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ECONOMIC SECURITY AND MEGA CHOKEPOINTS: JAPAN'S STRATEGIC RESET

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PANEL

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SOLIS: Good afternoon, everyone. My name is Mireya Solís. I'm the director of the Center for Asia Policy Studies, Knight Chair in Japan Studies at Brookings. And it is my great pleasure to welcome again the Mount Fuji delegation to Brookings for our discussion on geoeconomic challenges and Japan's economic security strategy.

We have simultaneous interpretation today, so if you're using the little machines we have please know that channel 2 is for English and channel 10 for Japanese.

We have a very timely and important conversation ahead of us today because we are watching in real time the weaponization of mega chokepoints. The closure of the Strait of Hormuz has produced a massive energy shock, and access to critical minerals has also become very uncertain as China has tightened its export controls over these critical commodities. We know that China agreed to a one-year suspension of these export controls as part of its trade negotiations with the United States, but the clock is ticking, and by the fall, we should know whether China goes forward or not with these tighter restrictions.

With these dramatic developments in the backdrop, Japan this year is also undertaking a major revamping, modernization of its economic security strategy with plans to revise the Economic Security Promotion Act to set up a national intelligence agency and to ramp up its industrial policy to emerge as a technology-driven nation.

And just this weekend, in her speech in Hanoi, Prime Minister Takaichi has made economic security a centerpiece of the renewed free and open Indo-Pacific strategy. A lot is also at stake in US-Japan relations with the implementation of the Strategic Investment Fund, which focuses on economic security projects, while the future of Japan-China economic relations is also uncertain with a downturn in bilateral ties and with China's application of Japan-specific export controls this year.

So this is just... Imagine how much we're going to try to cover today. We are going to talk about the fact that we face an increasingly fragile world economy, a major repositioning of Japan's security, economic security strategy, and that we're at an important juncture in US-Japan and Japan-China relations with economic security front and center.

So I'm really delighted that we have so much expertise here in the panel to address this topic, so I'm going to briefly introduce our speakers. In the center, we have Ohno Keitaro, who is an LDP member of the House of Representatives for Kagawa Third District. Ohno-san currently serves as the deputy chair of the LDP General Council and chairman of the Economic Security Promotion Headquarters and chair of the LDP Research Commission in Science, Technology, and Innovation.

To his left is Kitagami Keiro, who is an LDP member of the House of Representatives for Kyoto Fourth District. He has previously served as parliamentary vice minister of Economy, Trade, and Industry, parliamentary vice minister of the Cabinet Office in charge of the Nuclear Damage Compensation Facilitation Corporation, and special advisor to the prime minister.

Next to me Shiozaki Akihisa is an LDP member of the House of Representatives for Ehime First District. He currently serves as deputy secretary general of the LDP, and he previously served as a parliamentary vice minister of the Ministry of Health, Labor, and Welfare.

And I'm delighted that my Brookings colleague, Mira Rapp-Hooper is also joining the panel. She is a visiting fellow with the Center for Asia Policy Studies and a partner at the Asia Group. From 2023 to 2025, Mira was senior director of East Asia and Oceania at the White House's National Security Council, serving as President Biden's top advisor on the region. So we have a lot to cover. We have a lot of wisdom and insight in the panel, and I'm just going to jump into the conversation.

And I think that you know, it would be first good to set to take stock of where we are today when we're talking about economic security challenges. And I would like to ask a question to all the panelists, whoever would like to take it. But it seems that the world economy is reeling from a massive energy shock, and we don't know what will be the supply of critical raw materials, critical minerals, rare earths, and so forth.

What is, I think, ironic is that we've known about the challenges of weaponized interdependence for very long, and yet it seems to be very difficult to build resilience to the exploitation of these mega chokepoints. So I would like to ask your thoughts as to why it's so difficult to build resilience when the risks are so well understood.

Whoever wants to take it. Hai, Kitagami-san. Please.

KITAGAMI: Thank you for having me, Dr. Solis.

I guess, we all know about the risks but, we undervalued the risks is my primary take on it. First the efficiency trap. You know, governments and companies alike have prioritized over the few decades cost, speed, and scale, and stockpiling, diversifying, redundancy. These all seem inexpensive until they become indispensable. So that's one.

Two is ideology, I think. Many who are inculcated with modern economic theory or political liberalism are reluctant to slap the invisible hand of Adam Smith because markets are, are supposed to allocate optimally, right? And they often do, until -- but they also expose vulnerability. And economic security is not just about efficiency, but it's about insurance, and insurance always looks expensive until you need it. So that, that's my second point.

And third point is even if we do know about the risks and if we feel that we have to act upon it I think, you know, to put it frankly, we are dealing with China, who produces a third of manufacturing goods. So one country alone cannot insulate itself or try to deter China's weaponization of economic, economic means. So we have to get together. So the third point is that coordination among countries is very difficult. You have multiple countries with its, their own national interests, risk tolerance, political cycles, and to, to coordinate among them is very difficult.

So I think these three come to mind.

SOLIS: Thank you very much, Kitagami-san. Mira?

RAPP-HOOPER: Sure. Thank you. Mireya, thank you so much for having us for this wonderful conversation, and it's an honor to join our colleagues traveling as part of the Mount Fuji delegation. I think this is an incredibly timely discussion, as Mireya said at the outset.

And as I was coming over to Brookings today, I was reflecting on this question of why it is so hard to break chokepoints. And it brought me back to the definition of what a chokepoint is, right? At the risk of sounding like a pedantic political scientist, it is a bottleneck. It can be a security bottleneck, it can be an economic bottleneck in which there is an asymmetric effect, so the potential adversary has asymmetric advantages over those who receive goods or services from that bottleneck, and where there's a lack of a quick substitute, meaning it's very hard to route around the bottleneck.

And in many ways, I think the definition itself captures why it has been so hard for us to break out of the bottlenecks in which we find ourselves stuck. As I have been sitting both here at Brookings and as a senior advisor at the Asia Group, I've increasingly reflected on the years 2025 to 2026 as a geopolitical year of chokepoints, beginning last spring and well through this spring.

Because of course, last spring is when we saw the trade war begin here in the United States with the Liberation Day tariffs that within a few weeks resulted in China choking off the critical mineral supplies, which the world long knew that it could but did not necessarily believe it would. Of course, after some unprecedented actions by the United States.

And now this spring, we've of course been living in a geopolitical environment that's been defined by Iran's closure of the Strait of Hormuz. Another chokepoint that geopolitical analysts always knew was a huge vulnerability, but had never really seen put into full scale action. And in both cases, we ask ourselves, why didn't we not find a way to escape this trap sooner?

When I had the opportunity to serve as part of the Biden administration, we thought about the critical minerals problem every single day. And I know our colleagues in Japan do as well because, of course, Tokyo had one of the earliest experiences of Beijing turning off its critical minerals taps many years ago. And yet it has proven politically and practically extremely difficult to build new systems that would replace the ones that create these asymmetric dependencies.

And to my mind, there's at least three reasons for this. The first that is that building an alternative system that breaks an adversary's concentration of leverage is often, number one, extremely expensive, number two, extremely long dated, and number three, requires collective action, in this case, often amongst democratic countries who may have to align incentives along the first two items to be able to produce an alternative.

So very expensive. What do we mean by that? If you're thinking about the possibility of trying to move critical mineral supply chains so that they run through the economies of the United States and its closest allies, you're talking about literally reshaping the marketplace for critical minerals. It's not that we can't extract, process, export critical minerals.

It's that for years China has proven that it's able to do it more cheaply. So to change the incentives in each one of our governments, never mind to do so collectively, would require us not only to move in incredible collective action, but to be willing to introduce economic measures in our own societies that might seem unorthodox in how expansive they are. They could include things like price floors. They could include things like subsidies. But on a country-to-country basis, you literally have to reshape the economic incentives for a critical minerals producer to be able to produce to match what China can offer.

And if you're talking about democratic countries, that often means taking on an expensive project whose fruits won't be borne during your political tenure. So whether you have a four-year or a five-year or a six-year tenure, in all likelihood, transforming the way that the world transacts in critical minerals is a project that outdates your time in office. So the incentive to take on the policy risk to do something so expensive and potentially unorthodox, and to do so when you won't necessarily see the benefits while you yourself is in office, is a risk and a commitment that is really the, the hardest type for democratic leaders to take on.

I think the Trump administration deserves extraordinary credit for having elevated this issue over the course of the last few months, and for doing so along close allies, recognizing that this is the only way to get it done. But truly breaking this stranglehold is a project for many years and many administrations, and sustained cooperation under democracies in which we have not seen them able to coordinate their efforts yet.

SOLIS: Thank you very much Mira. I don't know, other thoughts from the panel on this question or

SHIOZAKI: Well, thank you very much Mireya. It's been, what, 10 years ago that we worked on a project with Dr. Funabashi and wrote an article together?

SOLIS: Yes. Thanks for remembering.

SHIOZAKI: So, thanks. It is humbling to be sitting on the same panel with you today in front of a wonderful Brookings audience. So my name's Aki Shiozaki. I think Mira and Kitagami-sensei have said it all. Resilience is not a market outcome. The market works for optimizing efficiency, and resilience is a outcome of political choice. So someone has to pay for it, and the voters nor the shareholders were asked to pay for it for a long time.

I think, you know, we're facing the consequences of, you know, two root causes of why this happened. One, as Mira said, it's very hard for the political system to address these long-term risks at the cost of short-term costs for politically. So unfortunate-- however, fortunately, Japan has already been exposed to this since 2010 when the Senkaku incident happened. So we have a 15-year head start on this issue, and we have had some politicians that have addressed this issue directly. You know, Ohno-san right here and Kobayashi-san spearheaded some of the economic security legislation that is now in practice hedging us from some of these critical mineral risks.

Why were they able to do that? Because they're very strong in their elections. They don't have to worry about the immediate gains election, but they were able to invest in the long term. And I think this is something very important for us to be preparing for long-term consequences at the expense of short-term political consequences.

I think the question of economic security and resilience spreads further, not only in critical minerals or the oil, but in other areas like AI or electricity. We need to be mindful of all of these dependencies or strategic challenges that we face. And I think the framework that Japan has developed is, how do we increase our strategic autonomy? How do we expand our strategic indispensability in all of these supply chains? So I think this is fit with how Japan has been approaching this issue. It's just that, you know, it's been much more stark over this past year.

SOLIS: Thank you very much. That was very interesting. Ohno-san.

OHNO: Okay. So thank you very much for having me. This is the second time for me to be invited in this wonderful session, and it's very honor. Thank you very much. And last time I came here it was, I got a, I got a situation that the microphone doesn't work at all. And at the time, the title of the discussion was technologies. So, it was around maze, but I saw that this was because I started using English and that because the microphone is broken. Let me switch to Japanese.

OHNO (interpreter): So as you, as other people have all these mentioned, I think I totally agree with them. For one at the beginning, Mr. Takayuki Kobayashi was named, and when I worked with him with the economic issues, and there's already we're talking about the diversification needs for the important minerals. 3G problem include graphite, gallium, germanite. Those are rare earths are going to be stopped, then it's going to be a great problem. We were already talking about diversification and started diversification. It's not completed yet and not perfect, but it's, we have been achieved to a certain degree.

And other materials started to be, started to be the target of restriction: holmium and dysprosium. And those are impact-- that kind of shortage are going to have great impact on the defense and industry. So by facing that when we have to face that, we have been working on that potential issues. For instance we have called on the Austrian company, Linus, and asked for alternative supply. And also another France cooperation, we are started work on the collaborative production. So for in each country, we have been asking for specific special production, and we also become the necessary part to the countries and provide what we, we are good at.

So the system is not complete, but we have to maintain this way of action and thinking. And currently rare earth and important minerals are now being talked. However the impact of Hormuz Strait is extremely strong and very severe. And here, the expert, Mr. Onodera and Mr. Fujita we have here, they are the leading people in the Japanese politics.

The Hormuz Strait is, the situation there is absolutely unbearable. The, the crude oil is, we're not really impacted right now, thanks to the stockpile. But the naphtha is we now currently being able to procure eighty percent, but we are still lacking twenty percent. And we also have stockpile of naphtha. That's how we're surviving currently. So we may be able to survive for a few months. However, if we have to endure longer, we don't have a clear answer for that yet. And of course within a couple of months, the Japanese government is going to make efforts, and we may be able to come to some kind of resolution.

However, we have to look at the long span, and we need to build a much stronger resilience. That's what I think. So what I think here is the-- this here is also my proposal. We have been working on promoting carbon neutral. Energy and resource strategy involves and dominates carbon neutral thinking. However, is it going to be okay as the way it is? So I do have a, thinking this is a problem. So I'd like to propose as a problem now that we have this Hormuz Strait issues.

SOLIS: Thank you very much. All of you have already tuned into some of the key challenges and the reasons why it's so difficult to build resilience, and that you need a long-term political commitment that you need to change the thinking so it's not a focus just on efficiency but also resiliency, and of course the inability of collective action if we want to address these challenges.

So taking all those ideas into account, I would like to move a little bit the conversation to talk about Japan's strategic reset because this is a very important year for Japan. You are

revising the strategic documents, but you also are updating the Economic Security Act. You also have other reforms that go into screening of foreign direct investment, industrial policy, and so forth.

And if I can start with you Ohno-san, because you play such a leading role in thinking about the strategic direction of Japan on economic security. What would be your advice to Prime Minister Takaichi with this very, very full agenda regarding what should be the priority areas? Where should she focus most of her energy in advancing economic security reforms?

And do you believe that cybersecurity risks have already been sufficiently taken into account given the approval last year of the bill on active cyber defense? Where do we-- where does Japan's cyber resilience stand today?

OHNO (interpreter): Thank you so much. First off we have this Economic Security Promotion Act, and we are going to reinforce the supply chain. And another thing is we're going to set up an intelligence think tank, so that we can assess the risks to reinforcement of the supply chain. We were targeting the goods only, and we were providing support for that purpose. However, we also needed to-- we added service to that. And also in the financial sector, in the past, we have been sort of begging. That basis has not changed. However, there's no legal basis for that. So, so that now we are going to change the legislation so that we can legally ask for the support from the private sector.

And also, we are going to change it so that we can invest overseas. We have OSA and OCA, security overseas. We are going to add ODA. What does that stand for? Official Development Assistance. Official Economics Security Assistant. I think that's what the abbreviation is. So we are going to create those functions.

So in other words we are going to... there's a international network. It is difficult to do things on your own. So looking at the Hormuz situation right now, Takaichi, Prime Minister Takaichi has established a initiative that's called Power Asia Initiative. So that is called AZEC program. So that's now we are going to enforce the supply chain and kind of renew it. So of course, the Asian countries, for instance, the syringe for injections they deliver such injection syringes. But if they cannot acquire the resources for that, we will not receive the products. So that is the, we are so internationally connected, so how can we manage globally?

So that's the point. So in, in that sense, we are going to coordinate. We have to coordinate the global transaction. That's the huge agenda for us. So therefore, in the future we are going to put this inter- economic security is to make it the basis for putting the economic security basis and for the future. And once we get over this, over the current problem, so that our aim is to build a country where we don't have to be shaken and troubled so severely by collaborating with like-minded countries.

So this leads to revision of three documents. So this economic security is going to be the core. So it's the main pillar we've taken that, and then we are going to make a new regime and strategy. So, so that for that purpose, we're going to give, gonna give pressure to our Japanese government. And cyber security, we're going to enforce it as well. So I have been working on this with this fellow right here. Cyber security-wise, it has not, it's not really enforced. The law is going to be enforced in October, so it's before the enforcement, so I cannot say what it is and what we do. But I'm going to make a point there's further area that we need to reinforce.

SOLIS: I'll mention to the people who are standing on the back that there are a few seats in the front so, please don't be shy if you want to sit down.

And I think this is a good time to transition to my next question to Kitagami-san, and it touches on some of the things that Ohno-san already mentioned. And, you know, the closure of the Strait of Hormuz is wreaking havoc on energy and food production. And the concern is that we may not go back to the past, that we may be moving to a situation where you don't have as open ship lane, shipping lanes, and also that free trade weakens.

So I wonder Kitagami-san, Ohno-san mentioned this power initiative, and Takaichi-san was in Hanoi talking about it as part of the new pivot. But how do you think that Japan should position itself to address the energy and food security challenges, and what could it do to help developing countries in the region?

KITAGAMI: Well, to put it simply, more resilience at home. And Japan, of course, cannot be a self-sufficient country, so, it cannot supply energy or food to other nations, but it can contribute to stability. So that's the main theme.

And we're working on two timelines basically. The first short-term crisis management is, we have a significant oil reserve in Japan from the two oil shocks in the 1970s. We learned from that. What we didn't learn is, we didn't reduce dependency on the Middle East, which is fatal. So with the oil reserves, about eight months' worth, we, we have begun releasing that, and also we have been rerouting procurement of oil supply bypassing the Hormuz Strait. So together this will probably last well into this, the entire year, this year, and probably to, to next year, in the beginning of next year hopefully.

That, that's what the prime minister has said. And, but this only buys time. It's not a, you know, a fundamental settlement of issues. And so, we think that if this war prolongs, and I believe it probably will, and even if it ends and there's some kind of deal made we may not see, you know, the shipping lanes come back to normalcy.

So in that case, I think we have to implement some kind of demand reduction on oils, gasoline, electricity, whatnot, combined with targeted subsidies for low-income households small to medium industries. Okay, so that's, this is all in the short term.

And for food, the situation is not as acute. Right now we don't have any reports of food shortages, although there are pressures mounting concerning fertilizers, energy inputs, and logistics. So we have to keep a, we have to be vigilant. But food so far not as much a problem as energy.

And then next medium to long range, this is the real problem, the structural change that Japan has to go through. One is energy. Mr. Ohno has touched upon this. I would say we have to reduce, of course, the excessive dependency we have on the Middle East. I think 95% of our oil comes from the Middle East, 90% from the Hormuz.

But to do this, one, we have to reroute procurement supplies. The United States will be definitely a strong partner on this regard. Second, a greater share of nuclear energy within our overall energy planning. Definitely. And third, I would say increased stockpiling. We have eight months' worth of oil reserves. We probably have to expand on that. And not only crude oil, but also refined goods such as naphtha and other goods. So, stockpiling should be increased. On food we have to, I think, rebuild the agricultural capacity especially

concerning, I would say, rice and other stable stocks. By investing in efficiency, also resilience, and also logistics. These are key areas.

However, I think, as I said before Japan's self-sufficiency ratio concerning energy is below fifteen percent. On food, it's about thirty-eight percent concerning calorie intake. So we are never gonna become a nation like the United States where we're self-sufficient in both areas. And so, as I said before, globally, our role is not to supply food and energy to other countries, but to contribute to the stability of the region.

And that's where Mr. Ohno has said, has mentioned the Power Asia initiative. What is the Power Asia initiative? It is an initiative that was announced by Prime Minister Takaichi a few weeks ago at the ASEAN-- Was it the ASEAN AZEC meeting? I think the AZEC meeting.

[off-mic talking]

Okay, this is Partnership On Wide Energy and Resilience. The strange English probably is there because they wanted the acronym to be POWER, right? POWER Asia, Japan. POWER Japan, I think. No, POWER Asia, right. But this is-- Japan has contributed, it promised to contribute ten billion dollars on building stocks, stock supplies in the ASEAN countries rebuilding infrastructure, and also procuring oil. I think that's correct. That's my perception. And ten billion dollars is a lot of money. It's, it's basically roughly a year's worth of oil imports into all the ASEAN countries. And we believe that this can act as a immediate buffer against price, price spikes and also supply disruptions.

So these are the kind of initiatives that Japan has made. And because the supply chain in Asia is very interconnected, so a shock in one country can quickly lead to a shock for all. So that is the part that Japan should play, I think.

SOLIS: Thank you very much, Kitagami-san. So I have one last question on thinking about Japan's past on economic security, and that goes to Shiozaki-san.

And my question is as follows, Shiozaki-san. Of the many economic security reforms that are being considered recently, the strengthening of national intelligence capabilities has probably attracted the most attention. So, I wanted to ask you, what are the deficits that the setting up of a national intelligence agency is trying to address?

And how important is intelligence to economic security, to AI diffusion? And do you foresee any difficulties in securing the support of the public, given that traditionally in Japan there's been a lot of concerns about privacy?

SHIOZAKI: Well, thank you. As Ohno-san mentioned, in this era of weaponized interdependence, economic security is national security, and intelligence is its operating system.

So you cannot enforce export controls unless you know where the dual-use technology is flowing. You cannot defend against economic coercion unless you know when it's coming. You cannot screen out inbound investment unless you know who the hostile takeover person is. So intelligence is gonna be key for Japan to strengthen its capabilities in a economic security era.

Now, what are we working on? We're working on three fronts: integration, collection, and counterintelligence, which are all very important. Just like any other country, and even more, Japan has suffered from the stovepiping of different intelligence agencies. We are right now debating a bill in the Diet to create a national intelligence commission which will heal the division among these agencies and integrate them.

We will, once this is passed, Ohno-san and I are currently working on strengthening collection of overseas intelligence capabilities and also strengthening our counterintelligence capabilities to be able to share more information with our allied partners, which will benefit not only Japan, but the United States and others.

It'll be a very sensitive topic among the public if it is seen as an intrusion among privacy. But at the same time, it is our job to make sure that we communicate the challenges that are confronting us and why we need this legislation.

SOLIS: Thank you. That was very interesting. Thank you so much, Shiozaki-san.

So time is flying, and there are a couple of topics that I still would like to cover. And one, of course, is everybody has emphasized that one country alone cannot really ensure economic security, that cooperation is essential. So I would like to move next in our conversation to talk about US-Japan economic security prospects for cooperation.

And my question, my first question goes to Mira. Mira, you played a leading role in the Biden administration's drafting of the Indo-Pacific strategy and also in building US-Japan ties with economic security front and center. So reflecting from that experience, Mira, where do you think are the legacies of economic security cooperation? Where was it not possible to sustain effort?

But also a very broad question, and I know it's a lot to take on in a few minutes, but given that the US is changing its international role today, how do you see that influencing the chances and opportunities of alignment with Japan on economic security? So, looking back, but also looking forward.

RAPP-HOOPER: Great questions, Mireya. Thank you so much, and I'll be as brief as I can be.

So, when I reflect on successes achieved between the United States and Japan on economic security I'll point to two, and I think we can learn from both. One is in a very particular economic area, and one is more about how we work. And then I'll sort of look forward to the future. I'll also note where it's been very hard.

So just stepping back, you know, I think when President Biden came into office in 2021, we were very conscious of the fact that the game had already changed considerably, and that in particular when it came to competition in Asia and being able to stand strong as an alliance vis-à-vis China, economic security had already come into the heart of the alliance.

I had myself written a book on alliances and sort of about the need to expand the way that we think about defense and deterrence in the 21st century because conventional and nuclear deterrence no longer do it if you are trying to deter and defend against 21st century threats.

There was a lot of really gratifying work that we did in this space. I would say substantively, the area that was kind of most cutting edge and was candidly really hard but proved our mettle as an alliance was when it came to regulations related to semiconductors. I think it is, you know, not a surprise to anyone that this would have been central to the United States and Japan after the Biden administration announced its new and then unprecedented export control restrictions on chips and manufacturing equipment in 2022 and that we needed to cooperate incredibly closely with the allies who were part of the semiconductor manufacturing system to be able to implement those new rules effectively.

Part of what was also really challenging is because we had never done this before, we did not know exactly how the PRC was gonna move to adapt to these new rules and what subsequent changes following 2022 might later prove to be necessary. So what we were facing was a set of issues on which our governments candidly had never worked together on that level of cooperation, where there wasn't necessarily even alignment within a given government about how exactly this should be done.

As everybody knows, within a bureaucracy, you have different views about how an economic rule is going to be implemented. And then the need to work with our industries in unprecedented ways that weren't entirely comfortable. You know, telling you know, a, an important part of the semiconductor industry, "Hey, we can see that this is leading to backfilling with China," basically.

That the fact that the United States has imposed these export control restrictions means that this also needs to stop flowing from Japan is a really tough message to be sending to one's national industry. So we really were kind of building muscle memory for the very first time. And that involved a lot of tough conversations, but I think ultimately very successful forms of cooperation. A second brief example I'll just point to is that I think during the same period, not only did the United States and Japan take on new forms of economic security cooperation, but we saw the environment inspire new economic security cooperation between Japan and the Republic of Korea.

And actually, even before the Camp David Summit took place in 2023, when the three leaders kind of took their cooperation across the board to new heights, we saw economic security as an area that was able to engender really proactive cooperation between Japan and the ROK well before the leader-level rapprochement, which is kind of an amazing thing because just two years or a few years before, those two close allies of the United States had not been on good terms at all in terms of economic security. But it went to show that risks to critical mineral supply chains, risks to other sensitive technologies, had increasingly made Tokyo and Seoul's interests converge. So there was this really unprecedented willingness to work together and trilaterally on things like building an early warning system to economic security disruptions. And again, that was a really sort of exciting and promising area of work that I hope is continuing with gusto.

There were other areas where this is much harder, and we've already pointed to critical minerals, where the need to not only introduce really quite robust measures, but to do so across governments and in coordination was something that we just didn't get the chance to fully implement during the time that President Biden had in office. We had a number of important proposals that simply just didn't get as far as they could have in part because we didn't have a crisis like China turning off the critical minerals taps this past May that reminded the world of how important this all is.

But when it comes to how we work together in the future, and in particular with the United States seeming increasingly unpredictable, or at least its role on these issues not being entirely predictable, I really do wanna underscore how important I think it is for Japan and other American allies in the Indo-Pacific to increasingly act as leaders in this space, to increasingly build upon the partnership structures that we developed through things like the trilateral partnership with the ROK, through the Quad, through the US-Japan-Australia trilat, and to push forward an agenda that absolutely includes the United States and often the United States at the helm, but that recognizes that all of these allies have aligned interests, even if the United States becomes distracted in any given moment.

Given that these issues are so hard, so potentially expensive, so long-dated, solving them means that there has to be sustained attention, and that sustained attention can't only run through the United States. So I personally am heartened and excited about the fact that Prime Minister Takaichi is proving to be such a dynamic and forward-thinking leader. But I do think there is an unprecedented leadership burden that falls to Japan in this moment given the problem set that we're all up against.

SOLIS: Thank you, Mira. So next, I would like to ask one of our distinguished Diet members if you could offer a Japanese perspective on what you see are opportunities and challenges for economic security collaboration with the United States. And please touch on both, not only the good side, but also the hard edges on economic security projects.

SHIOZAKI: Okay. Well, maybe I'll go-- So 10 days ago we, the LDP, published the new AI whitepaper 2.0, which lays out the national strategy for Japan in a agentic AI era. And one of the key messages that we delivered was the need for a perspective change, a paradigm shift from focusing on sovereign AI, building sovereign AI, to ensuring AI sovereignty, which comes from the recognition that not, no one country can build the entire AI stack alone. Not Japan, not even the United States. We are interdependent in filling certain layers of the AI stack to make this work and function, and we need collaboration in that front. Japan is very strong in semiconductor manufacturing and materials. United States, have wonderful frontier model labs. So there's a lot of room for additional collaboration and alliance between these nations.

And I think this is-- AI is gonna be critical in terms of testing how our economies can work together in resistance of economic coercion challenges. Now, I also do want to point out that as Japan cooperates closely with the United States and other allied nations, it is very important that we work together to build that trust. Japan is, you know, going ahead in, you know, expanding its defense spendings. It comes in with a 550 billion dollar investment package. And I think, as Mira said, the United States should not be distracted from what is most important for the United States and its allied common interests. So, I think it's important that we try to maintain symmetry between the cooperations that we ask each other and the recognition that we pay to each other.

SOLIS: Thank you very much Shiozaki-san.

OHNO: Let me add something to what Shioza-san mentioned, that the AI sovereignty and AI handling is a very important aspect for the international society. But [speaks in Japanese]-- maybe microphone is broken. But anyways, but we are thinking, of course, AI is about data and handling of data. And so in that context, we are thinking of making a legislation about data securities because, you know, as he mentioned that no, no single country can do anything by themselves, so, we, we need a collaboration, especially like-minded country.

But on the other hand, that the data's sovereignty or data itself, how we manage that is a very important aspect. So, we have to share the ways that we handle the data. So we need, we will amend again the Economic Promotion Act to set up the regulation on the data securities.

And [speaks in Japanese]. I forgot that thing.

SHIOZAKI: [off-mic] You're confusing the translator.

SOLIS: All right, thank you so much. So, we have 10 minutes left. I want to bring the audience. You have been very patient, so, please raise your hand. I'm going to take two questions at a time. Please raise your hand the mic will go to you. If you can identify yourself and ask a concise question.

Alex here, and then the gentleman in the back. So I'll take those two first.

AUDIENCE QUESTION: Hi, Alexandra Mallow with the Asia Group, and apologies for those this morning at CSIS, similar question. We came out of COVID, and we saw the supply chain disruptions in the medical and life sciences field across the world, and it seems today that that those lessons haven't been learned, and it's almost not being focused on.

Do you think or can you explain more of what Japan is doing to emphasize those supply chain vulnerabilities in life sciences, pharmaceuticals, med devices, and where cooperation can happen within the US-Japan space?

SOLIS: Thank you. And then the gentleman.

AUDIENCE QUESTION: Hi, Soren Dixon from CSIS, Japan chair. I'm curious how the political environment of Japan, particularly under the Takaichi administration, is changing the debate on economic security. Obviously, she was one of the first economic security ministers, and she also has now secured a two-thirds majority. Have you seen a big debate or re-emphasis on economic security in the last 12 months, especially after the January election?

SOLIS: Thank you very much. So, any comments from the panel?

SHIOZAKI: I'll take the first question since I was the parliamentary vice minister of health for a while. So I think it is a very important question that you're asking. Japan has been a strong funder of the COVAX initiative or Gavi or these international cooperation frameworks that have functioned and served-- not, you know, to everyone's satisfaction, but it would've been so much different if we did not have those architectures. We have, Japan has continued to be and remains to be a strong donor of these initiatives, and there are important studies and products being developed under these frameworks.

Now, we expect the United States to continue to be involved in these international frameworks so that, not-- because we all recognize that pandemics will spread. Even if, you know, only the developed countries have the vaccines, if we leave the other parts of the world without vaccination, it'll continue to spread. So we need a cure for the entire globe, and that's something that we need to continue to focus on and expect further leadership from the United States.

OHNO: And I'd like to add again about what he mentioned.

OHNO (interpreter): In the the economic security law, what we are going to add is that we're targeting hospitals, the stable supply or provision of medical needs, medical services, and we are going to... What's important is that medicine needs to be stably supplied, so we are discussing we need to expand in that area as well.

The second point I also think is very important. In the Takaichi administration, there is a positive movement in Japan. So this is a quite natural thing in my field of economic security: for instance, with him, I worked on the technology strategies with him, and we came up with policies last year with the economy, and this is not very well known, and there's a basic technology economic policy we were going to include the, our, what we worked on.

So the technology field and the investment field, I have a very similar idea with the Prime Minister. So what I can see from there is that for Japan, what's important now to Japan is that to be able to answer the question of why Japan's growth has stopped. So when we think of growth of the economy you have to have labor force growth and productivity. We believe we have certain level of productivity. However, the population reduction is, is a problem we cannot avoid. So when it comes to that, the asset can be created artificially, so the government needs to work on it. So government has to invest in the area of the growth area so that Japan's growth should not be stopped. So that's what the-- Prime Minister Takaichi is starting to say.

So that idea is spreading gradually and widely. I think assume that's becoming the idea more generally spreading. We have not heard big opposition voices from our side or the other side. So however, what Ms. Takaichi, Prime Minister Takaichi said is that positive economy finance. What does that mean? That's being seen rather skeptically from overseas. At the beginning of her prime ministership, the price range went up and down very widely. But recently, I think the understanding has spread pretty well. That is, what it means that the general public probably understands better. But when it comes to the government, when it makes investment project you, you can't really have a long span idea because of the budget.

So every year, Congress has to check how the money, how much money is spent. That's the side of democracy, democratic handling. So that was making difficult. But Prime Minister Takaichi has started to say that we are going to think in span of several years. So that is, she's not saying that she's gonna spend any unlimited amount of money. But strategically, we are going to make investments where we can expect return in the long term. So of course we have been doing several years of span when we are making funds. However, not only the funding, but also we have to have the investment strategy with the, with the public sector.

So I think this idea has permeated gradually. So there's no strong opposition in Japan, and also the opposing parties have not really raised opposition to this idea. So what do you think?

SOLIS: Thank you very much, Ohno-san, that was very interesting. We're almost at time. Unfortunately there's not an opportunity to take another question.

But I think that your last comment really encapsulated a lot of what is happening in Japan, and the idea that I think what's really novel and interesting about Prime Minister Takaichi's approach is that we're thinking about resilience and economic security as not divorced from

growth, but actually facilitating growth and the resilience is a path also to find about you know, new horizons in Japanese diplomacy.

I think that we've been watching Japan's initiatives on economic security, and we want to encourage you to continue to develop these approaches and test them out, and we'll follow them closely.

I want to thank the audience for joining us, and I would like to ask the audience to please join me in thanking the panelists for their excellent remarks today.