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ECONOMIC SECURITY AT A PIVOTAL MOMENT:
WHAT'S NEXT FOR THE UNITED STATES AND JAPAN?

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PANEL DISCUSSION:

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SOLÍS: Okay. I think we're ready to begin. Good morning. My name is Mireya Solís. I'm the director of the Center for Asia Policy Studies at Brookings. It is wonderful to have you all with us for our conversation on the future of economic security at a pivotal moment in geopolitics. I just want to make one housekeeping announcement. We are doing something new, and now our audience from Japan who is listening online, you can access the Japanese audio, if you go to the events page, you can register for that. Now, we have had the pleasure of welcoming the Mount Fuji dialog delegation for several years. And every time we have a really productive exchange of views. I have to say that today's event feels a little bit different, because clearly world politics are at a pivotal point. And I think that the conversation today is going to be more sobering and perhaps more poignant. We know that we are at a turning point, I would say, but we don't know exactly where we're heading.

President Trump just hit the 100-day mark since his return to the White House. And in a short amount of time, we have witnessed dramatic shifts in key dimensions of American foreign policy. We have watched for an early thaw in U.S.-Russia relations while the fate of Ukraine hangs in the balance, and I think that has produced a lot of strain of friction in the trans-Atlantic alliance. We also saw President Trump announce his so-called deliberation tariffs at the beginning of this month. It feels like it was much longer ago, but it just happened on April 2nd. And these and the other types that the President has implemented have elevated U.S. tariffs to levels we have not seen for the past century. And I think there's a lot of uncertainty about the U. S.-China relationship because we're at a moment where there is a full-blown trade war, where there do not seem to be any effective communication channel. And where there is concern about whether finding an off-ramp is possible on the trade front, but also whether there could be spillover effects in other areas of the U.S.-China relationship may be affected, especially if we do not see, as I said before, effective communication.

So I have just highlighted for you three important changes on the Transatlantic Alliance, the shock to the international trading system, and the uncertainty about the U.S.-China relationship, and there's more. And we're only at the 100-day mark. So what we want to do in this conversation is to reflect on what this all means for how Japan and the United States and other important factors like China, the European Union, how will they adjust to these developments? How will they cope with them? And the focus in particular today is on economic statecraft. That is the use of economic tools to advance

foreign policy objectives. So we have a lot of ground to cover and we have really very distinguished set of speakers, so let me introduce all of them to you. At the center of the stage is Onodera Itsunori, who is a member of Japan's House of Representatives and holds a leadership position in the Liberal Democratic Party as chair of the Policy Research Council. Onodera-san has had a very distinguished career serving as defense minister and has also been a leading voice advancing landmark reforms in Japan's security policy over the years. Right next to me is Onoda Kimi, who is a member of Japan's House of Councilors and deputy chair of the LDP's Policy Research Council. Kimi Onoda-san has served in the past as parliamentary vice minister of defense – and Parliamentary Vice Minister of Justice. Tom Wright is Senior Fellow with the Strobe-Talbot Center for Security, Strategy, and Technology. Tom returned to Brookings recently, having served as Senior Director for Strategic Planning at the National Security Council in the Biden administration.

Among the many responsibilities that Tom had during his time at the White House was the preparation of the 2022 U.S. National Security Strategy. And Yun Sun is a non-resident fellow with the Thornton China Center at Brookings. She also serves as co-director of the East Asia Program and director of the China Program at the Stimson Center. And her expertise is in Chinese foreign policy, U. S. China relations and China's relations with neighboring countries and authoritarian regimes. So it's a pleasure to have all of you with us for this conversation. And given that the topic is broad and very consequential, I thought I would start by asking each of the speakers to elaborate on one specific theme. And then we'll open it up for a conversation among the panelists. And then I'll bring you in with your questions based on everything that you have heard so far. So let me then start with Tom, because you know, Tom, I feel that your book, *All Measures Short of War*, very much previewed the current era. From my reading of your book it seems that the key insight you offered is that in this era of intense geopolitical competition, great powers have resorted to economic and technology tools while trying to avoid direct military conflict.

Now, you wrote this book, Tom, before you went into government service, so I was wondering, having gone in and seeing how policy gets done in these very important topics, but also watching the first three months of the Trump administration, how would you characterize the evolution of American

economic statecraft? And do you see important continuities or points of departure between the Biden administration and the second Trump administration.

WRIGHT: Maria, thank you. And it's a great pleasure to be here with our friends from Japan. I think for us in the Biden administration, the defining strategic challenge that we had was that we were in the United States is in a protracted long-term strategic competition with China and maybe with other powers, but in an environment of interdependence. Where we are interlinked and our allies are even more interlink with China. And that creates some vulnerabilities with supply chains and other areas where for key technologies or pharmaceuticals or other telecommunication systems, we might be overly reliant on China, which will give them sort of leverage. And it also means that on the technologies to shape the future that we need to sort of stay ahead.

And so our approach was to try to sort of systematically address that in a pretty targeted fashion, but to do so with our allies and partners, so to do that in collaboration with others. And that meant encouraging domestic investments, like on the CHIPS Act, into high-end sort of technologies that wouldn't be really provided for. Solely by the market and then to coordinate that with allies and partners, but also in the imposition of controls like on high-end chips to do so with Japan, with others like the Netherlands, again in a targeted way and to communicate to China that this was not a broad decoupling, that this is sort of a limited action in protection of our national security interests. And that we wanted to sort of ring-fenced up this sort of small yard, high fence metaphor and to preserve as much sort of interdependence and economic activity between sort of the US and our allies and partners on the one hand and China on the other.

Now I think people can argue and criticize us for various elements and say that some of those controls might have expanded over time or maybe It was a little bit too unilateral at the beginning in terms of domestic investments, but the Inflation Reduction Act or other things, and those are all legitimate debates, and I think we can have that discussion. But I think to me, there's a significant difference between that and a very sort of broad sweeping approach that the Trump administration took. So they imposed a 10% universal tariff, and then until the bond market shocked, they imposed what they called reciprocal tariffs, but were not reciprocal tariffs, were just a pretty simplistic way of

calculating the trade deficit, which meant there was enormous tariffs on countries like Lesotho that do very little economic interaction with the United States, but also on key partners like Vietnam and others. And that, I think... Really advantages China, like China has reaped the benefit of that, even though they've taken a lot of, you know, they've taking hits on the tariff side too, they're able now to, I think, work with others more because they can show that the United States is the one that's sort of tearing down the norms and tearing down sort of the open global economy. So I worry that we have this, now we have a very broad sweeping approach that's not actually sort of focused on the core issues of national security concern.

And then on the domestic investment side, I don't think any of this is really going to mobilize the type of investment that we need. I mean, the president has already started to attack and undermine the CHIPS Act and is talking about tariffs on semiconductors, which is exactly the opposite, you know, I think of what we need to do. And I think we've seen in the last just few days, the results of that, the stock market yesterday at the end of the first quarter had its worst performance than any first hundred days of any administration since 1973. The dollar has declined by about 9 percent since the start. I think we're going to see real problems in supply chains in a few weeks or in a month or so. As the effects of the tariffs take hold. So I think that the, I would just finish by saying I think the shift that needs to, there needs to be a shift away from sort of the model of the 90s and 2000s because we do have increased geopolitical competition but it can't be a return to the 1930s. I mean, that's not going to actually work or protect our interests. Thank you.

SOLÍS: Thank you, a Tom. That was very, very insightful. So if I can turn next to Onodera-san, and you know, trade has always been central to the U.S.-Japan relationship, and there have been challenging moments in the past. We all remember the 90s, the trade friction and so forth. We seem to be at a very significant moment today with the imposition of the Trump tariffs. And I believe that Prime Minister Ishita has referred to these tariffs as creating a national crisis for Japan. So Prime Minister Ishiba also has given you a big responsibility in taking the party deliberations on how Japan should respond to the tariff. So I wonder, Onodera-sensei, if you could share with us how do you see the tariffs' impact on the U.S.-Japan relationship, not just the economic but broader. But also how do you think Japan should respond to the tariff issue?

ONODERA: First of all, let me explain how the political scene works in Japan. Japan has a parliamentary representative system, so the Prime Minister is chosen by the Diet members. In this trans... Response. How we are going to treat that problem is decided by the diet members and I am responsible for the outcome. So how are we going to respond to this tariff? The mission to this U.S. With the senior members were selected between the so we have the decision-making responsibility, so I have to be very careful what I have to say. And today, Prime Minister, no, Minister Akazawa has just arrived, and we are going to have a discussion this afternoon, and then we are to have the discussion with the Treasury Secretary. So I have to be careful not to impact that kind of discussion. So I am very happy to see Tom today.

I was responsible for the national security strategy in Japan, and Tom was involved in the U.S. National security, so I referred to the national security of U.S., and then I decided to increase the defense budget. In that sense, I would like to talk about the national defense and the Trump tariff. The environment I assumed is that the U.S. And Japan alliance is very strong, and also at that time with the Ukraine invasion, European countries had a very good relationship with America because of the defense from Russia, and Asian countries is worried about China's coercion to their Asian countries, and they were concerned about the threat. And Korea, because of the threat from China, has a good relationship between the three countries, U.S., Japan, and Korea, and that is the basis for the national security strategy. However... When the tariff was presented, I think that this presumption was somewhat destroyed. First of all, a European way of thinking, with the tariff policy, the distance between Europe and the United States got widened.

Regarding the Asian countries since the U.S. Is an ally and Japan doesn't have any reciprocal measure for the tariff and so as Korea. However, other countries in Asia, there are some countries where imposed higher tariffs in Asian countries than Europe or Russia or other countries. India, Russia, India, and Korea who has to link together to do the good job in the defense and the security has to bond together. However, because of the tariff measure, these important countries were distanced. Take a leadership in the negotiation of the tariff. We would like to take the win-win position with the United States and if we are successful negotiating with the U.S. Asian countries can follow

suit. So our role is very important I think. So take the leadership in tariff negotiation. Is not only good for the Japanese domestic economy, but we are in the lead of the Asian security. So I have asked to U.S. Citizens and the Trump administration, this is not the only the tariff issue, but the national security framework and the global framework is greatly impacted. So this Fujisan dialog has a mission of that kind of thing. So I'd like to support greatly to the Minister Akazawa's discussion.

SOLÍS: Thank you for emphasizing the broader implications at stake and how Japan can play a leadership role and how that's important for the rest of Asia. And then let me turn to Yun, because I want to talk more about China in particular. We've seen a rapid escalation in the trade war between the United States and China, and I think that the tires are so high that some people believe that we might be reaching decoupling levels. And the latest news about how cargo ships are slowing down in dramatic ways, the latest news about manufacturing activity in China is also slowing down, the expectation that in the summer we might see in the United States shortages or that some products will not be available because the tires are too high, fit into this idea that perhaps a chicken war, we've gotten ourselves into this decoupling reality. I wonder if you feel that we have really crossed that line and that's where the U.S. And China are heading or if that's not really just yet the case. But also more broadly, could you talk about how China has been preparing? I know that, you know, China has not sat idle and they have already made a lot of reforms to how they think about tools that they can use in their economic statecraft. Would you say that this is a moment where China faces – it's a moment of strategic vulnerability or a strategic opportunity for China?

SUN: Absolutely. Thank you, Maria, for the invitation to be on this distinguished panel. It's a true pleasure. So just some reflection on some of the realities of U.S.-China economic relations. We know that last year, 2024, China had a trade surplus against the whole world that was as high as U.S. Dollars. And among that \$1,316 billion is U. S. trade deficit vis-a-vis China. And when we talk about correcting that trade deficit or rebalancing of US-China economic relations, if you will, there are two ways to do it. One, we can export more to China. And I think that's what the phase one trade deal we saw back in 2020, that was all about China purchasing US products. And there's another way to make that happen, which is to reduce the Chinese export to the United States.

And that's what the tariff is doing exactly. But when we think about correcting or rebalancing that trade relationship, originally, I think at the beginning of the Trump administration, there was some hope that maybe this can be the continuation of the phase one trade deal, or even the phase two trade deal. China offered to buy more American product. But very quickly, we run into a problem, which is, what can U.S. sell? In order to address that trade imbalance. Because if we look at it, well, in terms of the energy product, the Chinese estimate is the most that they can purchase from the United States. Given the constraint of infrastructure for energy trade, it's somewhere around 50-60 billion US dollars, and China can definitely buy more US soybeans and corn and sorghum for that purpose.

But the majority, of the Chinese purchase or what they are willing to purchase and will be helpful to actually address that trade imbalance is U.S. high-tech product. And that's something that for national security reasons U. S. Is unwilling to sell to China. So which is why that this time around that the using a trade deal to address this problem is unlikely to fly because what U.S. Is willing or able to sell China is actually limited compared to what China is able to export to the United States. So that gets to the Chinese preparation. We all saw the reaction from Beijing this time around is that we're gonna fight. We're gonna put up a fight. We're going to escalate. If you are willing to put imposed tariffs on us, we're going retaliate in the exact manner that you have done it to us. So why is China so confident this time? I think in Beijing, there are several judgments.

The first one is, well, if we were able to survive in 2018, when we were completely unprepared, this time around, we have had seven years to prepare for this. We're more resilient. We have been building what the Chinese call the due circulation to contact domestic market and also to contact the rest of the world. Remember, much of the trade deficit that China has had with the rest of the word were actually trans-shipment or backdoor trade into the US market, right? So China has used the past seven years to build up and strengthen. The economic linkage, not directly with the United States, but indirectly with the United States through third countries. So the Chinese feel that they are more resilient, more confident, better prepared, although I always feel that with the Chinese statement, you also have to take it with a grain of salt. The effort to stimulate domestic consumption, I feel that it has been louder in rhetoric than in reality.

Because if you look at the Chinese general public, general public. In the face of the uncertainty of China's future economic outlook, especially relationship with the United States, people's instinct is not to spend more. People's instinct is to save. And especially in light of the real estate bubble in China and the economic slowdown and also the unemployment rate in China increasing, the domestic consumption story, I still feel that is more of a fantasy rather than a reality that we're seeing. Who does this hurt more? Well, we know that there's a debate as for whether this is a bigger supply shock for the U.S. Market, or this is a bigger demand shock for the Chinese supplier. And I think we all have our own answers. But in comparison to the game of chicken that you just referred to, this also feels like a war of attrition.

It's a war to see who can last longer, who has the domestic political capital, the economic resilience, and also public opinion support to last longer in this war of attrition. And on that, I feel that the US may not have the advantage because, let's face it, China doesn't have elections. So the general public opinion is a factor in their decision making, but it's not necessarily the main driving factor, which is why Beijing feels that we can survive this. We can last longer. Then, who is going to be the winner? Is this a strategic vulnerability or a strategic opportunity? I think China is definitely aware of the fact that Chinese economy is going to take a tremendous hit from the tariff war. But can they avoid it? If they backed off, are they able to get a more lenient treatment from the United States? So for them, they don't necessarily see other options. So instead, they're seeking to see this as an opportunity. So suddenly, China is a great power with more stability, with more credibility.

And also potentially with more trade opportunities for the rest of the world. And if trade is not the top priority, then Chinese investment towards global south countries can be the priority here. So I think, again, we have to take this, since this is China, we'll have to take it with a grain of salt. Because for China, there is also a challenge to balance selfish incentives and the aspiration for global leadership. Because if you look at it, by China's instinct is, if we cannot export to the United States we should pump the rest of the world even more for export opportunities of the Chinese products. And what that will lead to is a flood of Chinese products across the world, in Europe, in developing countries. And if that is the case, then I think the Chinese exploitation of this opportunity will be, at least as a result, will be tempered with by the Chinese selfish incentive.

Because by the end of the day, leadership is about doing the right thing. It's not about doing the right things for itself. And on this particular note, as in China's record is at best mixed. So I'm not fully confident that China will be able to exploit this strategic opportunity.

SOLÍS: Thank you. Very, very interesting. A lot of themes to follow up in our conversation. Let me turn to Onoda-san, and I want to ask Onoda about economic security, which has become such an important topic and where Japan, I think, has been a leader. Japan has developed these concepts of strategic autonomy, strategic indispensability that I think are widely used now in how other governments are thinking about their own approach to economic security. Japan also moved quickly to adopt the Economic Security Promotion Act, so there has been a lot of policy development and conceptual development. So thinking about this and the current geopolitical trends that we've been discussing so far in the panel, what would you say are the most significant challenges on economic security that Japan faces? And in particular, I'm thinking about... Coordination with the United States and, you know, we know that economic security is really about building relations of trust with like-minded partners, with allies. In the context where the U.S. is resorting to tariffs, are you concerned that that might be a distraction or that there could be an erosion of trust and that that coordination might not move as smoothly for the Prime Minister of Shiba and President Trump going forward.

ONODA: Thank you very much for the question. From the perspective of economic security, I think I agree with what has been said, for example, the U.S. have been rejecting Huawei or TikTok. This is security that is hidden in the economy discussion and there is a risk in China and that was advocated by the U S and we hear that from the U S and Japan has worked with the U.S. in that perspective. And with that background, because there is a risk, we wanted to expand our supply chains and we want to come out of the supply chain or of China from the supply chains. But I think now the U.S. is the risk for us somewhat, and that is very sad because in the past we felt The U.S. should have said that you can decouple from China, because we are the trusted partner for trade. But as we talked about...

The economy right now and economic power is used at the leverage for negotiation. And that is done by the US, and that makes China quite happy because they can talk to Europe and say that we are

more trustworthy. You know, you say, you are not working with China, but actually the US is saying the same thing. And I think that is a very dangerous situation. Regarding the tariff negotiation, I can't say much today at this point. But as we have discussions going forward, we talked about this yesterday as well about a car. There is a claim that a bowling ball is dropped on a hood of a car that is a very old test. But of course we don't do that, but if there is an adjustment discussion about adjusting the test for importing vehicles, of course we have to do that not just with the U.S., but with the rest of the world. I think if we did that, though... China will take advantage of that new standard and try to sell their products to the U.S. So we're not just working with the US, we're working with India, Global South, and other countries as well.

We have to see what other countries will do because of what U.S. Does at this point of time. So we can't just have a bilateral dialog just with the U.S. So it might not be a discussion under the economic security. Of course, President Trump likes bilateral discussions better. And I agree somewhat with that, because the UN is not working. Russia and China use their veto power, and it's not working very well. But if we look at the bilateral conversation, that might be closed within the two countries, but that decision might have ramification to a relationship with the other countries, and it has to be used for the positive purposes. I might not be, I should not be saying this much, but if...the U.S. Is exporting some things to Japan, but not to China. In Akihabara, there's a store called Gaming PCs. There are high-end PCs that are sold only to Japan not to China, but Chinese people come to Japan and buy those parts in Japan and sell them back in China. And we have to close such loopholes.

So, we have to have trust at the very beginning because China is taking this opportunity saying that risk is not just with China, but U.S. is a risky partner, too. That's not the way we should go. We have to think that the U.S. is the leader in the trusted partnerships around the world. And if there is some deterioration in that trust, Japan has to work with Asian countries and others to make sure that remains true.

SOLÍS: Thank you very much. It was very insightful. I would like to ask you a few questions of the growing linkage that we see between trade and national security. I think that that link is not going away, and there could be some risks and perhaps also some opportunities. And my first question, I'll

direct to Onodera-san, Onoda-san but others please feel free to share your views. But one of the things that we've seen of the Trump administration is to make that link very explicit. And in particular, you know, when President Trump thinks about relations with countries, he's thinking about trade deficits, and he's thought about contributions to defense budget and how much a country is providing support for if forces are deployed, American forces, their bases, and so forth. And we've heard President Trump say many things when he refers to Japan, and at some point, it seemed that the Trump administration was going to include the discussion about defense burden-sharing as part of the trade talk. So we've heard many things along the way, but in general, what do you think about those linkages? What should be Japan's position on making this kind of connection? And do you see other ways in which defense and trade should be linked, perhaps not precisely along these lines?

ONODERA: First of all, in the first Trump administration, I was defense minister and I came to the United States to discuss about this issue in the United States. And I think that national security is national security and tariff and economic relationship has to be separated from defense. However, having said that... The defense equipment is traded, too. However, it should be used for the national security only. So this is not along the theme, but let me share with you what I thought about listening to what has been discussed. China or U.S., who can survive in this trade war? We have North Korea, Russia, and China, all the neighbors of Japan. So we have to be sensitive about what those countries are doing. Two years ago, there was a G7 summit, and the heads of the state came to Hiroshima and most of them changed. However, those three countries, North Korea, Russia, and China, the head of the states, are the same as before.

In the Ukraine war, the prices went up, including the grains. And when the price goes up, the democratic nations criticize government. And I think that the reason why the heads of the state of the G7 countries changed was due to this kind of discontent of the nations. In fact, in order to fight in the tariff area, I do not think it is a good idea to fight like China and United States. The Walmart price goes up and the shelf gets empty. Who will suffer? I think that the American citizens, American consumer has to suffer and complain. China doesn't have any freedom on the media and there is no selection and there are a lot of limitations of SNS. Even though there is a shortage of things, Chinese people do not know what is going on.

There is that gap between the democracy and autocracy. So... we do not want to be that kind of authoritarian government. We would like to keep our freedom, and then we would like talk freely, and we can hear and listen to the media freely, and we would choose our leader by election. That's why we have a very strong alliance with the United States, however, if we fight together, I mean, these two countries fight together there might be a disadvantage for Japan. We would like to find out how we both, our countries, can win together.

ONODA: 3% GDP was mentioned over there, and your country has to be protected by yourself. That is the claim of President Trump and in order to do that, the issue is the productivity, or product, productivity. The United States, they would like to revive the manufacturing sector, but the manufacturing capability went down. And other countries are the same. Since it was a peaceful time, engineers for the defense technology is depleting. And even though GDP percentage is decided for the defense spending, there are some limitation in the European countries. So they are asking Japan to make their defense equipment. So even though the economy and national security has to be separated, but everything is linked. So we have to have a good trade with the like-minded countries for this kind of defense equipment. And India declared that India will be the factory of the globe. So we will have to cooperate with a trustable partner, and that cannot be separated from national security.

SOLÍS: Thank you, and I welcome others' comments. And another way in which we could say that trade and foreign policy are connected is that I think that we see an attempt in the Trump administration to use the type talks to try to convince others to disengage from China, to reduce their economic ties to China. And this could be done in a different set of ways. You know, it could be that these negotiations yield some stricter rules of origin. Greater monitoring of transshipment and just thinking about tightening all supply chains so that you avoid choke points that China could control. So I wonder how first, Yun, how is China responding to the possibility that you see the Trump administration trying to persuade others to diminish their economic relationship with China? And then, to bring this to Tom, I think, you know... Europe is receiving a double shock from the Trump administration, if I can put it that way.

One is about the situation in Ukraine and what that means for the European security order, but also then this trade-type shock. I wonder how Europe is thinking about its relationship with China in light of this. How do they see the connection between trade and national security given all the from the Trump administration?

SUN: Thank you, Mireya, that's a great. That's a great question. We see different responses from different regions, right? I think in terms of Europe; Europe's top concern currently is how the Ukraine war is going to evolve or is going end. And I just got back from Budapest yesterday from a dialog there. I think the European concern is very much how President Trump may reach a deal with President Putin. And I think that has a lot of impact over how Europe will proceed with China. Because you're absolutely correct that this deposition of cost on other countries for their trade relationship with China is going to have a tremendous effect over their decision making. But when Europe thinks about its own national security and how there's a strong sense of betrayal involved in the Europe-U.S. Relations currently, I think that gives them a second thought about how they want to proceed with China.

Because certainly China seems not as bad as it used to be, right? Because the comparison has changed. I think in Southeast Asia, that's a very salient question, how countries in Southeast Asian, which had been a primary location for transshipment into US market, how they're going to square the circle, how they will debate or recalculate their national interest between a more costly policy from the United States, and what China is willing to offer. So the fact that, well, we know that Xi Jinping was just in Southeast Asia, and the fact that he reached out with more economic cooperation, with more trade deal, I think that that's China putting a better offer on the table. So we understand that your relationship with the United States might suffer, but here's what China is willing to do to compensate for your loss. So I think there are definitely very creative ways Beijing is trying to craft to make use of the opportunity, thank you.

WRIGHT: Thanks, Mireya. Just in answer to the first question, first and then I'll get on to the Europe piece, just is President Trump trying to get other countries to either decouple or pull back from China? I don't think we really know what he wants. There's been a lot of different rationales offered for these

tariffs. But I would just note that the simplest explanation could be the truth, which is he wants to eliminate the trade deficit. I mean, that's what he's been worried about since the mid-1980s. That's what that crazy formula to calculate the reciprocal tariffs actually meant. It wasn't about anything to do with reciprocal tariffs being imposed on the United States by other countries. And if you look at the timeline of the rollout, China was actually sort of secondary for several days and it was only after the sort of bomb market shock and the concerns about treasuries when he then paused the tariffs on everyone but China that they sort of defaulted to this rationale which was this was our plan all along, we wanted to unify the world against China.

But that was really the first time they had really said that and none of the behavior from the administration on coordinating with allies, on focusing concerns on key areas of interdependence that affect national security, none of that happened at all. So it seems to me that this was sort of a post-hoc rationalization that they weren't all that serious about and they've been very selective in talking about China's influence economically or geopolitically globally. It's usually been mentioned when it's sort of. Serves something else they're trying to achieve, right, with Greenland or Panama, for example. And I would just say that if they want to make countries choose between the United States and China, you know, they could start with Hungary, for example, which is a country that's probably the most pro-China in Europe, that President Trump has a very close relationship with Viktor Orban and with Hungary. But they don't, like they never mentioned it.

So I'm a little bit skeptical. And I would like to see a very sort of targeted strategy where they could say, look, we're not asking countries to cut off from China. We know that that's not desirable and impracticable. And by the way, Trump himself has said he wants a deal with China on economics, but they could see there's a small number of things that are pertinent to our national interests and national security that we need to have less have more resilience and less overall reliance on China for, and we will work with our allies and partners to build capacity in that. That will be new, but I don't think they're going to do that. On Europe, I take the point that Europe might be more inclined to look toward China if the U.S. Administration sort of follows through on this sort of hostility to Europe that we've heard particularly from the Vice President. And even from the president.

But I would just point out that many of the concerns that Europe has about China are independent of the Trump administration, right? So if you look at the tariffs, that actually, Chinese overcapacity in manufacturing has to go somewhere, right, so it's likely to go to Europe. And Europe is really concerned about that overcapacity. So in some ways, President Trump's actions makes the China problem worse for Europe, not more palatable. China's actions in Ukraine by helping Russia I think was a real wake-up call to Europe, and they're really concerned about that, and that is likely to get worse over time because we're unlikely to see a real end to the conflict. We're likely to see more Russian aggression and provocation, and there is no chance of separating China from Russia. I mean, I think just really that is the height of naivete, if anyone holds that view within the administration.

And then there were other concerns about China's sort of political influence in Europe and difference in values and all of that. So I actually think that Europe won't sort of pivot toward China. I don't think we'll see a real shift. We may see on the margin, you know, some political figures emerge who say that, and they may get some traction. And so I'm not saying there won't be a shift in the debate, right? But I think if you look at the governments, in Germany, in France, even in the UK, and the EU Commission, I think it's a very difficult problem set for them, but I think they do have real reasons. To maintain the steps toward a more unified, coherent China strategy that they've taken over the last few years.

SOLÍS: Thank you very much, Tom. So let me move to my second set of questions and then I'll bring the audience to ask their own questions. I would like to zoom out and talk about broader geopolitical trends and I think it's a bit confusing because I'm not sure if there is such a thing as a Trump foreign policy doctrine. It's early days, we haven't seen yet the articulation of a new national security strategy. But also when you try to read the tea leaves and look at what the president says and what other of his senior advisors say, it's confusing. And there seems to be different camps. On the one hand, you have those that speak about language that is reminiscent of spheres of influence. You also have others that are prioritizers that would like the Trump administration to focus on China and maybe be less involved in Europe.

And then there are others that I think speak of more overall restraint and more inward looking, and the US not doing so much in its international role. So I was wondering, Tom and Yun, as you tried to make sense of where the Trump administration is heading, which of these camps of thought do you think might prevail? What would be the contours, if we can guess at this of what really the parameters, the doctrine that this Trump administration follows, and maybe tease out what would that mean for economic statecraft in Asia.

WRIGHT: I can start, sure. So in the first term, I did a lot of Trumpology, trying to analyze, and I never thought I would have to go back to that, and am still trying to avoid it, but —.

SOLÍS: Sorry.

WRIGHT: No, no. It's okay. I mean, I think you've got to start with just the basic thing that we all Which is that? President Trump has a certain set of core visceral beliefs. They're not necessarily super coherent or sophisticated, but they are real, and I think there are three, right? He sees alliances as a net sort of liability for the United States and believes that by providing security for others that that's sort of cost on America and allies have been taking advantage of the United states, and he started talking about that with Japan. And Saudi Arabia and others in the 1980s, right? So that's belief number one. Belief number two is that the open global economy is hurting America and that free trade has hurt America and that we need to go back, and he's been explicit about this recently, to the 19th century and more of a mercantilist approach and that tariffs have sort of gotten a bad rap, right? But that we need to go back to them in some way.

And he's talked more about that recently, but again, that dates back to the mid-80s. And the third thing is he does have an affinity and admiration for strongman authoritarian leaders. He likes that globally, you know, and he sort of likes doing deals. And those are... That those are, that's his sort of north star, right? That sort of 19th century worldview. I think in the administration, you have all these different camps which are trying to compete with each other to try to co-opt or get him to move in their direction. And there's sort of three that folks talk about. There's the primacists like Marco Rubio, Mike Walsh. I think that's the weakest of the group.

Right then there's the restrainers, probably including JD Vance and others who want to do less in the world overall. And then there are sort of the prioritizers who want to do more on China, sort of move from Europe to China, Middle East to China. And I think it's been a very mixed bag. Like, it's hard to really say exactly who's on top. There's been all these firings in the Pentagon recently which have affected mainly the restrainer group. There has been an attempt to move away from Europe, but they've really deepened their engagement with the Houthi campaign, I think slightly sleepwalking into it, you know, in the Middle East, where they said it was an initial sort of not once-off operation but a very quick operation. I think in truth it's sort of built on what we had done in the Biden administration, but over 45 days later, you know, that's still ongoing and there's a heavy expenditure of munitions, you know, there.

And so I think it's not possible for me to say, for me to say, you know, here's their emerging strategy. But I think the president is the constant, right? Like those, and you just, the final thing I would say is in the first term, he had all these views, but he hired people who were, you know, the adults in the room or the constrainers who constrained his freedom of movement and made sure that it was more continuous with previous administrations. And you had a national security strategy that he had really no involvement in, that was a pretty sensible strategy focused on great power competition. He then had four years out in which he stewed about his first four years and thought about how if he came back, he would not be constrained. And he's hired people who either believe what he believes or are unwilling or incapable of standing up to him.

And so it is more sort of Trump unbound. You know, and he is pursuing his beliefs without those constraints. I think what he will find out over time, and he's finding out now economically, is that those adults in the room from the first term are actually doing him a favor, right? They weren't constraining him, because they were stopping him from engaging in, you know, self-defeating actions from his perspective. And we're seeing that play out, I think, in the stock market and the global economy. And we'll see if there's a moderation, but I wouldn't be too optimistic. I mean, I think he feels emboldened and I think is determined to sort of continue to pursue those visceral beliefs.

SOLÍS: Thank you very much, go ahead.

SUN: Just some quick observations on China policy. We, I feel that we haven't really seen the China policy of Trump 2.0 yet. We've seen there's a tariff policy, but that's not China, just China, that's the rest of the world, right? In terms of articulation of a China policy or China strategy, well, during Trump one, they came out during the national defense strategies and the national security strategy, but this time around, I think that we have seen some parameters. Of what would potentially define the China policy of Trump 2.0, but we haven't seen that specific articulation. And some of these parameters include, well, there's a belief in a sphere of influence, right? Canada, Greenland, Panama, Western Hemisphere, the most reiteration of the Monroe Doctrine, there's that.

There's observation that President Trump will avoid a war. So not having a war with anyone, whether it's Russia or China, is one of the principles that he most likely will follow. We also know that he doesn't really care about ideology. So this iteration or this narrative about Chinese Communist Party being on the wrong side of history, that this is democracy versus autocracy. So far, we haven't seen that, but we know during Trump won as a part of the maximum pressure campaign, it was one of issues. So let's keep watching on that. And a lot of focus so far is on economics and tariffs. I personally believe there will be a negotiation that will happen, but I don't know where it will land, so we will observe on that one. Last but not least, there's, well, great power competition, what is great power competition, it's about the rest of the world, right? It's about which country or which powers the rest the world identifies as a credible leader that they're willing to follow.

And I think on that one, we're also seeing a very mixed picture, that there might be some opportunities for China that agree with Trump that China is unlikely to prevail in each of these cases. So there are these parameters that we're looking at, but I feel the China policy is not yet clearly defined. You also hear that there is a sequence, that the Trump administration would to prioritize the Ukraine crisis first. And also to set the taxing order in the Middle East. Then it can turn around to alliance positions with its allies, partners, to compete with China. But then you have to wonder that throughout the process of the previous, the first several steps, we have burned a lot of bridges and hurt a lot feelings with allies and partners. How is that going to align eventually with the competition with China narrative? I think all these remains unclear.

SOLÍS: Thank you very much. So my last question is for Onodera-san and Onoda-san. And Onodera-san, you played a really important role in the formulation of Japan's national security strategy in 2022, where, you know, acquisition of new defense capabilities and the concept of economic security were very important innovations. Now we're in a period of fast geopolitical change. I wonder if you could share a reflection with us. On what do you see the next iteration of Japan's national security strategy should comprise to address the current challenges.

ONODERA: First of all, by establishing the national security strategy, the Japanese defense capability has been changed drastically. The long-range missile strike capability was gained. And then the cyber-related legislation will be established soon. So in the strategy after the World War II, this is a very drastic change. However, when the environment of the world is changed, we have to revise and renew the strategy. When the premises for the national security strategy was based on the strong alliance between U.S. And Japan and European cooperation and concerns about Asian countries, about China. That was the environment when the last national security strategy was established. And immediately after that, the ammunition used by the Ukraine was exported from North Korea, and Russia is paying the price for the North Korea and then they are providing the technology to North Korea.

The payment according to Korean research center, 80 percent of the GDP of the North Korea is rich, and North Korea is rich in technology, too, and then providing some forces to Ukraine war to Russia. So there is a strong alliance with Russia. And through Ukraine war, China is supporting Russia, too. That is another fact. So thinking about everything included, the immediate national security environment is drastically changed from two years ago to three years ago, and then after the Trump administration's tariff policy, the world order will be changed, and that change has to be considered.

ONODA: Thank you very much for your discussion. With the globalization, all the policies is linked. All kinds of policies is linked right now. Immigration is the big thing in this administration, but the grain or the wheat cannot be purchased in Africa. I heard that the immigrants to Europe was increased. And then their national capability got weakened, so they cannot cope with Russia. So all these things are

considered in order to fight with Russia, and there is a topic about economic national security, and through SDGs, clean energy, including the solar panel, is considered. China interested in it and there are a lot of solar panels made in China and there is a system and remotely you can switch on and off the solar panel and that kind of technologies are used in China.

And the CCTV and the protective camera and the communication tool are made in Japan and how these equipment will impact the national security. So the national security cannot be thought in isolation. So we have to face each problem, but also, we have to think about the linkage of the problem. When the wind blows, as a result, the bottle shop will gain. So small things will impact big things. So there is a global connection, so everything is linked. And economy, national security, food security, and economic security, all are linked. And we would like to cooperate with each other with the global community and so that we can keep and maintain the democracy in globe.

SOLÍS: For questions from the audience. There is a microphone, so if you want to raise your hand, then the microphone will come to you. Please identify yourself, and if you can have a very concise question, I'm going to take two questions at a time, because we have a few minutes left. So I see Hannah, this gentleman right next to you, and then the other person.

AUDIENCE MEMBER: Yes, thank you for speaking today. I'm Keisuke Wada, Georgetown's School of Foreign Service Master's student. Should I ask a question in Japanese? How would you prefer? We have the translation. Then let's say like in Japanese. Thank you very much for your discussion today. One question. I would like to ask a question about the role that Japan should play going forward, and you talked about that already. Now going forward there's going to be a lot of discussions related to security discussions between Japan and the U.S. And other countries as well, but you talked about roles of Japan today. So, first of all, you are in Nagatacho in Tokyo, where you work. How much consensus is there regarding this security issues between Japan and the U.S.? And how monolith are we in that regard? I think that is an attention paid by a lot of people around the world. So if you can give your opinions about that.

SOLÍS: Go to the panelists.

AUDIENCE MEMBER: Hi, thanks. Travis Brubaker at E3G. We're a climate and geopolitics think tank. So the multilateral space was discussed quite a bit, but I didn't hear anything about the Quad. I was wondering if the panel had any thoughts on that. And then I have to say, if you have any thoughts in the climate and energy impacts between the Quad or US-Japan, that would be great to hear.

SOLÍS: Thank you very much. So from Nagata Cho to the QUAD and the climate agenda.

ONODERA: I'll start, basically, Trump tariff measures, or working with the Trump tariffs, we are working in cooperation with the ruling and the opposition parties together. But going forward, if the U.S., when they come up with the conditions, then there might be more discussions in the diet in Japan. In the summer, there will be an election for upper house. At that time, each party will appeal their opinions. And that's normal in the election campaign timing. So there's a very tricky situation where there is an election coming up when we are talking about tariff. And regarding the tariff, in terms of rate for tariff? The highest is India, Japan is the second, and Australia has smaller tariffs imposed on them. So it's hard to be in unison when it comes to tariffs. But in terms of security, we are on the same side, of course, especially towards India. We have cooperation relationship with the defense equipment, which is the same for the U.S., and Japan is willing to cooperate with them even further going forward.

SOLÍS: Any other comments? If not, I'll just offer an observation on the QUAD. I think that there have been some reassuring signals that the Trump administration does want to engage with the QUAD, and the fact that you had those diplomatic encounters early on, I think it's very good news. However, the Quad recently had positioned itself with a mission to provide public goods. And I'm not sure that, that's certainly not language that is going to resonate with this administration. And I don't think we have yet heard. What they would like to use the Quad for as a platform towards what kinds of goals. And this ties in, I think, with the point that Yun was making that we don't yet have a clear sense of Asia policy, China policy. They run with a trade policy for sure because the President feels very strongly about that. But these other broader things and how the President feel about them and

whether he'll be committed to the summitry process and so forth, I think it's something that we have to be watching. In the next months to come. Other questions from the audience? This lady here.

AUDIENCE MEMBER: Thank you very much for your discussion. My name is Mukai from Yomiuri newspaper. This is a question for Onodera-sensei. This is about the Japanese public opinion towards Mr. Trump. I think there is some negative opinions regarding Trump. And you talked about cognitive warfare in Hudson recently, waged by China. So China's possibility – what do you think of the possibility of China waging cognitive warfare towards Japan? Another point is that Taiwan contingency possible in 2027? And that is some of the voices that we hear. And how do you see Mr. Trump's stance towards a 2027 possible Taiwan contingency?

ONODERA: So this is the new domain of war, which is the cognitive warfare. January this year, I questioned at the diet session in Japan. We talked about, or I talked about Deep Seek, which the Chinese AI. So I had my friend ask Deep Seek about where Senkaku Islands belong to. And the answer by Deep Seek was that the Senkaku was a Chinese territory and that's not possible for Japanese citizens but generative AI is based on algorithm and maybe philosophy within the data center. Sometimes they spew out some wrong answers. Of course, Japanese speaking people can say no to this, but maybe if that is disseminated around the world in Europe, for example, maybe people in the other parts of the world might think that Senkaku Islands belong to China. This is the area where I am most concerned about. In American military there is a directive not to use this Chinese AI, but it is very high tech.

Japanese cars sold in China actually uses Deep Seek. So it is an excellent product, but it has to be detached from the security philosophy, and we have to watch carefully what is deployed. Another cognitive warfare is related to Okinawa. Okinawa was returned to Japan. And I would like to thank you for the U.S. For that. Of course, there are some issues in Okinawa, but we are walking together, you know, hand-in-hand with Okinawan people today. And there are three research institutions established in Okinawa. Sorry, three institutions related to Okinawa that was made in China. And these institutions say that Okinawa belongs to China and this has originally been a Chinese territory, and this information has been disseminated to other countries as well.

So if this information is believed widely around the world, maybe other parts of the world say, oh, well, Okinawa has been a Chinese territory, meaning that Japan and the U.S. might not be able to cooperate anymore in the defense treaty. So that will be a very serious problem. Now, regarding Taiwan, this month there has been a military exercise around Taiwan. On the first and the second of this month around Taiwan, there has been a large-scale military exercise, including aircraft carrier. So Taiwan is very concerned, and Japan, of course, we are nearby. We are very concerned about that as well. Currently, uh, right now. What I would like to check with the Trump administration is that are you going to continue to work with Japan, as have the other administrations, to work with a Taiwan issue? And I am hoping for a very strong word coming out of this administration.

SOLÍS: So I would like to ask the audience to please join me in thanking the panelists for their remarks today.