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ECONOMIC SECURITY IN THE INDO-PACIFIC: IMPLICATIONS FOR US-JAPAN RELATIONS
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Mireya Solís [00:02:36] Good afternoon, everyone. Welcome to all of you who are joining us in person, but also to the audience who's watching online. My name is Mireya Solís I'm the director of the Center for East Asia Policy Studies at Brookings. And it's my great pleasure to co-host today's event with the Sasakawa Peace Foundation USA and in particular to team up with James Schoff, the director of the US-Japan NEXT Alliance initiative.

We have an important and timely topic to discuss today; the new landscape for economic security in the Indo-Pacific and the implications of that for US Japan relations. Let me offer just a little bit of a framing remark, and then I'll introduce our panelists. Let me put it this way. Growing geopolitical tensions, concerns over the weaponization of economic interdependence and the ongoing technological revolution have had deep implications for the Indo-Pacific. We're seeing in many ways a paradigm shift. Across the region, we see the rise of economic security policies. Broadly speaking, these policies are guided by two main objectives: to protect against vulnerabilities, to not be the

target of external pressure, but also to develop technological prowess, to develop advanced manufacturing.

And there's a new term that has become quite used lately, and that is a strategic indispensability. And that, I think, guides a lot of the actions that we see from our governments in the region. China has doubled down on its state capitalism model to pursue self-sufficiency in advanced manufacturing, has embraced civil military fusion and has relied on its market power as a tool to exert leverage with regional actors with which it has foreign policy disagreements. And we see this type of economic coercion more frequently. The United States, Japan and other industrialized nations have responded by reviving industrial policies and building a defensive toolkit on cybersecurity, export controls and investment screenings. Sometimes the actions of these countries are coordinated, but sometimes they're not. And there's no question that as we go into this new dynamic, we're going to see a reshaping of the regional economic order.

So to assess all these trends, to understand how will they impact the policies of the United States and Japan, let me introduce the panelists in the order in which they will offer framing remarks. James Schoff leads the US Japan NEXT Alliance and the Sasakawa Peace Foundation USA. And previously, he was senior fellow at the Carnegie Endowment for International Peace and senior adviser for East Asia Policy at the US Office of the Secretary of Defense. Jun Kazeki is executive advisor at the GRIPS Alliance, focusing on economic security and emerging technology. Most recently, Mr. Kazeki served as director general for the Trade Control Department at the Ministry of Economy, Trade and Industry, where he was responsible for export controls and investment screening. And before this role, he was involved in designing the growth strategy in the cabinet secretariat. Mihoko Matsubara is chief cybersecurity strategist at NTT and a nonresident scholar at the Sasakawa Peace Foundation USA. Previously, Matsubara-San worked at the Japanese Ministry of Defense and the 2019 book on Cybersecurity won an award by the Okawa Foundation for Information and Telecommunications. Scott Kennedy is senior advisor and trustee chair in Chinese Business and Economics at CSIS. He is a leading authority on China's economic policy and a prolific writer. Some of the recent publications include "China's Uneven High-Tech Drive: Implications for the United States" and "China's State Capitalism, Diagnosis and Prognosis" and more, most recently, also a study of industrial policy in advanced technology, I think by the title of Red Ink if I'm not mistaken. Great.

So there are our speakers and I'm going to start with some framing remarks, and then I'll open it up for our conversation among the panelists. And then I want to bring the audience both in-person and online and make this a very interactive process. And Jim, why don't you get us started, please, in talking about some of the broad trends, drivers, and what you see are the most important highlights you want to understand what is happening in terms of economic security in the Indo-Pacific and US-Japan relations.

James Schoff [00:07:43] Terrific. Well, thank you so much, Mireya, for having us here working with Sasakawa USA, on this event, participating in our weekend retreat that we held in Annapolis just this past weekend with a delegation from Japan and from the U.S., from diverse backgrounds related to economic security. Many of the participants are here on the panel and in this room, and I'm grateful to their contributions as well. So this was the first NEXT Alliance conference that we organized in our program. And the NEXT Alliance initiative is focused on helping the US Japan Alliance think through and prepare for dealing with new and emerging trends, challenges facing the alliance, in particular, connecting people to help build the alliance infrastructure and facilitate policy coordination for the future. And one area of focus for us this year is to support the economic two plus two in the in the alliance to help us navigate this new era of economic security.

My framing remarks will will echo some of what Mireya talked about. You know in the 1990s, economic security was primarily about competitiveness. And the U.S., Japan, the EU all pursued this in the context of reducing barriers to trade and investment and by inviting diverse partners like China to be a part of it, and including them in the WTO and the like. And the U.S., Japan and the EU, I think, were largely of one mind about this, but we had to negotiate them to the details. And that's what USTR and others all struggled with for many years, but but worked it out. Now we're in an era of Brexit, U.S. withdrawal from TPP, unilateral tariffs, domestic subsidies, sanctions, and a raft of new export controls. But still, we have like minded partners, and we are trying to develop new bilateral and multilateral arrangements to pool resources, create more resilient supply chains, and prosper together by forming circles of mutual trust.

But it's not as simple, I think as dividing ourselves into two major camps, decoupling along authoritarian and democratic lines, because ideologically speaking, I think it's a very complex and dynamic time for all of us. Liz Truss in the UK pursued a libertarian economic vision, now Rishi Sunak pledges a Thatcherite approach. In the US. we have swung from Trump's America first approach to

Biden's assertion that allies are America's greatest strategic asset. And we're only just beginning to find out what Prime Minister Kishida's new form of capitalism is all about and how it differs from Abenomics. And moreover, we talk about this in the context of strategic competition with China, even though the word competition suggests that we have some mutual understanding of rules and a form of officiating, I would say that it's more accurate to describe it as a form of unbridled competition in which governments seem willing to justify whatever they can get away with. Now, that doesn't mean there are no boundaries or parameters for this competition, but they are unclear and they could be eroded further. And although we approach this competition determined to do so in partnership with friends and allies, we all have our own political circumstances and ideological framing.

So our dialogue in Annapolis aimed to support our country's efforts to develop useful parameters for this competition, facilitate collective effort, and to help grow, innovate and protect our economies. Again, we're largely of one mind about this, but now it's time to dive into the details. And that's what we tried to do over the weekend. Before we get into our discussion later on and I'll end my framing remarks with a with one main highlight or impression that I took away from from the weekend, which is that modern economic security places a very large burden on the alliance and multilateral infrastructure. We have to commit to strengthening and reshaping that infrastructure and associated human networks in order to deal with it. For example, on rare earth, rare earth metals, we have to diversify supply and refining capacity. But at the same time, we also need to innovate away from dependence on this dirty industry by developing substitute materials. We will need new many lateral or plurilateral frameworks for export controls on the defensive side of things and for data sharing for investment and innovation on the offensive side of things. We might restrict what some of our citizens can do with certain foreign countries or companies. We also want to expand contacts and facilitate more interaction with others. So I think embassies actually will become a much more important part of this process going forward because they are the most tightly knit inter-agency bodies that our governments have that share a unified united vision, mission. Economic security is going to become, I think, a more central part of each embassy's mission going forward. And that will be something else we can talk about later.

Mireya Solís [00:13:09] Thank you very much, Jim, for those for that overview of some of the important trends that we're going to be discussing. I think that one of the top line messages I got from your remarks is what happens to a rules-based order in an era of unbridled competition? How can we

find constructive competition with China? We don't want to see a complete decoupling. And how can we then coordinate with allies? We might have a close alignment in terms of interest, but then, as you said, the devil is in the details and there might be some differences in how different countries perceive our competition with China.

And as I was mentioning in my opening remarks, we see many countries boosting that defensive toolkit. Export controls have been the talk of the town and not only here, but in many capitals, especially as of October 7th, when the United States introduced two new important export control rules and Kazeki-San, I know you are an authority on export control rules, there's a lot to cover on what is Japan doing? How do you see the United States move here? And I think that there is also discussions about reform to the multilateral export control regime. Is there an opportunity for an plurilateral system? So wherever you wind up, whatever you want to pick up, please let us know what are your thoughts on this area?

Jun Kazeki [00:14:29] Okay, thank you, Mireya, and first of all, I enjoyed the you know, over the weekend in Annapolis discussion that was very informative and I benefited from that discussion regarding economic security policy. And actually this topic is quite timely because, you know, national security strategy of the United States just issued last October and Japan's version is now is finalizing towards the end of this year after nine years absence. And then this new national security strategy will include economic stability policy. So that is a very crucial moment right now. So today, I would like to relate to two issues; firstly, its the economic policy, economic security policy in general. And secondly as Mireya said the state of play, of export controls on semiconductors, I think it's everyone's interest right now.

The first issue of economic security policy of Japan, actually, the vulnerabilities of supply chains are very clear after the sort of high tech competition among big players and COVID 19 and the recent Russian invasion of Ukraine, those are very challenging. And then Japan took a holistic approach or a whole government approach or a big picture approach, we do both protection policies and promotion policies as Mireya articulated. Protection policies also include export controls, investment screenings and research integrities. And the promotion policies include R&D for advanced technologies by public and private partnership with funding. And those policies are well articulated in our economic security policy statement.

And most recently we enacted the so-called Economic Security Promotion Act. The act passed last May successfully, and now it's the implementation stage. And so the implementation is now on track, and the first two pillars, separating resilience, and public private partnership for R&D, those are on track this year, and those pillars were entered in the polls last August, and the most recent, basic guidelines by the Cabinet decision, the end of September. And then in the supply chain side we have 11 sectors nominated to the end of this year, I mean, by the Cabinet. So next year we will start the actual implementation of 11 sectors, including of course the semiconductors, batteries, and the critical minerals.

And in the side of the R&D promotion, we issued a Japanese government so-called tech vision, first version of tech vision was issued last September, it included 27,000 subset of precise technologies, or advanced technologies. For example, quantum sensing or space, you know, constellations. So those are included. So now the funding will be done next year. So that's already started. So what are remaining challenges? I think, firstly, the so-called Korean system. We need a robust, you know, protection of confidential information that is the first challenge.

And second is the cyber security issue, I mean, the third pillar of the economic security promotion act includes the protection of core infrastructure of Japan, including electricity, gas, transportation, finance and water, almost everything. And the implementation date is in November, next year, 2023. So next year is a year of the cyber security core infrastructure. So that'll be the second challenge.

And the third challenge is more broadly the how can we protect the rule-based trading system? In Japan, economic you know, security policy in a broader sense include a growth strategy, a free trade rule-based trading system. So we host the next year G7 summit and we are promoting, of course, Quad, CPTPP, obviously, and iPay for reason three. So there are many initiatives. So next year is another challenge for us to lead all aspects of trade liberalization, growth and rule-based trading system. So I noticed one of them is the economic question (phonetic), that is a very important issue right now. Hot topic. So how can we deal with this? Perhaps I can touch upon later after discussing this matter.

And now the as opening remarks, I will touch upon the state of (inaudible export controls. That is a perhaps key issue today, too. First I have to reflect, my term, it's, you know, February when Russia invaded the Ukraine and we started I mean we means Japan, the United States, and the EU

started the sort of sanctions against Russia, which included export controls. At that time, we went beyond the normal normally internationally controlled items in the regimes, but we included, you know, basic semiconductors or normal computer devices or even advanced technology such as quantum computing, relating items. That went beyond the existing regimes. And we did that only one month or three months. Nobody takes, you know, 2 to 3 years to agree upon such sensitive items in an international regime. But this time, in only 1 to 3 months, because we shared the shared value or importance of the rule of law and the importance of territorial integrity. That is what we agreed upon very quickly and achieve the goal. And now the most recent measure by the United States, October 7th, is the semiconductor.

Well, to me, it's such a long history. Not this time, but it's a long history of the, you know, trying to capture the issue of this side or competition on high tech issue. And, of course, Japan prefers a plurilateral approach. Last year, under the cabinet decision we had a mandate to go forward the multilateral or plurilateral framework of export controls, which are the concept that to agree upon the particular items at show point items by countries which possess key technologies so that is only 1 to 3 or 4 countries get together to have agreements and then introduce export controls, not export bans. So we control, case by case basis, sometimes. But anyway, so that is our basic sense. And this time the US measure is unilateral. But I understand the United States would like to expand it. So I assume that Japan and European colleagues are now examining very carefully the scope of items because it includes 150 pages of U.S. document, and also its impact on industries and exporters.

And thirdly, the aspects of their practice, because sometimes the export controls include a case by case licensing practices. So our goal is to have you know, final result, final outcome, that is the level splaying field by exporters and the business people. So in that sense, we are working hard. So I don't say the, you know, timing or the, you know, scope, but at least we have a, you know, a shared goal, to keep the technology supremacy and data that's flat for us. So that is what I am saying right now, but I should stop here because five minutes limitation, so I can pick up questions later on. Thank you.

Mireya Solís [00:22:53] Thank you very much Kazeki-San for providing, first of all, a comprehensive overview of Japan's economic security strategy, the law that was passed in the spring, the connection between economic security and trade diplomacy, which I think it's important to highlight. And then your very careful discussion about the export controls that Japan likes, plurilateral

export controls. The US latest measure is unilateral, but there's an ongoing conversation and I'm sure we'll come back to this topic.

Matsubara-San, I think, you know, your expertise on a critical topic of cybersecurity is really a great benefit to this panel. We talk about the digital transformation. Increasingly, economies are going to digital platforms and this creates great opportunity but great risks. We're in a situation where we don't have multilateral digital standards, and I imagine we don't have a broad base of broad cooperation to deal with cybersecurity threats. So I wonder if you can talk about the role of cybersecurity in economic security, what Japan is doing, what the US is doing, and where do you see perhaps some areas of alignment or any other element of the cybersecurity arena that you think we should all be aware of?

Mihoko Matsubara [00:24:09] Thank you. So because Kazeki-San already touched upon the importance of cybersecurity in Japan, US economic security, corporations, but also in a broader sense, cybersecurity is so crucial in the economic security in the Indo-Pacific. Why? Because each one of you here today, or each one of you listening to this webinar are always reliant on the digital infrastructure. We cannot think about our innovations or business operations without our ICT technologies or digital infrastructures. So it totally makes sense to provide good resilience, cybersecurities for our innovations, our digital infrastructure and also more broadly, our national security and economic security.

But as Mireya already said, we have huge programs because now you have more I.T. assets to support our business operations or national security operations. So we have broader on the bigger attack, surface from cyber attackers. So I see two major threat to economic security from our cybersecurity perspectives. One is cyber disruptions or cyber sabotage by ransomware attacks, or wipe out malware attacks, because it can disrupt our supply chain. And because even if attacker only hits one specific country or one specific company, but cybersecurity doesn't consider about national borders or borders of organizations, so the damage caused by cyber attacks can spread through the borders of organizations, business sectors, and also national borders. And also the second threat to our economic security or national security is our cyber enabled IP theft or cyber espionage. Because if they steal our intellectual property data by cyber espionage, then it means that that countries can have advantage over our intellectual property without making any efforts, or they are making efforts to

do cyber espionage, but they are not making efforts to create technologies. So it means that our size of victimized company or victimized country will lose market competitiveness.

And also in the worst case scenarios, actually, we've seen multiple cases that go into bankruptcy caused by cyber enabled IP theft. So what should we do? So I would like to propose two policy recommendations to not only to the Japan-U.S. alliance, but also to the Indo-Pacific like minded countries. So first one is to do cyber threat intelligence sharing. At the classified level, and also unclassified level. And because Japan and the US have been deepening and expanding our great alliance, and we've been having already almost annual cyber dialogs to share cyber security intelligence. But we should also include our critical infrastructure companies into that framework to share our cyber threat intelligence, because cyber attackers are not only after defense sectors or the US federal government or Japanese central government, they are also after our manufacturing sectors and also critical infrastructure companies. So it makes sense to for us to share cyber security intelligence, not only between the government, but also between the industry and the government, between the two countries. But in the future, we should expand to Quad and also to the broader Indo-Pacific like minded countries. And of course, we can do that at unclassified level, but sometimes if we do that only at unclassified level, we lose the context. So that is why we have to expand the security clearance system to cover the broader critical infrastructure companies so that we can include more companies to share our sensitive intelligence.

And my second policy recommendation is to do a joint cyber exercise not only between the central governmental agencies or ministries, but also including the critical infrastructure companies. And actually, I think I firmly believe that Japan can play a really great role in this because Japan, Japanese NISC, it's a Japanese cybersecurity agency, and it has already 16 year experience to host a joint cyber exercise inviting CNB (phonetic) agencies and also critical infrastructure companies, almost 4000 people every year. So why not expanding to invite Americans or other quad members. Of course we are going to have a huge barrier, English language barrier, but we can overcome because again, cyberattackers don't care about our national borders so we have to do it. And also, if we can do a better classified level of cyber intelligence, then we can also include very sensitive scenarios based upon what we've been observing in our network so that we can test and share our concerns, but also our best practices to help our resiliencies for the Japan-U.S. alliance, but also for the quad, and also for the free and open Indo-Pacific.

Mireya Solís [00:30:12] Thank you. Thank you very much. And those are really excellent recommendations. And another element from your remarks that I took away is that when we talk about economic security, of course, how governments want to vis-a-vis one another, how they position themselves important. But the role of the private sector is critical. And certainly in cyber security, the capabilities of critical infrastructure companies is an element that should be taken into account. And more broadly, I think that the boundaries between government regulation, intervention and private market enterprise is also a topic that recurrently comes up in this topic of economic security in the context of supply chain. Usually it's more on the complaint side because companies do not want to be giving the government sensitive information. But certainly that's part of the mix of what's happening here with these trends.

And let me go to Scott and, you know, you have a unique set of insights on China from your long trajectory. But also, I understand that you spend a significant amount of time recently in China, which is rare these days. And I was hoping that you could give us a sense of how do you see China positioning itself, Beijing? How is it thinking of its own self-sufficiency goals, but also how it's reacting to these changes in economic security policies from the United States and other countries? What was the atmosphere like, as you traveled in China.

Scott Kennedy [00:31:49] Thanks for having me and I'm really glad that you, that Brookings and Sasakawa Peace Foundation have put on this program in the conference. I'm sorry I wasn't there. It sounded like it was a great discussion.

James Schoff [00:32:00] You were invited. He was busy.

Scott Kennedy [00:32:03] Yeah. A genuine excuse, if I could have been there, I would have been there 100%. I did have a chance to go to China in September and October for seven weeks. I tried to go in April and Shanghai lockdown stopped me, didn't want to sit in a hotel for 5 to 6 weeks doing nothing. So in the spring, actually, I went to Taiwan, Korea and Japan for five weeks and that was a really good chance. I don't know if I did that in preparation of this panel, but it helped a lot for me to really understand how our allies and friends look at the US-China relationship, look at technology and where we're where we agree, where we where we don't. And then I went to China, and the topic of this panel was front and center. Obviously, I was there on October 7th when these regulations came out and that Jim wasn't there. So they couldn't yell at Jim. So they yelled at me instead. No, actually, I had very good conversations with people about technology, and we disagreed

a lot. But people weren't disagreeable. I would say the conversations in Beijing and in Washington about economic security are almost identical, just mirrored. And and and I think I sense some differences between Washington and its friends. So let me show you why why I think that.

So I think the reason the things sound so similar in Beijing and Washington is essentially at the conceptual level we have, we see a purely zero sum relationship between commercial interaction and national security in both places. The more we trade, the more we're interconnected, the more at risk we are in terms of national security. I think that equation applies in in the Biden administration, in the Trump administration before and certainly among the people that I interacted with in Beijing who are in government or scholars that work on this. In addition, there is a huge focus on whatever that technological gap or lead is and how to narrow it or expand one's advantage. And that relative position matters a lot. There's less emphasis in each place on their absolute position. So whether you're ahead 4 to 1 or 18 to 15 doesn't matter so much in both places. So how much you innovate is less important than that one is ahead or one catches up. That seems to be common in both Beijing and Washington.

In addition, they both focus heavily on their own dependance on the other or on global markets, and very little on how the rest of the world is dependent on them. So it's mostly a one sided look at the equation. And therefore, the more we're connected, the more we're at risk. I think that's true of both places. Then, in terms of policy, both framed their policy choices with the exact same language to begin the sentence, which is because the other side did X, we have no choice but to do Y. And I can't tell you how many dozens of times I heard Chinese say (speaking Mandarin), we have no choice but to. And how many times in Washington I have heard folks in every building down that direction, we have no choice but to. So very, very similar. And so they talk about the other side's weaponization of interdependence so this is very zero sum. And I and and that really differentiates the US and China from what I hear from our friends in the region, as my colleagues on the stage have already said, we have the same goals. Maintain the advantage, ensure supply chain resilience, prepare for any eventualities. But how we get there, I see, I can tell that there's lots of differences that we will either negotiate or force on one another in one way. So.

My sense is, is that there is not a view in the region that economic engagement and national security are purely zero sum. That in fact, in some ways, commercial engagement can strengthen one's national security. And you don't hear that here. And I think that's a a huge conceptual

difference. So you'll hear from companies and governments in the region that selling to China, selling high tech stuff to China is part increases their wealth and their income, which they put back into R&D that helps them innovate and stay ahead. They also have R&D programs in China or have Chinese in their countries helping them innovate and stay ahead. In addition by having Chinese companies in their innovation ecosystems, that extends the Chinese companies dependence on their technology because ecosystems or supply chains aren't actually like a line where every link of that chain is identically powerful.

Typically, in almost every single one of these ecosystems, it's either the United States or its allies that are at the top of these hierarchies. These are hierarchies that are very difficult to break unless you come up with disruptive technologies. And so there's a sense that having China in these ecosystems is as important as whatever that gap is. In addition, by having them in your ecosystem, you get a tremendous amount of information. So if a Chinese company is not in your ecosystem, it's in a different ecosystem. You have zero information. And whether you are, you won't know actually how far ahead or behind you are if they're not in the ecosystem. So there's a whole I'm not even talking about, you know, McDonald's theory of peace, and, you know, we are connected so we won't fight with each other. These are just very basic ideas about the potential complementarity of economics and national security.

And so I think that there's another debate in the region, and it's actually a debate I heard in Beijing, is to what extent does restricting China from technology constrain it, weaken it, slow it down, versus what, how much does it propel it to go forward? And so are we, maybe this depends technology by technology, but in certain areas what you may end up doing is getting a stronger China than you would have otherwise gotten through other other strategies. I think the last question that we're debating amongst our friends is, is there anything that China could do that would make it so we would change our approach? Like, is is are we is this part of a long term negotiation in which we eventually say China, if you do X, we will lower these export controls or investment restrictions? Or is this just we're just we assume since China is not going to change, its set on its course, which creates national security risks for us because of Taiwan or the South China Sea or overall power and wanting different types of international systems that were just set in this way. And I think that there is a conversation to be had. Do we do we want to make this part of a broader negotiation where we set

out for China— hey, if you did something, you might we might invite you back into the family of nations in high tech or not. Anyway, I'm gonna stop there.

Mireya Solís [00:39:57] Well, that was very insightful and helped frame the conversation that I want to now start, because my first question and mostly I'm asking the other panelists to also respond to your comments, because I think that central to this discussion is to flesh out whether the United States is going it alone or whether they will have the support of other countries who will read the china challenge the same way and agree on the methods? And it's not obvious that the answer is a straightforward yes. I think that there's a lot of the stakes are very high and there's a lot to decide.

You know, we keep talking about October 7th as an important decision, and I think it's important to clarify why. The way I read that very, very long export control rules and I'm not an expert and there's a lot of technical elements there, but it seems to me that the United States and if you also think about the comments from Jake Sullivan three weeks before, is saying that we no longer care about keeping a relative advantage vis-a-vis China, but an absolute one, because the civil military fusion component of what China is doing creates very high risks if China acquires these advance chips for A.I. and supercomputing, they can then easily be transferred to military applications. And this is different than from what has been done in the past. And I'm not sure, I do pay attention that there was consultation, but there was not a joint action when October 7th came.

So what do we make of that? And if I try to think through some of the elements of how Japan may be responding to this or how are the allies, I think that we should also take into account all the other reasons that Scott alluded to that the benefits of perhaps keeping China in the global ecosystem are important, but also the asymmetrical costs of divorcing economically from China. And there's a recent study by a couple of economists that was published in the World Trade Organization, where they did this big simulation. What happens if you have wholesale decoupling, two global blocks one US led, one China led? What are the welfare losses? And I think that by the year 2040, this economist estimated that the, the loss for the United States was 1% of GDP, the loss for Japan, 4%. That might be I may be off in the numbers, but that tells you that there's a difference.

Another element here that I'm putting on the table for discussion is that, yes, Japan and Korea and the all the G7 countries join together with these plurilateral export controls on the occasion of Russia's invasion of Ukraine. But it might be different when it comes to how you deal with the China challenge, because with Russia's action, it's black and white, right? They invaded a country. They're

killing civilians. They're violating every possible rule we can think of. China has engaged in gray zone activities that don't rise to the level of military invasion and economic coercion. And China is a much larger economy, would be much harder to isolate and there would be blowback effects. So I'm trying to give you a lot of material to draw on, but how do you see this question as the US redefining the terms of technological competition with China? Is it keeping its allies on the same front or not? Whoever wants to jump on that.

Jun Kazeki [00:43:24] May I?

Mireya Solís [00:43:24] Yes, of course.

Jun Kazeki [00:43:25] Yeah, of course. The first thing is the reaction to the scope is a zero-sum game regarding China US, we see that it's not a zero sum game. We don't use words like decoupling. We as a government, we say that, you know, a constructive and stable relationship with China is very important. While the allies these are United States, it's a kind of balance in here. And of course, we need a sort of strategic autonomy and responsibilities. So those are a very important element of our economic security policy. So but at the same time, we need to continue our business. And so that is the basis, of course. And in that sense, the unilateral nature of the measure by the US would, you know, invite that Chinese reaction. And that is the case. And you said something like that, China is forced to do something only when US do something, does something. So that escalation is not preferable for our perspective. That is why Japan is promoting a so-called plurilateral approach. We, like-minded countries, of course the EU is one thing, the even other countries which possess the technologies. So that is a kind of a third way to mitigate it.

Of course, you know, WTO is the best one. And that also was an arrangement by 42 countries, a good way to have a consensus. However, due to the time, you know, for the agreement by 42 members, it's very hard to catch up with, you know, speed or with the technology. You see the AI, semiconductors and the quantum, those are so fast. Therefore, you have struggled, with the last I think seven years after the military's infusion policy of China 2015. So I think to me it's a kind of an ordinary course of business the United States did this time. Yeah. By tackling the lack of the sort of effectiveness of the current existing export control system. So therefore, under the Trump administration, started 2020 the very, very unilateral measures against China, including indirect product rule.

But under the Biden administration, it's changed a little bit, of course, to have a close consultation with allies and like minded countries. So there are some sort of differences between the two administrations and that we appreciate that so that it is a close communication with like minded countries, allies on this matter. So I think that there is a hope and a Russian invasion is one thing, one example because we did a very good coordination. And I agree with the Mireya that China and Russia, of course, it's a completely different context. So we have facing a very big challenge right now. Thank you.

Mireya Solís [00:46:17] Thank you.

James Schoff [00:46:18] Yeah, I'd like to add that, you know, there are also I agree with the points that Kazeki-San is bringing up. There's also kind of technical legal issues at play. And those are some areas that we can actually address, I think, to to get better at this in terms of how we coordinate. One is, for example, on this October 7th rule, the US government was working apparently with US industry folks who really know the details through non-disclosure agreements because you know, of course if news of this gets out in advance, it can move markets, there's all kinds of considerations on that front. So there were limits to how much they could engage in detail with the Japanese in developing the rule. And so I think some of Japan's and the EU's kind of hesitancy or waiting, the gap in time frame is important, because they didn't know what the impact would be and and they don't want to reserve judgment to kind of be able to analyze this. So we'll see how this plays out over time.

Commerce secretary has already suggested that Japan and Netherlands will be coming on board and we'll see that. Then the other issue is legal issues. Japan doesn't necessarily have the same authorities that the U.S. government has to impose certain export controls on individual countries or particular products just for national security reasons.

As a matter of fact, the U.S. is, as we look at economic coercion or countering economic coercion, we're beginning in the Congress to define that in the context of having measures that are rooted in law and transparency and accountability, etc., as some way to define what economic coercion is so that we can differentiate Chinese action from our own action. But if Japan doesn't have the legal mechanism to piggyback on a US export control rule, what's the legal authorization or foundation for that decision that they just took electron to say, I, I don't want to sell this to you, and because the U.S. doesn't want me to. You know, China could then accuse Japan of entering into

economic coercion and so that these technical and legal issues also have to be sorted out, in addition to trying to find that common ground, I think, where the U.S. may have to be a little less maximalist in its objectives to accommodate the perspectives, and I think that of its allies and other countries in the region.

Mireya Solís [00:48:47] Very interesting. You know, I'm old enough that I remember when industrial policy was a bad word and not anymore. And industrial policy used to create a lot of friction between the United States and Japan. And at least we don't seem to have that level of tension by any means. But I guess they put it this way by competing with China, are we becoming like China or not? It seems that there's an element of emulation there. Perhaps the industrial policies pursued by China and other countries in the West are very, very different.

But nevertheless, the numbers do jump at you, that people, governments, right and left are throwing subsidies, investment incentives. Everybody wants to attract cutting edge or advanced fabs and other parts of the ecosystem, the supply chain in semiconductors and other industries. And this raises the question as to how we make sure that the money provided to nurture these industries is done in a disciplined, effective way. How do we avoid a subsidy war among allies? How do we avoid trade fights? Because these are subsidies that could then be called actionable under the WTO. And Scott, I know you had a report right, on comparing industrial policy, so maybe I should go to you first. But then I welcome everybody's responses too.

Scott Kennedy [00:50:14] Sure. Thanks. In May, we tried to do some math on how much different governments around the world were spending on industrial policy. It's very difficult. Obviously, the Chinese are not very transparent. They don't, their reports of the WTO are quite limited, it's actually, it's hard to get numbers from everybody. We all have different definitions. There are different types of tools. And so trade tools versus tax tools versus finance. They're not all kept in the same place. So it's it's it's it's a mess. And luckily, you know, young researchers and interns are plentiful in Washington. Otherwise, we'd never, ever get this thing done.

But we did interact a lot with the WTO, the OECD and others. And we found that China in 2019, which is our base year for measure, pre-pandemic, spent about 1.75% of its GDP. If you tweak the assumptions a little bit, you get up to 4.9%. So consider 1.7 something, the bottom, 4.9%, the top. Other countries that we put in the study, other economies, South Korea was the second about 0.68%. I think Japan was about 0.45 or so. US 0.4. Brazil, another developing country 0.33% of GDP. We

tried to make it apples to apples comparison as much as we could, but of course, again, it's difficult. Now, we obviously the U.S. is, I think, at least conceptually shifted gears quite a bit and it's going to, we would have to I don't think we'll ever be able to catch up with the Chinese. And I don't think that we should want to say we've got an industrial policy spending gap that we need to to try and catch up on either individually or collectively. I mean, the Chinese do basically identify every technology under the sun as a priority, which means nothing is a priority. And they're and they spend a lot. Also, their funding goes to politically allied companies, so mostly state owned enterprises and political and private companies that have shown that they are on Team China and they are very prescriptive about the technologies they want to win and they don't do a whole lot of good bean counting at the end to see how effective it was consistently.

So obviously, you know, others, including Japan, Korea, Singapore have used industrial policy and sometimes they've wasted lots of money. And so there's lessons to be taken from the last 70 years, not just from from China. Obviously, if you have limited targets and not every technology, that helps. If you have open access to funding, it's very transparent. And any company essentially from regardless whether they're American or not, can apply. That makes it a better competition for funding. If you are less prescriptive on the precise technological result, like if you want new energy vehicles, that makes sense.

But if you say it's going to be hydrogen or it's going to be battery plug in, that may be going too far. Let's see what let's allow the market to play some role in determining results. And if you can evaluate the outcomes and accountability, if a company gets money and they blow it, well, cut them off. Right. I'm really worried that the folks down the street in Congress or even the folks in the administration may not have the self-discipline needed to do this well. And that's why, you know, the more humble, the better. I think I don't want to go all the way to say we should be Daoist and do absolutely nothing. Washington is not a town that practices Daoism well, so we've got to do something, but just. I think we'll get further with less ambition.

Mihoko Matsubara [00:54:09] Oh, sure. So, of course, Japan and the United States will have a tech competition starting right now and also in the future. And I think that it's healthy for Democratic countries to have competitions, too, to offer better and reasonably priced technologies or solutions or products for our customers. But I think that things have really changed since the 1980s, since we had our trade frictions between Japan and the United States. So Prime Minister Shinzo Abe came up with

this great idea and concept of free and open Indo-Pacific. So right now, the like-minded countries pursue, of course, market share, but also we pursue on values, on the openness, on freedoms. And I think that more countries are getting this concept and appreciating the freedom and openness and a market driven competitiveness. That is why I think that the more countries in, even in Europe are pursuing free and open Indo-Pacific strategies. And even though we still have competitions between the two countries or other like minded countries. But I think that now everybody's on the same page.

The cybersecurity is important and we have to share more cyber security intelligence to, for the better, resiliency of the critical infrastructure and also supply chains. So that's where we can start our conversation and that's where we can deepen and also expand our collaborations. And of course, now, we tend to only talk about China in terms of economic security, but we also have to talk about other countries, too, especially in terms of the cyber espionage. So so the Finnish intelligence agency, or SUPO or S-U-P-O, published a national security overview 2022, two months ago. And they said that because of the heavy sanctions on Russia, the country has been really struggling to get access to the Western technologies and they're under pressures to to substitute that kind of technology so they may go to more espionage activities in the future. On the the Finnish intelligence agencies SUPO called for more cybersecurity and data protections to Finnish companies. And I think it's also relevant warning to everybody in the like minded countries.

Mireya Solís [00:56:52] Thank you. Very interesting. Kazeki-San.

Jun Kazeki [00:56:55] Yeah. Let me go back to the subsidy issues that Scott said on the subsidy. Well, simple answer is that we don't want a subsidy war. Not at all. Yeah, actually we like minded countries, should work on the same boat, for example the US Japan. Sometimes complementary in the context of for example a semiconductor. The United States is a very strong in design and of course in semiconductor production, in very precise nanometers. And Japan is very strong at the sort of, you know, semiconductor manufacturing equipment, equipment, as well as the materials and the base materials, they are very good. So we are complementary.

And but at the same time, we need to address the sort of untransparent, unfair no market economy. And so we have to differentiate with the such subsidies under our subsidies. So I, I really appreciate Scott's job. I remember me, I met Scott, yeah, 2007 in Geneva when I had a negotiations on subsidy disciplines in the WTO. Yeah. The fact that, you know, the last 15 years, you continue to work on these subsidy issues, it's amazing. And unfortunately the WTO disciplines were not achieved.

But at the same time, there are dispute settlement mechanisms where we discuss the subsidy disciplines. So now it's lacking, so that these are probably the issue. So we need a sort of a strong dispute settlement mechanism. I, it's now lacking due to the nonfunctional appellate body. So first we should restore, the WTO dispute settle mechanism, that would be a probably the very, very basis. And then now we can differentiate the subsidies, the non-market economy one and more I would say friendshoring one, transparent one. So that is my proposal to do in a kind of I think a US initiative, it's very important to restore the function and without repeal.

Mireya Solís [00:59:02] Thank you, Jim, do you have a comment on this. All right. So one more question from me. And I'm known for putting two questions and calling it one. So maybe-

James Schoff [00:59:13] That hapened at the conference, too.

Mireya Solís [00:59:15] All the time. And then maybe I'll bring the audience for questions. And I want to ask Matsubara-San to take these questions first, but then for everybody to join. And I'm going to frame it in terms of cybersecurity, but you can think how it applies to other areas that you're watching, supply chain and other issues. And, you know, I think that we obviously continue to care about growth and innovation and we're asking private corporations to deal with that in a very challenging environment. There's a lot of uncertainty about what's coming. We know that we have of increasing energy costs. We have an uncertain rules of the game because, you know, regulations keep changing. And we're also asking companies to absorb a lot of the cost of boosting their cyber security defenses. So I struggle to see how we're going to make progress on efficiency when there's so much added cost in terms of regulation and boosting our defense capabilities and all of that.

So if you can give us a sense of how you think the private sector is responding to that challenging environment. Question number one. Question number two, we we've been talking about, I started this conversation trends in the Indo-Pacific and implications for the US. I want to reverse that and ask your views on how the US and Japan could make contributions to cyber security in the Indo-Pacific. So not just how they're affected by it, but how they can help shape the regional environment and improve it, hopefully.

Mihoko Matsubara [01:00:44] Sure. So even before that, we started to talk about economic security and cybersecurity, there was some discussion that this there are always some people to argue that, oh, cybersecurity is a cost center. It's not investment, it's just a cost center. So why we have to do this cybersecurity thing? But I think that gradually the perceptions amongst the business

executives and also government leaders and also think tankers are starting to change their mindset. Because I think that because we've been seeing increasing cyber threats from different countries and also from different criminal groups, I think that we started together okay because we are so much reliant on this digital infrastructure and this is a foundation of everything. So that is why we have to care about cybersecurity and we have to incorporate cybersecurity and embed it in the digital transformations.

And also I think that after Japan, Tokyo was selected to host the Tokyo 2020 Summer Olympic and Paralympic Games. I think it's a huge momentum and a watershed moment for the Japanese. Like, okay, this is actually a great opportunity because we now have a set deadline to accelerate our cybersecurity efforts and we have to make sure that this will be the great event and successful and safe and secure. And because G7, as Kazeki-San mentioned, as long as we have a small step and a small or big goals to achieve, then we can bring everybody together on the same page as a big team to make sure that that event is successful, but also to take advantage of the legacy to enhance our national cybersecurity capabilities.

And I think that Japan and the United States are placed really well to help the Indo-Pacific cybersecurity. So, for example, a lot of countries are very interested in Southeast Asia, because it's such an attractive growing market. But also their cybersecurity can be very vulnerable and both the Japanese government and the US government have been very helping the other young countries cybersecurity policy making processes and also to enhance the resiliency of their critical infrastructure companies over the last decade. So we already started to see some streamlined, cooperative models between the two countries to help the ASEAN. And we can also expand that, kind of, already set, arranged and the framework into that bigger, like minded countries to help their enjoy and appreciate the better resiliency of critical infrastructure on cybersecurity.

Mireya Solís [01:03:49] Great. So because the audience has been very patient. If you have comments on the question I just asked, you can group them as we take also questions from the audience, both in-person and online. So we have a microphone. Then when you get the mic here in the front, please, on this side, you can just identify yourself and ask a concise question. And I saw another hand here. I'll take two at a time and I'll go to the center.

AUDIENCE MEMBER [01:04:15] Thank you, Mireya. I'm Ben Self of the Maureen and Mike Mansfield Foundation. First of all, a wonderful panel. Thank you for hosting it. And congratulations on

a really rich discussion and a great project. You mentioned strategic indispensability. It's a mouthful, but what Scott said was that neither the U.S. nor China is really thinking that way. They're thinking much more about vulnerability. So I'm trying to figure out who's trying to assert their strategic indispensability and to whom are they trying to be indispensable? And it seems to me it's Japan that's trying to be indispensable to China. Japan has a security alliance with the United States as an indispensable partner to the U.S. already. But Japan has lost leverage to China over the decades. It used to be indispensable as a source of capital, investment and technology. But clearly, after China surpassed Japan's economy in 2010, China became much more arrogant in its attitude. And Japan seems to be groping for ways to restore some of its indispensability in that relationship.

So my questions is especially to Scott, but any thoughts others have you have is it working? Are the Chinese perceiving Japan as any more critical? Are they paying any more respect to the Japanese or thinking about Japan as an important partner, especially in terms of technology? Thank you.

Mireya Solís [01:05:34] Thank you, Ben. And then we'll take one more question and then I have some thoughts on that. But I want to hear from the panelists first and if you can.

AUDIENCE MEMBER [01:05:43] Hello, I'm Morgan and I am from the Reischauer Center at Johns Hopkins SAIS. I'm a research fellow there. I wanted to look at the cybersecurity aspect of the, basically, PPP. So I'll just I read the question. So due to the potential cyber cascade failure due to emerging technologies such as potential disruptive technologies and the priority that needs to be placed on the increased security in that area, how can we properly incentivize the private sector to prioritize increased security internationally?

Mireya Solís [01:06:29] Thank you. Thank you very much. So two questions. Strategic indispensability. Who practices it or who doesn't? And how is Japan seen in that light? And then the cybersecurity question. So who would like to? And then I want to.

Scott Kennedy [01:06:48] Sure. Ben, thanks for the question. Obviously, I mean, I think even though it's not part of the US language, we actually practice it. Right. We are thrilled everyone uses the dollar. We are thrilled everyone sends their students here to learn and do research. These are huge strategic assets to us. And I think we've had a conversation I know Brookings and CSIS and others about the competition over attracting talent, which is part of the indispensability of our system. You think of NIH and all the research that we do around health care and things like that. These are

strategic assets that we can use. You don't typically, when you've got a strategic asset like that, open your coat and go, if you don't act properly, you're going to lose all these things and show you show your weaponry. It's known. Right. And there's voluntary compliance. That's when you really know that it's working, when you don't have to show the weapons.

When I was in the region, this came across to me mostly, I heard it everywhere, but most clearly in Taiwan. Right. 42% of Taiwan's exports go to mainland China or Hong Kong. 26% of Korea's, 22% of Japan's. Everybody is going to have a relationship with China. The U.S. is 8.6%. Right. So the U.S. is the one having the conversation about, you know, do we radically reduce this relationship or not. Others? You can't do that. I mean, it's your largest trading partner destination for foreign investment, etc.. So saying what can we do to make sure this relationship stays reasonably balanced and we aren't disrespected, etc. And in the case of Taiwan, they know that semiconductor manufacturing is what they've got. 65% of the advanced chip manufacturing, 90% of the market overall. The world depends on them. And as Taiwan's representative to Washington Bi-Khim Hsiao says repeatedly, we want people to see this as a as that we are strategically relevant and that this technology is indispensable as long as you can perceive.

So although the Taiwanese have been, you know, made agreements to invest in fab capacity here, they're actually expanding fab capacity at ten times the rate that they're investing anywhere abroad. And so that to them is a critical source of their security. Does it guarantee anything? Absolutely not. But on balance, they think it does. Now, of course, they also have to look for other technologies of the future, ten, 15 years down the road, pure play fabs may not be as important as they are today. So is it going to be in energy? Is it going to be in other types of semiconductor, semiconductor space or something else? What is indispensable today in 15 years may become relatively irrelevant or a cheap commodity that you can set up any place, you know.

So I but I see that now that may be trying to create something out of nothing or on the defensive, but it is a more forward looking vision. And for those that specialize in something that is very important that the rest of the world needs, it's not a dumb strategy. And I think the US, I don't think we're aware of the strategic leverage that we have until it starts to become part of the conversation. And so we might want to go back to our roots and remember how powerful we are without really needing to change much.

Mireya Solís [01:10:40] Hmm. Thank you. Yeah.

Jun Kazeki [01:10:43] Yeah. Well, the question is, it's quite relevant. My answer is that it is, of course, closer from Japan too, strategic indispensability. I reflect what we call the, one or two years ago we started well this one strategic autonomy and the indispensability, and I agree the thought that it's a lot more forward-looking looking approach. So we tend to think about the internally the vulnerabilities and weakness when we experience the idea after the shock. In the year 2010. After that, we always think about, you know, internal risks or vulnerabilities, weakness, and then pour the money. So that's it.

But since I think 2020, 2021, we started to think about it more positively and to be strong. Yeah. And Japan should be the indispensable country. And in the past, of course, we are very good at for example materials (inaudible) already. But you know, of course they are catching up, from other countries, so indispensable for all countries, not only you said China, but also the United States too. We need to be the indispensable for all. So that is a more sort of encouraging concept for the Japanese communities. So that is my answer to you.

Mireya Solís [01:11:57] Thank you. Because time is running fast. I'll reserve my comments for the coffee afterwards. But we have a question from the audience online. And then there was a question here from someone in the center. So if you want to bring, please a mic to him. And in the meantime, this question comes from Colleen Craig, who is a grad student at Georgetown University. And I thought it was very relevant because, you know, the tone of this conversation and very quickly when you bring economic security is about unbridled competition or a zero sum or mirror images of who started this and, you know, no clear off ramps.

And Craig is asking, how can we have all this competition but still preserve a peaceful and stable relationship with China? How do we continue to have let's not break the engine of growth in the region, if you will. So this is indeed a very tall order, given the current climate. But where can we be more optimistic of some areas where there could be some constructive economic area of cooperation with China or not economic on other areas as well?

James Schoff [01:13:08] Just to venture into that briefly or do you want to get the other question first.

Mireya Solís [01:13:12] Well maybe for the sake of time. Yes, please.

AUDIENCE MEMBER [01:13:17] Oh, yeah. Hello. My name is Thais and I'm a diplomatic trainee from Japan, currently studying at Georgetown University. I have a question regarding the US

commitment to the multilateral trading system. So Kazeki-San, you mention the importance of the WTO dispute settlement system, but the impacts of the upper body hasn't been solved even under the Biden administration. And in fact, the Biden's national security strategy didn't even mention WTO, whereas Trump's and Obama's NSS mentioned WTO at least once somewhere. So how can we reengage USw to the multilateral trading system? What is the role of allies in this respect? Thank you.

Mireya Solís [01:14:02] So great questions, Jim, why don't you get started.

James Schoff [01:14:05] Sure. Well, in terms of how do we approach this competition with China, I think the short answer is you do as little as possible or as little as necessary. You know, the Asia Pacific strategy, Indo-Pacific strategy talks a lot about in the U.S., talks a lot about a positive vision for the region and and for U.S. and allied cooperation in this regard. And I think this connects to your question earlier about kind of regional capacity building and how the region fits into this. The things that that the US and Japan are doing, whether it's cybersecurity capacity building in the region, but also we have the the Commerce METI dialog on JUCIP and energy and digital connectivity, things that are contributing more broadly to openness and and connectivity.

At the same time, every once in a while, drawing a line in the sand or protecting something that we think is absolutely vital. And it's and then the economic two plus two is there to help us and allies, us and Japan and other forums that we have with other allies to to figure out where these kind of circles or lines get drawn. But but the fundamental approach, I think, should be to do as little as necessary so that we don't just simply cascade into that, that kind of unbridled competition. I don't think that's in our our interest long term.

Mireya Solís [01:15:34] Scott.

Scott Kennedy [01:15:36] Yeah, I'd agree with, with everything Jim just said, I would say with regard to the export control side of things. Clarity and certainty matters a lot. So one of the things about the October 7th document is that it's 150 some pages, that's very clear. It's but it may be so clear. I mean, it's really long. So the concept that the administration cites is small yard, high fence. So you have to imagine that this is a small yard with a very, very, very, very high fence to get to 160 pages. Will it will that be what it is in five years? What is the what can give companies around the world clarity about the trajectory of these rules? And there's been rumors that they're going to come out with something similar for other industries. It'd be good if they were clear about about that,

recognizing all the things about NDAs and everything Jim said before, that we if there's no clarity, then then it is really unbridled competition.

I think in addition, on the supply chain side of things, is there a role for China and supply global supply chain resilience? If you took Chinese producers out of the equation of of PPE and health care supplies right now. Where would we be? And just think about that in other sectors. Obviously, there's some elements that you want to build outside China so that they don't need to be part of the solution. In fact, they're the part of the problem. But are there any sectors where production in China helps us get across some pandemic or a global crisis or hazard or something like that? So I think all of these aren't just about one barrier down the world, China against everyone else. I think in different sectors, different technologies, it's going to be we're going to have a more complex answer answer set.

Mireya Solís [01:17:33] All right. Very short comments, 30 seconds.

Jun Kazeki [01:17:37] Yeah, very short comment on, you know, communication with China. It's very important to have our predictability. Even Japan is trying to have a very good communication with China. And also, I hope that it should be done multilaterally too, US, Japan, China or even EU. So that is the ultimate goal. And we can discuss the predictability of transparency. And I agree with Scott that, of course, 150 pages is very clear, but the actual practice is a different story. So therefore, we do our best to do or clarify with business communities. That is the point.

And second question, why? It's very important. But my hope is that we need to think about a very creative idea because panelable discussions are ongoing (inaudible) the issue. So I hope we all together think about our new approach to reform the WTO operative body system and also internal agreement among parties, the agreement is there, but the US and Japan are not a party so at least we should join. But that's in my personal opinion but still it's a big I would say obstacles here. And of course, you know, we have to engage in the WTO negotiations. But first, at least the minimum, you know, such kind of arbitration system is a must, you know, in order to move forward.

Mireya Solís [01:19:00] Yeah.

Mihoko Matsubara [01:19:02] So to answer the question from Morgan about cybersecurity. So just unfortunately, there's no one specific silver bullet to incentivize the all the country all the companies in the world simultaneously, because bigger companies have more budget to invest in cybersecurity versus smaller companies have less resources to invest in cybersecurity. So what do

we do then? So actually the Japanese local government and Japanese companies have come up with a really creative, very Japanese way to solve this problem. Manga. Because manga can visualize what kind of strategy you're facing and what kind of solutions that you can take at a reasonable cost. And also, I think you also have to take a grassroots level of efforts to reach out to small companies in the in the regions and the Japanese police are starting to create economic security task force to talk to the business executives in the companies and also business associations to share best practices and also the specific examples. So I think that the these kind of efforts will be relevant to other countries, including the United States. Very interesting. Jim, last word go to you to close the session today.

James Schoff [01:20:22] Well, no, I just want to thank you for and I'll let you thank the whole panel and do the official thing. But partnering with us for this event. It's it's terrific to help us expand the reach of the NEXT alliance initiative, your contributions over the past weekend, and I look forward to continuing this discussion because there's a lot more, we'll have follow on papers coming out, we'll be publishing products from this initiative. But this is this is an ongoing challenge.

Mireya Solís [01:20:53] Well, my thanks to you as well and to all the panelists, please join me in thanking them.