

THE BROOKINGS INSTITUTION

FALK AUDITORIUM

JAPAN'S QUIET LEADERSHIP: RESHAPING THE INDO-PACIFIC

Washington, D.C.

Wednesday, September 6, 2023

INTRODUCTION:

SUZANNE MALONEY
Vice President and Director, Foreign Policy
The Brookings Institution

MODERATOR:

DEMITRI SEVASTOPULO
U.S.-China Correspondent, Financial Times

AUTHOR:

MIREYA SOLÍS
Senior Fellow and Director, Center for East Asia Policy Studies
Phillip Knight Chair in Japan Studies
The Brookings Institution

DISCUSSANTS:

KURT W. TONG
Managing Partner, The Asia Group

YUICHI HOSOYA
Professor of International Politics, Keio University
Director of Research, Asia Pacific Initiative

* * * * *

MALONEY: Good morning to all those who are joining us here at the Falk Auditorium at the Brookings Institution. And good evening to all those who are joining us virtually from Asia. I'm Suzanne Maloney. I'm vice president and director of Foreign Policy here at Brookings. And on behalf of all of us, I'm delighted to welcome you to this very special event celebrating the release of a much-anticipated book, "Japan's Quiet Leadership: Reshaping the Indo-Pacific," authored by my colleague, Mireya Solís. Mireya, congratulations on this very important accomplishment.

Books are at the heart of what we do here at Brookings Foreign Policy, coming from a recognition that addressing the world's toughest challenges requires something more than just quick commentary. By deploying deep research and serious fact-based analysis, Mireya has illuminated the crucial transformation of Japan into what she describes as a network power. One that is profoundly consequential for the world and for the new geopolitics of the Indo-Pacific. With American foreign policy increasingly centered on Asia, this book could not have come at a more consequential time. Masterfully written, the book offers a deep dive into Japan's trajectory over the last three decades. It underscores Japan's hidden strength and its democratic resilience, its social stability, and proactive diplomacy. While reckoning with the profound challenges faced by Japanese: depopulation, rising inequality, voter disengagement, and threats to Asia's long peace. The book traces the profound currents of change coursing through the Japanese polity and its external environment, including adjustment to economic globalization and the emergence of a powerful and assertive China. Mireya has outlined significant policy shifts by Tokyo, which elaborated on during today's discussion. For both generalists and specialists. Japan's quiet leadership makes a tremendous contribution to policy debates here in Washington and around the world, as well as to the academic literature.

Before I hand the microphone over to our moderator, allow me to offer brief introductions of our panel here today. You all know Mireya, of course, she is the director of our Center for East Asia Policy Studies and the Philip Knight chair in Japan studies here at the Foreign Policy program at Brookings. She's an expert on Japanese foreign economic policy, international trade policy, and U.S. economic statecraft in Asia. Her previous book, "Dilemmas of a Trading Nation: Japan and the United States in the Evolving Asia-Pacific Order," received the coveted Masayoshi, Masayoshi Ohira Memorial Award in 2018. Our moderator today is Demetri Sevastopulo, who is U.S.-China correspondent with the Financial Times, where his reporting focuses on the Indo-Pacific and how countries, including Japan, are dealing with the rise of China. Ambassador Kurt Tong is a managing

partner with the Asia Group, where he leads teams focused on Japan, China, and East Asia regional policy matters. His 30 years of experience in and on East Asia as a career Foreign Service officer and a member of the senior Foreign Service will serve him very well here in this conversation today. He held the position of Ambassador for Asia-Pacific Economic Cooperation, or APEC, as well as deputy chief of mission and chargé d'affaires at the U.S. Embassy in Tokyo, among many other prestigious roles. Last but certainly not least, we are joined remotely from Tokyo by Yuichi Hosoya, a professor of international politics at Keio University. Professor Hosoya is also the director of research at the Tokyo-based think tank, the Asia Pacific Initiative. He previously served as a member of the prime minister's advisory panels on Reconstruction of the Legal basis for Security and on National Security and Defense Capabilities.

This is, after all, a book launch. So, I'd like to encourage you to purchase a copy of Mireya's book here at the Brookings Bookstore or any of your online retailers. Following the conclusion of our event today, Mireya will also be signing books outside of our auditorium. And finally, just before we begin, a little bit of housekeeping, we're currently live streaming and this event is on the record. Please feel free to send in your questions to events@brookings.edu or using the hashtag #JapansQuietLeadership on social media. Thank you, and I'll now hand it over to Demetri, who will moderate today's event.

SEVASTOPULO: Good morning, everybody. Can you hear us okay? Yeah, perfect. Now that we've done the introductions, I think we're we're going to jump right in. But I just want to say, Yuichi if that's your actual backdrop of your office, I'm extremely jealous. Warm welcome to everyone, both in the audience in the room and online. This is a fascinating time to be talking about Japan, which, as we will hear, has engineered a lot of change on the world stage, probably much more than is often realized. The most recent example, obviously, is the trilateral summit at Camp David with Prime Minister Kishida and President Yoon of South Korea. But there've been other shifts in terms of how Japan has dealt with Russia in the wake of the Ukraine invasion. Japan's new national security strategy, increasing of defense spending, etc., which I'm sure you're all very familiar with. Before we kick off, just to reiterate what Suzanne said, Mireya is going to be signing copies afterwards. And for those of you who are really bad at holiday shopping, this is your chance to get it done in September and feel really confident for the next three months, so don't hold back. Mireya, before we kind of kick

off with the discussion, can you just talk a little bit about why you decided to write this book and kind of a little bit about your, your thesis or your conclusion?

SOLÍS Certainly, Demetri. Good morning, everyone. Good evening, Hosoya Sensei. Thank you for joining us virtually and thank you all here. So, the main motivation for writing this book was really to do a deep dive on Japan's 30-year transformation. And this period is usually associated with what we call the lost decades. So, I think that more and more people have assumed that this was a period of flat-out stagnation, whereas in fact, what I wanted to uncover in the book is how much change has taken place. In the Japanese economy, politics, international role, diplomacy, you name it.

And as I was doing the research, Demetri, I felt compelled to really highlight two main dynamics that came from tracking what has changed, what has not changed, where Japan has made progress, where it hasn't. And the two main dynamics that the book wants to display is, first of all, that I find that in this 30-year period at the end of it, Japan has become more relevant to many countries in the world. Where it's about adjusting to economic globalization, where it's about coping with severe demographic decline, where it's about navigating the choppy geopolitics with a power shift in Asia. Japan has lessons of what to do and what not to do in dealing with these challenges. So, the relevance of Japan today was something I wanted to highlight. But the second dynamic, and really this is what I think is at the heart of the book, the puzzle, the hook, if you will, is that the more research I did, the more it was striking to me, that it's undeniable that Japan has experienced a loss of relative capabilities. Again, it is the slow growth, the deflation. It's the military buildup around Japan, a significant military gap. It is the challenges of having an aging and contracting population.

And so how can we explain that a country that has fewer resources and its neighbors are doing well can nevertheless rise to the occasion and become more consequential, more influential in shaping the economic and security architecture in the region? And the answer, and just to bring it to a close, is that I came to the thesis that I see Japan doing this by emerging as a network power. What I called a statecraft of connectivity. So, what we see is that Japan is playing a very different role in the region. Japan used to be playing defensive on trade. Japan used to avoid very explicit political role in the region, and that's far from what I see today. How this came to pass, and is another important element of the book, is that I think that we have to pay attention to domestic developments. Sure, we always talk about Japan's problems because they're steep, but there are also other things that go

under the radar that are important to understand why Japan is a more purposive, proactive actor today. They have to do with resilience to the populist upheaval that has afflicted many industrialized countries. But also has to do with the rise of executive leadership, whole of government decision-making, that allowed Japan finally to have a grand strategy.

So, the book then traces how Japan has become embedded in the regional economy. And this has to do with the competitiveness of Japanese business in critical supply chains with the pioneering of regional production networks. And it has to do also with economic statecraft, the way in which the government has provided infrastructure finance to provide an alternative to the Belt and Road. And how Japan now is a leading actor in the mega trade agreements of the region is something that when I started in this business, I would never have considered possible. But there's also a security-defense component to this. And Japan has a very proactive security diplomacy. For the first time, we see Japan providing a blueprint for regional order in the free and open Indo-Pacific. With some important principles like rule of law, freedom from coercion. And I think that the free and the free and open Indo-Pacific has gained traction because it offers tangible benefits.

But I'll close here by saying that sure enough, Japan is doing more with less. And I think there are important lessons to be gleaned from this network or connectivity strategy. But it's an uphill battle because I see a fracturing world order and therefore challenges to stability in the region. The war in Europe, the weaponization of economic interdependence, the geopolitical divides, all of that. It makes it very hard for Japan to sustain this connectivity strategy. So, this is why I leave everybody perhaps a cliffhanger.

SEVASTOPULO: Perfect. Great introduction. Thank you. Kurt, from your perspective, how do you think Japan has emerged from being a country that was often dismissed as having or being ineffective as a leader on the global stage, to a country today that's playing a prominent and possibly even leading role in the Indo-Pacific?

TONG: Thanks, and I'm glad you asked me, that we didn't rehearse this, so it's it's good. The, first of all, you know, I don't, there's no price tag on this book and you gave it to me for free. But but whatever the price tag is, I highly endorse the both the Christmas gift idea, not certainly what I do what I do is read it first and then give it to someone else for Christmas. That, that that's sort of the I think, the best plan.

The, let me, let me give you an illustration, to first, to double down on Mireya's key points and then answer your question, if I could, don't be short. When I was a baby diplomat in the early 1990s about this tall, the, my job on the Japan desk was to try to get Japan to be louder, smarter, more effective in leveraging what at the time was a huge amount of resources in relative terms. Strong yen, large ODA budget. At times the Japan's development assistance budget dwarfed that of the United States. And so, we had this whole operation, their money, our ideas, to put it bluntly. The U.S. was kind of giving ideas to Japan on how to spend its money.

30 years later, Japan is the adult in the conversation trying to get, particularly over the last six years I would argue, trying to get the United States to maintain and continue to project smart power in addition to power power or hard power. And the reasons for that, I think, are that despite slow economic growth throughout that period, which was largely determined by, you know, gross macroeconomic factors which don't really relate that much to foreign policy. But Japan took advantage of a couple skills or competitive advantages that it had as a country. One is that as a middle power, as opposed to a great power, Japan listened to what people are saying. This is something that great powers have incredible difficulty doing. The United States, China, really bad at listening to what other countries are saying. But throughout this period, as a as a more flexible and less powerful nation, Japan had to listen and did listen to what the feedback that they're getting. And that feeds into, I think, your concept or reinforces your concept of network power. Like taking in ideas from here and here, putting them together, and, and, and making those, those ideas work.

And I'll give an example on that, and I apologize for it for too many examples, but was it eight months ago across the street, apologies to Brookings, Prime Minister Kishida gave a, gave a pretty good speech to a think tank crowd and policy crowd in the United States. Made two big points. One is we're standing up to China and the other was the Global South is important and we need to not ignore them. All of Washington, I mean like all of Washington, heard the first point and was like, yeah, all right, Japan's with us going after China. But they completely ignored the second. And even attending the G-7, really kind of didn't get it, in my opinion, United States didn't get it. But Japan gets it. It's a network power, talks to Southeast Asia. Kishida is in Jakarta today meeting with a Chinese guy briefly, meeting with all the other leaders. The president of the United States is not in Jakarta today. He's, I guess, in Washington. So that's advantage number one is the willingness to listen. And advantage number two that I think Japan has had is relative political stability. And we can go on about

that, and I won't go on about it. But even with change from LDP to Democratic Party and back to LDP. Even with the hatchet period when there were six prime ministers in six years, the the intellectual capital that was being circulating in Japan about foreign economic policy and foreign policy generally was pretty consistent. And that is something, again, that is a huge advantage and one that the United States has not had the ability to to to experience.

SEVASTOPULO: Can I turn to you and ask you what role or how important of a role do you think former--oh, sorry. Sorry. Can I ask you Yuichi, how big a role do you think former prime minister or late Prime Minister Shinzo Abe played in bringing Japan to a place where it was able to not just talk about some of these leadership roles, but actually act on them? And as Mireya and Kurt said, and start to take, you know, even push the U.S. in some places?

HOSOYA: Well, thank you very much. First of all, let me thank you all for adding me in this great event. I'm very glad to be with you even though I am far away from Washington, D.C. But let me add Japanese perspective to the discussion. Well, in the last three decades, I always feel that we have experienced a kind of a quiet revolution in Japanese foreign policy as Mireya wrote in some way in her book. And of course, Japan has been now showing great leadership because we have experienced a kind of a quiet revolution in trying to transform our political system, as well as the decision-making system. And that's why we can now really expect some represent our very strong international leadership in some way. And Prime Minister Abe had the preemptly exercise and fully understood the importance of this new Japanese political system institution. After 2001, Japanese prime minister office has acquired very strong political power, but not so many prime ministers could fully utilize the power. And there are only two exceptions. One is due to [inaudible]. The other one is Shinzo Abe. In his first administration, he couldn't truly exercise that institutional power. So, in that way, Prime Minister Abe could fully understand the importance of the evolution of the Japanese political system for the purpose of enlarging the Japanese international interest by a market expanding rapidly its own power. But they are strengthening Japanese network, as Mireya wrote in her book, and also by being the breach as Prime Minister Kishida has been frequently saying among different circles the international community. In a way, I think that a Prime Minister Abe could present a new diplomatic doctrine after Shigeru Yoshida created the doctrine 70 years ago.

SEVASTOPULO: Can I also ask you just to follow up? You know, Prime Minister Kishida has done, you know, several big things, particularly the stance he took on Russia after the Ukraine

invasion. I think some people might have been surprised that he would have done that. How durable do you think Prime Minister Abe's legacy is? And do you think that there has been a fundamental shift in Japanese politics? That means regardless who the prime minister is in the future, that the general trend line is set?

HOSOYA: But properly it is durable. And I think that one of the big thing that Prime Minister Abe created was a kind of a new institutions, like National Security Secretariat and also National Security Council. Without them, I suppose that Prime Minister Kishida could not fully exercise its influence in decision-making process in responding to the war in Ukraine. In that sense, was the Japanese prime minister fully understand the new system. I think that the new prime minister can fully understand the importance of Japanese new power in exercising its influence. But on the other hand, well, it's always difficult for Japanese prime minister to fully control the huge, huge bureaucratic system. So, I think that there will be many prime ministers who cannot control the big Japanese bureaucratic system. So far, I think that the Abe, Suga, Kishida are exceptions among the Japanese prime minister who understand how to use it because those Suga and Kishida were cabinet ministers in other administration, and they watched how they did it. That's why I think the two prime ministers after the, after Abe, have been so far very successful in using them.

SEVASTOPULO: Mireya, Mireya, do you think, or how do you think the U.S. government views Japan? I mean, there was a point, you know, over a number of years where there was often frustration in Washington towards Tokyo and vice versa. Do you think the U.S. is entirely happy with what Japan is doing? Are there any areas of concern? Are the two countries really now in sync on most major issues in the Indo-Pacific?

SOLÍS: I like your word entirely, so I'll get to that. But before I get to that, I see a lot of people in the back standing up and I want to encourage you not be shy and please come avail yourself of a seat if you so choose. I think that the U.S.-Japan relation has changed quite a bit, and that's one of the stories that the book picks. And certainly, the U.S. government, I think, now views Japan's role differently. You know, in the 1990s or late 1980s and early 1990s, we saw a lot of tension in the relation that was driven by trade friction. By the sense that Japan was playing unfairly, was a mercantilistic power, a lot of frustration and that's not there anymore. And I think that the United States and Japan now have converged very much when it comes to what is the central issue for both in terms of foreign policy challenges, and that is China. And I see them, you know, both of them

showing concern about China's course of behavior. About over depending on China. About China's gray zone activities, challenges to regional stability. So actually, I think that this is a period of strong alignment between the United States and Japan. And when you think about the United States Indo-Pacific policies, the ally of choice, I think, is Japan. I think that Japan comes first when it comes to supply chain resilience, when it comes about economic security. I think that Japanese leaders are also more prepared than other Asian leaders to openly call out China's disruptive behavior. And we saw both Prime Minister Suga and Prime Minister Kishida, and that reflects this, a long trajectory now in joint statements with President Biden, articulating that China's challenges to the status quo is a source of instability. So, I think that that view has changed and now Japan appears more as a partner.

Now, this doesn't mean that there are no issues in the bilateral relations, and that's why I picked on your word entirely. Certainly, there are gaps on both sides and certainly, there's a lot that needs to now be done. I would also make the case that Japan, for example, and this alludes to this speech by Prime Minister Kishida across the street in January. This is something that you hear constantly from Japan. Sure enough, there is concern about China. There is a reassurance that now the United States is using the term de-risking. I think that from the point of view of Japan, using a zero-sum frame or talking about decoupling was something that they were not very happy about. But from the point of view of Japan, the United States is not firing up in all cylinders in its engine in Asia because its not have a very compelling economic engagement proposal. And the one element that I heard from Prime Minister Kishida's speech across the street was the United States should reconsider the CPTPP.

So, I think that still, that's an area where the allies are not in the same place. And I think that even though Japan now has gone through these national security reforms and is doing more in the region, the challenge of, you know, joint planning for a contingency perhaps in the Taiwan Straits, those are issues that are going to be hard for the alliance to grapple with. So, again, this is an important time in the alliance, but one where because we're doing more together, there more issues to work through.

SEVASTOPULO: Thanks for taking up a question on China. You know, I was in a bookshop in Marunouchi in Tokyo, I don't know, six-seven months ago. And I saw a book in the main foreign policy section, which to me illustrated just how much Japan had shifted. **And it was by Mr. Kanehara, who I'm sure everyone here knows. And the title was [In Japanese].** I know those kinds of books

existed in the past, but you didn't generally find them in the front row of a bookshop. Why has, you know, what role has China played in generating this shift in its foreign and security policy? Kurt, if you could start on that.

TONG: I think a really a major shift, but not the only shift. I think there was there was an underlying trend in Japanese foreign policy that we've already touched upon, which is the consistency, the willingness to listen, the networking power that Japan has brought to the region. And then the rise of China and in particular the increased prickliness of China. The increased bellicosity of China has put a sharp point on this and led Japan to take it to an even higher level and also to move into areas of power projection and power creation that it was had previously been reluctant to do in the military sphere. And so, the biggest impact, I think, is changing the the dialog somewhat in terms of what Japan was projecting and then also really refocusing Japan on the need to have a vibrant and credible unilateral national defense. For me, it's interesting.

If you look at it in historical perspective, there was a period where Japan was talking about the arc of freedom or the arc of democracy, you remember, and that was before China became quite as big a deal as it is now. And now it's a free and open Indo-Pacific, which is a little more to the point. What's the alternative to a free and open Indo-Pacific? It's a it's a non-free and closed Indo-Pacific, which Japan is implicitly saying is China's vision for the region. You know, the old the old tribute state system of of the Middle Kingdom of of the of the feudal era. And so that, in order to avoid that, we all need to work together, create rules of the road, and have every, and have the nations of the region cooperate. So, I think, short answer China's rise has been, has really just kind of created exponential growth. And in the pointedness of Japanese foreign policy.

SEVASTOPULO: Mireya, we can ask you to kind of piggyback on that. And to what extent do you think the shift in Japan mirrors the shift in Washington, for example, towards China? And where do you see significant differences, if any?

SOLÍS: Well, I think that, again, both sides have grown. Both Japan and the United States have grown concerned about China's behavior in the region. I think that the shift took earlier, took place earlier in Japan because of a 2010 incident when China imposed that informal embargo on rare earth. And I think that Japan has gone from it has a Goldilocks phenomenon here that they were concerned that perhaps the United States was not being tough enough in China earlier on and then later grew concerned about the United States being too tough or not nuanced enough and certainly

not having that economic gain. So, I think that, again, there is that convergence, but it didn't happen simultaneously. And they're not playing the China policy. The China policies still different. There's gaps. And for example, I think that Japan still practices what I called selective competition and selective cooperation. And there is a willingness, Japan and China compete very heavily, intensely for regional influence on infrastructure finance. The United States does not figure it is a Japan-China competition. Or the same is true now on comprehensive trade agreements because the United States has said we're not interested in them.

But even though Japan and China are competing, it is never framed as zero-sum. And the one example there is, for example, the Regional Comprehensive Economic Partnership, that very large trade agreement where both Japan and China are part of that. And therefore, Japan saves the crown jewel of its trade diplomacy. The RCEP protects of very high standards is probably not going to make it very easy for China to join because it is skeptical that China can comply with those standards, but is nevertheless prepared to have a large trade agreement that still endorses a concept of supply chain, that does not want to tell the world that we do not believe on trade integration, that facilitates that trade and a flow on investment. And that's very different. We were not looking at anything that looks remotely like like that here in the United States.

SEVASTOPULO: Yuichi, can I ask you, I know the U.S. has that the Indo-Pacific economic framework. But you know, when I talk to officials in Tokyo, I would say people are lukewarm at best. One person said to me, it's like a fried egg without the yolk. It has no nutrition. Where aside from the differences over trade, where else do you think the U.S. and Japan differ on how to approach China?

HOSOYA: Well, in many ways, Japan and the United States have been presenting quite different approach to China, even though we are trying to have a coordinated policy towards China. One thing is that Japanese stance towards China has been basically quite coherent. On the other hand, we have seen quite big swing in American approach to China. So that's why I nearly a decade ago we were, I mean the Japanese speaker in Washington as well, who criticized that the Japan was too harsh and tough on China. But recently, particularly on defense and deterrent issues, we often said that the Japan is too soft on China. I think the Japanese position has more or less quite remained the same because Japan has been suffering from a very difficult relationship with China over the last 1,200 years, unlike the United States. So that's why China is much closer to Japan. Civilizationally and geographically in that sense. I'm not saying that Japan's always right. In many ways, the United

States has been presenting a quite sophisticated approach to China, and we need to coordinate with such Americans sophisticated strategies towards China.

But on the other hand, I think that we have seen a quite big swinging America approach to China from quite romanticized approach to China. Like, United States and the China kind of a sister republics, and the maybe United States can educate and enlighten Chinese people, to some extent the United States has done. But in large part, in large part, I think that the U.S. has been disappointed at the result of that approach. And then the United States often showed very strong containment approach towards China.

But on the other hand, we have to learn that we cannot overwhelm China, but we shouldn't be overwhelmed by China. We have to find a middle way. Between before 1945, Japan was trying to overwhelm China. But as we know, we failed to do that. That's why after 1945, I think that Japan has been trying to find a middle way, like the United States has been, trying to present much radical way to create some kind of a good environment to that to to the United States in its regards in regard to their approach to China, I think.

SEVASTOPULO: Are you optimistic for the next 1,200 years?

HOSOYA: Yes, I'm always. Well, in the short term, there must be many many [inaudible]. But I think that Japan know how to survive those difficulties.

SEVASTOPULO: Kurt, can I ask you? There's been an interesting shift in the way U.S. companies both approach China and their dealings with the U.S. government visibly, China policy. And I know it's a complicated picture, but there is increasing frustration with China. You know, companies have maybe less impact on China policy here now than they had in the past. How do you think Japanese companies are interacting with the Japanese government over policy, given that they rely on China more than American companies do?

TONG: Right. Well, I think you've put it at the end there. Put your finger on the most important factor, which is that, and that's as demonstrated accurately in Mireya's book, the the degree of you can call it dependance, but it's also opportunity capitalization that Japan has with respect to the Chinese economy is greater than that of the United States. And so large and important Japanese corporations are very cognizant of the risks and opportunities related to working with China. But they think about it both in terms of risks and opportunities. More risks and opportunities of late, particularly as the Chinese economy slows down, and its regulatory structure becomes more hostile. But but still,

the writ large Japanese corporations are asking the Japanese government for the kind of balanced approach to economic security issues, economic resilience issues, that is Japanese government policy. And it's described — I have a note here starting on page 150 in the book — the the and the relationship between business and government is not as politically loaded as it is in the United States. Where particularly in the last six years the government has, in seeking votes, has become increasingly dismissive of profit-oriented American entities called companies and their expression of interest with respect to China. And that that conversation has has, to a very significant extent broken down.

SEVASTOPULO: Can we shift to Taiwan? You know, you know, in the past in Japan, Taiwan was like Voldemort from Harry Potter. It was the name you didn't say out loud. Or as your colleague said to me recently, one of her, one of her nieces, I think, said, it's now "Bruno" that you talk about if anyone's seen that movie. What has changed in Japan? Why is everyone talking about Taiwan so much? Is it just an extension of what we've been discussing in terms of what China's doing? Or is it is it bigger and broader than that?

SOLÍS: Well, I think it's it's broader. I mean, I do think that there has been a mindset change in Japan. Certainly, the willingness of politicians to openly articulate how Taiwan's security is connected to Japan's security. That's certainly new and it's important. And I think that we also have, as I say this, we also have to weigh in the views of the public. And, you know, because of the deteriorating security environment, I do think that the Japanese public's views on security policy, on defense budgets, has shifted dramatically.

In the past couple of years, we now see politicians in Japan as they embark on campaigning, make the case that it is necessary to acquire new capabilities. It is necessary to increase defense budgets. And this goes in their election manifesto. Something that we would not have seen in the old Japan. So, there's clearly an awareness in the public that the environment around them, the security environment, not only in the Indo-Pacific but in Europe, has deteriorated sharply. In my mind, what this has resulted in is a really profound change in the sense that the Japanese public is keenly aware of the need to defend itself. And there's a phrase now that we hear repeatedly in Japan: that only countries that are willing to defend themselves can expect help from others. So that is different. And I think that has given oxygen to the reforms that we've seen from the Kishida administration that informs the three strategic documents that were released at the end of 2022. But we should not inflate

expectations about what this means for Japan and what this means in terms of how the Japanese public thinks about these different contingencies.

One area where I think there's still a lot of reluctance from the Japanese public is when you talk about overseas combatant combatant missions for the self-defense forces. And there's no appetite for that, as I'm sure there's not appetite in many publics for that. But certainly, that's still a strong reluctance in Japan. And their opinion polls about that apply to the cross-strait scenario. So, we should not lose sight of the fact that Japanese strategic thinkers and policymakers are making that connection, and that's important. The Japanese public thinks differently about the security environment and they need to therefore have more robust defense expenditures, but still very reluctant when it comes to an overseas kinetic engagement by the self-defense forces.

And lastly, I would also remark on the fact that trying to sort out how Japan would respond to a Taiwan contingency, a priori is impossible because it will really depend on the circumstances as much as it would also depend for the United States. The circumstances that could lead to such outcome. So, I think that if you, if you're talking about a direct attack on American military bases in Japan, I think that immediately clarifies the situation because Japan itself has been attacked. But my concern, and I imagine that's a concern of many strategic thinkers, is that China will not perhaps do that because it realizes they will then bring the allies close together. But may go for the gray zone that that nebulous action trying to create a wedge between the allies. And how Japan responds to that, well it depends. It has legal authorities where it considers it um rises to an existential threat to Japan or an important influence situation. All of that will depend how Japan responds. But we can certainly not assume that because we hear these statements from Japanese politicians, important as they are, that they map out how Japan would respond because it really depends on the circumstances.

SEVASTOPULO: I think you're reading my mind because my question for you, Yuichi is when former Prime Minister Asō was in Taiwan about a month ago, he made a statement along the lines of Japan must be, you know, resolve to prepare to fight to defend Taiwan if necessary. Does his view represent the consensus view of the Japanese government, or was that his personal view, do you think?

HOSOYA: Maybe the both. And I think that after the Camp David summit meeting among the United States, Japan, and Korea last month, based upon the new agreement on the commitment to consult the both Japanese government and the Korean government really need to respond America

call to discuss on the issue of Taiwan if something happens around that. So, Japan and South Korea must be more serious about the possibility about the [inaudible] contingency. And in addition to that, I think that the both Japan and Korea need to enhance the deterrence towards expanding Chinese military power. But at the same time, I think that the Japanese government prefer much more nuanced, delicate political strategy towards China to try to avoid a war, because we are not destined to war, and China is not Russia. That's why China usually prefer a much more indirect approach, as all of you know very much.

So that's why I think that the combination of stronger deterrence and much more sophisticated, the rational approach to China, not China, but the top leaders, of course, President Xi Jinping, we need to have a much stronger connection with some of the people surrounding President Xi. Otherwise, we cannot have a much deeper understanding with Chinese political leaders who is defining the policy. Otherwise, maybe both of us, I mean the China and Japan or China and the United States need to strengthen misunderstanding of our mutual intentions. That's why we need to combine the two things together.

SEVASTOPULO: And just to ask you a little more, you know, if you if you look at the two countries that are most likely to join the U.S. if there's a war with China, probably Japan and Australia. And yet in the U.S., in Japan, and in Australia, as far as I can tell, there's been very little genuine public debate about what role the countries would play if there was a war. Do you think the Japanese government needs to have more of a public discussion with the Japanese people about the different contingencies and what Japan's role would be in each contingency?

HOSOYA: Well, this is extremely important question because there is a widening gap between rational military strategy and a reality of public mind. I think that that in reality, the three alliances, U.S.-Japan alliance, and the U.S.-ROK alliance, and alliance between the United States and Australia on this treaty. These alliances can work effectively once the three alliances are mutually in the [inaudible] So, without the U.S. Japan alliance, of course, the U.S.-ROK alliance can work well. But in reality, of course, public, the general public do not fully understand the interlocking nature of the three alliances. So that's why it is especially important for the government, of course Japanese government, Korean government, to much more deeply educate public, to understand the nature of security architecture in the region. Otherwise, once something happens, each government would face

serious difficulty in mobilizing its resources to face the much more assertive Chinese military activities around us.

SEVASTOPULO: Thank you. Can we shift a little bit because Mireya the book is not just about security, you talk about a lot of different, you know, social issues, demographic issues and challenges that Japan faces. One of the things you do is you cite the Lowy Institute saying Japan is a smart power in terms of how it utilizes relatively scarce resources. So, what do you think Japan needs to do to continue to be able to do that and what are the challenges it faces?

SOLÍS: Thank you, Demetri. So that's a huge question, so I'm going to try to summarize it in, I think, three main components. One, I think that Japan really is going to need all its diplomatic skill in navigating the choppy geopolitical waters ahead. In particular, because we cannot hide the fact that there is a tension between its connectivity strategy and its resilience efforts. So, Japan has done well by connecting to the world, by outreach to the Global South, by having these very large development programs. But the more geopolitical divisions cut through that, the more we move to a polarized or fragmented world where we're talking about difficulty in connecting to others, that's going to affect Japan's prosperity and security and many other countries as well. So, Japan is ahead of the curve. It has now an Economic Security Promotion Act and so forth. It is thinking through how to strengthen the resilience using national security controls. Overdoing it is going to hurt Japan's international influence and competitiveness. So, that's certainly, certainly something to watch for.

The other thing that I think that Japan needs to be considering now that it's trying to double down on its network strategy, I already alluded to, but sure, the security and defense reforms are very important, but now we need to manage expectations. And now the hard work of, yes, there's going to be an important increase in defense expenditure, how to fund for it. There's many needs, demands on Japan's budget. It is about the pensions, healthcare, childcare, digital, you name it. There's so much that needs to be supported. How you're going to then go ahead with those projected defense expenditure increases, but also important decisions as to procurement, what to buy, and certainly how to convey to the region what your goals are and how to then have effective joint planning with the United States.

And lastly, the book talks about Japan's unfinished transformation symmetry, and that, I think, goes to the heart of your question. The ones I highlight in the book are digital transformation, green transformation, and human capital transformation. And there's so much that Japan needs to do

there. Japan has been late to all of these transformations. There's some progress, but certainly there's a lot to do. Let me finish with one, for example, immigration. Given the demographic trends and given Japan's digital transformation goals, Japan needs foreign workers at all skill levels. The labor crunch is very severe and the digital transformation, we associate that with automation, but it doesn't happen if you don't have the human talent. Japan is changing. Japan reformed its immigration law in 2019. For the first time, I think explicitly recognizing that it needs a new work. What happened in late 2019 is that we had the pandemic, and I think that Japan then imposed very protracted border closures that have hurt the ability of the country to attract foreign workers. So, I was in Tokyo recently. I can tell you the tourists are back. But certainly, Japan needs the commitment of the, you know, that long-term association from students, scholars, businesspeople. It needs to become that magnet in the long-term. That's central, I think, to Japan's prosperity influence. And again, it goes to that notion of connectivity, of being a hub, a network.

SEVASTOPULO: I spent three days in a tiny Haneda airport hotel with my two kids, and had there not been Nintendo, there would have been war and I would have blamed the Tokyo government. Kurt, just again, to follow on from what Mireya was saying, immigration, also gender issues in Japan. You know, Japan is, if you look at global rankings, a real laggard. Putting aside the importance of addressing those issues domestically for the Japanese people, how important is it for Japan to do more with immigration, with gender, on the global stage? Does it impact its global leadership?

TONG: I think I think it's an impediment to Japanese soft power because Japan is not utilizing fully, by any means, the strength and capability of its female population in terms of interfacing with other countries. And that then means, you know, you're just not as good at it because you're you're only using half your people. And immigration is a is both a source of economic vibrancy, but also an opportunity to build people-to-people linkages in more profound ways with foreign countries. That creates mutual understanding as well as economic opportunity. And that's just another big missed opportunity. I'm not super optimistic about either of those changing as fast as as people would like them to, including Japanese people. It's the track record is not it's not encouraging. But I do think that that this is accurately identified as weaknesses that need to be addressed.

SEVASTOPULO: So, I'd like to jump to Q&A. But before I go to the audience, I'd like to just give a question that came in online from Hansea, and I apologize if I'm mispronouncing the name, is a

graduate student at SAIS. And the question is, how would you assess Japan's partnerships with Southeast Asia and ASEAN? And there was also a question from Sangay Sering in Pakistan, who asked about Japan's relationship with India. Yuichi, could you talk a little bit about what Japan is doing with Southeast Asian countries and India?

HOSOYA: Well, thank you very much indeed. Good questions. I, I always think that Japan is the only major power which has been defending from the beginning to date ASEAN centrality. ASEAN centrality should be the core of regional architecture in the East Asia or in the Pacific. And even with the free and open Indo-Pacific vision, Japanese government has been repeatedly focusing on the importance of ASEAN centrality. Because if other powers, big powers like China, Japan, and the United States try to lead, the others would show some suspicions about intention. That's why it is really good to have the ASEAN at the center.

So, in that sense, I feel in Japan a relationship should be at the core of Japanese leadership in the region. And I think that we can maintain a very good political relationship between the two sides, Japan and ASEAN. So, this is a core foundation I think, of the Japanese interest in the region. And I should I think I think that the Japan should maintain it and in addition to that, India in playing a very important role in the Global South. To expand Japanese influence globally, I think that the Japan should use a good relationship between Japan and India because Japan is a G7 host country while India is a G20 host country. By that collaboration, I think that the Japan can expand its influence in the Global South countries.

SEVASTOPULO: Great. Thank you very much. Okay, let's jump to questions in the room. If you have a question, please put up your hand. Gentleman over here. Can I ask that you give your name and affiliation, and please try and keep the questions short so I don't have to send in the heavies.

AUDIENCE MEMBER: Thank you very much for the discussion. My name's Nick Velez, also a SAIS graduate. Big theme is international connectivity, so I was wondering if you can talk more about Japan and NATO cooperation. Example, how does the new TPP enhance already ongoing collaboration and just your thoughts on the overall value added in that relationship? Thank you.

SEVASTOPULO: Who would like to take that. Japan and NATO.

SOLÍS: I can start. I mean, I think that there has been certainly a major uptick in Japan-Europe relations, not only NATO but also the European Union. And I think a lot of that on the security

front spurred by Japan's response to Russia's invasion of Ukraine. I think that that has certainly become one of the defining moments of the Kishida prime ministership so far. And it really showed a very different Japan. Japan was willing to take a 180-degree change from what had been Prime Minister Abe's an engagement with Russia, which had not really delivered any breakthroughs. And the fact that Japan was willing to condemn the invasion, joined an unprecedented sanction package, and now are planning beginning to plan for the reconstruction of Ukraine, I think that that also has increased the visibility of Japan in Europe and in NATO. So, there were there have been some firsts, like the Japanese prime minister going through the NATO summit. That is important.

But again, it's important to keep realistic expectations. And sometimes I wondered out loud if there will be a -- Prime Minister Kishida has this phrase that he's known for that, you know, Ukraine may be East Asia tomorrow and certainly making the connection between the European and Indo-Pacific theaters. But many European countries are certainly very involved, of course, with reason on the current war effort. Where they have that space to reciprocate as much as perhaps Japan would like in building that relationship. I think that's something to watch for. We heard from NATO's desire to establish a liaison office in Tokyo, and President Macron was not keen, perhaps he was not the only one. So, again, it is an important development, but we should also be measured in what we expect we could actually deliver in the short term.

SEVASTOPULO: Thank you. Who's next? Gentleman at the back in the middle.

AUDIENCE MEMBER: Thank you for an excellent presentation and an excellent book. I'm Jake Schlesinger with the United States-Japan Foundation. You've talked a lot about changes in Japan. I would love to hear your thoughts a little bit on possible changes in the U.S. and how that affects all the issues that you've been talking about. If current polls are to be believed, there's a non-negligible, negligible chance that in 2025 we'll have a president who if not outright isolationist, is very skeptical about American leadership in the world leading a party with a vastly growing wing of people who share those views. How would an increasingly isolationist or pulling back America affect Japan's strategy? How, if at all, is Japan planning for it? And can Japan really be an effective leader without the kind of U.S. engagement we have right now?

SOLÍS: Can I take it?

SEVASTOPULO: Yeah, absolutely. And I notice you didn't use the name of the possible former future president, which is –

SOLÍS: Thank you, Jake, for that question. There is no meeting now that I sit at when I have counterparts from Japan or other Asian countries where this does not come up. It's already very much in everybody's radar. I think that the main influence of American politics is that we don't have a lot of consistency long-term in U.S. foreign policy, so there's a lot of back and forth in some important initiatives. At the same time, there is one line where there is continuity, and that is the skepticism on trade. But you know, how President Biden and how former President Trump have thought of alliances, have tried to build a network, security network, is night and day. And we can expect, therefore, that if there's a change and President Biden does not get a second term, and given that we know who the frontrunner in the GOP, that we would have a return of President Trump who is deeply skeptical of alliances, and this would not be just a repeat performance from the first administration.

So, I think that one way to capture how much can change is we haven't yet discussed much, Demetri alluded to, but we haven't got into the details of this trilateral U.S.-Japan-South Korea cooperation partnership, however you want to call it. Which is, I think that there's scores of multilaterals. If this one takes root, this one will make a difference. And I imagine that China and North Korea and many others, Russia, are watching this one very, very closely. And this has been possible, not only because of the shared geopolitical challenges, but because of the domestic politics in each country, sort of coming to the, being the right spot at the right time at the same moment. And the fact that you have President Biden, who is very much keen on building those security networks and has made progress with AUKUS and so forth, makes a difference.

We always talk about, and certainly true, that the Japan-Korea rapprochement and that they can hold is essential, but also matters who's American president. And there's a lot that has been already accomplished in that trilateral. But the long-term implementation of it will require political will and the desire to make that a trilateral grow. Where we do have a president who's a skeptical of alliances, networks, diplomacy, I think it will be very difficult to institutionalize it long term.

TONG: Can I come in on that? You know, I think that we ran an experiment, with a four-year experiment with that during the the Trump presidency. And due to the concerted effort of the friends and allies of the United States, the relationships between the U.S. and its longtime friends weathered the storm of of the sort of force of nature, destroyer of friendships that is Donald Trump. The, I am apt actually, for the reasons that Mireya cited as well as others, optimistic that that would happen again. I'm more concerned about U.S.-Europe relations than U.S.-Asia relations, because of the the strength

of the, of the imperative and the fact that that even in his most flip-floppy moments, former President Trump has never identified China as a potential friend or rarely. That that that structure will hold in the Western Pacific regardless of whatever kind of short-term challenges are faced or the vagaries of short-term attention-grabbing measures that that a possible future President Trump might attempt to make. I think the challenge is much greater on the Europe-side because of the difference in opinions on on the threat from Russia.

SEVASTOPULO: Excellent. I think we probably have time for for one last question. Anyone else? Gentleman in the center up front.

AUDIENCE MEMBER: Hello. Good morning. Dan Santoro, National Defense University. One recurring theme I seem to hear amongst the panel is that Japan, especially over the last ten years, has done a much better job of really meeting the moment in its leadership in the region by leveraging what, in my opinion, has always been a lot of soft power potential energy that they just haven't wielded, and they they are now. And in a smaller extent, they're also increasing their hard power. So, my question for you all is, is Japan hitting that sweet spot right now of of its soft power and its hard power and being a greater leader in the region? Or if you could, would you adjust that rheostat in terms of it meeting its challenges in the future? Thank you.

SEVASTOPULO: Who would like to take that?

SOLÍS: Yeah, I can. What I would, that's a very interesting question. For soft power, I think I would use diplomacy because I think that what we see is an all-out diplomatic effort and I think that's what has made a difference. But it's diplomacy that matters because Japan, even though it's been in decline, it still has very substantial capabilities, both economic and in terms of defense. So, it's still the third-largest economy, still large defense budget. And the question is, can we continue to grow both at the same time? That's what I think would be central. You know, certainly Japanese companies have been able to develop new strategies. They certainly, not all of them, but many of them still operate in very important elements of the critical supply chains. And I think that it's important not to lose sight of Japan's technological capabilities.

The same time, we know that Japan's economy is a dual economy and there's still a lot of small, medium sized enterprises who are going to struggle to do well in this new geopolitical environment. And what Japan has not yet found, a good recipe for sustained economic recovery. So, these are all the areas that Japan needs to attend to if it's going to continue to hit that sweet spot that

you're referring to. But I think it's interesting how Japan, even though most assumed that because it's not growing fast or because it experiences these challenges, could not do more. And in fact, I think there's this interesting story here about how you can actually leverage diplomacy but backed by still substantial real capabilities.

SEVASTOPULO: Kurt, did you want to jump in?

TONG: Yeah, just two fingers on this. I think one very urgent piece of business for Japan is to have its defense industries shift from the the noncompetitive part of the economy to the competitive part of the economy really quickly. And that's going to be very challenging because those industries have atrophied to a significant extent, and they need to be reinvigorated. And it's going to be a very challenging piece of business not to match government budget with actual development of industrial capability, that then gives Japan a viable long-term deterrent.

SEVASTOPULO: Just to close out. Yuichi, can I ask you just to pick up on Jake's question? In Tokyo, what is the view, the kind of consensus government view, on the possible return of Donald Trump?

HOSOYA: Well, difficult question, but of course, Trump 2.0 is different from Trump 1.0. And, and we now do not have Shinzo Abe, that's why. The situation will be much more difficult undoubtedly. But at the same time during the Trump years, Trump was a very good educator to Japanese people. We cannot simply rely on the goodwill of the United States government. That's why we have to be more independent, and we need to play a much more responsible role in the region, and part of the evolution was caused by Donald Trump. So, I think that the Japan is a very good at adapting to the new environment, strategic environment. So even though something happens in the presidential election, I think Japan should to be adapting to a new situation which might be quite unfavorable to Japan and the region perhaps.

SEVASTOPULO: In the same bookshop where I saw Kanehara's book in 2016, they had a book teaching Japanese people with a CD how to speak "Trump English." So, maybe sales of those books are going to come back. On that note, thank you very much to the audience, and I'd like you please to give a big round of applause to Mireya, Kurt, and Yuichi. And also to, and also to Laura McGhee and the team at Brookings who put this event together. So, thank you very much, everybody.