SEPTEMBER 2026

Policy Notes and Reports 110

Security trumps economics:

Prospects for EU-Japan cooperation in times of geopolitical instability

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This wiiw Policy Note expands and updates a presentation delivered at the RIETI Open BBL Webinar on 2 June 2026 titled '*EU-Japan cooperation in economic security: 'If you stand on one foot only, you are shaky' – Economic power demands comprehensive security cooperation including military field*'. https://www.rieti.go.jp/en/events/26060201/handout.html

Abstract

This paper argues that the European Union (EU) and Japan face a converging security agenda in which economic, technological, and military vulnerabilities can no longer be addressed separately. The principal challenges are: the weaponisation of trade, finance, energy, and supply chains; the intensifying US-China rivalry; Russia's aggression and its wider destabilising effects; China's assertiveness in the Indo-Pacific; critical dependencies in raw materials, semiconductors, digital infrastructure, and renewable technologies; and uncertainty over the reliability of established alliance structures due to current US unpredictability. These pressures expose the limits of economic power when it is not supported by credible defence, cyber, space, intelligence, and industrial capabilities. At the same time, they create opportunities for the EU and Japan to jointly upgrade their partnership from trade and regulatory cooperation to comprehensive security governance. Existing agreements, partnerships, and associations, as well as cooperation on critical raw materials and semiconductors, provide a platform for action. Policy priorities should include: faster strategic coordination; closer industry participation; more resilient supply chains; defence-industrial cooperation; joint work on dual-use technologies as well as cyber and space security; and coordination with responsible partners, such as India, ASEAN countries, Australia, and Canada. By linking resilience, deterrence, and rules-based multilateralism, the EU and Japan can strengthen their strategic room for manoeuvre become credible security partners – and therefore be at the table and not on the menu.

Keywords: economic and military security, resilience, deterrence, technology, EU-Japan strategic partnership

JEL classification: F02, F52, F55

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> *'As inter-state competition intensifies in domains that cross the border between security and the economy, it is extremely important to enhance Japan's autonomy and safeguard Japan's superiority and indispensability through economic security measures, such as strengthening the resiliency of supply chains, preserving and fostering advanced technologies as well as maintaining and reinforcing Japan's defense production and technological bases as an integral component of defense capability itself in accordance with the [National Defense Strategy].'* (Ministry of Defense of Japan, 2026, p. 16)

Economic security risks stem from concentrated dependencies in critical sectors, where efficiency gains can heighten exposure to shocks, coercion, and cascading supply-chain disruptions. Policy responses should build resilience while preserving the benefits of open markets. As strategic partners, the European Union (EU) and Japan, can pursue this task based on evidence-based analysis while seeking international coordination and multilateral cooperation (OECD, 2025). As the above-quoted 2026 white paper on defence notes, 'Japan must closely monitor future changes in the European situation, including their strategic impact, acknowledging that the security of Europe and the Indo-Pacific is inseparable' (Ministry of Defense of Japan, 2026, p. 4) – a position fully shared by the EU.

1. GEOPOLITICS TRUMPS GEO-ECONOMICS

The EU and Japan face mounting pressures to bolster their economic security with hard security amid the intensifying US-China rivalry, Russia's imperial ambitions, and the risks of nuclear proliferation – not least in Northeast Asia. A game changer was the United States' joining China and Russia in weaponising economics, thereby contributing to the destabilisation of the post-Second World War rules-based order and the weakening of both the trans-Atlantic and trans-Pacific alliance systems. Without military, defence, cyber, digital, and technological capabilities, economic power cannot be fully projected, as it lacks implementation force and credibility. This, in turn, leaves middle powers particularly and critically vulnerable.

Furthermore, dependencies on China for processed critical raw materials, semiconductors, (soon) chip-manufacturing lithography equipment,[1] AI infrastructure (along with the related wealth of data), and renewable-energy technology (e.g. solar panels, EVs, batteries, and wind turbines) weaken the EU's economic strength and reduce its influence in global geopolitics. Japan, the important strategic partner for the EU in Asia, shares many of these vulnerabilities in that it is reliant on Chinese supply chains,

[1] For example, China recently launch a 'homegrown type of advanced lithography chip printing machine' to compete with ASML, Europe's lead chip tool manufacturer (Reuters, 2026).

threatened by Beijing's assertiveness in the Indo-Pacific, and dependent on the US security umbrella (Reiterer, 2024).

The recent joint intervention by the US and Japan to support the weaking yen recalled another interdependence: while the US has aimed to limit trade distortions and avoid disruption in treasury markets (especially given the fact that Japan is the largest holder of US treasury bonds), Japan has sought to curb imported inflation and thereby reduce pressure on companies and households as well as maintain trust in the Japanese market. Nevertheless, without addressing the underlying fundamentals (e.g. interest rate gaps), the success and sustainability of such efforts to prevent currency speculation and foster financial stability remains rather doubtful. Furthermore, the US sale of euros to buy yen – without informing the European Central Bank and to avoid weakening the US dollar – was an unprecedented breach of cooperation and trust.

For Japan, gradually liberalising the weapons-export regime and expanding cooperation beyond the US open up new perspectives, giving it more autonomous strategic room for manoeuvre in a situation where alliances are being put to a severe test. In this light, reaching out to other countries – including Australia, India, and Thailand – is part of Japan's policy to boost its resilience.

Both the EU and Japan have experienced that economic or technological strength based solely on economic power is not sufficient and recognised that a strong second military leg is required to empower the first one. An illustration of this is the US-EU joint statement on a framework for an agreement on reciprocal, fair, and balanced trade of 21 August 2025 (European Commission, 2025b) – also known as the Turnberry Agreement – which was not implemented until May 2026 owing to resistance in the European Parliament (European Commission, 2026b). The lawmakers did not trust that the US would implement it faithfully – a suspicion that was later justified when US President Donald Trump imposed a new set of double-digit tariffs on 60 economic partners (including the EU and Japan) over mostly fabricated claims, such as that they failed to prevent forced labour (Euronews, 2026b). Resorting to such manoeuvres had been prompted by the February 2026 ruling of the US Supreme Court that struck down most of the Trump administration's 'Liberation Day' reciprocal tariffs as unlawful (John, 2026). However, it is crucial to note that, as the advocate of a rules-based approach to trade policy, the EU should not have accepted illegal tariffs in the first place. Indeed, its agreeing to a bad deal just to avoid a worse one vividly illustrates the weakness of taking an 'economics-only' approach in today's arena of power politics. As Edward Fishman similarly concluded in another context, 'Economic weapons have not stopped Putin's battalions' (Fishman, 2025: p. 420).

A viable defence industry would allow Europe and Japan to build deterrence and defence capabilities. Furthermore, politics needs a 'toolbox' for prevention and reaction – and it has to be ready for use in terms of both material and mindset. The Japan-UK-Italy cooperation to develop a next-generation fighter jet and Mitsubishi Heavy Industries' building of Mogami-class frigates for Australia signify a change in Japanese policies. Thus, being ahead of the technological curve and becoming an indispensable partner are effective security providers.

The fact that Japan and the EU are pursuing 'de-risking' rather than 'decoupling' strategies vis-à-vis China makes them attractive partners to the latter. Beijing faces the challenge of overcoming its domestic troubles. Since stability and predictability are important to China, it prefers to use a rules-based approach – though, of course, one with Chinese characteristics. This represents a commonality of interest-based interdependence in which everybody focuses on their own strengths and which can facilitate cooperation, including in a competitive environment. However, a core weakness of China's 'pick-and-choose' approach is that it fails to recognise that rules must apply to all parties and not only selectively. Of course, considering the erratic policies of President Trump, China could try to seduce countries into playing the China card (e.g. by offering itself as a hedging alternative through cooperation in certain areas). However, this would necessitate fundamental changes, namely, not only ending China's aggressive, nationalist 'Wolf Warrior' approach to diplomacy (Saxer, 2026) but also recognising the interests of potential partners in stability, industrial/technological development, and security. Moreover, it would also require more than attempting to explain away the 'so-called excess capacity issue' (Ministry of Commerce People's Republic of China, 2026). In terms of trade – and especially given that the EU is no longer willing to sustain a daily trade deficit of EUR 1bn – China and the EU are already making efforts to 'stabilise and make [their] bilateral relationship more balanced' by holding trade and investment consultations (European Commission, 2026d).

In terms of security, the 2026 assessment of the EU's strategic environment (Council of the European Union, 2026), including the threats and challenges it faces, sees China as being determined 'to establish regional dominance and reshape the global order', as a 'key enabler of [Russia's] aggression against Ukraine', and as 'a critical long-term strategic challenge'. This formulation marks a departure from the 2019 EU policy of viewing China simultaneously as a partner, competitor, and strategic rival (European Commission, High Representative, 2019).

At the same time, the EU and Japan are soliciting India – with its vast market, human resources, raw materials, and tech capabilities and ambitions – and thereby amplifying trilateral potential. Similarly, South Korea, the Association of Southeast Asian Nations (ASEAN) and Australia are on Japan's and the EU's radar for economic as well as security cooperation.

This paper provides a more detailed look at the Japan-EU relationship in a situation where the old international order is crumbling and the new one isn't even on the horizon yet.

2. UNIVERSAL WEAPONISATION: THE NEW STRATEGIC CALCULUS

The liberal, rules-based system of international economic relations is breaking down and giving way to an era of geo-economic competition. Instruments of economic statecraft that were long constrained by multilateral trade agreements (e.g. tariffs, state subsidies, export controls, and sanctions) have again become widely used policy tools in pursuit of the goals of domestic economic policies. More importantly, instruments of economic statecraft are increasingly being used in a coercive rather than regulatory manner to achieve geopolitical objectives.

What is new, in this case, is that these coercive tools are no longer only being used in the traditional axis of competition with Russia and China. Rather, in stark contrast to previous policies, they are also being used horizontally among states that used to be close allies and partners in setting up a collaborative order (e.g. between the US and its traditional allies in Europe), thereby eroding trust even within alliances. Indeed, the weaponisation of policies has become the new normal. This stands in stark contrast to previous policies (e.g. the WTO's dispute-settlement role was established to depoliticise trade disputes).

This new situation demands a rethink of traditional concepts of security. What will be more demanding, however, is the needed departure from the binary way of thinking that has lasted decades, namely, the one that separates economic, trade, and technological issues from hard security issues. What's more, this rethink will also be necessary in areas that were supposed to be cooperative (e.g. climate change, cybersecurity, and maritime security).

Although it led to prosperity and smart power, Japan and the EU have also learned that the post-Second World War focus on relying on economic development and technology while outsourcing a large part of its hard security needs is no longer viable. Indeed, having to confront countries that are prepared to neglect the rules-based system built on the UN Charta and to wield military power – either as a threat or in practice through kinetic or grey-zone warfare – has made it impossible to deter or resist using non-military instruments alone.

While part of the answer to these challenges is to correct the past path and invest more (or, in the case of the EU, not only more but also more intelligently) in arms and military preparedness, it is also necessary to consolidate and enhance the existing economic, trade, and technological powers. This will require enhancing cooperation with 'responsible' (a term preferable to 'willing') partners to form a 'coalition of the responsible' who will shoulder responsibility for: (i) avoiding the resurgence of the unrestricted might-is-right policies, (ii) not putting past achievements in jeopardy, and (iii) correcting past mistakes in order to include the Global South in a more participatory manner and foster a more just order.

The fact that most of these potential 'responsible' countries are middle powers helps to explain the resurgence of the concept itself. And these are precisely the powers that Canadian Prime Minister Mark Carney fired up in his Davos speech (World Economic Forum, 2026) when he said, for example, that middle powers 'must act together' and 'combine to create a third path with impact' in order to avoid being 'on the menu' rather than 'at the table'. The fact that Carney is set to attend President von der Leyen's 2026 State of the European Union address at the European Parliament in Strasbourg is therefore highly symbolic.

In a multipolar world, Japan and the EU are important poles alongside the US, China, Russia, and India (and, as regional centres of gravity, South Africa and Brazil may also be considered poles of a kind given their status). Thus, reaching out to India, South Africa, and Brazil – as well as partners like South Korea, ASEAN countries, Australia, and New Zealand in the Indo-Pacific as well as Canada and Mexico in the Western Hemisphere – will be an important element in building up common resilience, whether the pressure is from the US or China. This would empower these partners to pursue their interests both individually and collectively. And when acting collectively (which is imperative for solving most of today's global problems), they should preferably employ multilateral tools, as they have proved to be more effective.

A brief aside on multilateralism is warranted here: multilateralism is losing traction as a system but not as a method, as illustrated by the following examples:

- Six out of the nine candidate countries for EU accession are actively engaged in negotiations;
- ASEAN has recently enlarged from 10 to 11 members (to now include Timor-Leste);
- the Organisation of African Unity (OAU) was admitted to the G20 under Indian chairmanship;

- Indonesia and Thailand have started the process to join the OECD;
- BRICS+ enlarged after having set up the New Development Bank;
- the Asian Infrastructure Investment Bank was created by China as part of its Belt and Road Initiative (BRI), prompting the EU to launch its Global Gateway in response;
- Asia-Pacific Economic Cooperation (APEC) meetings serve as platforms for exchanging information and policy coordination;
- the EU-led Indo-Pacific Ministerial Forum has become an annual event;
- regional trade agreements – such as the EU-Mercosur agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP) – as well as bilateral agreements (e.g. those between the EU and India, Australia, Indonesia, and Mexico, respectively) are gaining traction. Indeed, the EU has free trade agreements (FTAs) with about 80 states and is in the process of negotiating more (European Commission, 2026c). In addition, it has finally engaged with CPTPP signatories in launching a CPTPP-EU Trade and Investment Dialogue based on a joint ministerial statement;
- minilateralism, the little brother of multilateralism, is gaining traction. Examples of this include the Quadrilateral (QUAD) partnership of Australia, India, Japan, and the US as well as the AUKUS (Australia, the UK, and the US) security and defence partnership;
- organisations in crisis (e.g. the WTO and WHO) are being maintained rather than abolished; and
- even though it is being broken in the many armed conflicts, humanitarian law has yet to be discarded.

3. THE EU-JAPAN STRATEGIC PARTNERSHIP

Japan and the EU have a longstanding strategic partnership. Even though it suffered from benign neglect for quite some time, it has recently been put on a strong footing, providing a solid basis for cooperation in these challenging times. Both believe that multilateralism has served them well and should be preserved – at least as a method.

In terms of security cooperation, the cornerstones of this robust framework include:

- an Economic Partnership Agreement focused on trade and regulatory standards;
- Japan’s association with Horizon Europe, the EU’s research funding programme, building on the 2011 Science and Technology Agreement;
- Digital and Connectivity Partnerships;
- the EU-Japan cooperation on critical raw-material supply chains;
- the Japan-EU Competitiveness Alliance;
- high-level economic dialogues (with the last one held in Brussels in May 2026);
- a high-level dialogue on climate change (held in March 2026);
- annual summits identifying new areas of cooperation (e.g. on undersea cables); and

› a business roundtable providing a platform for ensuring the necessary buy-in of the business communities, which is indispensable for technological development.

In terms of traditional security, building on the Japan-EU Strategic Partnership Agreement (SPA), the Japan-EU Security and Defence Partnership was launched in November 2024 during the first Japan-EU Foreign Ministerial Strategic Dialogue. Specifically, the partnership aims to enhance cooperation in maritime security, space, cybersecurity, and hybrid threats, including foreign information manipulation and interference (FIMI).

Establishing this nexus between security, on the one hand, and economics and technology, on the other, is necessary because these areas are closely intertwined. For example, regulating dual-use goods and services has become a major challenge, and partners must ensure that they do not close each other off, whether intentionally or accidentally.

Such efforts must also include close cooperation with the private sector. In this case, adding security-vetted representatives and technological experts to the official security-planning process would accelerate it and render it more effective because having the required technological expertise at the table will make having additional layers of consultation unnecessary.

Let us now consider a few examples of these collaborations with the private sector, starting with those involving semiconductors. These products have now become absolutely essential – not only at the low and middle ends but also at the top one. After holding 50% of the global semiconductor market in 1988, Japan now only has a roughly 10% share. This steep decline has forced Japan to reverse gears. With the ambitious Rapidus project to catch up quickly and the investments of TSMC subsidiary Japan Advanced Semiconductor Manufacturing (JASM) aiming to transform Kyushu into a semiconductor hub, Japan is translating political ambition into substantial financial commitment, allocating approximately EUR 20bn and working closely with the private sector. In the EU, the Chips Act provides a good base for cooperation. Furthermore, recognising ‘a critical deficit in large-scale computing infrastructure’, the AI Continent Action Plan (European Commission, 2025a) foresees AI gigafactories (European Commission, n.d.-a). To this end, the European Commission has earmarked EUR 30bn to build seven large AI data centres.

Then, there is the example of advanced fighter jets. Japan, the UK, and Italy are working together on the Global Combat Air Programme (GCAP; Leonardo, n.d.), which aims to produce the next generation of fighter jets – capable of collaborating with drones and performing better than the current state-of-the-art models – by 2035 as well as to derisk from the dominance of the US F-35 stealth strike fighter. This project represents an important example of cooperation with European partners and has become even more important following the regrettable failure of the French-German project to jointly develop the Next Generation Weapon System fighter (BBC, 2026).[2] What’s more, it could further internationalise. Canada, for example, has already become the first observer nation, which will allow it to gain insight into the process of developing the combat aircraft (Nikkei Asia, 2026a). And Germany and Spain have shown interest in following suit.

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2 Parts of the wider project, known as the Future Combat Air System (FCAS), may continue. For example, work will reportedly still be done to develop a ‘combat cloud, a network intended to link drones, sensors and artificial intelligence systems and process battlefield data in real time’ (Euronews, 2026a).

In addition, to diversify and increase resilience, Japan has also reached out to France and Finland to procure satellites and infantry vehicles.

3.1. Further opportunities

Japan's recent change of its arms export policy, allowing it to sign a contract with Australia for the delivery of 11 next-generation Mogami-class frigates (collectively worth USD 14.4bn), is an important policy change. Patriot Advanced Capability-3 (PAC-3) interceptor missiles (already exported to the US), Type 12 SSM anti-ship missiles, drones, and tanks could follow with selected partners, although with certain strings attached.

Following up on the successful first EU-Japan Defence Industry Dialogue, and in anticipation of further openings laid down in the upcoming new Japanese defence strategy to be published at the end of 2026, cooperation in defence with the EU is supposed to be enhanced. For this to happen, however, the two partners need to make space for military supplies from each other's defence industry base. This can be achieved by cooperating 'to globalize the entire defense value chain' (Sagara, 2026) so as to address capacity constraints plaguing both industries and diversify procurement away from the US, which remains the dominant defence-equipment supplier to both regions. Concrete opportunities are to be found in the joint development of missiles, unmanned aerial vehicles (UAVs), and radars, to name just a few. In addition, if Japan chooses to equip its Self-Defence Forces with Airbus' military logistics aircraft A400M in 2027, it would add impetus to the cooperation and the defence industry.

Japan's defence industry, like Europe's, needs economies of scale and planning security to cut costs. Minister of Defense Koizumi Shinjchiro expressed this clearly in his introduction to the 2026 white paper on Japan's defences, saying: '[The] transfer of defense equipment is highly significant… [as] … it allows countries to possess the same equipment and share production and maintenance and sustainment infrastructure, thereby enabling the provision of mutual support. At the same time, it helps ensure the domestic production capacity necessary for sustained operational capability' (Koizumi, 2026). This opens avenues for cooperation in the sense of friendshoring (Reiterer & Lee, 2024) in dual-use technology, which is relevant, for instance, with missiles defence, radars, and electronic warfare.

In addition, the Security and Defence Partnership allows Japan to participate in the Security Action for Europe (SAFE) financial instrument (European Commission, n.d.-b). The instrument provides up to EUR 150bn in long-term loans for joint procurement and defence investment in key areas, such as missile defence, drones, and cyber security.[3]

[3] Although only EU member states are eligible for SAFE loans, countries that have signed Security and Defence Partnerships with the EU may participate in common procurement (as can EU acceding, candidate, and potential candidate countries).

4. NEW FEATURES TO MEET NEW CHALLENGES

If the collaboration is to progress more quickly, some thinking outside the proverbial box will be necessary. An example of this came when Andrius Kubilius, the first ever European Commissioner for Defence and Space, proposed the establishment of an EU Security Council (European Commission, 2026a). Although this idea is unlikely to be implemented, Commissioner Kubilius also proposed a structure to 'Europeanize conventional defence' so as to allow rapid crisis response and the mobilisation of EUR 800bn.

This structure was already proposed in the White Paper for European Defence – Readiness 2030 (European Commission, n.d.-c) as part of a project aiming to rearm Europe by enabling the defence industry to produce quickly and efficiently as well as by facilitating the rapid deployment of military troops and assets across the EU. At the same time, the fact that the increase in defence spending will be 'made in Europe', so to speak, will ensure both long-term security and economic benefits for all EU countries (as well as short-term support for Ukraine).[4]

One step in reaching these ambitious goals is the above-mentioned SAFE loan instrument, which facilitates spending that is better, together, and European. But among the other measures could be:

› activating the national escape clause of the Stability and Growth Pact so as to enable member states to boost defence spending. An increase of 1.5% of GDP in defence budgets could create nearly EUR 650bn in fiscal space over four years.

› supporting the European Investment Bank (EIB) in broadening its lending to defence and security projects and accelerating the savings and investment union to mobilise private capital in order to free the European defence industry from its reliance on public investment alone.

In addition, there are also proposals (Kribbe & van Middelaar, 2025; van Middelaar, 2025) to set up an EU *Economic* [emphasis added] Security Council with the goal of boosting efficiency by centralising decisions on issues such as inside and outside investment vetting, supply- and production-chain management, dual-use policies, and the alignment of disparate policy tools (e.g. the trade-defence and cyber-security toolkits) with the necessary funding. Eliminating coordination gaps is meant to allow for speedier action to address threats of coercion, implement policies to alter dependencies, and provide for deterrence. What's more, majority voting in such a council formation would eliminate veto blockages.[5]

Taking a step closer to this sort of economic security body, the 2025 update of the EU's Economic Security Strategy provides for an economic security network and calls for the faster implementation of trade-defence instruments (e.g. the Anti-Coercion Instrument) as well as the intensifying of economic security partnerships.

Returning to the issue of economic security partnerships, as mentioned above, the EU has not paid enough attention to regional trade agreements (e.g. the RCEP and the CPTPP) for far too long (Reiterer,

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4 Besides improving competitiveness, building new factories and production lines – as well as ensuring the supply of energy (for which demand is surging due to AI applications) – are essential for generating good jobs in Europe.

5 It should be noted that a similar idea has been floated on the American side. For example, criticising the ad hoc economic-warfare and sanction policy of various US administrations, Fishman (2025: pp. 240–241) has proposed establishing a 'permanent economic war council within the US government', composed of specifically trained officials from various agencies and the private sector, to plan 'for the economic wars of tomorrow.'

2022). This has been partially corrected now, as the EU's meetings with CPTPP partners should assure closer cooperation.[6] Japan, which saved the CPTPP after President Trump abandoned TPP, is an especially important partner in facilitating this rapprochement and cooperation (see e.g. Japan Spotlight, 2026). Similarly, Japan can facilitate contacts with the QUAD partnership, which also ventures into cooperation on maritime security, supply-chain management, and critical and emerging technologies.

In the bilateral dimension, such an EU Security Council could act as counterpart to Japan's National Security Council and become a driving force in implementing the above-mentioned 2024 EU-Japan Security and Defence Partnership covering cyber, space, maritime, and industry exchanges.

5. CONCLUSION

The recent threat assessment by the EU – hidden in an internal but public document by COREPER, the committee of the permanent representatives to the EU – provides the background for an intensification of the security cooperation between the EU and Japan. As stated in the recent assessment of the EU's strategic environment (Council of the European Union, 2026: p. 9): 'Challenges to the EU's security are now also geo-economic, including weaponisation of trade and supply chains, access to energy and other resources. Strategic and often asymmetric dependencies, supply and shipping chokepoints require the EU to consider economic and technological competitiveness also as key drivers for our security. The same way internal and external threats have merged, geopolitical and geo-economic threats are intersecting, requiring integrated approaches.'

As a threat assessment, the document is short of policy prescriptions (Fiott, 2026). However, its stressing that '[e]nhanced cooperation with like-minded and other partners on security and defence is increasingly important for the EU to navigate in this new strategic environment' (Council of the European Union, 2026: p. 7) invites the EU and Japan to jointly master these challenges and to build up resilience in times of universal weaponisation of policies. And, indeed, the EU and Japan need to foster a more comprehensive and updated strategic partnership in economic, military, and technological/R&D areas.

Preferring a rules-based approach, they can also reach out jointly to enlarge platforms of communication and cooperation in the interest of partners willing to and interested in joining such a cooperation of the responsible. However, such efforts will require more than just increasing the amount of military expenses as a share of GDP. The electorate must be convinced of the necessity, and their mindsets need to change. For example, a poll conducted in 2025 found that most EU citizens are not ready to defend their country in case of aggression (Andžāns, 2026).

Once deterrence has failed, opting not to use trade-defence instruments undermines the credibility of threats to respond. If threats are not backed by a willingness to act, they invite further demands (e.g. calls to abandon or alter EU rules for technology platforms by the US or attempts by China to leverage market access and supplies of rare earths and critical minerals). In addition to endangering the common trade policy, this also weakens the EU in one of its core competences and threatens its unity and purpose (i.e. pooling resources and using integration to grow stronger).

[6] Of course, the EU could also become a CPTPP partner itself, but this would be very time-consuming.

Therefore, this issue urgently needs to be addressed. The new ideas mentioned above, such as the strengthening of the updated 2025 EU Economic Security Strategy by establishing an EU Economic Security Council in order to boost efficiency and to facilitate quicker decision making (which is a new element that both Japan and the EU must internalise), need serious consideration.

A European Security Council would be an equivalent to Japan's National Security Council and could provide a platform for a more integrated approach across cybersecurity, digital standards, Horizon Europe R&D, semiconductors, and the defence industry.

Attention should also be paid to India, a fast-growing economy with the world's largest population, mineral riches, a booming tech sector, semiconductor production, and a well-established pharmaceutical industry. Both Japan and the EU have been enhancing cooperation with the subcontinent. For example, the EU recently concluded an FTA with India and established the EU-India Trade and Technology Council (TTC).

Such alignments, alongside the above-mentioned resurgence of the middle powers, will help both partners to navigate the deep waters of the Sino-US rivalry. And, importantly, this rivalry is not going to abate any time soon, as can be seen by President Trump's recent visit to Beijing and the serious negative impacts of the war with Iran – not only on the world economy and energy markets but also on food security.

This wider approach will help Japan and the EU to strengthen the existing leg of economic power and to add as quickly as possible the long-neglected second leg: defence. The lesson has now been learned that if you stand on just one leg, you are not only shaky but may even be unable to stand at all – resulting in a lack of the ability to resist. In times of weaponisation, military and technological force render political actions credible; otherwise, economic power cannot be wielded and risks collapsing under multi-domain coercion.

Primarily as a defensive measure, but also to be able to take better-informed decisions, Japan filled the gap of a missing national intelligence agency by creating the National Intelligence Bureau (NIB). In light of geo-economic pressures, this new agency has a strong but not exclusively economic connotation in its focus on industrial espionage (Nikkei Asia, 2026b).

Japan also plans to update its National Security Strategy, National Defense Strategy, and Defense Buildup Program by the end of 2026, so there will be ample issues for discussion at the succeeding summit prepared by the next Japan-EU Foreign Ministerial Strategic Dialogue. The 2026 white paper on the defence of Japan already gave a preview in treating its defence industry as a core component of national military power and not just as a supplier. Thus, Japan is genuinely striving to build a larger, more innovative, and sustainable industrial base to support prolonged, technology-intensive warfare.

Doing so acknowledges the new geopolitical imperative: As Japan moves beyond post-Second World War pacifism, it needs to (i) engage regional partners while avoiding historically rooted misunderstandings, (ii) continue its rapprochement efforts with South Korea, and (iii) cooperate – potentially with the EU in a trilateral (i.e. EU-Japan-South Korea) format – to recalibrate trade policy towards their common protector, the US. In addition, it will need to build resilience and expand its room for manoeuvre through strategic 'responsibility' rather than strategic 'autonomy' by reaching out to interested partners in the region and beyond.

Only the common pursuit of a comprehensive security policy across all of the above-mentioned strategic domains will allow Japan and the EU – following Prime Minister Carney's statements – to be at the table and not on the menu.

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IMPRESSUM

Herausgeber, Verleger, Eigentümer und Hersteller:
Verein „Wiener Institut für Internationale Wirtschaftsvergleiche“ (wiiw),
Wien 6, Rahlgasse 3

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Offenlegung nach § 25 Mediengesetz: Medieninhaber (Verleger): Verein "Wiener Institut für Internationale Wirtschaftsvergleiche", A 1060 Wien, Rahlgasse 3. Vereinszweck: Analyse der wirtschaftlichen Entwicklung der zentral- und osteuropäischen Länder sowie anderer Transformationswirtschaften sowohl mittels empirischer als auch theoretischer Studien und ihre Veröffentlichung; Erbringung von Beratungsleistungen für Regierungs- und Verwaltungsstellen, Firmen und Institutionen.

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