

Foreign Affairs Committee

Oral evidence: Implementing the Integrated Review: Tilt to the Indo-Pacific, HC 172

Tuesday 5 July 2022

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Members present: Tom Tugendhat (Chair); Liam Byrne; Alicia Kearns; Graham Stringer.

Questions 116-147

Witnesses

[I](#): Dr Jamie Collier, Senior Threat Intelligence Adviser, Mandiant; Mihoko Matsubara, Chief Cybersecurity Strategist, NTT Corporation; Dr Alessio Patalano, Professor of War & Strategy, King's College London.

[II](#): Bill Emmott, Writer and Consultant and Former Editor-in-Chief, The Economist; Robert Ward, Japan Chair, International Institute for Strategic Studies.

Examination of witnesses

Witnesses: Dr Jamie Collier, Mihoko Matsubara and Dr Alessio Patalano.

Q116 **Chair:** Order. Welcome to this afternoon's session of the Foreign Affairs Committee. I will start by asking our guests to introduce themselves. Jamie, would you mind doing so?

Dr Collier: Good afternoon. I am Dr Jamie Collier, and I am senior threat intelligence adviser at Mandiant.

Mihoko Matsubara: Hello. My name is Mihoko Matsubara, and I am chief cyber-security strategist at NTT Corporation, Japan.

Dr Patalano: I am Alessio Patalano, professor of war and strategy in east Asia at the department of war studies at King's College London.

Q117 **Chair:** Thank you very much indeed. We are looking at the tilt to the Indo-Pacific, which was highlighted so clearly in the integrated review only a little while ago. Perhaps I can start with you, Alessio, given that you have been looking at Japan's military lay-down for a long time. How has Japan's military posture changed in recent years? Are you seeing a noticeable shift?

Dr Patalano: Yes. Within the parameters of the constitution—a point I am happy to elaborate on later in our conversation—Japan is one of the most remarkable actors, in terms of how the role of military power as part the country's statecraft has changed over the last few years.

I would say that it is a journey that starts in 2001 and has three inflection points. The first is 2001, because of how it opened up operationally a requirement to use military power as part of their tools of statecraft, and therefore they moved away from having a purely deterrence-by-denial type of posture and a posture that uses military power to react to crises and respond and shape regional environments.

In 2009, with the counter-piracy mission, you have a growth in the scope of how military power is used in the school of statecraft. With the counter-piracy mission, in Japan there was a breakthrough psychologically and politically, and military power is now seen as part of the foreign and security policy levers of power. Since then, the debate in Japan has changed considerably in terms of how far the Japanese military can go.

Then there is 2014-15, in terms of the software of the Japanese military posture. With the creation of the first National Security Secretariat and the adoption of the first national security strategy, the Japanese have reorganised the way in which the Prime Minister and the Cabinet Office in Japan can integrate the use of military tools within their broader foreign and security policy. They are literally trying to converge, hand in hand, what foreign and military policy do.

I will give you one example. Taro Kono—a person we both knew very well, Chair, when he was Minister of Foreign Affairs—was one of the first people, during a Japanese visit to Brunei in 2018, to make the very clear point



that Japan was thinking about port visits as a strategic tool of foreign policy. He made that clear in a very explicit form. That was one of the moments when you realised that something in Japan has changed. Politically, they are empowering themselves with the option of having military power as part of the way they conduct foreign and security affairs.

Q118 Chair: You have spoken about their desire and Minister Taro's various expressions of how he is looking to do it. What about the capability? Of course, in Japan it is not just about the constitution. Like every other democracy, it is also about how the public is willing to do it. Can you talk a little about the changes in attitude, the willingness to assume this burden and the reality of volunteering for life in the armed forces and the Japan Self-Defence Forces?

Dr Patalano: That is a very important point. You have touched on three slightly different things, in the sense that the public debate has changed.

In the latest electoral campaigns at the national level, the defence element of the debate was part of the national debate, so now defence policy has been sort of de-franchised. It is an inherent part of the debate, and it also includes capabilities. For example, recently there has been a very important and robust conversation about the capacity of counterstrike capability space on submarines and, indeed, the potential of procuring nuclear-powered submarines. That has been a very open debate in public. Six or eight years ago, that would have been impossible. The creation of the National Security Secretariat and the national security laws of 2015 really brought the public perception of the importance of having that debate. Particularly if you take Prime Minister Kishida's package of actions with regards to what Russia has done, the Japanese public has so far been extremely supportive of Japan having a relatively robust capacity to respond. That is point No. 1.

Your second point was about support for the military. Since 2011, after the triple disaster that hit the Tōhoku region, the Japanese military has changed its status, in the sense that public perception about trust in public institutions, including the military, is probably the highest it has ever been in Japan, and that has been consistent for the last 10 years. Again, that is absolutely remarkable. However, does that mean that you have more volunteers for the armed forces? Japan performs very similarly to most western societies in that regard. The fact that people recognise the important work that the Self-Defence Forces do, and the fact that people want to publicly debate matters of defence, does not mean that they want to volunteer themselves to join.

However, in terms of capabilities, if you take the backbone of some of the more important components of the forces' structure—for example, they will have 22 of the new Mogami class of frigates, which will be the workhorses of the fleet—you are looking at a complement that is reduced to 90 people max. They are trying to complement the continuously limited willingness to volunteer, which, by the way, is only part of the problem, because Japan also has a demographic problem. In any case, you still have to tackle this quite seriously with automation and greater technology,



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and even with the offshore patrol vessels that they are starting to build, which have been authorised this week. They will have a complement of 30 people, as opposed—to give you the context—to our own OPVs, which have a complement in the range of about 60. Our own frigates will be around a 100-people complement; theirs have a maximum of 90. That is how they try to complement in some critical areas the continuous, and unlikely to change, trend of limited recruitment. But that should not make us think that the debate is not important or, indeed, that people do not care in Japan, because that is one of the most remarkable changes over the last 10 years.

Q119 **Chair:** I think that is certainly a remarkable shift, and I presume that the similarity of the perceptions towards Taiwan and Ukraine has been some of the alerting factor as well.

I am going to come to you now, if I may, Mihoko. Can you build on some of those aspects? How do you see Japanese society talking about it? Also, how do you see effective cybersecurity measures coming into play? I wonder if you can touch on both those subjects.

Mihoko Matsubara: Dr Patalano just made a wonderful point about how the Japanese public has been made greatly more aware of our security issues, including our cyber-security issues, after the outbreak of the invasion of Ukraine by Russia in February 2022. The joint survey by the *Sankei Shimbun* newspaper and Fuji Television in April revealed that 57% of respondent Japanese citizens said that Japan should increase its defence budget drastically or somewhat drastically.

Although the war in Ukraine is not over yet, unfortunately, it has also changed the Japanese public's awareness of the role of the Japanese Self-Defence Forces and the Ministry of Defence. For example, after late February, seasoned security experts who work at the National Institute for Defence Studies—the Japanese Ministry of Defence's think-tank—frequently started to appear on Japanese TV programmes, and in newspapers, journals and magazines, to explain the security situations and cyber-security situations in Ukraine, Europe and the Pacific. This has also seemed to help Japanese citizens to a greater awareness of the role of the Ministry of Defence and Self-Defence Forces.

Q120 **Chair:** On the cyber-security elements, are you seeing a massive increase, because you are certainly seeing a different focus in various parts of the economy? Are you seeing a serious increase in the defensive nature?

Mihoko Matsubara: Yes. I think that the effect of Russia's invasion of Ukraine on cyber-security is enormous, on three fronts: the communications resiliency; the convergence of cyber and space security; and trust-building through bilateral cyber-security intelligence sharing.

First, even though the damage caused by disruptive cyber-attacks from Russia on Ukraine has been less than anticipated since February, that was due to Ukraine's massive efforts to strengthen its cyber-defences in

collaboration with the United States, the United Kingdom and other state actors following the annexation of Crimea in 2014.

Also, Ukraine has been aware that another target of the Russians was the communications infrastructure, which is necessary in times of conflict in the fight against disinformation campaigns. As a result, Ukraine has been actively decentralising its communications infrastructure. The Japanese are also learning these lessons from Ukraine.

Secondly, SpaceX's satellite internet service has demonstrated resiliency against jamming and cyber-attacks and therefore has been instrumental in helping Ukraine's war efforts, most certainly including information warfare. Intriguingly enough, not only the rest of the world but the Chinese are paying close attention.

According to a peer-reviewed paper published in a Chinese journal, *Modern Defence Technology*, Chinese military researchers argued that a combination of soft and hard kill methods should be adopted to make some Starlink satellites lose their functions and destroy the constellation's operating systems. It means that our countries need to raise or enhance our defence capabilities, not only in the cyber-domains but in the space domains, as well.

The final lesson is Ukraine's contributions to US security, although the media tend to emphasise the US contribution to Ukraine. For example, according to a *Defence News* article in 2015, a US Lieutenant General, Ben Hodges, who was then commanding officer of the US army in Europe, said that "'Our soldiers are doing the training with the Ukrainians and we've learned a lot from the Ukrainians.'" "A third of the [Ukrainian] soldiers have served in the ... combat zone, and no Americans have been under Russian artillery or rocket fire, or significant Russian electronic warfare, jamming or collecting.'"

It means that some countries are watching closely what is happening in Ukraine to add the lessons learned into their playbook, and the Japanese are also learning those lessons to strengthen our defences in the physical domain but also in cyber-domains. So I hope that this witness session is helping the future co-operation between Japan and the United Kingdom for a better and stronger international security.

Chair: I hope so, too. That is one of the reasons why we are holding this witness session, so I very much hope that we are doing that. Liam.

Q121 **Liam Byrne:** Dr Collier, I will come to you at this stage. Will you set the stage for us? Set out what you now see as some of the principal cyber-security threats to Japan and how Japan perceives them.

Dr Collier: When we look at Japan, it is dominant in a variety of different sectors—it is not just the Government picture, but a variety of other sectors that we see targeted. Technology certainly comes to mind. China, for most sectors, would be the key concern there.



If you look at China, since about 2014 to 2016, there has been extensive restructuring of its military and intelligence apparatus. That is now playing out in the cyber-domain. We are seeing China act with a lot more aggression and being less sensitive to international norm-setting agendas, to public name and shame, and the indictments that we see coming out of the West. There is also a lot of regional focus. We can absolutely talk about China's interest in the UK and the west, but it has huge interest in the Asia-Pacific. That would be the main threat that a lot of Japan would be concerned about.

Having said that, a variety of different threat groups are very active in the Indo-Pacific, such as North Korea. It, in addition to gathering strategic information in the way that China would, is also leveraging cyber-operations to generate Government revenue at a time when it is heavily sanctioned. Clearly, there is also Russia. I will not repeat what Mihoko said, but there are clearly a lot of territorial disputes there between Russia and Japan, so there is certainly an eye on that.

There are also a lot of other threats. Vietnam is a great example of one of the emerging threat groups that we perhaps do not speak about so much—it is not part of the big four of Iran, North Korea, China and Russia. Vietnam is a great example of a group that is very regionally focused, but might still have an impact in the west. That might be an area in which there is value in co-operation and sharing data on the threat landscape.

Q122 Liam Byrne: That is very useful. To underline this, the view is that cyber-security attacks on Japan from China and others have intensified quite significantly—is that what you are saying?

Dr Collier: Yes, since that restructuring period in the middle of the previous decade. A few things come to mind there. The overall capacity and the number of operations we see have certainly ticked up. They have become more sophisticated and are able to conduct cyber-operations in a stealthier way—

Liam Byrne: This is China.

Dr Collier: China, yes. One thing that might not be discussed too much is China's information operation capability. Obviously, you are well aware of Russia's ability and willingness to conduct information operations to interfere in political processes, but we have seen China really expand that. I think it started off very much focused on its domestic and near-abroad, with issues such as Xinjiang, Hong Kong and Taiwan. We have seen that grow over time, not just in the Indo-Pacific but in the west. Recently, we have seen China try to mobilise protestors in the US via information operations. The point there, though, is that a lot of the information operations start in that regionalised, near-abroad area, but the same infrastructure will be used to target western states. There is huge value in tracking that over time and in having that global perspective, because something that might seem regional has international implications.

Q123 Liam Byrne: One of the things that we have heard a lot of evidence



about is the way in which countries such as China might be building big datasets, by gathering data illegally from elsewhere, in order to help improve its AI capabilities. Is that a vulnerability for Japan?

Dr Collier: I think that is a vulnerability for every country. If you look at China, it is incredibly strategic and incredibly long term in the cyber-operations that it is conducting. They will be tied directly to a lot of larger strategic initiatives, such as “Made in China 2025”, the belt and road initiative and so on. The key point there is that, if you look at some of those technological disputes and the competitions around 5G, artificial intelligence and all those sorts of areas, they are absolutely on the target list for Chinese operations. They are a big focus of what we see. However, if we were to compare that with Russia, for example, it is probably a bit more interested in creating disruptive or even destructive incidents. China is much more focused on the information gathering, by and large.

Q124 **Liam Byrne:** In Washington, there is now a lively debate about decoupling. That is harder to do in the Indo-Pacific. How do players in Japan think about technology decoupling between East and West?

Dr Collier: I want to make sure I understand your question: you are referring to the use of Chinese technology and things like the Huawei debate.

Liam Byrne: Yes, precisely.

Dr Collier: It doesn’t have to be a completely binary decision. There are ways to perhaps manage those situations. You don’t have to completely ban something or let it in completely. A lot of countries are now having quite sensible discussions about what the proportional weighting of that is and how that can be managed. I am not familiar with precisely where Japan is in that conversation, but I would have thought that most countries are looking to capitalise on the benefits of using various providers across the world, while also making sure they do that in a way that is responsible from a security perspective.

Q125 **Liam Byrne:** It sounds like a different approach to the desired approach of many US policymakers.

Dr Collier: I think even in the US there is always going to be a different kind of risk management. Different folks will have a different risk appetite, but technology is inherently international. You have to look at issues like semiconductors et cetera. We have to have some ability there to use foreign technology.

Q126 **Liam Byrne:** Mihoko, do you want to come in on those points?

Mihoko Matsubara: Yes. I would like to answer the last two questions on the Chinese cyber-espionage attempts and also the decoupling in Japan.

First, according to recent articles, the Chinese are paying closer attention to the quantum computing powers to decrypt or encrypt messages. That is why, reportedly, the Chinese are intensifying their cyber-espionage attempts to harvest data and decrypt it later. That is why like-minded

countries, including Japan and the United Kingdom, should invest in not only quantum computing but also post-quantum encryption capabilities so that we can protect our individual property and also military intelligence.

Secondly, I want to emphasise the fact that the supply chain or risk management situation in Japan is a bit different from that in other western countries. For example: 5G technologies. One of the main reasons why we are so concerned about 4G and 5G risk management issues is that there is only a limited number of 5G technology suppliers in the world. However, Japan has four major telecommunications service providers. Only one of them uses Chinese vendors for their 4G technologies. All the four major Japanese telecommunications providers have already pledged that they will use different country of origin 5G technologies.

Japan is a huge advocate of ORAN—open radio access network—capabilities to alleviate concerns of supply chain mismanagement and also to flexibly combine the different capabilities in different like-minded countries' products and technologies.

Q127 **Liam Byrne:** Alessio, you were nodding vigorously.

Dr Patalano: I was. I have three points. As a good reference, there is the recent joint statement between the United States and Japan on CoRe—the initiative on competitiveness and resilience. It is a good starting point to get a sense of how the Japanese are approaching this question of increasing resilience.

Put it this way: I don't think that framing it into decoupling is the best way to frame this question. Perhaps it is more about resilience and a smart approach to the question. There are three components, if you look at the CoRe initiative between the US and Japan. Of the three elements, one is a degree of smart reshoring. For example, Japan has just concluded an agreement with Taiwan's main microchips manufacturer to have a research institute in Japan and a factory in Japan, and it will be a joint venture between the two. That is a smart way to reshore and establish an element of resilience in your ability to continue to provide core elements to this.

The second is the point that Mihoko made, which I would like to reinforce. It is very much about thinking 6G, post 5G, with core partners. In particular, the Open RAN reference that Mihoko made is a core component of the message that the Japanese are sending out.

The third thing, which I think is equally important, is that this is not just about Japan, the United States and the UK; it is about building a network of trusted partners. I noticed that both Liam and Mihoko used that phrase—trusted partners. I think that is very important. Japan and the US have launched this global digital connectivity partnership, which I think is a better way to think about it; this is not about decoupling, right, because we do not want to move just away from the ones we do not trust. We trust the people that we trust and we want to work with them, so there is a positive way of presenting this.



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This is about really seeing others out there, particularly those in developing countries, who will be in need of that digital technological revolution for their own prosperity creation. The positive framing allows us to see that opportunity to not only become more resilient and less dependent—which is another way to say, sort of, decoupling—but, at the same time, help others to have resilience and strong networks, and we can work together to have, as a result of that, stronger supply chains.

Q128 Alicia Kearns: Jamie, I just want to take you back to your comments about information operations. I would be interested to receive your assessment of China's information operations. We all recognise it is a really important weapons system, so you can meaningfully have—well, a bomb, you could argue, is part of an information warfare system because it is all about the message you are sending and what you are trying to get across.

When we look at Russian information operations, they throw everything at the wall and see what sticks, and then they throw everything at that; it is not that they are strategically very effective. There is a lot of focus on things such as the reach that they have, rather than the actual impact they have in terms of meaningful behaviour change.

On the Chinese and their information operations, can you give us an overview of how capable they are? Are we overestimating or underestimating them? What is their ability to actually achieve impacts and reach their objectives, if we know what they are?

Dr Collier: Absolutely. I think that the first thing to say is that, in general, we do not talk about this issue enough, because I think we are so focused on Russia and its role in elections. I think we would benefit from taking a global perspective on information operations, far beyond just China.

However, China has become far more global in scope in recent years; it has gone from that domestic and near-abroad scope to something that is much more global. It has, I guess, become more aggressive, in the sense that it is now trying to—if we look at the US—mobilise protesters in the US. It is trying to have these physical impacts, if you like, in one way or another. Some of those attempts have not been particularly successful, but we are starting to see a growing appetite in terms of conducting those operations in different languages across an increasing variety of social media sites and online forums, for instance. So, we see that expansion.

We are also starting to see—very recently, my company, Mandiant, put out a blog on an operation that we refer to as Dragonbridge, which actually went after private companies in the rare earth industry, conducting information operations against them. It is an interesting thing; I think Governments have long been interested in information operations for political processes, but now we also see China using that against rivals in an area where it is particularly dominant.

We are also seeing that those tactics are becoming more nuanced over time. What we might see now is Chinese information operations sharing or promoting legitimate accounts that may be criticising a political decision,

for instance. For example, if they wanted to go after the UK Government, they might start trying to promote Labour's criticism of an issue—so trying to blend in and become a little bit more nuanced.

Q129 **Alicia Kearns:** Thank you. I do not know if either of the other witnesses want to comment—I can see you do—particularly around effectiveness or any operations that have been particularly uncovered, obviously going into the point of the economic potential focus that they have. Mihoko, do you want to go first?

Mihoko Matsubara: I am sure that Dr Collier would like to continue his thought—to share his insights. After that, if I may, I would like to share my own too.

Dr Collier: I have finished my answer, Mihoko.

Mihoko Matsubara: Thank you. I came across a wonderful blog published by Mandiant recently that highlighted intriguing trends. Even though the world has tended to focus only on the information warfare by the Russians during the ongoing war in Ukraine, actually the Iranians and the Chinese are also doing information warfare alongside the ongoing war. They wanted to take advantage of the news to divide public opinions and divide and avert efforts to help the Ukrainians.

The ongoing war in Ukraine has raised Japanese awareness of international security and national security, especially the security situation in the Indo-Pacific area.

Japan Forum for Strategic Studies, a Tokyo based think-tank focusing on national security issues, has hosted a Taiwan strait crisis simulation to test how Japan would respond to various hypothetical situations. That presented scenarios from last year including hybrid warfare such as cyber-attacks, but also information warfare from the Chinese to divide public opinions and cyber-attacks to hit Japanese power supply in hypothetical scenarios. The participants included former senior Government and defence forces.

Since February, the Japanese media and think-tanks have repeatedly asked security experts about potential Taiwan crisis scenarios. That also includes hybrid warfare situations, covering information warfare from the Chinese and also cyber-attacks from the Chinese.

Dr Collier: Could I add something briefly on the Ukraine piece? It is important to add and build off what Mihoko said. While both Russia and China might be interested in conducting information operations with a Ukrainian theme, they will be doing that for very different reasons. If you look at Russia, it is trying to achieve three things: it is trying to divide Ukraine from its allies, cast doubt among Ukrainians and promote pro-Russian resolve.

When China conducts information operations, at least of the ones we have seen, it is trying to do none of those things. What it is trying to do is promote narratives that talk about conspiracies—the US conducting



laboratory experiments in Ukraine and biological weapons. The target of that is really the Americans. It is using the topic of the day—in this, case, Ukraine—to exemplify and cast doubt against the US. While they are both potentially using Ukraine, it is often for very different reasons.

Q130 **Alicia Kearns:** Over to you Alessio, although I should first point out that information operations can be wholly positive in their objectives and not just forces of bad.

Dr Patalano: It is an excellent question. Recently, I was writing a piece in which the core objective was to understand the potential of Russia-China co-operation in the hybrid and grey zone tactics broadly defined. I was tasked with looking at how Chinese strategic thinkers and writers both within the party and in the main think-tanks are looking at this question.

Three things struck me that are relevant to formulate an answer to your question. First, Chinese writers see the international arena as a struggle for survival. We should take that as assumption No. 1—"It is us against them". Whether that is true all the time does not really matter. It is a fundamental baseline assumption in their critical engagement with this subject.

That means that you have an element of fear at home—someone is out there trying to stoke the fires of revolution in China for regime change. The idea of covert revolution is a concept that is quite recurrent in Chinese literature—this idea that western powers, led by the United States, are proactively trying to destabilise the Chinese Communist party so that they lose control of China. If you want, a siege mentality, whether it exists and is real or not, it is there.

That shapes how they approach information operations, because they see, one hand, that you have two sides of this and two places of application. The two sides are the defensive—how you protect yourself from them—and the offensive, which is how you do it on others. Then there is the application: how do you apply those ideas both inside the opposing country—whether it is the UK, the United States or indeed any other western partner power—and back home?

Offensive and aggressive activities seem to have become one area where the Chinese see potential for great growth in terms of co-operation with Russia as a way to defend themselves from a potential direct attack. Again, whether one agrees with the proposition that we are actively trying to make them fall, as it were, that is how they are, at least in their writing, approaching this question.

What we have seen in elections in Taiwan last year and in elections in Japan this year shows that, in the region—Liam was absolutely right—they have an established practice for how to prevent certain types of information from being understood in a way that displeases the party inside China, and they have an expertise in trying to mobilise information campaigns when it comes to elections in the region.



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The second point is that, however, this is a constantly moving target. If you take the 2016 award to the Philippines of the International Court of Arbitration, the Chinese look at it as a successful information operation campaign because when they list the countries that did not side clearly with the award, that was a win. Fast forward to 2022, and I don't think the Chinese have been as successful, for example, in critical stories such as the narrative around the origins of covid, which has turned quite against them, and other questions with which we are familiar, such as Tibet and Xinjiang. On Xinjiang, they have been really unsuccessful outside China in managing that.

The next point to make is that, yes, the Chinese have the mentality to think about this constantly. However, that does not mean that they are always very good at it. In the last couple of years, as things have got slightly more complicated, a lot of their information campaigns have been relatively unsuccessful in that sense. There is one question further to explore, and Liam is absolutely right: we should have statement T-shirts that say, "Understand the global impact of actors other than Russian information operations" because we don't do that enough. On the question of how and when they fail, we have not done enough work on that.

So, there are three points: domestic versus foreign, and defensive versus offensive; how this is already taking place, regardless of whether we like it, and success certainly has been the case; and the fact that this is a moving target. At the moment, they don't seem to have been particularly successful on big-ticket items that matter to them.

Q131 Graham Stringer: Jamie, if I may come to you first. The debate around Chinese IT in this country has focused on Huawei being in the 4G and 5G systems. That is a problem, and Parliament has resolved it, but do you see in the future that there will be a separation of regulatory systems between China and the west on IT, both hardware and software? Will there be different standards? Do you think that is a likely future and what would be the consequences of it?

Dr Collier: The first thing to say is that there are very different visions of internet and digital more broadly, so that encompasses a wide variety of different issues, including the role of the state in accessing certain technologies, the role of surveillance and how that could or should be baked into technologies, and so on. There are some pretty fundamental issues there that we will need to be paying attention to not just in looking at what is going on in China and the UK, but in the different spheres of influence. We see a lot of Chinese foreign policy development in the likes of Africa and other parts of the world, trying to convince other states of that vision of the internet. There is a much broader piece in scope there.

The big challenge as I see it is that, while the likes of UK Government entities are naturally going to be very cautious about wanting include foreign technologies in certain key areas, a lot of the global economy today is multinationals operating in a variety of different countries simultaneously, so there must be ways to interoperate. There will need to be accommodation for companies that do not want to separate their

networks in two. We will need to think creatively about how we manage that process in different pockets of our society.

Q132 **Graham Stringer:** Thank you. Mihoko, during the recent Olympic games in Japan, was there a greater risk to Japan's cyber-security arrangements? What was the overall experience? Was anything learned about cyber-security particularly related to those games?

Mihoko Matsubara: The Tokyo 2020 Olympic and Paralympic games faced enormous challenges on account of the covid-19 pandemic—it was not alone in that respect—which meant that the games were postponed for one year. I should mention that Tokyo 2020 faced 450 million cyber-attacks during the games between July and September 2021. That is twice as many as the number of cyber-attacks that hit the London 2012 summer Olympic and Paralympic games. However, Japan's cyber-defences successfully prevented cyber-attacks from disrupting any operations over the games. That is groundbreaking, given that other recent Olympic and Paralympic games have suffered from disruptive cyber-attacks. That is why Dr Brian Gant, assistant professor of cyber-security at Maryville University in the United States of America, said in his article to *Security Magazine*, contributed in August 2021, “the Tokyo Olympics [had] been a real success story from a cyber-security perspective.” He said that “organisers of all large-scale, televised sporting events—and indeed just all organizations in general—should look to this year's games as a model to emulate.”

There are four themes that contributed to the success of Tokyo 2020's cyber-security: threat intelligence and monitoring for corrupt defences; total security solutions to enhance cyber-hygiene; talent development by numerous cyber exercises and awareness-raising training sessions and key to Tokyo 2020, the inclusion of cyber-security specialists from the beginning of the formation of the Tokyo 2020 team in 2013. That allowed for security by design.

Of course, the success can be attributed to enormous international public-private partnerships, which allowed for the sharing of cyber-security intelligence and best practices. Japan deeply appreciated the tremendous support. Cyber-security best practices were shared by the UK Government and the City of London, which hosted the 2012 summer Olympic and Paralympic games.

Q133 **Graham Stringer:** So to summarise, the defence against cyber-attacks was effective and successful.

Mihoko Matsubara: Yes.

Q134 **Graham Stringer:** Alessio, both covid and the Russian attack on Ukraine have made countries look at the security of their supply routes, whether of microchips, food or fuel. There has been a reassessment of security. Can you describe how Japan's policy on those different areas of security of supply has changed since Ukraine and covid?



Dr Patalano: I will take them in reverse, because I think that covid was very important to accelerating what was already part of a Japanese national strategy, in part to diversify its economic investments outside of China and redirect them. Vietnam, the Philippines and Indonesia had been at the receiving end of graded direct investments, but notwithstanding some financial incentives to companies to do even more, the Japanese Government were failing to achieve that diversification. Covid put that in sharp relief and highlighted the need to diversify economic investment, and that has been pretty much the case.

Does that mean that Japanese companies have been moving out of China? Not necessarily. Part of this diversification meant that they started to focus on products for Chinese markets, whereas the key productions are for themselves and for exports of a different nature, outside China. That is part of the investment diversification strategy.

The second element of this, which I mentioned before, was a selective, if not smart, reshoring of some critical components of industry and working much more closely with Taiwanese producers. That has been one of the elements that is very strong as far as critical infrastructure is concerned.

Then, with the coming of the Biden Administration, which overlapped with covid, both Prime Minister Suga and Prime Minister Kishida sought to work much more closely with the United States. Japan has launched a pretty significant level of initiatives to work together with the United States to increase its resilience and find alternative ways, particularly on the question of 5G and post-5G, or 6G. That has been at the forefront of its thinking. And that is very much about how covid not only created no public opposition, but reinforced the public desire for the Japanese Government to start considering serious alternatives when it comes to critical infrastructure and supply chains.

Russia has raised the question that already existed in terms of energy security. I think part of the answer was already ongoing. It is part of the debate post Fukushima that goes back 10 years and is about reintroducing nuclear power and thinking about nuclear power in a new, modern way, with micronuclear power plants and new technologies applied to the possibility of using nuclear energy as a potential greater source of energy security and independence. At the same time, it has reinforced in Japan an understanding that energy dependency is not going to go anywhere in moving towards the transition in relation to accelerating climate change, which has probably been one of the most significant sets of new policies launched by Prime Minister Kishida. It seems to be something that is quickly becoming much more prominent than in previous Japanese Governments.

It is a combination of, first, rethinking introducing more nuclear energy; secondly, understanding that energy security is always going to be an issue that doesn't go away—in a way, it reinforces why Japan's links with the middle east are not likely to change—and thirdly, moving towards a transition that reduces the consumption of fossil fuels anyway as the way forward. These are the three things that, particularly in the light of

Ukraine, were already taking place, but again, they have been reinforced and highlighted in sharp relief.

Graham Stringer: Thank you. Did you want to add anything, Mihoko?

Mihoko Matsubara: Yes. Even though Dr Patalano gave a comprehensive overview of Japanese economic security efforts after the covid-19 pandemic started, I would like to focus a little bit on cyber-security and supply chain lessons learned from the covid-19 pandemic. I think there are two lessons learned, from the Japanese perspective, so far. These are the difficulties in obtaining ICT supplies, including semiconductors, and the expansion of the cyber-attack surface by the rapid growth of digitisation in ICT supply chains. The latter has made the global supply chain more vulnerable to cyber-attacks than before, as the number of ICT assets has increased as our work style has shifted more remotely.

That is why the Japanese Government passed the Economic Security Promotion Bill two months ago, to make supply chains more resilient, to ensure the stable operation of critical infrastructure, and to make sure that major critical infrastructure companies in 14 sectors, including communications, electricity, energy, finance and transportation, submit a plan to the Government to deploy critical systems beforehand, so that the Government can review the manufacturers and countries of origin of those systems. Reportedly, 5G base stations will be included in those critical facilities. The review process proposed in the law could also allow the Japanese Government to urge critical infrastructure companies to refrain from adopting vulnerable systems that can be targeted by cyber-attacks.

Graham Stringer: Thank you.

Q135 **Chair:** Alessio, if you will forgive me, I am going to draw this panel to a close with one last question. Is Japan in a position to develop and deploy viable nuclear weapons? Should it continue to refrain from doing so, even as China and North Korea build up their strategic nuclear forces?

Dr Patalano: The answer to your question is no, Japan does not have a nuclear bomb in the basement. I do not think it has the command-and-control structure to do that in a very short period of time. However, what could change that is a conversation about the status of North Korea, and decisions in South Korea about the possession of nuclear power. Always remember that Japan is in the most nuclearised corner of the world. Everyone except the Japanese and the South Koreans has nuclear weapons. In that sense, what happens in South Korea is as important on this matter as anything happening either in North Korea or China. But no, at the moment I do not believe that Japan does have the capacity for the so-called nuclear bomb in the basement—as the debate was framed a few years back in the UK.

Chair: Thank you very much indeed, Mihoko and Alessio—I am very grateful, given the time zones. James, thank you as well. We will move on to the next panel.

Examination of Witnesses

Witnesses: Bill Emmott and Robert Ward.

Q136 **Chair:** Welcome back to this afternoon's session. We now have two new panellists. Robert, introduce yourself very briefly and then I will ask Bill to do the same.

Robert Ward: My name is Robert Ward, and I am Japan chair and director of geoeconomics and strategy at the International Institute for Strategic Studies.

Bill Emmott: I am Bill Emmott, and I am former editor at *The Economist*, former Tokyo correspondent for *The Economist*, author of a lot of books on Japan and chair of both the Japan Society of the UK and of the thinktank that Robert Ward so eminently represents.

Q137 **Chair:** Thank you very much indeed. It is nice to have you both here. Bill, starting with you, is Japan's current development model adequate to provide a firm basis for the economic growth necessary to support its strengthened defence effort? Do we see the lifetime employment system persist, and if so, is it evolving?

Bill Emmott: I think there are two ways to answer that question. First, is Japan capable of reallocating its resources to achieve something like 2% of GDP spending on defence, which is its aspiration, from the current level on NATO-equivalent measures of 1.25%? It is a substantial increase. Is it capable of doing that? The answer is that if it has political will, then it can reallocate to do that. Does it have the economic growth capability to both increase the denominator of that—GDP—and make that reallocation easy? The answer is no. Japan is suffering from a low potential growth rate, estimated by the Bank of Japan as being at around 0.5% to 0.7% of GDP per year. That is a very low growth rate. There is low productivity and a very unfavourable demography, with 28% of the population over the age of 65 and the population declining by half a million every year. Japan does not have a good socioeconomic model currently. It is also following what could be described as a cheap labour model, which has led to quite depressed domestic demand, thanks to 40% of the workforce now being on part-time or short-term contracts.

In answer to your question about lifetime employment, it does still exist in big companies, but it is now a rarity nationwide. It is still there as an expectation if you join Mitsubishi Corporation, but it is not there for most graduates entering the labour force, many of whom—particularly women—face an employment life that is insecure and based on short-term contracts.

Q138 **Chair:** May I pick up on that point? The opposition to immigration has challenged many other areas of Japanese employment—effectively labour markets. Bill, where would you see that?

Bill Emmott: Japan has modestly opened up on immigration, both covertly and overtly. Officially, the share of the population that is foreign-



born is now around 2%, I think. That compares with 14% or so in the UK, so you can see that there is quite a different background. There are a lot of employees, at least there were pre-covid, in Japan on so-called trainee schemes. They typically come from China—sometimes Korea, but mostly China and Vietnam and other places. There is some covert immigration, but in terms of the debate, although there has been what seems to be a rather courageous opening up from nothing to very little, it has actually not fundamentally changed. I do not see a big increase in immigration.

Q139 Chair: Robert, perhaps I can turn to you and ask about the reinterpretation of article 9 of the constitution and Japan's participation in collective defence in the Indo-Pacific. Is further change needed before Japan is going to have an effective defence stance?

Robert Ward: That is a very complicated question. There is a whole universe of analysis around constitutional reform in Japan, which I will not go into. The 2015 changes were, however, really important in terms of the evolution of Japan's defence debate. They expanded the scope of activities of Japan's self-defence forces—its military—including the possibility of armed support in situations that endanger the survival of Japan. Those changes came in tandem with the revisions to the guidelines for Japan-US defence co-operation. Even though this is by Japanese standards a huge expansion of capabilities, what is critical is that this condition that is attached to collective self-defence does limit what Japan can do ultimately.

People do get hooked up on the constitution. That is obviously one impediment, but there are also other things that are limiting for Japan. Part of that is the post-war ideological legacy, particularly around the difficulties of co-operation between the civilian and military spheres in Japan. It is quite unusual by the standards of, say, South Korea, the UK or the US perhaps. The Science Council of Japan in, I think, 2017 issued a statement that built on their 1967 statements that the SCJ members should never become engaged in scientific research for military purposes, for example. You have an ideological split that lingers from the end of the second world war and goes in tandem with constitutional changes. I think the Japanese constitution is bendier than it is often thought to be, so a lot of the action around the constitution revolves around reinterpretation and rethinking what things actually mean.

Q140 Alicia Kearns: Bill, may I start with you? How does Japan see its role in the Indo-Pacific, and what hopes do you think it might have for the UK's role as we undertake our tilt to the region?

Bill Emmott: Thank you for an excellent question. From a Japanese point of view, the first thing to remember is that Japan invented the phrase "Indo-Pacific", with its slogan about a "free and open Indo-Pacific". It did that because it wanted to define a sphere of activity and relationships that was less easy for China to dominate in the future. By bringing in the Indian Ocean and widening the strategic concept, Japan hoped to make it less inevitable that China, as it grew, would come to dominate.



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Japan wanted to do that, first, by getting closer to India, which it has been seeking to do for roughly the past 20 years, in a very meticulous step-by-step process, with Prime Minister after Prime Minister; and secondly, by building close relationships with south-east Asia, which it has done over a very long period through investment and trade, but most recently through building entities such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in aid of investment, which gives Japan a leading role in negotiating and operating with those countries.

What does Japan want to achieve? It does not want to—or believe that it could—achieve autonomy from the United States. It believes absolutely that the US is its vital partner. However, by building those relationships and a close relationship with India over the long term, Japan wants to achieve what might be best described as a strategic agency or, in other words, an ability to have an influence alongside but somewhat separate from the United States, while building some hedging capacity in case the United States goes rogue—as we know, that is a serious political risk, and it is taken very seriously in Tokyo. The possibility of a rogue United States is absolutely high on Japan's list of worries.

By building those relationships, Japan wants to help set the rules of the road, but particularly it is building relationships beyond the capability of China to dominate.

Q141 Alicia Kearns: What about the hopes for the UK to contribute to the region?

Bill Emmott: Personally, the best news for Japan in a UK contribution to the region was the least headlined one: the UK's application to join the CPTPP. Of course, the carrier strike group was a very nice symbolic gesture of the UK, with America and Germany—with other frigates—sailing into the region, but I do not think that Japan expects a direct defence contribution; it does expect intelligence and technological support from the UK—we will move on to intelligence, I hope, which is an important and much-neglected area.

The UK being part of the CPTPP will put alongside Japan at the head table in that entity another big-economy advocate of the liberal rules-based order that, first, enters without renegotiation and is therefore a good precedent were China ever to come in—that you accept the rules and don't change them when you join—and secondly, will absolutely be a soul brother to Japan in that entity, in setting the rules for trade and investment in the region, which is a vital Japanese interest.

Q142 Alicia Kearns: On being that brother to Japan, is there scope for the UK to join the Quadrilateral Security Dialogue as a member?

Bill Emmott: Is there scope for the UK to join? Well, in my view, it is a little like reforming the permanent members of the UN Security Council. If you add the UK, you have to add some other countries—probably South Korea, for example—and others will be knocking at the door. You would change the character of it, I suppose. I would ask if, and suggest you

think about whether, there is scope for Japan to join the Five Eyes intelligence-sharing operation, which the UK is already a member of—

Alicia Kearns: The Chair has a strong view on this.

Chair: I have spoken in favour of that in the past. I am a big fan of the idea of Japan joining the Five Eyes, although I appreciate that Japan has legal changes it would have to accomplish before it was able to do so.

Alicia Kearns: That is the Chair's personal view, rather than that of the Committee.

Chair: That is true.

Q143 **Alicia Kearns:** Robert, I will put the same questions to you, in case you want to comment on any of them, but also an additional one, which is this: putting to one side the CPTPP in terms of economics, how good is Japan at using the multilateral system to achieve its goals around security, climate change, or other areas that are of interest to it?

Robert Ward: Can I just add a coda to Bill's absolutely spot-on comments on the CPTPP? I am glad you actually said the whole thing in full, because I do not think I can remember how to pronounce it.

Alicia Kearns: Don't worry; you are not the only one.

Robert Ward: What Japan has got right about the CPTPP is that it sees the geopolitical side of economic policy. When we in Europe and elsewhere are calibrating policy, we sometimes find it difficult to see that trade policy has a geopolitical element to it as well, so I think Japan's thinking about this particular bloc has a sort of strategic economics to it, rather than just boosting trade. As and when the UK joins, I think Japan will be expecting it to be—as Bill said—a real support in preserving the rules-based order, as the second largest economy in the bloc by a long way, but it also has to be about geopolitical policy, not just selling more Stilton to ASEAN.

Alicia Kearns: You have picked the wrong Member to say that to. *[Laughter.]* As the Member for the home of Stilton, I was delighted to see Stilton play such a key role in trade for a largely lactose-intolerant country—they do eat Stilton for dessert, so each to their own. Chair?

Q144 **Chair:** I think we may move on from a fight over cheese and focus instead on the expanded trade links. You have both spoken about those trade links and their expansion between the UK and Japan in the wake of CEPA. I am sure there are many other areas we could look at, but perhaps I could ask you to talk about the expansion in areas of the defence economy. Obviously, we all remember the importance of British naval engineering in the defeat of the Russian fleet in the battles of the early part of the last century. Perhaps you could talk about where we could be looking to co-operate. I was talking to Minister Kono a number of years ago, who is very much hoping to see Japanese F-35s flying off the deck of the Queen Elizabeth or the Prince of Wales. What other areas of co-operation could we envision? Robert, why don't you start?



Robert Ward: Advanced technology is an area that Japan is focusing on—partly, of course, because China is right next door and spending a lot of its treasure on R&D and so on. Japan, for the reasons I cited just now, with the Science Council of Japan not wanting to work on military-related research and so on, has particular issues there. In the defence sphere specifically, a number of things spring to mind, such as AI-enabled cyber-defence, military adoption of 5G, autonomous unmanned systems—for both air and naval development—space-based capabilities, and military application of quantum technologies.

Also, on AUKUS, Japan is clearly looking at a lot of these mini-laterals and groupings in the region—either it is part of those groupings, or looking at those groupings and wanting to keep up with what they are doing—but one of the interesting things about AUKUS that is not often mentioned is the advanced technology side to it. It might be worth AUKUS thinking about how to involve Japan in advanced military technology developments for all sides.

Q145 **Alicia Kearns:** Can I push on that? In terms of pillar B, the wider future technologies, are there particular areas that when you look at Britain, America and Australia, you think we are weaker in those areas?

Robert Ward: What sorts of areas are you thinking of?

Alicia Kearns: You touched on some of them: autonomous weapons, hypersonics, AI, quantum and those sorts of things. Is there anything where you look at it and think that, between the three countries that have currently set up AUKUS, we don't have the capabilities we need when it comes to those—ones where Japan could be particularly strong, or ones that we are just not as good at?

Robert Ward: Japan has very tight links with the US, obviously; it is its cornerstone ally, and Japan is trying to move in lockstep with the US, to make sure it continues to be interoperable with its kit and so on. That is one thing to bear in mind when looking at the three relationships. The key thing for Japan, however, is that even though it is probably the most important actor in the region now, given its development of its own capabilities, it cannot do this on its own. It cannot support the rules-based order on its own.

One of the things that is distinctive about Japanese strategy in the region—this relates to your previous question—is the intensity of its development of networks and its building coalitions of the like-minded with Australia, the UK, France, India and so on. Japan is constantly trying to reinforce these coalitions of the like-minded, but also trying to keep up with what is going on with all of these groupings. As a long-winded way of answering your question, one of the things that I see in the region is the risk of strategic clutter. The region is enormous, so you need lots of countries collaborating. But the collaboration can be unknown to some of the other countries, so you get countries out of sync and so on. I think that is one of the key worries that Tokyo has, looking at what is going on in the region.



Q146 Alicia Kearns: I think a lot of Indo-Pacific countries are very anxious about picking sides when it comes to China versus the west—if you want to call it “versus the west”—or Russia versus the west. Can Japan play a key role as an interlocutor? It is not about saying you have to pick only one side, although I would argue that silence is action and choosing a side. Could Japan play more of a key role in that? It does not feel like that is playing part of the conversation, when we know that ultimately, between now and 2050, China is forcing people to pick sides. Or do you think Japan wants to stay out of that and it is not the kind of foray that they would want to be involved in? They clearly have picked sides.

Robert Ward: One of the distinctive features of Japanese policy, particularly towards China, is the desire to remain open to China—without China, Japan’s economy looks a lot more sclerotic than it does at the moment—and to draw red lines that are non-negotiable for Japan, particularly around the rules-based order. Within that, one of the things that Japan is trying to do, because it knows full well that if you are ASEAN, for example—China is a vital interlocutor for ASEAN, as is Japan. Japan knows that a lot of countries do not want to pick sides. I think it will get more difficult not to pick sides, but one of the features of Japanese policy is to provide a third way that allows countries to navigate between China on the one hand and the US on the other, to stop countries bandwagoning with China.

In terms of foreign policy, one of the key organising principles of the second Abe Administration was the free and open Indo-Pacific concept, which was all about the rules-based order, quality infrastructure, connectivity, maritime security and so on. It was open to any country that wanted to join, including China, if it would accept the principles. Japan is trying to use its unique position—let’s say within the G7, because it is the only Asian member of the G7—to try to keep that balance.

Bill Emmott: The key thing about Japan is that it is present in the region, whereas the United States, in many respects, is not. The United States is obviously hugely present militarily but cannot be present in economic terms, and we see the flimsiness of the recent Biden Administration’s economic framework for Asia. What Japan does for countries that, as you say, do not want to pick sides is to continually offer an alternative as an investment supporter; as a humanitarian supporter at times of natural disasters; as a security adviser, to some degree; and as a place that can supplement whatever other relationships the country has. Japan is the most present of the G7 countries in south-east Asia and the Indo-Pacific, not just by dint of being positioned there geographically, but what has changed in particularly the past 10 years, but certainly even over a longer period, is Japan’s much more forward posture in terms of economic and trade relationships in the region.

If I may supplement the second question, just to underline something that Alessio and Robert said, thinking about UK-Japan collaboration on defence, it is very important to focus on the things that Japan needs and the things that Japan lacks. What Robert emphasised about the problem of civilian-military collaboration on technology research is well worth underlining. It



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lies as one of the reasons why Japan is not “a nuclear bomb in the basement” power, because of that lack of collaboration in the fundamentals. It also opens up a need that Japan has, satisfied partly by collaboration with the United States, and it seems to me that through the military technology research that the UK does there is some possibility for supplementing Japan’s own activities.

Chair: Thank you very much for that, Bill. Liam, you wanted to come in.

Q147 **Liam Byrne:** Very briefly, Bill, because we are down to our last few minutes. First, can you give us a quick sense of how Japan feels about the threat to Taiwan, and what it would do if that threat comes to pass? Secondly, how does Japan see its role in building the new global infrastructure partnership that is mooted as the alternative to belt and road?

Bill Emmott: On the threat to Taiwan, Japan feels that this is absolutely existential for it, first, because Japan has islands that are very close to Taiwan—the closest is pretty much as close as Dover is to Calais—and this is the bottom of an island chain that Japan is part of. If we focus on Chinese claims over the Senkaku Islands, Japan is very conscious that the reason China is interested in them is for strategic control of the whole area, which would be vital in a retaking of Taiwan.

Secondly, Japan’s interest is in what this tells us, and what attitudes to Taiwan tell us, about the United States. After President Biden ruled out direct intervention in the war in Ukraine over not wishing to start world war three, that raised huge worries in Japan about America’s willingness to defend Taiwan in the case of a Chinese invasion, whenever it might happen. The recent clarification by President Biden of that probably reflected pretty strong Japanese lobbying. It has been very striking how worried Japanese interlocutors of all types, and all political persuasions, have become about America’s real commitment to defend Taiwan.

You can absolutely imagine that in Japan’s defence build-up over the next five years there will be increased Japanese build-up in the southern part of the Ryukyu-Nansei island chain, down towards Taiwan. They will wish to be there for intelligence gathering and with some military capability down there, in order in fact to take part, if there ever needs to be a defence of Taiwan and a resupplying effort to a Taiwanese resistance movement.

On to the rather separate question of infrastructure, what Japan does have is capital, and it is capable of exporting capital still, and therefore of making a real contribution to infrastructure development. Indeed, it already does in Asia and in Africa. It is just not as big a capital exporter as China, and does not use it in as a political way. In so far as the UK can contribute to that, it is much more in terms of relationships and some of the private companies that might want to be involved, rather than capital. The UK does not have the capital to export; Japan does.

Chair: Thank you very much indeed. I am extremely grateful to you both. You have rattled through an awful lot of subjects in a very brief time.



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Given that I can feel as I watch the annunciator that the votes are coming soon, I will spare the interruption and say thank you very much indeed. Bill, it is lovely to see you again, and Robert, thank you very much for coming in. On that note, I conclude the sitting.