

【Provisional Translation】

Recommendations

Toward Developing Japan's "Economic Security Strategy"

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Strategic Headquarters

on the Creation of a New International Order

Policy Research Council, Liberal Democratic Party of Japan

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Attachment: Recommendations from Each Research Commission, etc.

Reference: Recommendations by the Working Team on Governance of International Organizations within the Parliamentary Association on Rule-making Strategy

Introduction

Economic power is fundamental to national strength and is the basis for inter-state relations. All nations have consistently pursued economic advantage, and from that point of view, the economic domain has always been the front line of confrontation among states. It is unlikely that such reality is well-recognized when international relations are stable. However, when the international community experiences major changes and the existing order starts to show signs of being challenged, it suddenly becomes a focus of attention. We are now at such juncture.

In the past, for example, economic measures were used as “weapons” at forums such as the United Nations. These economic measures were used in a form of sanctions against entities that violated the existing order or rules, so they were essentially “weapons” for peaceful purposes. In recent years, however, some countries have started to use economic measures to impose their own desires on other countries, and even to try to reshape the existing international order into something in favor of themselves. This is tantamount to attempting to use economic measures as “weapons” to pursue their national interests, and it clearly differs from the pattern we have seen. The way such measures are exercised also appears to be completely different from the conventional way sanctions have been imposed under the auspices of the United Nations against entities that violated international rules.

Looking back over history, many conflicts between nations in the past revolved around energy and other resources. In those days, the risk of depending on other countries for resources fundamental to a nation’s survival was so evident that any reference to “economic security” was unnecessary as such. Recently, however, the domains fundamental to a nation’s survival have extended beyond resources to certain manufacturing capabilities and technologies, and even as far as into cyberspace, amid advancing digital transformation (DX). Under such situation, even more strategic thinking is required to ensure a nation’s independence, survival, and prosperity. Such thinking is also necessary to maintain an order based on rules and fundamental values, such as freedom, democracy, and respect for human rights, and to collaborate with allies and like-minded countries that strive to protect these norms.

Countries all over the world have started to address economic security within their national security strategies. In Japan, however, there is relatively little awareness of the need to strategically ensure Japan’s independence, survival, and prosperity from an economic perspective, and we have not even created an environment to do so. Realizing this, the Liberal Democratic Party of Japan set up the Strategic Headquarters on the Creation of a New International Order in June 2020. The Strategic Headquarters has engaged in a series of vigorous discussions addressing what is required to enhance Japan’s national strength in the ever-changing international community, and to play a part in forging a new international order that serves Japan’s national interests.

To protect the livelihoods of Japanese people and the functioning of our economy, we must reassess Japan's foundations and identify where bottlenecks lie in a cool-headed manner. We must make every effort during peace time to have more alternative options available, ensuring that these can be guaranteed even in contingencies. Moreover, if Japan is to continue to be an indispensable player in the international community, Japan's economy needs to become an indispensable part of the global industrial structure, and Japan itself needs to become capable of constantly finding means to solve emerging social issues.

It is Japanese citizens who will play the leading role in carving out Japan's future. And in a world filled with changes and uncertainties, we believe that national policies and a timeline should be clearly defined. This is necessary not only to increase predictability for Japanese people but also to support them to take on new challenges. With such sense of mission, we therefore present the Recommendations below.

1. The Need to Develop Japan's "Economic Security Strategy"

The environment where Japan exists is changing rapidly. The flourishing cross-border economic activities and advancing globalization in recent years have deepened interdependence among nations and brought global economic growth. Meanwhile, the relative economic power and economic influence of major countries has altered significantly, causing a dramatic change in the global power balance. As the relationships of economic dependence among countries become increasingly complex, we are also witnessing moves to take advantage of such trend for certain political purposes, giving rise to a new situation in which the global economy risks fragmentation.

Above all, the spread of the novel coronavirus (Covid-19) during 2020 has reminded us of Japan's own vulnerabilities and latent risks. Meanwhile, Covid-19 has created a momentum toward international cooperation within the international community, but this is countered by a growing tendency for nations to put their own interests first. Overall, therefore, uncertainties in the entire international community are growing, rather than shrinking. Whatever its situation may be, Japan must maintain its existence and the livelihoods of Japanese people, and continue to achieve prosperity. In particular, given the current rapid changes in Japan's surrounding environment, we need to give comprehensive and strategic considerations to how we will ensure Japan's independence, survival, and prosperity from an economic perspective, and how we will maintain a rules-based order and fundamental values, such as freedom, democracy, and respect for basic human rights. We must then proactively take action based on a clear timeline.

In Japan, we have already implemented policies within individual sectors such as energy or food, taking into account the balance between economic requirements and national security requirements.

When formulating rules for trade and investment with other countries, Japan has also paid attention to balancing economic and national security needs. Likewise, in the area of technology, there has been convergence of both perspectives of economy and national security, such as export controls and regulations on foreign investment into Japan. On the other hand, the National Security Strategy of Japan developed in 2013 did not clearly address a viewpoint on how Japan would achieve its national interests from an economic perspective.

In the United States, Pillar II of the National Security Strategy developed in 2017, entitled Promote American Prosperity, clearly states the principle that “economic security is national security.” It lists key elements under this principle such as (1) rejuvenate the domestic economy; (2) promote free, fair, and reciprocal economic relationships; (3) lead in research, technology, invention, and innovation; (4) promote and protect the US national security innovation base; and (5) embrace energy dominance. This strategy considers economic security from a broader, multi-faceted perspective, indicating important aspects to consider for Japan.

Japan also needs to avoid chopping and changing in response to individual moves by other countries. Instead, Japan should develop a clear strategy for ensuring its independence, survival, and prosperity from an economic perspective, then proactively take action in line with such strategy. For these reasons, the Government should articulate what concrete initiatives are required both inside and outside Japan. It should also set a timeline and develop a so-called “economic security strategy,” a strategy to ensure Japan’s independence and survival, and achieve economic prosperity. We hereby present the views of the Liberal Democratic Party of Japan, and call on the Government to develop and implement such strategy.

2. Fundamental Principles and Definition of Economic Security

(1) Fundamental Principles and Definition

As mentioned above, Japan’s economic security should of course ensure Japan’s national interests, as defined in the National Security Strategy of Japan, from an economic perspective. The National Security Strategy of Japan defines Japan’s national interests as follows: (1) to maintain its sovereignty and independence; to defend its territorial integrity; to ensure the safety of life, person, and properties of its nationals, and to ensure its survival while maintaining its own peace and security grounded on freedom and democracy and preserving its rich culture and tradition; (2) to achieve the prosperity of Japan and its nationals through economic development, thereby consolidating its peace and security; this requires Japan to strengthen the free trade regime and to realize an international environment that offers stability, transparency, and predictability; (3) to maintain and protect an international order based

on rules and fundamental values, such as freedom, democracy, respect for basic human rights, and the rule of law.

Economic security for Japan means ensuring the above national interests from an economic perspective. As such, for the sake of these Recommendations, economic security is defined as “ensuring Japan’s independence, survival, and prosperity from an economic perspective.” An economic security strategy is a strategy to achieve this purpose.

(2) Strategic Autonomy and Strategic Indispensability

In these Recommendations, two concepts are presented as key ideas when considering Japan’s economic security strategy in concrete terms: “*strategic autonomy*” and “*strategic indispensability*.” *Strategic autonomy* refers to realizing Japan’s national security objectives of ensuring the livelihoods of Japanese people and the normal functioning of our economy without depending excessively on other countries, under any circumstances. This would be achieved by reinforcing the foundations essential for maintaining the livelihoods of Japanese people and socioeconomic activities. On the other hand, *strategic indispensability* refers to ensuring Japan’s long-term, sustainable prosperity and national security by strategically increasing the number of sectors within the entire global industrial structure where Japan is indispensable to the international community.

Japan’s efforts to establish economic security must start by articulating what *strategic autonomy* and *strategic indispensability* mean to Japan from an economic perspective. Of course, the international community’s economic, industrial, and technological situation changes constantly, and it will therefore be necessary to review and update our strategy as required. Moreover, as is clear from the current rapid changes in the international community, we should expect that, in future unforeseeable circumstances, the international order could potentially shift toward an entirely new direction that is undesirable for Japan. Japan’s economic security strategy must fully anticipate such extreme circumstances.

3. Economic Security Environment surrounding Japan

Major countries have been bolstering their efforts in the economic security sphere as part of their national security efforts, depending on their respective circumstances.

(1) United States

The approach to economic security in the United States was touched upon earlier, and Pillar II of the National Security Strategy, entitled Promote American Prosperity, clearly states the principle that “economic security is national security.” Under the recognition that “today, American prosperity and security are challenged by an economic competition,” the strategy lists five priority areas with their

respective policies. In line with such thinking, the United States is pursuing a range of concrete initiatives that include protecting and cultivating sensitive and critical technologies in order to rejuvenate its real economy and reinforce and safeguard its innovation base.

Within this context, U.S. actions on the economic security front against China – a country the United States regards as a “strategic competitor” – have intensified, particularly in recent years. The United States is taking a variety of steps to control trade and investment, targeting certain companies in the telecommunications sector in particular, and this is having an increasingly serious impact on all businesses in the international community, including Japanese companies. For instance, in the field of technology which has been a focus of attention in Japan, in its National Defense Authorization Act for Fiscal Year 2019 enacted in August 2018, the United States established the Export Control Reform Act and the Foreign Investment Risk Review Modernization Act. These acts broadly prohibited US government agencies from procuring or using telecommunications or video surveillance equipment or services supplied by certain Chinese companies, including five companies specified by name. Furthermore, the National Strategy for Critical and Emerging Technologies of October 2020 emphasized the importance of maintaining the global leadership of the United States in critical and emerging technologies in order to ensure national security and economic prosperity. Nonetheless, the trading and business relationship between the United States and China remains close. Investment by the United States in China has been increasing in recent years, and at the China International Import Expo held in Shanghai in early November 2020, US companies accounted for the largest share of the exhibition space.

The developments described above remind Japan of important points to consider. The United States is Japan’s ally, and Japan-US relationship is the linchpin of Japan’s diplomacy and national security policy. At the same time, just like the United States, Japan also has a close economic relationship with China. Moreover, assuming that the United States and China maintain their current economic growth rates, some suggest that the two countries’ rankings in terms of GDP size will be reversed around 2030. Under these circumstances, Japan needs to carefully monitor the next US administration’s policy toward China including in the economic security sphere. As it does so, it should first redouble its own economic efforts, then to strengthen communication and appropriate coordination with the United States, Japan’s ally, so that the two countries can join forces to lead international collaboration.

(2) Australia

Even before the recent deterioration of its relationship with China, Australia’s national security strategy identified ensuring the safety of its citizens and the resilience of the nation and protecting national assets and infrastructure as its own national interests. It has pursued concrete initiatives to these ends, such as developing strategies to reduce supply chain vulnerabilities. Recently, due to the strained ties between Australia and China, Australia has growing awareness about its own economic security.

The Australian economy has in the past been underpinned largely by Chinese demand for resources, and Australia started to negotiate a free trade agreement with China from around 2005, while accepting a broad range of investment from China. However, the sale of the 99-year lease for Darwin Port to a Chinese company in 2015, along with an increase in the number of foreign corporations acquiring Australian companies in the electric power, telecommunications, resources, and energy sectors, led to a sense of crisis. The Turnbull administration responded by clearly setting a policy of prioritizing national security, and in 2016 strengthened the Foreign Investment Review Board and set up the Critical Infrastructure Centre. This enabled development of a system for registering facilities in sectors relating to national security – such as electric power, ports, and water supply – that could potentially be acquired by overseas entities. In addition, the Australian government is considering amendments to the law in line with national security considerations so that, during the process of foreign investment approval, foreign investors are obligated to provide advance notification of investment in sensitive sectors such as the media, telecommunications, or energy, irrespective of the size of the investment. The timeline under Australia’s consideration is to enact the amended law in January 2021.

(3) India

India has not publicly issued a national security strategy, but to date, it has followed a policy of expanding its strategic partnerships in all directions. It takes a proactive approach to ensuring its national interests and contributing to the international community in a multilateral context, for instance through its participation in the international export control regimes (such as the Missile Technology Control Regime and the Wassenaar Arrangement).

On the other hand, India, as the leader in the “Third World,” has traditionally positioned itself close to China and Russia with regard to issues including the World Trade Organization and climate change. Recently, however, due to the border disputes between India and China, China’s growing influence in Sri Lanka and Bhutan, and India’s growing economic dependence on China, India has been deepening coordination with the United States and Europe in recent years with a focus on shared values of democracy and diversity, national security interests, and economic rules.

India already has world-leading technology developers, and has produced a great many entrepreneurs running new technology companies both at home and abroad. It is set to raise its profile as a country in the near future in terms of both the size of its GDP and its population. In that process, its interest in national security in the economic context is certain to grow for the sake of maintaining India’s own strategic freedom. In particular, as countries seek to diversify their supply chains in response to Covid-19, it seems likely that India’s collaboration with Japan, the United States, and Australia – so-called “Quad” – will become even more important.

(4) Indo-Pacific Region

Japan was the first to announce a vision toward establishing a free and open order based on the rule of law in the region that links Asia, a center of global economic growth, and Africa. Japan's "Free and Open Indo-Pacific (FOIP)" concept helped to prompt the United States, Australia, India, the ASEAN member states, and the European nations to set forth a similar vision, building a momentum toward promoting concrete coordination and cooperation.

In parallel with such trend, the global power balance is shifting, while the ties between the United States and China have become more strained. Against such backdrop, countries within the Indo-Pacific region, just like countries in other regions, are currently continuing their own efforts to ensure their independence and economic prosperity over the long term, depending on their respective circumstances. For example, awareness is growing to a certain extent about the risks of over-dependence on a certain country in the area of key infrastructures such as roads, railways, airports, and ports, from the perspectives of not only debt sustainability but also economic security. The growing momentum toward attaching importance to "connectivity" within the region can be seen as a reflection of such awareness.

However, there is a possibility that such vulnerabilities affecting certain countries in the region will increase as China pursues its development strategy described in (6) below, backed up by its ample funding and manufacturing capability, together with its huge market. The world's major distribution routes are concentrated in the Indo-Pacific region, and that is why this region is so important for Japan. As such, realizing a "free and open" Indo-Pacific region is critically important for Japan to ensure its *strategic autonomy* and acquire *strategic indispensability*.

(5) Europe

In Europe, the national security strategies of the leading nations, namely the UK, France, and Germany, identified their own security and prosperity as fundamental national interests. These strategies reflect awareness of the need to coordinate with the business community to overcome their vulnerabilities, particularly in relation to critical infrastructures, and to support technological innovation, in their pursuit of national interests.

In particular, France is acknowledging the need to maintain high aspirations on both the industrial and technological fronts, and it is worth highlighting that France's approach echoes with "acquiring *strategic indispensability*" as is emphasized in these Recommendations. The UK describes its economy and national security as being interconnected, and made it public that they are ready to deal with threats to the nation by leveraging technological innovation as well as science and technology, not to mention through the protection of its technologies. Germany, meanwhile, emphasizes in its defense white paper the need for a shared understanding of the potential risks against the nation, its business and academic communities, and its society as a whole.

When it comes to how each nation sees China, each has a different perspective. Having said that, the importance of *strategic autonomy* is being pointed out repeatedly in Europe in recent years and the meetings of NATO Ministers of Foreign Affairs held in December 2020 acknowledged China as a “systemic rival.” As such, European awareness about issues associated with China is growing to a certain extent.

(6) China

China adopts the concept of an all-encompassing national security guided by the principle of the party leading all activities, treating its economy as an element of national security. In addition, China clearly set the national objective of becoming a world power through socialist modernization by the mid-21st century, and has been implementing specific strategies such as “Made in China 2025,” setting a clear timeline for strengthening its real economy and for acquiring and cultivating the cutting-edge technologies that will underpin its economy. Recently, President Xi Jinping declared a new development strategy that include establishing a self-sustaining domestic environment while further increasing China’s vast middle class of 400 million people, using the country’s huge market as a magnet to further the international community’s dependence on China, and maintaining a China-first policy in the real economy. Against such backdrop, in spring 2021, China is expected to draw up its 14th Five Year Plan starting in 2021, along with a long-term plan targeting 2035.

China is also making rapid progress in establishing institutions and systems, including laws relating to cyberspace, cryptography, and export control. Furthermore, it has been reported that the “China Standards 2035” plan will be announced in 2021. This could be seen as a sign of China’s determination to create conditions in favor of Chinese companies and other entities expanding overseas operations in future by leading the process of international standard making, a role traditionally performed by the United States and Europe, coupled with China’s recognition that it has achieved a degree of domestic manufacturing capability and acquired and cultivated relevant technologies.

Meanwhile, China not only calls itself “the world’s largest developing nation,” thereby selectively avoiding the obligations and costs generally borne by other major countries, but also receives various forms of financial assistance from the international community. Thus, the international community is now structured in such a way that other major countries are helping China to sustain its position at their own cost.

China has been expressing that it will persistently maintain its policy of openness to the world, claiming that it is the largest trading partner for more than 120 countries and regions worldwide. China’s “Belt and Road Initiative” is also expected to expand in its scope, but it should be borne in mind that behind China’s thinking lies the development strategy described above (particularly in the cyber space, outer space, and submarine sectors).

In addition to the aforementioned “Belt and Road Initiative” as well as “Made in China 2025” and “China Standards 2035,” the groundwork has steadily been laid to promote international use of China’s renminbi, particularly since the global financial crisis in 2008. This includes an increase in renminbi-denominated currency swaps, establishment of the Silk Road Fund, and the International Monetary Fund’s inclusion of the renminbi in its Special Drawing Rights basket of currencies. Meanwhile, experiments on the use of digital renminbi is now being carried out in China. Despite various challenges, should use of digital renminbi be rolled out overseas, it could have potential to undermine the current dollar-oriented currency system, and by extension, challenge the existing international order.

(7) Russia

Like other countries, Russia also identifies reinforcement of the Russian economy’s competitive strength as a national security interest. In line with such approach, it has set multiple objectives, such as bolstering energy security and technological security, cultivating advanced technologies, reducing dependence on other countries, and developing SMEs. In addition, Russia is seeking to ensure autonomy in the online world in particular by establishing legislation on internet sovereignty (not yet enacted) and by making preparations for cutting the national online network off from the outside in contingencies. Russia is also expected to redouble its efforts to expand its influence over the Arctic Ocean, which is likely to become increasingly important because of the sea lanes and resources.

4. Basic Policy on Economic Security Which Japan Should Adopt

As described above, to achieve Japan’s economic security, we need to start by (1) analyzing Japan’s position from an economic security perspective, and identifying precisely what comprises Japan’s *strategic autonomy* and *strategic indispensability*. We then need to (2) determine strategies and policies necessary for Japan to ensure its *strategic autonomy* and *strategic indispensability* through its own efforts, and (3) put the necessary mechanisms in place for achieving this goal. Among these, (1) is particularly important. We cannot think about Japan’s economic security unless we objectively understand and fully assess the circumstances of the industries which Japan’s real economy is founded on. Based on such situational awareness, we then need to work out the details of (2) and then (3), to develop a clear-defined strategy.

Only after developing such strategy will it be possible to support the efforts of all stakeholders including companies in private sector, universities, and research institutes in an appropriate way. Such strategy will also enable Japan to take the initiative in building appropriate and mutually-beneficial relationships for cooperation and coordination, including engaging in a meaningful process of comparing notes and providing effective assistance to countries facing difficulties with other like-minded countries that share fundamental values, such as the United States, Japan’s ally, as well as

Australia, India, other countries in the Indo-Pacific region, and Europe. As a result of such engagement, Japan will be able to strengthen the rule-based international order in ways that serve Japan's national interests in coordination with those like-minded countries and others.

(1) Review of the Current Situation and Identification of Necessary Measures

(i) Maintaining and Reinforcing Japan's Strategic Autonomy

First, we must determine which industries need to be maintained and reinforced to support the livelihoods of Japanese people and the normal functioning of our economy. In other words, if there are certain industries in which difficulty in trade and investment could result in interrupting the livelihoods of Japanese people and the normal functioning of our economy, we should identify those industries in advance. Then, we must identify the vulnerabilities of those industries and use innovation and other means to boost resilience, reduce dependence on others, and prepare alternative options as necessary.

In these Recommendations, those industries are referred to as "strategic core industries," with essential infrastructure industries primarily in mind, such as energy (including electric power), telecommunications, transportation, foods, medical care, finance (including fintech), distribution, and construction. In these strategic core industries, various measures related to economic security have already been implemented, but the extent of such measures is different among industries, and no comprehensive evaluation or assessment has taken place. In addition, as digital transformation (DX) progresses, use of new technologies and advanced telecommunications networks including the cloud is spreading rapidly in recent years, bringing us to a new situation which requires caution. This is because in some areas Japan is already dependent on others.

Against such backdrop, Japan should start by identifying industries which Japan should treat as "strategic core industries." Under the Government's leadership, it should then use realistic risk scenarios to identify and analyze vulnerabilities and economic security-related challenges in each industry, and to explore concrete measures for ensuring *strategic autonomy* to address such vulnerabilities and challenges. In doing so, it will be important to consider aspects such as (1) possibility of stockpiling (commodities that are difficult to stockpile require a strategic approach), (2) possibility of substitution (commodities for which substitutes are difficult to procure in contingencies require a strategic approach), and (3) supply capacity (commodities for which sources of supply are limited require a strategic approach). It is then necessary for the Government to take the lead in once again scanning the entire economy from the perspective of ensuring Japan's economic security to identify its vulnerabilities, including those within supply chains. Following this, Japan should take steps to strengthen and diversify those industries through its own efforts by boosting resilience,

reducing dependence on others, and preparing alternative options as necessary, including through collaboration with other like-minded countries.

As “strategic core industries” have a direct bearing on a nation’s survival and independence, and therefore comprise the basis of Japan’s prosperity, the role of the Government in promoting initiatives in this field is even more important. In particular, with regard to commodities such as energy, mineral resources, and foods, the Government itself needs to take the lead in diversifying sources of supply, including through strengthening relationships with resource-rich countries and developing Japan’s own resources. It is also important to constantly review “strategic core industries” from a comprehensive and holistic perspective, looking ahead to the future, when societal conditions and technological trends will bring change.

(ii) Acquiring Japan’s Strategic Indispensability

Furthermore, it is necessary to identify industries that have advantages and potential to enable Japan to support its *long-term* and *sustainable* prosperity. The key here is “long-term” and “sustainable.” From an economic security perspective, this means that Japan would become strategically indispensable to the entire international community in relation to such industries.

To a certain degree, it is difficult to determine the types of industries in which Japan will acquire *strategic indispensability* in advance. However, it would be useful, for example, to identify in advance industries in which Japan is already positioned at the top in the global value chains, or industries producing technologies, products, and services that have overwhelming advantages in the materials and components fields. As DX takes hold and progresses further into all industries, there will be a greater momentum toward creating new industries. This is also something that deserves attention.

From an economic security perspective, in those new sectors, the vitality and efforts of companies in private sector will be paramount, while the main role of the Government will be to support their efforts vigorously and effectively in order to ensure Japan’s long-term and sustainable prosperity, as well as to create an environment for such support. For example, there is a hope that the Government will play a more proactive role in such areas as: creating an environment for Japanese companies to operate in global markets in appropriate ways; establishing systems to prevent outflow of sensitive technologies; providing vigorous support in setting international standards and protecting intellectual property rights; and securing supply routes for key commodities. In particular, if Japan is to increase its *strategic indispensability*, as a matter of course, it needs to take steps to expand its own domestic market, even as the population is shrinking. In addition, the Government needs to mobilize all the nation’s

capabilities, including diplomacy, and do everything in its power to acquire international markets and to secure transportation routes for components and products.

(2) Protection and Cultivation of Technologies

(i) Basic Approach

When protecting and cultivating certain technologies as a pillar of ensuring economic security, it is essential to make clear for what specific purposes we are doing so. The first point to be made in these Recommendations is that technology alone has no intrinsic meaning in terms of economic security; whatever the technology, its importance and sensitivity for Japan can be judged only when it has been validated by Japan's own real economy. In other words, the technologies to be protected and cultivated will become clear only when there is a clear strategy as mentioned in (1) above.

The second point is the need to recognize that the important technologies, whether in relation to *strategic autonomy* or *strategic indispensability*, are changing and being replaced at ever faster rates, and any technology that is important today could likely become obsolete tomorrow. However important a technology may be at this moment, once it becomes obsolete, there is no point in protecting it. From an economic security perspective, therefore, it is imperative to simultaneously think hard about upgrading the innovation environments in companies, universities, and research institutes to develop environments where new technologies can be created one after another.

The third point is that, with regard to several core technologies, some other countries have an advantage over Japan. We need to squarely face the reality – particularly in recent years, we have become increasingly dependent in Japan on other countries for certain technologies that are indispensable to the livelihoods of Japanese people and the normal functioning of our economy. To address this situation, necessary steps must be taken immediately.

(ii) Identification of Technologies and Protection/Cultivation of Those Technologies

Giving due consideration to the points above, Japan needs to identify technologies that will support *strategic autonomy* and *strategic indispensability* from a national security perspective, and use all possible means to protect and cultivate them. Doing so will require a set of integrated and comprehensive actions. Key tools for protecting technologies should include revising measures such as export control and investment reviews as required, and addressing the diversification of channels through which technologies are leaked. These steps will enhance Japan's predictability for other countries. Furthermore, in terms of *strategic autonomy* and *strategic indispensability* in particular, Japan needs to specifically identify technologies for which Japan should avoid depending on other

countries, as well as technologies for which dependence on other countries is inevitable (as such, relevant measures will be required). The Government should then take the lead in taking necessary steps.

(3) Points to Consider upon Developing a Strategy

Based on the above approach, the Government should develop a comprehensive strategy to ensure Japan's economic security, which is to say, to ensure Japan's independence, survival, and prosperity from an economic perspective. When developing such strategy, in addition to the points referred to above, the Government should also clearly define what needs to be achieved and when for each policy. To that end, three timelines should be kept in mind: the short term (i.e. for the next one to two years), the medium term (i.e. for the next five years or so), and the long term (i.e. for the next ten years or so). The economic security environment surrounding Japan is changing rapidly. To make steady progress in bolstering Japan's economic security under such circumstances, Japan itself needs to proactively take action, while monitoring what the international community and major countries are doing in this regard. It then needs to pursue strategic coordination with the United States, European countries, and other like-minded nations that share fundamental values, including freedom, democracy, and market-oriented economy. One of the keys to achieving this is never to fall behind.

Developing and implementing an economic security strategy will require the relevant ministries and agencies to enhance their awareness of economic security and their capabilities in this regard, as well as to strengthen whole-of-government efforts. It will also be crucial to ensure closer coordination among industries, the Government, and academia, including companies in private sector, universities, and research institutes. In particular, the relevant ministries and agencies should take the initiative in leading the implementation of concrete policy measures for the industries they oversee, guided by a shared understanding and awareness of economic security.

To put the above into practice, the Liberal Democratic Party of Japan calls on the Government to implement the measures detailed below. The Party will follow up on the progress to be made.

- First, Japan needs an economic security strategy and the Government should move as swiftly as possible to develop such strategy. In addition, it should put in place the mechanisms that are most appropriate and essential to steadily implement such strategy. It should also consider incorporating an economic security dimension into the National Security Strategy of Japan in future.
- In addition, these measures require legal backing; individual ministries and agencies should therefore coordinate with entities such as the National Security Secretariat to deliberate what can

be done vis-à-vis laws and regulations governing the industries they oversee. Furthermore, the Government should aim to enact a law for promoting all forms of economic security measures during the ordinary Diet session in 2022, which should include establishing the legal basis for implementing economic security-related measures. In the meantime, the Government should steadily push through individual policy steps that can be implemented one after another.

5. Priorities and Measures To Be Taken

(Based on the Interim Summary [Strategic Headquarters on the Creation of a New International Order] issued on September 4, 2020)

During the preparation for these Recommendations, entities including the Strategic Headquarters on the Creation of a New International Order and specialized agencies within the Liberal Democratic Party's Policy Research Council worked together to consider in detail relevant priorities in each area, along with measures to address those priorities. The document attached presents the detailed results of these sector-oriented deliberations. The following is a set of specific recommendations for each sector from the Strategic Headquarters, based on the results of deliberations by specialized agencies within the Policy Research Council. These recommendations primarily address the two issues: *strategic autonomy* and *strategic indispensability*, but also address other issues including the Government's organizational capacity and functions, and stronger international engagements. The Government should implement the following recommendations and the steps described in the document attached as soon as possible.

(1) Securing Resources and Energy (Research Commission on Comprehensive Energy Strategy)

Energy is an extremely important strategic core industry, and it is the nation's responsibility to pursue *strategic autonomy* by building a robust system including a supply chain to ensure a stable supply of the energy required, whatever the future may be.

Accordingly, the Government should develop a sixth Strategic Energy Plan based on the assumption of achieving carbon neutrality by 2050, and strive to make the maximum use of renewable energy. At the same time, it should pursue other initiatives including improving the efficiency of thermal power generation and establishing a system for sustainable use of nuclear power; putting in place security measures to protect power generation infrastructure from terrorism, attacks, or disasters; and implementing measures related to the energy supply system. Japan should also participate actively in endeavors such as the development of innovative decarbonization technologies and international rule-making.

Furthermore, it is the nation's responsibility to ensure *strategic autonomy* by securing stable supplies of key resources such as oil, natural gas, and rare earths through means including strengthening supply chains, and by working to develop ocean resources within Japan. In addition, the Government should aim to make Japan *strategically indispensable* in the resources sector by generating innovations to reduce the greenhouse gas emission through fossil fuels, and by providing aid including financial support and infrastructure export to pursue realistic, phased carbon reduction based on the actual situations in developing countries.

(2) Ocean Development (Special Committee on Space and Ocean Development)

Japan is surrounded by sea in all directions, and in order to preserve Japan's territory and ensure the safety of Japanese citizens, there is a pressing need to protect the sea and make use of it as the foundation upon which the existence and growth of the economy and society depend.

First, with regard to mineral resources such as oil, natural gas, and rare earths, for which Japan relies on imports from overseas, the Government should contribute to ensuring *strategic autonomy* to boost Japan's industrial competitiveness as well, by pushing forward activities such as exploring and developing ocean resources of Japanese origin, and studying the seabed using autonomous underwater vehicles and other means.

Given that 99.6 percent of its trade relies on marine transportation, it is imperative for Japan to increase its *strategic autonomy* in the marine transportation and shipbuilding sectors to ensure a reliable marine transportation system and to maintain the infrastructure for supplying vessels including the patrol boats necessary for guarding its territorial waters. At the same time, in order to strengthen its relationships with coastal nations along its sea lanes, Japan needs to make steady progress in areas such as improving its ability to enforce maritime law, ensuring navigation safety, cooperating in the development and operation of key ports and other facilities, and reinforcing its coast guard capability.

Additionally, now that Arctic Ocean shipping routes are expected to come into use, Japan should lose no time in building icebreaker research vessels and strategically pursue an Arctic policy that addresses matters such as sustainable utilization of the shipping routes and international cooperation.

(3) Reinforcing Food Security (Research Commission on Agriculture, Forestry and Food Strategy, and Research Commission on Fishery Policies)

Worldwide risk with regard to food security has increased as a result of moves by some food exporting countries to impose export controls on cereal crops and other items due to the impact of the Covid-19

pandemic, combined with other developments including reduced fishery resources because of excessive or illegal fishing and changes in the marine environment. It is therefore essential to use all possible means to ensure a supply of food for Japanese citizens into the future by taking steps to reinforce Japan's food security.

In order to do so, the Government should reinforce the production base within Japan by, for instance: stepping up production of crops such as wheat and soybeans, which are expected to substitute for imported products; switching the ingredients for processed foods and other products to those produced in Japan; managing fisheries resources properly; and bolstering capacity for conducting fishery patrols. In addition, it should maintain and enhance Japan's *strategic indispensability* by seeking to secure Japan's technological excellence as a means of enhancing international competitiveness in the food sector. Steps to that end should include taking stronger measures with regard to Japanese products and genetic resources such as Wagyu beef to manage and protect them as intellectual assets, and establishing a system to prevent outflow to other countries of superior botanical varieties pursuant to the amended Plant Variety Protection and Seed Act.

(4) Developing Financial Infrastructure (Research Commission on Finance and Banking Systems, and Economic Growth Strategy Headquarters)

Finance is the foundation upon which economic activity rests, and now that economic activities have become global, international financial centers have become the infrastructure that underpins global economic activities.

With this in mind, it is crucial for Japan's economic security in terms of both *strategic autonomy* and *strategic indispensability* that, Japan, a country serving as a safe and secure hub benefitting from resilient democracy and the rule of law, fulfills a function as one of the international financial centers comprising the cornerstones of economic development in Asia and the world. In order to achieve this, the Government should move as swiftly as possible on initiatives such as ensuring an uninterrupted supply of capital for growth, and amending regulations. It should also create an environment that makes it easy for foreign business operators and highly skilled foreign professionals to launch businesses, start private practices, and start their lives in Japan.

With regard to central bank digital currencies (CBDCs), central banks in all major nations are stepping up the pace of their deliberations on issuing CBDCs, and the Bank of Japan, likewise, has just started detailed, practical examination of the matter. Meanwhile, in October 2020, China is believed to have successfully completed a trial in preparation for issuing digital renminbi. Accordingly, to ensure the

stability of the international currency system and protect our national interests, Japan should seek the involvement of the United States to jointly lead in formulating international standards on CBDC technology with a view to digitalizing the dollar and the yen. This is both extremely significant and essential in terms of ensuring *strategic autonomy*. The Bank of Japan should conduct technical testing during fiscal 2021-22 and, in light of the results, join forces with the Government to decide on the overall framework for designing a digital currency system. It should then promptly start pilot testing to consider the potential for actually issuing a CBDC as well as the details of the system's design. Note that discussion on amending the law should be an integral part of considering the system's design.

(5) Developing Telecommunications Infrastructure (Research Commission on Information Communications Strategy)

In a society where the digital and real worlds will continue to merge, the telecommunications industry is a strategic core industry for sustaining the livelihoods of Japanese people and continued capacity to function as a nation, as well as the future development of our socioeconomic system.

Accordingly, the Government should ensure *strategic autonomy* by taking action as quickly as possible to install and extend telecommunications infrastructure within Japan, including 5G and optical fiber networks. This should be accompanied by other initiatives, including maintaining and boosting Japan's role as an international data flow hub using undersea cables, which are a strategically important infrastructure, and enacting institutional measures for satellite communications. In parallel with this, the Government should work toward mainstreaming Japan's 5G technology as the international standard. It should also set its sights on Japanese companies extending their operations into the ASEAN member states, India, Latin America, and elsewhere, and pursue collaboration with these countries. Furthermore, the Government should be first in the world to achieve commercially viable 6G and formulate international standards by undertaking strategic, focused investment of resources in R&D, aiming to take a leadership role in the 6G sector. Through this approach, Japan should seek to dramatically increase its *strategic autonomy* and ensure *strategic indispensability* in this sector.

With regard to fake news, industry, academia, and the Government should coordinate to ensure that people can use the internet in a safe and secure manner, while also paying close attention to efforts to accurately grasp the situation and consider actions to be taken from multiple perspectives.

(6) Space Development (Special Committee on Space and Ocean Development)

The role of space systems in economic security is increasing, making it necessary for Japan to acquire *strategic autonomy* and *strategic indispensability* in this sphere.

The Government should seek to accelerate the development of space technologies and expand the reach of space industry by (1) speeding up the development of Japanese-made satellites, including small-satellite constellations that address national security and other important needs, (2) creating and expanding the space market, (3) taking measures against supply chain risks, (4) establishing space mission assurance as soon as possible, and (5) further improving the space systems that underpin economic activities and developing related technologies necessary for future space development. By building, managing, and operating Japanese-made platforms for monitoring conditions in space, Japan should go beyond ensuring *strategic autonomy* and acquire *strategic indispensability* by leading international rule-making for the Indo-Pacific region's surveillance systems and space-traffic controls. Additionally, the Government should seek to collaborate actively with other countries by, for instance, taking the lead in international rule-making, including development of legislation for recognizing rights in resources acquired in space, or by pursuing space-related cooperation with other countries relevant to Japan's FOIP concept.

(7) Reinforcing Cybersecurity (Research Commission on Info-Communications Strategy)

Telecommunications infrastructure is the foundation underpinning the livelihoods of Japanese people and continued capacity to function as a nation, as well as the future development of our socioeconomic system. Now that damage from cyberattacks and similar actions has become a national security threat, establishing and maintaining our own safe, secure, and reliable cyberspace has become an urgent task from the perspective of Japan's *strategic autonomy*.

With regard to supply chain risk, whereby data may be stolen or destroyed, or malicious features may be incorporated during processes undergone by digital products, such as development, manufacturing, installation, maintenance, management, or disposal, it is essential to take measures such as identifying vulnerabilities and avoiding dependence on unreliable devices or software. Accordingly, the Government should lose no time in clearly specifying how data related to cybersecurity is handled, and in creating an environment for collecting and analyzing cybersecurity data within Japan. Japan should also acquire and further solidify its *strategic autonomy* in cyberspace by focusing particularly on increasing Japan's cybersecurity R&D capability and training human resources.

(8) Promoting Utilization of Real-World Data (Research Commission on Intellectual Property Strategy)

In a situation where overseas players such as the GAFAs tech giants (Google, Amazon, Facebook, and Apple) lead the field in capturing virtual data, it is imperative for Japan to accelerate its utilization of

real-world data for the sake of ensuring its own *strategic autonomy*.

The Government should expedite its development of rules to govern the handling of real-world data, aiming to dispel various impediments to data flow in order to build a platform for real-world data in Japan and encourage the creation of a market for trading data. It is crucial for Japan to develop its own effective rules ahead of Europe, which is aiming to develop legislation in 2021. This is the case particularly if Japan is to pursue its own national interests by putting into practice the Data Free Flow with Trust (DFFT), which Japan announced at the G20 Summit, and by leading the formulation of international rules related to utilization of industrial data. The Government should incorporate these considerations into its data strategy and act promptly to examine issues including in what form such rules can be made.

(9) Diversifying and Strengthening Supply Chains (Economic Growth Strategy Headquarters)

Diversification and strengthening of supply chains is crucial to ensure Japan's *strategic autonomy*. For products, components, and raw materials whose production sites are highly concentrated, and products that are important in enabling Japanese citizens to live healthy lives, the Government should take steps to support development of new production sites within Japan and diversification of production sites overseas, to ensure *strategic autonomy* vis-à-vis such items.

In order to do so, it will be crucial to overhaul all business processes in private sector. The Government should urge the private sector to make changes that help diversify and strengthen supply chains, and use taxation policy and other means to encourage DX investment targeting the necessary structural reforms. In addition, the Government should reinforce Japan's *strategic autonomy* through initiatives such as building new access roads to airports and ports, and enhancing the role played by international strategic container ports, thereby strengthening supply chains and increasing productivity.

(10) Achieving and Maintaining Japan's Technological Excellence (Strategic Headquarters on the Creation of a New International Order, Research Commission on Intellectual Property Strategy, and Research Commission on Science, Technology and Innovation Strategy)

The Government should properly grasp Japan's technological strengths and weaknesses, and lose no time in designating sectors that require protection and cultivation from a national security perspective, as well as identifying specific critical technologies in which Japan should seek to secure and maintain its excellence. In doing so, it should take into account strategic core industries that require appropriate protection to ensure *strategic autonomy*, and industries in which *strategic indispensability* needs to be acquired and enhanced.

In addition, the Government should explore issues related to designated critical technologies that are sensitive, such as (1) deliberating a government-wide decision-making framework to determine how the results of government-funded R&D should be publicized; (2) considering institutional and other aspects relating to publication of patent applications and official announcements of new patents; (3) discussing institutional and other aspects relating to measures to protect these technologies (such as prioritizing allocation of budgets, personnel, and other resources for protection and cultivation); (4) reinforcing international coordination; and (5) considering a process of authorization for handling sensitive information (security clearance).

The Government should also clarify its basic policy to ensure the soundness and impartiality of research (i.e. research integrity) and move as swiftly as possible to consider issues such as how researchers applying for Japanese public research funds should disclose funding from overseas, taking into account the opinions of the research community as it does so. Moreover, the Government should pursue collaboration among industry, the Government, and academia to further reinforce the systems for management of sensitive technical information at entities including universities, research institutes, and companies. It should also tighten screening for acceptance of international students and researchers from overseas and to make the screening more effective and efficient through digitalization and coordination among relevant ministries and agencies.

With regard to security export controls, the Government should consider a new course of action whereby Japan takes the initiative to supplement the international regime by enhancing coordination among like-minded countries to ensure agile responses to the new international environment, business stability, and a level playing field.

(11) Enhancing Innovative Capability (Research Commission on Science, Technology and Innovation Strategy)

Japan's capacity to produce innovation is the foundation upon which it will establish *strategic autonomy* and acquire *strategic indispensability*.

In finding solutions to worldwide social issues and leading the new international order, an important role will be played by “trans-science.” However, given that the current mechanisms by which academia provides advice to the political/administrative establishment cannot be described as adequate, the Government should seek to forge a sound relationship between the political establishment, which verifies the legitimacy of national governance, and academia, which verifies its validity. To that end,

it should review the role played by existing academic institutions and consider the optimal form of organization to resolve structural issues. In parallel with this, the Government should explore systems and mechanisms including those for ensuring that the political/administrative establishment and the academic establishment understand each other's work.

One area of innovation, semiconductors, is of vital importance as a form of strategic technology directly linked to the critical infrastructure and national security that underpin our digital society. The Government should aim to make Japan a world leader in groundbreaking semiconductor innovation by mobilizing all possible measures combining domestic and international efforts to acquire and increase *strategic autonomy* and *strategic indispensability*. Such measures should include identifying cutting-edge technologies, conducting R&D, promoting the location of mass-production plants within Japan, increasing digital investment at home and cultivating markets overseas, managing sensitive technologies, and engaging in collaboration and international coordination with like-minded countries.

Furthermore, the Government should make every effort to enhance Japan's innovative capability, and secure and maintain Japan's technological excellence, by undertaking strategic, focused investment of resources in critical sectors such as artificial intelligence, quantum technology, the environment, biotechnology, and materials. It should move quickly to take necessary action and consider updating its existing technology-related strategies as required. Such action should include looking into creation of global markets to enable prompt technology implementation, designation of critical technologies, securing of human resources, prevention of technology outflows, and handling of research results. With regard to quantum technology in particular, the Government should move forward with creating quantum technology hubs to mobilize human resources and investment from within Japan and overseas. Materials, meanwhile, are a core technical field in terms of science, technology, and innovation; given that international competition has intensified, a government strategy should be developed to bolster Japan's innovative capability with regard to materials.

(12) Land Transactions (Special Mission Committee on National Security and Land Legislations)

Economic globalization has led to more acquisition of Japanese land by foreign individuals and companies, and acquisitions involving assets such as water resources, defense installations, or remote islands within Japan's national borders have caused increasing concern among Japanese people who regard national security considerations as important. Acquisition of such key land resources by foreign individuals and companies has the potential to impact Japan's *strategic autonomy*. Accordingly, the Government should take action to collect timely, accurate information on the ownership and use of

land. In particular, it needs to appropriately monitor land of major concern from a national security perspective through means such as getting involved in transactions of such land.

The Special Mission Committee on National Security and Land Legislations will hold further discussions, aiming for developing a comprehensive land ownership-related legislation, which it will seek to have enacted by submitting to the Diet without delay. The legislation will facilitate unimpeded collection and disclosure of information, such as details of land ownership including information on nationality, by augmenting and linking various registers and other resources in an integrated way. The Government should take action in accordance with this legislation, including establishment of a liaison council comprising the relevant Cabinet ministers to promote initiatives involving multiple ministries and agencies.

With regard to procedures when foreign governments buy real estate for diplomatic missions or other purposes, the Government should seek to clarify how such transactions will be handled and ensure all parties are informed of the details by means of circulars to the diplomatic corps. To ensure that the process is duly implemented, the Government should assess whether it is effective while examining the need for a legal framework.

The Government should also promptly compile a legislative bill and submit it to the next ordinary Diet session. Matters to be addressed in this bill include: (1) conducting an exhaustive examination on the collection and the use of ownership information on land resources of key importance from a national security perspective; (2) where there is a national security concern, establishing a mechanism for managing and limiting use and acquisition of the land in question to the minimum extent necessary; and (3) setting up an organization in charge of handling these tasks and securing enough personnel to carry out the mission.

(13) Countermeasures to Major Infectious Diseases (Headquarters for Novel Coronavirus-related Pneumonia Measures)

The current global Covid-19 pandemic has reminded us that reinforcing Japan's *strategic autonomy* in the medical care sector is crucial to ensuring the safety and lives of Japanese people, and the continuation of economic and social activities.

With regard to infectious disease treatments and vaccines, the Government should take action such as: reinforcing R&D in Japan; continuing efforts to undertake rapid, prompt approval review while ensuring safety and validity; securing sufficient volumes through such means as government

purchasing and supporting the development of a system for vaccinations; and ensuring reliability of supply while bearing in mind supply chains and domestic stocks. As far as medical supplies are concerned, the Government should develop supply capacity within Japan by stockpiling personal protective equipment and other supplies at the national and local government levels; using purchase guarantees for key items, among other means, to ensure reliable supply capacity; and building up domestic production capacity for medical supplies, as well as Japanese companies' capacity to produce these supplies overseas.

Furthermore, it should reinforce national governance to prepare for another major infectious disease epidemic by taking action such as reinforcing the Cabinet's crisis management capacity as the overall "control tower" for measures to combat major infectious diseases, along with strengthening the role and capacity of the National Institute of Infectious Diseases, dispatching specialists from the Government, and enhancing the efficiency and function of information collection.

(14) Infrastructure Export (Special Committee on Comprehensive Strategy Research Concerning Infrastructure Export and Economic Cooperation)

Taking into account the international environment after the current global Covid-19 pandemic, the Government should further enhance Japan's *strategic indispensability* by coordinating even more closely with Japan's partner countries that share its Free and Open Indo-Pacific (FOIP) vision.

To be more specific, the Government should take a strategic approach to offer assistance to other countries with a focus on priority areas such as maritime security, enhancing connectivity, and reinforcing the rule of law. This includes: collaboration with public financing tools and strengthened risk management system with the appropriate involvement of the Government in assistance for hard infrastructures; and promotion of cooperation and overseas activities in areas of greater importance such as medical care, health, and public hygiene in assistance for soft infrastructures.

In addition, the Government should lose no time in considering an aid policy which takes into account the perspective of realizing FOIP, covering the Indo-Pacific and other key regions. As tools for providing development assistance, the Government should make use of ODA and Japan's diverse public funding and aid schemes in a comprehensive and strategic manner. To be more specific, within ASEAN, Japan should provide aid for projects that help to improve connectivity, while steadily conducting human resource training. The Government should take into account changes in circumstances due to the Covid-19 crisis, among other considerations, and consider boosting support through trade insurance. It should also make active use of diverse financing options including the Japan

Bank for International Cooperation, the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development, and the Japan ICT Fund. In addition, the Government should move quickly to consider its approach and reach conclusions. This should include its thinking on whether the aid provided by the Japan International Cooperation Agency to countries that no longer receive ODA is compatible with international rules.

(15) Involvement in Rule-making via International Organizations (Strategic Headquarters on the Creation of a New International Order)

To ensure that the neutrality and fairness of international organizations is not distorted so as to prevent formulation of misguided international rules, Japan should reinforce its coordination with like-minded countries. It should also raise its own profile more within international organizations and take the lead in shaping the international order and rules.

As far as international organizations are concerned, Japan should take a long-term, strategic approach of involving multiple ministries and agencies in establishing “control tower” capability and develop a long-term strategy, coordinating and forming groups with like-minded countries, and making effective use of monetary contributions to international organizations. In terms of personnel, the Government should work to increase the number of Japanese nationals working at international organizations by ensuring that, at ministries and agencies sending officials to such organizations, separate staff quotas and posts are secured in addition to the regular staff quotas. In conjunction with this, the Government should subsidize language learning and acquisition of degrees in order to train human resources as candidates for positions at international organizations. Additionally, both administrative and specialist human resources should be considered for these appointments, as well as individuals with ministerial experience who could be appointed as heads of such organizations.

Japan should demonstrate leadership in shaping a free and fair economic order and rules. With regard to international data governance in particular, Japan has already formulated bilateral or multilateral digital rules including the ones with the United States and the EU, and the ones under the Trans-Pacific Partnership agreement, as there are no international rules. Japan should reinforce and utilize the *strategic indispensability* which derives from its unique position as a potential bridge between the United States and Europe, to coordinate with like-minded countries, put the DFFT into practice, and work to establish international standards that enable unimpeded cross-border data flow.

In addition, the Government should ensure a level playing field for Japanese companies by conducting bilateral dialogues and using international frameworks and other means, while encouraging curbs on

actions such as market-distorting measures and forced technology transfer by specific countries.

(16) Improving Economic Intelligence Capabilities (Strategic Headquarters on the Creation of a New International Order)

Continuing to ensure Japan's independence, survival, and prosperity from an economic perspective calls for improvement of underlying economic intelligence capabilities. The Government should therefore strengthen the intelligence community's internal coordination, along with its capabilities including information collection, analysis, aggregation, and sharing. In conjunction with this, the Government should seek to improve the National Security Secretariat's policymaking and overall coordinating role in economic security, as well as reinforcing capacity within individual ministries and agencies. The Government should also develop a framework for strengthening coordination with companies in private sector, universities, and other entities that have sensitive technologies, and bolster economic intelligence capacity within companies in private sector. In addition to such measures to improve Japan's intelligence capacity, the Government should also deepen international coordination, including through the participation in "Five Eyes," and strengthen the capacity to ensure such coordination.

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