Opinion Paper

63/2025 04/09/2025

*Borja Llandres Cuesta**

Japan: a new framework for economic security

Japan: a new framework for economic security

Abstract:

In recent years, the shift in Japan's foreign and security policy has broadened its focus to include areas that had not previously been developed, such as economic security. This shift responds to the growing need to ensure the country's strategic autonomy in a geopolitical context of competition and aggressive use of economic power.

Keywords:

Japan; Economic Security; Critical technologies; Patents.

How to quote:

LLANDRES CUESTA, Borja. *Japan: a new framework for economic security*. Opinion Paper. IEEE 63/2025. web link IEEE and/or link bie[3] (accessed on the web day/month/year)

***NOTE:** The ideas contained in the Opinion Papers shall be responsibility of their authors, without necessarily reflecting the thinking of the IEEE or the Ministry of Defense.

Introduction.

The detention in 2010 of a Chinese fishing trawler by the Japanese maritime authorities after it collided with the coast guard while fishing in Japanese territorial waters triggered a bilateral crisis that led to an embargo on exports of rare earths to Japan by the Chinese government[1]. The importance of these minerals for a wide range of industries (electronics, automotive, aerospace, etc.) raised global alarms about the Chinese government's possible use of its dominant position due to its control over the mining and processing of these minerals. Japan's vulnerability due to its dependence on China highlighted the growing importance of the economic component of national security. Prime Minister Abe Shinzo gave a new impetus to foreign and security policy, with a new, more proactive National Security Strategy, abandoning the traditional Japanese reactivity since the end of World War II[2].

Rare earth mine - Source: CarbonCredits.com

[1] CNBC. China Bans Rare Earth Exports to Japan Amid Tension. Available at: https://www.cnbc.com/2010/09/23/china-bans-rare-earth-exports-to-japan-amid-tension.html

[2] National Security Strategy. December 2013. Available at: https://www.cas.go.jp/jp/siryou/131217anzenhoshou/nss-e.pdf

The National Security Strategy paid scant attention to the economic component, focusing instead on more traditional aspects of security such as maintaining peace in Asia-Pacific, preventing the emergence of direct threats to Japan, building a stable and peaceful international community, and strengthening the alliance with the United States.

Twelve years later, the geopolitical outlook for Japan has worsened considerably. The Russian aggression in Ukraine and the tensions around Taiwan, the advance of the North Korean nuclear program, the escalation of violence between Israel and Hamas, a possible conflict in the Persian Gulf or Trump's return to the White House pose serious challenges for Japan. This is compounded by a domestic situation characterized by a weakening of the LDP after the elections held in October 2024 and by serious structural problems[3].

In order to analyze this initiative, this article will proceed as follows. In the first part, reference will be made to the industrial policy developed by Japan after World War II from which it can draw the experience to achieve the desired strategic autonomy. The second part is devoted to detailing the four pillars that are intended to strengthen the country's economic security.

Japan's experience with industrial policy.

Government involvement in economic activity and the guidance and planning by ministerial departments with the aim of strengthening the economic power of the state is not a new phenomenon in Japanese politics. One of the first political texts of the Meiji Revolution, the Five Articles Oath, stated as an objective the pursuit of "knowledge throughout the world in order to strengthen the foundations of imperial rule", making clear the intention of the new authorities to launch a process of industrialization in the country. In 1868 Japan embarked on a state-planned developmental process that used subsidies and trade protection to set up numerous industries, to build critical infrastructure and to reorganize the economy in order to defend Japanese national interests at home and abroad, the whole process was strongly linked to the military needs of the state. The slogan 'Fukoku Kyohei' summed up the imperial government's effort to reduce the technological and industrial gap with the Western powers and to strengthen Japan's

[3] The Japanese economy faces several problems such as a low birth rate, an aging population, a lack of raw materials on its territory and dependence on external energy sources.

presence in the regional and international sphere in order to ensure its autonomy[4].

After the difficult post-war years, Japan's growth rate during the 1960s was around 10% per annum, starting to decline during the 1970s and 1980s when it was sustained at 4% per annum.

The years of high growth in the Japanese economy were the direct result of a set of policy guidelines and industrial strategies that laid the foundations for growth and drove it forward for decades[5]. The industrial policy developed by the Ministry of International Trade and Industry (MITI) was strongly imbued with an economic nationalism that prioritized the development of the national economy at all costs, the protection of national industries, the strengthening of companies and the economic fabric, and the intervention in companies to adapt them to a new situation. The Ministry, created in 1949 and heir to the Ministry of Trade and Industry and the Ministry of Munitions, became after its creation one of the most powerful and influential ministerial department of the government and deployed a series of carefully planned actions and strategies to rebuild the Japanese industry and place it in the top echelons of the world economy.

A crucial document for Japan's reindustrialization and for the country's economic growth was the so-called "Income Doubling Plan" published in 1960 during the Ikeda Hayato government. This plan achieved its goal of doubling the size of the Japanese economy over a 10-year period by modernizing agriculture and the business fabric, rebalancing regional economic growth, promoting specific industrial sectors and encouraging the export of Japanese products[6].

During these decades MITI used all the tools at its disposal to increase the competitiveness of domestic enterprises, setting up new industries in high-tech sectors, protecting domestic production and exporting an increasing number of products. Industries designated as critical to development such as heavy industry, chemicals, shipbuilding, electricity, semiconductors, textiles, steel and coal benefited from various

[4] Enrich the State, Strengthen the Armed Forces was the main slogan during the Meiji period and was aimed at focusing state efforts on strengthening the state internally at the economic and military levels in order to increase its external power and reach the level of development of the West.
[5] The growth of the Japanese economy was also supported by a stable international framework characterized by the Bretton Woods system. Also noted as a factor was the Yoshida Doctrine, which reduced state investment in the military and focused efforts on the economy. In addition, the creation of large conglomerates called 'keiretsu' helped to open up new high-growth sectors, enabled companies to compete in the domestic and international markets and consolidated Japan as a technological power.
[6] LU, David. Japan: A Documentary History: v. 1: The Dawn of History to the Late Eighteenth Century. 2005. Routledge.

measures such as discriminatory tariffs, import restrictions, subsidies, low interest rate financing, preferential taxation, support through infrastructure construction projects, MITI advice and licensing support to access foreign technology.

The success of the Japanese reindustrialization soon raised suspicions in the United States and Western Europe, which began to react to MITI's industrial policy and its effects on the balance of payments, the devaluation of the yen and THE restrictions on capital liberalization. This new international pressure caused a shift in Japanese policies towards knowledge-intensive industries such as computers, software and semiconductors. During the 1970s, the protectionism that had marked Japan's development was gradually abandoned in favor of growing internationalism and economic liberalization.

The Japanese model became a success placing Japan among the main economic powers and fulfilling MITI's main objective of guaranteeing the country's economic security through accelerated growth. However, as in Western countries, from the 1970s onwards, there was a progressive deindustrialization of the Japanese economy and a relocation of companies to China, with the consequent dependence on the neighboring economy.

The new framework for the promotion of economic security.

The era of high growth was followed by the so-called “Lost Decade” which, starting in the 1990s, lasted until the first decade of the 2000s[7]. Economic problems coupled with a steadily deteriorating geopolitical scenario made economic security increasingly important for the Japanese government. Both Abe Shinzo, with his three arrows policy[8], and his successors in office (Suga Yoshihide, Kishida Fumio) have redirected Japanese economic policy to address the strategic framework facing Japan, characterized by growing techno-nationalism and fierce international competition to lead in industrial sectors critical for the economy of the future, such as artificial intelligence, robotics and semiconductors. In a speech at the Shangri-La Dialogue former Japanese Prime Minister Kishida noted that “considering that the economy is directly linked to national security and that areas such as cybersecurity and digitization are becoming increasingly important for

[7] YOSHINO, Naoyuki; TAGHIZADEH-HESARY, Farhad. Japan’s Lost Decade: Lessons for Other Economies. ADB Institute. Available at: https://www.adb.org/sites/default/files/publication/159841/adbi-wp521.pdf

[8] Abe's economic policy, better known by the term 'Abenomics', was based on three initiatives: the first was a loose monetary policy by the Central Bank of Japan, the second was boosting the economy through fiscal stimulus by the government, and finally, structural initiatives to bring the Japanese economy out of its two-decade slumber.

national security, we will promote initiatives for economic security"[9].

In April 2020, the government created an economic division within the Ministry of National Security. In the same year, the LDP recommendations aimed at developing Japan's Economic Security Strategy were published[10]. These defined economic security as the action of "ensuring Japan's independence, survival and prosperity from an economic point of view." The law on foreign exchange and international trade was also amended to control foreign investment in certain sectors (telecommunications, electric power, gas and pharmaceuticals). A year later, a Ministry of State for Economic Security was created and in 2022 the Economic Security Promotion Law was published. In May 2024, the Law on critical information for economic security was published, aimed at making a prior assessment of those who wish to access critical government information.

In this way, a structure has been put in place whose ultimate goal is to achieve a greater degree of autonomy for the Japanese economy by reducing dependence on external suppliers, analyzing weaknesses in order to eliminate factors that may hinder the performance of industry and expanding capabilities in those dual-use technologies that are critical for economic development and for the shaping of global technological standards.

The Economic Security Promotion Law is supported by four pillars aimed at countering various threats to Japan's economic security. The first pillar puts in place a system to ensure the stable supply of products critical to the economy and industry, including rare earths and other metals needed to manufacture batteries or semiconductors. The second pillar sets up a system to ensure the stable supply of essential services and protect critical infrastructures in different sectors, such as those affecting the oil refining industry, water supply companies or airport management. The third pillar is aimed at developing specific critical technologies by investing in those sectors that will shape the future of the global economy. In this regard, METI's accumulated experience throughout the high-growth era can be a factor favoring the enhancement, through the mechanisms available to the government, of the competitiveness of Japanese companies at the global level. The fourth pillar is aimed at reforming the patent legislation to create a secret patent system in certain

[9] Prime Minister's Office of Japan. Keynote Address by Prime Minister KISHIDA Fumio at the IISS Shangri-La Dialogue. Available at: https://japan.kantei.go.jp/101_kishida/statement/202206/_00002.html

[10] Liberal Democratic Party of Japan. Recommendations toward developing Japan's "Economic Security Strategy'. 2020. Available at: https://storage2.jimin.jp/pdf/news/policy/201021_5.pdf

sectors. This system, which is already in place in many countries, including Spain, involves the non-disclosure of a patent application when it is related to the defense sector.

Framework to ensure a stable supply of critical products.

The Chapter II (art. 6 to 48 of the law) focuses on strengthening the supply chains and avoiding shortages of critical products that could endanger the lives of citizens and the proper functioning of the national economy[11]. To this end, a list of 12 products considered critical was drawn up:

- Semiconductors.
- Cloud computing software.
- Storage batteries.
- Permanent magnets.
- Industrial robots.
- Aircraft components.
- Critical minerals.
- Natural gas.
- Electronic components.
- Antibacterial preparations.
- Fertilizers.
- Ship components.

For these products, a series of actions are established at the private and public level, starting with the competent ministries, which must draw up plans to ensure the supply of these products. For companies whose economic activity depends on the constant supply of these products or the raw materials for the products, plans will be developed to guarantee this supply, approved by the competent ministry. The plans may provide for the diversification of sources of supply, the development of alternative products, the use of other materials for manufacturing or the establishment of research and development

[11] Japanese Law Translation. Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures. Available at: https://www.japaneselawtranslation.go.jp/en/laws/view/4523/en

programs. The government will also support such plans through subsidies, grants or loans. In the event that these actions are not sufficient, the government may consider setting up strategic reserves to stockpile critical products. Finally, the various ministries have been given the authority to conduct surveys and studies to analyze the conditions of companies that depend on critical products for their production, for their importation or sale.

The list of critical products includes critical minerals and semiconductors. Critical minerals include common minerals such as lithium or cobalt and a group called 'rare earths'[12]. Although they are often referred to as 'rare earths', the truth is that these elements can be found in abundance in the earth's crust; however, the fact that they are usually combined with other metals and their low concentration means that their exploitation is of little economic interest as they are not sufficiently profitable.

The concentration of deposits in China as well as the government's policy of developing the extraction and processing industry of these minerals has given China a dominant position at a global level[13]. These minerals are essential for the development of both civil and military industry. In the civilian sector they are necessary for the manufacture of batteries, wind turbines, semiconductors, permanent magnets, lasers and fiber optics. In the military field, they are necessary for the production of engines for combat aircraft, anti-missile defense systems, radars, satellites and communications systems[14].

Japan has developed a policy in order to reduce its dependence on the Chinese market for the supply of raw materials. The Japan Organization for Metals and Energy Security (JOGMEC) was established in 2004 and its main mission is to ensure a stable supply of energy and mineral resources to maintain and strengthen Japan's industrial base, its economic prosperity and the lives of its citizens. JOGMEC's activities include technical support and support for overseas geological surveys, funding for exploration, mine development, production and processing of minerals, as well as support for storage and recycling. Government actions have succeeded in reducing dependence on 'rare earth'

[12] The rare earth group is composed of 15 lanthanides (lanthanum, cerium, praseodymium, neodymium, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium and lutetium) as well as scandium and yttrium.

[13] Markets and Markets. Rare earths metals market. Available at: https://www.marketsandmarkets.com/Market-Reports/rare-earth-metals-market-121495310.html

[14] CHANSORIA, Monika. Mining and R&D of Rare Earth Elements: Prospects, Challenges, and Avenues for Indo-Japan Partnership. The Japan Institute of International Affairs. Available at: https://www.jiia-jic.jp/en/policybrief/pdf/PolicyBrief_Chansoria_20200629.pdf

production from China from 90% to 60%, a considerable reduction, although perhaps not enough to ensure the country's economic security[15].

Regarding semiconductors, in July 2024, METI unveiled its strategy for revitalizing this sector. In the document, METI acknowledged the lag in this sector compared to the leaders (China, Taiwan, the US, and the Republic of Korea). To try to regain lost ground, the strategy outlined three steps. The first step is to expand basic production capacity. If the Japanese market was valued at $540 billion in 2025, this figure is expected to reach $720 billion by 2030. Partnerships between Japanese companies such as Sony, Denso, and KIOXIA with Taiwanese (TSMC) and US companies (Western Digital and Micron) are key factors in increasing production and boosting the sector. The second step of the strategy is to lead the next generation of semiconductors through collaboration with the US. To this end, the company Rapidus was created in 2022 to develop the framework necessary to produce two-nanometer chips, which would put Japan in a leading position. The project is backed by the Japanese government and receives private sector investment from companies such as Sony, Denso, Softbank, Toyota, and NEC, in addition to the collaboration of IBM. The third step focuses on investment and development of technologies for the next generation of semiconductors, quantum computing, and the design of specific chips for Artificial Intelligence through collaboration agreements with the United States, the United Kingdom, India, and the European Union.

[15] TERAZAWA, Tatsuya. WEF. How Japan solved its rare earth minerals dependency issue. 2023. Available at: https://www.weforum.org/stories/2023/10/japan-rare-earth-minerals/#:~:text=Japanese%20dependency%20on%20rare%20earth%20minerals%20was%20exposed,the%20world%20to%20handle%20critical%20minerals%20dependencies%20today

JASM facility, TSMC's Japanese subsidiary - Source: Kyodo News via AP.

System to ensure a stable supply in critical service infrastructures.

The main objective of this system, detailed in Chapter III (Articles 49 to 59 of the Law), is to prevent critical infrastructure from being used by external actors to disrupt service provision, as occurred in 2023 at the Port of Nagoya. All companies that operate critical infrastructure and provide essential services through it, or that maintain or manage it and outsource such management to third parties, must notify the government in advance and undergo a prior review.

The government designated 15 sectors that fall under the scope of the law:

- Electricity.

- Gas.

- Oil.

- Water.

- Railways.

- Trucking.

- International maritime transport.

- Port transport.
- Air transport.
- Airports.
- Telecommunications.
- Broadcasting.
- Postal services
- Financial services
- Credit cards.

Port of Nagoya – Source: Port of Nagoya

The process is triggered when a company that provides a service through critical infrastructure intends to enter into any type of contract that integrates a foreign company into the infrastructure. It must submit a plan to the relevant ministry detailing how it will minimize risks to the country. After a review that may last up to 30 days, it may be submitted for consultation with the Prime Minister, who will then provide his opinion to the relevant ministry. Finally, the ministry may issue a recommendation or order to the national service provider.

The plans that companies must submit must detail the measures they have taken to reduce the risk of disruption by external actors. Specifically, the law mentions measures such as:

- Ensuring, under the contract with the provider of the specified critical facility and the provider of each facility, that the provider manages the facility in such a way as to prevent unauthorized changes to the facility and its manufacturing processes, and that the provider of services can verify its management status.

- Select suppliers based on their capacity to perform maintenance and inspection work on the specified critical facility or on the component facility if the facility is expected to require maintenance and inspection.

Framework to Enhance the Development of Critical Advanced Technologies.

Events that took place in recent years have convinced states of the need to promote the development of a number of specific technologies as an essential requirement for ensuring national security and the proper functioning of their economies. The law considers critical technologies those in which Japan "must maintain superiority and eliminate vulnerabilities in order to ensure its security and to guarantee the proper development of the Japanese economy".

The system detailed in Chapter IV (Articles 60 to 69) is divided into three actions, the first of which is government support for companies through the provision of information to researchers and funding for research and development of critical technologies. The government must also establish a Public-Private Cooperation Council for each project and, finally, it shall commission surveys and studies on the state of the technology in Japan and other states.

A first challenge for this pillar is to establish the list of technologies classified as critical.

Countries such as Australia[16], the United States[17], the United Kingdom[18], India[19], and France[20] have published reports on the technologies they consider critical for economic development and for ensuring the country's strategic autonomy in the coming decades. Critical technologies are found in the most advanced sectors of industry that provide greater added value to the economy and require greater investment in research and development. Achieving a competitive advantage in critical technologies requires a state to possess a certain economic and industrial power, which leaves many technologies beyond the reach of certain states due to the cost of developing them. These technologies are classified as critical because the state needs a certain level of control, since technological dependence on third states would place it at a detrimental and competitive disadvantage in the event of a military conflict, posing a latent threat to the state's autonomy and independence.

The Japanese government published a list of 20 technologies it considered critical to the country's economic security in four areas (ocean, aerospace/space, cyberspace, and the biological field). Specifically, the technologies designated as critical are:

- Biotechnology.

- Cybersecurity.

- Data science, analysis, storage, and management.

- Quantum information science.

- Advanced materials science.

- Artificial intelligence and machine learning.

[16] Australian Government. List of Critical Technologies in the National Interest. 2023. Available at: https://www.industry.gov.au/publications/list-critical-technologies-national-interest#:~:text=The%20key%20enabling%20critical%20technology%20fields%20which%20have,technologies%20and%20applications.%20These%20examples%20are%20not%20exhaustive.

[17] US Department of Defense. DoD Critical Technology Areas. Available at: https://www.cto.mil/osc/critical-technologies/

[18] UK Research and Innovation. Tomorrow's technologies. Available at: https://www.ukri.org/who-we-are/our-vision-and-strategy/tomorrows-technologies/

[19] Carnegie Endowment. The U.S.–India Initiative on Critical and Emerging Technology (iCET) from 2022 to 2025: Assessment, Learnings, and the Way Forward. Available at: https://carnegieendowment.org/research/2024/10/the-us-india-initiative-on-critical-and-emerging-technology-icet-from-2022-to-2025-assessment-learnings-and-the-way-forward?lang=en

[20] CSS ETH Zürich. La France et la géopolitique des technologies. Available at: https://css.ethz.ch/content/dam/ethz/special-interest/gess/cis/center-for-securities-studies/pdfs/CSSAnalyse302-FR.pdf

- Advanced computing.
- Advanced engineering and manufacturing technology.
- Neuroinformatics and brain-interface technology.
- Robotics.
- Advanced power and energy storage technology.
- Advanced information, communications, and network technology.
- Advanced surveillance, positioning, and sensing technology.
- Space technology.
- Hypersonic technology.
- Marine technology.
- Medical and public health technology.
- Microprocessor and semiconductor technology.
- Chemical, biological, radiological, and nuclear technology.
- Transportation technology.

One of the government's actions, through the relevant ministries, is to establish a public-private cooperation council for each project, composed of both public representatives from the ministries and private representatives from companies in the sector. The coordination work that this body must carry out will be crucial due to the control that companies have over the designated technologies. Therefore, the necessary controls will have to be established to prevent information leakage, although these controls must be balanced with the necessary flexibility to maintain and promote research and innovation[21]. According to the law, the council's basic functions are to collect, organize, and analyze data useful for R&D in the specific technology; it must also promote R&D in that sector and appropriately manage the information obtained.

Finally, Article 64 of the law empowers the Prime Minister's Office to request reports and surveys necessary for the promotion of research and development of previously

[21] The Japan News. Protect Japan's economic security through public-private cooperation. Available at: https://japannews.yomiuri.co.jp/editorial/yomiuri-editorial/20220227-14228

designated critical technologies from specialized and competent institutions in the field, which must maintain due confidentiality of the results of their work.

Mechanism for the non-disclosure of patent applications relevant to national security.

This amendment to Japanese industrial property law introduces a system already in place in other Western countries[22]. Through the patent system, those who have developed an invention that meets the requirements of novelty, inventive step, and industrial applicability can apply to their country's national patent office for a legal title that allows them to prevent third parties from manufacturing, offering for sale, introducing into commerce, or using the product protected by the patent, or from using or offering for use the process covered by the patent. This temporary monopoly granted to the patent holder is offset by the mandatory disclosure of the information contained in the patent application. This disclosure aims to foster technological development by facilitating the dissemination of technological knowledge and promoting the country's economic development.

The publication of a patent application occurs 18 months after the filing date, at which point both the description of the invention and the drawings and claims are made public. If the technology sought to be patented has a dual-use, both in the civil and military fields, it could become known to outside powers, which could pose a problem for national defense. To address this problem with patent systems, several countries have established legal measures to protect these inventions and reserve them for national industry. The United States made extensive use of this mechanism during World War II, declaring secret more than 11,000 patents[23]. Since 1951, the Invention Secrecy Act has regulated the disclosure of sensitive defense technologies. These provisions also exist in the corresponding patent laws of the United Kingdom, Germany, and Spain.

Under the new system, applications received by the JPO (Japan Patent Office) will be subject to a preliminary examination by the office to determine whether the invention falls

[22] Japan Patent Office. System for Non-Disclosure of Patent Applications. Available at: https://www.jpo.go.jp/e/system/patent/shutugan/patent_applications.html

[23] GROSS, Daniel P. The Hidden Costs of Securing Innovation: The Manifold Impacts of Compulsory Invention Secrecy. *Harvard Business School Strategy Unit Working Paper No. 19-090*. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3329912

into any of the technologies designated by law and included in the International Patent Classification, including:

- Technologies for unmanned vehicles.

- Laser weapons and electromagnetic pulse bombs.

- Positioning measurement technology using sound waves and related to submarines.

- Technologies for the observation and tracking of space vehicles.

- Technologies related to heavy water.

If the application falls into any of these categories, it will be submitted to the Prime Minister's Office within three months for a final decision on its inclusion as a secret patent. If designated as such, the applicant must comply with a series of obligations, such as not filing the application abroad, maintaining confidentiality of the information contained in the application, not disclosing the application, granting permission for the invention to be used, and allowing the invention to be shared with certain domestic companies. In return, the applicant will receive compensation as a result of the restrictions imposed by law. Should an applicant required by law to file their application with the JPO decide to file it abroad, they would face criminal prosecution and the rejection of their application in Japan. The protection of industrial property has become a key element in competing for global markets. Japan has already experienced the effects that the voluntary transfer of technology to the Chinese market has on its companies. It is worth recalling the case that affected Kawasaki Heavy Industries when it transferred its high-speed train technology to China after winning a contract to develop the neighboring country's railway system. The delivery of technology, the support for factory construction and the launch of a supply chain, along with the training of engineers and technicians in Japan, facilitated the creation of a competitor to the Japanese company amid accusations of misuse of transferred industrial property[24].

Along with this system for protecting information contained in patent applications, the Japanese Parliament passed a law for access to classified information related to economic security through a security permit. This law extends the confidentiality system previously in place in the fields of defense and diplomacy to the field of economic security.

[24] SHIROUZU, N. Train Makers Rail Against China's High-Speed Designs. YaleGlobal Online. Yale University. Available at: https://archive-yaleglobal.yale.edu/content/train-makers-rail-against-chinas-high-speed-designs

The lack of this system had been criticized as it was seen as putting Japan at a disadvantage when participating in arms sales on the global market[25]. In order to prevent information leaks affecting critical infrastructure, documentation related to designated technologies, or industrial property, all those who manage or manipulate this information must first undergo an examination to certify their suitability and avoid risks. The examination, with the individual's prior consent, will address aspects such as criminal history, drug or alcohol abuse, their financial situation, mental health, and the nationality of family members[26].

The development of this regulatory structure represents an opportunity for the country to, once again, lead the way in economic and technological development, and standard-setting. However, the initiative also faces certain challenges. First, given its complexity, Japan must reach agreements with partner countries such as the United States and European countries to collaborate on technology development, industrial property protection, or industrial supply chain restructuring.

Secondly, efforts to achieve greater autonomy will run up against the impossibility of decoupling the Japanese and Chinese economies in the short and medium term due to their deep interconnectedness. The necessary process of distancing must be carefully managed to avoid generating tensions that completely destabilize the bilateral relationship.

Thirdly, the traditional pacifism that has prevailed in Japanese politics since the end of World War II has acted as a barrier to the necessary changes that Japanese foreign policy must undergo. In this area, corporate reluctance to invest in technologies with military applications could become an obstacle that must be overcome by the government's political and financial drive.

Despite these challenges, it must be taken into account that Japan already has a track record of success in developing its industry and a proven ability to use state resources to lead the way in technological development. Both the experience of the late 19th and mid-20th centuries undoubtedly demonstrate the country's ability to adapt to complex

[25] TOGASHI, Mariko. CSIS. Japan's Economic Security and the Role of the Private Sector. 2020. Available at: https://www.csis.org/blogs/new-perspectives-asia/japans-economic-security-and-role-private-sector

[26] SUZUKI, Jun. Japan Legal Update: Establishment of a Security Clearance System in the Economic Security Sector. Amt-law. Available at: https://www.amt-law.com/en/insights/others/publication_0029301_en_001/

geostrategic scenarios.

Conclusion.

In recent decades, Western countries and Japan have undergone a process of deindustrialization with profound social, economic, and political effects. The impact of COVID-19, the war in Ukraine, and the rise of China have forced a strategic rethinking at all levels to face the challenges posed by the new global landscape. China's growing influence and its stated goal of becoming a technological and industrial leader threaten to erode Japan's strategic autonomy in the economic and industrial spheres. Hence the importance of this new legislation, which seeks to place greater emphasis on the economic sphere of security, integrating it with more traditional areas such as the diplomatic and military spheres, which have already undergone modifications in recent years.

The strategic shift Japan has made since Abe's second term until now is imperative if the country wants to remain a relevant player in Asia and globally. Changes in economic legislation demonstrate the growing importance that the Japanese government and many others place on industry and technology as a means of maintaining the relevance and strategic autonomy of their states.

The challenges facing Japan are considerable, as the goal is to make the country an indispensable global player in the technologies that will determine global economic development in the coming decades. Although this is not the first time Japan has been able to take the lead after starting years behind, the wide range of technologies, the considerable economic effort involved, the limits of bringing factories back to the country, China's rapid technological development, and the structural constraints of the Japanese economy all raise doubts about the ultimate success of the initiative.

*Borja Llandres Cuesta**

Técnico Superior, OEPM