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WELCOMING REMARKS:

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SOLÍS: Hello everyone. My name is Mireya Solís and I'm the director of the Center for Asia Policy Studies at Brookings. Together with my colleague Andrew Yeo, the SK Korea Foundation chair in Korean Studies, we want to welcome you to this event on American, Korean, and Japanese economic security policies. Due to the snowstorm we had last night in D.C., the Brookings campus is closed. So, we're glad that thanks to technology we're able to switch the program to online. I want to thank the audience for joining us online. I want to thank the panelists for quickly making changes and adjustments so that this program will go forward. And of course, I'm also grateful to the Brookings team for all their support.

Now let me say a word to introduce the topic for today. As you are all aware, trilateral relations have advanced significantly in the past few years, with economic security a focal area of cooperation. Yet all three countries have had leadership transitions since the Camp David Summit of 2023, opening questions as to whether we will see a redirection of the economic security policies that each of these countries is pursuing, but also questions about the fate of the trilateral partnership itself. Economic security in areas such as industrial policy and screening of foreign direct investment, which are topics we will cover in today's program, continues to be a top priority in the national strategies of the United States, Japan, and South Korea. And we should not jump to the conclusion that trilateral efforts will be discontinued. In fact, just a few days ago, the leader statement, the Trump-Ishiba leader statement reiterated the value of these trilateral. But it's also true that the return of "America first" foreign policy, the political crisis in South Korea, and the minority government in Japan underscore tighter domestic political constraints. Today's program is part of a project on trilateral relations in the area of economic security, generously funded with a grant from the Korea Foundation. We appreciate very much the support and want to reiterate Brookings commitment to independence. Now let me turn things over to Andrew, who will moderate the first panel. Thanks.

YEO: Thank you so much, Mireya, for the introduction. And as Mireya mentioned, I'm Andrew Yeo, I'm the Korea chair and the senior fellow at the Center for Asia Policy Studies here at Brookings. And again, I do want to thank our panelists and audience for their flexibility as we switch from an in-person to a virtual only format. So, again, thanks for everyone's flexibility.

And the topic of our first panel this morning is FDI screening regimes. Although tools of economic stake traps such as tariffs and export controls has attracted greater attention, the application of outbound and inbound investment screening rules to safeguard national security has also picked up steam. In August 2023, the U.S. government signed an executive order prohibiting new U.S. investment to China in critical technology industries such as semiconductors, artificial intelligence, quantum computing, biotechnology, and so forth to really try to limit China's growing capabilities. These restrictions are likely to continue under the Trump administration, shaping the broader technology ecosystem and affecting South Korean Japanese companies.

Meanwhile, Korea and Japan have also implemented their own investment screening rules in the past and even at present, sometimes even against each other. But here to help us shed light on FDI screening regimes in the United States, Japan, and South Korea are three distinguished speakers who I'll briefly introduce. We have Sarah Bauerle Danzman, the associate professor at the Hamilton Lugar School of Global and International Studies at Indiana University. We also have Rikako Watai, a professor at the Keio University Law School and also an affiliate professor at the University of Washington School of Law. And lastly, we have my good friend Troy Stangarone, the director of the Hyundai Motor Korea Foundation Center for Korean History and Public Policy at the Wilson Center.

So again, welcome. Welcome to our first panel, and I think we'll begin there. And I want to just kick us off by asking Sarah our first question, just to give us a landscape within the United States about what's happening with investment screening. So, beginning with the first Trump administration and then the Biden administration, how have we seen the use of inbound and outbound investment screening measures expand in the past few years as a tool for protecting critical infrastructure and core technologies?

DANZMAN: Yeah, well, thank you, Andrew. How much time do we have? It's a big question. And thank you for inviting me here today to the other panelists for sharing their expertise with us all. And thank you to the audience who were so flexible to the changing weather situation. So, I think that, you know, when we kind of landscape out what has happened in the US around investment screening and investment regulation, technology issues and technology protection, it's important to take a step back and see how much the appetite to engage in regulation of investment and technology flows has increased pretty dramatically in the last six years or so. So, if you look at the first Trump administration, of course, we had the passage and implementation of FIRMA, which is the Foreign Investment Risk Review Modernization Act, which was a major update to the Committee on Foreign Investment in the United States or CFIUS, which is the U.S. investment screening mechanism. And what's important here is that the FIRMA really added a layer of additional focus on critical technologies and sensitive personal data to the way that the committee reviews transactions to the types of transactions that receive greater scrutiny and so forth. And although you want to focus specifically on investment screening, it's important to recognize that, at least in the U.S. case, it's hard to separate investment screening from export controls because alongside FIRMA was also the update to our export control regime through ECRA, the Export Control Reform Act, and the development of the critical and emerging technologies list.

So, the Trump administration and the Congress at the time were engaging in quite a bit of new tools to expand into reviewing transactions related to emerging technologies. And this was also supplemented with the expanded use of a variety of list-based restrictions, such as the ones that we saw in Huawei, ZTE, SenseTime, et cetera. And the important point here is that these entity listings were used for the kind of first time to try to accomplish things beyond concerns over WMD proliferation to broader concerns around things like human rights abuses and dual-use indigenous capabilities. So, these efforts were very focused specifically on China and specifically on Chinese military modernization. And I think that that's an important thing to kind of put out there because this point oftentimes gets obscured by the fact that within the Trump administration more broadly, there was a lot of focus on tariffs, but the executive branch during the first Trump administration was very focused in its approach to investment screening in this respect.

And then the Biden administration comes in and is gifted a much more muscular regulatory state around these issues than had existed before and really doubled down. And you see that kind of early on in the administration, they learned just how strong some of these tools could be, especially through multilateral engagement with respect to the financial sanctions and export control packages against Russia. You have the development of the China chip controls. And through this process, you also have the development over a long period of time of or a relatively long period of time of the what became the outbound investment executive order that creates a regulatory structure around prohibiting and notifying certain types of outbound investment. And I think it's important to kind of recognize that that was not that the desire to review and limit outbound investment was a major step that had not been done before in peacetime. And we really saw that the impetus for that kind of regulatory entrepreneurship really started from Congress with Casey Cornyn, the Casey Cornyn kind of draft bill on outbound investment screening. That came out kind of at a time where a lot of there was a lot of concern, not only on critical technology, but also because of the COVID supply chain shocks, concern around critical supply chains. And while that component of that original draft bill sort of got watered down as it moved into from that draft bill into an executive order and as the Congress continued to try to find a legislative solution to, you know, to make outbound a statutory requirement, we saw a real focus in on investment at regulations related very specifically to technology control. And that is just the tip of the iceberg and the sorts of things that the Biden administration was doing at this time around concerns having to do with technological development in China. They released multiple executive actions on things like bulk data collection, cloud service concerns and connected vehicles and so forth. So, I talked a while, so I'll stop. I'll stop there. But it's very easy to kind of get very, very in the weeds very quickly with what the administration, each administration was doing.

YEO: Well, thanks, Sarah. That was such a fantastic overview of the evolution of this development of FDI screening rules. And of course, a lot of this is directed towards China. I will come back to you because I wanted to ask about where you see this heading with the second Trump administration. But I want to turn our attention now to what our allies are thinking about inbound and outbound investment screening because their focus may not be so China centered when they think about these roles. And maybe I'll turn to Rikako first. And I wanted to ask how U.S. partners, whether Japan or South Korea, how they maintain inbound investment screening regimes, even as they remain a part of a highly globalized technology ecosystem. In the case of Japan, is there anything different or unique to how Japan is applying investment screening rules compared to United States? So Rikako.

WATAI: Thank you, Andrew. And thank you for having me. And it's a pleasure for me to speak about Japan's investment regulation here from Washington, D.C. This will be a memorable trip to remember in this now. So, I'd like to point out three aspects of the Japanese investment regulation. It's the legal foundation of Japan's investment regulation is on FEFTA, Foreign Exchange and Foreign Trade Act. And it aims to implement the minimum necessary control and coordination over cross border transactions. So, Japan has long maintained a post investment reporting system, meaning after the fact reporting system. As the general rule, while requiring prior notification with screening in certain cases, that's an exception. So therefore, Japan is not treated as a country that adapts investment authorization in the chapter on investment in economic partnership agreements. So, this is a notable aspect of Japan's investment regulations. But as, of course, economic security initiatives proceed, the exception, the prior notification requirement is expanding.

The second point is that unlike many countries which determine foreign status based on nationality, Japan's approach is based on residency. So, we don't have accepted foreign state or the countries of special concern status. So, under FEFTA, any individual, regardless of nationality, who has lived in Japan for six months, will be treated as a Japanese resident and therefore not subject to FEFTA regulations. So, of course, this fact raised concerns from national security perspective. If a foreigner stays in Japan for more than six months, then he or she or the company will not be subject to FEFTA regulation, could easily be seen as a loophole. So, since FEFTA is not just about investment regulation, but also a basis for export control and economic sanctions, any major revisions such as eliminating the residency requirement would call for careful consideration. FEFTA was enacted in 1949 and it went through numerous revisions and its structure is highly complex. And it's always likened to an old building which went through multiple renovations. So, it's not easy to change one aspect of regulation because it will definitely have some impact on the others.

And finally, Japan's regulations, of course, are very different from U.S. regulation, but past amendments have been made to align with the U.S. regulation. That's also true. So, one most recent example is that the Ministry of Finance plans to strengthen regulations by designing companies and investors who are obligated to cooperate with foreign governments' intelligence activities as specified foreign investors. And these designated investors will be requested, I mean, will be required to submit the prior notification and undergo screening. And I think we will see this by the end of March. Okay, I'll stop here. Thank you.

YEO: Thanks, Rikako. You mentioned some of these rules since 1949, so there's a long history of using some of these rules in Japan. Of course, they're applied differently than the United States. Do you mind if I ask you one very quick follow-up question, which has to do with the most recent – there are two recent things that I want to talk about in our session. One is the Nippon Steel case, which we'll get to. But for now, in the news just a couple of weeks ago, there's news that Japan had tightened its FDI screening to be stricter when foreign companies have an obligation to share sensitive information with their government. And some people look at this as a way of targeting China without naming China. Could you share any thoughts or context behind this recent decision that Tokyo has made?

WATAI: Yes, it doesn't say it's about China, but obviously it is targeted to China. I think that's for sure. But the Japanese regulation does not mention – does not name a country. That is to be fair. So, it's applied as equally to all the nations. But obviously, to align with the United States, Japan is making changes to forming investment that's targeting China, especially particularly in the area of technology leakage or the leakage or outflow of sensitive information, yes.

YEO: Well, I'll come back to that, this question about coordination of outbound investment screening measures with allies. But I did want to turn the floor over to Troy to talk a little bit about investment screening in South Korea's context. And so, a similar question as with Rikako. Is there anything different or unique about the way South Korea is applying its screening rules? And are there any differences in particular with the way the United States is looking at these tools?

STANGARONE: Well, Andrew, thank you for being here and thank you for the kind introduction at the beginning. It's a real pleasure to work with you on this. I think I want to start just sort of on a high level of difference. The approach to investment screening is different fundamentally. In the United States, the CFIUS process was really born out of the idea of national security to where in South Korea, it's really driven more by economic imperatives. And South Korea in 2022 passed legislation, the Special Measures Act, to strengthen and protect the competitors of national high-tech strategic industry and updated its FDI screening. But it's really designed to try in a globalized world where there's competition protect key South Korean economic strengths and so that way to ensure that South Korea maintains a technological edge. And so, in essence, there have been four sort of national core strategic areas identified.

One relates to semiconductor technologies. One relates to display technologies. One relates to high capacity battery technologies. And the last relates to some pharmaceutical technologies. And so, within this context, we can kind of see they all overlap in areas where South Korea has an economic advantage. So, when you then take a look at it, what this means, and another reason you can look at this and sort of see the economic imperative as opposed to the national security imperative, is that a lot of this is run through the Ministry of Industry, Trade and Energy. So rather than it being through a separate entity or something more national security focused, it's really driven by the ministry that is designed to take and really help South Korea's economic engagements overseas. And so, I think from that perspective, we're talking about significantly different perspectives of how you take an approach investment screening on the inbound side. And also, it's much more narrow. And because one of the things I think we've seen with some of the changes is that the definition of national security is expanding. But South Korea's definition of its economic interests, the core technologies, the areas that need to be protected for long-term economic growth, has stayed relatively static. And so, in that context, it's also a much more narrow definition of inbound investment screening. And so, I think those are the sort of the key differences. South Korea's is more narrow, and it's also more economic rather than purely national security focused.

YEO: Thanks, Troy. You preempted what would have been a follow-up question, because it's a great point that you make that for South Korea, the inbound investment screening, it's motivated by economic interests rather than these national security arguments for implementing them. But now I was going to say for South Korea, some of these industries where you're setting up investment screening rules is really part of their economic security. And so, it becomes a definition of what is national security. But it still sounds like South Korea is defining it in a narrower sense. This is really then a question about coordination.

So, we've talked about investment screening in the United States, Japan, and South Korea. But if we think about regimes more broadly from an international context, do these screening regimes, do these rules, do these regulations, do they need to be coordinated among allies? In the same way that we've been talking about export controls needing to be coordinated among allies. This is really a question for anyone, but maybe I can turn the virtual floor back to Sarah. If you have any thoughts about the need for coordination across different countries when we think about investment screening rules. I should clarify this is for outbound investment screening.

DANZMAN: Or outbound. OK, yeah. So outbound, yes, needs to be coordinated. If the goal of outbound is to prevent particular types of technology and know-how kind of accumulating in a country of concern, then definitely you do need to have coordination. Because if you don't, money is fundable and you can just see backfilling from investors in other countries. And given that these investors are also connected to your own innovation ecosystem, unless you are willing to be to really harden your economy in a way that is very likely to be detrimental to both growth and innovation, you do need to figure out how to coordinate just as you need to for export controls.

And that is why the Biden administration really did not move forward with the outbound executive order until the G7 with the Japanese presidency of the G7 had released an economic security communique that emphasized that a narrow outbound investment screening in a few core technologies may be an important part of the economic security toolkit for advanced economies. And that, I think, really shows that the administration was trying to ensure that if they were going to move forward with outbound screening, that they would be able to bring key partners and allies along. We see that the EU has announced that they're going to move forward with additional, they're moving forward kind of slowly, but surely with their own measures around outbound. Right now, they're just at the stage of collecting data and having more of a notification regime. There's no restrictions yet. And we'll have to see what happens with the new administration, because if you don't have a US administration that's really focused on building that kind of multilateralism, it's unclear if it can sustain without that kind of leadership.

YEO: That's a great point, the importance of coordination. And I know in your earlier comments, you mentioned how export controls and these outbound investment screening rules, they work hand in hand. And so, you do need coordination, otherwise you get these loopholes. So, in other cases, what if the allies are tempted to take advantage of the U.S. not investing? And so, I can see a temptation for South Korean or Japanese companies to fill in the void of whatever investment the Chinese may be seeking. But along the same thread, maybe I'll go to Rikako. In this question about whether we need to seek coordination, I wanted to add that U.S. outbound investment mechanisms targeting China are really intended to safeguard U.S. national security on critical and sensitive technology.

But what are the opportunities and costs in this case for Japan of implementing a similar approach to regulating China bound foreign investment? I know you mentioned that in the latest tightening of investment outbound investment screening rules that Japan doesn't name China in there, even though that may be the intent. But now, are there any costs or what are the opportunities or benefits for Japan for implementing a similar approach to regulating China bound foreign investment? And this is especially important if this is what the Trump administration presses its allies to do. Maybe they won't coordinate because they have different views about alliances. But even if you're taking a transactional approach to alliances, it seems like it would make good sense for the Trump administration to press its allies like Japan or South Korea to pursue similar types of investment screening measures. Rikako, any thoughts for Japan?

WATAI: Thank you. I agree with the idea for the need to coordinate the outbound investment regulations. But the talks in Japan have not made much progress since the 2023 G7 Hiroshima summit, probably due to the high costs involved. So, the foundation of Japan's approach to economic security is built on two concepts, a strategic autonomy and strategic indispensability. So strategic autonomy means strengthening the foundations essential for maintaining Japan's socio-economic activities to reduce dependence on other nations. So, this is essentially a defensive approach. And on the other hand, strategic indispensability is an offensive approach, offensive in quotations, aimed at expanding Japan's essential role in the international community. So, from the perspective of these two aspects, I believe that outbound investment regulations can be justified easily, particularly in terms of preventing technology leakage.

But even with the small yard, high fence approach, it's difficult to completely cut ties with Chinese businesses in an increasingly globalizing supply chain. So, given that decoupling is not realistic, careful consideration is necessary in determining the appropriate system for outbound investment regulations in Japan. But at the same time, I think there are opportunities as well. As a like-minded country of the United States, Japan, together with South Korea, has the potential to become a key production hub for advanced technologies in Asia. And this role would not only strengthen economic ties with allied countries, but also enhance Japan's position in the global supply chain.

YEO: Thanks, Rikako, for that perspective with Japan. And Troy, if I can turn to you, I know South Korea is often seen as being more reluctant, even more reluctant than Japan in terms of imposing costs because they still want to do business in China. It's a huge market, but it's something that they have to weigh in terms of the U.S. and its policies and what they ask of allies and in terms of what their businesses, what South Korean companies may be seeking or desiring in terms of being able to do business in China. So, what are the costs and what are some of the opportunities for South Korea or South Korean companies in following suit with regulating China-bound foreign investment?

STANGARONE: I think in principle coordination on policies like this makes sense. And some of this goes back to, you know, if you look even at the export controls that were put in place at the end of the Second World War when the United States started to realize that the Soviet Union was basically rebuilding its economy off US technology. Of course, then we saw our allies in Europe start to sell them and we cut things off. So, if you want this to work, you need coordination. But I think setting that principle aside, this starts becoming much more complex. And some of this has to do with not just the interests of maybe South Korea or Japan or the United States, but also the interests of the companies involved. And I'll give some examples here. One, I think we should be clear there are different types of outbound investment, some of which and we've seen people in the U.S. push back on this is purely financial. It's, you know, investing in Chinese companies or something. And we've seen comments from members of Congress saying that, you know, U.S. hedge funds and other things shouldn't be providing the funds for China to build up a competitive tech industry.

So, some of it is purely financial. Some of it would involve the transfer of technology. Some of it would simply involve building factories within the country. And I think this is where the complexity comes in. Because if, say, on semiconductors, and we've seen this on the export control side, you know, the sort of long-term consequences for Samsung and SK Hynix that, you know, over perhaps a decade or so, their plants will slowly become obsolete. But here is the catch to this, you know, those plants are in China to service not just Chinese companies, but also American companies. Apple, when it makes an iPhone, it tends to rotate through Samsung, SK Hynix, and Micron for providing the memory chips. You know, those factories, you know, they don't put out obviously publicly available data on this. But I'm fairly certain that a lot of the chips going into an iPhone from Samsung or SK Hynix are coming from those plants. And so, there are economic rationales that have to do with supply change and what U.S. companies are doing.

And so, part of this really has to do also with our supply chains and how they're set up. And can you change those? You know, is Apple, anytime they need a future, going to move the vast majority of its production out of China? I think that's unlikely. And so, we need to look at this in this context. You know, there's a national security component, but there's an economic component. And also, those two overlaps sometimes in ways that, you know, don't get discussed as much, but are often raised by companies, which is that the greater restrictions you put on them, the less profitable they come, which means the less they can spend on R &D and the more likely you're going to see Chinese firms take an advance beyond the capabilities of U.S., South Korean, or Japanese firms.

And so, look just at AI and what we've seen here recently. You know, Deep Seek, basically there's debates about whether it was as cheap as they say it was, whether they were able to smuggle in some Nvidia chips that are more advanced and these kinds of things. And maybe some of each of those are true. But I mean, ultimately, at the end of the day, they still did it with a lot less resources than OpenAI, you know, Elon Musk's new AI venture and others are putting into it. And so, I think we need to take and balance this because part of the challenge is going to be, as you see innovations in China, how much access do we have to those to make sure that our firms are competitive too? So, I think we do need outbound restrictions. We need to probably look at it very selectively where they're involved. But we also need to look into the context of are we just simply talking about financial investments? Are we talking about FDI in terms of building a new facility that's wholly owned by, you know, either a South Korean, Japanese, U.S. firm? Or are we talking about something that would explicitly transfer technology to Chinese firms? And so that's some of the context I think we need to look at this in.

YEO: Thanks for prying that nuance and especially this idea about the complexity of supply chains. And it's not just about national security then. And we can see that, you know, I was asking if there are any costs for South Korea and joining these investment screening regimes directed at China. But those costs may come back to Americans and American consumers as well, too. And in some ways, China may come out as a winner if these policies aren't well thought out.

But I did say that I wanted to come back to what we may expect under the second Trump administration when it comes to FDI screening, screening rules. And so, I'll direct this back to Sarah. But my own thought or my own prediction is that we're likely to see an expansion of both outbound and inbound investment measures targeting a wider set of companies, in part because when the Biden administration was collecting input or guidance, we're see for us about investment screening rules that I saw a number of Republicans talking about expanding. This is for outbound screening to other industries, to other sectors. And so, my sense is that they're going to widen the set of companies that they see that pose a national security risk. And I suspect this just because we've seen a number of China hawks entering the administration.

But at the same time, we also see that the Trump administration can operate in a very ad hoc, uneven fashion. And you have advisors like Elon Musk that have Trump's ear who may not like these regulations for tech type investment to China. So, my question is, what do you see here for the second Trump administration? What do you also agree that we're going to see an expansion or is it going to look uneven? Any thoughts that you can share with us, Sarah?

DANZMAN: Sure. I do hope that we get a chance to talk about Nippon Steel at some point, because I think it's also an important case that indicates a shift in some of what's happening in the U.S. in terms of how to think about investment screening. But with respect to Trump 2.0, I think that this is an area to watch very closely because I don't think that we have a clear indication of which way the administration is going to go. As you mentioned, Andrew, there are numerous China hawks both within the administration and also Republicans in Congress. But there are also a lot of dealmakers in the administration and who have maybe informal roles in Trump's administration. And so, you know, you can talk about Musk, but also other prominent business executives and tech venture capitalists like Jeffrey Yass, who they were clearly angered by the Biden administration's very aggressive approach to regulation around these issues.

And so, the question is, you know, do they are they really going to be pushing to roll the regulation back? Or are they going to be satisfied to just get carved out of those requirements? And meaning that you could have an outbound regime that just has, you know, opportunities to be exempted from these requirements. And maybe that would be enough for some of the individuals who are really trying to exert a lot of influence in the new Trump administration and who have a lot of business interests in China. One of the early signs that I'm looking at is that the Attorney General Bondi's early memos have indicated an interest in decreasing the capacity of the Department of Justice's export control and the department that DOJ's export control enforcement is housed. That's called the NSD, the National Security Division.

And so, if you have a decreased amount of enforcement of these kinds of rules, both in terms of export controls, but also looking to see kind of who is actually abiding by outbound regulation with respect to foreign direct investment, outbound foreign direct investment, then there's a question of how closely will companies follow the law? Will there be negative consequences for disregarding it? And so that's something to really look at. Another development to watch is what happens with TikTok. Is there an actual deal? If so, who is a part of it? What are the terms? What happens to the algorithm? This will give us early indications of whether Trump is going to really, in his administration, take a strong view on the importance of technology control, or if there's a more focus on getting deals done.

YEO: Thanks. Yeah, that's a lot to navigate. And it was interesting point about the reduction in government, or I don't know if DOJ, if the hammer comes down in some of these bureaucracies, if it's going to make it harder to enforce the screening measures. But yeah, there's lots of factors to consider there. But since you did mention Nippon Steel, and I also said we would get back to that, and I can think of no better person to weigh in and help us figure out what's going on here than Rikako. So, you know, in a previous roundtable that we had held, we discussed the Biden administration's opposition to Nippon Steel, Nippon Steel's acquisition of US Steel, and the implications this might carry for trust among allies.

And of course, we saw the Biden administration maintain its opposition up until the very last couple of days of its administration, and it seems unlikely that the Trump administration will reverse this decision. Although I don't know if there is any further specific discussion about this between Ishiba and Trump when they met last week. But going back to the end of the Biden administration, I'm curious, Rikako, how this was interpreted in Japan, meaning how was the Biden administration's block of this acquisition, how is it seen in Japan, and what are the likely consequences for Japan's corporate sentiment or the ability to coordinate bilaterally in their FDI screening measures? I mean, is there a path forward for Nippon Steel under Trump? Is there any way to salvage this? Or is this really six feet under the grave and just really done? So Rikako, what are your thoughts here?

WATAI: Well, this is a difficult question. The situation or the circumstances surrounding this issue is constantly changing, and I'm sure we will hear something new next week. And of course, the two lawsuits are going on. But I'm sure this is likely to be an important chapter in the book of the history of investment regulation. My initial thought was the enactment of U.S. investment regulation in 1989 was a response by the planned acquisition of an American semiconductor company by a Japanese, once again, Japanese company Fujitsu. At that time, there was no alternative but to seek political solutions, which resulted in the establishment of a legal framework, Exxon Florio amendment.

So, in many respects, I feel like we've returned to 1988 all over again to resort to political solutions. So, of course, I do feel Nippon Steel should have proceeded with more caution. But if this is truly a legal issue, application of pharma, then the fact that it was a presidential election year or not, in principle, should be irrelevant. So, I do not believe that this presidential order has a broad scope. Will Japanese investment be stopped from now on? I don't think so. I don't think that's likely to happen.

But I do think it highlights the importance of soft power in the future so that U.S. Steel is not directly related to Japan's regulations.

So, I don't think it will have any impact, but its outcome may influence the investment behavior of Japanese companies, obviously, and raise questions about the credibility of the US investment regulations, which may ultimately affect the approach to regulations in Japan as well. So, I don't know the difference between acquisition and investment that President Trump has mentioned, but I do hope to see Nippon Steel come up with some new idea. I'm sure it's on the way and maybe allowing CFS to sort of veto Nippon Steel for making decisions to reduce steel productions in the United States. They said they proposed to give CFS 10 years to veto, but maybe they can make it a little more longer. That will be one of the solutions. But I do hope the United States will not change the definition of national security. Well, actually there isn't one, but I hope the unions or the steelworker's endorsement will not be included as part of the definition of national security.

YEO: I'm going to throw this out there, but the 25 percent tariffs that President Trump decided to impose on everybody when it comes to steel, does that have any bearing on how this case may move forward? I mean, in part because he wants foreign companies to produce steel maybe in the US or just buy U.S. steel. But is there any implications at all with the tariffs on how the steel proceeds?

STANGARONE: I don't necessarily think so. The tariffs are designed to try and push foreign companies if they want to sell steel in the US market to open up plants. The White House keeps talking about how Hyundai Steel is looking to build a plant in the US and that this is the incentive for them to do it. There's sort of a philosophical difference between the Trump and the Biden administration on investment in manufacturing that rather than subsidize foreign companies to build in the US, we should basically take and raise the cost of exporting goods to the US so high that it forces them to take and invest here. So, I think in that sense, it doesn't really impact it. What I think was actually striking was President Trump's comments during his press conference with Prime Minister Ishiba to where he simply stated, and from what I've read, at least, wasn't based on anything the companies had done, that Nippon Steel would invest in U.S. steel rather than purchase it.

But it also raises an interesting question. If they do go down that route, will this be purely a financial investment? Will there be an ownership state to where Nippon Steel becomes perhaps a minority owner and then has an option at some future date to go to a full purchase? So, what would that investment actually look like? Because I can't imagine Nippon Steel would be interested in simply providing cash to U.S. steel without some type of ownership state. But I think for me, that was more instructive of what President Trump is looking for rather than the tariffs themselves, because the tariffs are simply his long -standing belief that this is a tool to take and encourage more manufacturing in the U.S.

DANZMAN: Yeah, if I could just quickly add in here that this is the thing that I think is really important about the way that the US approach to investment screening has changed over the last six to eight years, is that, as I mentioned at the top, there really was a pretty narrow focus, at least in the first Trump administration. There were some ways in which kind of the concerns from a national security perspective expanded a bit into issues having to do with emerging technologies and sensitive personal data in particular. But it was still very much kind of focused on this national security concern.

I think that the Biden administration, with its increased focus on thinking about critical supply chains as it relates to national security concerns and then placing the rationale for a Nippon block was also in the context of this kind of maintaining critical supply in the U.S. around steel, has really expanded the view of what should count as national security to also include these broader issues that are really starting to bleed into issues of economic competitiveness, which kind of speaks a little bit to some of what Troy mentioned before with respect to South Korea, except for the U.S.'s version of, you know, it doesn't have a very narrow approach to the four key sectors that they want to focus on. It's a much broader, a much broader set. And I think that we're going to see this continue with the Trump administration and even in some ways perhaps supplant quite so much focus on critical technology to instead be thinking about kind of economic competitiveness more broadly because President Trump has really a long history of focusing more on the trade side than on the investment side. And so, I think that what has really happened is there's been a growth of these tools and these rules for national security reasons, at least at first. But it's very easy to take these tools and repurpose them as the issues that motivate elected leaders can change over time as the leaders themselves who are empowered change.

YEO: Thanks Troy and Sarah for weighing in there. I'm mindful of the time we have about 10 minutes left and I and we had a couple audience questions or a couple of questions that come in in advance of our event. And if there are any questions that come in, I might see them pop out in the chat. But this is one question that I was going to throw out to Troy. You know, I know both of us are watching following South Korean politics quite closely and it relates to a question that was asked by that was sent in or submitted to us. But there's certainly this, we're waiting for the Constitutional Court's ruling on President Yun's impeachment and anticipating the possibility of special elections and new leadership in Seoul this year.

Does that political uncertainty have any bearing on how South Korea might approach or respond to economic security issues? And if we were to speculate a bit here, would there be any difference between a progressive and conservative government and how they might or might not cooperate with US or Japan when it comes to addressing economic security issues? And this is not just FDI screening, but just economic security more broadly. And that does relate to a question that we received from someone at the World Bank, where they also asked, how would you expect South Korea's approach to economic security and its attitude towards China to evolve post each post impeachment? And particularly if there's a presidency under Lee Jae Myung. So that was the question from an analyst at the World Bank. But if you could maybe help us unpack what you see happening within the South Korea's case.

STANGARONE: Yeah, so I think if we look historically, you know, conservative administrations have looked more to coordinate and cooperate with the US. But at the same time, some of the major policy shifts have happened under progressive administrations, whether it be the negotiation of course, FTA, the move to take and transfer operational control from the United States of South Korea, the military side. So, it tends to be sort of a mixed bag in a sense in terms of the cooperation level and that, you know, conservatives will try to be more close to the US.

But ultimately, a lot of times and not in every case, but progressives really work on trying to reshape things with the US in terms of policy towards China. I think this will be interesting. We're going through a situation to where there is, you know, as you mentioned, the Constitutional Court is evaluating the impeachment. We'll know probably by mid -April whether President Yun will either be returned to office or will go into a snap election. If it's a snap election, the progressive side has most likely an advantage in a short election. But there's some polling to indicate that maybe that advantage is being eroded some. But let's assume for the sake of argument that either EJ Myung or another progressive, you know, takes the presidency.

I think we're at a point to where geopolitics and geo-economics have shifted so much even since when President Moon was president just, you know, almost three years ago now that there's probably going to have to be a recalibration. You know, traditionally progressive had looked to build better ties with China. The idea was the US was a security partner, China's economic partner. But we're at a point to where Chinese firms largely technologically have caught up with Korean firms. You have, you know, if you look at the press in South Korea on Deep Seek, there is sort of a slow, frantic run to get it off government systems, to get it out of government or business systems, to really question what does this mean for our own competitiveness in a world of AI?

And so, I think a lot of things have shifted that is going to take and likely push a progressive administration, maybe not right away, because, you know, anytime, you know, sometimes it's difficult to see shifts that are going on and how you have to adjust to them. But I think they're going to have to take a different approach. And in that approach, I think there's going to be a lot of structural factors that actually will make them align more with the US that may be in a, we'll say, a less constrictive environment to where South Korean firms were still had a good technological advantage. China was still developing, you know, we're seeing all kinds of industries like whether it's steel or others trying to flood global markets, pushing prices down. I mean, this is causing problems for Pasco and Hyundai Steel. So, I think while the initial move may be more back to like how do we cooperate with China, I think in the long run, they're going to have to view this more as how do we compete with China? And what does that mean we do with the US to make sure that we are on a good competitive footing with China?

YEO: Yeah, and I agree there, especially because the environment has changed. When we think about progressive role, this is like six or seven years under the Moon Jae -in government, even in that short six or seven years, the landscape, the geopolitical landscape has changed. And so, I think the incentives, the risks are different from what they were. Let me just turn to another question, which brings us back to this point about coordination among allies. And this is from Robert Bosch, Robert Bosch company. But how well the trilateral relationship navigate increasing geopolitical tensions with China, particularly in the context of economic competition and technological rivalry. So again, it's a question about how US-Japan create cooperation, how that's going to move forward with these tensions and with economic competition and technological rivalry in place. So, I'll open it to any of our panelists if you want to take a stab.

STANGARONE: I think it will be difficult. I think on the security level, you know, we've seen Secretary Hegseth talk about the importance of trilateral relations. And I can see in terms of strategic competition, in terms of national security, there being a desire in the Trump administration to coordinate, realizing we've seen this even on the call with President Trump won the election that, you know, there's a desire to maybe work with South Korea on building more subs because we don't have the capacity to take and build out naval ships. But if we look at President Trump's and his administration's philosophy on economic issues and even perhaps technology issues going forward, it's one that the United States has not been treated fairly by our allies and partners.

And I think that's going to make it difficult to really build a united front in terms on the economic side of competition. So, I think in terms of security issues, yes, on economic issues, I think it's going to be challenging. I hope eventually that there's a, you know, understanding on all sides that we're better off working together than working at cross purposes. But I think we're going to have to get to that point.

YEO: Thanks, Troy. Rikako-san, I saw you on mute. Yeah, sure, please.

WATAI: I'd like to make a comment. As we discussed, economic security measures are in some ways in conflict with free trade. And as we remember, while national security has been an exception in international economic law over the years, it's no longer an exception. It has somewhat become a central regulatory concern. But since it's difficult to define the concept of national security, it will be necessary to make the implementation of investment regulations foreseeable. So, I think it would be beneficial for the U.S., South Korea and Japan to work together toward regulatory consistency. And under FEFTA, the Japanese Regulations Supplementary Provisions, the Act must undergo a five - year review, which is going to take place this year. And I expect the strengthening of regulations will continue, but I hope we can find a good balance. Japan can find a good balance between national security regulations and free trade and free investments.

YEO: Thanks. Well, you know, we're really at the end of the time because I want to give a little bit of buffer for the second panel. I was going to pose this as a question, but maybe this is a really good way to end, given your comments, Rikako, about this tension between economic security and ideas about free trade. What I was going to ask, but now I'll just kind of end as a statement to pass it along to the next panel, is that we've seen the use of economic statecraft, whether it's tariffs, whether it's export controls, investment screening measures, whether it's industrial policy, we've seen the rise of these different tools.

And I think this is changing the way we think about global economic order or even the idea of a rules-based international economic order, whether it's changing it in a way that's productive and that can help preserve. I think our national security, I think, is a question that we need to think about further. But I wanted to thank each of our panelists for joining us. Again, it's unfortunate we couldn't do it in person at Brookings. But as Rikako said, it's memorable, like a snowstorm kind of scuttles our meeting. But I was glad that we could still have this conversation online. So, with that, I'll adjourn our first panel and we can transition to the second panel. So, thank you so much again to all three of you.

STANGARONE: Thank you.

YEO: Thank you.

DANZMAN: Thank you.

SOLÍS: So, I think we're almost ready to start if I can ask my fellow panelists, everybody's on camera. Wonderful. So, the first panel provided a very rich discussion. And I think that a lot of the focus is on the protection side of economic security, how governments are increasingly concerned about shielding core technologies and how they're navigating that and the different balance that our partners make when they think about competitiveness and security. So, they covered a lot of ground. And I think that Andrew also ended with a very profound and open question that perhaps at the end of our conversation, we could also take up that is what this means for the global economic order.

But let's start first in a little more narrow way and shift gears and talk about the promotion side of economic security and therefore the focus on industrial policy. And, you know, I think it's really remarkable how much industrial policy is in vogue today. It has made quite a comeback. The conventional view that states are not good at picking winners and that subsidies can generate inefficiency, that they can promote crony capitalism, that was a very prevalent view not so long ago. But that's no longer the dominant perspective, it seems. Instead, we find more and more that the industrial policy has become mainstream with a recasting on the merits of state intervention to help particular sectors to promote particular technologies. And as part of this conversation, we see more and more discussion about the merits when we think about the entrepreneurial role of states, how states can make important contributions in redirecting an economy to become more competitive.

We also see discussion about open economy industrial policies that we're not going back to the industry of the past, but that there can be industrial policy in this world of global supply chains. And also tying into the question of the fusion of economics and national security. The idea is gaining traction that in the current geopolitical environment, governments quite simply must nurture leading technologies both for the sake of competitiveness and national security.

Now, the United States, South Korea and Japan are leading technological powers and their governments are all pursuing proactive industrial policies. So, in today's conversation, I would like to pay attention to what are the drivers for this comeback of industrial policy? What is the track record? How much progress has been made? Where are some obstacles given the objectives that these different governments have identified and also keeping with our theme what this means for a triradial relations? Should we see industrial policy as an area where these three countries can cooperate or will they compete? And how are they positioning their industrial policies? Thinking about the competition with China and, of course, mindful along the way that we're talking about a very different political context for each of these members of the trilateral that we're discussing.

Now, we have three leading experts to help us sort out these important topics. I will introduce them very briefly. Seungjoo Lee is dean of the College of Social Sciences at Chung-Ang University and chair of the Trade, Technology and Transformation Research Center at the East Asia Institute. Kazuto Suzuki is professor at the University of Tokyo and director of the Institute of Geoeconomics. And Geoff Gertz, who I'm happy to say is a former colleague of mine at Brookings, is a senior fellow at the Center for New American Security and previously served as director for International Economics at the White House.

So, Jeff, Kazuto and Seungjoo, thank you very much for joining today's conversation. And I think I would like to start first talking about why are we in the current moment? Why industrial policy has become so prevalent, so dominant? And I think I'll start with Jeff first. And, you know, I'm really curious about your thoughts on what happened to the Washington consensus. You know, the United States went from being an art and critic of industrial policy to now a fervent practitioner.

Can you tell us about what motivated this policy shift? What are some of the gaps or vulnerabilities that the U.S. government has sought to address through industrial policy? And also, your thoughts about how much did the Biden administration move the needle when it came to industrial policy ambitions?

GERTZ: Great, wonderful. Thank you, Mireya. And thanks to Brookings for putting this on. Really happy to be back at Brookings, as Mireya mentioned. Kind of a very fond place in my heart. Sad we cannot be there in person, but happy to join you all virtually. So, you know, I think you said you were going to sort of start with narrower questions, and I don't feel you gave me a narrow question at all here, but I will kind of do my best.

You know, I think there are two big drivers if we look at the return of industrial policy in the United States. So, one is really focused on domestic economy issues. And I think, you know, building over several years, I just point particularly to the financial crisis of 2008, 2009, and the kind of slow recovery from that, alongside a kind of steady backdrop of rising inequality and sort of perception of stagnant median wages, along with supply chain crises, particularly associated with the COVID-19 shocks, kind of led to this general sense that the sort of free market laissez-faire hands off approach that the United States has traditionally championed domestically kind of was not really delivering for, you know, broad groups of workers, particularly in the United States. And so, kind of a general questioning of, you know, maybe the role of just having the United States government kind of step back from the economy, that maybe there is sort of some cause for rethinking that. And certainly, looking at other countries around the world where the government has played a more active role in the economy and saying, you know, maybe there are some lessons that we can draw from that. So, there's one kind of domestic economy driver.

The second side of it, as you also mentioned in your introduction, is a real kind of international geopolitical focus, which is, you know, the increasing realization of, I should say, the return of great power competition and the real realization that the United States greatest kind of national security and potential military threat in China, you know, was also a really big kind of economic competitor and sort of industrial threat as well. And so, it sparked, you know, lots of questions on the need to de-risk from China. That's been, again, an ongoing sort of narrative that I think is shared from the first Trump administration through the Biden administration, through the second Trump administration. And as we heard on the first panel, a lot of this has taken the effect of kind of the defensive toolkits. But there's also a side of that saying, all right, if we are not going to do things in China, sort of some of it we need to do in the United States. And how do we kind of actively shape markets to get those outcomes that we want? And again, the sense that, you know, from both the domestic and the international side, that the private sector kind of left to its own devices is not going to deliver the public policy outcomes that there's a real kind of push for. So that's a very kind of high-level sort of where this push came from. I will say I think, you know, it's worth revisiting some of the history on, you know, exactly how much the United States ever really implement a kind of Washington consensus view at home.

I think there are traces of industrial policy you can see throughout U.S. policy going back decades where that sort of early support and things like the kind of creation of the internet, sort of work of DARPA in the kind of defense industrial space, you know, let alone other areas of protection, whether that's sort of shipbuilding or kind of, you know, protection in the agriculture sector. There are lots of areas where the United States has sort of intervened in markets, but I think, you know, maybe that's coming more to the forefront now. Maybe turning a little bit to the kind of gaps and vulnerabilities that the industrial policy is trying to address and maybe sort of particularly focusing on the kind of chip sector, as I know that's a key focus today. So, I think when you look at the big chips push that the Biden team made, and certainly the kind of chips act being the centerpiece of that work, again, there's sort of a number of different gaps they're trying to address.

So, one is a real sort of national security question and sort of particularly in a true conflict scenario, the United States will need a reliable supply of semiconductors. And particularly when you look at the kind of current existing global distribution and the concentration in Taiwan, obviously I think that level of concentration, any single geographic location would be a risk, but obviously Taiwan carries particular risks as a kind of potential conflict flashpoint. You know, second is a real recognition that being on the cutting edge of semiconductors matters for innovation more generally. And I think there's a growing recognition and frankly, real interesting kind of recent academic work supports this, that in order to stay at the cutting edge of kind of design and engineering work, you also need to be very close to a lot of the cutting edge manufacturing that you cannot kind of offshore all of the manufacturing after they're very kind of close feedback loops between the manufacturing processes and the kind of innovative engineering work where the United States is traditionally focused. And so, there's a need to kind of bring back some of that manufacturing, which in turn will sort of kind of help shore up the United States traditional lead advantages in some of the engineering pieces.

So, it's kind of understanding the connections between advanced manufacturing and the actual kind of production processes that you need to have that hands-on experience to stay at the forefront of the engineering side is another kind of driver and a kind of gap that I think the Chips Act is trying to address. And maybe just briefly also we should mention, certainly the rise of artificial intelligence and the kind of increasing focus on AI, I think it's really heightened all of these debates. So again, it's worth remembering the initial kind of Chips Act push, all of this kind of predates the at least kind of big public splash of ChatGPT and the kind of, all of this is sort of from before kind of artificial general intelligence was at the forefront of all this public imagination. But I think what's sort of pressure in some ways in recognizing the importance of semiconductors is only increasing in the economy as AI becomes a more and more kind of sort of transformational general technology that will kind of address sort of all kinds of economic activity.

And so, I think the Chips Act, and again, ensuring the United States has reliable supply of chips for all of that AGI work is also critical. And maybe then just sort of briefly your kind of final question on how much did Biden administration move the needle? I think the short answer here is sort of it's too soon to tell. Obviously, we've seen a lot of activity in terms of kind of starting to build the new chips factories in the United States with that Chips Act money. Jury is still out on kind of actually how successful that will be over the long-term in kind of reshoring some U.S. capabilities here.

I will also maybe just add in closing, there's a kind of interesting debate going on now particularly on the center left to kind of go back to some of these kind of Washington consensus questions where I think a lot of people are saying, ultimately there are some real questions on the Biden economic legacy when you look at things like inflation that sort of ultimately this was not a politically popular kind of movement as many people sort of thought it might be. And so, I think there is a bit of a still an open question on sort of, is this consensus around industrial policy here to stay or will we maybe sort of move back to a bit more of the traditional kind of President Clinton, President Obama era policy, but I'll pause there, thanks.

SOLÍS: Thank you, that was terrific. And I very much agree with the point you made that there's always been a strain of industrial policy in the United States. So even though the United States was abroad criticizing others doing industrial policy there was that strain, but there has been indeed a shift in the overall balance of effort that now is taking place in terms of openly promoting industrial policy, throwing investment incentives out there to bring advanced facts to the United States and so forth. And I bring this point because I think that, now that we're in the midst of leadership transitions, that's also a theme of the program today, how much bipartisan support there is for the new industrial policy in semiconductors in the United States.

And I ask Jeff this follow-up question because President Trump has made all sorts of statements and we'll hear more along the way for sure. But one of the statements he's made is that it was foolish of the Biden administration to be throwing money at foreign companies to come and open those facilities in the United States that his tariffs can take care of that. And my sense is that the Biden administration tried to rush in the last weeks of the months of the administration, much of the CHIPS incentives, so that that money would be disbursed. So, do you think that, what are your thoughts about the future of the CHIPS act under the Trump administration on the overall push for industrial policy in semiconductors in the United States?

GERTZ: Yeah, great question. So maybe as a starting point, I think as your question sort of alluded to, it's hard to say with any certainty kind of where the Trump administration will go on these policies, lots of mixed signals on various things and I think just sort of high uncertainty in general. Having said that, in general, I would be very surprised if there's any kind of significant claw back of the CHIPS money. As you said, the Biden team did a push to at least get kind of agreements in place on almost all the CHIPS act's money with the kind of major fabs. Watching what's going on in the US government now, I think there's maybe some debate on sort of actual, will payments coming to other treasury departments be paused and everything like that? So, there's still kind of, would be potentially ways that the Trump team could try and claw some of that back.

Having said that, I don't think the politics really align for kind of pulling back on the CHIPS subsidies. I think again, there's broadly still kind of bipartisan support for this push, even sort of the critics of some of the kind of more excessive, Biden spending generally are supportive and say the CHIPS spending made sense. It was kind of very relational. If we talk about some of the spending on kind of green tech and other areas, I think there's kind of more politically contentious pieces. But my sense is that the kind of CHIPS act money basically will continue. I don't think there's going to be any money for a kind of particular sort of CHIPS Act 2 .0, which I know is an idea that been thrown around before and kind of some hopes that, have we actually done enough in this first push to really kind of get the kind of kickstart a modern fab ecosystem in the United States, which is still an open question, I think. So, I don't think we'll see another big push of money, but I also don't think we'll be kind of clawing back what's already been agreed.

SOLÍS: So now I want to bring the discussion to what is the state of play of industrial policy in our partners, South Korea and Japan. So, I want to start with this question for you and you know, so Korea is a leading player in semiconductors with world -class companies like Samsung and Eskai Henex. So, you know, given this fact, why is industrial policy necessary? What are the challenges or the goals when it comes to economic competitiveness or national security that are motivating the South Korean government to make a bigger push on industrial policy?

LEE: Yeah, thank you very much, Mireya, for your wonderful question as well as inviting me to these valuable opportunities. To respond to your question, I would say that there are multiple causes and motivations of South Korea's industrial policy, but I would like to just point out three. The first one is that actually, as is well known, South Korea was a longtime proponent of the industrial policy dating back to the 1960s and 70s. But this time, South Korea is a kind of the reacting to the proliferation of industrial policy in other parts of the world, particularly the advanced countries such as the United States and EU and even Japan. So, in that regard, I would say for the last three to four years, Korean government has been under increasing pressure to respond in kind. So that's one of the reasons why the Korean government tried to come up with its own version of industrial policy, starting with the semiconductor industrial policy such as the Super Gap Strategy.

And the second point I would like to make is that, actually, as you discussed, actually, we all these days tend to talk about the return of industrial policy, but that does not necessarily mean that it is a simple repetition or replication of the traditional industrial policy. I think there are clear and crucial differences between traditional and new industrial policy. And actually, in terms of new industrial policy, it is highly important to complement structural vulnerabilities of your economy as well as the supply chains, right? Actually, about three to four years ago, Korean government in the wake of the pandemics as well as the U.S.-China strategic competition, Korean government conducted a very thorough and systematic analysis of structural vulnerabilities of supply chains and found out that there are numerous items vulnerable, structurally vulnerable, particularly in terms of import dependence.

And the one thing I would like to note is that, actually, the Korean government at that time found that actually the South Korea's export strengths and import vulnerabilities are overlapping with each other. That is the class case of the semiconductor industry. Actually, in the case of Korea in the semiconductor industry, we have to import materials and parts and equipment to export semiconductors, right? So, we do have, South Korea in general does have export strengths in the semiconductor industry, but at the same time, in terms of import dependence, it is highly vulnerable. That's one of the reasons why the Korean government came up with its own version of industrial policy. Then I would call it new industrial policy. And the third one is that the Korean government tends to approach the industrial policy from the perspective of economic statecraft.

First one is that actually Korean government as well as other governments, actually try to make the domestic industries as competitive as possible. But at the same time, actually the South Korean government does not seek very exclusive nature of industrial policy. Rather, the Korean government tends to take advantage of industrial policy as a means to facilitate international cooperation, particularly with the like -minded countries. That's one classic example would be the South Korea's cooperation with the U.S. government's reshoring policy, right? And another last point I would like to make is that actually South Korean government also takes advantage of industrial policy as leveraging in preventing economic cohesion from other countries, right? You have to have a core competency and core competitiveness in order to defend against the potential possibility of the economic cohesion from other countries.

SOLÍS: Thank you. That's really very, very interesting. And I think it provides a very clear set of rationales for why South Korea is embarking on, as you referred to, a new industrial policy. I have a follow -up question if I may. Last spring, President Yun announced a $19 billion package to support semiconductors. And in remarks to the press, he used the term, this is necessary because we are in the field of national all-out war. Now President Yun obviously has been indicted. So, do you think that the current political crisis may hinder South Korea's ability to be in top form in the cheap race?

LEE: To respond to your question, I would like to make two points. First one is that, of course, political uncertainty, leadership vacuum, is really worrisome and concerning. Particularly, we all know that it is highly important to recalibrate the bilateral relations, particularly in the beginning of the Trump administration. Actually, Trump administration is very much likely to impose tariffs on autos and semiconductors in addition to steel. Actually, those three items actually account for 35 % of South Korea's export to the United States. Given that risks and dangers, it's gonna be very important to fill in the political leadership vacuum as soon as possible.

But at the same time, because of this political uncertainty, actually a sense of crisis is widely shared among the political parties as well as policymaking circles. That sense of crisis actually facilitated both the ruling as well as the opposition parties to get closer to agree to the so-called K-CHIPS Act. Actually, I think it was last week, actually the K-CHIPS Act was passed in the subcommittee of the strategy and finance. Of course, there are some remaining issues as well, such as whether or not the ruling and opposition parties could agree in terms of making an exception to the 50-hour work week. But in addition to that, actually all the important issues such as the increased tax deduction to the semiconductor companies, there was a kind of comprehensive agreement between the ruling and opposition parties. Of course, on the one hand, political uncertainty is not good, but at the same time, that actually increased the sense of crisis and then in a sense contributed to the strengthening or remoting the dissenting views between the ruling and opposition parties. And one last thing I would like to stress is that actually South Korea in this regard, industrial policy, particularly in the semiconductor industry is quite different from other countries' industrial policy. Actually, as in the case of the United States, Japan, and the EU, actually usually industrial policy in this industry takes the form of the direct subsidies to the companies.

But in the case of Korea, actually South Korean government, particularly Ministry of Economy and Finance, is very cautious in providing the direct subsidies to the companies, particularly Big Jebals. But rather, actually it largely takes the form of the tax deductions and the loans with the preferential rates. And if any, I mean the direct subsidies are largely go to the small and medium enterprises to nurture the R &D capacities. So, this is clear differences between the South Korea's industrial policy in this sector and the other countries in other sectors. So, in that regard, I think there is a kind of the like, some improving or like positive sign in terms of promoting South Korea's industrial policy between the ruling and opposition parties.

SOLÍS: Thank you very much. A very interesting point, in particular to that I took away is that despite the political division in South Korea, there is support for the K-CHIPS Act, but also that we should be careful to talk about the different tools of industrial policy and that in South Korea, there's been less willingness to provide direct subsidies cash awards because of these are large companies and the ideas that they can very much finance those investments. So, I think that also is an important news to keep in mind.

Now, let me bring Kazuto-san to the conversation and talk about Japan's case. And Kazuto is very common when we talk about industrial policy in Japan in CHIPS to make the point that, you know, Japan used to be a leader in the industry, that Japan used to have a dominant position in terms of global sales of semiconductors, but that that share has gone down to something like 10% these days. But the Japanese companies have adjusted many of them by now occupying very important segments in the semiconductor supply chain, like in production equipment or advanced materials. So, if that's the case, if, you know, there's still some really strong pockets of Japanese competitiveness that makes Japan very indispensable to the world. Why, again, do we see the Japanese government going all out? They have now called this a national project and the goal is to aim, the aim is for a renaissance of the Japanese semiconductor industry. And in particular, you know, for a long -term student of Japan, I think it's interesting that Japan was seen as a paradigmatic developmental state. Lots of books were written about the Ministry of Economy, Trade and Industry. And are we talking now about a renaissance of the industrial bureaucrats as well?

SUZUKI: Well, thanks for the question and thank you for inviting me to this interesting discussion. Let me just start with not focusing on the semiconductor, but the economic security as a whole. Because since the 2010, when China has stopped the exporting the critical minerals such as rare earth to Japan as a political coercion, I think that was the sort of a starting point about, you know, how vulnerable we are and there is a recognition, not just only the governments, but also the industry realizing that, you know, the other countries, especially China, is using that leverage to force Japan to change its policies. So ever since, and then during the COVID time, we are suffering from the supply of the semiconductor chips from Taiwan.

And that has been very problematic for the, for example, the automobile industry in Japan. So, there was a very strong sense of the necessity of the strategic autonomy. So not just simply the chips, but also, you know, many other vulnerable items that needs to be secured for the stability of the economic activities in Japan. So that was when the discussion started about how to improve the supply chain resilience in the semiconductor industry. And so together with that, the semiconductor industry, which has been, you know, in decline in Japan for various reasons, realized that, you know, this is the time that we need to have its own semiconductor production capacity in order to meet the challenges in the future industry, such as AI. So, I think this is, there was a sense of urge to do something at this moment because the engineers who have experienced the very, you know, the boom of the semiconductor in 1980s are now retiring.
So, the Japanese government, particularly the Ministry of Economy, Trade and Industry, METI, realized that this is the last chance that they can move on to the next step or to revive the Japanese semiconductor industry with an experience of the failed attempt of revitalizing the Japanese semiconductor during 1990s and early 20s. So yes, the combination of the economic security, the COVID, and then, you know, this demographic issues of the engineers are now combined to focus on the investment in the semiconductor chips. However, I think this is not just a revived renaissance of the industrial policy in the traditional sense.

As Seungjoo mentioned that I think this is fundamentally different because of the nature of this sense of the vulnerability. And there are, you know, in Japan, this idea of the strategic autonomy has been a major player, you know, the major concept to justify the significant investment in inviting the TSMC in Kumamoto. So that's the basic underlying policy. But again, because it's in the context of the economic security, therefore, it is not the METI that plays the central role, but it is the government, particularly the cabinet office and the prime minister's office, which has been playing a coordinating role in formulating not just the semiconductor industrial policy, but also other industrial policy in space, cyber, maritime, pharmaceutical, et cetera, which covers different ministries. So, I think this is more of the whole of the government approach rather than METI alone doing the industrial policy. It's the Japanese government entirely engaged in this economic security or the strategic autonomy policy for building up the, you know, to minimize the vulnerability of the Japanese supply chain.

SOLÍS: Thank you, Kazuko, that was terrific. And again, so many points, but two that I would like to highlight, this ends up being the last chance because of the human resource element, right? And going back to the conversation about what makes industrial policy successful? What are the different tools that you can employ? Well, one of the main considerations I think for all countries has been the talent pipeline. And I think that that also is an interesting dimension to highlight in our conversation. And also, I found fascinating your comments about how this is different in the sense that we now have a whole of government approach, because it's true that in the heyday of the classical era of Japanese industrial policy, then there was a moment where ministries were not well coordinated.

They were all pushing for their own ambitions and priorities, and you didn't have a strong prime ministerial office that could coordinate across ministries. And we've seen some institutional reforms, administrative reforms that now allow for that kind of coordination. So, I think it's very interesting to think that this carries through, even though we constantly refer about the Ishiba government being a minority government, nevertheless, they have managed to pass the budget and they seem to be stabilizing. So maybe they're also able to coordinate, continue to these coordination functions. I have a question, a follow -up question for you, Kazuto, because I was also glad that you mentioned TSMC investing in Japan, because it seems to me that in the current push, there are two main efforts, two different ecosystems that are being developed in different parts of Japan.

You have TSMC in Kumamoto that is producing more mature, not the top frontier chips, but one that's very important for the Japanese auto industry and other industries. But then there's also these other venture, Rapidus, which is a consortium of eight Japanese companies that are licensed in some technology, I think, from Intel. And they also major investment from the Japanese government, so much so that people refer to it as a national champion. And Rapidus has incredibly ambitious goals of manufacturing two or three nanochips by 2027. So, can this work? Should we, are you optimistic about Rapidus?

SUZUKI: God only knows, we are just crossing our fingers. It's really difficult to tell whether it's going to be successful. Well, for a moment, there'll be a test run in May 2025. So, we are expecting that Rapidus will produce some sort of a two, three nanochip by then. But so far, it's on schedule and it seems to be okay to... Well, there is an expectation that Rapidus is going to produce a two, three nano. One of the reason why we invited TSMC in sort of a generation old factory was because this is 28 nano node is basically the major demand in Japan for the automobile industry, for the digital camera, et cetera.

We don't need the two, three nano in for the Japanese industry as such. So again, as I said, the TSMC factory in Kubamoto is purely designed for strengthening the supply chain to provide just in case whatever happens in Taiwan, you know, that we'll be having a secure supply chain of the sort of most, you know, the volume zone of the chips. But the Rapidus is another challenge. This is not try to secure the autonomous supply chain, but to challenge and to gain the indispensability. So, this is again, as Seungjoo mentioned about, you know, economic statecraft try to strengthen the geopolitical or geo-economic position in a global supply chain to provide the two, three nano, the, you know, the most state of art chips to become as an indispensable provider of the technology. So, we collaborate with IBM, Intel, Micro, and we also coordinate with other international partners.

So, I think, you know, it is unlike the traditional industrial policy, which are focusing on the domestic industry and try to, you know, try to empower Fujitsu or Hitachi. We are more, even though the Rapidus is a national champion, you know, it's supported nationally by the government and Japanese industry, the aim and the composition of the Japanese, the Rapidus is not purely Japanese. It is more open to international collaboration and it is pretty much the internationalized, company to meet the challenges of this high-end chips. So Rapidus is not typical, you know, product of the Japanese industrial policy, but it is a new type of the national champion, which is not exclusively national. It is an internationally open national champion.

SOLÍS: Interesting, great. So, I want to shift gears a little bit and my next question is open for any one of you and all three of you. And it's about, you know, thinking about the possibilities of collaboration among the United States, Japan, and South Korea on industrial policy, but also the reality of competition. Because I think already through your comments, it is clear that, as Seungjoo mentioned, that industrial policy can be seen as an element of international collaboration. And Kazuto also just remarked on this, that South Korea is also using this as cooperating with the US reshoring and we see, you know, Samsung investing in the United States, TSMC as well. And also, I think Samsung has a research operation in Japan, so we see these investments and that could be an element of cooperation.

And I think the three governments share an interest in developing sound, resilient supply chains. So again, this could all be geared in that way. But it's also true that we're talking about, you know, private companies in a competitive marketplace. And we're also talking about the potential that these governments are throwing subsidies and competing vis-a-vis one another in trying to attract these fabs or these other companies to their territory. So how should we think about this collaboration competition dynamic when it comes to industrial policy?

GERTZ: Happy to start on that and then ask Seungjoo now to join in. So, I think, you know, your framing is exactly right, which is that the reality is it's going to be both cooperation and competition. That sort of, there would definitely be elements of, you know, both of those dynamics in the selling conductor supply chain between three countries. You know, again, ideally what you would want is sort of as Seungjoo and Kazuto were saying, kind of have governments of the three countries adopt a sort of mostly cooperative approach and sort of view this as an economic state graph tool to kind of bring, come together.

I think certainly, you know, during the Biden administration, we saw kind of a lot of this type of outreach and, you know, a lot of talking about the risks of kind of these, you know, subsidy wars, sort of race to the bottom issues. And so, whether in, you know, venues like IPAF, in the sort of CHIP4 Alliance through the OECD, there's lots of kind of coming together to talk about the problem. I frankly am not convinced there's been actually that much progress coming up with a real sort of action plan for what to do about it. And I think there is a bit of a risk that we have sort of multiple of these different kind of talk shop forums that exist now to talk about kind of, you know, particularly selling conductor supply chains among like-minded partners and allies that, you know, at once are kind of, you know, sucking up lots of energy, but not necessarily kind of getting to real sort of policy changes on it.

So, I do think its sort of an outstanding, you know, issue that needs to be fixed. And then maybe I'll just add, you know, I think there's also a bit of a risk with sort of the Trump team coming in, taking certainly a much more aggressive and kind of competitive approach to dealing with partners and allies. You know, not particularly on the semiconductor issue, but on a kind of whole range of issues, sort of steel aluminum tariffs, kind of universal tariffs, whatever it may be. I do think there's an ongoing question on sort of how much will conflict in other economic spaces make it impossible to cooperate on kind of specific semiconductor issues?

Where again, I think the kind of incentives aligned for all governments to be kind of working closely together, but we are in a more competitive moment now.

SOLÍS: Thanks, Geoff.

SUZUKI: Right, let me jump in. I think I concur with what Jeff said, but I think one of the outstanding case was the Japan, US and Netherlands collaborating with, you know, strengthening the export control or export restrictions of the high-end chips to China. And of course, again, you know, Japan has not mentioned China, you know, they didn't name China per se, but in practice we do. And I think this is one of the perhaps successful case of the collaboration of the, you know, forming the sort of a collective statecraft of to put pressure on China. Whether it's successful or not, well, it's, you know, because of the deep seek and everything, you know, it remains to be seen, but I think at least it increased the cost of China to getting access to the high-end chips.

And I think, you know, this was the coordinated work because of the shared objective and the shared understanding that there's a common, you know, superiority, technical superiority among ourselves so that we'll be able to impose such a restriction that is effective to, you know, limit the Chinese development of AI capabilities. I think this success was only able when there is collective superiority in technology on our side. So, if, you know, today, you know, China has been already engaged in AI and quantum and many other technologies, which are, you know, sometimes superior or even equal to, you know, what we have. So, these efforts may not be extremely useful or effective and it may not achieve certain goals.

So probably, I think, you know, we need to have a careful consideration what sort of technology or domains that we have advantages against China and how we, you know, conduct and try to prevent China to gain such access to the technologies, which eventually leads to the, you know, improving the security of the Western countries or the, you know, the countries of the like -minded countries. So, I think that is something that we need to focus on when we talk about collaboration. And I think the Rapidus case, as I mentioned, is also a very interesting case because this is a high-end chip production. And I think the collaboration with the United States and the Europeans are quite important because, you know, this is where we can maintain our cutting-edge technologies and to maintain the superiority.

LEE: Yeah, I would like to make additional points. Basically, I agree with both Geoff and Kazuto. I think these days, cooperation and competition tend to go hand in hand. Actually, in that regard, I would say the dual dynamics of cooperation and competition will be unfolded in the coming years. Actually, it is undeniable that the competitive dynamic is kind of built into the industrial policy. But at the same time, actually, many of the countries, including South Korea, actually quite flexible and open invite foreign companies to fill in the vulnerabilities of their own industrial structure. In the case of South Korea, actually, Korean government is very open to invite foreign companies, particularly specializing in MPEs, materials, parts, and equipments.

And also, in dealing with Japan, actually, South Korea's Samsung Electronics actually established the Advanced Packaging R&D Center in Yokohama. Actually, that vividly shows that on the one hand, we actually promote industrial policy, but at the same time, we want to cooperate with each other. In that regard, I would say the industrial policy should be carefully coordinated among the like-minded countries. If not, at the end of the day, it will turn out to be self-defeating measures. So, in that regard, I think we should keep in mind that no country can be fully self -sufficient in this industry. I mean, the semiconductor. So, in that regard, international cooperation is a kind of must-do rather than a matter of choice.

But at the same time, we also have to keep in mind that it's gonna be get riskier to cooperate with geopolitically distant countries. In that regard, it's gonna be highly important to redesign or rewire supply chains among the like-minded countries. In that regard, I think it is already, we have seen for the last couple of years that a new pattern of cooperation is emerging, as vividly demonstrated in the case of the alliance among NVIDIA, TSMC, and SK Hynix. It is a cooperation for chip-making, but at the same time, it is cooperation for the AI dominance. So, in that regard, we have to keep in mind that it is highly important to seek cooperation across industries rather than within individual industries.

So, having said that, I would say it is also important to note that Sam Altman's recent visit to Seoul actually signifies that there are new areas of cooperation, particularly in order to create the profitable business model of AI. Actually, you need to cooperate with the service providers as well as the hardware makers. So, this type of like, I mean, the new pattern of cooperation is emerging. In that regard, the three countries can improve and enhance even strengths in the cooperation.

SOLÍS: Thank you all for those really insightful remarks. Lots of things to chew on what you said. And I'm also mindful of the time, and I still want to bring up, I think, a very important dimension to this comeback of industrial policy, and that is the strategic competition with China. Because we frequently hear that, as we have identified China as more of a competitor, of course, there are important economic benefits to trade with China, investment with China. Nobody's talking about decoupling, perhaps the risking, but nevertheless, as we identify China more as a competitor, that perhaps more and more like-minded countries are emulating China in the sense of now turning to industrial policy.

Now, again, the way in which China practices industrial policy, I think, is very different from the way in which the countries that we are focusing on today do. But do you think China, I think, outspends most of other countries when it comes to industrial policy? It's very difficult to get, with any precision, a sense of how much the Chinese government is supporting the semiconductor industry, but every study that I've seen out there clearly shows that they are spending a lot. And you can draw different conclusions from that. One is that they're spending a lot and maybe not getting enough bang, and that goes back to this question about whether industrial policy is effective or not.

But the other question is that it's very unlikely, given the constraints that these democracies have and the responsiveness that they must have to the publics, that they can embark in this kind of all-out industrial policy. As we saw from the conversation already, there is more caution in just throwing money to the wind, and therefore that it's not possible to outspend China when it comes to industrial policy, which brings me to the question, if we cannot outspend, how can we be smarter about what we do? Or can we be smarter in how we embark on industrial policy? Any comments?

GERTZ: I'm again happy to start, and then we'll hand off to my other panelists here. You know, I think you're exactly right. It is certainly not in the United States or other countries' interest to get into a kind of subsidy fight with China. That is not the area where we have our kind of comparative advantage. So, I do think that leads to two questions. One, as you say, is sort of how to spend smarter and how-to kind of ensure that we are still at the cutting edge. Again, I think there remain many deep advantages that sort of advanced democracies have in these competitions. Certainly, thinking of kind of our university systems, our kind of attracting top talent from around the world, the kind of open nature of the innovation ecosystem.

Again, I sort of, over the long term, we'll still bet on that kind of more open innovative ecosystem than the kind of, you know, China closed kind of real state-led industrial push model. So, I think we do need to kind of lean into those aspects. But the other piece that we do also need to think about is sort of the, you know, kind of overcapacity problem from China. And, you know, recognize that's a, at times contagious term and other people may refer to it differently. But again, like, I think there is real risks that the United States and other democracies kind of put in a lot of taxpayer money to kind of, you know, build these big new fabs. And then at the end of the day, China kind of, you know, quickly throws up, you know, its own dozen new fabs that are willing to price chips at kind of rock bottom prices.

And we see, you know, we don't actually get the demand from the kind of industrial policy push that we've done in the United States and other countries. So, I think that over capacity problem is real. It's something that the United States government, certainly, you know, the Biden administration in its sort of final days was looking at and kind of thinking about how to address. And I think, you know, the Trump team will continue that. It is going to require, I think, real international cooperation. Again, you know, the United States can put up tariffs on Chinese chips. And again, maybe even tariffs on kind of Chinese chips that are components in other goods, which is a kind of tricky thing that you're trying to think through now. But ultimately, if other countries around the world remain kind of fully open to Chinese-produced chips, then you are still going to have a very distorted global market.

And you are still going to have, you know, not the actual predictability that kind of investors need for the long term. So, it's a hard problem. I think we need to be thinking more what kind of multilateral cooperation tools can we use to work together on overcapacity. And we really need to be thinking, you know, we've done a lot on supply side pushes in the chip sector in terms of kind of getting money to companies. We haven't really done as much on the demand side in terms of how your kind of incentivizing final users to sort of say, all right, actually there is a reason to have a kind of trusted secure supply chain chip from the United States or other partners relative to a Chinese chip and actually pay a little bit more for that. And kind of up until now, customers have not really been willing to do that and it's been a real problem.

SOLÍS: Thank you.

LEE: I will jump in too. Actually, as Mireya, as you pointed out, actually it's gonna be a bit difficult for the three countries to compete against China in terms of state funding. So, in that regard, I think the three countries should be more creative than in the past. And actually, thus far, most of the cooperation actually the priority was on the production cooperation in the high-tech industries. Now I think it is about time for the three countries to move on to the next stage of cooperation, particularly cooperation for technological innovation. So that is one point I would like to make. And another thing is that actually at the same time, it is highly important to maintain the technological gap vis -a -vis China. That is the stated goal of the US government.

So, there is a room for cooperation among the three countries. At the same time, we don't have to over-securitize this issue. Otherwise, it is highly likely to aggravate the situation. Actually, without placing too much emphasis on the security ramification of the high-tech industries, actually the three countries, I mean the US, Korea, and Japan, are the natural partners. Korea with the manufacturing capabilities, the US with the design and IP, and Japan with the materials and equipment, they are the natural partners. We don't have to over -securitize the high-technology competition and cooperation issues. And as for the Deep Seek issues, actually there are various angles to look into this issue. But one thing I would like to highlight is that the deep -seek shock actually revived the debates about the open versus closed model of innovation.

Actually, so it is clear that actually it's going to be very difficult to cooperate with the geopolitically distant countries. At the same time, the three countries, it is about time for them to redesign the new open system of innovation. So, in that regard, there is ample room for the cooperation among the three countries.

SUZUKI: Right. I'll just make a very short comment. I think what Geoff has mentioned about the overcapacity is important, but mindful that the Chinese overcapacity focuses on the legacy chips, or foundational chips, or whatever you call it. There is a very heavy investment, the state-driven investment on the legacy chips. But when it comes to the high-end chips, I think the export control has made certain pressure on China. So even though China has been able to produce seven-nanometer chips, but I think that's probably the maximum level that they can do. So, I think at this moment, given this export control, we'll be able to collaborate, the three countries collaborate for more further innovation on the further chips.

I think the rapidus therefore plays an important role in this regard. I think the issue of the overcapacity will need to be dealt not by the industrial policy, but through the trade policy, especially the tariffs. I think the Chinese overcapacity has been a significant problem for not only the chips, but also in the EVs, or the solar panels, etc. So, these are clear cases of the anti -dumping case, particularly with regard to the Chinese government involved in subsidies. So, I think the industrial policy per se needs to be more focused on the advancement of the technology, the innovation, and not for the legacy chips. I think this is the key question that needs to be maintained, even though the future of the free trade rules are still errant. But I think it is important to make sure that the state shall not intervene in this matured competitive phase. It is only legitimate for the state to be involved in the industrial policy for the further high -end chips or for the security reasons. So, I think this sort of rationale or the basic rules needs to be reiterated among the three countries We need to understand that this is the basis of the rules and we need to have the level playing field between three countries and China.

SOLÍS: So, we have one or two minutes left and I would be remiss if I don't bring a very good question from the audience. So, consider this a lightning round, 30-second responses because we have to wrap up. But it's a very good question and the question is as follows. Given the barrage of tariffs and threats of tariffs coming out of the new US administration and ongoing geopolitical strains, what changes have you seen regarding Japan and South Korea's economic security strategies? My question is, can we have economic security collaboration if the US imposes tariffs on its allies? Sorry, it's a big, big question, but 30 seconds each. I'll start with Kazuto, Seungjoo, and then Geoff, and then we'll wrap it up.

SUZUKI: Right. So, tariffs is tariffs, economic security is economic security. So, these are two different things. We need to make sure that this trilateral collaboration for securing the autonomous supplies and make sure that we can promote for the innovation. But the tariffs is something different to make sure that we'll be able to solve collectively. And that's my wish.

SOLÍS: Seungjoo?

SOLÍS: Yeah, actually, sometimes tariffs and economic security can be separable. Sometimes they are not. Actually, in the case of Korea, actually, Korea runs quite a huge amount of trade surplus with the United States. Actually, there are various ways to restore the balance between the two countries. So, these days in Korea, there are some discussions about the import of LNG from the United States. Actually, that contributes to the diversification of the energy security of South Korea. So, on the one hand, it can restore the balance, trade balance. On the other hand, it can enhance or improve the economic security, particularly energy security of South Korea.

SOLÍS: Thank you very much. Last word, Geoff?

GERTZ: Great. Well, I'll just quickly say I think both Kazuto and Seungjoo's answers left me more optimistic than maybe I would have been before. So that's great to hear. I mean, look, I think it remains a question whether the kind of tariff threats are going to crowd out everything else. Maybe I'll just close by saying, you know, I think Kazuto was mentioning, you know, the sort of imports of strategic autonomy and kind of, you know, many countries in the world are worried about China's economic coercion.

I increasingly also hear from countries that may be worried about the United States' economic coercion. And certainly, some of the tariff threats and kind of, you know, tying tariff threats to unrelated foreign policy questions look somewhat similar to other kind of instances of economic coercion. And I think there is a long-term risk if we see more and more of that, that countries will not see the appeal of integrating with the United States. And we'll actually see that as a strategic vulnerability rather than an advantage, which I think they currently do.

SOLÍS: Thank you, you've all been terrific. I really appreciate all your insights. I want to thank the audience for listening in today. And this is a wrap. Thank you.