia (Partnership On Wide Energy and Resources Resilience Asia), and engage in "global crisis management and growth investment" through cooperation with allies and like-minded nations and co-creation with the Global South. Furthermore, Japan intends to adopt a hybrid strategy that advances rules-based initiatives grounded in "free trade and the rule of law" while responding to immediate issues in US–China relations. The *Japan SPOTLIGHT* article provides a more detailed explanation of these elements.

In addition, drawing on the themes of the White Paper, experts on Middle Eastern affairs and the economies of the Global South – particularly ASEAN – together with a representative from Japan's business community, participated in a roundtable discussion and offered valuable perspectives and insights. We expect that Japan's trade policy will become more widely understood among government officials, business leaders, and other stakeholders around the world, contributing not only to Japan's growth but also to further development of the global economy.

The theme of the Mini Cover Story is "The Mission of Japan's New Disaster Management Agency and Expectations at Home and Abroad". This feature responds to the recent decision by the Japanese Diet to establish the Disaster Management Agency – an organization responsible for strengthening Japan's disaster risk reduction framework, protecting lives and livelihoods through comprehensive pre-disaster risk reduction measures, and serving as a unified command from the onset of a disaster through recovery and reconstruction.

Japan SPOTLIGHT conducted an interview with the young official helping to lead the agency's preparation office, as well as one with a disaster risk reduction expert who provided expert advice to the Japanese government. These interviews explore in depth the objectives and specific policy measures behind the creation of the Agency and Japan's new approach to disaster management. *Japan SPOTLIGHT* also gathered firsthand views from foreign residents in Japan regarding their expectations for the new Agency. In addition, given that the Asia-Pacific region faces the highest disaster risks in the world, experts from the Asian Development Bank – an institution deeply engaged in disaster-risk management – contributed an article expressing strong expectations for partnership with Japan's Disaster Management Agency.

We sincerely hope that the establishment of the Disaster Management Agency and Japan's new initiatives in disaster preparedness will become widely known, contributing not only to Japan's resilience but also to the advancement of disaster-risk reduction across the Asia-Pacific region and the world.

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