

# Foundation for Economic Security: Implications for aerospace and defense industries

May 25, 2022

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# Speaker bio



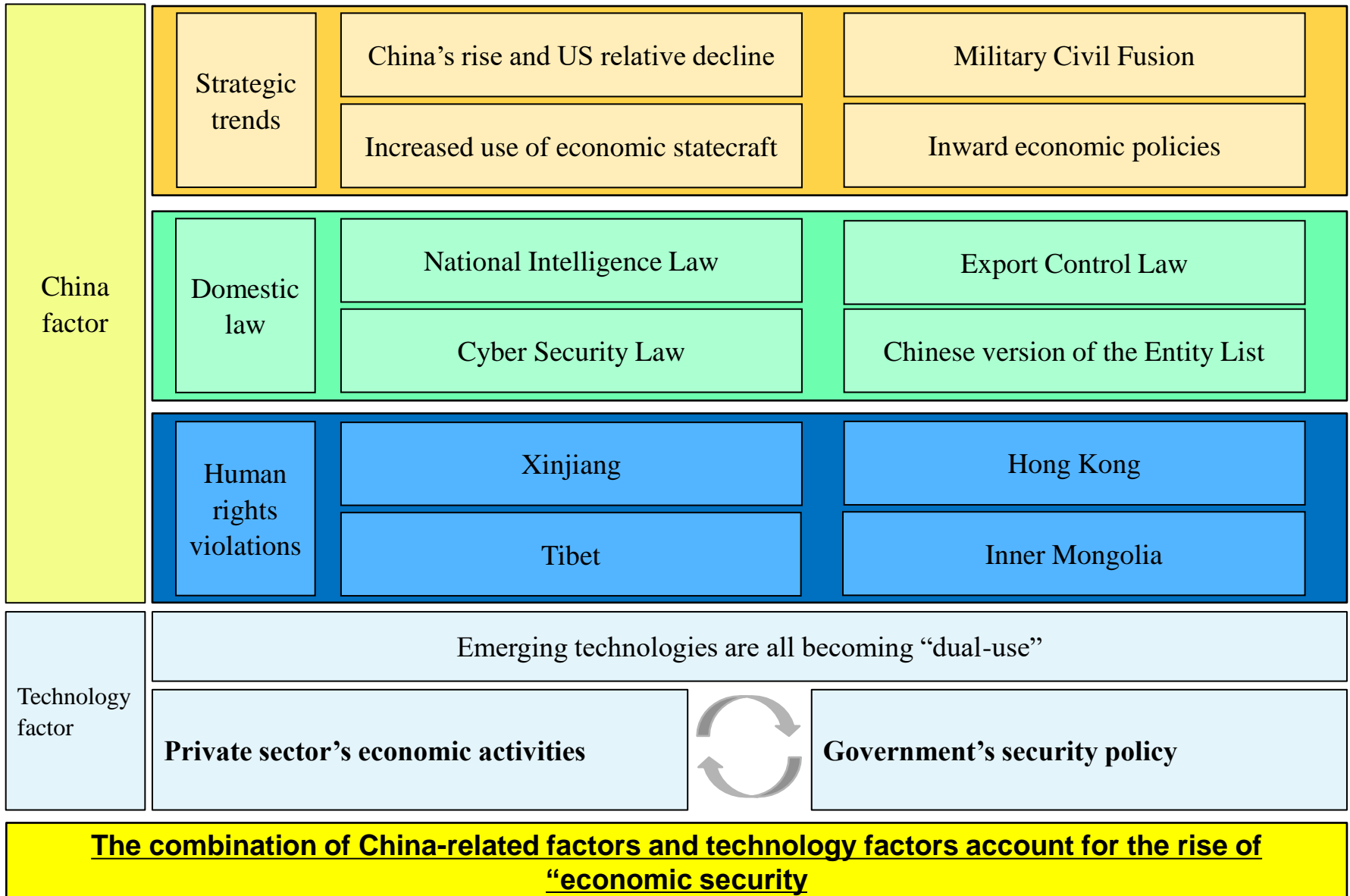
## 【Bio】

- Executive Director and Visiting Professor, Center for Rule-making Strategies, Tama University
- Adjunct Senior Fellow, Pacific Forum
- Economic Security Advisor, Inter-Parliamentary Alliance on China
  
- Areas of expertise: Economic security, international politics in the Indo-Pacific, Japan-US relations

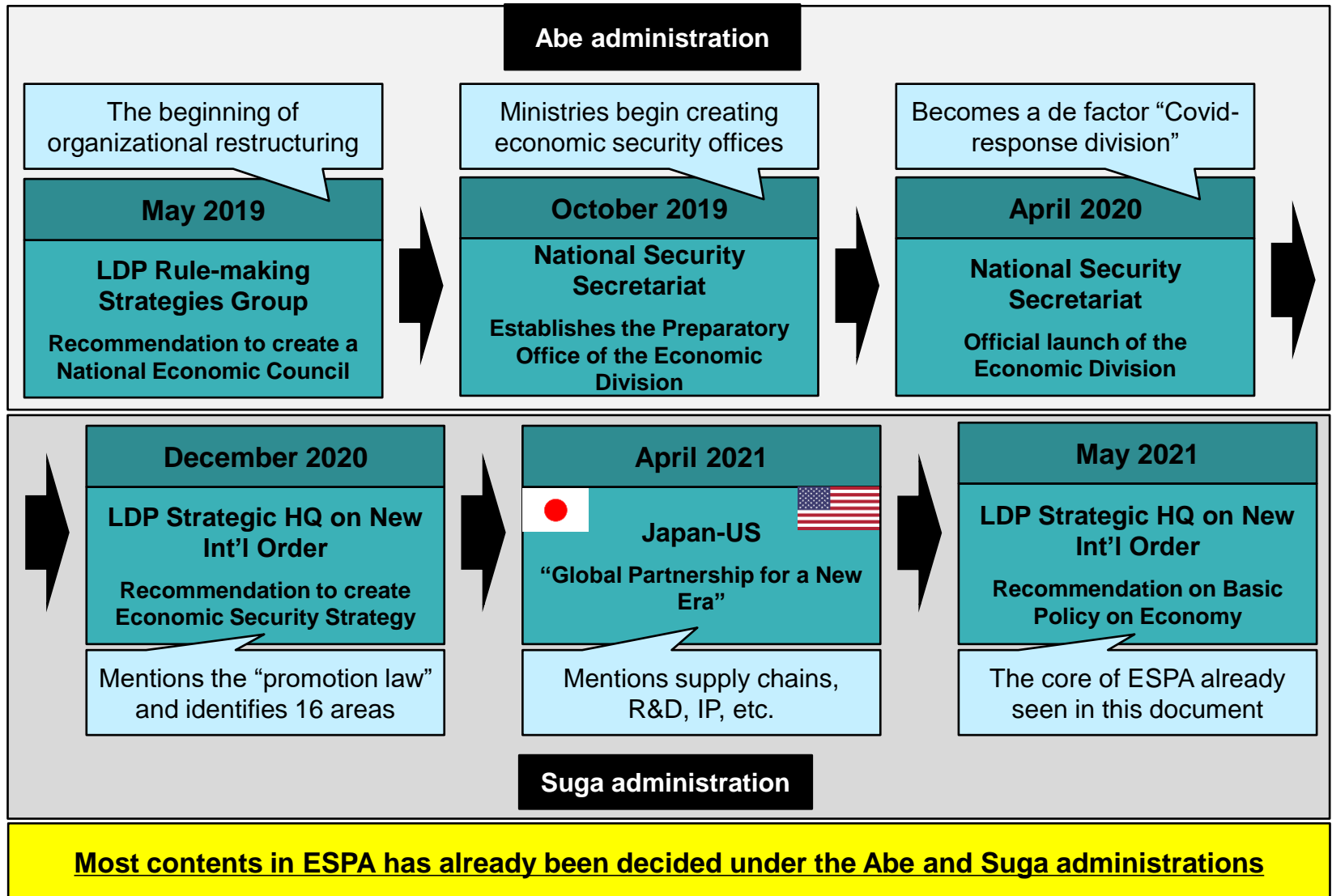
## 【Recent articles】

- Akira Igata and Brad Glosserman. “Japan’s New Economic Statecraft.” *The Washington Quarterly*. Vol. 44, Issue 3, 2021: 25-42.
- 井形彬「『先進民主主義国』の言論空間が見落としている『発展途上国』の対中認識—中国のエコノミック・ステイトクラフトを含む高圧的外交政策はどう受け止められているのか」『笹川平和財団 コロナ対応から考えるアジアと世界』2021年9月17日
- 井形彬、吉富愛望アビガイル「培養肉と食料安全保障～台頭する細胞農業がもたらす経済安全保障上の可能性」『論座』2021年7月24日
- Akira Igata and Brad Glosserman. “Japan Is Indispensable Again: The Need for Economic Security Is Reviving Washington’s Alliance With Tokyo.” *Foreign Affairs*. July 15, 2021.
- 井形彬「ハッキングされた上海公安部データ 垣間見えるデジタル・パンプティコン化する中国」『論座』2021年6月10日
- 井形彬「日米同盟は『経済安全保障』の時代へ～菅・バイデン共同声明で鮮明に」『論座』2021年4月20日。
- 井形彬「『経済的国策』をめぐる激化する米中競争——エコノミック・ステイトクラフト(ES)にどう対処するか」『外交』、2019年3/4月号。
- Brad Glosserman、井形彬「『日本の安全保障政策』にかけている視点：『Economic statecraft』とは何か」『東洋経済Online』、2018年2月26日。
- 【翻訳】『思想戦：大日本帝国下のプロパガンダ政策』明石書店、2016年11月。
- Akira Igata. “Japan’s submarine bid is a first date, not a marriage proposal.” *The Interpreter*. April 13, 2016.
- Michael Green and Akira Igata. “The Gulf War and Japan’s National Security Identity.” In Yoichi Funabashi and Barak Kushner Eds. *Examining Japan’s Lost Decades*. New York: Routledge, 2015.
- 井形彬「経済安全保障の時代～井形彬の目」『論座』連載中。
- 井形彬「警鐘：経済安保」『金融ファクシミリ新聞』隔週連載中。

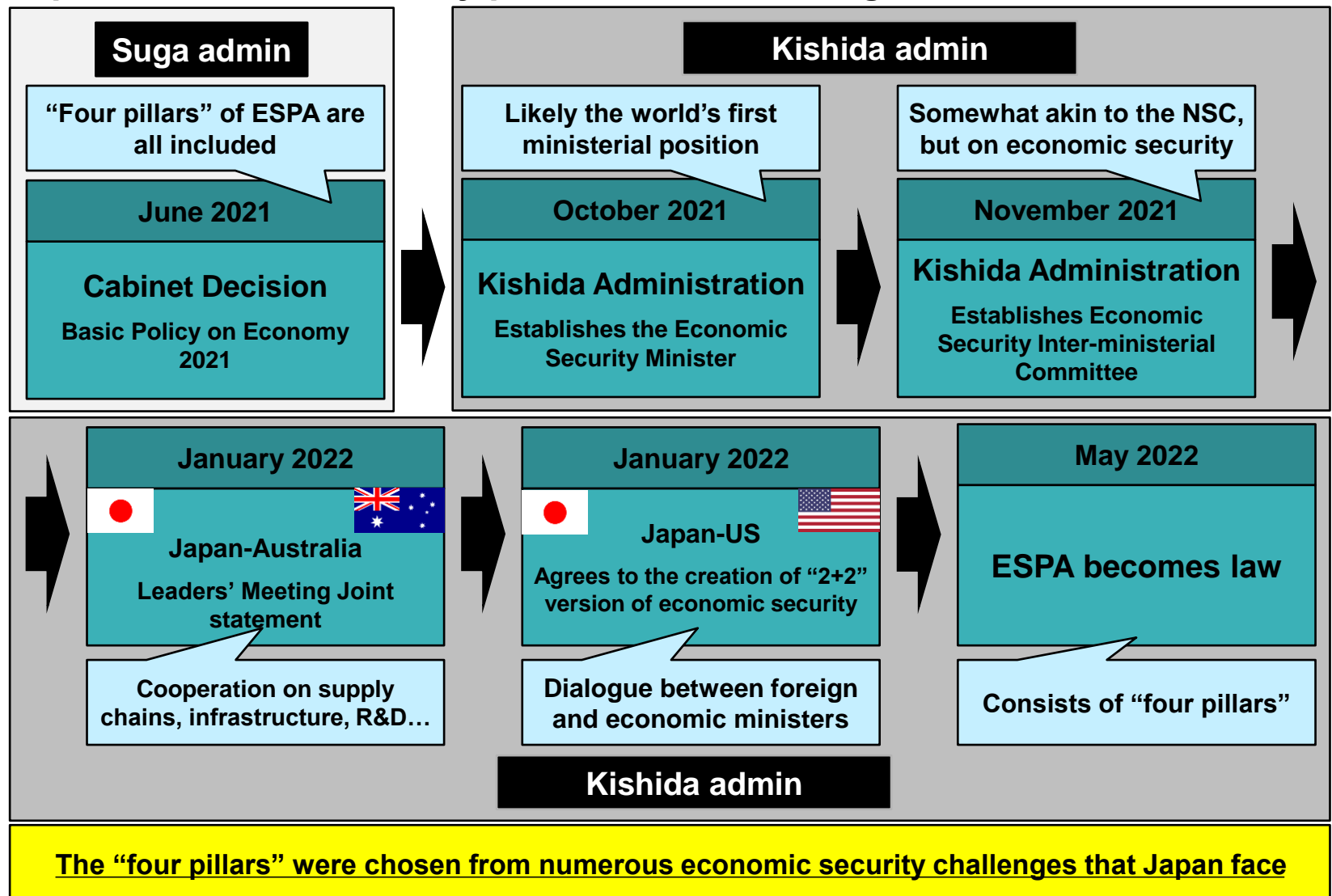
# “Economic security” has gained prominence in the recent years



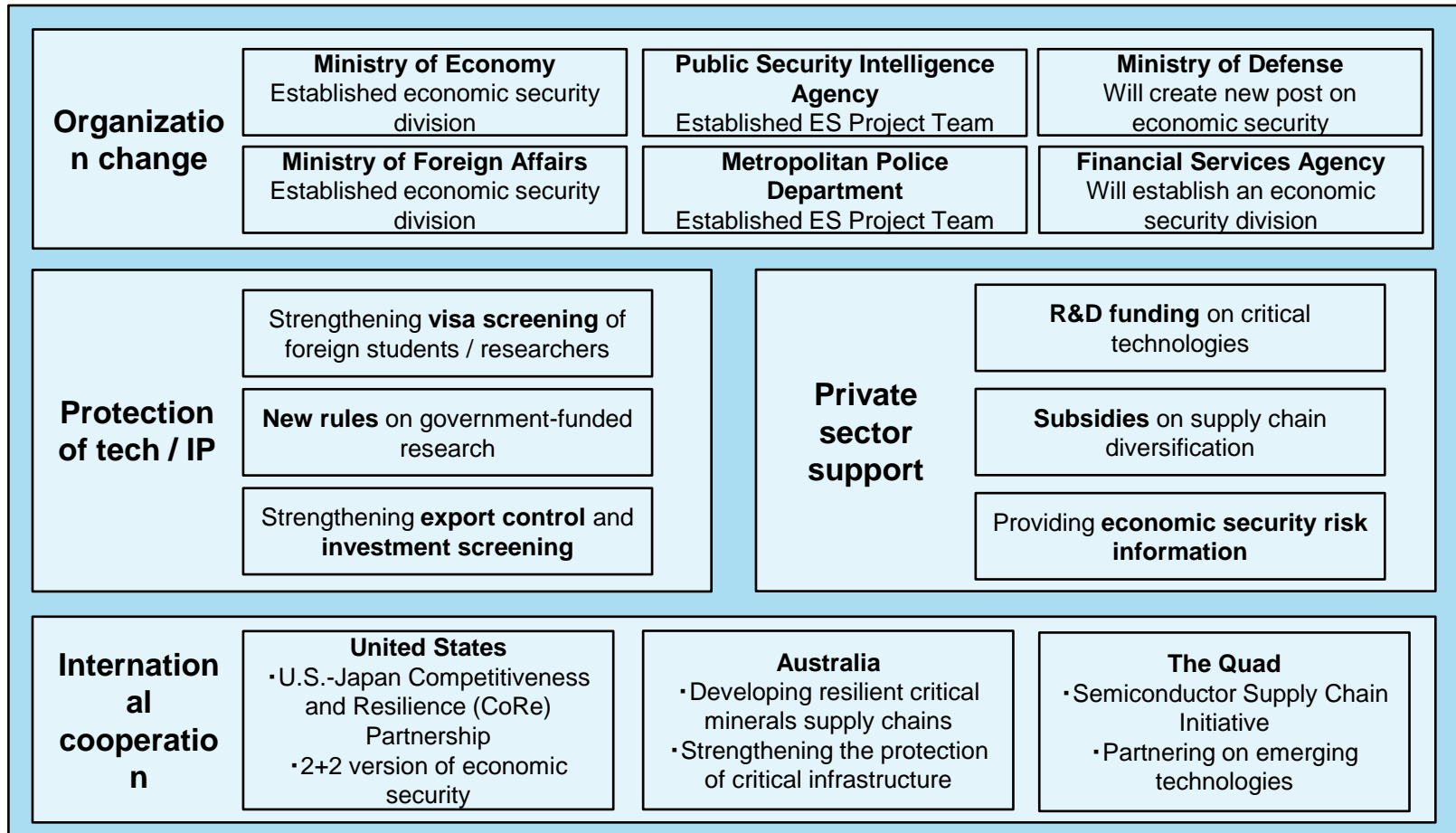
# Japan's economic security policies under the Abe and Suga admins



# Japan's economic security policies under the Suga and Kishida admins

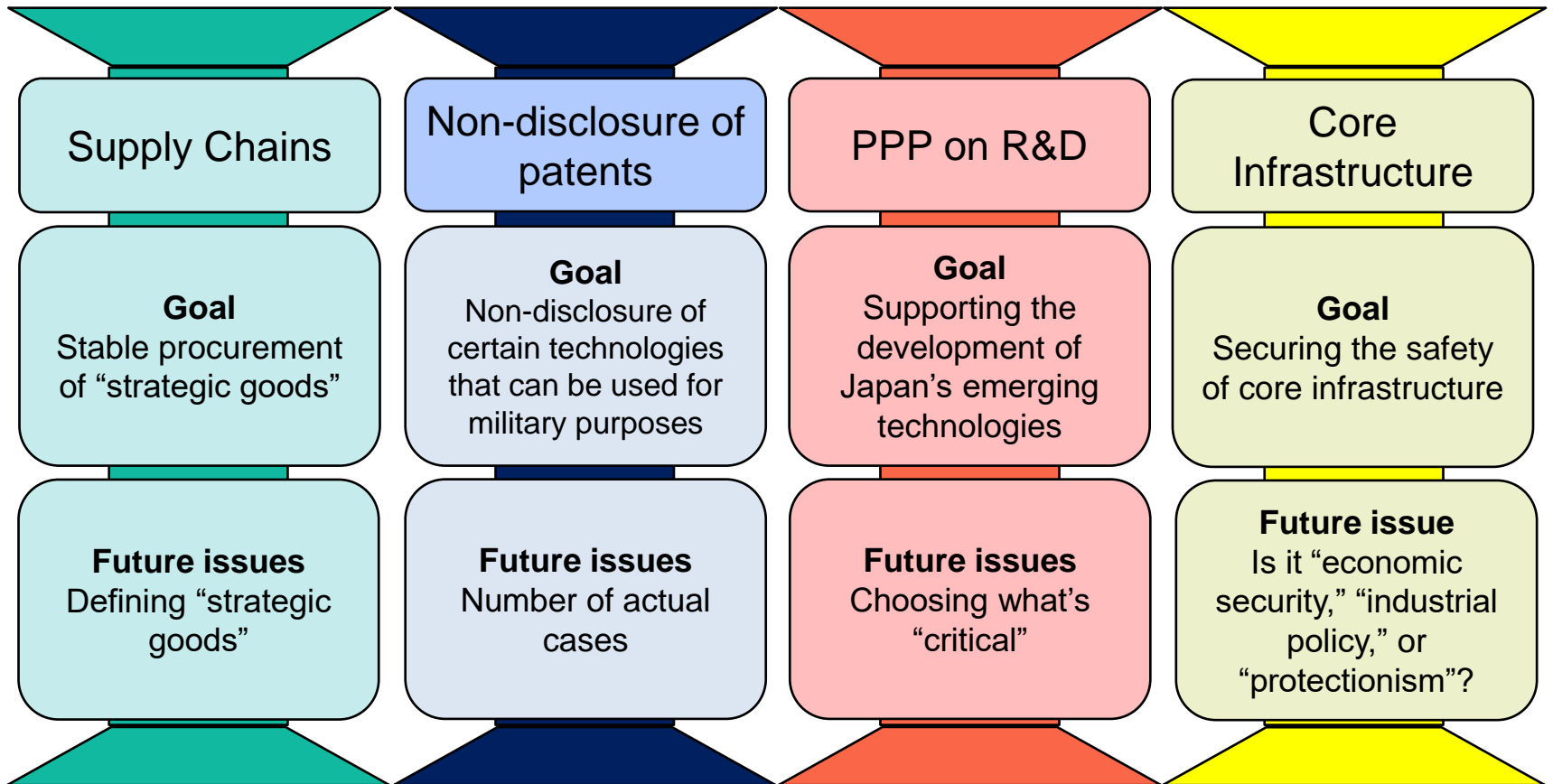


# Japan's economic security policies have been progressing since 2019



**The Japanese government has done all it can to promote economic security within the existing authorities**

## The Economic Security Promotion Act (ESPA) became law in May 2022



**However, the relationship between "economic security" and the aerospace / defense industries aren't clear**

# The government will be able to understand supply chains and offer help

## Four pillars of the ESPA

### Supply Chains

#### Goal

Stable procurement of “strategic goods”

#### Future issues

Defining “strategic goods”

- Private companies must create a “Supply Plan” on “Specific Critical Materials (SCM)” and submit it to the government
- The definition of “SCM” will be decided through ordinances
- The government may give subsidy
- The government may also decide to stockpile certain SCMs

#### **【Issues for aerospace and defense industries】**

Q. Will aerospace and defense industries be included in SCM?

- The expected designations were semiconductors, battery, medical equipment, and minerals

Q. How to balance (1) reshoring, (2) friend-shoring, and (3) maintaining reliance on other countries

- Neither (1) complete reshoring nor (3) complete elimination of non-friendly countries are realistic



# Non-disclosure of patents will facilitate the protection of certain dual-use technology

## Four pillars of the ESPA

Non-disclosure of patents

### Goal

Non-disclosure of certain technologies that can be used for military purposes

### Future issues

Number of actual cases

First screening is done by the Patent Office

Second screening is done by the Cabinet (newly created division) and the MOD

### 【Issues for aerospace and defense industries】

Q. How does the government calculate the accurate amount of compensation for these non-disclosed patents?

Q. How many actual cases of non-disclosures are the government expecting?

# Government-funded R&D project will strengthen critical technologies

## Four pillars of the ESPA

PPP on R&D

### Goal

Supporting the development of Japan's emerging technologies

### Future issues

Choosing which technology is "critical"

- A new group will be created to decide what research topic is critical for economic security
- The budget is likely to be 500B yen
- A new thinktank will be created to advise the ministries

### 【Issues for aerospace and defense industries】

- Q. Will aerospace and defense industries be able to receive these funding?  
⇒Expected technologies include "space, maritime, quantum, AI, etc."
- Q. Who gets on the board of the group to decide what tech is critical?  
⇒May end up with a huge competition to win subsidies

# Security of core infrastructure ensured by screening high-risk equipment

## Four pillars of the ESPA

**Core Infrastructure**

**Goal**  
Securing the safety of core infrastructure

**Future issues**  
Is it “economic security,” “industrial policy,” or “protectionism”?

- The government will screen (1) “critical equipment” owned by (2) “certain large companies” that is in one of the (3) “core infrastructure industries.”

• “Core infrastructure”: Electricity, Gas, Oil, Water, Telecom, Broadcasting, Postal Services, Finance, Credit Cards, Railways, Automobile Transport, Airline Cargo, Airlines, Airports

### **【Issues for aerospace and defense industries】**

Q. Defense industry is not identified as a “core infrastructure”  
⇒ Aerospace industry may be covered by “airlines”

Q. Will the government eliminate non-Japanese products altogether? If not, how will they draw the line?

⇒ Danger of being criticized for “protectionism” or “WTO violation”

Q. Shouldn't this be subsidized?

⇒ This will promote replacements of existing vulnerable systems

# Kishida administration is currently working towards revising the NSS

新たな国家安全保障戦略等の策定に向けた提言  
～より深刻化する国際情勢下におけるわが国及び国際社会の  
平和と安全を確保するための防衛力の抜本的強化の実現に向けて～

令和4年4月26日  
自由民主党

The phrase  
“economic security”  
does NOT appear at  
all in the LDP  
recommendation  
published in April  
2022



Establish a system for  
the government to  
respond appropriately  
to **risks in the supply  
chain** for equipment  
and other items

Supply Chains

Increase initiatives /  
**R&D expenditures**  
related to **AI, drones,  
quantum technology  
and other advanced  
technologies, cyber,  
space** and other new  
fields

PPP on R&D

More **protection of  
critical infrastructure**  
to maintain  
contingency social  
functions and the  
SDF's ability to  
continue fighting

Core  
Infrastructure

However, the  
contents of the  
recommendations  
include issues  
identified in the ESPA

**The relationship between “economic security” policies and aerospace / defense industries needs to be  
fleshed out**