

Strategic Outlook 2025

**Can the International Order Regain Its Resilience?
Choices for the World and Japan**



公益財団法人 日本国際問題研究所
The Japan Institute of International Affairs



Message from the President	1
“A Quest for Global Resilience” Explained	2
Chapter 1: Japan’s Course: Year One for Both Challenge Sharing and National Strategy	5
Chapter 2: Foreign and Security Policies of the Second Trump Administration	8
Chapter 3: Promoting “America First” and MAGA: Republican Party Domination of All Three Branches of the Federal Government	11
Chapter 4: Heightened Uncertainty in US-China Relations and the Situation in the Taiwan Strait	14
Chapter 5: Will Economic Stagnation and a Preoccupation with National Security Continue Under the Increasingly Personalised Control of Xi Jinping?	17
Chapter 6: Possible US-North Korea Dialogue with the Trump Administration and Sustainable Japan-ROK Relations	20
Chapter 7: US “Withdrawal” from the War in Ukraine and Europe’s Choice: Japan-Europe Partnership Soars	23
Chapter 8: The Continuing War of Attrition in Ukraine: What Will the Trump Administration and Prolonged War Bring?	26
Chapter 9: The Middle East during the Second Trump Administration: Palestine in Turmoil and Business Opportunities Centered on Oil-Producing Countries	29
Chapter 10: Economic Security in an Era of International Competition: The Pursuit of Superiority and Security	32
Chapter 11: Further Challenges to the Free Trade System: A Chain Reaction of Protectionism as the Greatest Concern	35
Chapter 12: The Impact of the Development and Proliferation of Artificial Intelligence and Unmanned Systems on Security	37
Chapter 13: Re-evaluation of Disinformation Countermeasures and Expansion of International Collaboration on Disinformation Challenges in the Indo-Pacific Region	40
Chapter 14: Arms Control, Disarmament, and Nonproliferation in the Face of Continuing Challenges	43



Message from the President

President, The Japan Institute of International Affairs

Kenichiro Sasae



The Japan Institute of International Affairs (JIIA) marked its 60th anniversary in 2019 with the release of a “Strategic Annual Report” and the hosting of a Tokyo Global Dialogue to disseminate the research findings and regional analyses of JIIA’s study groups. The current year’s sixth iteration of this endeavor features a new report title reflecting a deliberate reorientation.

In the previous “Strategic Annual Report” I pointed out that the end of the post-Cold War era has ushered in an “era of turmoil” threatening the foundations of the US-led international order and giving rise to such circumstances as Russia’s invasion of Ukraine and escalating tensions in the Middle East. A series of unresolved conflicts have left the international community in a state of confusion. The rules-based international order and the international architecture embodied in the United Nations and the G20 have become dysfunctional, creating further difficulties in addressing urgent global issues that require multilateral cooperation, including nuclear disarmament, the rapid evolution of AI and other technologies, and climate change. Against this backdrop, the November 2024 US presidential election resulted in the return of President Donald J. Trump. How the Trump administration will tackle these issues in its second term – and how US allies, major Western countries, and the emerging and developing powers of the Global South will respond – can only be ascertained by carefully observing future developments. With so many problems piling up, there has never been a more vital time for policy think tanks to provide perspective on international politics. Accordingly, our “Strategic Annual Report” heretofore published in conjunction with the Tokyo Global Dialogue has been renamed “Strategic Outlook” to place greater emphasis on delineating future prospects. We have also decided to encourage individual researchers as far as possible to present their own views and recommendations on the actions and roles expected of Japan in the belief that this will stimulate discussion among our readers.

We sincerely hope that this “Strategic Outlook 2025” will help readers from all quarters attain a better understanding of international affairs.

“A Quest for Global Resilience” Explained

This “Strategic Outlook 2025” looks back on the turbulent year 2024, when many democracies, including Japan and the United States, held national elections, and looks ahead to the year 2025, which will be even more eventful and challenging than the previous year. One of the objectives of this booklet is to provide some “food for thought” by presenting a vivid picture comprising the viewpoints of each of our researchers on the themes to be addressed at the 6th Tokyo Global Dialogue (TGD6), which will be hosted by JIIA in January 2025.

The title for the TGD6 is “A Quest for Global Resilience”. This reflects a sense of crisis that the post-Cold War world is losing the resilience it once had, as well as a strong message that Japan, a beneficiary of a resilient international community, must work to revive and restore such quality.

What, then, is causing the decline in the resilience of the international community? Before looking ahead to a future that is likely to become even more uncertain, one must consider how the various factors that supported the stability of the international community during the past 30 years or so of the post-Cold War era have been drastically shaken.

The first is, needless to say, the change of tone in US politics. JIIA does not warn against the rise of populism in the US based solely on inflammatory campaign narratives by the Trump camp marked by, among others, its declarations to impose tariffs even to allies and friends. However, the United States – which has since World War II sought to deter regional conflicts through military power, pursued economic stability through the US dollar as a world reserve currency, and ensured the peoples of many nations enjoy prosperity through the political leadership of its president – is about to unburden itself of these responsibilities for managing the liberal camp. This cannot be done without upsetting the international order. More than a decade after President Barack Obama stated in 2013 during the Syrian crisis that the United States was no longer the world’s policeman, the second Trump administration will further reflect the “America First” notion in its foreign policy.

It should be noted that, under the Biden administration, the US government established and made full use of a lattice network of alliances with key stakeholders, tailored to adjust to regions and issues at hand, to achieve a certain degree of stability. The idea of a “Free and Open Indo-Pacific” resonated with Trump, too, during his first administration, prompting him to strengthen ties with forces for stability in the Indo-Pacific region through the Quad. While strengthening the US-Japan alliance is an essential option for the US, which is poised to engage in a strategic competition with China, that alone will not bring about stability in the region. Based on the successes achieved in building this network, it is necessary for Japan to play a leading role and to engage the US in minilateral networks, without letting the US fall into an all-too-easy “ABB (anything but Biden)” mindset.

The second is the significant deterioration of global governance, the most prominent example of which is the dysfunctional UN Security Council. Just after the end of the Cold War, initiatives by countries such as Japan and Germany to gain permanent membership in the UN Security Council, which had begun to function as it should, were rejected by the existing permanent members with a famous caveat: “If it ain’t broke, don’t fix it.”

However, the current Security Council faces a situation where the conflict between the Russia-China camp and the P3 (the US, UK and France) has become so acute that it is currently unable to even impose

effective sanctions. What is more, Russia, which is part of the P5, is the aggressor in a war in violation of the UN Charter. There is concern that it will become even more difficult for the Security Council to punish or condemn North Korea’s violations of international law in the future due to the veto power exercised by Russia or China. The legal order on international trade, too, remains severely damaged, with the US refusal to appoint a member to the World Trade Organization (WTO) Appellate Body leaving the judiciary function without a judge. Against this backdrop, the BRICS, which began with five countries (Brazil, Russia, India, China, and South Africa), is expanding to become a camp defying Western countries’ dominance.

As one of the countries that benefited from the global architecture represented by the UN Security Council and the WTO as well as the prevalence of rule of law in the international community, Japan should focus on rebuilding the architecture.

To this end, it is essential for Japan to cooperate with countries that share a willingness to respect global governance. To start with, it is imperative to underscore the importance of utilizing the G7 framework, a gathering of developed countries that share the same commitment to resolving issues of global reach, to present their prescriptions to emerging and developing countries in the Global South to stimulate discussion. In the subsequent chapter in this Outlook (“Japan’s Course: Year One for Both Challenge Sharing and National Strategy” by Masafumi Ishii), ideas on how to reflect the views of emerging and developing countries without compromising the G7’s ability to establish norms are discussed. The G7 Chairs must continue their efforts along these lines. In the event that the Trump administration gives sole priority to an “America First” approach, as it did during its first term, Japan must be prepared to persistently continue its efforts with like-minded countries in order to maintain global governance.



(Photo: AP/Aflo)

Finally, one must underscore the enormous impact the flood of information will have on international affairs and on the efforts to protect universal values such as democracy, freedom, and human rights. The media has heretofore, by and large, monopolized the function of “curator” of information to the public by selecting and presenting relevant information from the vast amount of information available. However, with the development of the Internet and the emergence of social networking services, the situation has changed drastically. Numerous actors have emerged who transmit information with their own unique framing that differs from the media’s curation, and some of these actors have acquired extremely large audiences. We have hence entered an era in which it is increasingly difficult to determine the rightness or wrongness of the information flying around. The development of generative AI will further accelerate this trend. This chaotic speech space is extremely conducive to political distrust, as well as to forces that seek to divide society, and to populists, thereby the risk of interference by other sovereign nations is increasing. The turbulence in international affairs will be amplified by the various actors in the discourse

space, but society as a whole must stand firm against any attempt to shake the fundamental values on which a nation stands.

The possibility of change in the US’s character and position as a superpower with the furtherance of an “America First” policy, the shaken foundation of global governance, and deepened confusion in the discourse space as it becomes more and more difficult to distinguish right and wrong: how can Japan unweave this “trilemma” and offer effective solutions in an international society where conflicts and disputes occur so frequently? I sincerely hope that the upcoming TGD6 will be a forum where the various practical ideas of leading international experts resonate with many practitioners as they engage in useful discussions to resolve these issues.

(November 18, 2024, Koichiro Matsumoto,
JIIA Managing Director for Research and Programs)

Chapter 1: Japan's Course: Year One for Both Challenge Sharing and National Strategy

◆ The inaugural year of the era of challenge sharing

The 80th anniversary of the end of World War II will be commemorated in 2025, which may also prove a year of fundamental change in the nature of post-WWII international relations, one in which the world will no longer be able to rely entirely on the power and will of the United States to stabilize international relations. US allies and like-minded nations willing and able to defend a free world order will find it necessary to share the responsibility that the US has heretofore borne. This will be a full-fledged transition from an era of “burden sharing” to one of “challenge sharing” in which the challenge of resolving conflicts itself has to be shared.

The United States is still the world's only superpower in terms of sheer might, but its willingness to use its power to resolve international conflicts is rapidly weakening. According to a September 2023 Chicago Council on Global Affairs survey, only 47% of Americans believe that active involvement in international affairs is good for America's future. More seriously, the younger the respondents, the more hesitant they were about US involvement. A slightly older (November 2018) Pew Research survey found that 64% of Americans 65 and older believed that being the world's strongest in terms of military power is a top foreign policy priority, well above the 20% who disagreed, but the former percentage declined among younger age groups, falling to 30% (vs. 34% disagreeing) for 18- to 29-year-olds. This means that the trend will continue for a long time to come. Trump did not make the US what it is today; it is the US today that made Trump.



New project “JIIA Platform” (photo: JIIA)

◆ Need for collaboration among countries of an “arc of stability”

What does this mean for Japan as an ally of the United States? Not many countries have the will and the ability to defend a free world order. There is an “arc of stability” consisting of three poles: the nations of North America, Europe, and the democracies of Asia (e.g., Japan, South Korea, and Australia). These countries need to work together to urge the United States to apply itself to resolving international conflicts such as the war in Ukraine. Otherwise, the conflicts will continue and more lives will be lost.

To achieve this, the three poles must first pursue closer cooperation amongst themselves. With NATO binding North America and Europe together and bilateral alliances linking Asian democracies and North America, whether more robust cooperation between Europe and Asian democracies, the weakest link, can be established or not is the key to maximizing the overall strength of the arc of stability.

◆ Institutionally strengthening engagement with the Global South to meet the need for a majority

Furthermore, the cost of engaging in international dispute resolution is high as there are no solutions that all parties welcome. Conflict resolution is usually achieved through concessions and some form of dissatisfaction on the part of all parties, with the resolver incurring resentment. While the US has borne

this “resentment” to date and become resilient to such sentiment, other allies and like-minded nations are not accustomed to sharing this “challenge” in the first place and are vulnerable to resentment. Thus, the more support from the international community for a solution, the better. That is why it is important to gain the support of the nations of the Global South.

The countries of the Global South do not fall into the camps of the US, Europe, China, or Russia, but rather conduct careful diplomacy in their respective strategic environments to achieve the positions most in accord with their national interests, and thus they do not constitute a simply-defined group. To gain the support of these countries and form a majority, it is first necessary to understand the situation and position of each country well, select the countries to be engaged in a priority manner, unify the expectations of those countries with the views among the countries of the arc of stability on cooperation tailored to realize those expectations, and coordinate and share responses among them.

◆ G7 utilization and reform

There is no better forum for such coordination than the G7. The G7 should essentially serve as a forum for such strategic discussions and, still further, it needs to design its own institutional framework to function as a forum for engaging the countries of the Global South.

The G7's *raison d'être* as a group of like-minded nations that can respond to new issues with creativity and breakthroughs as an efficient and global steering group has been reaffirmed. We should therefore be cautious about increasing the number of participating countries. Admitting certain countries will make it difficult to demarcate between them and other countries, likely making the G7 similar to the G20 at the cost of its efficiency and breakthrough capabilities. On the other hand, the creation of Permanent Outreach Partners (POPs) is a possibility.

The G7 still invites outreach partners to its summits, but the choice is up to the host countries, though India and Brazil were invited to both Hiroshima and Puglia, and a certain standard has emerged. One suggestion might be to have India, Brazil, Indonesia and the ASEAN Chair, South Africa and the AU Chair, Turkey, Saudi Arabia, South Korea, and Australia as POPs in view of their future potential and regional balance.

Such new and concrete actions will be necessary in this inaugural year of the challenge sharing era.

◆ Year to start creating National Strategy

The year 2025 is the year in which Japan's GDP will be overtaken by India's as well as that of ASEAN as a whole, which in 2002 was less than 18% of Japan's GDP. This is the year that GDP can no longer be seen as a source of national power. For Japan to maintain a certain level of influence and expand its circle of friends in the era of challenge sharing, it must urgently find a new source of national power to replace GDP and prioritize the concentrated investment of increasingly limited resources to strengthen this new source of national power. This approach is synonymous with the development of a comprehensive strategy broader than a national security strategy that covers such aspects as human resources utilization, the education system, and interactions with foreign human resources. This means to create a national strategy.

In September 2024, The Japan Institute of International Affairs (JIIA) announced the launch of a

three-year industry-government-academia platform to create and propose national strategy. The year 2025 will be the first year for re-examining Japan's national identity 80 years since the end of World War II and discussing the national strategy Japan needs to maintain its influence and voice 80 years hence in the 22nd century. We look forward to reporting on the progress of our deliberations in the 2026 Strategic Outlook.

(November 29, 2024, Masafumi Ishii, JIIA Platform Managing Director)

Chapter 2: Foreign and Security Policies of the Second Trump Administration

◆ Promotion of the “America First” principle

President Trump emerged victorious from the 2024 presidential election, and both the House and Senate have Republican majorities. The Supreme Court also has a majority of conservative justices, creating an environment for President Trump to boldly advance his “America First” policy. Domestically, President Trump is seeking to eliminate the “Deep State” and exclude illegal immigrants from the United States. On the other hand, the Trump administration will pursue industrial policy through tariffs while neglecting global warming countermeasures.

The Trump administration will impose a 60% tariff on Chinese goods, hastening the decoupling of the US and Chinese economies, and lower corporate taxes and deregulation to attract American manufacturers back to the US from China. It will also focus on competition in high-tech areas such as semiconductors, AI, and quantum computers that can be used for military purposes. Trump’s stance to raise tariffs by 10-20% on imports from allies and friends of the United States is considered to be a move aimed at reducing the trade deficit and opening up markets; hence there is room for negotiation.

While the Trump administration will promote friendly shores and welcome domestic investment from allies and other countries, Washington will not welcome acquisitions of domestic companies, as seen in the Nippon Steel Corporation’s attempted acquisition of US Steel Corporation.

The Trump administration’s withdrawal from the Paris Agreement will set back global warming countermeasures and increase uncertainty about the investment environment for renewable energy. While providing some protection to domestic EV manufacturers such as Tesla, it will impose high tariffs on imports via Mexico with Chinese companies in mind. On the other hand, it will work to expand fossil fuel production, not only to meet domestic demand but also to further increase exports of oil and natural gas.

The United States will backtrack on its involvement in multilateral frameworks such as the UN, the G7, the WTO, and ASEAN. The Trump administration will also consider withdrawing from the Indo-Pacific Economic Framework (IPEF), a move not conducive to market liberalization. The US will not be interested in maintaining the rule-based international order, but will focus on advancing the national interests of the US through deals.



Donald Trump waves the crowd at an election night watch party, Nov. 2024. (AP Photo/Evan Vucci)

◆ Changes in European and Middle East policies

The Trump administration will ask Ukraine to accept ceasefire talks and shelve its NATO membership as a condition for continued military assistance. If a ceasefire is established, the Trump administration will seek to improve relations with Russia by easing economic sanctions and other measures. The Trump administration will not withdraw from NATO, but will withhold defense obligations to NATO members that do not meet its defense spending standards. Although it will maintain the current level of nuclear forces as well as naval and air forces deployed in Europe, the Trump administration will aim to drasti-

cally reduce the size of its ground forces, including marines, and will ask Europe to share more of the burden of supporting Ukraine.

In the Middle East, the Trump administration will revive maximum pressure on Iran. In addition to economic sanctions, the Trump administration will increase military pressure to curb Iran's nuclear development and halt support for proxy forces such as Hamas, Hezbollah, and the Houthis. While strengthening military support for Israel, Washington will pressure Israel for a ceasefire in Gaza and Lebanon. If Iran continues its attacks on Israel, however, the Trump administration may attack oil and nuclear facilities in Iran.

Regarding the Middle East peace process, the Trump administration will emphasize economic cooperation between Israel and the Palestinians, and will seek to mediate between the two sides in a way that also takes into account Palestinian interests, not ruling out the possibility of a two-state solution. The administration will also support the normalization of relations between Israel and Saudi Arabia, striving to build an "Abraham alliance."

◆ **Increasing competition with China**

The Trump administration views China as its greatest threat and, in addition to economic decoupling, it aims to weaken the Communist Party leadership by further increasing military and political pressure. The administration will shift military forces from Europe and the Middle East to Asia to compensate for conventional inferiority, while strengthening strategic and non-strategic nuclear forces to rebuild deterrence. Latticework mini-lateral networks such as the Quad, AUKUS, Japan-US-South Korea, and Japan-US-Australia will be bolstered, and cooperation with European countries will also be pursued to deter China from changing the status quo.

The Trump administration will place importance on Taiwan as part of the defense of the first island chain, but will demand Taiwan increase its defense spending and strengthen its independent defense capability. In addition, the Trump administration will call for further transfers of semiconductor factories from Taiwan to the US and the suspension of exports of advanced semiconductors to China.

The Trump administration will seek arms control after recognizing North Korea as a nuclear weapon state, and will focus mainly on regulating the quantity of ICBMs targeting the United States. It will also seek to isolate China by improving relations with North Korea.

◆ **Relations with Japan**

The Trump administration will appreciate Japan's increased defense spending and introduction of a counterstrike capability, and will follow through with the cooperative initiatives set by Kishida and Biden in command and control, integrated operations, and defense industrial bases. The modernization and expansion of nuclear forces by the Trump administration will lead to a further deepening of extended deterrence talks between Japan and the United States. On the economic front, it is highly likely that the administration will seek trade negotiations aimed at expanding exports of American agricultural products and regulating Japanese automobile exports. Although tariff hikes will temporarily stall trade between Japan and the US, direct investment from Japan to the US will further expand.

◆ **Recommendations**

- Encourage Japanese investment in Alaska's oil and gas industry, with a view to building a pipeline from Alaska.
- Further expand energy imports from the US with a view to building a pipeline from Alaska to Japan, and cooperate with the US on energy security.
- Further encourage Japanese investment in the US defense industry, particularly in the shipbuilding involved in submarine construction, to help maintain the readiness of the US military.
- Strengthen cooperation between the US and Japanese defense industries, particularly in the manufacture of ammunition.
- Further relax the principle of defense equipment transfer, and establish a system whereby air defense missiles can be provided directly to invaded parties.
- Transfer some of the functions of US Strategic Command to US Forces Japan to strengthen the Japan-US extended deterrence posture.
- Create a permanent integrated Japan-US joint task force for the defense of the Nansei Islands to boost deterrence.

(November 10, 2024, Tetsuo Kotani,
Senior Fellow, The Japan Institute of International Affairs / Professor, Meikai University)

Chapter 3: Promoting “America First” and MAGA: Republican Party Domination of All Three Branches of the Federal Government

◆ Domestic agenda items continue to take precedence due to the national division referred to as the “Two Americas”

Political polarization has been a recent trend in American politics, and the support rates for both the Trump and Biden administrations have continued to show a clear division, with approval from supporters affiliated with the president’s party at around 80% and that from supporters from other parties at about 20%. In the 2024 presidential election, the Republican Trump-Vance team defeated the Democratic Harris-Walz team, winning not only the electoral vote but also the popular vote. However, there is still a significant gap between the policies pursued by the two parties, and the US political division will continue after the inauguration of the second Trump administration.

The stance of the second Trump administration will be to implement policies by appealing to supporters of its own party rather than seeking domestic reconciliation amid the political division. Domestic agendas – immigration policy, tax cuts, education reform, and reform of federal government agencies such as the Department of Justice and the Federal Bureau of Investigation (FBI) – will be prioritized in order to dismantle the “deep state,” a top Trump priority.

◆ Pursuit of strict border control and economic nationalism

The Republican Party has now transformed into the Trump Party, pursuing policies based on Trump’s “America First” and “MAGA (Make America Great Again)” slogans in place of traditional conservative Republican policies. In the 2024 elections, the Republican Party achieved a trifecta, winning the presidential election and a majority in both the House and Senate. In addition, six of the nine Supreme Court justices are conservatives, giving the party a dominant position in all three branches of the federal government – executive, legislative, and judicial – which makes it easier for President Trump to advance his policy agendas amid the deep divisions in domestic politics.

Against this backdrop, immigration policy will continue to be a symbolic area that represents the division of the United States. In the past, the Republican Party, which was more aligned with the business community, wanted to secure foreign labor, and its stance was in line with the Democratic Party’s openness to immigration. Under the second Trump administration, though, strict border control and tightened control over immigrants will be implemented based on the arguments that looser immigration will undermine public safety in the United States in addition to the rationale that more American citizens could lose their jobs. Some points out that immigration policy under the second Trump administration will be on par with the most restrictive immigration policies in American history, such as the Immigration Act of 1924 that effectively excluded Asian immigrants. The deportation of illegal immigrants, the construction of a wall along the US-Mexican border, and the deployment of the National Guard and US troops to border areas will be pursued. On the other hand, the abolition of birthright citizenship, which Trump advocated during his campaign, will be unlikely to be realized as it would violate the Fourteenth Amendment to the United States Constitution. Therefore, close attention should be paid to the feasibility of the immigration policies Trump advocates. Immigration policy will have significant social and cultural impacts, and it will be a key area for measuring the national character of the United States as a nation of immigrants.

In the 2024 presidential election, the voters’ most prioritized issue was the economy. Reflecting the

inward-looking orientation of the United States in recent years, the second Trump administration will take a stronger stance on economic nationalism, the most prominent feature of which will be seen in its trade policy. While the Republican Party has long promoted free trade, the second Trump administration will undertake a protectionist trade policy that will impose high tariffs, such as a universal baseline tariff of 10-20% and a tariff of 60% or higher on imports from China.



(Photo: AP/Aflo)

The trade order and multilateral/minilateral trade frameworks that follow international rules will see little progress, and bilateral arrangements that use tariffs and economic sanctions as negotiation leverage will become the norm. The president will continue to oppose the proposed acquisition of US Steel by Nippon Steel, and uncertainty about the US investment environment will also be an issue.

In his acceptance speech for the GOP presidential nomination at the Republican National Convention in July 2024, Trump said he would end the EV mandate on day one, reversing the pro-EV policies implemented under the Biden administration, although he is expected to provide some protection for domestic companies like Tesla. Fossil fuel production is expected to increase under President Trump in line with his campaign catchphrase of “drill, baby, drill.” Climate change policies will also be reviewed, all of which make a fundamental shift in the US energy policy inevitable.

As President Trump began his first term, a lack of preparation for the transition of power left many important positions vacant. Immediately after winning the 2024 presidential race, however, Trump announced a series of appointments for the new administration ahead of his second term. However, there have been a procession of nominations of people with no experience in key government positions, including Elon Musk, a businessman who was one of the major donors to Trump’s presidential campaign, to head the newly created Department of Government Efficiency charged with reviewing federal spending. These nominations raise concerns about the suitability of the nominees, and the Republican majority in the Senate is narrow even with the trifecta. Close attention should thus be paid as to whether the president’s nominees will be smoothly confirmed by the Senate. In general, it is expected that the administration will be run by people loyal to President Trump, as evidenced by the appointment of Susan Wiles, co-chair of Trump’s 2024 presidential campaign, as his White House chief of staff with a key role in the administration, and that the administration will be run in a way that strongly reflects President Trump’s intentions.

◆ Recommendations

- The policies of the second Trump administration will be even more “America First” and deal-oriented than those of the first. Some pessimistic observers believe this could lead the United States to neglect its alliances, but it is unlikely that the US would abandon its alliances or withdraw from NATO. The Free and Open Indo-Pacific (FOIP) concept was also promoted under the first Trump administration,

and it is difficult to expect a policy shift in the emphasis on the Indo-Pacific region given the US-China strategic competition. In response to the second Trump administration’s pursuit of an “America First” policy, broad appeals should be made at multiple levels – not only to President Trump and his inner circle but also to the US Congress, state governments, think tanks, and academia – on the importance of the US-Japan alliance, which enjoys bipartisan support. It is also necessary to stress where Japan’s national interests overlap with those of the United States.

- It is vital to maintain and strengthen multilateral/minilateral cooperation frameworks in which both Japan and the United States participate, such as the G7, the Quad (Japan, the United States, Australia, and India), Japan-US-ROK cooperation, and Japan-US-Australia-Philippines cooperation, and to ensure that the United States remains engaged in the international community. If the “America First” policy is taken too far, Japan should pursue deeper cooperation with like-minded countries, whether the United States participates or not, and prepare in advance to strengthen the rules and mechanisms for protecting Japan’s national interests.

(December 5, 2024, Naoko Funatsu,
Research Fellow, The Japan Institute of International Affairs)

Chapter 4: Heightened Uncertainty in US-China Relations and the Situation in the Taiwan Strait

◆ Escalation of US-China competition and shifts in diplomatic balance

President-elect Trump, buoyed by his achievement of a trifecta, is concentrating power in his own hands and creating an environment that facilitates the smooth implementation of his preferred policies. The new administration is likely to be led by hardliners on China and is expected to push forward a strong US-China decoupling policy, including imposing a 60% tariff on Chinese goods. With a focus on economic and advanced technology competition, this administration is anticipated to take an even tougher stance against China than in its first term.

Even though China has prepared to a certain extent for a renewed Trump administration, the new lineup and its corresponding policies could exceed China's expectations in their hawkishness. While retaliating against US tariff measures, China will remain hopeful that the new Trump administration will allow some flexibility (room for maneuver) in trade negotiations.

Despite forecasts of intensified US-China competition, there is no clear prospect that guardrails will be established to prevent a direct clash. President-elect Trump may well suspend the Biden administration's initiatives, which were emphasized in its later years, to manage US-China competition via intergovernmental dialogue mechanisms (in areas such as military affairs, economics/finance, commerce, drug enforcement, AI, and climate change). This could drastically reduce channels of communication between the two countries.

Meanwhile, several Chinese experts believe the adverse effects of Trump's "America First" policies will be felt more keenly by US allies, potentially creating diplomatic opportunities for China. Capitalizing on a possible weakening of US influence, China may intensify its outreach toward US allies and step up diplomatic offensives in regions where US engagement is waning.

Nonetheless, the fundamental fact that neither the United States nor China desires a large-scale war between major powers is unlikely to change during Trump's second term. Still, as indicated in a report by the Stockholm International Peace Research Institute (SIPRI), China is rapidly enhancing its military capabilities, including its nuclear forces, and the gap in military power between the two countries is steadily narrowing. Even with sluggish economic growth, China is expected to continue boosting defense expenditures at a high level through 2025.



(Photo: Aflo)

◆ Tensions over Taiwan and ongoing incremental changes to the status quo

Since the inauguration of the Lai Ching-te administration in Taiwan on May 20, 2024, China has kept a close watch on President Lai's governance and domestic developments in Taiwan. Meanwhile, it has intensified its efforts on multiple fronts – reaching out to the Kuomintang, conducting military exercises encircling Taiwan, and so forth – to tighten its grip on the Lai administration. Regarding Taiwan's inter-

national status, China has also been working to consolidate the narrative that the “One China” principle based on UN General Assembly Resolution 2758 (the “Albanian Resolution”) is recognized by the United Nations. This approach will likely continue as Beijing seeks to prevent any elevation in Taiwan’s global standing or memberships in international organizations.

At this stage, China does not appear to have met the rational conditions necessary to opt for a military invasion; it is expected to maintain a wait-and-see attitude while observing the new Trump administration’s policy direction. Nevertheless, China has proclaimed its intention to achieve the “great rejuvenation of the Chinese nation” by around 2049, the centennial of the People’s Republic, and is steadily preparing militarily to make unification with Taiwan feasible.

On the US side, it remains unclear how firmly President-elect Trump intends to support Taiwan’s defense. Although he initially appeared to favor “strategic ambiguity,” he declared during the election campaign that if China were to invade Taiwan, the United States would respond with economic sanctions (raising tariffs on Chinese goods to 150–200%) while indicating that US military intervention would be unnecessary. Such remarks risk sending misleading signals to China. The ultimate direction of Trump’s Taiwan policy may depend on the makeup of his foreign and security team, yet the basic objectives will likely be to preserve peace and stability in the Taiwan Strait and simultaneously demand greater defense contributions from allies such as Taiwan and Japan.

Although the likelihood of a direct military clash between the United States and China over Taiwan remains low, some observers see rising tensions around the “3T” issues (Trade, Technology, and Taiwan). Continued or expanded US arms sales to Taiwan, visits by high-level US officials to Taiwan, or invitations for Taiwanese leaders to visit Washington could trigger Chinese backlash, sparking another shift in the “status quo” to China’s advantage. Professor Jia Qingguo of Peking University has warned that, were President-elect Trump to invite President Lai Ching-te to the White House, or if the US Secretary of State were to visit Taiwan, “China might downgrade or even sever diplomatic ties with the United States. It would be a highly dangerous provocation, leading to comprehensive confrontation between the two nations and an extreme escalation of tensions in the Taiwan Strait” (*Asahi Shimbun*, September 30, 2024).

◆ Recommendations

- Japan should continue emphasizing the importance of peace and stability in the Taiwan Strait, help create a regional environment that deters China from deciding on military action, and promote both dialogue and deterrence. Japan should also communicate to the international community that a potential Taiwan conflict would have catastrophic global impacts, including on economies, energy security, and supply chains. Diplomatic efforts to heighten European and Global South interest in collaborating to maintain stability in the Taiwan Strait are crucial.
- Currently, both China and Taiwan are seeking to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). At the same time, diplomatic offensives aimed at impeding each other’s accession, as well as China’s efforts to block Taiwan from expanding its international space and to intensify information and cognitive warfare against Taiwan, are expected to accelerate.

To avoid deepening cross-strait frictions and sparking disputes among CPTPP member states due to this accession issue, Japan should show leadership in devising and implementing mechanisms and procedures that enable both China and Taiwan to participate constructively in the CPTPP framework.

(November 29, 2024, Yumi Iijima,
Research Fellow, The Japan Institute of International Affairs)

Chapter 5: Will Economic Stagnation and a Preoccupation with National Security Continue Under the Increasingly Personalised Control of Xi Jinping?

◆ The unstable personal rule of Xi Jinping

The concentration of power in the hands of General Secretary Xi Jinping shows no signs of stopping. The key posts in the party and state are occupied by Xi Jinping's adulators, the Chinese media has coined the honorific title of "the People's Leader", and a campaign of personal worship is being waged to praise his political stances, abilities, and ideological excellence. Xi's power base is stable, and there are no forces capable of challenging him. China has now moved away from the collective leadership system of the Jiang Zemin and Hu Jintao eras, and Xi Jinping's personal rule system can be said to have taken root. Unless there is an accident or a health problem, there is little possibility that Xi Jinping's rule will be shaken in 2025. In fact, it is widely expected that he will remain in the position of supreme leader at the 2027 Party Congress.

However, a stable power base does not necessarily mean a stable government. A string of political scandals has come to light since 2023, resulting in the downfall of former Foreign Minister Qin Gang and former Defence Minister Li Shangfu, the dismissals of the commander and political commissar of the Rocket Force, and the exposure of high-level corruption and bribery, leaving the administration of the government in disarray. In November 2024, it was revealed that Miao Hua (Director of the Central Military Commission's Political Work Department) was being investigated, and there were also rumours that Minister of National Defence Dong Jun, who succeeded Li Shangfu, had been disgraced (as reported by the *Financial Times*).

More than ten years have passed since the start of the Xi Jinping administration and the anti-corruption campaign has continued throughout that time, but corruption remains rife even at the senior executive level. From the perspective of combatting corruption, Xi's anti-corruption campaign has had almost no effect. Under the slogan of "top-level design", Xi's influence over personnel and policy in the political process has become excessive, and those around him are completely deferential. Inconvenient information is less likely to reach Xi's ears, making it difficult for him to form an objective picture of circumstances. Xi himself relies on a small number of close aides, among them Li Qiang and Cai Qi, out of a lack of trust in party or government officials. Li Qiang even cancelled his press conference as premier at the 2024 National People's Congress, further reducing his presence. This situation is unlikely to change significantly in 2025, which is expected to see policy stagnation and further scandals.

◆ Preparations for the Party Congress

The next Communist Party Congress is scheduled to be held in the autumn of 2027, and preparations for the Party Congress will begin in 2025. One thing to watch out for is the appointment of local leaders; the replacement of party committee secretaries and regional-level government leaders is likely to get underway. From there, the composition of the next Central Committee will gradually begin to take shape. At the 2022 Party Congress, none of the



The Third Plenum of the 20th Central Committee of the Chinese Communist Party (Photo: Xinhua/Aflo)

1970s-born members of the “seventh generation” were elected to the Central Committee and, as a whole, the promotion of young cadres is lagging behind. As of November 2024, among seventh generation cadres, Shi Guanghui from the Inner Mongolia Autonomous Region, Liu Jie from Zhejiang Province, Zhuge Yujie from Hubei Province, and Zhu Zhongming from Shanghai are serving as deputy-secretaries at the provincial level. During 2025’s personnel reshuffle, it is possible that one or more of these potential top leaders will be promoted to the position of provincial governor. They will be the candidates for the future leader.

◆ Economic stagnation and social unrest

The biggest problem facing China today is economic stagnation. Real estate prices are falling, and the unemployment rate among young people remains high. Consumption has fallen, and concerns about deflation are increasing. The Third Plenum of the 18th Central Committee was delayed until July 2024, partly due to controversy over economic policy. Decisions were made at the Third Plenum to expand local government revenue sources and there was an awareness of the need to address the long-term issue of increasing social security burdens due to a declining birthrate and an aging population, but specific measures to improve the country’s financial situation and stimulate personal consumption were insufficient, and the feasibility of reform is unclear.

The Xi Jinping administration is taking an excessively national security-focused line and is becoming more wary of foreign countries. With the risk of their employees being suddenly detained on the rise, foreign companies are hesitant about making investments, and this reluctance is a major cause of the economic slowdown. Despite Xi loudly proclaiming the importance of national security, public security at home is rapidly deteriorating. Numerous random street attacks were reported across the country in 2024 and many have been injured or killed. Foreigners have also been targeted and even killed, with particularly notable incidents taking place at Japanese schools in Suzhou and Shenzhen in June and September, respectively. These incidents may have been hate crimes, where social unrest accompanying the worsening economic situation has combined with xenophobia.

Despite facing such economic stagnation and social unrest, the Xi administration has been unable to take effective action. With no prospect of economic recovery, instability is likely to continue into 2025.

◆ Recommendations

- Ensuring the safety of Japanese nationals in China is a priority issue. Seventeen Japanese nationals have been detained since the Anti-Espionage Law came into force in 2015, but Chinese authorities have provided little explanation of the circumstances. With the resumption of visa-free travel to China for Japanese nationals and an increase in private-sector travel, Japan must continue to demand greater transparency and reasonable law enforcement efforts from Chinese officials.
- The recent incidents of violence at Japanese schools have had serious impacts. This is a political issue stemming from the Chinese government’s mismanagement of the situation, which has fostered hostility towards Japan and allowed malicious rumours about Japanese nationals and harassment of Japanese schools to go unchecked. Japan has demanded that China respond in good faith, and it should continue to do so. At the same time, the horrific incidents have also caused pain and sorrow

among the sensible Chinese people, who have demonstrated a widespread outpouring of sympathy. It is important to convey this situation to Japan.

- Japan and China are deeply connected, separated as they are by “only a narrow strip of water”. The two governments have reconfirmed their commitment to comprehensively promoting a “Strategic Mutual Beneficial Relationship” and building constructive and stable relations, but they should deepen substantive cooperation so that this policy is backed up by reality. In particular, the exchange of government officials and young politicians should be continued and expanded. At the same time, Japan needs to ensure that it has multiple channels of communication with China at all times, and avoid a situation where exchanges between the two countries are cut off due to internal political circumstances in China.

(December 2, 2024, LI Hao,
Research Fellow, The Japan Institute of International Affairs)

Chapter 6: Possible US-North Korea Dialogue with the Trump Administration and Sustainable Japan-ROK Relations

◆ North-South relations at a standstill; North Korea pushing ahead with nuclear and missile development

North Korea has defined North-South relations as a hostile bi-national relationship and expressed its position that it will not deal with the Republic of Korea (ROK). The war in Ukraine has led to a revival of the alliance between Russia and the North Korea as well as the conclusion of a “Comprehensive Strategic Partnership Treaty” that includes a provision that can be seen as an automatic intervention clause (note: Russia does not officially recognize this). Pyongyang subsequently provided Russia with missiles, arms and ammunition, and even deployed troops to the front lines in Ukraine. Furthermore, North Korea has expressed support for China’s position on the Taiwan issue, even though China has distanced itself from the Russia-DPRK partnership. In this way, North Korea is using the competitive relationship between the major powers to conduct diplomacy to loosen the UN Security Council’s sanctions and monitoring regime.

In accordance with its 2021 Five-Year Plan for the Development of National Defense Science and Weapon Systems, North Korea is diversifying its nuclear arsenal, developing hypersonic weapons, operating military reconnaissance satellites, and developing means of unmanned surveillance. Behind this is the lesson of the breakdown of the February 2019 Trump-Kim Summit in Hanoi. From North Korea’s perspective, its nuclear capabilities were insufficient to bring the negotiations to a conclusion. Accordingly, Pyongyang has since been striving to strengthen its nuclear deterrence, aiming to secure deterrence against the US and a second-strike capability. Even if a dialogue takes place again under the new Trump administration, it is unlikely that Pyongyang will readily agree to denuclearization given the new realities. North Korea’s military buildup path has come at great expense to the national economy. However, Kim Jong-un, who prioritizes maintaining his regime, has no other choice; his military expansion policy will not be modified even if he gains the backing of Russia.

◆ Possibility of US-North Korea dialogue under the Trump administration and Japan’s response

The inauguration of the Trump administration could be a turning point in changing the status quo. North Korea wants a shift in the “strategic patience” that was effectively maintained throughout the Biden administration, and an excessive tilt toward Russia and China would put North Korea at risk of being incorporated into one of the major-power camps. Even if the war in Ukraine has not ended, Pyongyang will not hesitate to pursue both Russia-North Korea relations and US-North Korea dialogue at the same time. In the event of a shift to a dialogue with the US, Kim would likely demand all of the following: recognition of its nuclear power status, arms control rather than denuclearization, and normalization of diplomatic relations between the US and North Korea (including a withdrawal or reduction of US forces stationed in the ROK), all against the backdrop of its enhanced nuclear capabilities. It must be said that the hurdles to de-



APEC2024: Japan, US and ROK hold summit meeting
(Photo: YONHAP NEWS/ Aflo)

nuclearization have become higher. There is no longer any propensity among the US and ROK experts to seriously discuss the denuclearization of North Korea, and increasingly they believe that arms control and nuclear deterrence must be confronted head-on. At the same time, North Korea's tactical nuclear weapons also target US forces in Japan and the ROK as well as Guam, and even the Trump administration cannot say that a freeze on US mainland strike capabilities (ICBMs) alone would be sufficient. It is unlikely that Pyongyang will accept a comprehensive denuclearization roadmap in the first place, and the US may concentrate on risk management through gradual threat reduction on a reciprocal basis. The handling of North Korea's nuclear weapons and missiles directly affects the security of both Japan and the ROK. Given the fact that Pyongyang mentioned its relations with Tokyo on numerous occasions at the beginning of 2024, it is possible that Japan is seen as a potential dialogue partner. Neither the US nor the ROK will oppose direct dialogue between Japan and North Korea. With the abduction issue at the forefront of its agenda, Japan should not pass up the opportunity to engage in dialogue with Pyongyang, regardless of the status of US-North Korea dialogue.

◆ **Yoon Suk-yeol administration's value-oriented global foreign policy and the future of improved Japan-ROK relations**

Under President Yoon Suk-yeol, who emphasizes global values, the ROK has taken the helm in promoting cooperation among the United States, Japan, and the ROK, with an eye on the Indo-Pacific region as well. It has also embarked on military cooperation with Poland and other European countries and is pursuing cooperation with NATO countries. It is now oriented toward strengthening not only the US-ROK alliance but also the UN Military Command-based security system. In addition, the April 2023 US-ROK Washington Declaration established the Nuclear Consultative Group (NCG) in response to domestic concerns about extended deterrence created by the war in Ukraine, and the signing of new nuclear deterrence and nuclear operational guidelines brought about greater US involvement (port calls by strategic nuclear submarines and dispatches of long-range bombers) in place of the “nuclear sharing” that the ROK had hoped for, as well as stronger deterrence against North Korea.

Regarding its relations with Japan, the ROK has taken a political risk to greatly improve relations by positioning Japan as a partner with which to pursue cooperation in security and global issues, putting such concerns as the comfort women issue on the back burner. As the threat from North Korea and the security environment in Northeast Asia become increasingly severe, it is essential to enhance Japan-US-ROK cooperation and Japan-ROK relations. The year 2025 will mark a milestone in the sustainability of Japan-ROK relations. On the other hand, the Yoon Suk-yeol administration is suffering from low approval ratings amid deepening domestic political conflict. With the 60th anniversary of the normalization of diplomatic relations approaching, expectations are growing in the ROK for a positive response from Japan, making 2025 a turning point in determining whether Japan-ROK relations can be put on a sustainable path. In the ROK, policy toward Japan tends to be a contentious issue in domestic politics. Although President Yoon is unlikely to change policy on his own, there is always concern about “turning domestic affairs into foreign policy”.

On December 2, just before this report was written, President Yoon Suk-yeol suddenly declared emergency martial law, but this had to be lifted within several hours after being rejected by the National As-

sembly. Although it is impossible to predict what will happen next, there is no doubt that ROK politics in 2025 will be tumultuous and foreign policy will stagnate. If President Yoon's ouster is confirmed through impeachment or other means, there is a possibility that the next presidential election will bring in a progressive government, inevitably having an impact on Japan-ROK and Japan-US-ROK relations.

◆ Recommendations

- US-Japan and US-ROK cooperation offers the greatest leverage against North Korea. Japan needs to convince the Trump administration that it will be beneficial to the US to manifest and implement the Camp David Joint Declaration.
- North Korea is not a top priority for the Trump administration compared to Ukraine, the Middle East, or China, but there is still time for US-North Korea dialogue to begin. It is imperative to envision a roadmap that prioritizes the elimination of nuclear and missile threats to Japan so that no deal can be made in US-North Korea dialogue without the US coordinating with its allies. It will also be necessary to draw a correlation between Japan-North Korea dialogue and nuclear and missile talks.
- The 60th anniversary of the normalization between Japan and the ROK will be a test of whether the improved relations between the two countries under the Yoon administration can be made sustainable. Efforts to institutionalize security cooperation will be important. First, Japan should begin negotiations on a Japan-ROK ACSA for Noncombatant Evacuation Operations (NEOs) for Japanese nationals, disaster relief, and other areas.
- President Yoon Suk-yeol's declaration of martial law and its failure have put the ROK's domestic politics into flux. With the advent of a progressive government likely, Japan must be oriented toward building relations and managing various concerns carefully, taking into account public sentiment in the ROK.

(December 6, 2024)

Chapter 7: US “Withdrawal” from the War in Ukraine and Europe’s Choice: Japan-Europe Partnership Soars

◆ EU remains the largest supporter of the war in Ukraine while military and financial aid from the US declines

A new EU leadership was established after the European Parliament elections in June. The pending re-appointment of European Commission President Ursula Von der Leyen was decided, and former Estonian Prime Minister Kaja Kallas was chosen as the new High Representative of the European External Action Service. The appointment of former Estonian Prime Minister Kallas, who has taken a very tough stance toward Russia, is proof that the EU sees the war in Ukraine as its utmost priority.

The EU’s first security partnership with Japan was concluded in 2024, and the EU will continue to recognize the need for cooperation with the Indo-Pacific in security policy. The EU itself has begun to communicate its “complementarity” with NATO in security policy, and it is expected that cooperation with Japan in the security field will increase. Hungary, which has remained reluctant to support Ukraine, has held the presidency of the Council of the European Union in 2024 but, despite some disunity among the member states, Council is expected to operate smoothly under Poland’s leadership in 2025. On the other hand, the EU is likely to face difficulties in steering its affairs due to increasing disagreements with the US under the Trump administration.

◆ “Discontent” within member states spurs growth of far-right and far-left parties

Looking at the lineup of leaders in the new EU regime, support for and solidarity with Ukraine appears firm, and there is a strong consensus within the EU that the war in Ukraine is “a matter of own security”. On the other hand, there is a considerable psychological distance between the European elites and the citizens in the member states, and the great strides made in France and Germany by far-right and far-left parties in the June 2024 European Parliament elections are still a fresh memory. Although a leftist coalition won in France, there is a faction within the coalition that seeks to dismantle NATO, so stable government management is likely to be extremely difficult. The French presidential election in 2027 is expected to see the far-right rise again. Some far-right parties in Europe have close ties to the Trump administration, which will boost their popularity. Anti-immigration and economic measures are considered more pressing issues for far-right parties than the war in Ukraine, and strong opposition to the European elite is likely to be expressed.



New NATO Secretary General Mark Rutte (Left) (Photo: Reuters/ Afro)

For far-left parties, on the other hand, the double standard highlighted by the war in Ukraine and the humanitarian crisis in Gaza is problematic. In any case, support for Ukraine is an “unpopular” policy for radicals at both ends of the political spectrum, and the more united the EU elites become, the more divergent their views will become from those of the radicals who have attracted their support, making a change of government in member states possible. With Bundestag elections set to be held in Germany in February, the new government may face an unstable administration depending on how many seats radi-

cal parties such as AfD and BSW win. In countries such as Hungary where radical parties are already in power, there will be an increasing amount of discourse that will disrupt EU solidarity.

◆ **The rise of far-right and far-left parties will have a major impact on relations with China**

Economic policy is a key issue for far-right parties in the face of protracted inflation and rising unemployment, and their focus is on expanding into the Chinese market. The fact that Prime Minister Victor Orbán set up a meeting with President Xi Jinping soon after Hungary took over the presidency of the Council of the European Union is a clear indication of his focus on the Chinese market. It has also been revealed that the secretary to a key politician in Germany’s far-right AfD party was a Chinese spy, so one should be wary of the ties between populist parties and China. The Indo-Pacific is an issue that has received less attention from far-left parties than the humanitarian crisis in Gaza. There are also traditional skeptics of NATO, who tend to place less emphasis on the importance of deterrence when it comes to security issues.

The Trump administration is expected to take a hardline attitude toward NATO. Even though it is unlikely that the US will completely withdraw from NATO, it is possible that the US will effectively reduce NATO’s functions by repeatedly refusing to participate in joint missions, and thus a dysfunctional NATO will come under increasing pressure from both the left and right.

◆ **Recommendations**

- While Europe itself has begun to communicate the linkage between North Atlantic and Indo-Pacific issues, Japan needs to continue to communicate this to Europe. The fact that North Korean soldiers have been sent to the Ukrainian front has heightened Europe’s sense of crisis vis-à-vis North Korea, and this should be an opportunity to strengthen international communication from Japan’s perspective on other North Korean issues such as nuclear missile development and abductions of Japanese citizens.
- It is recognized among European experts and practitioners that European security and Indo-Pacific security are becoming increasingly integrated. At the same time, there is not a full understanding at the private-sector level of the linkage between European issues and Indo-Pacific challenges. This may open European countries up to infiltration efforts by certain countries, so efforts should be made to change perceptions at the grassroots level.
- As US involvement in NATO declines, Europe needs to support Ukraine more than ever, and concrete involvement in the Indo-Pacific is expected to decline to a certain degree. It is important to set up mechanisms to get European countries involved in Indo-Pacific security, and it is necessary to continue to cooperate and coordinate with other countries in the future. Mechanisms to get European countries involved in Indo-Pacific security – as typified by the UK’s involvement in the Indo-Pacific through AUKUS and the joint development of fighter jets by Japan, the UK, and Italy – are important, and continued cooperation and coordination with other countries is necessary. To this end, cooperation and coordination among defense industries is urgently required, and Japan’s defense industry needs to work on creating a system and environment for joint production and joint development.
- A renewed discussion is also needed on how Japan can engage with NATO. Now that Japan’s participation in NATO summits has become customary, more in-depth discussions must be undertaken on

specific cooperation beyond that. It is essential that Japan participate more concretely not only in joint exercises in the Indo-Pacific region but also in NATO exercises to promote mutual understanding at the unit level. As Europe provides more support to the Ukrainian front than ever, Japan should also continue to support Ukraine on a larger scale than before to foster further cooperation.

(November 29, 2024, Asako Takashima,
Research Fellow, The Japan Institute of International Affairs)

Chapter 8: The Continuing War of Attrition in Ukraine: What Will the Trump Administration and Prolonged War Bring?

◆ Will the Trump administration be able to bring Russia and Ukraine to the table to negotiate a ceasefire in the ongoing war of attrition?

Russian president Vladimir Putin began his fifth term in office following the presidential election in March 2024. The new government that was formed in the same month made personnel changes to strengthen the wartime economic system, such as appointing Andrey Berousov, an expert in economics, as Minister of Defence in anticipation of a prolonged invasion. Moscow and other urban cities are booming with military demand, and there has been no change in public support for the president and his administration or for a continuation of the war. On the other hand, economic sanctions imposed by the West have diminished the capacity of the Russian military, and the regime has been unable to undertake additional mobilization because it would directly lead to a decline in support for the regime.

In Ukraine, President Volodymyr Zelenskyy signed an amendment in April to extend the mobilizable age of troops in order to compensate for a shortage of troops. In addition, the United States and other Western countries have continued to provide military assistance, including F-16s and Patriot SAM systems, contributing to Ukraine's ability to continue fighting. However, Ukraine's ability to maintain the fighting depends on military support from Western countries and, if that support is reduced, it will be difficult to hold the front lines.

Amid concerns regarding both countries, Ukrainian forces invaded Russia's Kursk Oblast in August, successfully launching the first direct attack and territorial occupation of Russian territory by a regular army since World War II. This attack was intended to disperse Russian troops deployed in eastern Ukraine, but the Russian forces did not disperse and, as the initially disorganized Russian side's counterattack gained traction, the occupied territory was gradually recaptured and, as of this writing, the situation is at a standstill.

While both Russia and Ukraine have been unable to mount the large-scale military offensives seen in the past, escalation on the weapons front has been underway. In November Russia launched the new Oreshnik hypersonic medium-range ballistic missile at Ukraine in response to attacks by the long-range missiles that the US and the UK are providing to Ukraine to allow cross-border attacks inside Russia. The Oreshnik's range extends across most of Europe, and it is thought to be not only a deterrent against Western nations that continue to provide military support to Ukraine, but also a preparatory means for a decoupling between the United States, which is expected to broker a ceasefire, and Europe, which is considering how to continue providing support in the future.

Amidst this chaotic situation, former President Trump won the US presidential election in November. Based on his comments during the election and his cabinet nominees, any progress in ceasefire negotiations under the leadership of the Trump administration could lead to a ceasefire proposal entailing a transfer of some Ukrainian territory, including two eastern provinces, to Russia or the conversion of the current occupied territories into demilitarized zones. In addition, Russia may demand that Ukraine be barred from NATO membership and that Ukraine remain "neutral" from a Russian point of view. These two conditions on which Russia has long insisted would limit Ukraine's sovereignty in exchange for a ceasefire. The Zelenskyy administration, however, will not agree to a ceasefire without ensuring its own security and maintaining its sovereignty through NATO membership, and will probably launch a furious offensive to advance negotiations in Ukraine's favor as much as possible before the Trump administration

comes to power. However, if Ukraine does not agree to a ceasefire and chooses to continue the war, it will be difficult to find a major donor to replace the United States, and it is not clear whether the EU countries can sufficiently fill the gap. Ukraine will be cornered to make the tough choice of increasing the burden on its own nationals, too many of whose lives have already been lost on the battlefield.

◆ Growing Russia-China and Russia-North Korea cohesion and a rising threat to East Asia

Amid the protracted aggression in Ukraine, Russia is working to strengthen relations with China and North Korea: in May, President Putin chose China as his first foreign destination after his reelection and he is also pursuing two-way cooperation under existing frameworks led by Russia and China such as BRICS and the Shanghai Cooperation Organization (SCO). Furthermore, joint training exercises were conducted before and after Chinese military exercises in the waters surrounding Taiwan, with the China Coast Guard and Russia's FSB Border Service conducting their first joint training exercises. Both examples illustrate Russia's provision of know-how to China, which is expanding its naval capabilities.

In 2025, Russia and China are expected to continue stepping up their cooperation not only in military affairs but also in energy, economic matters, and many other areas. With a Taiwan contingency in mind, the two countries will continue to build a system that enables cooperation between both military and paramilitary forces in East Asia.

It is already clear that North Korea supplies arms, ammunition, and other items to Russia. Furthermore, President Putin visited Pyongyang in June to sign the "Comprehensive Strategic Partnership Treaty" that was ratified by both countries in November, evidence of progress toward a closer de facto alliance between Russia and North Korea. Russia seeks arms and ammunition from North Korea, and in return may provide missile-related technology and other know-how. This would facilitate the further evolution of North Korea's missile-related technology in ways that would improve the performance of ICBMs and aid in the development of SLBMs.

Russia is deepening its strategic partnerships with both China and North Korea, seen as threats to the East Asian region, by providing them with the capabilities and technologies that each country desires. In other words, Russia can be described as an indirect threat to the East Asian region.

◆ Recommendations

- The outcome of the war of attrition between Ukraine and Russia could tip the balance in favor of the latter, which has superior endurance. In addition, the start of the Trump administration could bring about a ceasefire favorable to Russia. Japan will continue to support Ukraine but, if negotiations for a ceasefire take place, Japan should engage the countries concerned to ensure that any resultant agree-



Ukrainian troops cross the border into western Russia, overrunning Suja, Kursk Oblast (Photo: Ukrinform/ Aflo)

ment disallows a unilateral change of the status quo by military force. In other words, if ceasefire negotiations led by the US and Russia make progress, there would be practical benefits to Japan actively participating in the process – using the precedent of the Northern Territories issues as a reference – to ensure that Ukraine’s territorial sovereignty is not undermined.

- Closer Russia-China and Russia-North Korea cooperation in response to indirect Russian threats in the East Asian region would be undesirable. These cooperative efforts are not irreversible but can change depending on the international situation and relations among major powers and require a flexible approach from a medium- to long-term perspective, e.g., through cooperation among like-minded countries.
- Regardless of the outcome of the invasion, Russia will continue to exist as a neighbor of Japan. Maintaining and developing channels of dialogue with Russia through Track 2 meetings and cultural exchanges should continue.

(December 6, 2024, Michihiro Tajima,
Research Fellow, The Japan Institute of International Affairs)

Chapter 9: The Middle East during the Second Trump Administration: Palestine in Turmoil and Business Opportunities Centered on Oil-Producing Countries

◆ **Backed by President Trump, PM Netanyahu intensifies attacks on anti-Israel forces**

Middle East policy under the first Trump administration (2017-2020) was characterized by (1) support for Israel (e.g., relocation of the US embassy to Jerusalem (May 2018)), (2) hostility toward Iran (e.g., withdrawal from the Iran nuclear agreement (May 2018)), and (3) emphasis on business and pragmatism (e.g., the normalization of Israeli diplomatic relations with the United Arab Emirates (UAE) and Bahrain (September 2020)).

The current conflict between Israel and Iran and its proxies (Hezbollah, the Houthis, and Hamas) has intensified under the Biden administration, with the first-ever cross-border attack on Israel by Hamas occurring on October 7, 2023, and the first-ever attack on Israel by Iran in April 2024. In addition, the Assad regime in Syria collapsed on December 8, 2024.

Under these circumstances, the factors that will provide insight into trends in the Middle East during the second Trump administration include (1) the relationship between President Trump and Prime Minister Benjamin Netanyahu of Israel and the resulting degree of policy freedom for Israel, (2) the responses of Iran and its proxies, (3) the Trump administration's pragmatic push for the normalization of diplomatic relations between Israel and Saudi Arabia along the lines of the Abraham Accords, and (4) the degree of Chinese and Russian intervention in the Middle East (due to the restrained US response), and these complex equations need to be unraveled.

In this regard, Prime Minister Netanyahu, relying on the US-Israel relationship that was considered to be at its strongest ever during the first Trump administration, may see strong support from President Trump as a "green light" to freely step up attacks on anti-Israeli forces. Israel is prepared to withstand a simultaneous four-front war against Iran, Hezbollah, the Houthis, and Hamas, and one should not underestimate Prime Minister Netanyahu's stated resolve in what he has termed Israel's "second war of independence". By extension, the possibility of an engagement between the US and Iran and its proxies cannot be ruled out, depending on the response of the US, which is Israel's ally.

◆ **Rapprochement with the West dashed, Iran may accelerate its nuclear program**

The new Iranian administration of Masoud Pezeshkian that took office in July 2024 had hoped to get the new US administration to lift sanctions against Iran through a policy of rapprochement with Europe and the United States. However, with the return of a Trump administration clearly taking a hard line against Iran and the "trifecta" configuration brought about by Republican majorities in both the Senate and the House of Representatives, the realization of this goal has already become difficult. The trend will instead be toward tougher sanctions against Iran. There is also a strong possibility that Israel, with firm backing from the Trump administration, will step up its attacks on Iran and, if this happens, Iran will have no choice but to retaliate further against Israel, giving rise to fears that the chain of retaliation will intensify. If Iran, backed into a corner, accelerates its nuclear development as a countermeasure, President Trump may allow Israel to attack its nuclear facilities.

◆ **Trump administration pushes for normalization of diplomatic relations between Israel and Saudi Arabia**

President Trump, who is a pragmatist, may make the normalization of diplomatic relations between

Israel, which possesses advanced technology, and Saudi Arabia, which has abundant oil money, a top priority in his Middle East policy as an upgrade of the normalization of diplomatic relations between Israel and the UAE (August 2020) achieved in his first term. Saudi Arabia is looking to improve relations with the US, which have been cooled by the human rights-oriented policies of the Biden administration (instituted in response to the assassination of Saudi journalist Jamal Khashoggi), during the second Trump



Israel normalizes diplomatic relations with UAE and Bahrain at signing ceremony in US, Sep. 2020 (Photo: Reuters/ Aflo)

administration, and it is highly likely that the interests of the US, Israel, and Saudi Arabia will coincide. However, such a move by the three parties will inevitably lead to a popular backlash in Arab countries as it is seen to be appeasing to Israel, and the moves taken by Saudi Arabia, which styles itself the leader of the Arab and Muslim worlds, will be the focus of attention as it bears the full brunt of this pressure.

◆ A possible shift in the balance of power in the Middle East driven by “America First”

President Trump will maintain his “America First” diplomatic stance in the Middle East and, while he has obviously staked out a pro-Israel position, it is entirely possible that he will not personally endeavor to ease tensions in the Middle East and will not offer military assistance or diplomatic efforts. US influence in the Middle East would further decline in such a case, and China would move in the meantime to increase its presence in the region; the fact that China mediated the normalization of diplomatic relations between Saudi Arabia and Iran in March 2023 as well as the reconciliation between Fatah and Hamas in Palestine in July 2024 must not be underestimated. The world might then see the Arab states break out of this era of dependence and inclination toward the United States, steer toward autonomous diplomacy between the West and China/Russia from a “Middle East First” perspective, and boost their presence as players in the international order.

◆ Recommendations

- Japan depends on Middle Eastern oil-producing countries for more than 95% of its crude oil imports, and stability in the Middle East is in Japan’s vital national interest. Therefore, it is necessary to seek closer strategic relations with Saudi Arabia and the UAE, which constitute the core of Middle East oil production, while at the same time undertaking balanced diplomacy toward both Israel and Iran. With the inauguration of the Trump administration, pressure to strengthen the encirclement against Iran is expected to increase, requiring robust diplomacy that balances cooperation with the US as its ally and the maintenance of traditional ties with Iran.
- Given that stability in the Middle East is in its national interest, Japan needs to make the Trump administration, the G7, and the major powers comprising the G20 aware internationally at every opportunity that it is a party to Middle East peace efforts. When the United Nations convenes international conferences on the governance and reconstruction of Gaza, Lebanon, and Syria, Japan must

demonstrate its leadership by announcing concrete and effective support measures and roadmaps. Preparations for these must be made in advance.

(December 12, 2024, Koichi Nakagawa,
Adjunct Fellow, The Japan Institute of International Affairs)

Chapter 10: Economic Security in an Era of International Competition: The Pursuit of Superiority and Security

◆ Competition over advanced technologies continues

As international competition continues, countries will focus on gaining and maintaining technological superiority. This is part of strengthening the economic dimension of traditional national security (national defense), and governments will pursue technological superiority by providing large-scale government support in emerging and critical technology fields, including artificial intelligence (AI), quantum computing, and biotechnology. Competition is expected to be particularly intense in acquiring and developing advanced semiconductors, especially graphic processing units (GPUs) and high bandwidth memory (HBM) essential for advanced AI. The next US administration is expected to continue to support research and development (R&D) in advanced technologies, and China will also focus on AI, space, quantum computing, and other fields as strategic industries. Support for the development of advanced key technologies in Japan is being provided under the Economic Security Promotion Act enacted in 2022. The Key and Advanced Technology R&D through Cross Community Collaboration Program (“K Program”) is already underway to encourage R&D on specified critical technologies in aerospace, the seas, cyberspace and other domains designated under the Act as well as appropriate utilization of the results of such R&D. Just as research cooperation between Japan and the US is being pursued in quantum technologies, further cooperation will be undertaken between allies and like-minded parties at the R&D stage in other emerging and critical technology fields.

The protection of technologies to maintain technological superiority is also becoming increasingly important. In September 2024, the US government implemented new export control measures related to quantum computing, semiconductor-related technologies, and 3D printing, and in October announced rules restricting investment in China in the areas of semiconductors, quantum information technologies, and AI. Regulations may continue to be tightened in areas such as investment screening, export control, and research security. Efforts to protect technology have progressed in Japan as well. The Act on the Protection and Utilization of Critical Economic Security Information enacted in May 2024 enshrined into law a security clearance system. International cooperation will also be sought in the area of technology protection to increase the effectiveness of measures while guaranteeing the soundness of economic and academic activities. Partners such as Japan, the US, European countries, and South Korea will need to make concerted efforts to protect advanced technologies. Coercive measures by the next US administration to realize such international cooperation cannot be ruled out, in which case partners other than the US will need to work together to address issues.

◆ Rebuilding resilient and reliable supply chains

As international competition intensifies, there seem to be growing moves to restructure economies using national security logic to make these economies more secure. In the US, a series of measures to support the semiconductor industry in accordance with the CHIPS+ Act have been announced, while in Japan, attempts to reorganize semiconductor supply chains have been accelerated: the first JASM (TSMC Kumamoto) plant (12-28 nm) began operation in Kumamoto at the end of 2024 and mass production is now underway. Construction of a second plant (6-40 nm) is expected to start at the end of 2024, with operations scheduled to begin in 2027. These steps are part and parcel of the efforts being made under the Economic Security Promotion Act to ensure stable supply of designated critical products (by making

supply chains more robust). The Act also aims to reinforce supply chains for critical minerals. Support through subsidy measures is being considered and implemented for exploration and feasibility studies (FS) enabling Japanese companies to discover new promising mines, for mine development and construction of beneficiation and smelting facilities to mine and produce mineral resources, and for technology development to boost the efficiency and lower the cost of mineral resource production. It was already decided in March 2024 to provide approximately 4.9 billion yen in subsidies for Japanese and Australian companies to carry out exploration projects in Australian mines, with the aim of securing nickel and cobalt through future mine development.

International cooperation for the sake of assessment, preparedness, deterrence, and countermeasures against economic coercion through the weaponization of economic interdependence by other countries is also being considered. Efforts to monitor the implementation of China's export control measures for critical minerals and rare metals such as gallium, germanium, graphite, and antimony as well as to promote information sharing will be developed mainly by the G7, which is already playing a key role in restructuring critical mineral supply chains (mining, refining, marketing, and local value creation). Countermeasures against non-market practices and policies will also be strengthened. Responses to the problem of China's oversupply of low-cost products (mature semiconductors, electric vehicles (EVs), solar panels, etc.) will move from the consideration stage to the implementation stage. The US, the EU, Canada, and Latin American countries have already announced that they are considering/implementing studies and tariff measures in this regard, and Asian countries are following suit.

Meanwhile, China will strive to make its semiconductor industry self-sufficient by focusing on the development of lithography equipment and software to minimize the impact of US government export control measures. To this end, the China Integrated Circuit Industry Investment Fund ("Big Fund") was established in May 2024 on an unprecedented scale (approximately US\$47.5 billion) to support domestic semiconductor-related companies. The Chinese are also upping the pace of de-Americanization, as evidenced by the ban on the use of products and software from some US companies. On the other hand, China has eliminated some restrictions on foreign investment in the manufacturing sector and eased market access in the telecommunications, medical, and other service industries, advertising the Chinese market as being open to the rest of the world. Such measures are expected to attract investment in key industries and foster technology absorption and industry development through technological cooperation. China also announced in May 2024 that it will be investigating chemical resin imports from Japan, the US, the EU and Taiwan in what is regarded as a countermeasure to tariffs imposed by the US, Europe, and other countries.

◆ Recommendations

- Continued focus should be placed on developing and fostering advanced technologies. Japan in particular should develop its strengths in emerging and critical technologies such as optical semiconductors and quantum computing, while exploring collaboration with allies and like-minded parties.
- Companies and other parties need to accelerate their preparations before the security clearance system becomes operational in 2025. Gaps among companies will undermine the effectiveness of the system and so should be minimized as much as possible. Information sharing among industry, government,

and academia is needed for this purpose.

- Vulnerabilities in cross-border supply chains should be identified and bottlenecks eliminated through the development of alternative suppliers and technological breakthroughs. Cooperation with allies, like-minded parties and other partners should be pursued not only to re-use already closed mines but also to develop technologies to recover and reclaim urban mines (e-scrap).
- As progress is made in rebuilding resilient and reliable supply chains, consistency with free-trade principles becomes an issue. Security for economies (and economic systems) is itself now recognized as essential. Security and stability are being emphasized in addition to profitability and efficiency based on economic rationality as preconditions for economic activities. Against this backdrop, it will be necessary to reconcile international rules and regulations based on traditional free-trade principles with the principles on which economic security depends in an era of international competition as well as establish trade regimes accordingly. In doing so, Japan must lead international discussions and rule-making that will win the support of a majority of the international community through cooperation among industry, government, and academia.

(November 28, 2024, Yoshiaki Takayama,
Research Fellow, The Japan Institute of International Affairs)

Chapter 11: Further Challenges to the Free Trade System: A Chain Reaction of Protectionism as the Greatest Concern

◆ The increasingly protectionist trade policy of Trump Administration 2.0

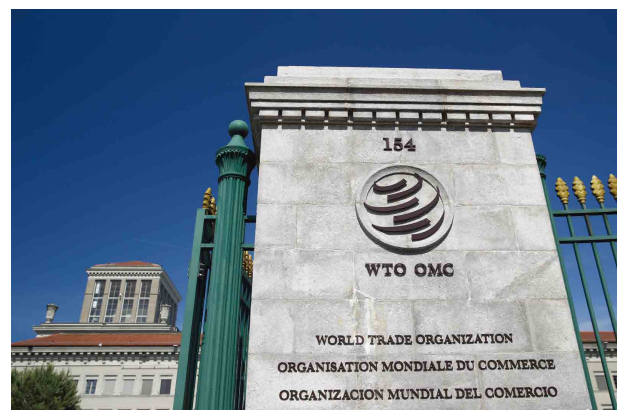
During his presidential campaign, Trump proposed measures such as revoking China's most-favored-nation status under the WTO, imposing a 60% additional tariff on imports from China, and levying a uniform 10-20% additional tariff on imports from all countries. A 100% additional tariff on Chinese EVs imposed by the Biden administration is expected to remain in place, as Trump has insisted that it would eventually eliminate dependency on China for steel, aluminum, semiconductors, and batteries. The additional tariffs on China could be swiftly implemented via executive order under Section 301 of the 1974 Trade Act (unfair trade practices). While the revocation of most-favored-nation status and uniform tariffs require Congressional approval, the Republican majority in both the House and Senate increases the feasibility of these policies. However, estimates suggest that introducing such tariffs would negatively impact US GDP by 0.8%. Moreover, the US economic landscape differs significantly from Trump's first term, with high inflation, high interest rates, and a strong dollar. Trump may approach policies that are likely to exacerbate inflation with caution.

Regarding EVs, Trump commented on plans by Chinese EV manufacturers to build factories in Mexico, proposing 100–200% tariffs on imports from Mexico. While the Biden administration also considered blocking EV inflows via third countries, Trump once mentioned that production should occur domestically, implying potential acceptance of Chinese manufacturers investing in the US. However, Republican lawmakers with a hardline stance against China strongly criticized domestic investments by Chinese battery manufacturer CATL, suggesting a stringent approach would prevail. Elon Musk, a strong supporter of Trump during the presidential campaign and CEO of Tesla, likely expects policies favorable to his business interests.

During Trump's first term, the additional tariffs on steel and aluminum under Section 232 of the 1962 Trade Act (national security) targeted a wide range of countries, prompting retaliatory measures from the EU, Canada, and Mexico. Tariffs or quotas on automobile and parts imports from the EU and Japan were also considered, raising concerns about potential trade friction.

◆ Concerns over retaliatory measures

If the trade policies of Trump Administration 2.0 are implemented, China may respond with retaliatory tariffs and potential export restrictions on critical minerals, for example, gallium, graphite, and antimony. Decoupling between the US and China is expected to progress, particularly in areas seen as vital to economic security, making it increasingly difficult to predict the scope of future tariffs and regulatory measures. The introduction of a uniform 10% tariff could spark reciprocal retaliation from a wide range of countries and regions, with severe implications for the global economy. Tariffs on automobiles, including EVs, could disrupt supply chains by broadly taxing imports not only from bilateral sources but also from third countries.



(Photo: REUTERS/Aflo)

◆ Weakening of the WTO and declining US engagement in multilateral efforts

Under Trump Administration 2.0, the WTO's functions could further weaken. Dispute settlement mechanisms are unlikely to address unilateral actions or protectionism effectively. Moreover, the US distancing itself from multilateral frameworks would hinder reforms aimed at promoting rules-making and enhancing monitoring functions.

Nevertheless, there was some international cooperation during Trump's first term. In 2017, Japan initiated a trilateral trade ministers' meeting with the US and the EU to address issues such as industrial subsidies leading to overproduction, forced technology transfers, and e-commerce rules under the WTO. With the US-EU Trade and Technology Council (TTC) and the Japan-US Economic Policy Consultative Committee (Economic 2+2) facilitating international cooperation today, Japan could play a mediating role, promoting policy coordination among Japan, the US, and the EU.

While US involvement in multilateral efforts is likely to decline, bilateral approaches may increase. During the first Trump administration, the US signed the Japan-US Trade Agreement (mainly on tariffs) and the Digital Trade Agreement with Japan. Through the US-China Economic and Trade Agreement, the US demanded China expand imports of US agricultural products, address forced technology transfers, subsidies, and overproduction. Negotiations with China could resume as soon as Trump comes back into office. Similarly, trade negotiations with India were undertaken, suggesting continued engagement with the Global South. Bilateral approaches could address shared concerns on market access, investment, intellectual property, and e-commerce (data flows) with trade partners such as the EU and Japan.

The Biden administration's Indo-Pacific Economic Framework (IPEF) will likely fade away. However, economic engagement in the Indo-Pacific region, including quality infrastructure investment to counter China's Belt and Road Initiative, could be revisited. Sector-specific cooperation through frameworks like the Quad is expected to continue.

◆ Recommendations

- Japan should strengthen trade and investment with the US through a bilateral framework (Japan-US Economic Dialogue 2.0). In doing so, Japan must emphasize with concrete evidence the adverse effects of uniform tariffs on US inflation and the global repercussions of reciprocal retaliation.
- In conjunction with the US's bilateral approach, Japan should address China's industrial subsidies, overproduction, and forced technology transfers by utilizing frameworks such as the RCEP, the Japan-China-ROK FTA, and the CPTPP, as well as advancing WTO reforms. Improving trilateral collaboration among Japan, the US, and the EU through the TTC and Economic 2+2 frameworks is recommended, including potential networking of these mechanisms. Bilateral and WTO plurilateral negotiations should also aim to establish rules for digital trade.
- With India and the rest of the Global South, Japan should pragmatically address market access, investment, and intellectual property regulations. In the Indo-Pacific region, Japan should leverage its strengths, such as infrastructure investment, to promote collaboration through the Quad and similar frameworks, involving the US in cooperative efforts.

(December 4, 2024, Kensuke Yanagida,

Research Fellow, The Japan Institute of International Affairs)

Chapter 12: The Impact of the Development and Proliferation of Artificial Intelligence and Unmanned Systems on Security

Emerging and critical technologies, including dual-use technologies, are transforming the scope and nature of security. The utilization of artificial intelligence (AI) and unmanned systems is poised to exert significant influence not only on geopolitical rivalries among major powers but also on the future of warfare and law enforcement activities.

◆ **More extensive casualties and human rights violations due to the proliferation and misuse of emerging technologies**

The effectiveness of unmanned systems has been demonstrated in conflicts such as the war in Ukraine and in use by non-state actors such as the Houthis in Yemen. During the ongoing conflict in Ukraine, the integration of AI-powered military support systems and the adaptation of commercial drones for reconnaissance and attack purposes have yielded impressive outcomes at relatively low costs. This success has attracted considerable interest from countries within the Global South (GS), including Southeast Asia and Africa. Moving forward, the extent to which GS countries adopt and employ AI and unmanned systems could lead to substantial shifts in both international and internal security. These developments would pose pressing challenges in areas such as national defense strategies, adherence to the rule of law, and international cooperation.

In the Gaza conflict, Israel has reportedly employed AI-driven automated attack systems, effectively operationalizing autonomous target recognition and attack execution. This approach has raised significant ethical and trust-related concerns, particularly regarding the level of human involvement (human in the loop). Should similar systems become widespread among other nations, the risks of target misidentification and harm to civilians could escalate. Additionally, the potential for the misuse of technology and increased human rights violations, particularly by authoritarian regimes, cannot be overlooked.

From the perspective of law enforcement, the use of AI and unmanned systems for tasks such as border and domestic surveillance holds the promise of enhancing security measures. The proliferation of advanced dual-use technologies may spur innovations in domestic law enforcement and border management within GS countries. Integrated systems that combine AI and unmanned technologies could be deployed for purposes such as border management, counterterrorism, and crime prevention. By enabling cost-effective mission execution even in resource-limited nations, these technologies are likely to be considered for adoption by a growing number of states.

However, in nations where military forces also assume roles in law enforcement, the blurring of institutional boundaries between the military and police poses significant risks. In particular, authoritarian regimes may leverage these technologies to strengthen state control and exacerbate human rights abuses. To mitigate these risks, the establishment of robust international norms and regulatory frameworks governing the use of AI and unmanned systems is imperative.

◆ **Intensifying drone development race and deepening integration of alliances and partnerships**

The competition between the US and China has escalated into a fierce race to develop unmanned aerial vehicle (UAV) technologies. Both nations are accelerating their UAV development efforts with an eye toward a potential Taiwan contingency. Unlike the small, low-cost UAVs used in the Ukraine war, the US is prioritizing the development of highly advanced UAVs designed for long-range missions. Given its

geographic remoteness, the US faces a critical need for UAVs capable of withstanding challenging environments to counter China's anti-access/area denial (A2/AD) capabilities. This imperative necessitates not only cutting-edge technological innovations but also the enhancement of robust production systems.

In contrast, China seeks to leverage its geographic proximity by deploying large numbers of affordable short- and medium-range UAVs, aiming to secure a strategic advantage over the US. One of the most prominently discussed technologies in this domain is swarm technology, which enables multiple UAVs to autonomously coordinate and execute operations. While China has a competitive edge in hardware development, it has shifted its focus toward software innovation to compete with the US, which is known for its expertise in this area. Consequently, the focus of the competition has shifted toward advancing autonomy and upgrading cooperative operational capabilities. These advancements have the potential to significantly improve operational efficiency in reconnaissance and attack missions, further intensifying the US-China rivalry.



Drone unit of the Ukrainian Armed Forces (Photo: Reuters/Aflo)

Historically, the primary roles of UAVs on the battlefield have been intelligence, surveillance, reconnaissance, and targeting (ISRT). Moving forward, the US intends to establish an AI-driven Joint All-Domain Command and Control

(JADC2) system. This system aims to integrate geographically dispersed sensors and shooters into a seamlessly functional network in collaboration with allied and partner nations. A key objective for the US will be achieving superiority in the "Observe, Orient, Decide, Act" (OODA) loop to ensure the effective execution of long-range precision strikes.

In preparation for a potential Taiwan conflict, the US is striving to strengthen its collaboration with Taiwan and its allies. The pre-deployment of short- and medium-range UAVs in Taiwan is viewed as essential to bolstering its defense capabilities. However, Taiwan faces distinctive challenges, including the necessity of not relying on inexpensive Chinese-made drones, as Ukraine has. This highlights the urgent need for Taiwan to prioritize domestic drone development and manufacturing efforts, either independently or in collaboration with allied nations.

◆ Recommendations

- Support for AI infrastructure development in Global South (GS) countries: When providing assistance to GS countries in establishing and expanding AI infrastructure, active engagement with the international community in the development of comprehensive norms and regulatory frameworks is imperative to ensure the responsible and appropriate application of AI technologies. It is essential to utilize initiatives such as the Hiroshima AI Process to promote the ethical use of AI through mechanisms designed to safeguard individual privacy and ensure accountability. Moreover, measures must be taken to prevent the misuse of AI by authoritarian governments for the sake of regime survival or systemic oppression.

- Formulation of doctrines and operational concepts for effective drone technology utilization on the battlefield: To ensure the efficient and lawful deployment of unmanned systems on the battlefield, including counter-drone measures, it is necessary to develop comprehensive doctrines and detailed operational concepts. These frameworks should encompass not only Japan's specific needs for the defense of remote islands and critical infrastructure but also potential contingencies involving Taiwan. Operational planning must consider joint initiatives and coordinated strategies with the US and Taiwan. Future efforts should be extended to maritime and underwater drone technologies, ensuring alignment with the strategic and operational objectives of the US, China, and Taiwan. Additionally, it is vital to review rules of engagement (ROE) for unmanned systems while simultaneously reinforcing the legal foundation governing their use. Under the current provisions of Japan's Radio Act, drone performance and counter-drone system output are constrained, creating significant barriers to their development and deployment. Repeated UAV incursions into Japan Maritime Self-Defense Force (JMSDF) bases have also provoked concerns from the US, highlighting the urgency of addressing these issues, including through the reevaluation of existing legal frameworks.
- Strengthening defense industry cooperation with allied and partner nations: Japan should actively encourage collaborative initiatives in the defense industry with allied and partner countries to enhance the exchange, sharing, and joint development of unmanned system technologies. In particular, Japan's recognized strengths in hardware technology such as the development of high-performance sensors and durable materials should be leveraged to bolster maritime security capabilities. Moreover, resilient supply chains must be established through cooperative efforts with allied and partner nations. This should encompass not only manufacturing capacity but also the integration of component supply networks and technical support mechanisms.

(November 29, 2024, Yuichi Yoshida,
Research Fellow, The Japan Institute of International Affairs)

Chapter 13: Re-evaluation of Disinformation Countermeasures and Expansion of International Collaboration on Disinformation Challenges in the Indo-Pacific Region

◆ Conventional disinformation countermeasures in Western countries likely to be re-evaluated

Deep fakes such as videos and audio produced by generative artificial intelligence (AI) are increasing in quality, and disinformation challenges are expected to intensify. The following is an analysis of likely future trends.

The risks that disinformation poses to society are likely to increase partly due to dramatic improvements in AI technology. According to the identity verification platform Sumsb, the number of global deepfakes in circulation surged tenfold from 2022 to 2023, with an average increase of 1,530% in the Asia-Pacific region and 2,800% in Japan, meaning that Japan's challenges are among the most serious within the region. Recognizing in advance that even more deepfakes would spread during the year of national elections in many de-



(Photo: Jaroslav Maléř/ Pexels)

mocracies in 2024, the US private sector and civil society organizations (CSOs) accelerated research and tool development efforts to detect AI-generated disinformation, and major US media outlets and others made use of these tools. The problem of AI-generated disinformation is expected to worsen in 2025 with improvements in quality, but the users of such tools (and the services offered to counter this disinformation) are also expected to grow, both within and beyond the US.

Since it is extremely difficult to combat all disinformation, it is highly likely that approaches toward “prebunking” (building preemptive resilience to disinformation) rather than “debunking” (exposing and refuting disinformation as false after disinformation has already taken place) will be given prominence, and expanded use of prebunking is anticipated.

Western countries are also likely to accelerate reviews of their countermeasures against information influence operations (IIOs), above all, re-examining their strategic communications aimed at the Global South. As the NATO Strategic Communications Centre of Excellence (Riga, Latvia) has pointed out, Western countries have become increasingly concerned about Russian and Chinese IIOs in the Global South and their local impact ever since Russia's invasion of Ukraine exposed a chasm between the West and the Global South in their perceptions of events. At the same time, there will likely be a series of discussions on why the West's efforts to reach out to the Global South have not been successful, with these involving reviews by stakeholders of the Western strategic communications and IIO countermeasures.

◆ International collaboration in combating disinformation likely to be transformed and collaboration in the Indo-Pacific region expanded

The new Trump administration could significantly reshape the disinformation measures that have been pursued so far under the Biden administration.

Firstly, the cooperative relations between the US government and the private sector, especially US Big Tech companies, the media, and CSOs, which have collaborated with the Biden administration in combating disinformation, will likely change, with the mainstream media prone to increasingly fact-check

statements and other information coming from the Trump administration. On the other hand, some Big Tech companies may temper their approach to disinformation out of fear of being accused of censorship by the new administration. Other private-sector actors and CSOs will probably seek sustainable and independent initiatives to counter disinformation that do not rely on support from the new administration.

Secondly, it is expected that players other than the US, such as Canada, European countries, and Taiwan, will try to promote international cooperation to combat disinformation or foreign information manipulation and interference (FIMI) in a manner that does not rely on the US. With China particularly in mind, moves to seek cooperation with countries and locales within the Indo-Pacific region will presumably intensify, undoubtedly accelerating discussions on the possibility of establishing an Information Security Centre of Excellence in the Indo-Pacific region. As Canada will hold the G7 presidency in 2025, it will be one of the driving forces for the G7 Rapid Response Mechanism (RRM), an initiative to strengthen coordination across the G7 in responding to threats to democracy, and for further collaborations beyond this RRM in the region. In this context, Japan will face significantly higher expectations and enjoy greater opportunities for cooperation and collaboration.

◆ Recommendations

- Japan should move away from its current whack-a-mole debunking approach, which represents a symptomatic treatment of disinformation challenges. Recognizing that maintaining such an approach would not be only ineffective but would also keep Japan on the defensive against disinformation challenges, the government needs to quickly move to operationalize proactive measures other than simply exposing and refuting disinformation or FIMI.
- One of these proactive approaches involves prebunking. As a disaster-prone country, Japan can analyze the content, trends, structure and dynamics of social networks, identifying patterns in the spread of mis/disinformation during past disasters. This would also be useful in preparing for potential mis/disinformation regarding elections. Proactive measures for building societal resilience, ranging from communications to education, will be more effective than debunking in the age of generative AI. The Japanese government as well as the private sector and CSOs should recognize the advantages of prebunking and start developing institutional structures to put it into practice.
- The Japanese government should strengthen its intelligence functions and strategic communications. Such functions will engender a better understanding of information ecosystems in society and enable the government to quickly and flexibly share, aggregate, and analyze information among relevant organizations, which is what the government has been doing since this concept was mentioned in the 2022 National Security Strategy. Ministries and agencies should accelerate their capacity building.
- A whole-of-society approach should be actively pursued. Governments cannot act alone in combating disinformation. Various efforts by private-sector actors and CSOs, including data-driven research, technology development, communications, education, and qualitative improvement of journalism and fact-checking, should be expanded, and multifaceted cooperation and collaboration among actors should be enhanced.
- As global interest in disinformation challenges in the Indo-Pacific region increases, it is recommended that Japan look for more active international cooperation and collaboration with various stakeholders.

Taiwan is ahead of Japan in its experience and initiatives in combatting disinformation and FIMI, and Japan could open up a wide range of possibilities by, for example, seeking to engage and collaborate with CSOs in Taiwan.

(November 11, 2024, Kyoko Kuwahara,
Research Fellow, The Japan Institute of International Affairs)

Chapter 14: Arms Control, Disarmament, and Nonproliferation in the Face of Continuing Challenges

◆ Overview

The international environment surrounding nuclear weapons has never been more challenging. The most important factor shaping the international environment is the intensifying strategic confrontation between the United States on the one hand and China and Russia on the other. As these major powers deepen their rivalry, their nuclear policies increasingly reflect this adversarial tone.

China is currently the only one of the five nuclear weapons states recognized under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) that has been increasing its number of nuclear warheads, and it is diversifying its operational systems and enhancing its second-strike capability by building inter-continental ballistic missile (ICBM) silos, constructing strategic nuclear submarines, and developing new nuclear delivery systems such as hypersonic glider vehicles (HGVs). These moves to step up its nuclear capability and readiness to respond appear to contradict China's no-first-use policy for nuclear weapons and its minimum retaliation strategy of strategic deterrence with the minimum necessary retaliatory capability.

Since the preparatory stage of its invasion of Ukraine through to the present (November 2024), Russia has aimed to dissuade US and European support for Ukraine and limit their involvement in the conflict by indicating a reduced threshold for deploying nuclear weapons. This has been demonstrated through actions such as relocating nuclear forces during exercises, alluding to the restricted use of nuclear weapons, and making changes to its nuclear policy. In terms of capabilities, the modernization of Russia's nuclear forces is said to be in its final stages, although a new ICBM, the Sarmat, is reported to have failed a test in September 2024.

In its 2022 National Defense Strategy (NDS 2022), the US identified China as a “pacing challenge” that will set the tone of its national security strategy and Russia as a serious threat, and envisioned the nuclear forces needed to address the “two-peer” problem – simultaneously confronting nuclear threats from these two great powers while taking into account the risk of their strategic coordination. The “Strategic Posture Commission Report” released in October 2023 pointed out that the assumption in NDS 2022 of “winning one major war and deterring another” with conventional forces would lead to a force shortage in the future, and it referred to the need for effective nuclear retaliation options and deterrence posture at the regional level.

Thus, the US, China, and Russia increasingly recognize the role of nuclear capabilities in strengthening their security postures. At the regional level, the salience of nuclear weapons is rising. In East Asia, North Korea is advancing its development of ICBMs capable of reaching the US mainland and tactical nuclear weapons designed for combat use, signaling a growing reliance on nuclear weapons. In the Middle East, the fact that Israel, a suspected nuclear weapons state, and Iran, a potential nuclear power, have gone so far as to directly engage in warfare, albeit on a small scale, indicates that nuclear weapons are taking on greater significance in regional security.

◆ US-Russia arms control prospects

The New Strategic Arms Reduction Treaty (New START Treaty) between the US and Russia must first be negotiated before the end of the five-year extension period in February 2026. However, Russia declared in February 2023 that it would suspend implementation of the treaty and President Putin stated in

February 2024 that discussions on arms control would not resume as long as the US was trying to inflict a “strategic defeat” on Russia by supporting Ukraine. From Russia’s perspective, this means that the US’s response to the war in Ukraine is key. Although President-elect Trump has remarked that he would end the war in Ukraine immediately, the prospects for an early resolution and subsequent arms control negotiations remain uncertain.

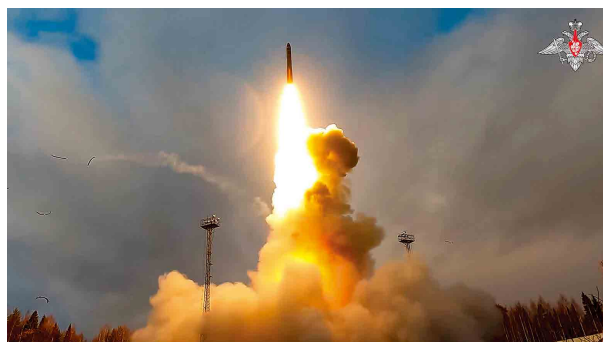
Should negotiations between Russia and Ukraine proceed under Trump’s leadership, arms control will emerge as one of the agenda items in broader strategic communications between the US and Russia. However, the diversification of delivery systems and differing views on European stability have rendered strategic stability increasingly complex, extending beyond the scope of New START’s traditional focus on numerical control of strategic nuclear warheads and delivery systems. Finding an agreeable modality of arms control by addressing these challenges, including the treatment of non-strategic nuclear weapons and missile defense, will be difficult.

◆ **US-China arms control prospects**

As for arms control between the US and China, the latter continues to show a negative attitude toward arms control talks, and no progress will be made for the time being. For China, restrictions on the buildup of its nuclear capability would lock in the asymmetry of forces between the two countries and risk perpetuating its vulnerability. Transparency measures such as mutual declarations of nuclear forces’ quantity, deployment, and operational status would further expose China to potential US attacks.

On the other hand, however, President-elect Trump’s transactional approach may open avenues for easing tensions over nuclear deterrence and arms control if China offers a reasonable economic quid pro quo. While reducing tensions between the US and China is generally desirable, détente could grant China greater freedom of action in East Asia that could jeopardize Japan’s security. Improving the US-China relationship and reducing threats through arms control must be pursued in conjunction with maintaining the credibility of the US-Japan alliance.

In addition, China is likely to continue voicing concerns about the AUKUS initiative to provide nuclear attack submarines to Australia (AUKUS Pillar I) at various multilateral forums, including the NPT Review Conference and the International Atomic Energy Agency (IAEA) General Conference. It raises the issue of safeguards for the transfer of highly enriched uranium, the fuel used to power nuclear submarine reactors, and maintains a firm stance to keep US-UK-Australia collaboration in check.



Russia conducts land-, sea- and air-based strategic nuclear exercises (VIDEO IMAGES) (Courtesy of Russian Defense Ministry Press Service/AP/Aflo)

◆ **Increasing uncertainty surrounding North Korea and Iran issues**

In the area of nuclear nonproliferation, the focus will continue to be on North Korea’s growing nuclear capabilities and Iran’s escalating nuclear program.

Regarding North Korea, President-elect Trump stated during the election campaign that he would stop missile launches through discussions with Kim Jong-un, and it is believed that the US under President Trump will pursue an arms control-based approach that focuses on reducing the nuclear threat rather than eliminating nuclear weapons, i.e., denuclearization. If the Trump administration were to de facto acquiesce to North Korea's possession of nuclear weapons and if there were no agreement among the US, Japan and South Korea on the impact of this on Japanese and Korean security, then US-North Korea dialogue, otherwise desirable in terms of threat reduction, could exacerbate Japan's anxiety over extended nuclear deterrence and reassurance.

The previous Trump administration took a hardline stance against Iran's nuclear program, withdrawing from the Joint Comprehensive Plan of Action (JCPOA) and re-imposing sanctions in 2018, and killing Islamic Revolutionary Guard Corps commander Qasem Soleimani in 2020. Masoud Pezeshkian, who is seen as an internationalist, has assumed the presidency in Iran, and Abbas Araqchi, who has overseen JCPOA negotiations, has been appointed as foreign minister. However, distrust of the US, which unilaterally reneged on its commitments under the JCPOA, is deep-rooted within Iran, and it will be difficult to build trust between Iran and the US. Furthermore, UN Security Council Resolution 2231, which was adopted along with the JCPOA and which suspended sanctions based on past Security Council resolutions, will expire on October 18, 2025. This would allow the West to reinstate sanctions based on past Security Council resolutions, and strong Iranian opposition can naturally be foreseen. An escalation of the confrontation could bring Iran closer to possessing nuclear weapons and push Iran even closer to China and Russia.

As part of the review process for the NPT, the cornerstone of the nuclear nonproliferation regime, the Preparatory Committee for the 2026 NPT Review Conference will be holding a third meeting in 2025 but, in the wake of this strategic competition among the major powers, disputes over the narrative of "who ruins the nonproliferation regime?" will likely continue here. As things stand, it is unlikely that a final document will be adopted by consensus. While some countries in the "Global South" have refrained from condemning Russia's aggression against Ukraine as a violation of international law, this position can partly be attributed to their antipathy against the US- and Western-led international order and their aspiration for a more multipolar world.

◆ Recommendations

- Japan will first need to carefully assess whether President Trump in his second term will adopt confrontational or conciliatory postures in the US's strategic relationships with other major powers. In any case, Japan should take steps to make the alliance robust and establish a stronger alliance deterrence posture. Japan and South Korea should also seek closer policy coordination and cooperation with the US in order to make deterrence more reliable and design contingency plans covering Taiwan and the Korean Peninsula. In this context, the US, Japan and South Korea should establish a common understanding of the role of nuclear weapons and build capabilities optimal for responding to contingencies. Japan also should explore the possibility of confidence building and threat reduction through strategic dialogue with China and other countries.
- On the other hand, the US pursuing an "America First" policy in the NPT-centered nuclear nonpro-

liferation regime would only serve to aggravate the friction between the Global South and the West. The weakening of the nuclear nonproliferation regime and the spread of an anti-Western atmosphere to the regime itself through the escalation of such a confrontation could provide an opening for China, Russia, and other countries to expand their influence. To reduce this risk, Japan needs to be more actively involved in multilateral diplomacy and play a role in keeping the US tied to the international community.

- In any case, the greatest concern is the growing policy discrepancy between the US and Japan. It will be important for Japan to urge the US to join with it in addressing nuclear issues such as deterrence, arms control, disarmament, and non-proliferation in a coordinated way as a form of crisis management in response to growing uncertainty. This should be pursued as an integral part of a security strategy, with close coordination to ensure a cooperative and unified policy approach.

(December 11, 2024, Nobumasa Akiyama,
Director, Center for Disarmament, Science and Technology)

Strategic Outlook 2025
Can the International Order Regain Its Resilience?
Choices for the World and Japan

First published January 2025 by JIIA

Printed in Japan

© 2025 The Japan Institute of International Affairs

The Japan Institute of International Affairs
3rd Floor, Toranomom Daibiru-East Building
3-8-1 Kasumigaseki, Chiyoda-ku, Tokyo
Japan 100-0013

Tel : +81-3-3503-7261 Fax : +81-3-3503-7292



URL: <https://www.jia.or.jp/en/>

JIA