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**Japan-ROK-U.S. Trilateral Engagement on Economic Security:
Disentangling Resilience, Competitiveness, and Protection**

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Due to developments such as the Covid-19 pandemic, the rise of economic coercion, and the war in Ukraine, economic security has become an intense focus of policy discussions around the world. The United States, Japan, and the Republic of Korea (ROK, or South Korea) have each elevated economic security to be a top policy priority. Domestically, each country has developed new policy tools to mitigate and respond to threats over the past several years, and they have also engaged trilaterally to collectively bolster their economic security.

This essay assesses the progress of domestic and trilateral economic security initiatives among the United States, Japan, and South Korea and considers their future prospects. Although there are promising policy commonalities, there is no consensus about the definition of economic security among the three countries. Instead, their governments are pursuing distinct combinations of three overlapping aims in their economic security policies: resilience (i.e., reducing risks from disruption or interference), competitiveness (i.e., promoting domestic economic capabilities), and protection (i.e., restricting or disadvantaging foreign competition).¹ The future of trilateral economic security engagement will depend on how policymakers choose to balance these goals as they adapt, implement, and target their economic security policy tools in light of evolving national interests.

Domestic Economic Security Initiatives

The governments of Japan, South Korea, and the United States have announced and implemented a host of domestic economic security initiatives in recent years. An analysis of these

¹ This argument has been developed from ideas published in Kristi Govella, “Seeking Resilience and Revitalization: U.S. Supply Chain Strategy in the Indo-Pacific,” Italian Institute for International Political Studies, March 17, 2022, <https://www.ispionline.it/en/publication/seeking-resilience-and-revitalization-us-supply-chain-strategy-indo-pacific-34181>. Competitiveness and protection were previously discussed as intertwined parts of the goal of revitalization.

initiatives demonstrates that there is no shared definition of economic security among the three partners. In some areas, there appears to be significant policy overlap. For example, all three governments have strengthened inbound investment screening through the Foreign Investment Risk Review Modernization Act (the United States), the Foreign Exchange and Foreign Trade Act (Japan), and the National Advanced Strategic Industries Act (South Korea). They have promoted the semiconductor industry in the form of the CHIPS and Science Act (the United States), the K-CHIPS Act (South Korea), and other subsidies (Japan and South Korea). The three governments have pursued similar clean energy subsidies through the Inflation Reduction Act (the United States), the Green Transformation Act (Japan), and the Korean New Deal. In addition, they have implemented other industrial policies and initiatives intended to bolster supply chain resilience.

However, there is also notable policy diversity among the three countries. Japan is the only one that has enacted comprehensive legislation in the form of its 2022 Economic Security Promotion Act; no parallel legislation currently exists in the United States or South Korea. The United States has made use of strategic tariffs through Section 232 and Section 301 in the name of economic security, while Japan and South Korea have avoided this approach thus far. The United States has gone the furthest in pursuing advanced technology export controls; Japan has placed export controls on semiconductor manufacturing equipment in solidarity with the United States, while South Korea has not. Strengthened oversight over outbound investment is included in South Korea's Act on Protection of Industrial Technology, and the U.S. Outbound Investment Security Program went into effect in January 2025; Japan has not made similar moves in this direction.

The diversity in domestic policies reveals that each of the countries is pursuing a different combination of resilience, competitiveness, and protection in its economic security policy. There are strong shared concerns about reducing risk by bolstering supply chain resilience. There are

also clear shared impulses toward revitalizing domestic industry through industrial policy, which combines the aims of both competitiveness and protection, since it often involves providing resources to give domestic firms a boost vis-à-vis their foreign competitors—primarily those from China, though not exclusively. However, the extent to which governments are willing to explicitly protect their industries by restricting economic activity or imposing negative penalties for undesirable behavior varies, with Japan and South Korea generally being less willing to take these actions than the United States.

Even in cases where policies appear similar—such as inbound investment screening or subsidies—these similarities may be deceptive. Industrial policies designed to promote national competitiveness are currently framed as compatible with trilateral cooperation—for example, through “ally-shoring” or “friendshoring”—because they are aimed at reducing dependence on China in the short term. However, since these policies are designed to enhance national competitiveness, they may in fact result in increased competition *among* U.S., Japanese, and Korean firms in the medium to long term. It remains to be seen whether the three governments are willing to try to harmonize their respective industrial policies. Moreover, much depends on how domestic regulations are implemented. The decision by the Biden administration to block the acquisition of U.S. Steel by Japan-based Nippon Steel on weak national security grounds suggests that protection was the main aim and demonstrates that policy tools such as investment screening rules can be turned against allies as well as against geopolitical rivals. Although Japan and South Korea are allies of the U.S., they are also still its economic competitors—this is a persistent tension in economic security cooperation.

Trilateral Economic Security Engagement

After South Korean president Yoon Suk Yeol took office in May 2022, steps were quickly taken to reestablish U.S.-Japan-ROK trilateral cooperation after a long period of tensions between Tokyo and Seoul. The first trilateral leaders' summit in over four years was held in June 2022 in Madrid, and a second summit was held in November 2022 in Phnom Penh. Economic security was part of these discussions from the earliest stages, with an emphasis on resilience and competitiveness. In their Phnom Penh joint statement, President Yoon, Japanese prime minister Fumio Kishida, and U.S. president Joseph Biden emphasized “the importance of trilateral cooperation to strengthen the rules-based economic order to enhance economic security and prosperity throughout the Indo-Pacific and the world” and launched a three-way economic security dialogue.²

The subsequent August 2023 Leaders' Summit at Camp David set forth an ambitious trilateral agenda. Economic security initiatives included a supply chain early-warning system pilot, a disruptive technology protection network, cooperation on standards, and collaboration among national laboratories. The Trilateral Economic Security Dialogue convened four times by July 2024, bringing together officials from the U.S. National Security Council and their Japanese and South Korean counterparts. These meetings sought to deepen engagement and promote shared trilateral interests on issues such as critical and emerging technologies (e.g., quantum and space), supply chain resilience (e.g., semiconductors, batteries, and critical minerals), Data Free Flow with Trust, and responses to economic coercion.

²“Phnom Penh Statement on U.S.–Japan–Republic of Korea Trilateral Partnership for the Indo-Pacific,” White House, November 13, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/11/13/phnom-penh-statement-on-trilateral-partnership-for-the-indo-pacific>.

By July 2024, the three sides had implemented the supply chain early-warning system for priority products and materials and established mechanisms for rapid information sharing on disruptions. They also agreed to identify joint research projects in emerging technologies and strengthen coordination on technology protection and infrastructure security. Economic security has also been incorporated in other trilateral meetings over the past two years. For example, the June 2024 joint commerce and industry ministerial meeting addressed export controls, private-sector partnerships, international standards development, critical and emerging technologies, and critical minerals.

In sum, the three governments have taken important steps toward restoring dialogue and establishing cooperative mechanisms with an emphasis on mutual resilience and competitiveness. However, while this progress is significant, it is still in a nascent stage and may be derailed by changing circumstances that tilt national priorities toward protection and that redefine competitiveness to include rivalry with allies. Aware of this danger, the three governments have taken measures to quickly institutionalize their cooperation, including the establishment of a trilateral coordinating secretariat. These trilateral mechanisms may help to mitigate tensions from the differing prioritization of resilience, competitiveness, and protection in the three countries' future economic security policies.

Future Prospects

Domestic and trilateral economic security policy has evolved among the United States, Japan, and South Korea at an impressive pace. The question now is how matters will develop amid shifting domestic and external conditions. Japan's Liberal Democratic Party-led coalition lost its majority in the October 2024 Lower House election. Although the broad direction of Japanese policy is unlikely to change, the government may have less capacity for trilateral cooperation as it

focuses on domestic concerns. Donald Trump won the November 2024 U.S. presidential election, fueling expectations of an increasingly nationalist economic policy that may include broad-based tariffs and increased scrutiny of foreign investment. In South Korea, the legislature initiated impeachment proceedings against Yoon in December 2024 after his short-lived attempt to declare martial law. If Yoon resigns or is removed, his successor may be less willing to pursue trilateral initiatives. Moreover, the South Korean government will remain in limbo for months until new leadership takes office.

Although the short-term outlook appears grim, these fluctuations in political leadership will not necessarily lead to the end of trilateral economic security engagement. The shared economic security concerns that brought these countries together will persist in the future. Even if the three governments do not actively cooperate on joint initiatives, they will undoubtedly continue to implement economic security policies within their respective countries; consultation and coordination with one another on these policies has potential benefits. Recent trilateral institutionalization may provide helpful channels for this engagement, if leaders choose to use them, and the three governments will continue to collaborate on economic security issues within broader multilateral initiatives such as the Minerals Security Partnership. Given the breadth of the economic security agenda, trilateral engagement may vary across issue areas moving forward. In some cases such as establishing shared standards for emerging technologies, cooperation may be less politicized, and it may be easier for policymakers to argue that mutual gains in competitiveness come with minimal national sacrifice. In other cases, more direct trade-offs may be perceived between national competitiveness and working together with allies, and domestic political incentives may push protection to the forefront, as in the case of the U.S. Steel deal. Much will depend on whether these three governments conceptualize their respective national interests in the

short term versus the long term and the balance of resilience, competitiveness, and protection that they choose to pursue.