Geoeconomics Summit 2025

Tuesday, October 28th, 2025

TORANOMON HILLS FORUM

The Changing Dynamics of Statecraft

地経学研究所
Institute of Geoeconomics

Keynote Speech

The video is available here.

Dr. Kenneth R. Weinstein
Japan Chair, Hudson Institute

The Geoeconomics Summit 2025 convened at a critical moment, coinciding with President Trump's visit to Tokyo and his first summit meeting with Prime Minister Takaichi. Opening the event, Director Kazuto Suzuki emphasized that Japan's new administration is committed to reinforcing its national capacity in both military and economic domains, reflecting the increasingly strategic nature of geoeconomics.

In the keynote address, Dr. Kenneth R. Weinstein of the Hudson Institute explained that the evolving dynamics of statecraft are embodied most clearly in President Donald Trump. According to Weinstein, Trump's election victories in 2016 and 2024 stemmed from a public rejection of the traditional U.S. policy establishment, which he believed had failed in trade and foreign policy and imposed excessive burdens on the United States. Drawing on his background in real estate and television, Trump places great importance on leverage, creativity, and unconventional negotiation, often "thinking out loud" on social media as part of his diplomatic strategy. Weinstein noted that Trump's approach aims to redefine what is considered possible in the geostrategic arena.

Reflecting on Trump's first term, Weinstein recalled his willingness to combine seemingly contradictory approaches—such as pairing threats of "fire and fury" toward North Korea with visions of economic development should denuclearization occur. Similarly, Trump pursued maximum pressure on Iran while seeking a fundamentally different agreement on its nuclear and missile programs. In the early phase of his second term, Trump adopted rhetoric associated with "restrainers," calling for an end to the Ukraine conflict and reductions in U.S. commitments in the Middle East. However, Weinstein argued that Trump is not inherently a restrainer, but rather uses this posture strategically to push allies to take greater responsibility for their own security.

This outcome, Weinstein argued, reflected a combination of strong deterrence and robust diplomacy. A similar dynamic

was seen in Europe, where U.S. pressure contributed to Germany's decision to increase defense spending dramatically. The emerging "five for five" proposal—European states committing to spend 5% of GDP on defense by 2035 in exchange for a strong U.S. Article 5 guarantee—was highlighted as a clear expression of Trump's principle that the United States will support allies who assume greater burdens.

Turning to the Japan-U.S. alliance, Weinstein praised former Prime Minister Shinzo Abe for securing early U.S. endorsement of the Free and Open Indo-Pacific (FOIP) vision, noting that Abe effectively "wrote the textbook" on engaging Trump. He argued that Prime Minister Takaichi now has an important opportunity to deepen relations with the Trump administration by advancing bold proposals, including accelerating defense spending, expanding Japan's security responsibilities, and exploring the establishment of a new intelligence agency. Potential areas for Japan-U.S. cooperation include energy security as well as expanding Abe's Data Free Flow with Trust (DFFT) through allied data center networks in the region.

Dr. Weinstein concluded his remarks by noting that President Trump's base has long been dissatisfied with what they perceive as the disproportionate burden borne by the United States in sustaining the international order. He emphasized, however, that the U.S. remains willing to resume a responsible leadership role, provided that allies step forward to assume a greater share of their own defense and security. Furthermore, Dr. Weinstein underscored that the President seeks capable partners ready to pursue bold, unconventional approaches unconstrained by established orthodoxies—partnerships he deems essential to realizing a more balanced framework for international cooperation.

Dialogue with the Keynote Speaker

The video is available here.

Dr. Ken Jimbo

Managing Director, International House of Japan; President, Asia Pacific Initiative

In a timely discussion held as President Trump arrived in Tokyo for his first summit meeting with Prime Minister Sanae Takaichi, Dr,Ken Jimbo and Dr. Weinstein explored how the evolving international landscape may reshape America's strategic priorities and redefine the role of the Japan–U.S. alliance. Their conversation provided an integrated view of global tensions—from Europe to the Middle East and the Indo-Pacific—and examined how the Trump administration's instincts, preferences, and decision-making style could influence policymaking in the months ahead.

Opening the dialogue, Jimbo asked how the United States might reorder its global priorities in light of ongoing crises in Ukraine, Gaza, Iran, and the Indo-Pacific. Weinstein responded that President Trump is not a leader who thinks in abstract strategic frameworks or theoretical categories; rather, he relies on instinct and seizes opportunities as they arise. Weinstein analyzed that the Trump administration's priorities are, first, homeland defense including border control; second, countering China in areas such as trade and the fentanyl crisis; third, Middle East peace; and finally, Europe.

When Jimbo pointed out the combination of coercive measures and diplomacy in Trump's foreign policy, Weinstein argued that its essence lies not in the "use of force" itself, but in "deterrence." He maintained that the key to preserving peace is to demonstrate both overwhelming national power and the unequivocal will to exercise it. Jimbo highlighted the growing importance of "integrated deterrence" among allies, while Weinstein emphasized the necessity for those allies to "step up" and take proactive responsibility.

As the discussion turned to the imminent Takaichi–Trump summit, Weinstein offered reflections based on Trump's personal style. He emphasized that Trump evaluates interlocutors based on confidence, creativity, and their

ability to engage him dynamically. He suggested that Prime Minister Takaichi begin by expressing appreciation—including shared respect for the late Shinzo Abe—and then present bold, forward-leaning proposals that Trump has not yet heard. Weinstein argued that Japan could accelerate its defense commitments, advance the establishment of an intelligence agency, and expand cybersecurity and information-security capabilities. He also raised the potential for deeper co-development and co-production of defense equipment, and even the prospect of Japan establishing a presence in locations such as Guam or Hawaii as part of a more reciprocal "mutual defense relationship." At the same time, he cautioned that Japan's most severe long-term security challenge may be demographic decline, which threatens economic strength and military sustainability.

Jimbo pointed out that the Indo-Pacific strategy is evolving toward a more sophisticated framework for the next generation. In response, Weinstein emphasized the necessity of ensuring connectivity between Southeast Asian nations and the U.S.–Japan economic sphere through cooperation in technology and energy, such as AI, Small Modular Reactors (SMRs), and DFFT.

In closing, Jimbo discussed the importance of "strategic autonomy" for allies. In response, Weinstein argued that allies should avoid the kind of autonomy that exploits complex geopolitical situations, as seen in Germany's past. On the other hand, he spoke highly of "strategically capable autonomy"—as recently seen in European nations and Israel—where frontline allies take initiative in their decision-making to strengthen their own deterrence. He concluded that such autonomy deepens the alliance structure by ultimately reducing the burden on the United States.

Morning Fireside Chat

The video is available here.

Modelater

Dr. Kazuto Suzuki

Director, Institute of Geoeconomics

Panelist

Ms. Wendy Cutler

Senior Vice President,
Asia Society Policy Institute

At a moment when the United States and Japan are reassessing the economic foundations of their partnership, Director of the Institute of Geoeconomics Suzuki and Wendy Cutler, Senior Vice President of the Asia Society Policy Institute, engaged in a wide-ranging discussion on the bilateral tariff and investment agreement concluded under the Trump administration. Using this agreement as a point of departure, the conversation explored the broader trajectory of U.S. trade policy and an emerging trade order increasingly shaped by economic security considerations.

The dialogue began with concerns raised in Japan regarding the structure of the agreement—particularly the perception that the investment fund grants final decision-making authority to the U.S. president and that the distribution of benefits is heavily skewed toward the U.S. Cutler acknowledged that several provisions in the agreement were surprising even to her, despite her long experience as a trade negotiator. She noted that Japan's acceptance of a 15 percent tariff on automobiles, presented domestically as a "breakthrough," reflected the reality that many U.S. partners felt compelled to accept terms they would not otherwise consider, given President Trump's willingness to impose or escalate tariffs unpredictably. Regarding the investment fund, she observed that while the document appears cooperative on its face—beginning with joint screening by U.S. and Japanese representatives—the ultimate authority still rests with Washington. Cutler suggested that Japan may have accepted this asymmetry as the price for securing a reduction of automotive tariffs. At the same time, she recognized that the personal rapport between Minister Akazawa and Secretary Lutnick may help foster a more genuinely collaborative process when identifying and advancing projects, even as she stressed that personal trust, however valuable, cannot ultimately override national interests. She added that President Trump is likely more focused on announcing the headline figure of $550 billion than on the specific content of the projects themselves, leaving much of the operational responsibility to his cabinet.

The conversation then broadened to the question of how the traditional free-trade order might be reconstructed. Cutler agreed that frustration with the existing trade system had been building in the United States well before the Trump era, but she cautioned against the notion that the Trump administration had already created a new global order. Instead, she argued, the international trade system remains in flux, with the U.S, China, and small and medium-sized economies each pursuing their own competing visions. As concrete examples of this evolving landscape, she pointed to the recently announced U.S.–Malaysia trade agreement and the critical minerals framework with Australia. These agreements go well beyond tariffs and market access to incorporate a wide array of economic security provisions, including cooperation on investment screening, alignment of export controls, supply-chain resilience, and critical minerals collaboration. Cutler emphasized that such provisions will need to become integral components of future trade arrangements if they are to remain durable and effective. She also noted that China's sweeping new controls on critical minerals may have inadvertently pushed Washington to recognize that U.S. national objectives cannot be achieved without closer coordination with allies and partners.

Turning to U.S.–China relations, Cutler predicted that the upcoming summit—widely expected though not yet formally confirmed—would be focused largely on stabilization rather than substantive breakthroughs. She anticipated a damage-control approach aimed at delaying or suspending the implementation of new tariffs and critical minerals regulations on both sides. Issues such as subsidies, non-market practices, and industrial overcapacity, she argued, are unlikely to be addressed meaningfully in the near term, as both governments remain preoccupied with managing escalation dynamics. The immediate objective, she suggested, is to prevent further deterioration rather than to create new momentum for structural reform.

On the future of the Chinese economy, Cutler noted that although China faces serious domestic challenges—including demographic decline, a collapsing property sector, deflationary pressures, and heavy provincial debt—it would be misguided to conclude that these weaknesses automatically grant the U.S. unilateral leverage. In reality, she argued, both countries retain forms of influence over the other, and each has discovered limits to its own ability to coerce or pressure its rival. China has also drawn important lessons from the first Trump administration, reducing its reliance on U.S. markets, developing new tools beyond tariffs—including export controls, anti-sanctions legislation, and an unreliable entities list—and accelerating efforts toward technological self-sufficiency. Under these conditions, Cutler concluded, the most realistic objective for both sides is to maintain stability while managing long-term strategic competition.

The discussion concluded with an examination of the Trump administration's efforts to bring manufacturing back to the U.S. Cutler acknowledged that announcements of new foreign direct investment and domestic facilities have increased, but she stressed that significant obstacles remain, including shortages of skilled labor and a complex regulatory environment. While Trump has promised deregulation, she suggested that rebuilding industrial capabilities will be a long-term undertaking with uncertain outcomes. For this reason, she underscored that cooperation with allies—particularly Japan—will be essential for success. She pointed to semiconductors, automobiles, aircraft components, energy, and other sectors as areas where coordinated projects could meaningfully strengthen the industrial bases of both countries.

Through this dialogue, it became clear that the Japan–U.S. alliance now operates at the center of a rapidly shifting geoeconomic environment in which trade, investment, and economic security have become deeply intertwined. As global competition intensifies and the traditional trade order continues to fragment, the ability of both nations to coordinate policies, build resilient supply chains, and shape emerging rules will be critical to maintaining stability and sustaining a free and open economic order.

Afternoon Fireside Chat

Modelater

Dr. Kazuto Suzuki

Director, Institute of Geoeconomics

Panelist

Mr. Tarun Chhabra

Head of National Security Policy, Anthropic

Panelist

Mr. David Feith

Senior Fellow, Hudson Institute

The video is available here.

The afternoon fireside chat, moderated by Director Suzuki, featured Mr. David Feith, Senior Fellow at the Hudson Institute, and Mr. Tarun Chhabra, Head of National Security Policy at Anthropic. At the outset, Director Suzuki expressed his intention to focus on the continuities and divergences in U.S. technology policy toward China across the first Trump administration, the Biden administration, and the second Trump administration. Building on this framing, the discussion proceeded to examine U.S.–China technological competition and economic security, AI and semiconductor export controls, the diffusion of AI infrastructure, and challenges for the Japan-U.S. alliance and talent policy.

Mr. David Feith began by outlining how the first Trump administration articulated the principle that “economic security is national security,” initiating measures such as export controls targeting Huawei and SMIC, the ICTS regulations addressing Chinese-origin digital infrastructure, and other restrictions implemented in close coordination with allies, including Japan. Many of these initiatives, he noted, were not only retained by the Biden administration but significantly expanded—most notably in the October 2022 semiconductor export controls increasingly attuned to AI-related applications. At the same time, he observed that elements of the second Trump administration’s approach, including the reconsideration of restrictions on TikTok and the decision to allow the export of Nvidia’s H20 chips to China, represented a partial relaxation. Mr. Feith voiced skepticism toward the view that China can be kept dependent on U.S. technologies indefinitely, arguing that empirical evidence suggests China tends to accelerate indigenous development precisely when external pressure increases.

In response, Mr. Tarun Chhabra reflected on the Biden administration’s decision-making process in developing the October 7 export control package, in which he was directly involved. He explained that the measures emerged from a recognition that accelerating AI advancements, rising cross-Strait tensions, and the prospect of Chinese AI systems spreading globally required moving beyond the post–Cold

War assumption that maintaining a two-to-three-generation technological lead would be sufficient. Instead, Washington judged it necessary to constrain the growth of China's military and AI capabilities more directly. He emphasized that China currently lacks the ability to scale production of advanced AI accelerators, creating a window of several years during which coordinated restrictions on chips, manufacturing equipment, and related services could meaningfully shape the trajectory of the competition. Keeping U.S. and allied chips out of Chinese data centers, he argued, would be essential to maintaining a stable deterrence environment.

In the latter half of the discussion, the speakers examined the strategic implications of AI infrastructure diffusion, including the growing role of Gulf countries as potential hosts for large-scale computing infrastructure. They also addressed concerns that China seeks to establish a form of "super-OPEC" dominance in legacy semiconductors and critical minerals—areas where its expanding capacity may generate significant leverage over global supply chains. In this context, the discussion turned to the division of labor within the Japan–U.S. alliance, encompassing export and import controls, industrial policy, and the securing of critical minerals, as well as approaches to talent development and research investment.

The conversation concluded with a reflection on talent and research capacity. It was noted that the U.S. faces constraints on research funding and the acceptance of highly skilled talent due to immigration policy debates and fiscal pressures, while China continues to expand its investment in basic research.

Dr. Suzuki closed the session by emphasizing that the Japanese researchers and engineers contributing to U.S. innovation represent not a loss for Japan but an opportunity to enhance its own technological capabilities. He concluded that Japan must further strengthen its ability to link technology policy with national security considerations.

Geoeconomics Summit 2025

○ Panel Session 1

The EU plus CPTPP? Europe in the Age of the Indo-Pacific

The video is available here.

Amid renewed uncertainty surrounding the international order based on free trade under the second Trump administration, Europe with its emphasis on multilateralism and Japan as a key driver of the CPTPP can be seen as natural partners in efforts to sustain international cooperation through economic integration. In this context, growing interest within the EU in joining the CPTPP signals a new phase in Europe's engagement with the Indo Pacific region. This panel will explore the potential for cooperation in upholding free trade and a rules-based order, and examine how closer ties between Europe and the Asia Pacific could shape future international economic strategies.

Modelater

Dr. Hitoshi Suzuki

Senior Research Fellow, Europe & Americas Group, IOG

Panelist

Koji Tsuruoka

Director, International Affairs Institute

Panelist

Michael Reiterer

Distinguished Professor, Centre for Security, Diplomacy & Strategy, Brussels School of Governance

Panelist

Mr. Jan-Hein Chrisstoffels

Senior Fellow, Clingendael Institute

The first panel session, titled "EU plus CPTPP? Europe in the Age of the Indo-Pacific," explored how Europe and Japan can work together to uphold and strengthen a rules-based international order amid growing geopolitical uncertainty. Moderated by Dr. Hitoshi Suzuki, the discussion brought together Ambassador Michael Reiterer, Mr. Jan-Hein Chrisstoffels, and Ambassador Koji Tsuruoka to examine the evolving strategic landscape, the role of the CPTPP, and emerging challenges in economic security and governance.

At the outset, Ambassador Reiterer characterized the relationship between the European Union and Japan as a stable and mature strategic partnership, grounded not only in shared values but also in converging interests. He noted that Russia's invasion of Ukraine had significantly altered Europe's security environment, further reinforcing the importance of cooperation with Japan. Existing institutional frameworks such as the Economic Partnership Agreement (EPA) and the Strategic Partnership Agreement (SPA) were highlighted as solid foundations that have enabled deeper collaboration in areas including competitiveness, the green and digital transitions, and the secure supply of critical raw materials. He also pointed to expanding cooperation in research security, supply chain resilience, and cross-border data governance as evidence of an increasingly comprehensive partnership.

While acknowledging that full EU accession to the CPTPP would be difficult under current political and institutional conditions, Ambassador Reiterer emphasized that closer cooperation between the EU and CPTPP members remains highly meaningful. He argued that such cooperation could strengthen collective resilience against economic coercion and contribute to reinforcing a rules-based international order. Effective implementation of existing trade agreements, he stressed, is essential to maintaining credibility, and deeper engagement with partners in Latin America and ASEAN could further broaden the scope of cooperative frameworks.

Mr. Jan-Hein Chrisstoffels continued the discussion by highlighting the European Commission's evolution into what has been described as a "geopolitical Commission." While defense remains primarily within the competence of individual member states, he noted that the Commission plays a central role in shaping trade and economic security policy. From this perspective, he argued that rather than prioritizing CPTPP accession, the EU and Japan should focus on addressing immediate shared challenges through existing mechanisms. These include supply chain vulnerabilities in critical minerals and structural distortions caused by overcapacity in sectors such as steel and electric vehicles. He noted that the EU has already introduced safeguard measures in the steel sector and is considering additional actions in the automotive field, reflecting a growing emphasis on economic security. Strengthening policy coordination between Japan and the EU, he argued, is essential to sustaining a fair and rules-based trading system.

Ambassador Koji Tsuruoka emphasized that trust and predictability form the foundation of the international economic order. He warned that the erosion of these principles—particularly the paralysis of the WTO dispute settlement mechanism—poses a serious challenge to global governance. According to Tsuruoka, international agreements are meaningful only when they are implemented in good faith, and the credibility of the system depends on consistent adherence to agreed rules. He noted that the handling of exceptions and safeguards must be approached cautiously to avoid undermining the integrity of high-standard trade frameworks such as the CPTPP.

Tsuruoka further argued that cooperation between the EU and the CPTPP need not take the form of formal membership. Instead, flexible arrangements such as institutional dialogues or ministerial-level consultations could provide practical avenues for coordination. He pointed to forthcoming ministerial engagements as opportunities to reaffirm shared commitments to free and fair trade. In addition, he stressed the importance of collaboration in emerging areas such as digital governance and artificial intelligence, where Japan, the EU, and like-minded partners,including the United Kingdom, can jointly shape global norms and standards.

In concluding remarks, the panelists agreed that strengthening a rules-based international order requires sustained cooperation between Japan and Europe. Beyond economic considerations, such cooperation carries strategic significance in promoting stability, predictability, and openness in the global system. By engaging the Global South and reinforcing inclusive frameworks for trade and governance, the EU and CPTPP members can help steer the international community away from power-based competition and toward a system grounded in law, trust, and shared responsibility.

○ Panel Session 2A

Dealing with the America First United States

(Closed Session)

The second Trump administration has made the America First approach explicit across a broad range of areas, including trade, security, and technology. The resurgence of national interest–driven policy in the United States is prompting allies and like-minded partners to reassess the foundations of their traditional relationships and reconsider their strategic posture. This panel will examine how countries in the Asia Pacific and Europe should respond to and engage with the United States that is committed to an America First agenda.

Modelater

Mr. Yoshiyuki Sagara

Senior Research Fellow, Economic Security Group, IOG

Panelist

Mr. Kazuhiro Sugie

Director for Economic Security Policy Division, Trade and Economic Security Bureau, Ministry of Economy, Trade, and Industry (METI), Japan

Panelist

Dr. Hosuk Lee-Makiyama

Director of European Centre for International Political Economy (ECIPE); Senior Fellow, London School of Economics

The video is available here.

Panelist

Ms. Saori Tsuiki

Senior Economist, Mizuho Research & Technologies

Panelist

Mr. Mihir Sharma

Director, Observer Research Foundation

This session explored how countries in the Indo-Pacific and Europe are responding to the intensified "America First" orientation under the second Trump administration. Moderated by Yoshiyuki Sagara, Senior Research Fellow at the Institute of Geoeconomics, the panel brought together Kazuhiro Sugie, Director for Economic Security Policy at METI; Dr. Hosuk Lee-Makiyama, Director of ECIPE and Senior Fellow at LSE; Saori Tsuiki, Senior Economist at Mizuho Research & Technologies; and Mihir Sharma, Director at the Observer Research Foundation.

Sagara opened by noting that America First has become more explicit, broader in scope, and increasingly framed through national security. For U.S. allies, this shift requires a reassessment of long-standing assumptions about economic interdependence, multilateral rules, and the stability of the global economic order.

Mr. Sugie emphasized that while the Japan-U.S. alliance remains the foundation of Japan's strategic posture, major structural changes are reshaping the economic security environment. China's industrial expansion and resource restrictions, the U.S. push for domestic industrial revival, and the paralysis of the WTO have all created new vulnerabilities. He highlighted Japan's recent efforts to strengthen resilience through the Economic Security Promotion Act, METI's "3P+I" strategy—Promotion, Protection, Partnership, and Intelligence—and public–private cooperation in strategic sectors. Sugie underscored the significance of the Japan–U.S. Strategic Investment Initiative, which aims to jointly reinforce supply chains in semiconductors, pharmaceuticals, steel, shipbuilding, and other critical industries.

Dr. Lee-Makiyama argued that America First is not a temporary political phase but a structural pivot in U.S. policy. Measures justified on national security grounds, he noted, fall outside traditional trade frameworks, limiting the effectiveness of FTAs and WTO rules. He added that the global trading system was long sustained by U.S. trade deficits, which effectively acted as an international public good—an arrangement no longer politically feasible. As a result, many governments are adopting their own industrial or protectionist policies. He suggested that future cooperation will rely less on comprehensive FTAs and more on targeted economic agreements such as export controls, technology coordination, and critical mineral frameworks.

Ms. Tsuiki discussed Japan's economic strategy for a multipolar world, stressing the importance of diversifying partnerships rather than reinforcing dependence on the U.S. or China alone. She highlighted the growing relevance of "middle powers," including the EU, UK, South Korea, Taiwan, ASEAN, Mexico, and Canada. Rebuilding supply chains in Southeast Asia, strengthening technological competitiveness, and deepening ties with the Global South—particularly India—will be essential for Japan's long-term resilience. She also pointed to fiscal sustainability as a key challenge as Japan balances economic security investments with rising defense and social spending.

Mr. Sharma offered a candid Indian perspective, arguing that America First will persist regardless of U.S. political leadership, given its deepening roots within bureaucratic and corporate decision-making. Countries closest to the U.S., he warned, are often the most vulnerable because they possess more privileges Washington can retract. Sharma asserted that the rules-based order is already undermined by U.S. protectionism, EU regulatory unilateralism, and China's non-market practices. To regain predictability, he recommended a "portfolio strategy": diversify supply chains, partnerships, and technologies, and avoid overexposure to any single actor.

Overall, the session underscored the need for countries to enhance strategic autonomy, strengthen cooperation among like-minded partners, and adapt to a global landscape increasingly shaped by power politics and economic fragmentation.

○ Panel Session 2B

Strategic Autonomy or Strategic Integration? Defense Capabilities and Defense Industrial Cooperation in and across the Indo-Pacific

(Closed Session)

Surrounded by three assertive military powers, China, Russia, and North Korea, and exposed to the uncertainty of US global influence and commitments, states in the Indo-Pacific and Europe are poised to double down on their defense capabilities. But without a solid defense industrial base, which has been underinvested in many states, defense capability buildup may encounter realistic caps. How are states forging on their defense industrial capacities? How are states choosing to rely on their own capacities or seek cooperation with other international partners? This panel will address a challenging tradeoff between strategic autonomy and international integration in enhancing their defense industrial bases.

Modelater

Mr. Hirohito Ogi

Senior Research Fellow,
International Security Order Group, IOG

Panelist

Mr. Takamasa Iba

Principal Director, Equipment Policy Division, Department of Equipment Policy, Acquisition, Technology and Logistics Agency, Ministry of Defense, Japan

Panelist

Dr. Wooyeal Paik

Professor, Department of Political Science and Diplomacy, Yonsei University

Panelist

Mr. Tom Corben

Research Fellow, Foreign Policy and Defence, United States Studies Centre

Panelist

Ms. Lotje Boswinkel

PhD Researcher, Centre for Security, Diplomacy and Strategy (CSDS)

The video is available here.

This session examined how countries in the Indo-Pacific and Europe are rethinking defense capabilities and defense-industrial cooperation in an era marked by great-power competition and prolonged high-intensity conflict. Moderated by Hirohito Ogi, Senior Research Fellow at IOG, the panel brought together Takamasa Iba, Principal Director of Equipment Policy Division at Japan's Acquisition, Technology & Logistics Agency (ATLA); Dr. Wooyeal Paik, Professor at Yonsei University; Mr. Tom Corben, Research Fellow at the United States Studies Centre; and Ms. Lotje Boswinkel, PhD Researcher at the Centre for Security, Diplomacy and Strategy.

Ogi opened the discussion by noting that recent conflicts in Ukraine and the Middle East have accelerated a global shift toward the mass consumption of munitions, rapid technological adaptation, and long-term sustainment. Against this backdrop, states must reconsider how to balance "strategic autonomy" with deeper "strategic integration" among allies and partners.

Mr. Iba outlined Japan's priorities for strengthening its defense industrial base. He emphasized the need to build an agile industrial structure capable of supporting the Self-Defense Forces' operational concepts and supplying equipment continuously during prolonged contingencies. The war in Ukraine, he noted, demonstrates the necessity of stable production lines for ammunition, unmanned systems, and other consumable capabilities. Japan's defense industry, having traditionally focused on high-quality, small-lot manufacturing, now faces the challenge of scaling production and accelerating innovation. Iba highlighted efforts to enhance collaboration with startups, promote digitalization, and reform industrial structures to improve resilience and responsiveness.

Dr. Paik provided an overview of South Korea's rapid ascent as a global defense exporter. He explained that Korea holds strong competitiveness in land and naval systems but continues to face significant weaknesses in ISR, aerospace, and space-related capabilities. Historical budget allocation favoring the Army has created structural imbalances that hinder investments in high-tech domains. Paik noted that increased demand from Europe and the Middle East has fueled Korea's export growth, but moving into higher-value sectors such as fighter aircraft and submarines will be essential for future competitiveness. Korea's challenge, he argued, lies in balancing export-driven industrial growth with the long-term need for technological autonomy.

Mr. Corben described Australia's shift toward a strategy of achieving national autonomy "through integration." Given Australia's limited domestic industrial scale, partnerships—particularly through AUKUS—are indispensable for building advanced capabilities. He highlighted opportunities for cooperation in uncrewed systems, undersea technologies, and long-range strike. To sustain such efforts, Australia will need to expand its startup ecosystem, attract private capital, strengthen industrial security, and build a more robust defense workforce. Corben stressed that Australia's experience illustrates that smaller and middle powers can enhance sovereignty by embedding themselves more deeply in allied industrial networks.

Ms. Boswinkel offered a European perspective, emphasizing that the war in Ukraine has forced European states to confront critical capability gaps, including long-range fires, air defense, and unmanned systems. European governments are increasingly turning to joint production lines with Ukraine, expanding procurement, and encouraging new entrants into the defense sector. She noted that the Indo-Pacific and Europe share similar threat perceptions as well as urgent capability requirements, creating opportunities for "cross-theater ecosystems" that enable standardization, joint development, and shared innovation across regions. Areas such as missiles, air defense, drones, and space systems offer particular potential for deeper coordination.

Across the discussion, a common theme emerged: no country can meet its defense needs alone. The panel underscored that combining strategic autonomy with flexible, multidirectional integration will be essential in the coming decade. Building sustainable industrial bases—through mass-production capacity, technological innovation, structural reform, and cross-regional cooperation—will be central to strengthening deterrence and resilience in the Indo-Pacific and beyond.

○ Panel Session 3A

China's Statecraft in Asia

This panel explores how Asian countries are recalibrating their relationships with China in light of shifting international dynamics, particularly under the second Trump administration. With intensified U.S.-China strategic competition reshaping regional geopolitics, speakers will examine how states across Asia are navigating these changes, responding to Chinese statecraft, and assessing prospects for regional cooperation in an increasingly contested geoeconomic landscape.

Modelater

Dr. Kenichi Doi

Senior Research Fellow,
China Group, IOG

This session examined how Asian countries are navigating China's increasingly assertive economic statecraft amid intensifying U.S.–China strategic competition. Moderated by Dr. Kenichi Doi, Senior Research Fellow at the China Group, IOG, the panel brought together Dr. Aaron Jed Rabena, Assistant Professor at the University of the Philippines Asian Center, Dr. Jaewon Lee, Senior Specialist, at the Center for Economic Security and Foreign Affairs (CESFA), Ministry of Foreign Affairs, Republic of Korea, and Mr. Hotaka Machida, Visiting Senior Research Fellow, at the China Group, IOG. Their discussion explored past experiences with Chinese coercive measures, the outlook under the second Trump administration, and prospects for regional coordination.

Dr. Rabena began by outlining the Philippines' experience with China's economic pressure, most notably the 2012 Scarborough Shoal standoff. Following the incident, China restricted Philippine banana imports and sharply reduced tourist flows, actions widely interpreted as economic coercion. These measures prompted Philippine policymakers to diversify trade and strengthen investment screening mechanisms. At the same time, Dr. Rabena emphasized the complexity of Philippine–China ties: while public trust toward China remains low due to the South China Sea disputes, Chinese consumer products, digital services, and infrastructure financing remain deeply embedded in Philippine society. This dual perception—viewing China as both an opportunity and a risk—continues to shape Manila's economic security policy.

Dr. Lee reviewed South Korea's well-known experience with the 2016–2017 THAAD deployment crisis. China imposed extensive informal sanctions, including restrictions on cultural exports, consumer goods, batteries, and tourism. Although the economic damage to Korea was substantial, the pressure did not alter Seoul's national security position. Dr. Lee noted that under heightened U.S.–China rivalry, South Korea now confronts more structural geoeconomic risks, including semiconductor export controls, supply chain vulnerabilities, and China's accelerating industrial self-sufficiency. The recent Chinese

Panelist

Dr. Aaron Jed Rabena

Assistant Professor, University of the Philippines Asian Center

Panelist

Dr. Jaewon Lee

Senior Specialist, Center for Economic Security and Foreign Affairs (CESFA), Ministry of Foreign Affairs, Republic of Korea

Panelist

Mr. Hotaka Machida

Visiting Senior Research Fellow, China Group, IOG

sanctions on U.S.-based subsidiaries of Korean shipbuilders illustrate a new phase of coercion targeting alliance-linked sectors. Dr. Lee stressed the need for more coordinated regional and international mechanisms to mitigate such risks.

Mr. Machida described Japan as one of the most frequent targets of Chinese economic statecraft, citing rare earth export restrictions in 2010, consumer boycotts and attacks on factories in 2012, and the 2023 seafood import ban following the discharge of treated water from Fukushima. These actions caused short-term disruptions but ultimately resulted in Japanese diversification, technological innovation, and expanded export markets. Japan's response demonstrated that economic coercion often backfires, as Chinese industries also suffered losses from long-term supply chain shifts. Mr. Machida emphasized the importance of international support, noting that U.S. and Australian cooperation helped Japan identify alternative buyers for seafood exports. He argued that deeper interdependence and diversified supply chains make it more difficult for coercive measures to succeed.

Looking ahead, the panel discussed the evolving strategic environment under the second Trump administration. Dr. Rabena highlighted that the Philippines' response is shaped not only by U.S.–China rivalry but also by its own direct disputes with China. Strengthened U.S.–Philippine security cooperation, new EDCA sites, and emerging critical minerals collaboration illustrate Manila's growing alignment with Washington. Dr. Lee outlined Korea's difficult position as both major powers widen export controls and protectionist measures, putting pressure on Korean industries. Mr. Machida noted China's cautious yet closely monitored approach toward Japan's new political leadership, suggesting that bilateral stability may depend on careful management of historical and political sensitivities.

In the final discussion, all panelists assessed whether Asian states could coordinate more effectively in responding to economic coercion. Dr. Rabena stressed that cooperation is possible but complicated by divergent national interests and China's central role in regional supply chains. Dr. Lee highlighted that the expanding scope of economic security,spanning trade, technology, minerals, and industrial policy, creates both common vulnerabilities and opportunities for collective resilience. Mr. Machida added that Asian countries must pragmatically balance relations with both the U.S. and China, adopting flexible strategies and maintaining diversified markets.

Overall, the session underscored that while China's economic statecraft remains a significant challenge, Asian states are becoming more proactive in strengthening resilience, sharing information, and seeking alternative markets. Greater coordination among middle powers could play an increasingly important role in shaping a stable and rules-based geoeconomic environment in Asia.

○ Panel Session 3B

The Geoeconomics of Gen AI: Middle Power Strategies on Digital Sovereignty (Closed Session)

The rapid advancement of generative AI is fundamentally reshaping the global landscape of competition in the digital domain. As critical technologies and resources become increasingly concentrated in a handful of countries and leading firms, middle-power nations are exploring how to safeguard their sovereign decision-making while keeping pace with the accelerating wave of innovation. This panel will examine the geoeconomic dynamics surrounding generative AI and consider the strategic options available to middle powers, with a focus on international competition and cooperation in AI development.

Modelater

Mr. Kota Umeda

Research Fellow, Emerging Technology Group, IOG

Panelist

Mr. Yoichi Iida

Special Policy Advisor to Minister, Ministry of Internal Affairs and Communications (MIC), Japan

Panelist

Dr. Seoin Baek

Assistant Professor, Hanyang University

Panelist

Dr. Jonata Anicetti

Post-Doctoral Fellow, Centre for Security, Diplomacy and Strategy (CSDS)

Panelist

Dr. Kosuke Saito

Visiting Senior Research Fellow, Emerging Technology Group, IOG

The video is available here.

Panel Session 3B examined how middle-power nations can navigate the rapidly evolving landscape of generative AI amid intensifying geopolitical competition and growing concerns about digital sovereignty. Moderated by Mr. Kota Umeda, Research Fellow at the Emerging Technology Group, Institute of Geoeconomics (IOG), the panel brought together Mr. Yoichi Iida, Special Policy Advisor to the Minister at Japan's Ministry of Internal Affairs and Communications, Dr. Seoin Baek, Assistant Professor at Hanyang University, Dr. Jonata Anicetti, Post-Doctoral Fellow at the Centre for Security, Diplomacy and Strategy (CSDS), and Dr. Kosuke Saito, Visiting Senior Research Fellow at the Emerging Technology Group, IOG. Their discussion explored how countries such as Japan, South Korea, and EU member states can advance their strategic interests while managing the risks associated with increasingly powerful AI systems.

The discussion opened with the recognition that generative AI has developed at extraordinary speed, reshaping daily life, economic activity, and national power structures. While the United States and China currently dominate frontier model development, middle powers find themselves in a difficult position: they cannot forgo capabilities in foundational technologies, yet they also lack the concentration of data, capital, and compute resources possessed by the AI superpowers. Against this backdrop, the panel explored how international cooperation, regulatory innovation, and targeted investment can strengthen strategic autonomy without sacrificing openness.

Mr. Yoichi Iida, Special Policy Advisor to the Minister, Ministry of Internal Affairs and Communications (MIC), Japan and a principal architect of the Hiroshima AI Process, offered an optimistic view of the impact of generative AI on international politics. He argued that the emergence of large-scale AI models actually shifted discussions among democratic nations from competition to cooperation. During Japan's 2023 G7 presidency, concerns about policy fragmentation—such as differences between the EU's legally binding AI Act and the softer approaches of Japan and the United States—initially hindered consensus. However, the shared recognition of generative AI's risks, from disinformation to transparency challenges, created momentum for collective action. The Hiroshima AI Process, now supported by 57 countries plus the EU and major global AI developers, has established voluntary guiding principles, a developer code of conduct, and a risk-reporting framework hosted by the OECD. Iida emphasized that multi-stakeholder cooperation is now indispensable, as governments alone cannot regulate technologies they do not fully control.

From South Korea, Dr. Seoin Baek, Assistant Professor at Hanyang University and a member of the Presidential AI Committee, explained how Seoul is pursuing a two-track strategy: strengthening alliances with like-minded countries while simultaneously investing in sovereign technological capacity. South Korea welcomes collaboration with global AI leaders and maintains an open-source orientation, but it is also working to internalize key capabilities to avoid structural dependency. Dr. Baek highlighted two policy pillars: "physical AI," which integrates AI into industrial processes to ensure productivity and employment stability, and "universal basic society," which aims to address AI-driven social divides through welfare, education, and inclusive infrastructure. She emphasized that balancing innovation with inclusiveness is now a central challenge for all advanced economies.

Dr. Jonata Anicetti, Post-Doctoral Fellow at the Centre for Security, Diplomacy and Strategy (CSDS), analyzed the broader geopolitical implications. He argued that the AI race has only just begun, and that long-term national power will depend not only on innovation but on the diffusion of AI across society. Drawing comparisons to earlier general-purpose technologies such as electricity, he noted that successful diffusion could take decades. Countries that manage to rapidly integrate AI into manufacturing, logistics, defense, and public administration will become the true winners. Dr. Anicetti outlined the European Union's evolving strategy: transitioning from a primarily regulatory focus to an industrial one, including investments in supercomputing, data infrastructures, and sector-specific AI applications. He emphasized that AI will be a decisive factor in both economic competitiveness and military capability.

Dr. Kosuke Saito, Visiting Senior Research Fellow at Emerging Technology Group, IOG and Professor at Sophia University, highlighted the unique challenges generative AI poses for national governance. Unlike nuclear or space technologies, AI is overwhelmingly driven by the private sector, limiting governments' ability to direct or constrain its development. Moreover, because models are trained on language data, they may embed cultural and ideological biases, meaning that countries importing AI may unknowingly import foreign values. This raises sensitive questions about sovereignty, social stability, and democratic resilience. Dr. Saito argued that transparent AI—systems whose training data, assumptions, and value orientations are visible—is crucial for managing these risks while preserving innovation.

The panel also addressed concerns ranging from Japan's growing digital trade deficit to the spread of AI-generated disinformation. Panelists emphasized that mitigating information risks requires both regulatory mechanisms and technological solutions, and that collaboration among middle powers can enhance collective leverage over global AI platforms. They also underscored the need for resilient infrastructures and risk evaluation capacities that match the speed of AI development.

In conclusion, the session underscored that generative AI is simultaneously a driver of geopolitical competition and a catalyst for multilateral cooperation. While middle-power nations face structural disadvantages, they can play a decisive role in shaping safe, transparent, and human-centric AI ecosystems through coordinated governance, shared infrastructure, and strategic investment. The panel affirmed that building such frameworks is essential for ensuring that AI contributes to a stable, rules-based international order.

公益財団法人 国際文化会館
International House of Japan

Message

The International House of Japan established the “Institute of Geoeconomics” in 2022 to commemorate its 70th anniversary. By focusing on the emerging interdisciplinary field of geoeconomics, which integrates geopolitics and economics, the institute aims to serve as a hub for fostering dialogue and collaboration not only within Japan but also across the Asia-Pacific region, thereby enhancing its global outreach.

The International House of Japan remains committed to its mission: “to foster intellectual dialogue, policy research, and cultural exchange with diverse global communities, contributing to the creation of a free, open, and sustainable future.”

Chairman, Board of Directors
International House of Japan

James Kondo

Contact Information

The International House of Japan
Institute of Geoeconomics Secretariat: iog-secretariat@ihj.global
Corporate Partnership Division: cpd@ihj.global