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JEFFREY W. HORNUNG, NIKOLAY MASLOV

U.S.-Japan Alliance Conference

The U.S.-Japan Alliance Today and Beyond

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Conference Proceedings

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About These Conference Proceedings

The international system is being tested by rapid technological transformation, shifting economic patterns, and complex security challenges. In this context, the U.S.-Japan partnership is not simply relevant—it is indispensable. To better understand the state of the alliance in light of these trends, RAND convened a conference at the JAPAN HOUSE Los Angeles on February 17, 2026, that brought together experts to explore issues related to current and future challenges that the U.S.-Japan alliance faces. These proceedings contain a summary of the conference and a short analytical assessment of the main themes raised by participants.

RAND National Security Research Division

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CHAPTER 1

Conference Overview

Jeffrey W. Hornung
Japan Lead, National Security Research Division; Senior Political Scientist

Marking the 12th iteration of RAND's U.S.-Japan alliance conference series, RAND, in partnership with the Consulate-General of Japan in Los Angeles and JAPAN HOUSE Los Angeles, hosted a conference on February 17, 2026, focusing on issues of relevance to the U.S.-Japan alliance with respect to current and future security challenges in the Indo-Pacific region.

The international system is being tested by rapid technological transformation, shifting economic patterns, and complex security challenges—from regional tensions in East Asia to the global implications of climate change and supply chain disruptions. In this context, the U.S.-Japan partnership is not simply relevant—it is indispensable. Economically, the two nations remain deeply intertwined. Japan is one of the United States' largest trading partners and investors, and U.S. companies continue to find in Japan a hub of innovation and reliability. Together, the two countries are advancing cooperation in cutting-edge fields that will define the next generation of global competitiveness. These collaborations are not just about commerce; they are intended to shape a future that is sustainable, secure, and resilient. On the security front, the alliance continues to adapt to new realities based on challenges posed by countries that flout international norms and seek to overturn the status quo. The strengthening of defense cooperation, joint exercises, and strategic dialogues reflects a shared commitment to deterrence and a free and open Indo-Pacific. Looking ahead, the future of U.S.-Japan relations will depend on how the allies navigate emerging challenges together.

The gathered experts sought to develop a better understanding of the state of the alliance—both as it currently is and as it may be in the future. They explored three primary questions:

- What are the main security challenges today and those that can be expected a decade from now?
- What role is the U.S.-Japan alliance expected to play to meet these challenges?
- What are the greatest near-term challenges that President Donald J. Trump and Prime Minister Takaichi Sanae face and the longer-term challenges that their successors will face in the coming decade?

This overview captures the insights that these invited experts developed in their presentations. Chapter 2 provides a short analysis of the main themes discussed.

Panel One: Indo-Pacific Security Challenges

To set the stage for the discussion, Panel One focused on the broad set of security challenges that nations in the Indo-Pacific region face.

The first presenter was Mira Rapp-Hooper, a visiting foreign policy fellow in the Center for Asia Policy Studies at the Brookings Institution, who framed the Indo-Pacific as being in the midst of a historic and unprecedented geopolitical transition, one that defies easy comparison to past shifts in global power. She argued that unlike previous transitions driven by wars or revolutions, this one is unfolding through a complex mix of technological change, economic diffusion, and evolving national strategies. China's emergence as a major power, the spread of advanced technologies, and the redistribution of influence away from traditional U.S. allies have all contributed to a more fluid and uncertain environment. At the same time, Rapp-Hooper noted that the United States is deliberately reconsidering aspects of its longstanding role in the international system, seeking to renegotiate elements of the global order that have defined its leadership for decades. This introspection, combined with China's limited capacity or willingness to assume global leadership, has created a temporary leadership vacuum—an unpredictable moment in which neither power fully commands the system. She

continued by outlining two possible futures: one in which U.S. influence wanes, allies fail to coordinate, and China expands its dominance across the Indo-Pacific through economic and technological means and another in which U.S. influence remains steady, allied cooperation strengthens, and the United States and its allies and partners preserve a free and open regional order.

To achieve the more stable and positive scenario, Rapp-Hooper emphasized the critical role of U.S. allies, particularly Japan, in shaping the future balance of power. The Indo-Pacific, she argued, lacks the integrative institutions that have long supported European unity, such as the North Atlantic Treaty Organization (NATO) or the European Union, leaving regional allies dependent on bilateral ties with the United States. She then cautioned that this bilateral system may have outlived its usefulness and that the time has come for allies to "self-organize" into a more networked structure capable of independent coordination. Japan, under Prime Minister Takaichi's strong leadership, was then presented as uniquely positioned to spearhead this transformation. Rapp-Hooper argued that Japan, with a clear mandate to strengthen national security, a proven record of standing firm against Chinese coercion, and close ties to U.S. leadership, could serve as the central node linking U.S. allies across the Indo-Pacific. This would involve deepening defense cooperation, coordinating diplomatic and economic strategies, and building stronger connections between Indo-Pacific and European partners. Although such efforts would require significant resources, time, and political will, Rapp-Hooper concluded that if Japan and its allies rise to the occasion, they could help secure a more stable and enduring balance of power—one that keeps alive the vision of a free and open Indo-Pacific for years to come.

Nathan Beauchamp-Mustafaga, a senior China researcher at RAND, next provided a detailed assessment of the shifting balance of power in the Indo-Pacific region, arguing that the United States, China, and Japan will remain the three dominant regional players over the next decade. From a material capability standpoint, he argued that this triad defines the strategic landscape, while Japan's role as a U.S. ally will become increasingly central to regional stability and deterrence. Although there are reasons to believe that China's national power may peak and begin to decline because of deep structural economic challenges—such as a deflating housing bubble, weak

domestic consumption, and an overreliance on export-driven growth—Beauchamp-Mustafaga cautioned that such a development would not mean that China will cease to be a formidable actor. Even a plateauing China will retain significant military, economic, and diplomatic influence, and its behavior may become more assertive as it seeks to compensate for internal weaknesses. He noted that, therefore, the United States and Japan must continue to strengthen their coordination, not only in military readiness and interoperability but also in economic resilience and technological innovation. He highlighted the U.S. economy's surprising strength and the promise of artificial intelligence (AI) as a driver of future growth, contrasting this with China's inability to reform its economic model under Xi Jinping's leadership. Militarily, China's rapid modernization and nuclear expansion—from roughly 200 warheads in the late 2010s to potentially 1,000 or more by 2030—pose new strategic challenges. Japan's growing defense capabilities and willingness to take on a more active role in regional security will thus, according to Beauchamp-Mustafaga, become essential to maintaining deterrence and preventing conflict, particularly in light of potential flashpoints, such as Taiwan, the South China Sea, and the Senkaku Islands. He warned that the risk of inadvertent escalation is rising as China's gray-zone operations intensify, making crisis management and alliance coordination more critical than ever.

Beauchamp-Mustafaga pointed to China's dissatisfaction with the existing economic and security order, noting that Beijing has benefited immensely from regional stability but now seeks to reshape the broader regional and strategic context to better serve its interests. Beijing has amplified this ambition, using economic coercion, diplomatic pressure, and military assertiveness to challenge the status quo. Beauchamp-Mustafaga stated that the United States and its allies, particularly Japan, must therefore work together to resist China's bullying and reinforce the principles of a free and open Indo-Pacific. He added that China views U.S. alliances as obstacles to China's regional dominance, and Beijing actively seeks to weaken or divide them through political and economic means. Historically, China once saw U.S. alliances as stabilizing mechanisms in the region, but that view has disappeared. Beijing now perceives these partnerships as direct threats. Beauchamp-Mustafaga suggested that China may feel somewhat reassured by the recent slowdown in high-level

U.S. diplomatic engagement, yet it remains deeply concerned about the possibility of deeper multilateral cooperation among U.S. allies. Such initiatives as the Quadrilateral Security Dialogue (the Quad), the Australia, United Kingdom, and United States (AUKUS) trilateral security partnership, and even discussions of an "Asian NATO" are particularly alarming to Beijing because they represent a potential shift from bilateral to collective defense arrangements that could significantly constrain Chinese influence. Beauchamp-Mustafaga concluded that Japan has a unique opportunity to lead in sustaining and expanding regional diplomatic and security initiatives, especially as Washington's attention is divided among global commitments. By taking a more proactive role in alliance management and regional engagement, Japan can help ensure that the Indo-Pacific remains stable, resilient, and resistant to Chinese coercion, thereby preserving a balance of power that favors openness and cooperation rather than domination.

Panel One concluded with a presentation by Ryan Fedasiuk, a fellow at the American Enterprise Institute who focuses on U.S.-China relations, technology, and national power. Fedasiuk highlighted two major global transformations that demand close attention: the evolution of AI development and the rapidly changing cyber threat environment. He argued that the first transformation centers on how AI competition has shifted from simply training powerful models toward operating them at scale through inference, which requires vast, geographically distributed computational power. This shift has made the physical infrastructure that underpins AI development—semiconductors, chips, and data centers—an essential strategic resource. Fedasiuk argued that Japan plays a critical and often dominant role in nearly every layer of the AI-related supply chain, from mining rare minerals and producing silicon wafers to manufacturing lithography equipment, packaging processors, and building grid hardware. Additionally, he said that Japanese companies, such as Shin-Etsu, SUMCO, Tokyo Electron, and NEC, are indispensable to the global AI ecosystem, and having a close ally who is also a leader in that ecosystem helps enable the United States to maintain its technological edge. Fedasiuk argued that despite investing more than $140 billion in its semiconductor industry, China continues to face bottlenecks in producing high-end chips and computational power. He said that, to compensate, Chinese labs are developing smaller, more

efficient AI models that can be deployed widely and cheaply, potentially flooding global markets. He noted that the United States and Japan are, in response, strengthening their cooperation through such initiatives as Pax Silica to secure resilient supply chains, ensure persistent access to computational power, and prevent the transfer of critical technologies to China. Fedasiuk stated that the U.S.-Japan partnership is becoming a cornerstone of the allied technology stack that will define AI competition in the coming decade.

The second transformation that Fedasiuk spoke about was the emergence of *AI agents*—autonomous, persistent systems capable of reasoning independently and executing complex tasks—which is reshaping the global cyber threat landscape. He said that, unlike traditional chatbots, these agents can access and act on personal data, such as emails, financial information, and documents, to perform tasks on behalf of users. Chinese AI labs, including Baidu, Moonshot AI, and Qwen, are rapidly deploying these agents to hundreds of millions of users across the Indo-Pacific, creating a vast new digital footprint that could expose sensitive information and expand the global attack surface exponentially. He stressed that this development poses serious risks to governments, corporations, and individuals, as the number of potential entry points for cyber exploitation grows dramatically. He noted that Japan has been proactive in addressing these challenges through forward-looking policies, such as its Active Cyber Defense Law, which authorizes preemptive measures against imminent threats, and a comprehensive five-year cybersecurity strategy that explicitly identifies AI-driven attacks as a national security concern. Additionally, Fedasiuk highlighted that collaborative efforts, such as the Samurai Initiative with the United States, aim to develop trusted frameworks for AI-enabled defense systems, offering a model for other democracies in the region. He closed by emphasizing that meeting these intertwined challenges—AI competition and cyber vulnerability—requires treating Japan not merely as a supporting partner but as a coequal pillar in a shared technological alliance. Together, the United States and Japan can build a secure, resilient, and globally competitive AI infrastructure capable of shaping the future of digital security and innovation across the Indo-Pacific.

Keynote Speech: The Enduring Value of the Alliance

The event's keynote speech was given by Yachi Shotarō, the former national security adviser of the Abe Shinzō administration and the former Administrative Vice-Minister for Foreign Affairs of Japan. Yachi delivered a set of prepared remarks to share his insight into the continued value of the U.S.-Japan alliance.

Yachi first provided an overview of Prime Minister Takaichi's political history. He said that her rise to power represents one of the most remarkable political transformations in Japan's postwar history—a story of perseverance, independence, and strategic mastery that culminated in an unprecedented electoral triumph. In speaking on her electoral victory, he emphasized that it was far from routine; it was a sweeping, historic landslide that elevated the Liberal Democratic Party (LDP) from a minority position holding just 41 percent of seats in the House of Representatives to a commanding 68 percent. He pointed out that no LDP leader since 1955 had achieved such dominance, and the scale of her success has reshaped Japan's political landscape.

Yachi explained that Takaichi's journey to becoming prime minister was marked by two major trials that tested her leadership and resolve. First, on becoming party head, she faced the sudden departure of the Komeitō party, the LDP's coalition partner for 26 years, leaving her politically isolated. Second, when she dissolved the House and called for a general election, Komeitō joined forces with the Constitutional Democratic Party to form a new opposition bloc, the Centrist Reform Alliance, aimed squarely at challenging her authority. Yet, he continued, Takaichi turned adversity into opportunity. Within a week, she negotiated a coalition with the Japan Innovation Party, securing her position as prime minister through her own initiative and political acumen. Her story, in which she is portrayed as a lone female maverick climbing steep hills and earning her victories through grit, has captured the imagination of the public, especially younger voters who see in her a symbol of courage and self-made success. Of importance to the U.S.-Japan alliance, Yachi said that Takaichi drew first-time voters to the polls and fueled a conservative wave that left nearly 90 percent of parliamentary seats in the hands of "realists"—leaders committed to strengthening Japan's defense, deepening

the U.S.-Japan alliance, and rejecting the old notion that peace could be maintained by distancing Japan from gaining military strength. In this sense, he argued, Takaichi's victory was not just political but also philosophical, signaling Japan's emergence from a postwar pacifist bubble into a new era of pragmatic realism and national self-confidence.

Turning to his thoughts on the alliance, Yachi explained that this new era, shaped by Takaichi's leadership, also redefines Japan's role within the U.S.-Japan alliance and its broader place in global security. He argued that alliances endure not through sentiment or power alone but through a balanced trinity of power, interest, and values—each side choosing the partnership anew every day through mutual effort and trust. For Japan, he explained that this means taking initiative, facing difficult issues directly, and contributing fairly to shared defense rather than relying solely on the U.S. military for Japan's national security. Prime Minister Takaichi's approach, he continued, embodies this philosophy because she advocates for Japan to bear its fair share of costs, to strengthen its defense capabilities, and to act as an equal partner in shaping regional stability. As important as this is for the alliance, Yachi argued that Takaichi's vision extends beyond bilateral ties with the United States: She seeks to build a web of partnerships with like-minded nations, such as Australia, India, European countries, and members of the Association of Southeast Asian Nations (ASEAN), ensuring that Japan's influence and strategic value multiply across regions. This diversification, he continued, would make the alliance more resilient and indispensable in the eyes of Americans.

Yachi concluded by saying that, with the strongest political mandate in modern Japanese history, Prime Minister Takaichi stands poised to transform the alliance into not only a shield for both the United States and Japan but also a "generator of hope" for the world—a partnership grounded in realism, mutual respect, and forward-looking ambition. Through her decisive leadership, he argued, Japan has entered a new chapter defined by self-reliance, strategic clarity, and renewed confidence in its global role, marking the beginning of what may be called the Takaichi Era—a time when Japan's political and security identity is being reshaped to meet the challenges of a turbulent world.

Panel Two: The Alliance's Role in Meeting Regional Challenges

Panel Two focused on the role of the U.S.-Japan alliance in meeting the regional challenges laid out in Panel One.

Lisa Curtis, the director of the Indo-Pacific Security Program at the Center for a New American Security at the time of the conference, spoke first. Her opening remarks described the current U.S.-Japan alliance as a cornerstone of peace and stability in the Indo-Pacific region. She argued that despite the challenges posed by the second Trump administration's America First approach and its transactional style of diplomacy, the alliance remains robust and strategically vital. She explained that both the Trump administration's National Security Strategy and National Defense Strategy continue to emphasize deterrence in the Indo-Pacific, particularly around Taiwan and the First Island Chain, reflecting continuity with earlier U.S. policy frameworks. Curtis highlighted that the United States respects Japan's role in regional defense as essential and that ongoing military cooperation—such as the Iron Fist exercises and the establishment of a joint force headquarters—demonstrates the alliance's operational depth. She also argued for the growing importance of minilateral partnerships, including the U.S.–Japan–Philippines trilateral partnership and the broader grouping with Australia ("the Squad"), which together form part of a more integrated and networked security architecture. These partnerships, she continued, are designed to counter China's rapid military modernization, coercive behavior, and expanding influence across the Indo-Pacific, particularly in the Taiwan Strait and in the South and East China Seas.

However, Curtis warned that President Trump's unpredictability and focus on transactional gains could undermine the trust and consistency that are essential to sustaining such alliances as the U.S.-Japan alliance. As an example, she explained that Trump's pursuit of trade deals with China might lead to policy reversals or reduced support for Japan and other regional partners, particularly if Trump perceives a diplomatic or economic advantage in doing so. This uncertainty, she argued, could complicate deterrence efforts and weaken confidence in U.S. commitments. She also raised concerns that if U.S. attention were to shift toward crises in the Middle East or in the Western Hemisphere, Japan may be forced to

assume greater responsibility for regional security and strengthen its own bilateral relationships with other Indo-Pacific nations. She emphasized that the deepening strategic partnership between China and Russia—evidenced by joint military exercises near Japanese territory and airspace violations—poses a growing challenge to the regional order. This alignment, she continued, underscores the need for closer coordination between Indo-Pacific and Euro-Atlantic allies. Curtis closed by stressing the importance of projecting soft power and diplomatic reliability, warning that the Trump administration's harsh rhetoric toward U.S. allies and partners risks eroding U.S. credibility in the region. To maintain global influence and leadership, she said that the United States must demonstrate consistency, respect, and reliability—qualities that are indispensable for sustaining alliances, strengthening deterrence, and preserving a stable, rules-based international order.

Following her remarks, senior fellow Murano Masashi of the Hudson Institute's Japan Chair spoke about the most pressing challenge that the U.S.-Japan alliance faces. He argued that, in fact, there are two interconnected dimensions of this challenge: (1) external threats, particularly the possibility of a Taiwan contingency and China's expanding military capabilities, and (2) internal concerns about the credibility and sustainability of the U.S. commitment to Japan's defense. Murano explained that since former Prime Minister Abe Shinzō's 2021 statement that "a Taiwan contingency is a Japan contingency," this view of the most pressing challenge has spread beyond security experts to political leaders and the general public, marking a significant shift in Japan's strategic awareness.

Murano further explained that because Japan cannot dictate the timing of crises, it is left structurally disadvantaged. This, he said, underscores the need for Japan to accelerate its defense buildup, including acquiring standoff missiles and raising its defense spending to 2 percent of gross domestic product (GDP)—an unprecedented move that signals a major policy transformation. He cautioned, however, that Japan's progress should be measured not against its past but against the capabilities of future adversaries, drawing lessons from Ukraine's experience of failing to deter Russia's aggression despite substantial defense improvements.

The second part of Murano's remarks focused on the imbalance between China's offensive strength and Japan's limited defensive posture. The Peo-

ple's Liberation Army possesses thousands of missiles capable of striking Japan and U.S. bases throughout the region, and its expanding arsenal could even threaten Hawaii, Alaska, and parts of the U.S. West Coast in the future. In contrast, he continued, Japan's air defense capacity and base resilience remain insufficient, with few hardened shelters and limited interceptor production. Because wargame simulations suggest that Japan would quickly exhaust its missile defenses in a high-intensity conflict, Murano argued that this vulnerability highlights the need for the alliance to take concrete steps to strengthen deterrence and demonstrate that U.S. commitments remain credible and strategically justified. Toward this end, he proposed two specific policy recommendations. First, he recommended enhancing the resilience of forward operating bases between the First and Second Island Chains by constructing hardened facilities and potentially using Japanese funds to reinforce U.S. bases in the Marianas. Second, he recommended accelerating the transformation of both nations' force structures through scalable, cost-effective systems, such as unmanned platforms and long-range surface-to-air missiles. These measures, he concluded, would not only reduce early-stage risks stemming from asymmetric escalation concerns in Tokyo and Washington but also reinforce the alliance's deterrence posture and ensure its continued relevance in maintaining stability across the Indo-Pacific region.

Nicholas Szechenyi, vice president of the Geopolitics and Foreign Policy Department and senior fellow with the Japan Chair at the Center for Strategic and International Studies, gave the final presentation. He began by outlining four main themes to address: (1) the evolution of the U.S.-Japan alliance, (2) the importance of agility in a rapidly changing security environment, (3) the most pressing challenges in the coming decade, and (4) reasons for optimism about the alliance's future.

For the first theme, Szechenyi noted that in the early postwar years, Japan relied heavily on the United States for protection while focusing on economic recovery and growth. Over time, however, as regional threats intensified, Japan gradually assumed a more active role in its own defense and in shaping alliance priorities. He emphasized that Japan has now entered a new era of confidence and leadership and is no longer waiting for Washington to set the agenda but, instead, is contributing its own strategic ideas. This shift began under former Prime Minister Abe's policy of "proactive contri-

butions to peace," which established a framework for Japan to strengthen its defense capabilities, deepen cooperation with the United States, and expand partnerships with other like-minded nations. He also argued that Japan can no longer afford incremental change because China's accelerating military buildup, North Korea's persistent threats, and destabilizing actions by Russia demand immediate and decisive action.

In discussing the second theme, Szechenyi highlighted two critical areas: (1) command and control integration and (2) defense procurement. He argued that effective coordination between U.S. and Japanese forces—particularly the ability to share information and make rapid decisions—is essential for maintaining deterrence and operational effectiveness. Japan's establishment of a joint operations command and the U.S. effort to create a counterpart are encouraging steps, but he stressed that these processes must move faster to keep pace with emerging threats. On defense procurement, Japan has been pressing the United States to expedite the delivery of advanced military equipment, pointing out that delays in executing contracts undermine readiness and deterrence. He also noted the importance of defense industrial cooperation, including joint production, as a means of ensuring interoperability and signaling alliance strength to potential adversaries.

In his discussion of the third theme, Szechenyi identified Japan's economic strength as an often-overlooked factor in its national security and defense strategy. Economic vitality, he argued, is a foundational element of Japan's security strategy: Without sustainable growth, Japan's ability to fund defense initiatives will be constrained. While discussions frequently focus on Japan's growing defense budget and military acquisitions, he argued that without a sustainable plan for *economic* growth, Japan's ability to continue investing in defense will be limited. Therefore, alongside the Takaichi administration's forthcoming review (expected by December 2026) of its three strategic documents—the National Security Strategy, National Defense Strategy, and Defense Buildup Program—Szechenyi highlighted the importance of Japan's economic policy debate and the need for a clear vision for the country's long-term growth.

Finally, Szechenyi expressed strong confidence in the future of the U.S.-Japan alliance, citing Japan's leadership role, strategic clarity, and growing resilience. Japan's proactive approach to regional security, its commitment to working closely with the United States and other part-

ners, and its efforts to build societal resilience—particularly in preparing the public for potential contingencies involving Taiwan—demonstrate a mature and forward-looking alliance. He concluded by saying that Japan is now a true leader in shaping regional strategy and that its partnership with the United States remains vital to maintaining stability and peace in the Indo-Pacific.

In the spirit of the conference's aims, the next chapter presents a short analysis stemming from these discussions, focusing on the main themes that were raised and areas in which the U.S.-Japan alliance could be leveraged to address regional challenges.

CHAPTER 2

Leveraging the Alliance to Meet Regional Challenges

Jeffrey W. Hornung
Japan Lead, National Security Research Division; Senior Political Scientist

Nikolay Maslov
Assistant Policy Researcher

Presenters at the February 2026 conference (summarized in Chapter 1) covered many topics concerning the Indo-Pacific region and discussed both challenges and roles for the U.S.-Japan alliance. In this chapter, we build on the major themes that emerged from the conference discussion not just to offer insight into the most notable trends but also to suggest ways in which the U.S.-Japan alliance could leverage its strengths to address issues of concern. The chapter starts with a description of the three most notable challenges in the Indo-Pacific region highlighted by conference participants: (1) The Indo-Pacific region is in a period of strategic transition, anchored by the long-term challenge posed by China's rise; (2) economic security is becoming inseparable from national security; and (3) the U.S.-Japan alliance remains the core of regional stability. After developing these three broad themes, we explore some of the prominent strengths of the alliance and suggest three ways in which they could be used to deal with the aforementioned challenges.

The Indo-Pacific Region Is in a Period of Strategic Transition, Anchored by the Long-Term Challenge Posed by China's Rise

Discussion revealed participants' underlying concern that the world is witnessing a broad change in regional dynamics and increased volatility in international affairs, characterized by the rejection of long-standing rules of geopolitical relations. Much of this concern stems from China's and Russia's rejection of the status quo post–Cold War framework that has underpinned international relations for the past three decades. Notable examples include China's reclamation of land in the South China Sea and Russia's full-scale invasion of Ukraine in 2022.[1] Participants also noted a new dynamic: The United States appears to have changed its approach to international affairs.[2] While U.S. alliances remain in place, reductions in U.S. military exercises and presence of conventional forces abroad, such as the scaling back of joint drills with South Korea,[3] have led some observers to question whether the United States remains as committed to the region as it has been in the past. For example, officials in South Korea and its public both responded to the August 2026 reductions with concern.[4] Taiwan also has shown similar concern on several occasions, anxious that a changed U.S. approach may translate into it being used as a "good negotiating chip."[5] Reductions in

[1] Benjamin J. Sacks, *The Political Geography of the South China Sea Disputes: A RAND Research Primer*, RAND Corporation, PE-A2021-1, October 2022; U.S.-China Economic and Security Review Commission, "China's Position on Russia's Invasion of Ukraine," June 17, 2026.

[2] White House, *National Security Strategy of the United States of America*, November 2025b.

[3] Marcin Zabrowski and Tomáš Nagy, "Hollowing Out the Shield: US Strategic Defence Equipment Reductions and the Implications for European Security," GLOBSEC, June 23, 2026.

[4] "S. Korea Stresses US Alliance amid Confusion over Trump Drill Cut," NPR, August 18, 2026.

[5] Simina Mistreanu, "Trump's Description of Taiwan as a 'Good Negotiating Chip' with China Raises Anxieties," Associated Press, May 16, 2026; Yuki Tatsumi, "Needed: Restoration of U.S. Credibility in the Indo-Pacific Region," Henry L. Stimson Center, September 18, 2020.

nonmilitary international engagement, such as foreign assistance to smaller countries and the budgets of venues that promote U.S. messaging abroad (e.g., Voice of America), are seen as further evidence of this changed U.S. approach, leading some to argue that U.S. soft power has declined.[6] These changes in U.S. engagement are real, but there is uncertainty over how long-lasting they will be and whether U.S. policy will change with future changes of U.S. administrations.

As participants highlighted in their discussion, these events and associated perceptions are affecting the Indo-Pacific region. But by far the biggest challenge for the region, which participants consistently emphasized, comes from China's rise. For almost two decades now, growth in China's economy, military, and technology sectors has fueled a rapid geopolitical shift in the region that promises to be long-lasting and disruptive to its long-term security.

The Chinese economy is massive.[7] As of May 2026, China is the world's second largest economy, with a nominal GDP of $19.4 trillion, making up about 17 percent of global nominal GDP.[8] China's nominal GDP has grown by more than 70 percent over the past decade, from $11.3 trillion in 2015 to roughly $19.5 trillion in 2025.[9] China's purchasing power parity exceeded that of the United States in 2014, a lead it has maintained ever since.[10] In 2024, for example, China's purchasing power parity was $38.2 trillion, com-

[6] Susannah Patton, Jack Sato, and Rahman Yaacob, *Southeast Asia Influence Index: Key Findings Report*, Lowy Institute, 2025, p. 10.

[7] China's real GDP grew by 5 percent in 2025 (International Monetary Fund, "IMF Executive Board Concludes 2025 Article IV Consultation with China," Press Release No. 26/053, February 18, 2026a).

[8] For comparison, U.S. nominal GDP is approximately $30.6 trillion (Karen M. Sutter and Michael D. Sutherland, "China's Economy: Current Trends and Issues," Congressional Research Service, IF11667, May 8, 2026).

[9] World Bank Group, "GDP (Current US$)–China," World Bank Open Data, undated-a; World Bank Group, "GDP Growth (Annual %)–China," World Bank Open Data, undated-b.

[10] International Monetary Fund, "GDP, Current Prices," World Economic Outlook, database, April 2026b; World Bank Group, "GDP, PPP (Current International $)–China, United States," World Bank Open Data, undated-c.

pared with $29.2 trillion for the United States.[11] Despite facing economic challenges between 2020 and 2022 stemming from the COVID-19 pandemic, China maintained more-accelerated GDP growth than other middle-income countries (5.2 percent versus an average of 3 percent, excluding China) by 2023.[12] Leveraging this power, China has embedded itself in the regional economic order through various economic agreements. Since 2015, for example, China has established free-trade agreements (FTAs) with South Korea and Australia,[13] donated $1 million (in fiscal year 2018) to the World Trade Organization to support the implementation of a Trade Facilitation Agreement that benefits countries with developing economies,[14] negotiated upgrades to the China-ASEAN FTA,[15] and reengaged Japan and South Korea to establish a trilateral FTA.[16] Additionally, in 2022, the Regional Comprehensive Economic Partnership, an FTA among 15 countries, including China, Japan, South Korea, Singapore, and New Zealand, entered into force, resulting in China's foreign trade in goods surpassing 45 trillion yuan (approximately $6.7 trillion) for the first time in 2025.[17]

These agreements give China significant leverage over trading partners, which China uses to coerce its trading partners for noneconomic ends. Between 2010 and 2022, the Mercator Institute for China Studies found more than 123 cases of economic coercion by China, wherein trading partners have

[11] China Power Team, "Measuring China's Manufacturing Might," China Power, updated November 25, 2025.

[12] China Power Team, "Unpacking China's GDP," China Power, updated March 16, 2026.

[13] Ministry of Commerce of the People's Republic of China, "China-ROK, China-Australia FTA to Take Effect on December 20," December 11, 2015.

[14] World Trade Organization, "China Donates USD 1 Million to Support Implementation of Trade Facilitation Agreement," press release, February 2, 2018.

[15] Ministry of Commerce of the People's Republic of China, "China and ASEAN Holds Meeting of Free Trade Area (CAFTA) 3.0 Special Joint Committee," March 26, 2026; Ministry of Commerce of the People's Republic of China, "The Second Round of Negotiations on Version 3.0 China-ASEAN Free Trade Area Was Held in Thailand," April 13, 2023.

[16] "South Korea, China, Japan Agree to Promote Regional Trade as Trump Tariffs Loom," Reuters, March 30, 2025.

[17] Ministry of Energy, Trade and Industry (Singapore), "Regional Comprehensive Economic Partnership (RCEP)," May 18, 2026; "Four Years On, RCEP Continues to Boost China's Foreign Trade Growth," *People's Daily Online*, January 22, 2026.

been deterred from speaking out or acting on specific subjects, such as criticism of Chinese companies affiliated with the government (e.g., Huawei) or territorial disputes concerning Taiwan and the South China Sea.[18] China has also been able to translate its economic power into diplomatic gains, pushing Honduras and Nicaragua to sever their diplomatic ties with Taiwan.[19] A more recent example of China exerting economic pressure for political ends is the 2026 export restrictions placed on Japan after Prime Minister Takaichi explained how existing Japanese law would characterize a contingency involving Taiwan, which China erroneously interpreted as a pledge by Japan to intervene on behalf of Taiwan in a potential conflict with China.[20]

China's economic growth has fueled its military growth: Over the past 20 years, China's defense spending has grown by more than 350 percent—from $69 billion in 2004 to $317.5 billion in 2024.[21] This military growth continues. In 2025, China announced a further 7.2-percent boost in its defense budget, outpacing its economic growth target of roughly 5 percent.[22] Such gains result in military improvements, such as increases in legacy systems. For example, the 332 ships and 2,000 aircraft that China operated in 2023 are expected to increase in number to 435 and 3,500-plus,

[18] Aya Adachi, Alexander Brown, and Max J. Zenglein, *Fasten Your Seatbelts: How to Manage China's Economic Coercion*, Mercator Institute for China Studies, August 25, 2022, p. 3; U.S. Congress, "How China Uses Economic Coercion to Silence Critics and Achieve Its Political Aims Globally," hearing before the Congressional-Executive Commission on China, December 7, 2021.

[19] "Nicaragua Breaks Ties with Taiwan, Switches Allegiance to Beijing," Reuters, December 9, 2021; Ministry of Foreign Affairs of the People's Republic of China, "The People's Republic of China and the Republic of Honduras Establish Diplomatic Relations," March 26, 2023.

[20] Alexei (Frank) Hoffman, "Takaichi's 'Survival-Threatening Situation:' Is Taiwan a Legal Tripwire?" *Diplomatic Pouch*, Medium, December 15, 2025; Ministry of Foreign Affairs (Japan), "Press Conference by Foreign Minister Motegi Toshimitsu," transcript, January 20, 2026.

[21] Stockholm International Peace Research Institute, SIPRI Military Expenditure Database, April 27, 2026; David Sacks, "Six Takeaways from the Pentagon's Report on China's Military," Council on Foreign Relations, December 20, 2024.

[22] Laurie Chen and Greg Torode, "China Maintains Defence Spending Increase at 7.2% amid Roiling Geopolitical Tensions," Reuters, March 4, 2025.

respectively, by 2030.[23] China is also investing in new technologies. Much attention has been given to its hypersonic missile arsenal and different variants of precision-strike capabilities. And similar advancements have been made to its nuclear program. The U.S. Department of State asserted that between 2020 and 2024, China expanded its nuclear arsenal from the low 200s to more than 600 warheads, representing accelerated development from a previous assessment in which the doubling of China's arsenal was not expected until 2030.[24] In sum, China's rapid military growth is driven by its economic growth.[25]

While these increases in China's military power are unsettling to the region's smaller countries, their uneasiness is more acute because Chinese military and coast guard assets already use these military capabilities against its neighbors in peacetime. For example, China claims ownership of Japan's Senkaku Islands and dispatches China Coast Guard vessels to support its claims. In 2024, Chinese vessels intruded into the territorial waters of these islands 3.5 days each month, on average, and sightings in the contiguous zone hit a record high for the third consecutive year.[26] In the same year, Chinese vessels operated for a record 355 consecutive days in the waters near the islands.[27] China also has increased its presence in the airspace and waters around Japan with more activity in more places and with a larger variety of platforms, which has been documented in detail in a 2022 RAND report.[28] Importantly, this same provocative activity directed at Japan is directed at

[23] Matthew F. Funaiole and Brian Hart, "China's Military in 10 Charts," Center for Strategic and International Studies, September 2, 2025; J. Michael Dahm, "What Satellites Reveal About China's Military Expansion," *Air & Space Forces Magazine*, April 2, 2026.

[24] U.S. Department of Defense, *Military and Security Developments Involving the People's Republic of China: 2024 Annual Report to Congress*, December 18, 2024, p. 9.

[25] U.S. Department of Defense, 2024, p. 20.

[26] Kosuke Takahashi, "China Coast Guard Vessels Regularly Enter Territorial Waters of Disputed East China Sea Islands," *The Diplomat*, February 26, 2025.

[27] Ministry of Foreign Affairs (Japan), *Diplomatic Bluebook 2025*, 2025a, Chapter 2.

[28] Bonny Lin, Cristina L. Garafola, Bruce McClintock, Jonah Blank, Jeffrey W. Hornung, Karen Schwindt, Jennifer D. P. Moroney, Paul Orner, Dennis Borrman, Sarah W. Denton, and Jason Chambers, *Competition in the Gray Zone: Countering China's Coercion Against U.S. Allies and Partners in the Indo-Pacific*, RAND Corporation, RR-A594-1, 2022.

other countries around the region. The forms it takes vary by target: sustained air and naval operations around Taiwan; coast guard patrols and interference with survey and resupply work inside waters claimed by the Philippines, Malaysia, Vietnam, and Indonesia; unsafe intercepts of Australian aircraft and ships; and, along the disputed land border with India, displays of lethal force.[29] In many of these cases, China has applied such pressure continuously for a decade or more.

China's long-term challenge—as evident in its economic and military growth—is further supported by its scientific and technological advancements. Between 2012 and 2022, China tripled its patent publications and facilitated innovation among domestic semiconductor companies.[30] Similarly, its AI sector has grown to the point that it can produce approximately four times as many AI technology patents as the United States does annually; China also produces 54 percent of industrial robots globally. AI is used in more than 70 percent of Chinese business processes in automation-heavy "Lighthouse" factories within the country.[31] And, as detailed further below, China dominates rare-earth mining and various stages of production, such as separation and metallization.[32] According to the U.S. Geological Survey and

[29] Edmund J. Burke, Timothy R. Heath, Jeffrey W. Hornung, Logan Ma, Lyle J. Morris, and Michael S. Chase, *China's Military Activities in the East China Sea: Implications for Japan's Air Self-Defense Force*, RAND Corporation, RR-2574-AF, 2018; Lin et al., 2022.

[30] Alexandre Dupont-Sinhsattanak, "Modernizing a Giant: Assessing the Impact of Military-Civil Fusion on Innovation in China's Defence-Technological Industry," *Defence and Peace Economics*, Vol. 37, No. 2, February 2026; Bradford Waldie, "How Military-Civil Fusion Steps Up China's Semiconductor Industry," *DigiChina*, Stanford University, April 1, 2022.

[31] Hanming Fang, Xian Gu, Hanyin Yan, and Wu Zhu, "AI Patents in the United States and China: Measurement, Organization, and Knowledge Flows," National Bureau of Economic Research, NBER Working Paper No. 35022, April 2026; Cheng Yu, "State-Backed Investors Eye Nation's Top AI Startups," *China Daily*, May 21, 2026; Sha Sajadieh, Loredana Fattorini, Raymond Perrault, Yolanda Gil, Vanessa Parli, Lapo Santarlasci, Juan Pava, Nestor Maslej, Russ Altman, Erik Brynjolfsson, et al., *The AI Index 2026 Annual Report*, AI Index Steering Committee, Institute for Human-Centered Artificial Intelligence, Stanford University, April 2026, p. 174; State Council Information Office of the People's Republic of China, "Policy Briefing on the 15th Five-Year Plan for Urban Regeneration," Xinhua, June 8, 2026.

[32] International Energy Agency, *Rare Earth Elements: Executive Summary*, 2026.

the International Energy Agency, China accounts for roughly 60–70 percent of global rare-earth mine production but more than 90 percent of rare-earth refining and about 94 percent of sintered rare-earth magnet production.[33] Until 2023, China also accounted for 99 percent of the world's heavy rare-earth processing.[34]

Similarly to how it leverages its economic and military strengths, China uses its growing influence in science and technology to its advantage, which poses a long-term challenge for the region. For example, China often leverages its position as a market-dominant supplier of rare metals to apply pressure on other countries. This behavior has been seen prominently against Japan (in 2010 and 2026).[35] But China has also applied similar pressure against the United States and other trading partners. It imposed export licensing on gallium and germanium (August 2023), high-end synthetic graphite (December 2023), and antimony (September 2024) and, in December 2024—one day after new U.S. semiconductor controls—outright banned exports of gallium, germanium, antimony, and superhard materials to the United States.[36] In April 2025, in retaliation for U.S. tariffs, China placed seven medium and heavy rare earths and related magnets under licensing, disrupting automobile production in the United States, Europe, and Japan; in October 2025, it expanded the regime to additional elements, processing technology, and an extraterritorial foreign-direct-product rule, then sus-

[33] International Energy Agency, *Global Critical Minerals Outlook 2025*, May 2025, pp. 172, 271; U.S. Geological Survey, "Rare Earths," Mineral Commodity Summaries, February 2026.

[34] Gracelin Baskaran and Meredith Schwartz, "The Consequences of China's New Rare Earths Export Restrictions," Center for Strategic and International Studies, April 14, 2025.

[35] Tatsuya Terazawa, "How Japan Solved Its Rare Earth Minerals Dependency Issue," World Economic Forum, October 13, 2023; Gracelin Baskaran and Meredith Schwartz, "China's Rare Earth Campaign Against Japan," Center for Strategic and International Studies, January 13, 2026a; International Energy Agency, 2025, pp. 172, 271.

[36] Marius Risse, Fiama Angeles, and Anttoni Asikainen, "China's Export Controls on Critical Raw Materials, Including Rare Earths," Global Trade Alert, October 9, 2025; Ministry of Commerce of the People's Republic of China, "Ministry of Commerce Notice 2024 No. 46: Notice Concerning Strengthening Controls on Exports of Relevant Dual-Use Items to the United States," translation, Center for Security and Emerging Technology, December 3, 2024.

pended the October measures for one year after the Trump–Xi meeting of October 30, 2025, leaving the April controls in force.[37]

China has also leveraged its broader economic power to apply export controls against states. Prominent examples include China's responses to South Korea's decision to deploy the U.S.-built Terminal High Altitude Area Defense (THAAD) missile-defense system with informal economic measures that imposed substantial costs on South Korean firms;[38] to the Philippines, in 2012, during the Scarborough Shoal standoff, when Chinese quarantine authorities blocked some 150 container-loads of Philippine bananas on plant-health grounds and the China National Tourism Administration issued a travel advisory that led to the mass cancellation of Chinese package tours;[39] and most recently, in 2025, to the United States and its tariffs on Chinese imports. Similarly, China has leveraged its technological power with regional countries, such as Malaysia and Laos.[40] Some Chinese coercion is passive, such as encouraging countries to rely on products associated with China: Previous research found that countries, including some Indo-Pacific states, such as Indonesia,[41] that receive telecommunications exports from China are more likely to adopt Huawei 5G networks and become tech-

[37] Gracelin Baskaran and Meredith Schwartz, "Rare Earth Export Restrictions One Year Later," Center for Strategic and International Studies, April 27, 2026b; Keith Naughton and Matthew Miller, "Ford CEO Says Rare Earth Supply Is 'Day to Day' After Plant Halt," Bloomberg TV, *Fortune*, June 13, 2025; White House, "Fact Sheet: President Donald J. Trump Strikes Deal on Economic and Trade Relations with China," November 1, 2025c; U.S. Geological Survey, 2026.

[38] Troy Stangarone, "South Korean Losses from China's THAAD Retaliation Continue to Grow," Korea Economic Institute of America, January 16, 2018.

[39] Ariel Zirulnick, "Philippines Feels the Economic Cost of Standing Up to China," *Christian Science Monitor*, May 15, 2012; Michael Green, Kathleen Hicks, Zack Cooper, John Schaus, and Jake Douglas, "Counter-Coercion Series: Scarborough Shoal Stand-Off," Asia Maritime Transparency Initiative, Center for Strategic and International Studies, May 22, 2017.

[40] "China, Malaysia Explore New Opportunities for AI-Driven Economic, Trade Cooperation," Xinhua, July 31, 2026.

[41] Miyeon Oh, "U.S.-China Rivalry and Digital Connectivity in the Indo-Pacific," *Global Asia*, Vol. 16, No. 4, December 2021.

nologically dependent on Chinese products.[42] More malicious and direct examples of how China uses its technological advantage over other states include intellectual property theft and hacking. With the former, it seeks to advance its scientific standing.[43] With the latter, evidence of Chinese hacking has been found in both the United States and Japan. In addition to reports by U.S. officials detailing ways in which China uses its cyber capabilities to steal technology and attack critical infrastructure, Japan's National Police Agency has reported 210 Chinese-driven cyberattacks since 2019 against Japanese entities that hold sensitive information on security and advanced technology.[44]

These examples of Chinese economic, military, and technological capabilities are unlikely to decrease, which means that regional countries will have to find ways to mitigate the impacts of what will continue to be a long-term challenge in the Indo-Pacific.

Economic Security Is Becoming Inseparable from National Security

A second, related theme that participants touched on throughout the conference was a growing acknowledgment that economic security is increasingly becoming inseparable from national security. This important point reflects a structural reality that is also tied to the dynamics of international affairs: No economy is self-sufficient. Interdependence supports growth and competitiveness, but it also creates dependencies that can become vulner-

[42] Yongjae Lee, "Foreign Aid and Technological Dependence: China's Telecommunication Assistance and the Global Acceptance of Huawei 5G," *Korean Journal of International Studies*, Vol. 23, No. 3, December 2025.

[43] Nathan Williams, "Foreign States Targeting UK Universities, MI5 Warns," BBC, April 26, 2024; China National Intellectual Property Administration, "Patently Fraudulent Deceptions," *China Daily*, July 26, 2004, archived February 24, 2025.

[44] "Remarks by Secretary of Defense Pete Hegseth at the 2025 Shangri-La Dialogue in Singapore (as Delivered)," U.S. Department of War, May 31, 2025; Ellen Nakashima, "China Hacked Japan's Sensitive Defense Networks, Officials Say," *Washington Post*, August 8, 2023; Shimpachi Yoshida, "Chinese Hackers Behind Japanese Government Cyberattacks," *Asahi Shimbun*, January 8, 2025.

abilities when access is disrupted. This delicate balance is particularly acute for such states as Japan and the United States, which, although strategic competitors with China, remain deeply connected to China through trade, manufacturing, technology, and supply chains.

The defense industrial base illustrates one side of this dynamic. Modern weapon systems depend on globally sourced inputs. An F-35, for example, is estimated to require approximately 920 pounds of rare-earth materials.[45] The United States imports more than 95 percent of the rare earths that it consumes, and most of those imports come from China. The U.S. Government Accountability Office has warned that this dependence leaves U.S. weapon programs vulnerable to supply-chain disruptions.[46] Economic access is therefore directly connected to the ability to produce and sustain military capabilities, leading to national security implications.

But interdependence can also provide leverage. Because global economic networks are asymmetric, states that control critical financial, technological, or production nodes can use them for strategic purposes. Western governments have used their access to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system to pressure Iran,[47] while export controls on advanced semiconductors have made technology policy part of strategic competition with China.[48] Governments have increasingly formalized this connection: The 2022 U.S. *National Security Strategy* ties economic strength to national security, and the European Union and Japan have adopted dedicated economic-security strategies.[49] This dynamic

[45] Congressional Research Service, *Rare Earth Elements in National Defense: Background, Oversight Issues, and Options for Congress*, R41744, December 23, 2013.

[46] U.S. Government Accountability Office, *Critical Materials: Action Needed to Implement Requirements That Reduce Supply Chain Risks*, GAO-24-107176, September 10, 2024b.

[47] Henry Farrell and Abraham L. Newman, "Weaponized Interdependence: How Global Economic Networks Shape State Coercion," *International Security*, Vol. 44, No. 1, Summer 2019.

[48] Jake Sullivan, "Remarks on Renewing American Economic Leadership at the Brookings Institution," April 27, 2023.

[49] White House, *National Security Strategy of the United States of America*, October 2022b; European Commission, "An EU Approach to Enhance Economic Security," press release, June 20, 2023; Government of Japan, Act on the Promotion of Ensuring National Security Through Integrated Implementation of Economic Measures [経済

is particularly pronounced in the Indo-Pacific, where China accounts for roughly 28 percent of global manufacturing and about 90 percent of global rare-earth processing.[50] China's dominance in rare-earth processing not only has economic implications (as noted above) but also can directly affect countries' military capabilities. China has imposed export restrictions on gallium, germanium, and antimony—which are all vital materials heavily used in modern military weapons, ammunition, and defense electronics—demonstrating how concentration in critical-material supply chains can create leverage for China over countries with which it disagrees.[51]

Economic and security policies can no longer be analyzed independently. This is especially significant for Indo-Pacific states that maintain close economic ties with China while relying on the United States for security.[52] This underlying linkage is not new: The 1973 oil embargo and continued sensitivity of global markets to disruptions in the Strait of Hormuz demonstrate the long-standing security implications of economic chokepoints.[53] But because the Chinese economy has become a dominant actor in a variety of sectors in which modern militaries either depend on China or are intertwined in the broader global economy (e.g., semiconductors, critical minerals, financial networks, and advanced technologies), the ties between economic security and national security are only likely to grow stronger.

施策を一体的に講ずることによる安全保障の確保の推進に関する法律], Act No. 43 of 2022, May 11, 2022.

[50] China Power Team, 2025; Antonio Varas, Raj Varadarajan, Jimmy Goodrich, and Falan Yinug, *Strengthening the Global Semiconductor Supply Chain in an Uncertain Era*, Boston Consulting Group and Semiconductor Industry Association, April 2021; International Energy Agency, 2025; Baskaran and Schwartz, 2025.

[51] Baskaran and Schwartz, 2025; Marius Risse, "A Widening Net: A Short History of Chinese Export Controls on Critical Raw Materials," Global Trade Alert, October 9, 2025.

[52] Lee Hsien Loong, "The Endangered Asian Century: America, China, and the Perils of Confrontation," *Foreign Affairs*, Vol. 99, No. 4, July/August 2020.

[53] Michael Ratner, Liana W. Rosen, and Clayton Thomas, *The Strait of Hormuz: Security Developments and Impacts on Oil, Gas, and Other Commodities*, Congressional Research Service, R45281, August 7, 2026.

The U.S.-Japan Alliance Remains the Core of Regional Stability

Against the turbulence of a changing international order, the third theme that participants highlighted was the ongoing strength of the U.S.-Japan relationship. This strength has been on display in three summits between President Trump and Prime Minister Takaichi, during which they have consistently reaffirmed the bilateral relationship.[54] The U.S. Senate unanimously recognized the importance of the alliance in 2026 and described the U.S. commitment to Japan and the Indo-Pacific region as "unwavering."[55] This same strength is evident at the military level, where annual joint exercises and engagements, as well as the upgrading of U.S. Forces Japan to an operational headquarters, ensure allied interoperability. In turn, this strength has led U.S. Pacific Command to declare that the "U.S.-Japan alliance is the cornerstone of peace and security in the Indo-Pacific."[56] The strength of the alliance is also evident at the economic level. Japan's $550 billion investment pledge to revitalize U.S. markets is recent proof, but it is not unique. Over the previous decade, Japanese foreign direct investment in the United States has reached $690 billion.[57] Such investments help support jobs and bolster the economies of both countries. For example, U.S.-Japan trade supported more than 475,000 U.S. jobs as of 2023.[58]

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[54] Ministry of Defense (Japan), "Japan-U.S. Defense Ministerial Meeting (Summary)," October 29, 2025.

[55] U.S. Senate, A Resolution Recognizing the Importance of the United States-Japan Alliance and Welcoming the Visit of Prime Minister Takaichi Sanae to the United States, Senate Resolution 652, agreed to in Senate, March 19, 2026.

[56] U.S. Pacific Command, "U.S. Indo-Pacific Command, Japan Joint Staff Host Joint Senior Leaders Seminar," February 12, 2025; U.S. Indo-Pacific Command Public Affairs, "USINDOPACOM Commander Attends Joint-Senior Leaders Seminar, Signs 8-Star Memo, Visits Expo 2025," press release, September 13, 2025.

[57] East-West Center and Sasakawa Peace Foundation, *Japan Matters for America/America Matters for Japan*, 4th ed., 2023, p. 4.

[58] East-West Center and Sasakawa Peace Foundation, 2023, p. 4.

The benefits of these strong ties between the United States and Japan extend to regional stability in the Indo-Pacific. Economically, the United States and Japan are major trading partners with regional states, accounting for 22.2 percent (respectively 16.0 percent and 6.2 percent) of ASEAN exports in 2024,[59] as well as collectively supplying 13.6 percent (respectively 7.5 percent and 6.1 percent) of ASEAN imports.[60] The two countries are also major investors in the region. For example, the United States was the largest single source of foreign direct investment in ASEAN member states in 2024 ($42 billion, roughly 18 percent of inflows), while Japan ranked among the top five regional investors ($18 billion, up 38 percent from 2023).[61] Both countries are also strong contributors to regional economic development. For example, in 2024, Japan took part in several ASEAN initiatives promoting industry growth in the Indo-Pacific, including the Master Plan for the Next-Generation Automotive Industry and an AI Innovation and Co-Creation Roadmap.[62] The United States, too, has been an important contributor to ASEAN initiatives, such as the 2024–2025 Trade and Investment Framework Arrangement Work Plan, which improved trade facilitation and had positive outcomes on the agricultural sector and the digital economy.[63] These two allies have also worked to enforce export controls to limit the potential risks from having their emerging technologies diverted to China.[64] One prominent example has been the U.S.-Japan Competitive-

[59] ASEAN, *ASEAN Key Figures 2025*, Vol. 8, ASEAN Secretariat, December 2025, Figure 2.2.3.

[60] ASEAN, 2025, Figure 2.2.4.

[61] ASEAN Secretariat and the United Nations Trade and Development, *ASEAN Investment Report 2025: Foreign Direct Investment and Supply Chain Development*, October 2025, Table 1.3, p. 42; ASEAN, 2025, Figure 2.4.4.

[62] ASEAN Economic Ministers and Minister of Economy, Trade and Industry of Japan, "Joint Media Statement: The Thirty-First AEM-METI Consultation," Association of Southeast Asian Nations, September 24, 2025.

[63] ASEAN Economic Ministers and U.S. Trade Representative, "Joint Media Statement: AEM-USTR Consultation," Association of Southeast Asian Nations, September 24, 2025.

[64] Bureau of Industry and Security, Office of Congressional and Public Affairs, "Commerce Releases Clarifications of Export Control Rules to Restrict the PRC's Access to Advanced Computing and Supercomputing Items and Semiconductor Manufacturing Equipment," press release, U.S. Department of Commerce, April 4, 2024.

ness and Resilience Partnership, via which the alliance has invested a combined $4.5 billion into developing and deploying secure telecommunications networks in the region to bolster digital connectivity, supply chain resilience, global health initiatives, and clean energy assistance.[65] Other mechanisms, such as the Japan-United States Strategic Energy Partnership and the Japan-U.S. Mekong Power Partnership, have helped promote energy stability throughout the region.[66] Importantly, although the two countries have historically been a source of development assistance to regional countries, their trajectories now diverge. Nevertheless, in Southeast Asia, Japan remains the largest bilateral donor, disbursing roughly $35 billion in development funding between 2015 and 2023, compared with about $9 billion from the United States.[67] Through such measures, the United States and Japan help bolster regional stability by reducing potential vulnerabilities of regional states to Chinese economic coercion.[68]

Militarily, the U.S.-Japan alliance continues to form the bedrock of deterring unilateral changes to the status quo and anchoring a predictable response to potential regional contingencies. It does this through the combined benefits that it brings to the region. For example, the United States continues to maintain a robust permanent presence of close to 60,000 military personnel in Japan, more personnel than the United States has stationed in any other country.[69] This presence includes the U.S. Navy's Seventh Fleet at Yokosuka, the U.S. Air Force's Fifth Air Force at Yokota and the 18th Wing in Okinawa (one of the largest wings in the U.S. Air Force),

[65] White House, "Fact Sheet: The U.S.-Japan Competitiveness and Resilience (CoRe) Partnership," May 23, 2022; Ministry of Foreign Affairs (Japan), "U.S.-Japan Competitiveness and Resilience (CoRe) Partnership," fact sheet, April 16, 2021.

[66] U.S. Department of State, "2019 Japan-U.S. Strategic Energy Partnership Statement: Recent Major Developments," press release, November 4, 2019.

[67] Organisation for Economic Co-operation and Development, "Development Co-operation Profiles: Japan," June 16, 2026; Dharendra Wardhana and Danifansen Simanjuntak, "Japan's Billions Are the Wildcard in Southeast Asia's Aid Race," *The Diplomat*, August 7, 2026.

[68] U.S. Department of State, "Joint Statement of the Japan-U.S. Economic Policy Consultative Committee," press release, November 14, 2023.

[69] U.S. Forces Japan, "About USFJ," webpage, undated.

and the III Marine Expeditionary Force in Okinawa. Alongside this robust U.S. presence is that of Japan's Self-Defense Forces. Although consisting of a much larger number of personnel (approximately 220,000) than their U.S. counterparts stationed in Japan, the individual Self-Defense Forces' services are much smaller than their U.S. analogues.[70] Nevertheless, over the past decade, Japan has significantly increased its defense budget and financial contributions. In 2022, Tokyo promised to increase its defense spending to 2 percent of GDP by 2027 (as measured against its 2022 GDP); currently, it has achieved 1.9 percent of GDP.[71] These increases have been directed to investments in long-range missiles, precision-strike capabilities, unmanned capabilities, and new satellite technologies.[72]

Collectively, the size of the alliance's armed forces and the modernization of its defense capabilities represent key strengths for deterring any kind of Chinese military adventurism in the region.

Leveraging the Alliance

Because the United States and Japan continue to maintain such close ties, they are positioned to counter any potential externalities that may adversely affect the region. The allies have been strengthening the defense side of their relationship for years, leading to stronger deterrent capabilities. These efforts are critically important to counter Chinese military advances and the long-term strategic challenge that China poses to regional stability. Because such efforts have been examined in prior U.S.-Japan alliance conferences, we will not reexamine them here.[73] Instead, we explore three areas, in par-

[70] Mizuki Sato, "SDF Manpower Capacity May Be Lowered amid Recruit Shortage," *Asahi Shimbun*, April 25, 2026.

[71] Ryosuke Hanada, "Japan's Defence Budget Isn't Really 2 Percent of GDP. It's Not Even Close," *The Strategist*, Australian Strategic Policy Institute, August 25, 2026; Jesse Johnson, "Japan's Defense Spending to Reach 1.9% of GDP This Fiscal Year," *Japan Times*, April 18, 2026.

[72] Riley Walters, "Japan Modernizes Its Military to Counter Regional Threats," GIS, May 27, 2025.

[73] Jeffrey W. Hornung and Reika Sophia Herman, *The U.S.-Japan Alliance Under New Management: Summary of a March 2025 Conference*, RAND Corporation, CF-A2070-6,

ticular, that offer potential opportunities to leverage the bilateral strengths of the alliance: (1) economic security, (2) innovation dominance, and (3) the regional security architecture.

Economic Security

For the U.S.-Japan alliance, economic security increasingly matters. Both countries depend on the resilience of shared supply chains, technological capacity, energy infrastructure, and industrial production to support their economies.

Japan has pursued economic-security measures through many recent initiatives. The Economic Security Promotion Act, enacted in 2022, established supply-chain security as one of its central pillars, and subsequent policy, such as the Ministry of Economics, Trade and Industry's 2026 *Economic Security Management Guidelines*, has provided support for strategically important sectors, such as semiconductors.[74] Japan has also attempted to avoid excessive dependence on individual suppliers through diversification and closer cooperation with trusted partners. Notably, it reduced its almost 90-percent dependency on Chinese rare earths by nearly 30 percent from 2018 to 2020.[75] These efforts reflect an important principle of economic security, stressing that resilience does not necessarily require self-sufficiency, but it does require sufficient alternatives to prevent economic interdependence from becoming a means of potential coercion.

The United States has taken a different approach. Recent U.S. economic-security discussions have focused particularly on maintaining leadership in foundational technologies, such as AI, quantum technologies, and biotechnology, where innovation also has significant national security and defense applications. The CHIPS and Science Act, enacted in 2022, fun-

2025; Jeffrey W. Hornung and Mina Pollmann, *The U.S.–Japan Alliance: Realizing a Free and Open Indo-Pacific*, RAND Corporation, CF-A3404-1, 2024.

[74] Avery Bashe, "The Japanese Economic Security Promotion Act: A Solution to National Security Threats Resulting from Economic Globalization," *Columbia Business Law Review*, March 1, 2023; Ministry of Economy, Trade and Industry (Japan), "Economic Security Management Guidelines (1st Edition) Compiled," January 23, 2026.

[75] Eiki Tagami and Mireya Solís, "What Lessons Can Be Learned from Japan's Critical Minerals Strategy?" Brookings Institution, February 23, 2026.

neled about $280 billion into semiconductor and other scientific research.[76] Efforts to reduce the United States' exposure to China through export controls, investment restrictions, supply-chain diversification, and domestic industrial policy have also become increasingly prominent. In early 2026, the United States imposed a 25-percent tariff on certain advanced semiconductor imports (such as select high-performance AI chips routed or transshipped for external markets).[77] This reflects a broader recognition that defense production requires reliable access to materials, energy, advanced components, skilled labor, research institutions, and a sufficiently competitive industrial base.

Bilaterally, economic security has risen to become a major issue. The 2025 United States–Japan Framework on critical minerals and rare earths supports supply-chain diversification to circumvent China's domination in this market. Technological cooperation has similarly expanded through the U.S.-Japan Technology Prosperity Deal and a subsequent $1 billion research partnership announced in June 2026, involving RIKEN, a national research and development agency; the University of Tokyo; the National Institute for Materials Science; and U.S. Department of Energy national laboratories.[78] Energy investment has also become an important component of the bilateral economic relationship, including recent U.S.-Japan strategic investment initiatives for GE Vernova Hitachi Nuclear Energy's small modular reactors and other power-generation infrastructure in the United States.[79]

Therefore, the pressing question for the alliance is not whether economic security is an important issue but what more the alliance can do to sustain economic security given U.S.-Japan joint interests. Existing mechanisms,

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[76] Public Law 117-167, CHIPS and Science Act, August 9, 2022.

[77] White & Case LLP, "President Trump Orders Narrowly Targeted 25% Section 232 Tariff on Certain Advanced Semiconductor Articles," January 21, 2026.

[78] White House, "Memorandum of Cooperation Regarding the Technology Prosperity Deal Between the Government of the United States of America and the Government of Japan," October 28, 2025a; U.S. Department of Energy, "United States and Japan Announce Historic $1 Billion Partnership Under President Trump's Genesis Mission," press release, June 4, 2026.

[79] U.S. Department of Commerce, "Joint Announcement on the Japan-U.S. Strategic Investment," press release, March 19, 2026.

such as the U.S.-Japan Technology Prosperity Deal, U.S.-Japan Action Plan on Critical Minerals, and U.S.-Japan Economic Policy Consultative Committee, either are fragmented or have been functionally sidelined. Critically, many of these mechanisms cover overlapping subjects. Because duplicative efforts may constrain their ability to work together on common interests, Tokyo and Washington could pursue more-robust economic-security measures by improving the division of labor between existing formats. A clear division of labor offers greater opportunities for more-coherent and narrower policies and timelier implementation. Such an approach could include mutually agreed consultation procedures, clearer criteria for coordinating export controls and investment restrictions, and protocols for responding when unilateral measures in either country adversely affect allied firms or supply chains.

Innovation Dominance

Technological cooperation has long been a pillar of the alliance. But at a time of Chinese rapid technological innovation (achieved organically or through intellectual property theft), attaining technological innovation dominance should be a greater priority for the U.S.-Japan partnership, and it has an opportunity to do so in the areas of cybersecurity, AI, and space.

In 2025, the U.S. Cybersecurity and Infrastructure Security Agency reported triaging more than 30,000 cyber incidents.[80] Japan's National Public Safety Commission also reported 7,190 unauthorized-access attempts in 2025, a 34.2-percent increase from 2024.[81] Notably, the Chinese hacking group MirrorFace attempted more than 200 cyberattacks on Japan's national security–related cyberinfrastructure between 2019 and 2023, including attacks on the Japan Aerospace and Exploration Agency's serv-

[80] Cybersecurity and Infrastructure Security Agency, "2025 Year in Review," February 2026.

[81] National Public Safety Commission, Ministry of Internal Affairs and Communications (Japan), and Ministry of Economy, Trade and Industry (Japan), *Status of Unauthorized Access Incidents and Research and Development of Technologies Related to Access Control Functions* [不正アクセス行為の発生状況及びアクセス制御機能に関する技術の研究開発の状況], March 12, 2026, Figure 1-1.

ers.[82] This increase in activity is problematic because the volume of cybersecurity attacks generally increases bureaucratic and defensive burdens on organizations, such as resource costs associated with incident response and operational disruptions.[83] Moreover, if a human error results in a successful intrusion, effects on governmental systems could range from the leakage of sensitive information to the physical damage of critical infrastructure.[84] Similarly, AI is affecting technological innovation. For example, both sides in the Russia-Ukraine war are actively implementing AI into their drone piloting systems.[85] And in the cyber domain, many specialists are expecting that offensive AI agents will be able to exploit breaches and exfiltrate data significantly faster than before.[86] These adaptations and applications of AI will continue to increase the volume and speed of cyberattacks, which can then be exploited by adversarial states.

This is not news to the alliance. Japan and the United States both formally acknowledged that AI is going to be a part of the future of warfare and that it needs to be implemented into national security architectures.[87] Japan's 2026 AI plan explicitly states that the country must avoid excessive dependence on one specific service or component provider.[88] U.S. agencies, including the Department of Justice and Federal Trade Com-

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[82] Mari Yamaguchi, "Japan Links Chinese Hacker MirrorFace to Dozens of Cyberattacks Targeting Security and Tech Data," Associated Press, January 8, 2025.

[83] Steve Maas, "Economic and Financial Consequences of Corporate Cyberattacks," *The Digest*, National Bureau of Economic Research, May 30, 2018; U.S. Government Accountability Office, "What Are the Biggest Challenges to Federal Cybersecurity? (High Risk Update)," *WatchBlog*, June 13, 2024a.

[84] U.S. Government Accountability Office, 2024a.

[85] David Kirichenko, "Artificial Intelligence's Growing Role in Modern Warfare," *War Room*, U.S. Army War College, August 21, 2025.

[86] Samantha Subin, "Hugging Face Hack Marks Start of Dangerous AI Cyber Era and Many Firms 'Don't Even Know It,'" CNBC, August 8, 2026.

[87] Government of Japan, *Japan's Second Artificial Intelligence Basic Plan: Japan AI Transformation; A Stronger Nation. Greater Prosperity*, provisional translation, July 14, 2026, p. 20; White House, "Artificial Intelligence in the National Security Enterprise," National Security Presidential Memorandum-11, June 5, 2026; "Japan's 2026 Defense Report Calls for Adapting to 'New Ways of Warfare,'" NHK World-Japan, August 4, 2026.

[88] Government of Japan, 2026, p. 3.

mission, also voiced antitrust concerns in 2024, noting the concentrated control of relevant resources, the significant influence of participating AI companies over related markets, and the potential for arrangements that would hinder market entry for smaller companies.[89] Even though done separately, the allies clearly have acknowledged this issue and are taking measures to address it by establishing a layered record of AI cooperation. In 2024, they announced a $110 million joint AI research partnership, pairing the University of Washington with the University of Tsukuba and Carnegie Mellon University with Keio University, and agreed to support each other's national AI Safety Institutes.[90] The next year, they agreed to a U.S.-Japan Technology Prosperity Deal that committed them to "promoting exports across the full stack of Japanese and U.S. AI infrastructure, hardware, models, software, applications, and related standards" and refocused the Japan AI Safety Institute–U.S. Center for AI Standards and Innovation partnership on metrology and standards.[91] The same year, Japan became a founding signatory of the U.S.-led Pax Silica declaration, which organizes allied countries around "compute, silicon, minerals, and energy as shared strategic assets."[92] And in June 2026, Japan became the first international partner in the U.S. Department of Energy's Genesis Mission, a $1 billion, five-year partnership to build AI- and robotics-driven autonomous laboratories with RIKEN, the University of Tokyo, and 12 Department of Energy national laboratories.[93]

But given the current trends in cybersecurity and AI, more needs to be done. The alliance can begin by diversifying its options for relevant services and avoiding the pitfalls associated with overdependence on one company. In

[89] Clare Y. Cho, Laurie Harris, and Ling Zhu, "Competition and Antitrust Concerns Related to Generative AI," Congressional Research Service, IF12968, April 16, 2025.

[90] White House, "Fact Sheet: Japan Official Visit with State Dinner to the United States," April 10, 2024.

[91] Prime Minister's Office of Japan, "Memorandum of Cooperation Regarding the Technology Prosperity Deal Between the Government of Japan and the Government of the United States of America," October 28, 2025.

[92] U.S. Department of State, "Under Secretary Helberg Will Kick Off Pax Silica Summit with Landmark Declaration Signing," December 11, 2025.

[93] U.S. Department of Energy, 2026.

2025, the U.S. Department of Commerce reported that U.S. information technology firms could collaborate with Japanese companies to enable broader AI adoption. Such collaboration matters because Japan's AI market—valued at $8.9 billion in 2024 and projected to triple to $27.9 billion by 2029—is being served largely by foreign platforms.[94] The allies could streamline the process for firms entering across-the-border markets and expand the number of service providers accessible to both countries, thereby reducing the risk of overdependence and enabling economic growth. This could be part of a broader effort by the allies to bolster their leadership across emerging technology sectors. On matters of AI, for example, collaborative efforts may include *federated learning*, a machine learning technique that can enable models to better respond to cybersecurity risks.[95] And because semiconductors are especially critical to AI advancements, which enable better capabilities with cost efficiency, the allies should also coordinate, rather than compete, in subsidizing the Japan-based nodes of the allied chip supply chain: Rapidus's 2-nanometer line in Hokkaido, developed with IBM; Taiwan Semiconductor Manufacturing Company's (TSMC's)/Japan Advanced Semiconductor Manufacturing's (JASM's) second Kumamoto fab, now upgraded to 3 nanometer; and Micron's high bandwidth–memory expansion in Hiroshima. The allies should also discuss ways to ensure that their export controls on semiconductor manufacturing equipment remain aligned.

Space cooperation also shows promise in terms of expediting technological advances.[96] Collaboration in this domain already exists, such as the U.S. Space Force's launch of a surveillance payload on Japan's Quasi-Zenith Satellite System.[97] Such cooperation improves U.S. surveillance capabili-

[94] International Trade Administration, "Japan Artificial Intelligence," September 23, 2026; "Japan's Digital Deficit Hits Record ¥6.5 Tril as U.S. Tech Reigns," *Japan Today*, February 24, 2025.

[95] Vanessa Geidel, "Bilateral AI Partnerships Alone Won't Secure Australia. Here's a Multilateral Alternative," commentary, RAND Corporation, July 14, 2026.

[96] David Kipping, Christian Johnson, Sho Nakanose, Pete Worden, Ishii Yasuo, Bonnie L. Triezenberg, Chad J. R. Ohlandt, Ron Lopez, Isaac Arthur, and Scott W. Harold, *The Future of Space Cooperation Between the U.S. and Japan*, RAND Corporation, CF-A1556-2, 2022.

[97] Space Systems Command Public Affairs, "U.S. Space Force's Space Systems Command and Japan Launch First Bilateral Space Effort," U.S. Space Force, February 4, 2025.

ties over the Indo-Pacific region and, by doing so, enables earlier threat detection, which benefits both the United States and Japan.[98] In fact, space domain awareness offers room for deeper integration between the allied armed forces in space-object tracking. In addition to this type of cooperation, maintaining innovation dominance in civilian space efforts should become a priority. Of particular relevance is the addressing of space debris, both in terms of the technology needed to do it and the norms that govern such activity. Space debris presents significant dangers to satellites orbiting Earth: The National Aeronautics and Space Administration (NASA) named space debris as the biggest threat to spacecraft in 2016, and Japan set an international standard for space debris removal in 2025.[99] Collaborative sustainability efforts by the alliance could help strengthen its space assets by reducing orbital risks through efficient debris removal. For example, the Japan Aerospace Exploration Agency (JAXA)–funded Commercial Removal of Debris Demonstration program gives Japan a commercial capability that could be paired with the U.S. Space Force's Orbital Prime program.[100]

Regional Security Architecture

Finally, because of the increasing regional challenges, the allies need to consider more inclusive and diverse means by which to address issues of shared concern. Minilateral cooperation structures are promising avenues given that the Indo-Pacific region does not have a formalized security framework like NATO. Despite having the U.S.-led hub-and-spokes alliance system as the main mechanism by which to maintain regional stability, the region faces a diversity of threats that has grown to the point that this framework may no longer be the best means to sustain regional security.

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[98] Michael Scanlon, "US Space Force, Japan Launch Sensor to Bolster Space Surveillance Above Indo-Pacific," *Military Times*, August 17, 2026.

[99] Zhanna L. Shank, "Going Farther Together: The U.S.-Japan Space Pact Is an Accelerator," Center for Strategic and International Studies, February 2, 2023; "Japan Launches International Rules for Space Debris Removal," Innovation News Network, August 6, 2025.

[100] Shank, 2023.

There is already a growing "latticework" of minilateral arrangements that the United States has successfully created and deepened, anchored to U.S. allies.[101] For example, in addition to trilateral arrangements between Washington and Tokyo with Australia, the Philippines, and South Korea, there are economic arrangements with South Korea and Taiwan (in the Chip 4 semiconductor grouping) and diplomatic groupings, such as the Quad (with Australia and India). Even the AUKUS technological-industrial partnership may involve Japan to enable greater collaboration on sharing technology and advanced capability development.[102] As shown in these examples, the United States and Japan tend to be central to many of these arrangements.

Such cooperation provides greater flexibility to handle the region's diverse challenges while having the potential to create redundancy in crisis response. For example, AUKUS members are developing joint requirements and interoperable systems, allowing them to increase their capabilities as a coalition.[103] Japan's participation in Pillar 2 of this partnership helps like-minded countries jointly develop sophisticated weapons to counter the types of threats that such states as China are developing. The Quad, much different from AUKUS, is largely a diplomatic force that enables its four members to coordinate practical, nonmilitary initiatives under four pillars—maritime and transnational security, economic prosperity and security, critical and emerging technology, and humanitarian assistance and emergency response. Although much less focused on military capabilities than AUKUS, the Quad also engages its members' defense forces through joint training sessions to assess capability gaps and build trust among the participating nations to improve their interoperability.[104] And although the indi-

[101] Jeffrey W. Hornung, "America's Best Friend in Asia," *Foreign Affairs*, April 10, 2024.

[102] David Vergun, "AUKUS Partners Consider Cooperation with Japan," U.S. Department of War, April 8, 2024.

[103] Department of Defence (Australia), "AUKUS Advanced Capabilities," webpage, undated.

[104] Ministry of Foreign Affairs (Japan), "2025 Quad Foreign Ministers' Meeting," fact sheet, July 1, 2025b; Patrick Gerard Buchan and Benjamin Rimland, "Defining the Diamond: The Past, Present, and Future of the Quadrilateral Security Dialogue," Center for Strategic and International Studies, March 16, 2020.

vidual trilaterals are all unique by design, they share a cooperative approach to common issues of concern, thereby leveraging the flexibility that coalitions of interest offer. These trilaterals bring unique benefits, such as facilitating a deeper understanding of the operational issues that each country faces, helping partners coalesce around common approaches to regional issues, and leveraging one party's distinct advantages to resolve issues of common concern.

While the existing groupings have proven useful, they could be more fully leveraged, particularly those groupings in which the United States and Japan are core members. Previous RAND studies found that expanding the security cooperation network in the Indo-Pacific would improve the stability of the region and deterrence against armed conflicts, in part because greater consensus among countries on impermissible actions, such as warfare, makes the relevant international claims and agreements more legitimate.[105] The alliance should seek to find new ways to leverage these minilateral groupings to meet these diverse regional challenges. Because they provide flexibility and adaptability to enable members to address any specific issue that arises, the alliance could benefit from responding to regional issues via these mechanisms as a means to leverage broader partner capabilities and give greater legitimacy to its responses. For example, the National Bureau of Asian Research identified cybersecurity as one area in which the experiences of the United States, Japan, and South Korea could be mutually beneficial and practical to facilitate because of preexisting opportunities for communication and the geographic conditions that motivate additional collaboration on common threats, such as North Korea.[106] Minilateral arrangements can also be leveraged for economic security, such as financing undersea cables or similar developmental projects.

[105] Scott W. Harold, *Regional Responses to U.S.-China Competition in the Indo-Pacific: Japan*, RAND Corporation, RR-4412/4-AF, 2020.

[106] Alison Szalwinski and Michelle Cho, "The Benefits, Challenges, and Necessity of Triangular Diplomacy: A Case for Enhanced U.S.-ROK-Japan Cooperation," National Bureau of Asian Research, January 29, 2018.

Conclusion

The analysis in this chapter is intended to build on the major themes that emerged from the February 2026 conference, not just to offer insight into the most notable trends but also to suggest ways in which the U.S.-Japan alliance can leverage its strengths to address common issues of concern. We covered the three most notable aspects of the Indo-Pacific region highlighted by participants: (1) The Indo-Pacific region is in a period of strategic transition, anchored by the long-term challenge posed by China's rise; (2) economic security is becoming inseparable from national security; and (3) the U.S.-Japan alliance remains the core of regional stability. After discussing these three broad themes, we explored some of the prominent strengths of the alliance and proposed three areas—economic security, innovation dominance, and regional security architecture—that offer opportunities to leverage the alliance to mitigate the long-term challenges that China poses in the region.

Abbreviations

AI	artificial intelligence
ASEAN	Association of Southeast Asian Nations
AUKUS	Australia, United Kingdom, and United States (partnership)
FTA	free-trade agreement
GDP	gross domestic product
LDP	Liberal Democratic Party
NATO	North Atlantic Treaty Organization

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