



# Japan's Defence and Security Policy - a Primer

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Bild/Cover: This Dec. 5, 2007 photo, shows Japanese navy submarine Soryu during a launching ceremony at Mitsubishi Heavy Industries Kobe dockyard in Kobe, western Japan.  
(TT Nyhetsbyrån)

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## Executive summary

- In the past decade Japan has seen significant changes in the security situation in East Asia. North Korea's belligerence and the rise of China are key drivers of the deteriorating security environment that Japan finds itself in.
- Japan has since the 1970's imposed strict pacifist interpretations of its already strict laws concerning defence. These have meant a ban on collective self defence and near total prohibition on arms exports. Japan has relied on, even band-wagoned on its alliance partner, the US, in all that has had to do with the defence of Japan.
- The Self-Defense Forces (SDF) and the defence industry have developed in an insular way. Restrictions on collaboration with other states has meant an inefficient defence industry and led to expensive defence materiel production.
- The Abe-administration that came to power in 2012 has pursued a dual track of economic and security policy reform. The government first launched "Abenomics", the strategy to reinvigorate the Japanese economy. From 2013 the administration also focused on pushing through changes in the way Japan could pursue its security and defence policy. A National Security Strategy (NSS), the first of its kind, was published in late 2013. It stakes out long term goals and needs for Japan in the security and defence field that Japan will pursue over the next ten years. The focus is on achieving better inter-agency coordination, more efficient policy implementation and closer alliance cooperation with the U.S. and other countries. The NSS was accompanied by new National Defense Program Guidelines (NDPG) and The Mid-term Defense Program (MTDP). These specify how the SDF will reform to align with the needs and ambitions stated in the NSS.
- A National Security Council was founded in 2014 to centralize decision making in the defence and security field and improve the information flow and coordination between government bodies.
- The NSS paved the way for a new and revised set of Guidelines for Japan-U.S. Defense Cooperation which was published in 2015. It constitutes the foundation for enhancing the defence ties and giving the two allies greater freedom of action and at the same time the ability to better coordinate. This will in turn mean better interoperability of forces and more effective defence capabilities.

- To implement the policy directions of the NSS and Alliance Guidelines Japan needed to take steps in order to remove political obstacles pertaining to defence policy. Japan adopted the right of collective self defence, through a reinterpretation of the constitution, not a change of the constitution per se. This in order to strengthen defence cooperation with allies and make possible the participation in UN mandated peace keeping missions abroad. The government reinterpretation of the constitution was approved by the Diet in September 2015.
- In a decisive shift from earlier policies the Japanese government has acknowledged that export of defense-related materiel is a legitimate activity in pursuit of foreign policy and national security interests. The new policies guide how to and under what criteria exports from Japan will be possible. The key issue in implementing the new policy is to find an acceptable balance between export promotion and export control. Public opinion will be wary of exports and parts of the traditional export control bureaucracy is likely to take a careful and conservative view of implementation. The view of what are legitimate exports will for these and other reasons remain narrowly defined for the foreseeable future.
- The Ministry of Trade, Economy, and Industry's (METI) Security Export Control Division will continue to handle licensing of defence related exports. They have a solid record in export control aimed at non-proliferation of arms and WMD. They have little experience in issuing licenses and continue to take a case by case approach to transfers. It will take time for METI to establish precedents and define an export control regime that implements the new Defense Export Policy. This is why all licensing decisions continue to be referred to the National Security Council for final approval. The goal is that METI will eventually take responsibility for approval of 'routine transfers' –when this will happen is unclear.
- Japan published in 2014 a new "Strategy on Defence Production and Technological Bases", in an effort to ensure the development of its domestic defence industry in light of limited funds and resources. Chief among the ambitions is to facilitate the development of an increasingly competitive defence industry that is able to participate in international defence programmes, thus providing additional cash flows to the domestic industry. In an effort to enhance domestic production and R&D, the strategy also emphasizes domestic partnerships between military and civilian industrial actors.

- The Japanese government, in line with the new policy directions, created the Acquisition, Technology and Logistics Agency (ATLA) in October 2015 to centralize and increase the efficiency of the defence production and acquisition system. ATLA will play an important role in enhancing the domestic defence industry's capabilities. As a part of this effort to strengthen the domestic industrial base, ATLA will play a critical part in enabling the defence industry's engagement with the international market, thus facilitating both defence-related exports and Japanese participation in international acquisition programmes.

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## **Abbreviations**

ATLA – Acquisition, Technology and Logistics Agency

C4ISR - Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance

GDP – Gross Domestic Product

JSDF – Japan Self Defense Forces

METI – Ministry of Economics, Trade, and Industry

MoD – Ministry of Defense

MOFA – Ministry of Foreign Affairs

MTDP – Mid-term Defense Program

NDPG – National Defense Program Guidelines

NDPO – National Defense Program Outline

NSC – National Security Council

NSS – National Security Strategy

R&D – Research & Development

SDF – Self Defense Forces

U.S. – United States

TRDI – Technical Research and Development Institute

## Introduction

Japan is undergoing significant changes in terms of its threat perception as well as in its defense and security policy. These shifts have been strongly affected by the rise of China as well as the U.S. strategy of rebalancing to Asia and the growing military-technological capabilities of North Korea. Efforts have been made to reinvigorate the sluggish economy and strengthen the so-called Self-Defense Forces (SDF). Japan has de facto removed the self-imposed bans on collective self-defense and arms export, established new security institutions as well as adopted a number of new strategic documents and strengthened the alliance with the United States. This paper analyzes changes in security and defense policy that has taken place during the second Abe administration (2012-).

The intended reader is any non-Japanese politician, bureaucrat or defence official that not a Japan specialist but needs to acquire a basic understanding of the defence politics and defence bureaucracy of the country.

### Outline

This paper studies the security and defense related changes that have been taking place in Japan during the Abe administration.<sup>1</sup> In chapter one Japan's current security environment is described.

In chapter two, four key documents are analyzed: the first ever National Security Strategy (NSS) adopted in 2013; new versions of The National Defense Program Guidelines (NDPG) and The Mid-term Defense Program (MTDP) for 2014 and onwards; as well as the recently updated guidelines for the alliance with the United States. In addition, the chapter discusses the establishment of a National Security Council (NSC) as well the new policy statements which allows for collective self-defense and arms export.

Chapter three discusses the practical implications of the new arms export principles and the reforms of the acquisition and export control bureaucracy through examining the newly created Acquisition, Technology and Logistics Agency (ATLA). Lastly, the chapter analyzes the defense industry strategy of 2014 and the challenges that the Japanese industry faces when it engages the international defence market. The conclusions of the report are summarized in chapter four.

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<sup>1</sup> The authors of this report wish to express their special thanks to Gregg Rubinstein who meticulously reviewed several versions of this draft and guided us in our efforts. A number of anonymous reviewers have also commented on earlier versions of this text. For their effort we are grateful. Any remaining mistakes are the sole responsibility of the authors.



# Chapter 1 - A New Security Environment

The changes in Japan's security and defense policy are due to Tokyo's assessment that the regional security environment is becoming increasingly harsh. The most important factor affecting Japan's new threat perception and security policy is the rise of China, which has resulted in shifts in the balance of power in North East Asia and intensified territorial conflicts in the maritime domain.

The balance of power between Japan and China, the two major powers in North East Asia, has been shifting rapidly in the past decades, in particular since the turn of the millennium. At the beginning of the post-Cold war era, Japan's economy was almost seven times as large and its defense budget almost three times as large as China's. In the subsequent two and a half decades, the once fast-growing Japanese economy has stagnated while the Chinese economy followed a trajectory of rapid growth. China surpassed Japan as Asia's largest defense spender in 2004 and as Asia's largest economy (in terms of nominal GDP) in 2009. The gap in both GDP and defense spending terms between China and Japan has widened fast in the past few years. In 2015, China's economy was twice the size of Japan's while Beijing's defense expenditure was four times as large.<sup>2</sup>

The shifting balance of power in North East Asia has had strategic consequences. China has been able to accelerate its defense modernization, started to behave more assertively in its neighborhood and reinforced its claims on disputed islands in the East and South China Seas. The rise of China has in turn strengthened radical nationalist sentiments in Japan, revived the territorial conflict about the Senkaku/Diaoyu islands as well as increased tensions based on historical memories between the two nations. The negative perception in Japan of China's rapid military modernization and behavior in their common maritime domain has thus been a key driver of the ongoing shifts in Japan's defense and security policies.

Japan's policy is also shaped by the strategy and behavior of its ally, the United States. The rise of China prompted the Obama administration to launch the strategy of rebalancing to Asia (also known as the pivot), in which

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<sup>2</sup> The International Monetary Fund (IMF), *World Economic Outlook Database*, 2015, <https://www.imf.org/external/ns/cs.aspx?id=28>; Stockholm International Peace Research Institute (SIPRI) *Military Expenditure Database*, 2015, [http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database).

the alliance with Japan is perceived as a cornerstone. The evolution of the alliance – which has been strengthened in recent years – has had a significant impact Japan’s security and defense behavior, drawing Tokyo closer to both the U.S. and its “friends and allies”.

Lastly, Japan’s security environment and defense policy is shaped by North Korea’s advances in ballistic missile technology and nuclear weapon capabilities as well as Pyongyang’s provocative behavior.

### **The Evolution of Japan’s Security and Defense Policy**

The changing security environment in North East Asia has not only resulted in new threat perceptions in Japan but also in new security and defense policies aimed at strengthening the capabilities of the armed forces (SDF) and remove hamstrings on the use of the military instrument. Efforts have also been made to reinvigorate the economy, partly to generate more resources for the military.

Japan has frequently been regarded as an anomaly in the international system, a country that in spite of its large economy has not prioritized developing its military capabilities. A number of factors have contributed to the perception of Japan as an exception: the U.S. tutelage and imposition of a pacifist-inclined constitution following World War II and due to Japan’s militarism in the first half of the 20th century; a self-imposed one per cent of GDP cap on defense spending; indigenous opposition to nuclear weapons and offensive military capabilities as well as (past) bans on weapons export and on collective self-defense.

In spite of a two and a half decade long economic stagnation period and the one per cent limit on military expenditure, Japan still has one of the largest defense budgets in the world (46 billion dollars in 2014<sup>3</sup>). The SDF has significant resources; however, the application of military power is constrained by a military-skeptic public opinion, a bureaucracy inclined towards maintaining status quo, a constitution with “pacifist clauses” as well as policy statements that de facto limit the utility of the Japanese military.

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<sup>3</sup> Stockholm International Peace Research Institute (SIPRI) *Military Expenditure Database*, 2015,  
[http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database).

Since the turn of the century and largely as response to the changing security environment Japan has gradually changed its security and defense policy, a process perceived as normalization and/or re-militarization by outsiders.<sup>4</sup>

Initial steps to change Japan's security and defense policy were taken by the Liberal Democratic Party (LDP) administration of Junichiro Koizumi (2001-2006). In spite of budget constraints, the Koizumi administration increased Japan's power-projection capabilities as well as improved the abilities of the "paramilitary" Japan Defense Guard (which is not funded by the defense budget). The so-called Defense Agency was renamed Ministry of Defense (MoD) and expanded in size. The authority of the MoD and the SDF was strengthened. Moreover, the defense materiel co-operation with the U.S. increased while Japan contributed personnel to U.S.-led and UN-mandated military operations overseas. Furthermore, education in Japan has altered and become more patriotic, while the population slowly has developed a more positive view of the military. During the Koizumi years, debates were also held on the possibilities of changing Japan's nuclear weapons policy, remove the ban on collective self-defense and re-interpret the pacifist clauses in the constitution.<sup>5</sup>

Although Koizumi endeavored to boost the economy, the effort largely failed. Sustained slow GDP-growth, deflation and budget deficits resulted in more or less static defense budgets – at a time when China entered a period of rapidly growing defense expenditures.

Between 2006 and 2012 the relatively stable government of Koizumi was substituted by a string of weak governments. Japan came to have seven different Prime Ministers in seven years. In addition to continued economic stagnation Japan thus faced political paralysis and leadership crisis. Reforms of the security and defense sector continued during the various governments, but in a slower pace than before.

### **Enter Shinzo Abe**

In December 2012, the Liberal Democratic Party (LDP) returned to power in Japan after three years in opposition following a landslide victory in the elections to the lower house of the Diet, Japan's parliament. It was followed by another success in the elections to the upper house of the Diet in July 2013. The conservative LDP government, headed by Prime Minister Shinzo Abe, perceived by many as a staunch nationalist, received a strong mandate to pursue reform.

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<sup>4</sup> Christopher Hughes. *Japan's Militarization*. London: The Institute for Strategic Studies, 200

<sup>5</sup> Ibid.

The return of political stability in Japan has been coupled with a seeming willingness of the Prime Minister to pursue unpopular economic and defense-related reforms. Abe links talks about Japan's resurgence with making Japan into a "beautiful" and "strong" country. It implies a Japan that has robust defense capabilities, that plays a larger and more proactive role on the international arena, and that regains its past national pride and glory. Two major objectives are on the ambitious agenda of the Abe administration: to revive the slow-growing deflation-afflicted economy and strengthen the state's military capabilities.

Through Abenomics – the economic strategy of Abe – the administration has tried to combat deflation, raise GDP growth, spur foreign investment and lower the extremely high level of public debt. Reforms and unconventional policy initiatives – such as quantitative easing (QE) – in the first two years of the administration have followed by inertia on the economic front.

The implementation of Abe's new security policies has been more successful than the economic reforms. The Abe administration has reversed the decade-long trend of decline in defense expenditure, established a national security council, loosened the rules for defense export and international cooperation, and strengthened its military ties to the US and other "like-minded countries". Japan has also reinterpreted the constitution so as to allow for collective self-defense, i.e. to use military means to defend allies and to participate in peace-keeping missions.

Hence, the view of Japan as a passive and pacifist-inclined country has, in particular under Abe, been giving way to a perception of Japan as an assertive and diplomatically proactive nation. Critics, not least in China, perceive the ongoing shift in security policy as a sign of Japan turning dangerously nationalistic and possibly re-militaristic.

## Chapter 2 – Revisions in Japan's security and defence policy from 2013

### 2:1 The 2013 National Security Strategy (NSS)

As a result of the changing regional order and security architecture in combination with the Abe-government's commitment to a revitalization of Japan as a whole, the government published Japan's first National Security Strategy (NSS). The document attempts to formulate a more rigid expression of the national interests of Japan to guide policy "over the next decade".<sup>6</sup> The strategy outlines fundamental *principles* guiding Japanese policy, main *aims* for Japan and what *measures* Japan must take to achieve its aims. "Proactive Contribution to Peace" is the main message that the NSS is meant to convey according to the Japanese government.<sup>7</sup>

"Maintaining the peace and security of Japan and ensuring its survival" are stated as primary interests or "responsibilities" of the government.<sup>8</sup> Adherence to the principles of "freedom, democracy and respect for fundamental human rights and rule of law" is also emphasized. To these fundamental values are added Japan's interests in upholding free trade, especially on the high seas. The NSS places Japan distinctly amongst the nations championing a liberal world order. The Strategy is meant to send a clear and unequivocal message to those actors that might want to challenge the rules of the current international system.

To achieve its aims Japan will, according to the strategy, have to put focus on three main tasks. First, to strengthen the deterrence necessary to ensure survival and maintaining peace. Second, with its ally the United States, it will strive to further improve the security environment in the Asia Pacific. Third, Japan will try to play a leading role in promoting a stable global order. Reinforcing "diplomatic power" and defence capabilities and at the same time "bolstering economic strength and technological capabilities", are key

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<sup>6</sup> National Security Strategy of Japan (2013), 17 December, p. 2. URL: <http://www.cas.go.jp/siryou/131217anzenhoshou/nss-e.pdf>

<sup>7</sup> Ministry of Foreign Affairs of Japan, "Japan's Security Policy", 16 December 2015. URL: [www.mofa.go.jp/policy/security](http://www.mofa.go.jp/policy/security)

<sup>8</sup> National Security Strategy of Japan (2013), p. 1



elements for strategic success.<sup>9</sup> This is to be done not only with the United States but with a wide set of like-minded countries. South Korea, Australia, India, ASEAN-countries as well as Pacific rim countries in South America, Europe, especially the United Kingdom, France, Germany, Italy, Spain and Poland are some examples of countries mentioned as important partners in the NSS. China is also included among the countries that Japan will strive to create stable relations with.<sup>10</sup>

The NSS is a complex document. It contains values that Japan wants to champion, supreme national interests Japan wishes to pursue, threats that need to be met and strategies for how to achieve these goals. At a first glance it strikes a balance between the need to achieve economic prosperity by promoting “national economic development” and strengthened defence capabilities.<sup>11</sup> However, a more careful reading reveals that many of the problems Japan faces and is likely to face in the future are attributed to one major challenge, the rise and increasing power of China. Responding to this threat cannot wait because it affects many of the interests Japan must try to pursue, according to the NSS. In addition to the concerns that China rouses, the belligerent and aggressive behavior of North Korea and its nuclear weapons programme is not possible for Japan to overlook. It constitutes a direct threat. This is why the Abe government, despite coming to power on an economic reform agenda, soon launched the ambitious defence reform programme.<sup>12</sup>

Although the NSS details the fundamental principles of Japan's broader security and defence posture in the years to come it is not a policy document.<sup>13</sup> The content of the NSS is in most cases not directly usable to guide “specific policy decisions” in areas such as the defence forces, export control or defence industry policy. Rather it states the principal directions in which policy makers should try to move. Policy-relevant guidelines are provided in a series of other documents that cover more specific details in different areas related to defence. A key document concerning the Self

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<sup>9</sup> National Security Strategy of Japan (2013), p. 14

<sup>10</sup> National Security Strategy of Japan (2013), p. 23-27

<sup>11</sup> National Security Strategy of Japan (2013), p. 4

<sup>12</sup> The Economist, “Abe’s Last Chance”, 6 December 2014. URL: <http://www.economist.com/news/leaders/21635488-japan-desperately-needs-economic-reform-shinzo-abe-still-offers-best-chance-abes>; Green, Michael J. and Szechenyi, Nicholas (2013), “US-Japan relations; Abe Settles In”, *Comparative Connections*, Center for Strategic & International Studies (CSIS), September.

<sup>13</sup> Heigo Sato (2015), “Japan’s Arms Export and Defense Production Policy”, Japan Chair, Center for Strategic & International Studies (CSIS).

Defense Forces (SDF) is the National Defense Programme Guidelines, which was last published in 2013 for implementation from 2014.

### **A National Security Council is formed**

The formation of a National Security Council (NSC) and a National Security Secretariat to support it was discussed within the Abe government in parallel to the drafting of the NSS. The new organization was approved by the Diet in December 2013 and launched in 2014. The aim was to establish “a forum which will undertake strategic discussions under the Prime Minister on a regular basis” and when need arises having an expert body to support “strong political leadership” when national security issues so requires.<sup>14</sup> In part the set-up has been modeled on the American NSC.

The NSC is an elaborate inter-agency organization including several cabinet members as well as civilian and military staff set up to improve inter-governmental and inter-agency coordination. At its core the NSC is a high level executive body which is based around three principal meeting formats.<sup>15</sup> First is the *4-Ministers Meeting* which in principle includes the Prime Minister, the Ministers of Defence and Foreign Policy and the Chief Cabinet Secretary, but can be attended by others as seen fit.<sup>16</sup> This constellation is to meet regularly, every other week, which gave a total of 28 meetings for 2014.<sup>17</sup> The 4-Minister Meeting is to oversee and take decisions on fundamental policies related to national security.<sup>18</sup>

The *9-Minister Meeting* was a format which had existed before and was included in the new organization as well.<sup>19</sup> According to the official description it is more focused on civil security and civil defence matters, but as the organization evolves over time cabinet preferences may convene the 9-Minister Meeting for other purposes. The third format is the *Emergency*

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<sup>14</sup> Ministry of Foreign Affairs of Japan, “Japans Security Policy”.

<sup>15</sup> *Defense of Japan 2014*, Japan Ministry of Defense, p. 125-127 URL: [http://www.mod.go.jp/e/publ/w\\_paper/pdf/2014/DOJ2014\\_2-2-1\\_web\\_1031.pdf](http://www.mod.go.jp/e/publ/w_paper/pdf/2014/DOJ2014_2-2-1_web_1031.pdf)

<sup>16</sup> *Defence of Japan 2013*, Japan Ministry of Defense, p. 105, URL: [http://www.mod.go.jp/e/publ/w\\_paper/pdf/2013/24\\_Part2\\_Chapter1\\_Sec4.pdf](http://www.mod.go.jp/e/publ/w_paper/pdf/2013/24_Part2_Chapter1_Sec4.pdf)

<sup>17</sup> “National Security Council gradually makes presence felt in first year”, *The Asahi Shimbun*, Jan. 5, (2015), URL: [http://ajw.asahi.com/article/behind\\_news/politics/AJ201501080068](http://ajw.asahi.com/article/behind_news/politics/AJ201501080068)

<sup>18</sup> Masayuki HIROMI (2014), *Act of Partial Revision of the Establishment of the National Security Council of Japan and a Related Act*, Institute of Comparative Law, Waseda University, January 17, URL:

[http://www.waseda.jp/hiken/en/jalaw\\_inf/topics2013/legislation/004hiromi.html](http://www.waseda.jp/hiken/en/jalaw_inf/topics2013/legislation/004hiromi.html)  
<sup>19</sup> “National Security Council gradually makes presence felt in first year”, *The Asahi Shimbun*, Jan. 5, (2015), URL:

[http://ajw.asahi.com/article/behind\\_news/politics/AJ201501080068](http://ajw.asahi.com/article/behind_news/politics/AJ201501080068)

*Situation Minister Meeting* which is to convene when Japan is faced by emergencies which need national responses.

The Secretariat is the administrative body of the NSC and is headed by a Secretary General directly under the Deputy Chief Cabinet Secretary. Its task is to plan, coordinate and ensure effective inter-agency coordination to effectuate the NSC's policy decisions. Most important in this regard is the ability to collate and disseminate information amongst the different government agencies and within the cabinet. The inability to access relevant information and data has for long been a big challenge for the government, and the Secretariat was established in large part to get to grips with this problem. There has been a discussion that the roughly 70-person strong secretariat is understaffed and unable to fulfil all its tasks. On the other hand reports suggest that this partly has to do with the fact that it early on was given more tasks than first envisioned, like drafting "legislation related to national security".<sup>20</sup> This may be an early indication that the Secretariat has quickly established a well-functioning and trusted way of working with the Cabinet.

The future reaction to and management of new crises will give more data to show how effective the NSC is and if the centralization of security decision making works as the policy maker has envisioned. An expert opinion by professor Yasuhiro Matsuda of the University of Tokyo suggests that by early 2015 it had "passed the test in terms of improving the sharing of information about national security among relevant Cabinet ministers and ministries" but that there was a further need to centralize decision-making in crisis situations.<sup>21</sup>

## **2:2 The 2014 National Defense Program Guidelines and Mid-term Defense Program**

The National Defense Program Guidelines for FY2014 and beyond (NDPG 14) outlines the basic defence planning and acquisition programmes that the Self Defense Forces (SDF) will have to undertake during the coming decade. The Mid-term Defense Program FY 2014-FY2018 (MTDP) is a more detailed document which translates the basic defence goals and strategies in the NDPG 14 into defence materiel and acquisition programmes and organizational plans for the SDF. The latest versions of the NDPG is the fifth to be issued by Japan. Initially thought of as a document to guide defence

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<sup>20</sup> Ibid.

<sup>21</sup> Cited in, "National Security Council gradually makes presence felt in first year", *The Asahi Shimbun*, Jan. 5, (2015), URL: [http://ajw.asahi.com/article/behind\\_news/politics/AJ201501080068](http://ajw.asahi.com/article/behind_news/politics/AJ201501080068)

posture for a time span of ten years or more, the interval has shortened, itself an indication of the quickening defence reform pace in Japan. The first National Defense Program Outline (NDPO) was issued in 1976, with updates in 1995, 2004 (when NDPO became NDPG) and 2010 respectively.<sup>22</sup> Both the NDPG 14 and MTDP 14 are unprecedented in their close alignment with the ambitions and goals outlined in the NSS.

The basic assessment advanced in the NDPG is that Japan faces an “increasingly severe security environment”, and therefore must “develop a highly effective joint defense force and make efforts to employ it with a high level of flexibility and readiness...”.<sup>23</sup> Mirroring the NSS, the NDPG 2014 emphasizes a stronger alliance between the U.S. and Japan as well as between Japan and other countries and organizations in Asia as well as in the West. The concept, “dynamic defense”, which focuses on flexibility, mobility and the defense of southern Japan, has replaced the old Cold War concept of “basic defense” which focused on the defence of the northern part of Japan against the Soviet Union. The NDPG 14 also underlines the SDF’s focus on “proactive contribution to peace”. This signals that SDF will take a more active role in peace keeping missions, and that Japan views contributions in this field important both from a security and diplomatic point of view. Deterrence is also given greater importance, and intended reforms in defense posture should also strengthen a credible deterrent force in order to prevent challenges “of the status quo by force”.<sup>24</sup>

The defence strategies are elaborated on further in the MTDP 14. Japan will further reorganize the Ground Self Defence Forces (GSDF) to achieve more flexibility. Rapid deployment formations will be created to “respond swiftly” to contingencies such as attacks or incidents on remote islands.<sup>25</sup> These will be supplied with transports and vehicles for improved mobility such as amphibious landing crafts and more helicopters. ISR-capabilities<sup>26</sup> will also be improved to achieve early warning and better situational awareness over all of Japanese territory. The MTDP also emphasizes the importance of achieving air and maritime supremacy. A range of new and modern defence systems will be acquired such as F-35 fighters, and Patriot PAC-3 surface-

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<sup>22</sup> Ministry of Defence of Japan (2013) *Defence of Japan 2013*, p. 107-110, URL: [http://www.mod.go.jp/e/publ/w\\_paper/pdf/2013/25\\_Part2\\_Chapter2\\_Sec1.pdf](http://www.mod.go.jp/e/publ/w_paper/pdf/2013/25_Part2_Chapter2_Sec1.pdf)

<sup>23</sup> Ministry of Defense of Japan (2013), *National Defense Program Guidelines for FY 2014 and Beyond*, 17 December, p. 6. URL: [http://www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217\\_e2.pdf](http://www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217_e2.pdf).

<sup>24</sup> *Ibid.*, p. 13.

<sup>25</sup> Ministry of Defense of Japan (2013), *Medium Term Defense Program (FY2014-FY2018)*, 17 December, p. 4

<sup>26</sup> Intelligence, Surveillance, Reconnaissance (ISR)

to-air-missiles. More fighter squadrons will be stationed on Okinawa in the south of Japan. In the maritime domain Japan will acquire a range of new advanced sub-surface, surface and airborne assets. The combination of more focus on air superiority and acquisition of the F-35 “Joint Strike Fighter” has been a contentious issue since the offensive “strike” capabilities are by some viewed as Japan abandoning its strictly defensive posture.<sup>27</sup>

The acquisition of new defence materiel for modernizing SDF capabilities hinges on and is directly linked to Japan’s defence industry policy, which has also received due attention from the Abe government. It also relates to new directions in the arms export control policy which up till now has placed far reaching restrictions on both the government and industry’s ability to co-develop and export defence equipment and technology. In 2014 two policy documents were published by the government detailing a loosening of the strict export control principles and a new defence industry strategy.

In following the directions and plans in the NDPG 14 and MTDP 14 Japan builds a much more versatile, better coordinated and more high-tech systems of systems defence force. It will be able to respond more flexibly to a range of contingencies, from small scale incidents to full war, over the full territory of Japan including far away islands and sea areas. The force will be quicker to respond, have better situational awareness and better ability to link different services together in the operational theatre. Interoperability with the advanced defence infrastructure used by the U.S. will also improve making Japan part of a region-wide defence system.

## **2:3 Collective Self Defence and the 2015 reinterpretation of defence provisions in the constitution**

After the Abe government came to power another key discussion picked up, that about a constitutional reform, or rather a reinterpretation of the article 9 of the constitution in which war is renounced. During the 1960’s strict interpretation of the two short paragraphs of article 9 were made. In 1972 the Japanese government issued a policy statement that Japan interpreted the constitution to mean that collective self defence, a right every country has according to universal UN declarations, was not possible for Japan. This self-imposed restriction severely restricted Japan from collaborating on defence

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<sup>27</sup> *Defense Industry Daily* (2016), “Japan’s Next F-X Fighters: F-35 Wins Round 1”, February 18, URL: <http://www.defenseindustrydaily.com/f22-raptors-to-japan-01909/>

issues internationally. Specifically, it had far reaching effect on the Japan-U.S. alliance.

The alliance had been the cornerstone of Japanese security arrangements since after the war, yet Japan's self-imposed restrictions made joint training and planning for the defence of Japan near impossible in all but special circumstances. In case of offensive war Japan would be defended independently by two armed forces with only limited capacity and right to coordinate between themselves. The principles adhered to by Japan were all the more puzzling as a large contingent of U.S. troops had been based in Japan proper for decades.

The constitutional reform was debated widely from 2013, suggested by the government in a bill in 2014. The legally based reinterpretation of the constitution's article 9 was adopted by the Diet on September 19, 2015 after fierce debate. The re-interpretation of current laws provides the Self Defense Forces (SDF) with rules of engagement that allow them to protect other forces for the first time in decades. Although the Diet will have to approve any deployments abroad—a concession by Prime Minister Abe to get some smaller parties to approve the new laws – the laws make it possible for Japanese troops to participate in joint UN peacekeeping missions in more forceful roles as well as work more effectively with U.S. forces in the protection of Japan in regional contingencies. The ratification of the new laws by the Diet signals the end of a long process of formulating a new defence posture. It is also a key issue with regards to the attempts to reform and revitalize the alliance with the United States and the process of re-interpreting the constitution ran in parallel with renewed efforts to upgrade the alliance.

## **2:4 The 2015 Guidelines for Japan-U.S. Defense Cooperation (Guidelines) – reforming the Alliance with the U.S.**

On April 27, 2015 Japan and the U.S. signed a new set of guidelines that detail the most extensive changes to the two countries defence alliance in over fifty years. The alliance has developed from one focused solely on the defence of Japanese territory during the Cold War to one reflecting the dynamic, multifaceted and international nature of security in the post-Cold War world. As the most important security relationship for Japan and a cornerstone of U.S. engagement for peace and security in North East Asia, the reformed alliance has great impact not only regionally but potentially on a global scale.

The new guidelines outline a series of initiatives that will draw the two allies even closer in security policies and defense operations. The strategic goal is to build a more seamless and coordinated working relationship that spans foreign, security and defence policy issues of mutual concern. A range of evolving security challenges prompt these initiatives, including cyber threats, and space. Actions taken in these areas are supplemented by new initiatives to strengthen extended deterrence, and incident management in crises that fall short of war. The goal is to both strengthen the defence of Japanese territory and promote regional stability in East Asia.

The primary benefit to the United States will be a more capable alliance partner, as the SDF will be empowered to protect American assets and work more closely with their American counterparts. On the Japanese side, the agreement will help Japan reinvigorate and strengthen its defence forces. As part of implementing the new guidelines Japan will also go through a process of clarifying what the constitutional reinterpretations of article 9 mean in practice. Thus the alliance reform process will help the Japanese defence sector writ large to adjust to the new defence policies Japan pursues.

### **Alliance legacy**

The signing of the 2015 Defence Guidelines is the latest phase in an evolving defence relationship dating back to the end of the Second World War. At first U.S. military presence in Japan was forced upon Japan as a direct result of the Pacific War, as was its “peace constitution”. The objective was to dissuade future Japanese revanchism. But Cold War dynamics soon meant a shift of focus for the United States. Japan became an important forward deployment area from which the U.S. could deter and contain Soviet expansion. In 1960 the U.S.-Japan Security Treaty was signed codifying how the two would cooperate to defend Japan. Strict Japanese interpretation of the constitution and a division between the American “sword” implying offensive capabilities and the Japanese “shield” referring to defensive capabilities characterized the first phase of the alliance.<sup>28</sup> With the U.S. as the defence guarantor, Japan could limit defence spending and instead focus on economic reconstruction and development.

This imbalance and inequality in defence relations created a patron-client relationship between the allies. In the late 1970’s the allies saw an increased need to focus on defending Japan from Soviet invasion of the Northern territories, resulting in the 1978 Guidelines for Defense Cooperation. The focus was to improve interoperability and better define roles and missions of

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<sup>28</sup> Rubinstein, Gregg (2001), *US-Japan Security Relations in Transition: Reflection of a Committed Sceptic*, unpublished paper, September, p. 4.

the two allied forces. In practice, Japan demonstrated an increasing willingness to provide for its own self-defense.

The 1990s brought both uncertainty and new challenges. The Soviet threat dwindled away and other issues such as the nuclear programmes and aggressive posturing by North Korea gained more prominence. Japan's inability to contribute troops or material to the U.S. campaign in Iraq, coupled to the evolving threat on the Korean peninsula was recognized as an alliance challenge given that Japan would not be able to assist the U.S. in cases of contingencies outside Japan.<sup>29</sup> This recognition led to a revised set of Guidelines being issued in 1997;<sup>30</sup> these expanded the goal of the alliance to preserving peace and stability in the East Asia region.

### **The 2015 Guidelines**

The first decade of the 2000s was dominated by a fundamental shift of power towards Asia, in particular as a result of the rise of China. The war on terrorism as well as the maturing and securitization of new technological domains such as space and cyberspace also shaped the alliance between the US and Japan. As China's strong economic growth and rapid military modernization became increasingly apparent, the U.S. embarked on a strategy of rebalancing to East Asia in an attempt to ensure that China remains committed to the rules of the current world order and refrain from challenging the status quo. This pushed the Japan-U.S. alliance to the fore, making it a central relationship for Washington both regionally and globally.

The 2015 Defence Guidelines represent the latest step in a reform process that Japan has been undertaking since 2000. It builds on the security policy and export control revisions of previous years to construct a new, more coherent, coordinated, and broad alliance platform from which to deal with national, regional and global challenges and threats.

The Guidelines begin by stating that:

*In order to ensure Japan's peace and security under any circumstances, from peacetime to contingencies, and to promote a stable, peaceful, and prosperous Asia-Pacific region and beyond, bilateral security and defense cooperation will emphasize:*

- *seamless, robust, flexible, and effective bilateral responses;*

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<sup>29</sup> Przysup, James J. (2015), *The U.S.-Japan Alliance: Review of the Guidelines for Defense Cooperation*, Center for Strategic Research, INSS, National Defense University, March.

<sup>30</sup> Ministry of Defense of Japan, "The Guidelines for Japan-U.S. Defense Cooperation", 23 September 1997. URL: [http://www.mod.go.jp/e/d\\_act/anpo/19970923.html](http://www.mod.go.jp/e/d_act/anpo/19970923.html).



- *synergy across the two governments' national security policies;*
- *a whole-of-government Alliance approach;*
- *cooperation with regional and other partners, as well as international organizations; and*
- *the global nature of the Japan-U.S. Alliance.*

Many of the principles stated in the document have been alluded to in previous alliance guidelines but the tone, ambition and clarity of objectives and mutual responsibilities have not been seen before. Extended deterrence is a case in point. The credibility of the U.S. nuclear deterrent has been a constant source of debate and public uncertainty, in turn prompting questions abroad about Japan's own deterrence plans and possible nuclear hedging. The 1997 Guidelines state that "...both Governments will firmly maintain...security arrangements....[and] defence postures....Japan necessary self-defence forces....[and] the United States its nuclear deterrent capability....". The more direct language in the 2015 Guidelines is an attempt to do away with any uncertainty pertaining to the credibility of U.S. deterrence. It states that "The United States will continue to extend deterrence to Japan through the full range of capabilities, including U.S. nuclear forces".<sup>31</sup>

The Guidelines go on to address basic tenets of the closer cooperation the countries will work to ensure. A key formulation is "seamless and effective whole-of-government"-approach. Its provisions also make it clear that new and enhanced mechanisms for alliance coordination will be established. Especially important are the ambitions to expanded joint military planning for peacetime and war. In addition to *extended deterrence* there are three key components of the new approach – collective defence of Japan in war and "gray zone"-incidents, regional security and stability in the Western Pacific, and the emergence of new threats for example in space and the cyber arena. The new Japanese ambitions to expand "defence equipment and technology cooperation" with the U.S. is also addressed. The consequence will likely be that joint defence research between the US and Japan will expand considerably. This issue is in turn closely linked to the reforms and changes in arms exports policy Japan has been undertaking and which are discussed in chapter 2.

The process of reviewing the Japan-U.S. Defence Guidelines undertaken between 2013 and 2015 reflect the incremental steps taken by the two nations

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<sup>31</sup> Japan Ministry of Defense, "The Guidelines for Japan-U.S. Defense Cooperation", 27 April 2015. URL: [http://www.mod.go.jp/e/d\\_act/anpo/shishin\\_20150427e.html](http://www.mod.go.jp/e/d_act/anpo/shishin_20150427e.html)

during the last ten years to improve cooperation, planning and training for a wider set of security related contingencies. The Guidelines themselves constitute the foundation on which a substantially revised alliance relationship can be built in the future.<sup>32</sup> Japan's embrace of collective self-defence in some circumstances is a fundamental prerequisite but also paves the way for more effective collaboration. The expansion of Japanese responsibility for its own defence as well as wider regional issues is a long sought after and hoped for development in Washington. The close alignment of security assessments, interests and threat perceptions will be an important driver for integration in operationalizing the 2015 Defence Guidelines.

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<sup>32</sup> Mizokami, Kyle (2015) "Inside the New U.S.- Japan Defense Guidelines", *U.S. Naval Institute, News*, 29 April. URL: <http://news.usni.org/2015/04/29/inside-the-new-u-s-japan-defense-guidelines>



## **Chapter 3 – Revisions in export control, acquisition and defence industry policy**

This part discusses changes in Japan's defence export, industry and technology policies since 2013 by analyzing some key government documents and law revisions that have been issued.

### **3:1 The 2014 revisions in arms export principles – practical implications**

In a decisive shift from earlier policies the Japanese government has acknowledged that exports of defense-related materiel is a legitimate activity in support of foreign and national security policy interests. The new policies guide how to and under what criteria exports from Japan will be possible. The key issue in implementing the new policy is to find an acceptable balance between export promotion and export control. Public opinion will be wary of exports and parts of the traditional export control bureaucracy is likely to take a careful and conservative view of implementation. The view of what are legitimate exports will for these and other reasons remain narrowly defined for the foreseeable future.

Japan announced a set of new principles for defence materiel and technology transfer to other countries in April 2014. The old guidelines, formally known as the “Three Principles on Arms Export”, were adopted in 1967 and supplemented to include even stricter interpretations and limitations in 1976.<sup>33</sup> These self-imposed restrictions made all but a few special cases of defence collaboration with the United States near impossible. Any exports of defence material such as “ammunition, the transfer of defense technologies, investment in defense industries overseas, and military-related construction” were prohibited for all practical purposes.<sup>34</sup> It is however important to note that, in the words of professor Heigo Sato, “the original three principles were merely an administrative guideline” for practically implementing the 1949 Foreign Exchange and Foreign Trade Law (FEFTL).<sup>35</sup>

There were several reasons for reforming export control policies. One is that without loosening restrictions on defence R&D collaboration and equipment

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<sup>33</sup> Ministry of Defense of Japan, Powerpoint presentation, available to the authors.

<sup>34</sup> Heigo Sato (2015), “Japan’s Arms Export and Defense Production policy”.

<sup>35</sup> Ibid.

transfers the defence and security policy goals expressed in the 2013 NSS would have been difficult to achieve. The NSS and the NDPG both underline the need for more joint collaboration with other countries in defence R&D as does the new Guidelines for Japan-U.S. Defence Cooperation. The problems have been increasingly apparent in several bilateral projects with the U.S. As with joint development of the Standard Missile-3 BMD interceptor, Japan has enacted exemptions to arms export restrictions on a case by case basis.

However, closer scrutiny of Japan's efforts to implement its F-35 program from 2011 showed that its export control system had reached its limits. As part of the negotiation process when Japan selected the F-35 as its new fighter (decided on in 2011)<sup>36</sup> Japan expected to take a big part in license production of parts both for the Japanese F-35's but also to be used in the global logistics system in support of the F-35 system. Reports have varied but at times it was expected that Japan deliver around 40% of the components to its own F-35's.<sup>37</sup> Reporting indicates that Japanese industry will be involved in work on aircraft bodies, mission-related avionics, and engines.<sup>38</sup>

At the same time the Japanese government pressed strongly for inclusion of Japanese produced parts into the international parts supply pool. Defence Ministry officials saw Japanese production of spare parts within the F-35 consortium as critical to its strategy of industrial base strengthening through acquisition of the F-35. It was also a way of alleviating the high cost of the Japanese fighters, which was predicted to rise further as a result of problems in and restructuring of the F-35 programme.<sup>39</sup>

This however put Japan in a defence export dilemma. Spare parts from Japan might end up in countries that Japan could on no account export too. Then Defence Minister Onodera latter confirmed this problem in a press conference

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<sup>36</sup> Dawson, Chester (2011) "Japan Chooses F-35 For Next Generation Fighter", *International Herald Tribune*, December 20, URL: <http://www.wsj.com/articles/SB10001424052970204879004577109322507481512>

<sup>37</sup> *Defense Industry Daily* (2016), "Japan's Next F-X Fighters: F-35 Wins Round 1", February 18, p. 2 URL: <http://www.defenseindustrydaily.com/f22-raptors-to-japan-01909/>

<sup>38</sup> *Defense Industry Daily* (2016), "Japan's Next F-X Fighters: F-35 Wins Round 1", February 18, p. 2 URL: <http://www.defenseindustrydaily.com/f22-raptors-to-japan-01909/>

<sup>39</sup> Sullivan, Michael J. (2012) *Testimony Before The Subcommittee on Tactical Air and Land Forces, Committee on Armed Services, House of Representatives: Joint Strike Fighter, Restructuring Added Resources and Reduced Risk, but Concurrence Is Still a Major Concern*, United States Government Accountability Office, March 20, p. 1 and Gertler, Jeremiah (2014) *F-35 Joint Strike Fighter (JSF) Program*, Congressional Research Service, April 29, p. 17.

in early 2013 stating that should Japanese parts be “exported to Israel, [this] would conflict with the governments three principles on arms export”.<sup>40</sup>

In 2012 to 2014 the government therefore insisted on unacceptably restrictive conditions for transfers of parts – especially to non-U.S. F-35 users. After months of negotiation mainly between the U.S. and Japan acceptable terms were finally agreed on. The negotiations had run in parallel to the Japanese discussion on the revision of the arms export revisions and were concluded only weeks before Japan unveiled its new three principles.<sup>41</sup>

Thus, the F-35 deal was one important motive and imminent driver for the government to change the export control principles.<sup>42</sup> But in the larger scheme it was an indicative issue showing that Japan needed to rethink its arms export policy or risk facing serious obstacles to achieving the planned defence modernization as well as making further integration and interoperability with U.S. forces and their systems of systems defence architecture all but impossible to achieve.

At first glance the revised export guidelines closely adhere in style to the ones they replace. They even retain the same number of principles – three. Yet the three new principles mark a distinct practical departure from the old restrictions. The tone is set by their title, “The Principles on Transfer of Defense Equipment and Technology” suggesting this is what they are meant to allow rather than forbid.

“Defining cases where transfers are prohibited” is the content of the first principle.<sup>43</sup> Its three clauses are drafted to allow Japan and Japanese defence industry a wider set of research and technology transfer possibilities than before. Transfer that would violate Japan's obligations under international law are still prohibited. The new principles however more explicit state that this refers to cases where the UN has taken action to restore peace and order or in cases that would violate UN Security Council resolutions. The old principle prohibited collaboration and transfer to communist countries but this clause has been removed.

The second principle states conditions for permitting defense exports. Transfers that will contribute to “promotion of peace and security” will now

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<sup>40</sup> UPI (2013), “Japan has Concerns on F-35 Sales”, 31 January. URL: [http://www.upi.com/Business\\_News/Security-Industry/2013/01/31/Japan-has-concerns-on-F-35-sales/64861359659944/](http://www.upi.com/Business_News/Security-Industry/2013/01/31/Japan-has-concerns-on-F-35-sales/64861359659944/).

<sup>41</sup> Gregg Rubinstein (2015) *Impact of Japan's Arms Export Policy on Submarine Sales to Australia*, Background paper available to the authors, April 2, p. 2

<sup>42</sup> Interviews in Tokyo conducted by the author in 2012, 2013 and 2014 confirm this.

<sup>43</sup> Presentation by the Ministry of Defense of Japan, available to the authors.

be allowed. Joint research, development and transfer of defence material between Japan and its security partners, the U.S., being the most important, will be allowed under the new policy. The policies will also make it easier for Japan to participate in Peace Keeping Operations by relaxing the regulations for bringing defence material outside of Japan.

The third principle discusses how exports and transfers are to be controlled in the future. The issue of how to organize and administer export control is important since the implementation process will decide what Japan's export control policy will be in practice. The Ministry of Trade, Economy, and Industry's (METI) Security Export Control Division will continue to handle licensing of defence

related exports. They have a solid record in export control aimed at non-proliferation of arms and WMD. They have little experience in issuing licenses and continue to take a case by case approach to transfers. It will take time for METI to establish precedents and define an export control regime that implements the new Defense Export Policy. This is why all licensing decisions continue to be referred to the National Security Council for final approval. The goal is that METI in the future will take responsibility for approval of 'routine transfers'. When this will happen is unclear. There is however a critical need for a more structured export control regime administration in METI, as well as an enhanced cooperation with the NSC in interagency review of particularly sensitive export cases, if the implementation of the new export control principles are to be effective.

Taken together the new guidelines codified in the new three principles on defence exports are in line with the general goals of current defence reforms. It is meant to provide more leeway for both government and defence industry activities. As a balance it also centralizes key decision making on export control matters. For the export control sector this measure is not triggered by concerns in the non-proliferation area where Japan has a long experience and solid track record. Rather it is meant to insure both a skeptical public and bureaucracy that Japanese arms will not be exported for use in ongoing conflicts. It is also meant to calm public fears that the defence industry will begin to seek profit from war. It therefore emphasizes the key responsibility of central government functions, the NSC, the Prime Minister's office and a more structured METI export control regime for continued restraint in arms exports, even while allowing wider R&D collaboration and later on some key exports of weapons systems.<sup>44</sup> As in other areas of reform the new export control principles are policy statements that require careful implementation.

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<sup>44</sup> Heigo Sato (2015), "Japan's Arms Export and Defense Production Policy", pp. 5-6.

It is up to the government system to implement the principles of the new export control guidelines in the years to come. Japanese export control policy will be a work in progress which will likely continue leaning toward a restrictive approach. Apart from legal matters, governments that show too lax of an attitude risk being voted out of power by a still highly pacifist leaning and arms export skeptical public. There is also reason to believe that officials and experts are well aware that promoting of any arms export inherently carries substantial risks.

### **3:2 Japan begins to reach out on international programs: the 2014 defence industrial and technology base strategy**

The “Strategy on Defense Production and Technological Bases” was released by the Japanese government in June 2014, marking a radical shift in Japan’s defence industry policy. The new strategy updates and replaces the “Basic Policy on Development and Production of Defense Equipment” from 1970. The 2014 defence industry strategy is based on the NSS and is concerned with the future of the domestic defence industry in light of limited funds and resources.<sup>45</sup> According to Heigo Sato, the strategy outlines “practical reasons why the current regulations must be reviewed”, citing among other things the changing security environment surrounding Japan, the impact that has on the domestic defence industry and consequently the need to adapt to a new political reality.<sup>46</sup>

Sato argues that the defence industry strategy “could not have been established without the new three principles [on defence exports]”, noting the links between Japan’s ambition to increase exports and international defence industrial partnerships and the necessity of maintaining an advanced, competitive indigenous defence industrial base.<sup>47</sup> In other words, the strategy indicates that defence exports and joint R&D ventures are dependent on the sustainment of a competitive defence industry, and vice versa. Given the defence industry’s general lack of funds, resources and manufacturing facilities, the strategy emphasizes – among other things – domestic partnerships between private and public actors so as to circumvent or mitigate those inhibiting factors.<sup>48</sup> The strategy goes on to propose the

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<sup>45</sup> Heigo Sato (2015), “Japan’s Arms Export and Defense Production Policy”, p. 8.

<sup>46</sup> Ibid., p. 9.

<sup>47</sup> Ibid.

<sup>48</sup> Ibid.



creation of a defence equipment agency<sup>49</sup> in order to centralize the acquisition bureaucracy and promote more efficient procurement. It also outlines “five methods of defense procurement”, and discusses key areas of international cooperation which relate to the new export principles.<sup>50</sup>

The five methods of defense procurement are in fact not all new; three of those methods are the same as those pronounced in the Basic Policy from 1970. The three already existing methods are domestic development, licensed production and import of systems that cannot be domestically developed or produced through license. The two new acquisition methods in the 2014 strategy are 1) greater access to and cooperation with the private/commercial sector and 2) joint development and production with international actors.

The revisions to Japan’s arms export principles will likely result in a gradual proliferation of defense-related Japanese technologies, both those produced and developed by Japan and those developed by Japan with others in joint ventures. Significant steps have already been taken in the direction of exporting Japanese defence materiel. Soon after its re-interpretation of the arms exports principles, the Japanese government consented to the American wish to export the jointly-developed SM-3 Block IIA ballistic defence missile system to third countries.<sup>51</sup> Japan’s desire to provide Australia with its Soryu-class diesel-electric submarine is well known, and a defence cooperation treaty with Indonesia will likely give way to Japanese arms sales to Jakarta.<sup>52</sup> Indeed, “the marketing of Japanese military equipment has already begun, though cautiously and with an expectation that Tokyo is more likely to find success as a supplier of critical materials and high-tech components than of ships, planes and fully-fledged weapon systems.”<sup>53</sup>

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<sup>49</sup> This was established as the Acquisition, Technology and Logistics Agency (ATLA), a year after the strategy was released. ATLA is described in the next chapter.

<sup>50</sup> Heigo Sato (2015), “Japan’s Arms Export and Defense Production policy”, p. 10.

<sup>51</sup> However, according to an experienced expert it is likely that the SM-3 Block IIA system would have been approved for third country exports even without the revised export policy: it would have been given another “case-by case exception”.

<sup>52</sup> Mizokami, Kyle (2015), “Japan’s Emerging Defense Export Industry”. *U.S. Naval Institute*, News, 23 February. URL: <http://news.usni.org/2015/02/23/japans-emerging-defense-export-industry>.

<sup>53</sup> Lewis, Leo and Harding, Robin (2015), “Japan: A pacifist’s plan to arm the world”, *Financial Times*, 17 August. URL: <http://www.ft.com/intl/cms/s/0/1693203c-4280-11e5-b98b-87c7270955cf.html#axzz40Pd7JVFx>. The same article cited in this footnote rightly notes that supplying components inevitably means becoming a sub-contractor to a bigger, more marketable and more well-funded defence contractor.

Nevertheless, Japanese companies' penetration of the international market remains limited" since the 2014 decision to revise its export principles.<sup>54</sup> However, that is likely to change gradually over time as Japan's government and defence industry gain experience in the international market and in participating in joint programs. This is bound to be a lengthy process, given that "Japanese officials and business people have been left out of the procurement process around the world for decades."<sup>55</sup>

### **Interests and drivers for defence exports**

Like other countries engaged in defence exports, Japan's bid to become a bigger player on the global arms market is driven by both state and industrial interests. The industry's shift from isolation to now being given the chance to export its products has fundamentally depended on and been made possible by the state's political will. Similarly, the industry will, given its limited international experience, likely also depend on state institutions in approaching target markets and for support during negotiations. Defence exports will, as is the case with other countries, likely be preceded by bilateral or multilateral MOU's and treaties between states. It is also likely that the Japanese government will increasingly take into account the capacity, interests and needs of its domestic defence industry when formulating such arrangements.

According to a Japanese expert cited in Jane's Defence Industry, the "Japanese MoD orientation is to identify joint development programmes rather than exports. If Western governments start projects in areas of Japanese capability that can also be a catalyst for the Japanese industry."<sup>56</sup> This could be the way forward for Japan to start engaging its defence industry with the international market and to establish it as an international competitor. More importantly it allows for Japan to not only export defence products as a way to alleviate domestic costs and enable further development or production, but also to establish longer-term relationships with both foreign states and their defence industries.<sup>57</sup> Japanese officials increasingly view defence exports in strategic terms.<sup>58</sup> According to their view, it is a way to build ties that could help Japan achieve geopolitical ends. In other words, exports and joint development partnerships are viewed as an important

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<sup>54</sup> Grevatt, Jon, (2015), "Analysis: Japan taking small steps in international markets", *IHS Jane's Defence Industry*, 16 April. URL: <http://www.janes.com/article/50756/analysis-japan-taking-small-steps-in-international-markets>.

<sup>55</sup> Tate Nurkin, cited in Lewis, Leo and Harding, Robin (2015), "Japan: A pacifist's plan to arm the world".

<sup>56</sup> Lewis, Leo and Harding, Robin (2015), "Japan: A pacifist's plan to arm the world".

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

component in establishing strong strategic relationships with primarily other Asian states as a way to, for instance, balance China's growing regional influence.<sup>59</sup>

### **State-driven engagement in international defence partnerships**

Examples of the Japanese defence industry's outward push since 2014 abound. More importantly, that push seems to be driven primarily by the Japanese state rather than the industry, for a number of reasons. First, the structure of Japan's defence industry is such that major defence contractors are in fact relatively small parts of larger conglomerates whose industrial operations are oriented towards civilian production. Second, those conglomerates have well-established and traditionally close relationships to the state. The Japanese government has traditionally subsidized the defence industry, attesting to a state-industry connection that goes beyond organizational culture.

Since the lifting of the export ban, Japan has signed partnership agreements with the United Kingdom, Australia and France, and engaged India, Vietnam and Indonesia in a similar fashion.<sup>60</sup> While the new agreement with France "does not outline any new joint programmes, it does reiterate the two countries' willingness to participate in collaborative projects to develop and produce unmanned underwater vehicles and robot technologies as well as work together in cyber defence."<sup>61</sup> The UK-Japan Defence Equipment Cooperation Framework agreement signed on 4 July 2013 will "put in place the legal understanding that will enable joint research, development and production of defence equipment."

The UK is the first country in the world to sign such a comprehensive agreement with Japan since the creation of its "Guidelines on the Overseas Transfer of Defence Equipment etc".<sup>62</sup> According to the statement given at the time of the signing of the agreement, "the first collaboration project is expected to take place in the area of chemical, biological, radiological and nuclear protection. Further projects involving industry are expected to follow, and discussions have already taken place on the potential of working

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<sup>59</sup> Japan's growing defence partnerships with India is a good example of this dynamic.

<sup>60</sup> Grevatt, Jon (2015), "Japan, France sign agreement to advance defence industry collaboration", *IHS Jane's Defence Industry*, 15 March. URL: <http://www.janes.com/article/49953/japan-france-sign-agreement-to-advance-defence-industry-collaboration>.

<sup>61</sup> Ibid.

<sup>62</sup> Government of the United Kingdom (2013), "Foreign Secretary signs groundbreaking defence and security agreements with Japan", 4 July. URL: <https://www.gov.uk/government/news/foreign-secretary-signs-groundbreaking-defence-and-security-agreements-with-japan>.

together in other capability areas.”<sup>63</sup> This is similar to the subsequent agreement struck with Australia, where the two countries agreed to “make available to the other [...] defence equipment and technology necessary to implement joint research, joint development and production projects or projects for enhancing security and defence cooperation.”<sup>64</sup>

It should be noted that these are generic policy agreements, thus opening the way for project agreements in areas of common interest as they materialize. It should thus be seen as a formalized declaration of intent rather than something concrete. Nevertheless, such agreements are prerequisites for future project collaboration since establishment of an MOU provides a legal framework for cooperative activities.

Japan is also engaged in defence materiel and technology collaboration talks with Italy, Germany, Norway, Turkey, Israel and Bahrain.<sup>65</sup>

The authors have yet to find examples where Japan’s defence industry itself has pushed for or initiated collaboration with international partners. Indeed Japan’s widely publicized bid for Australia’s future submarine program has become a largely government-driven exercise (after an initial period where government agencies did not take an active role). This is not out of the ordinary from a wider international perspective. Many defence collaboration agreements or joint ventures are preceded by government-to-government contacts and frameworks which enable those ventures. Yet, coupled with the organizational links between the Japanese state and industry and given the lack of experience of the industry in engaging the global market, the Japanese government will inevitably play a key role in pushing industry out on the international stage.

## Challenges

While the political will and ambition to open up its defence industry to the international market is clear, Japan’s bid to successfully establish itself as a defence industrial power faces a number of challenges. While some challenges are political in nature – a large part of the population remains traditionally anti-militarist and pacifist – others originate from the industry itself.

One major challenge for Japan’s defence export ambitions is price. Japanese defence products are generally more expensive than those of potential

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<sup>63</sup> Ibid.

<sup>64</sup> Ministry of Foreign Affairs of Japan, “Agreement Between the Government of Japan and the Government of Australia Concerning the Transfer of Defence Equipment and Technology”. URL: <http://www.mofa.go.jp/files/000044447.pdf>

<sup>65</sup> Ministry of Defense of Japan, information brochure, available to the authors.

competitors, such as Turkey and Indonesia.<sup>66</sup> Limited production capacity increases costs, while Japanese defence industrial products are technologically advanced, which increases prices even more. For exports to be profitable and thus viable from an economic and indeed political point of view, domestic production capacities will need to increase, particularly if the export deal involves large batches of a particular materiel or system. This will also need to be coupled with establishing a more cost-effective management, production and acquisition system. As noted by researcher Gavan Gray, a “major problem for defence contractors is that the prohibitive costs of Japanese defence production can be born only by the largest of companies, such as Mitsubishi and Fuji, for whom the majority of their business lies in other [i.e. civilian] areas. Smaller and more specialized companies do not have the financial weight necessary to survive on an increasingly limited number of contracts [...]”<sup>67</sup>

A second challenge is the effects created by what Gray refers to as “a serious under-funding of [Japan’s] security system.”<sup>68</sup> Gray notes that “despite the country’s strong technological base the defense industry itself is in near freefall [as of 2012], with 56 companies leaving the defense sector between 2003 and 2010. Two of the largest defense manufacturers have even sued the Defense Ministry itself for failure to sustain full production of contracts they were awarded.”<sup>69</sup> The Abe administration seems to have dealt with the under-funding that has severely undercut the capacity of Japan’s defence industrial sector – at least to a certain degree.<sup>70</sup> However, the effects will likely linger on given the “market’s high barriers for entry and the dwindling pool of specialized research personnel.”<sup>71</sup>

In this context, the Japanese state’s long-running subsidies to the defence industry has created a related third challenge. While the industry has been sustained through these subsidies, they have also created an environment

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<sup>66</sup> Lewis, Leo and Harding, Robin (2015), “Japan: A pacifist’s plan to arm the world”.

<sup>67</sup> Gray, Gavan (2012), “Japan’s Defense Industry: Pacifism, Pragmatism and Necessity”. URL: <http://www.ritsueg.files.wordpress.com/2012/03/gray-japans-defense-industry.pdf>. Note: the “increasingly limited number of contracts” was a statement made before the 2014 lifting of the export ban, but in all likelihood any major export or international collaboration contract will likely go to the bigger defence conglomerates, effectively out-competing smaller firms due to sheer size of financial resources and production capacities.

<sup>68</sup> Ibid.

<sup>69</sup> Ibid.

<sup>70</sup> According to comments received by an expert on Japan’s defence industry, this is accurate only to a certain degree because Japan’s Ministry of Defence “has stretched procurement of major defence systems to fund industry and protect its budgets – at the cost of even more inefficient procurement.”

<sup>71</sup> Gray, Gavan (2012), “Japan’s Defense Industry: Pacifism, Pragmatism and Necessity”.

where competition is lacking and thus major advancements in technological sophistication and production relatively absent. As these subsidies continue, defence firms, in particular but not only the smaller ones, will have little appetite to expose themselves to the unforgiving competition of the international defence market. Indeed the industry does have mixed attitudes towards the prospect of increased exposure to international markets. Many defence firms have been quite content to accept rigid export restrictions in return for government subsidies, without which they would not survive. Shifting from subsidies to more open competition could for many Japanese firms be tantamount to their own demise.

A fourth challenge is the relatively underdeveloped integration between civil and defence technology in Japan. Under the rules of the export ban, defence industries could not share, jointly fund or co-develop military technologies with their civilian counterparts. The reason is that any influx or presence of military technology that later has been adapted for developing a civil product would prohibit the export of that product, and thus result in economic loss for the civil company. Greater civil and defence industrial integration will be necessary for Japan's global competitiveness on the defence market, as more often than before sophisticated defence technologies are generally researched and developed with the use of civil funds at civil research institutes that are connected to the civil industry. It is also a way of cutting, or rather sharing, costs and making use of already existing expertise.

Despite these challenges, Japan's entry to the international defence market is a reality and the participation of Japanese defence contractors in international joint-ventures is expected to increase. Moreover, given its technological edge in a number of areas such as robotics and electronics, analysts have argued that Japan could "quickly carve out a distinct niche in the global market."<sup>72</sup> It is perhaps more likely that Japan's niche will expand incrementally through focusing on areas such as dual-use technologies or where provisions of some advanced defence technologies can mitigate uncompetitive production costs.<sup>73</sup>

Japan's growing emphasis on engaging with the international market through joint development ventures is partly also defined by changes in the organization and bureaucracy that will be responsible for those activities. The Acquisition, Technology and Logistics Agency (ATLA) is a new organization that will – among other tasks – play a critical role in promoting the defence industry's participation in international defence programmes.

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<sup>72</sup> Ibid.

<sup>73</sup> Comments received by the author from an expert on Japan's defence industry.

### 3:3 Reform of the MOD procurement bureaucracy: the founding of ATLA

Tokyo's establishment of the ATLA on 1 October 2015, constitutes an effort to centralize, streamline and enhance Japan's military production and acquisition system. The establishment of ATLA represents both a continuation of the ongoing defense reforms and a major effort to reorganize the defence production system. The new agency is tasked with overseeing R&D and procurement programs. Its structure and missions are thus similar to South Korea's DAPA.<sup>74</sup> ATLA will also work with METI in implementing defense exports. ATLA is an agency directly subordinated to the Ministry of Defence and consists of around 1800 employees, including around 400 former JSDF employees.<sup>75</sup> The agency has also incorporated R&D and procurement bureaus which were previously operating within both the MoD and the various service arms of the JSDF.<sup>76</sup> ATLA is led by a commissioner, with Hideaki Watanabe being the first. Watanabe is the former Director General of the MoD's Technical Research and Development Institute (TRDI), which has been incorporated into ATLA.<sup>77</sup> ATLA is expected to control "nearly a third" of Japan's defence budget.<sup>78</sup>

ATLA will oversee the acquisition of materiel for the JSDF, including direction of R&D programmes carried out by industry and management of procurement activities. It will also develop defense industrial base strategy for production, international collaboration and acquisition reform. ATLA is thus an attempt to both create new and integrate existing functions within Japan's defense procurement system. ATLA may also play a role in facilitating private sector collaboration with foreign actors.<sup>79</sup> According to

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<sup>74</sup> Presentation by the Ministry of Defense of Japan, available to the authors.

<sup>75</sup> Grevatt, John (2015), "Japan launches new procurement agency", *IHS Jane's Defence Industry*, 1 October. URL: <http://www.janes.com/article/54984/japan-launches-new-procurement-agency>.

<sup>76</sup> Japan Times, (2015), "Defence Ministry launches new equipment management agency", 1 October. URL: [http://www.japantimes.co.jp/news/2015/10/01/national/politics-diplomacy/defense-ministry-launches-new-equipment-management-agency/#.Vq8vjFKGO\\_1](http://www.japantimes.co.jp/news/2015/10/01/national/politics-diplomacy/defense-ministry-launches-new-equipment-management-agency/#.Vq8vjFKGO_1).

<sup>77</sup> Grevatt, John (2015), "Japan launches new procurement agency".

ATLA's commissioner reportedly has a hierarchical rank equivalent to vice minister of defence.

<sup>78</sup> Nikkei Asian Review (2015), "Defense equipment agency to be launched later this year", *Nikkei*, 15 June. URL: <http://asia.nikkei.com/Politics-Economy/Economy/Defense-equipment-agency-to-be-launched-later-this-year>.

<sup>79</sup> Tatsumi, Yuki (2015), "Spotlight – Japan Wants to Streamline Its Defense Industry", *The Stimson Center*, 2 October. URL: <http://www.stimson.org/spotlight/japan-wants-to-streamline-its-defense-industry-1/>.

Yuki Tatsumi, a researcher at the US-based Stimson Center, ATLA's core missions are to:

- 1) *manage [MoD's] acquisition programs more efficiently;*
- 2) *enhance international cooperation in the area of defense equipment;*
- 3) *conduct cost-effective and timely research and development (R&D);*
- 4) *maintain and strengthen indigenous defense technological base, and*
- 5) *pursue greater cost-saving measures.*<sup>80</sup>

In an interview published by Nikkei Asian Review, ATLA Commissioner Watanabe identifies bi- or multilateral R&D collaboration and international procurement programs as two priority areas for the agency.<sup>81</sup> Watanabe highlights “sensors, composite materials, robotics technology” as areas of strength in Japanese defense technology and therefore also areas in which Japan will seek to engage in international R&D collaboration. Watanabe also identifies Unmanned Aerial Vehicle (UAV) technology as an area where Japan will seek to improve its capabilities through joint collaboration. In the interview Watanabe implies that international R&D collaboration could allow Japan to gain access to technologies that its domestic industry currently lacks, arguing for instance that “Japan must possess proprietary technology for military aircraft [...] we will look wherever the most able collaborators are”.<sup>82</sup>

According to Tatsumi, Japanese defence R&D and acquisition budgets are unlikely to “see a considerable increase” despite the fact that Japan’s defence budget has been rising since the Abe administration took office.<sup>83</sup> Keidanren, Japan’s business federation, noted in a report released in September 2015 – weeks prior to the formal creation of ATLA – that the budget for procuring “major domestic equipment” has not been increased.<sup>84</sup> Tatsumi consequently argues that Japan has no choice but to either increase its participation in international defence R&D and production networks or increase its volume of defence exports in order to alleviate costs. Engaging with the international defence market is necessary for Japan if it wants to

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<sup>80</sup> Ibid. This is in turn based on a statement made by Japan’s Ministry of Defense.

<sup>81</sup> Nikkei Asian Review (2015), “Japan eyes collaborative defense development at home and abroad”, *Nikkei*, 9 October. URL: <http://asia.nikkei.com/Politics-Economy/Policy-Politics/Japan-eyes-collaborative-defense-development-at-home-and-abroad?page=1>.

<sup>82</sup> Ibid.

<sup>83</sup> Tatsumi, Yuki (2015), “Spotlight – Japan wants to Streamline its Defense Industry”.

<sup>84</sup> Keidanren (2015), “Proposals for Execution of Defense Industry Policy”, *Keidanren – Japan’s Business Federation*, 15 September. URL: [https://www.keidanren.or.jp/en/policy/2015/080\\_proposal.html](https://www.keidanren.or.jp/en/policy/2015/080_proposal.html).



maintain a domestic defence industry that seeks to become less dependent on foreign defence technology.<sup>85</sup> This argument is supported by Keidanren, which in its report notes that the defence industry is facing challenges in securing profits and cash flows for upholding indigenous production and R&D capabilities.<sup>86</sup>

Keidanren argues that while acquisition programmes should “to some extent” prioritize domestically developed and produced defence materiel in order to support Japan’s defence industry, it is also “necessary to promote equipment and technology cooperation with foreign countries”.<sup>87</sup>

ATLA will be playing a key role in enhancing the domestic defence industry’s capabilities. Japan’s business federation also calls on ATLA to “swiftly start [indigenous] development projects of new equipment”, arguing that such projects would have ripple effects on the defence industrial sector.<sup>88</sup> Aerospace, UAV technology and C4ISR are among those technology areas cited in Keidanren’s report that ATLA should be concerned with developing further. Keidanren further calls on the new agency to promote dual-use R&D. The agency is also to play a critical part in enabling and promoting the defence industry’s engagement with the international market. According to news reports from 2015, ATLA “will also have a department specializing in negotiations on cooperation with other countries that will consist of 50 members, a significant increase from the current four [which seems to have been the case before the agency was set up – these were likely working within the Equipment Policy Office of the former Bureau of Finance and Equipment, which is now a part of ATLA]”.<sup>89</sup>

Tokyo’s ambitions pertaining to the future character of Japan’s defence industry have been made clear with the new political course set by the Abe-administration. Contrary to past practice, Japan is now promoting links between its long-isolated domestic defence industry and the global defence market. ATLA will have a critical role in promoting those links. While Japan will have to gradually overcome a variety of significant challenges, its international collaboration in defence R&D and production is no longer limited to bilateral arrangements with the United States.

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<sup>85</sup> Tatsumi, Yuki (2015).

<sup>86</sup> Keidanren (2015).

<sup>87</sup> Ibid.

<sup>88</sup> Ibid.

<sup>89</sup> Nikkei Asian Review (2015), “Defense equipment agency to be launched later this year”.

## Chapter 4 – Conclusions

This report discusses the wide ranging defence reforms the Abe-administration has pursued since 2013. The policy direction and goals of the reform have been codified in several government documents such as the overarching NSS, the more detailed SDF steering documents (NDPG 2014 and MTDP 2014) and the new Guidelines for Japan-U.S. Defense Cooperation. New policy interpretations of the constitution has opened for Japan accepting its right to collective self defence. Japan has decided to establish a NSC to better coordinate defence policy and ensure more efficient policy implementation. A secretariat has also been created to better coordinate amongst agencies and improve information sharing between government bodies.

The policy initiatives and reforms in the defence and security sphere that the Abe administration has pursued have been significant in a Japanese context. The reforms move Japan towards a more coherent defence and security posture that will give policy makers in Tokyo more leeway in defending both its territory and other key interests, as well as bringing Japan closer to a “normal” defence posture, even though the concept of Self Defence Forces is kept. The changes also expand Japan scope to cooperate with other states in the defence-related field, something which has hitherto been limited.

Although the defence reforms mean a distinct break with the strict pacifism of earlier decades, they are not based on the re-writing of existing laws. The constitution has not been changed and the basic export control laws remain intact. Rather it is a revision of policy guidelines and political interpretations of existing laws. Some of the reforms, like the reinterpretation of the constitution to allow for collective self defence, has been submitted to the Diet for approval and as such they do carry some legal weight. In light of earlier inability and unwillingness to change rigid interpretations of the defence laws and their implementation, the current reforms do constitute a big step for Japan.

Concurrently with and closely coupled too the more overarching defence policy reforms, Japan has undertaken a restructuring of its arms export and defence procurement systems. The re-interpretations of existing laws on arms transfer will make it easier for Japan to cooperate with other countries in the defence technology and materiel fields. It may also result in Japan becoming a direct exporter of defence components or entire systems. Expanded export possibilities are likely to facilitate an accelerated move towards more international engagement for the Japanese defence industry. The expectation among many analysts is, however, that this process will be slow. The long-isolated defence industry is still highly dependent on state

support and subsidies. Moving from its isolated position towards exposure to international competition will be challenging.

The industry remains highly dependent on the state, which is the principal actor pushing for the industry's participation in international defence programmes. It remains unclear whether attitudes within the industry will shift to become more enthusiastic about having more activities internationally. The reaction from the defence industry and its willingness to take initiative, has so far been lukewarm. The industry is unlikely to be enthusiastic about going abroad as long as state subsidies, insufficiently low cash flows, low production capacities and unwillingness to make use of civilian technologies remain.

There are however projects that could prompt the industry to more quickly reach out and acquire market shares. This is particularly true if Japan increasingly acts in accordance with its ambitions of engaging in international joint development programmes. The submarine discussions with Australia is one potential programme that could quickly push industry on to the international stage, as are some programmes undertaken with the U.S. ATLA, the newly established procurement agency under Japan's Ministry of Defence, will play a critical role in promoting participation in joint development programmes.

In early 2016 Japan's defence reforms are still in an early stage of implementation. The current and coming governments will have a key role in implementing the new policies. As defence policy has become more central than before, the formulation and execution of defence policy may become easier. On the other hand, a future change of government may mean a quicker turn-about in defence matters.

There are powers and opinions in Japanese society which remain pacifist to a large degree. These will influence both the implementation of the currently proposed reforms and any further changes towards a more military oriented foreign and security policy. However, the assertive behavior of China has become more apparent to the wider public. The 2010 fishing boat incident was by some accounts a water shed in the public opinions awareness of threats towards Japan. Yet the Abe government has been limited by public opposition to constitutional revision. Moreover, not only the government and the political parties but also the defence industry, the government bureaucracy and the SDF will remain sensitive to public sentiments. The space for further reform or rapid changes in defence policy is likely to remain limited. Is the influence of the conservative and status quo oriented bureaucracy also an issue? Will implementing bodies, for example in arms exports, continue to take a restrictive stance?

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## **Sammanfattning**

Japansk försvars- och säkerhetspolitik genomgår betydande förändringar. Den huvudsakliga drivkraften bakom den förändrade politiken utgörs av vad Japan uppfattar som ett allt mer osäkert säkerhetspolitiskt läge sitt närområde. Kinas framväxt och Nordkoreas provokativa agerande är nyckelkomponenter i den japanska hotbilden.

Denna rapport diskuterar de omfattande försvarsreformer som Abe-administration har genomdrivit sedan 2013. Genom en omtolkning av konstitutionen har Japan lyft det självpåtagna förbudet mot att utöva kollektivt självförsvar. Japan har antagit ett flertal nya inriktande strategidokument. Av särskild vikt bland dessa är Japans allra första nationella säkerhetsstrategi, som artikulerar huvuddragen i landets förhållningssätt till internationell säkerhet i en ny era. Japan har bildat ett nationellt säkerhetsråd i syfte att bättre koordinera försvarspolitiken och effektivisera implementeringen av policy. Japan har också vidtagit åtgärder som stärker alliansförhållandet med USA. Kopplat till dessa bredare politiska förändringar har Japan reformerat sitt försvarsexport- och materielanskaffningssystem. Genom omtolkningar av existerande försvarsexportlagstiftning har Japan utökat sina möjligheter att samarbeta inom teknologi- och materielutveckling med andra länder.

De försvars- och säkerhetspolitiska policyinitiativen och reformerna är av stor betydelse i den japanska kontexten. En lyckad implementering av dessa reformer skulle innebära att Japan tar ett tydligt steg bort från sin tidigare pacifistiska hållning. En förståelse för vad som framkommit hittills i Japans försvars- och säkerhetspolitiska förändringsprocess är av stor betydelse för de icke-japanska aktörer som avser att ingå i eller fördjupa sina relationer till den japanska försvarssektorn.



Japan is undergoing significant changes in terms of its threat perception as well as in its defense and security policy. These have primarily been prompted by a fast-changing security environment which Japan sees as more complex and challenging. The rise of China and North Korean belligerence are key components of Japan's threat perception.

This report discusses the significant defence reforms pursued by the Abe-administration since 2013. Japan has removed the self-imposed bans on collective self-defense by re-interpreting the constitution and has also adopted a number of new strategic documents. Of particular significance is Japan's first ever National Security Strategy which outlines the country's fundamental approach to international security in a new era. A National Security Council has been established to better coordinate defence policy and ensure more efficient policy implementation. The alliance with the United States has been strengthened. Closely coupled to these broader policy changes, Japan has reformed its arms export and defence procurement systems. The re-interpretation of existing laws on arms transfer makes it easier for Japan to cooperate with other countries in the defence technology and materiel fields.

The policy initiatives and reforms in the defence and security sphere have been significant in a Japanese context. If implemented according to the current political decisions they will constitute a distinct break with the strict pacifism of earlier decades. What has transpired to date is important to understand for non-Japanese actors seeking to establish or strengthen their relationship with Japan's defence and security sector.