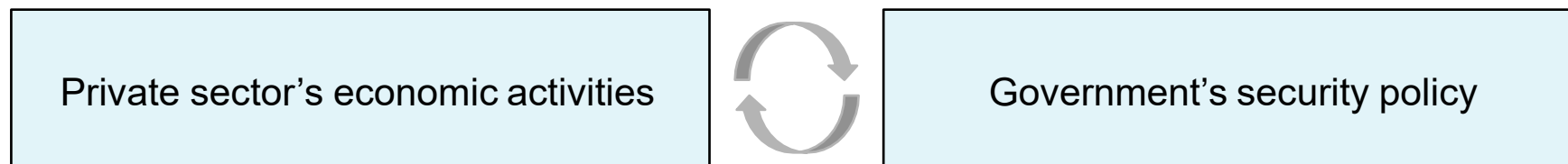
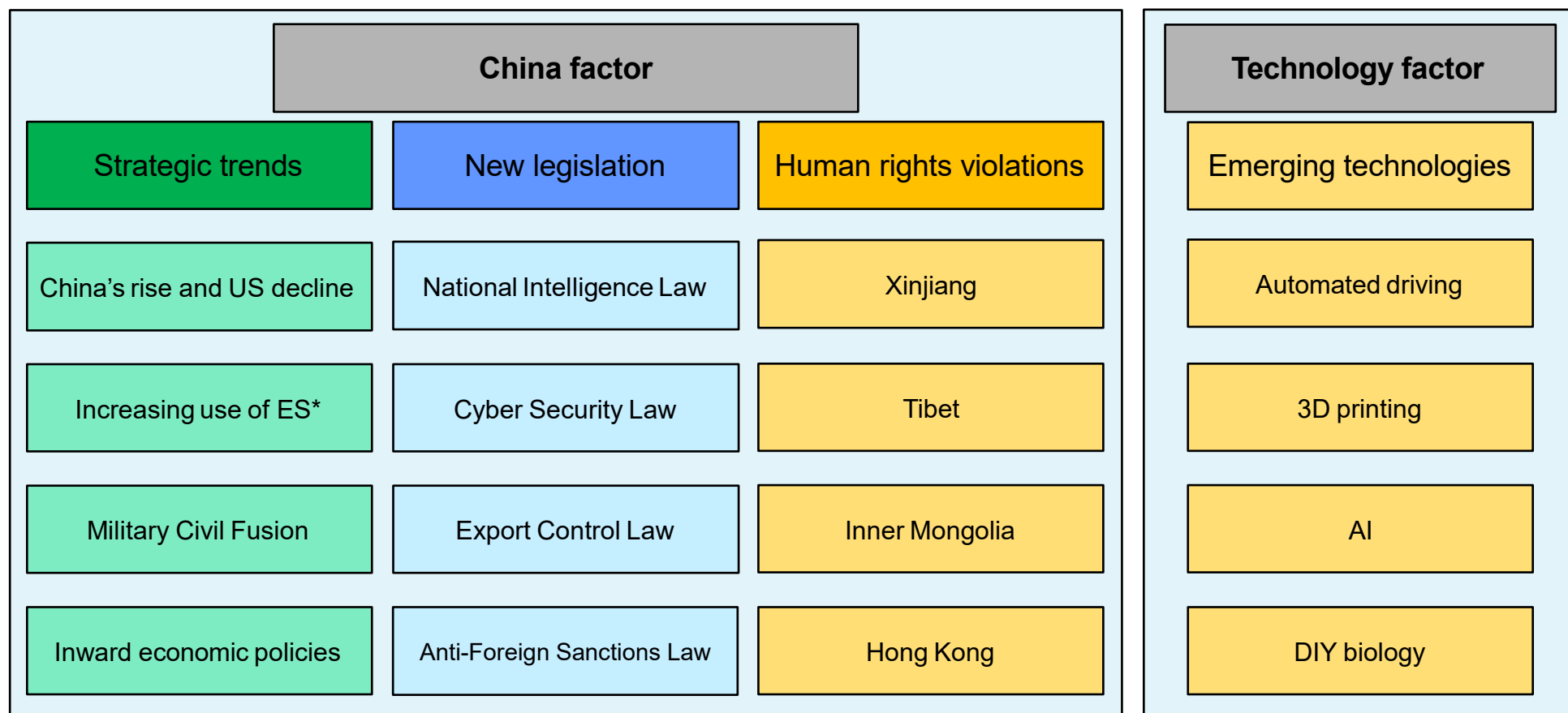


Issues surrounding the “Economic Security Promotion Act (ESPA)” and Japanese economy

April 1, 2022

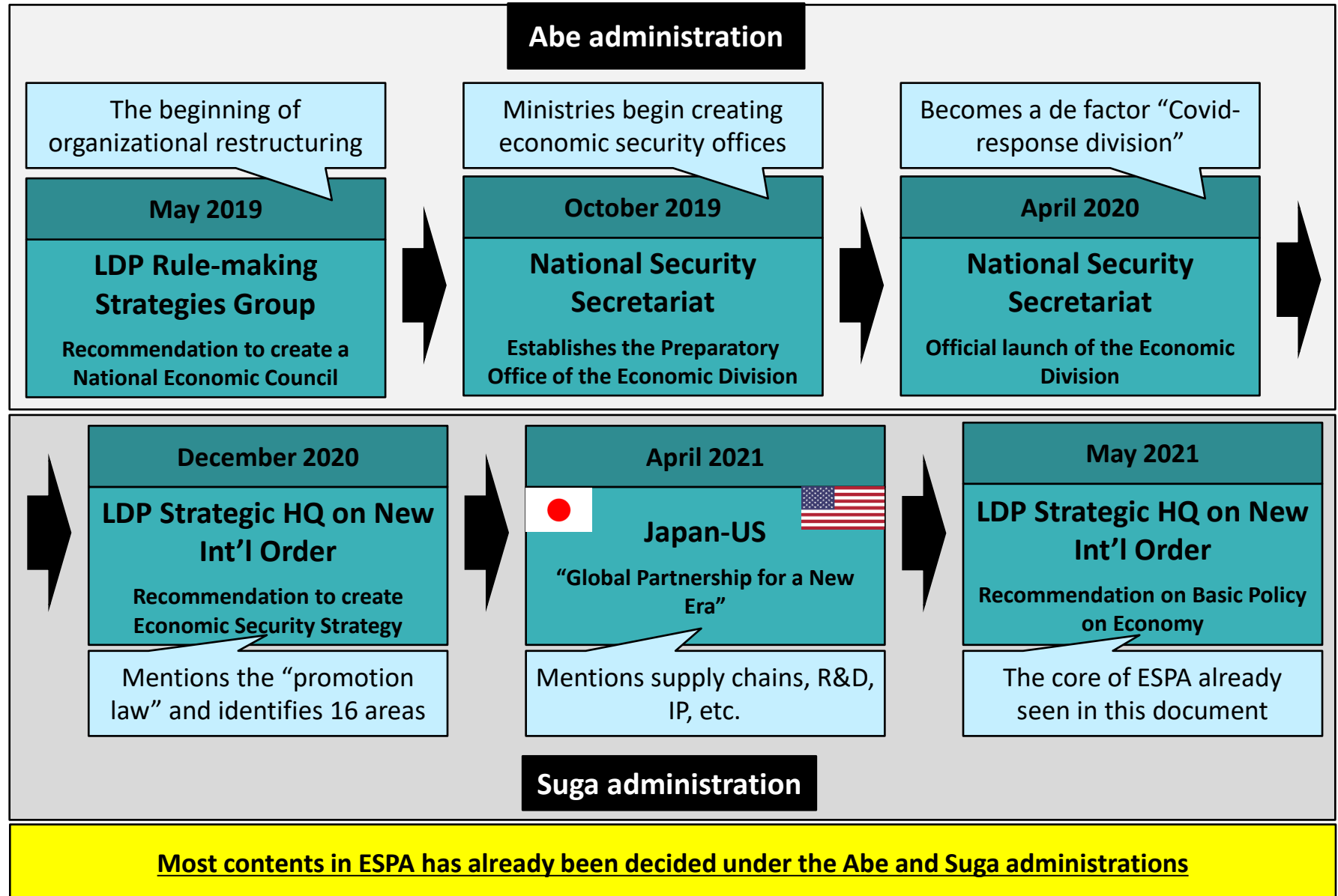
Akira Igata
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Tama University
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“Economic security (ES)” has become a “buzz-word” in Japan

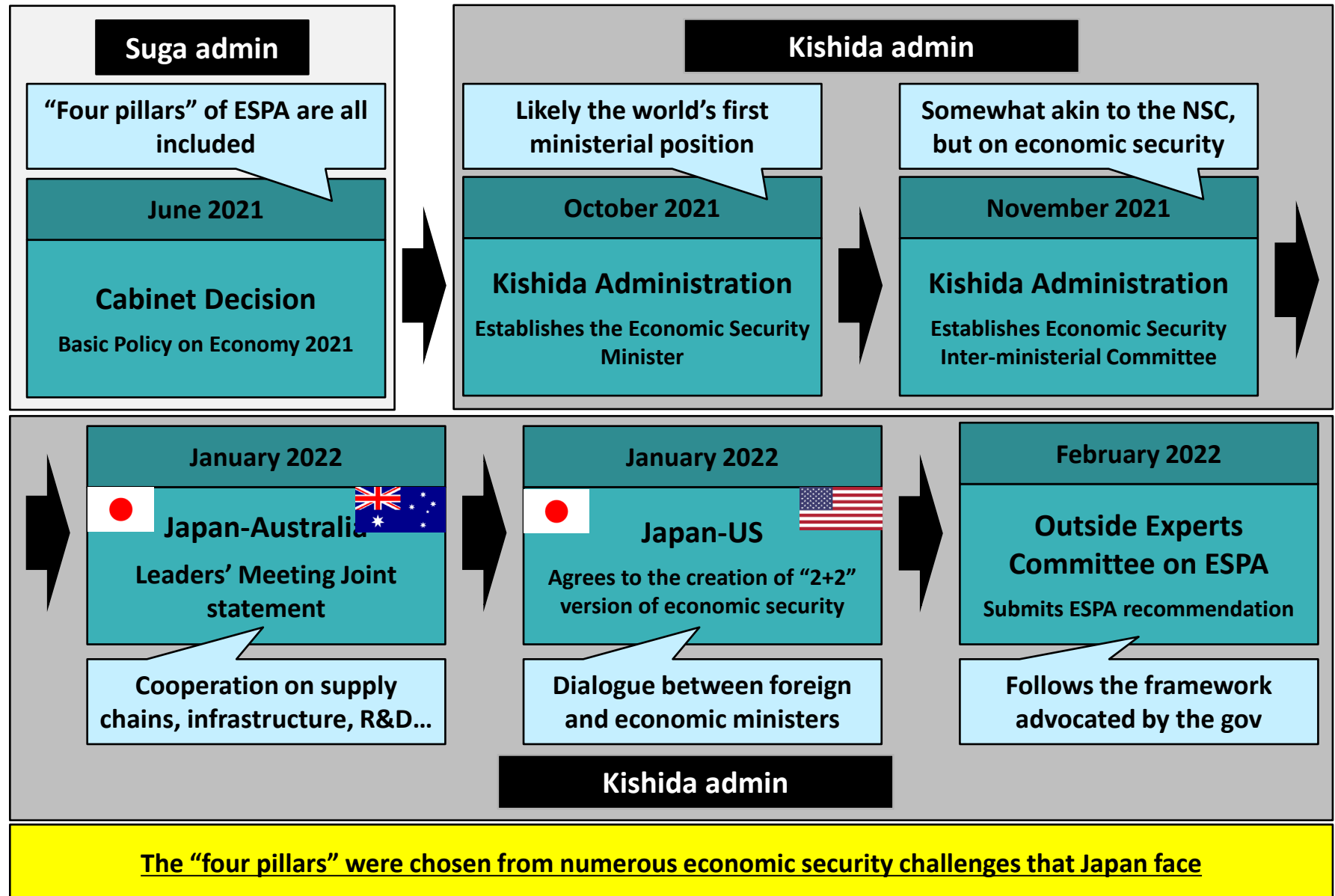


The combination of China-related factors and technology factors account for the rise of “economic security” in Japan

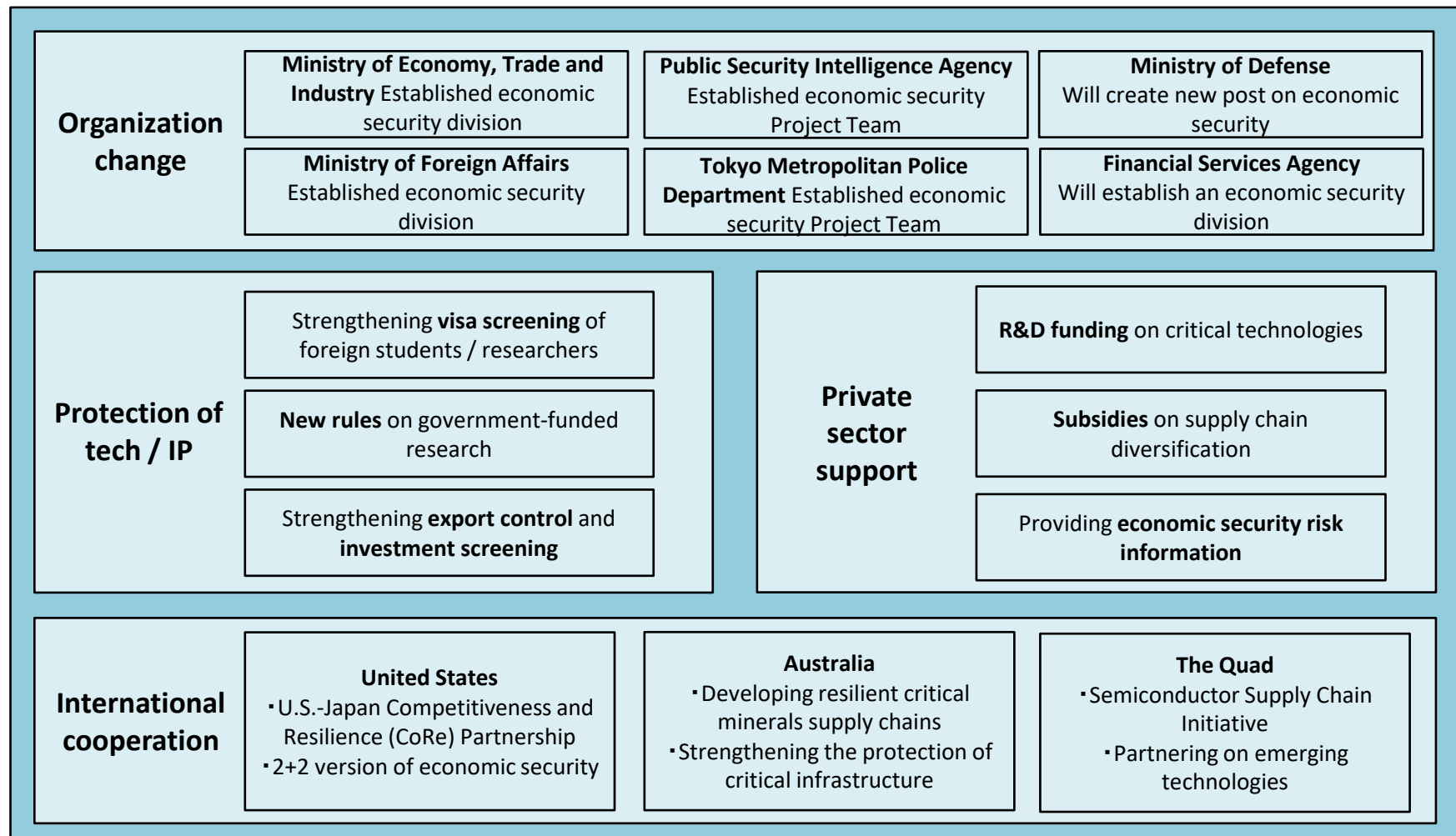
Japan's economic security policies under the Abe and Suga admins



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



Japan's economic security policies have been progressing since 2019



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

Private sector have endorsed the importance of economic security as well

Japan Business Federation

Keidanren
Policy & Action

。新成長戦略

2020 年 11 月 17 日

一般社団法人 日本経済団体連合会

“Securing proactive and strategic economic security”

(2) 主体的かつ戦略的な経済安全保障の確保

政府には、安心・安全な国民生活の実現、さらには、産学官の各界におけるイノベーションの創出を通じた国際競争力の向上を最優先として、主体的かつ戦略的な外交を展開することが求められる。とりわけ、わが国の経済安全保障の確保に不可欠な基盤技術、新興技術や戦略物資について特定を進める必要がある。そのうえで、該当する機微技術の保護や、戦略物資に関する備蓄や供給の安定性の担保のための仕組みづくりが急務である。特に、安全保障上重要な機微技術に関しては、国内での技術開発・産業基盤の強化に取り組むとともに、国際的な共同研究への参画を可能とするなど、わが国の競争力強化につながるような制度設計とすべきである。企業は、該当する技術等を適切な枠組みのもと、管理する。

目まぐるしく変化する国際情勢のなかでわが国企業が安心して経済活動を行っていくためには、各国の状況を迅速かつ的確に把握し、対応していくことが肝要となる。そのため、政府と企業は、経済分野のインテリジェンス機能を一層強化し、発生し得るあらゆるリスクを想定し、行動していく。その際、情報

⁴² Data Free Flow with Trust. 信頼性のある自由なデータ流通。

Private sector have endorsed the importance of economic security as well

Japan Association of Corporate Executives



“Toward securing a resilient economic security: The path that Japan should take in the era of geoeconomics”

強靱な経済安全保障の確立に向けて
—地経学の時代に日本が取るべき針路とは—

2021年4月21日

公益社団法人 経済同友会

Japan Association of New Economy

デジタル経済下のシン・成長戦略

～日本企業が勝ち抜くための産業政策・競争政策・経済安全保障～

“New growth strategy under the digital economy: Industrial policy, competitive policy, and economic security required for Japanese companies to win”



2021年10月11日



All major political parties have embraced the concept of economic security

Liberal Democratic Party

- Creating an economic security minister post
 - Passage of ESPA
- Reshoring industries

Komeito

- Strengthening economic security and food security
 - Bolstering rule-making strategies in economic activities

Constitutional Democratic Party of Japan

- Need to strengthen rule-making strategies in economic affairs

Japan Innovation Party

- Strengthen economic security by working strategically regarding new applicants to CPTPP

Democratic Party for the People

- Introduce legislation that allows for better economic security and energy security

The likelihood of the Economic Security Promotion Act being rejected at the Diet is quite low

Municipalities are also realizing the need to strengthen economic security

Excerpts from the recommendation created by the local assembly members of the Kanagawa Prefecture

Requests towards the central government

Creating a guideline or law to mandate acceptable foreign investment promotion projects

Identifying and sharing economic security risks unique to municipalities

Establishing an information sharing mechanism between Japanese intelligence agencies and municipalities

Clarify emerging technologies that needs to be protected

Efforts that should be taken by the local government

Creating an Economic Security Office at the municipality level

Reviewing various policies taken by the local governments from the perspective of economic security

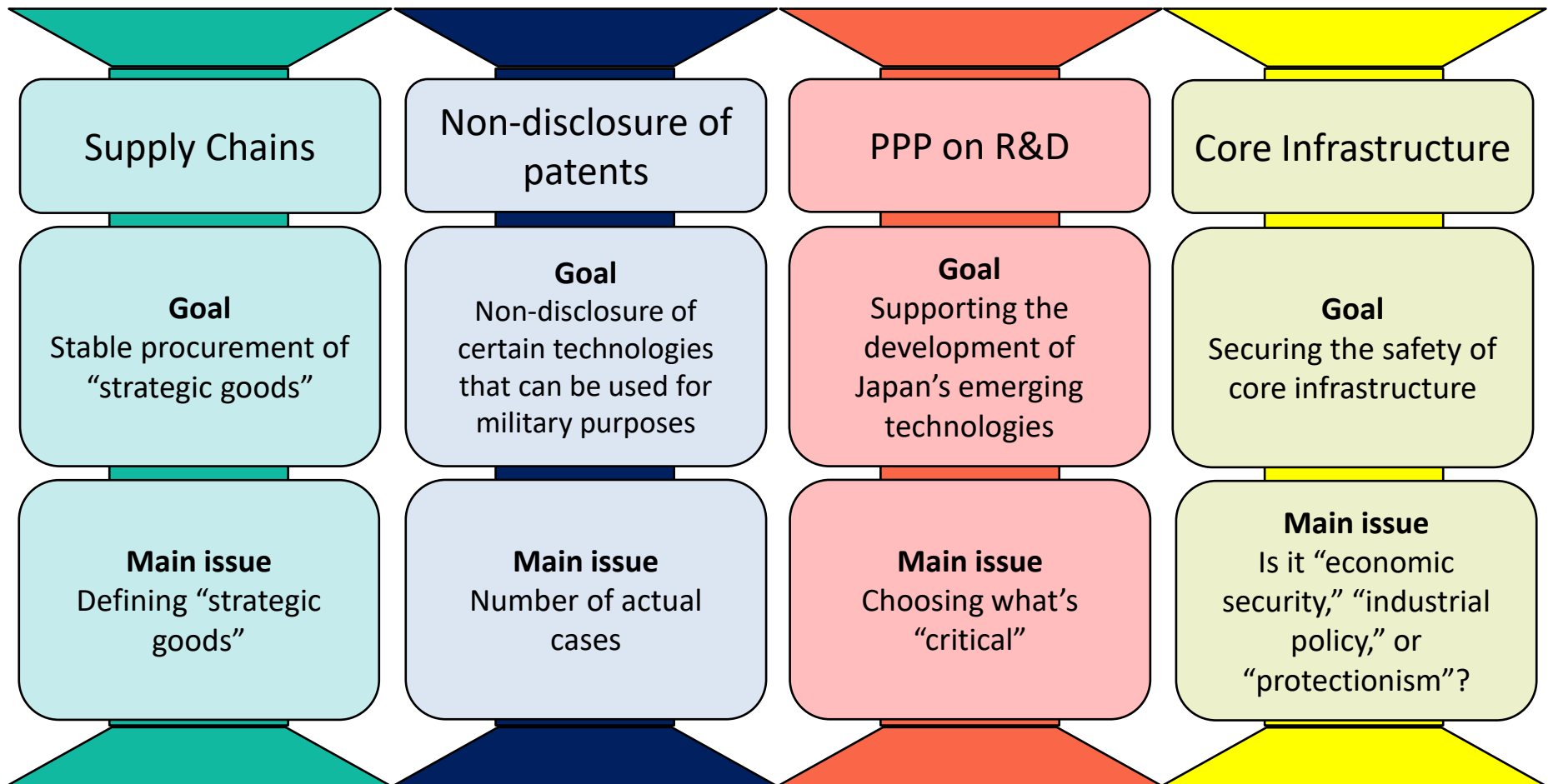
Researching to better understand the amount of foreign investment in infrastructure owned by municipalities

Establishment of a Municipality Economic Security Association

This recommendation was handed to the Economic Security Minister in February 2022

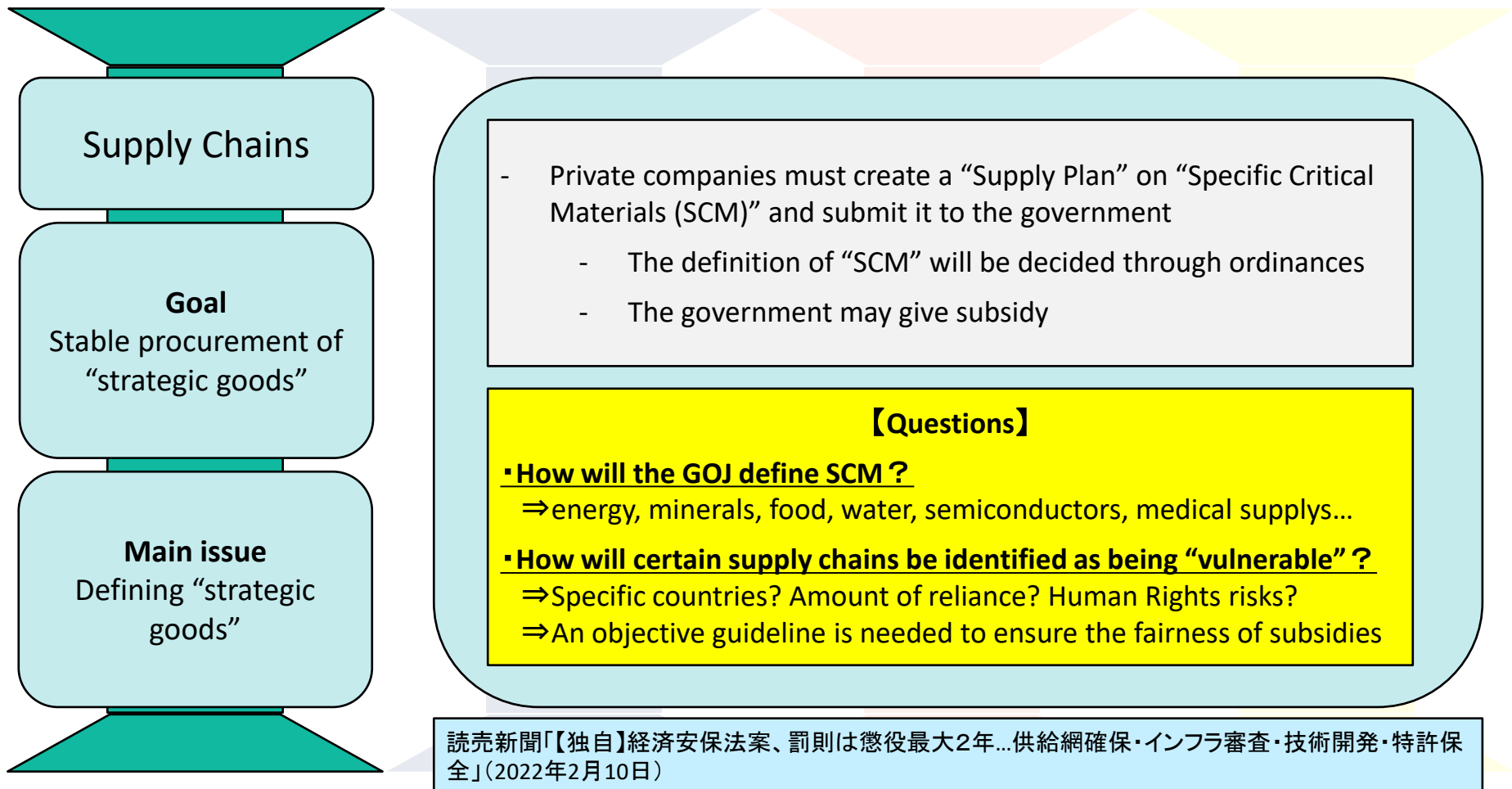
The Economic Security Promotion Act (ESPA) is currently being debated

Four pillars of the ESPA



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

Four pillars of the ESPA



Non-disclosure of patents will allow for better protection of dual-use tech

Four pillars of the ESPA

Non-disclosure of patents

Goal

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

Main issue

Number of actual cases

特許非公開の手続き案

特許出願

第1次審査
(特許庁)

非公開の方向
と判断

第2次審査
(安保部門)

機微技術と
判断

非公開指定

- 国が特許収入を補償
- 海外出願を制約

10カ月以内めど

- First screening is done by the Patent Office
- Second screening is done by the Cabinet (newly created division) and the MOD

【Questions】

- How does one calculate the value of patents?
- How many actual cases of non-disclosures are the government expecting?

時事通信「政府、特許非公開で新組織 流出防止技術、2段階で審査」(2022年1月16日)

Government-funded R&D project will strengthen critical technologies

Four pillars of the ESPA

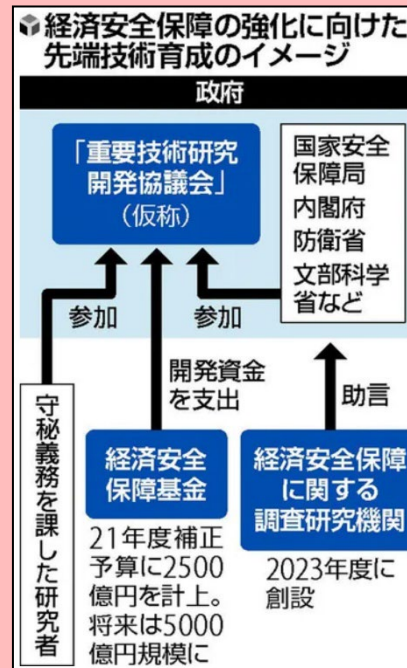
PPP on R&D

Goal

Supporting the development of Japan's emerging technologies

Main issue

Choosing what's "critical"



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

【Questions】

- Is the establishment of a brand new "research institution" necessary?
⇒ Utilizing existing university research center or a thinktank?
- Who gets on the board of the group to decide what tech is critical?

読売新聞「【独自】先端技術育成、研究者公募し官民協議会...経済安保で『けた違い』の資金」(2022年1月13日)

Security of core infrastructure ensured by screening high-risk equipment

Four pillars of the ESPA

Core Infrastructure

Goal

Securing the safety of
core infrastructure

Main issue

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

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

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

【Questions】

▪ **How does one explain the difference between “important infrastructure” identified for cyber security and “core infrastructure”?**

⇒ “broadcasting” and “postal services” are newly added

⇒ “medical,” “chemistry,” and “government services (including municipalities)” are gone

▪ **Will they screen all foreign products and services? If not, how does one determine what’s ok and what’s not?**

▪ **Shouldn’t THIS be subsidized?**

朝日新聞「経済安保法案、国の事前審査対象は14分野 放送、クレジットも」(2022年2月4日)