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Advancing India's Rise as a Leading Power



POLICY BRIEF

Japan's Defence Export Policy Evolves and Pivots West

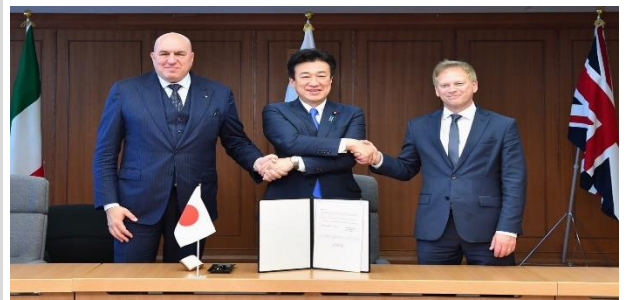
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ABOUT US

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Cover Photographs:

Prime Minister Kishida of Japan held a Summit meeting with President Biden of the United States of America in Washington D.C. on April 10, 2024. (Source: [Prime Minister's Office of Japan/Official Website](#))

Prime Minister of Japan, Fumio Kishida held a summit meeting and working dinner with President of Ukraine Volodymyr Zelenskyy on March 21, 2023. (Source: [Prime Minister's Office of Japan](#))

The Convention on the Establishment of the "Global Combat Air Programme – GCAP International Government Organisation" was signed between the Defence Minister Kihara of Japan, Secretary of State for Defence Shapps MP of United Kingdom and Defence Minister Crosetto of Italy on December 14, 2023. (Source: [MOFA Japan/Official X Account](#))

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by

Anshita Shukla and Divya Rai

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Introduction

The post-World War II security architecture in the Asia Pacific, undergirded by the United States (US) as a treaty ally, has allowed Japan to maintain a pacifist constitution as well as strict controls over defence exports. The US provides Japan with extended nuclear deterrence and the advanced capabilities required to ensure national security, including through the forward deployment of the US military across Japan.

In recent years, the regional landscape has undergone a dramatic shift, marked by the assertive actions of China in the western Pacific, a growing China-Russia nexus, and North Korea's expanding nuclear and missile programme.

In response to this rapidly evolving scenario, Japan has revised its national security strategy and hardened its defence posture to better navigate the growing contestations in its neighbourhood.

Japan has also modified, gradually and marginally, its strict restrictions on arms exports. The virtually complete ban on defence exports, initially eased in 2014 by former Prime Minister Shinzo Abe, has been further revised in 2023 and 2024, to enable Japan to engage in major arms exports on a highly conditional and selective basis.¹

One of the major changes introduced by the revision of Japan's arms export policy in 2024 is that it allows the export of completed defence equipment, including finished products licensed from foreign firms, to the licensing country and from there to third countries.² Another element of this policy shift also enables the Global Combat Air Programme (GCAP), being undertaken by Japan, the UK, and Italy, to eventually export jointly developed fighter jets to third countries.

This paper seeks to highlight the contours of Japan's evolving defence export policy and assess implications for India-Japan collaboration on defence equipment and technology.

¹ MOFA Japan, Japan's Policies on the Control of Arms Exports".
<https://www.mofa.go.jp/policy/un/disarmament/policy/index.html>

² Kosuke, Takahashi. "Japan Eases Rules on Lethal Weapon Exports." The Diplomat, December 29, 2023. <https://thediplomat.com/2023/12/japan-eases-rules-on-lethal-weapon-exports/>.

Regulatory Evolution

In the aftermath of World War II, Japan's defence posture was dictated by Article 9 of the Constitution of Japan. Under this article, Japan renounced war and committed itself to not maintaining "land, sea, and air forces" and any "other war potential"³. The Constitution was enacted when Japan was an occupied power under the US military, and was guided by Supreme Commander General Douglas MacArthur's "Three Principles" to prevent the rearmament of Japan⁴.

The pacifist provision of Article 9 was reinforced by the Foreign Exchange and Foreign Trade Act (FEFTA) of 1949. Based on FEFTA, the Ministry of Economy, Trade and Industry (METI), controls Japan's arms exports. The related Export Trade Control Order under FEFTA lists sixteen arms and arms production-related equipment (Table 1) that require export licenses to all destinations, since those transactions could be obstructive to the maintenance of international peace and security⁵. The only legislation governing Japan's defence exports was and continues to be FEFTA.

Arms and Arms Production-related Equipment Listed as Item 1 of the Annexed List 1 of the Export Trade Control Order	
(1)	Firearms and cartridges to be used therefor (including those to be used for emitting light or smoke), and accessories thereof, as well as parts thereof.
(2)	Ammunition (excluding cartridges), and equipment for its dropping or launching, and accessories thereof, as well as parts thereof.
(3)	Explosives (excluding ammunition) and military fuel.
(4)	Explosive stabilizers.
(5)	Directed energy weapons and parts thereof.
(6)	Kinetic energy weapons (excluding firearms) and equipment for their launching, as well as parts thereof.
(7)	Military vehicles, and accessories and bridges specially designed for military use thereof, as well as parts thereof.
(8)	Military vessels, and hulls and accessories thereof, as well as parts thereof.
(9)	Military aircraft and accessories thereof, as well as parts thereof.
(10)	Anti-submarine nets and anti-torpedo nets as well as buoyant electric cable for sweeping magnetic mines.
(11)	Armor plates and military helmets, as well as bullet-proof jackets and parts thereof.

³ "THE CONSTITUTION OF JAPAN." n.d.

https://japan.kantei.go.jp/constitution_and_government_of_japan/constitution_e.html.

⁴ "Japan's Postwar Constitution." n.d. <https://www.cfr.org/japan-constitution/japans-postwar-constitution>.

⁵ Government of Japan. 1949. "Foreign Exchange and Foreign Trade Act." Foreign Exchange and Foreign Trade Act. <https://www.cas.go.jp/jp/seisaku/hourei/data/FTA.pdf>.

(12)	Military searchlights and control equipment thereof.
(13)	Bacterial, chemical, and radio-active agents for military use, as well as equipment and parts thereof for dissemination, protection, purification, detection, or identification thereof.
(13-2)	Chemical mixtures specially formulated for the decontamination of objects contaminated with biological agents and radioactive materials adapted for use in war and chemical warfare agents.
(14)	Biopolymers for detection and identification of chemical agents for military use and cultures of cells for production thereof, as well as biocatalysts for decontamination and degradation of chemical agents for military use and expression vectors, viruses or cultures of cells containing the genetic information necessary for production thereof.
(15)	Equipment and parts thereof for the production or testing of military explosives.
(16)	Equipment for the production or testing of arms, as well as parts and accessories thereof.

Table 1: Arms and Arms Production-related Equipment Listed as Item 1 of the Annexed List 1 of the Export Trade Control Order⁶

The first pronouncement of an independent Japan on its defence export policy was made by Prime Minister Eisaku Sato to the National Diet on December 11, 1967. These “Three Principles on Arms Exports” prohibited arms exports to i) the Communist bloc; ii) countries subject to arms embargoes imposed by United Nations Security Council resolutions; and iii) parties to an international conflict or countries that may become a party to an international conflict⁷.

From 1976 to 1983, this policy was extended to impose a complete ban on arms exports to all regions of the world.

The first exception to this blanket ban on arms exports came through the “Chief Cabinet Secretary’s Statement on Arms Technology Licensing to the United States” in 1983. The Government of Japan allowed the transfer of military technologies, including arms which are necessary to make such transfers effective, to the United States. Since the change, Japan has transferred to the US technology related to portable SAMs, technology for the construction and remodelling of US naval vessels, technology related to the next generation support fighter (FS-X), technology for the Digital Flight Control System (DFCS) to be installed on P-3C anti-submarine patrol aircraft, and technology related

⁶ “MOFA: Arms and Arms Production-related Equipment Listed as Item 1 of the Annexed List 1 of the Export Trade Control Order.” n.d.

<https://www.mofa.go.jp/policy/un/disarmament/policy/annex1.html>.

⁷ “MOFA: Japan’s Policies on the Control of Arms Exports.” n.d.

<https://www.mofa.go.jp/policy/un/disarmament/policy/index.html>.

to joint research on a ducted rocket engine⁸. In 1999, the exemption was extended to allow cooperative research between Japan and the US on ballistic missiles and missile defence⁹.

From 1983 to 2013, exemptions of varying kinds were also made for Indonesia¹⁰, Haiti¹¹, the Philippines¹², and the UK¹³.

The blanket ban of 1976 was relaxed in 2014, when the 'Three Principles on Arms Exports' were replaced by the 'Three Principles on Transfer of Defence Equipment and Technology'. The revised policy specified three principles (Figure 1): (i) cases where transfers are prohibited; ii) cases where, after strict examination and appropriate control, transfers may be permitted; and iii) cases requiring prior consent regarding extra-purpose use and transfer to third parties¹⁴.

Since 2014, Japan has signed eleven bilateral defence equipment and technology transfer agreements, including with India¹⁵.

A decade after the relaxation of restrictions in 2014, the Government of Japan introduced yet another series of revisions to the country's defence export policy. On December 22, 2023, Prime Minister Fumio Kishida announced relaxations to the 'Three Principles on Transfer of Defence Equipment and Technology' allowing Japan to export finished defence products, including lethal ones, manufactured in Japan under foreign license, to the countries that hold patents for the equipment¹⁶. In addition, finished defence equipment can

⁸ "MOFA: Japan-U.S. Cooperation in Equipment and Technology." n.d. <https://www.mofa.go.jp/region/n-america/us/q&a/ref/9.html#link>.

⁹ "MOFA: [1997 Diplomatic Bluebook] Chapter II - a. Ensuring Peace and Stability." n.d. <https://www.mofa.go.jp/policy/other/bluebook/1997/II-a.html>.

¹⁰ "MOFA: Grant Aid to Indonesia for the Project for Construction of Patrol Vessels for the Prevention of Piracy, Maritime Terrorism and Proliferation of Weapons." n.d. <https://www.mofa.go.jp/announce/announce/2006/6/0616-3.html>.

¹¹ Japan Ministry of Foreign Affairs. 2014. "Japan's Assistance for Post Earthquake Reconstruction in Haiti." <https://www.mofa.go.jp/files/000038292.pdf>.

¹² "Japan-Philippines Summit Meeting." n.d. Ministry of Foreign Affairs of Japan. https://www.mofa.go.jp/region/page22e_000048.html.

¹³ Office, Foreign & Commonwealth. 2013. "UK/Japan: Agreement Concerning Transfer of Arms and Military Technologies [TS No.27/2013]." GOV.UK. October 30, 2013. <https://www.gov.uk/government/publications/ukjapan-agreement-concerning-transfer-of-arms-and-military-technology>.

¹⁴ "The Three Principles on Transfer of Defense Equipment and Technology." n.d. Ministry of Foreign Affairs of Japan. https://www.mofa.go.jp/fp/nsp/page1we_000083.html.

¹⁵ "Defense Equipment Agency: Regarding Defense Equipment and Technical Cooperation." n.d. <https://www.mod.go.jp/atla/soubiseisakugijutu.html>.

¹⁶ Dominguez, Gabriel, and Gabriele Ninivaggi. 2023. "In Major Shift, Japan Eases Rules on Exporting Defense Gear." The Japan Times, December 22, 2023. <https://www.japantimes.co.jp/news/2023/12/22/japan/japan-defense-equipment-exports/>.

be exported to countries that are victims of illegal aggression if it falls under one of five categories: rescue, transport, warning, surveillance, and minesweeping; and non-lethal weapons¹⁷. This relaxation was clearly intended to permit military supplies to Ukraine, which remains the sole recipient thus far.

<p>First Principle: Cases where transfers are prohibited. (clarification of standards)</p> <ol style="list-style-type: none"> 1. Cases where the transfer violates obligations under treaties and other international agreements that Japan has concluded. 2. (Note) Chemical Weapons Convention, Convention on Cluster Munitions, the Anti-Personnel Mines Ban Treaty (Ottawa Treaty), and the Arms Trade Treaty, etc. 3. Cases where the transfer violates obligations under UN Security Council resolutions. 4. Cases where the <u>defense</u> equipment and technology are destined for a country party to a conflict (a country against which the UN Security Council is taking measures to maintain or restore international peace and security in the event of an armed attack) 	<p>Transfers Prohibited</p>
<p>Second Principle: Limitation to cases where transfers may be permitted. (securing transparency and conducting strict examination)</p> <ol style="list-style-type: none"> 1. Cases where the transfer contributes to active promotion of peace contribution and international cooperation. 2. Cases where the transfer contributes to Japan's security. 	<p>Strict Examination and Appropriate Control</p>
<p>Third Principle: Limitation to cases where appropriate control regarding extra-purpose use and transfer to third parties is ensured.</p> <ol style="list-style-type: none"> 1. The Government of Japan will in principle oblige the Government of the recipient country to gain its prior consent regarding extra-purpose use and transfer to third parties. 	

Figure 1: The Three Principles on Transfer of Defence Equipment and Technology¹⁸

At the onset of 2024, Japan has further relaxed defence export measures by approving the future international sales of advanced fighter jets. The amendment is only applicable to countries¹⁹ with which Japan has a defence equipment transfer agreement, and each individual sale would require Cabinet

¹⁷“Japan’s New Arms Export Policy: An Unfinished Breakthrough.” 2024. Nippon.Com. March 27, 2024. <https://www.nippon.com/en/in-depth/d00984/>.

¹⁸“The Three Principles on Transfer of Defense Equipment and Technology.” n.d. Ministry of Foreign Affairs of Japan. https://www.mofa.go.jp/fp/nsp/page1we_000083.html.

¹⁹Japan has signed bilateral defence equipment and technology transfer agreements with the following countries: Malaysia (2018), India (2016), Australia (2014), Philippines (2016), United States, United Kingdom (2013), France (2016), Germany (2017), Italy (2019), and United Arab Emirates 2024. While two under negotiations; Vietnam and Indonesia. Source: [MOD, Japan](#)

approval²⁰. Currently, the amendment is limited to fighter jets and does not apply to any other lethal weapons. This enables export of the next-generation fighter aircraft being developed under the three-nation Global Combat Air Programme (GCAP) to be exported to third countries with which Japan has a defence equipment sharing agreement, post Cabinet approval.

GCAP marks the first joint development in defence technology programme undertaken by Japan outside of its treaty ally, the US. The Convention on the Establishment of the "Global Combat Air Programme – GCAP International Government Organisation" was signed in Tokyo by the defence ministers of Japan, the United Kingdom, and Italy on December 14, 2023²¹. The agreement followed a Joint Statement by the leaders of Japan, Italy, and the United Kingdom on December 9, 2022, regarding cooperation in the joint development of a next-generation fighter aircraft²². GCAP merges Japan's F-X programme headed by Mitsubishi Heavy Industries with the Tempest programme of the UK and Italy to produce combat aircraft ready for deployment by 2035.

Reasons Behind the Changes

Over the years, the evolution of Japan's regulatory policies on defence exports has been in response to the demands of a rapidly changing geopolitical landscape. The onset of the Cold War triggered the need for Japan to develop and maintain Self-Defence Forces (SDF), despite the strongly worded prohibition of Article 9, even though this was in contravention of the commitment of not maintaining "land, sea, and air forces" and any "other war potential". The SDF possesses the same basic mission organisation, equipment, and training as that of military forces of other countries²³. One distinguishing feature of the SDF from other militaries is that the "dispatching of a self-defence force unit abroad for defence purposes is prohibited."

²⁰ Business Standard. 2024. "Japan Approves Plan to Sell Future Next-generation Jets to Other Nations." [Www.Business-Standard.Com](https://www.business-standard.com/world-news/japan-approves-plan-to-sell-future-next-generation-jets-to-other-nations-124032600044_1.html). March 26, 2024. https://www.business-standard.com/world-news/japan-approves-plan-to-sell-future-next-generation-jets-to-other-nations-124032600044_1.html.

²¹ "Signing of Convention on the Establishment of the 'Global Combat Air Programme – GCAP International Government Organisation.'" n.d. Ministry of Foreign Affairs of Japan. https://www.mofa.go.jp/press/release/pressite_000001_00047.html.

²² "Announcement of Joint Development of Next-generation Fighter Aircraft by the Leaders of Japan, Italy and the United Kingdom." n.d. Ministry of Foreign Affairs of Japan. https://www.mofa.go.jp/fp/nsp/page6e_000318.html.

²³ "Japan's Self-Defense Forces | Proceedings - December 1965 Vol. 91/12/754." 2023. U.S. Naval Institute. October 27, 2023. <https://www.usni.org/magazines/proceedings/1965/december/japans-self-defense-forces>.

The exemption to the complete ban on transfers rolled out for the US in 1983 came in response to the United States' request for reciprocity in military technology transfers by Japan. The request arose when the US Congress refused to permit Japan's development of the FS-X fighter aircraft with assistance from the American defence industry. Till then, the defence technology had flowed one-sidedly from the US to Japan. However, it was argued by Washington that given the technological advancements made by Japan post its independence, the bilateral technology exchange should be more reciprocal, and Japan should contribute more towards defence and security burden sharing²⁴.

The ban on arms export to other countries, leaving the US as the only exemption, detrimentally impacted the defence industrial base of Japan. Due to the strict limits on defence equipment and technology (DE&T) cooperation, the government of Japan had to develop defence capabilities indigenously which were less cost-effective, particularly with a shrinking defence budget in the 1990s²⁵. Japan missed the opportunity to develop future-generation weapons because of a lack of diversified access to advanced foreign defence technology. This also hampered its relations with the United States, as evidenced in Japan's inability to participate in the joint upgrade of the Aegis system with the US in 2010²⁶.

In 2011, Prime Minister Yoshihiko Noda's administration passed a resolution to allow Japan to participate in international joint development and production of defence equipment, and the transfer of defence equipment for peace-building activities as well as for humanitarian operations.

In December 2013, Japan's Shinzo Abe-led Cabinet adopted a new National Security Strategy (NSS) with the aim to strengthen Japan's defence capabilities and the US-Japan Alliance by enhancing DE&T cooperation. This further led to the adoption of the Three Principles on Transfer of Defence Equipment and Technology in 2014²⁷.

²⁴ Frank C. Conahan, and Joseph E. Kelley. 1989. "U.S.-JAPAN BURDEN SHARING." B-234472. National Security and International Affairs Division. <https://www.gao.gov/assets/nsiad-89-188.pdf>.

²⁵ Hirose, Taisuke. 2022. "Japan's New Arms Export Principles: Strengthening U.S.-Japan Relations." CSIS, September 21, 2022. <https://www.csis.org/analysis/japans-new-arms-export-principles-strengthening-us-japan-relations>.

²⁶ Times, Japan. 2014. "Japan, U.S. Mulled Joint Upgrade of Aegis System in 2010." The Japan Times, March 9, 2014. <https://www.japantimes.co.jp/news/2014/03/09/national/japan-u-s-mulled-joint-upgrade-of-aegis-system-in-2010/>.

²⁷ Government of Japan. 2013. "National Security Strategy." Government of Japan. <https://www.cas.go.jp/jp/siryoun/131217anzenhoshou/nss-e.pdf>.

On December 16, 2022, under Prime Minister Fumio Kishida, Japan released its revised National Security Strategy (NSS) along with a new National Defence Strategy (NDS) and Defence Build-up Program. The three documents characterised Japan's present security environment as "most severe and complex since the end of WWII"²⁸. The key focus of the three documents is strengthening Japan's own defence capabilities and deepening Japan-US cooperation. These documents provided the foundation for the revisions in the country's defence export policy in 2023 and 2024.

Amidst the escalating Russia-Ukraine war, the Biden administration has confronted a critical situation marked by a swift depletion of its domestic weapons reserves. This has been further compounded by protracted conflicts in both Europe and the Middle East, the diminishing air defence capabilities of Ukraine, and a prolonged legislative deadlock over aid to Ukraine²⁹. This led the US to urge Japan to supply Patriot interceptor missiles to Washington. The issue was taken up by US President Biden during discussions with Japanese Prime Minister Fumio Kishida at the Camp David Summit in August 2023, and reiterated at the APEC Summit in San Francisco in November 2023.

This culminated in Japan's pivotal decision in December 2023 to amend the Three Principles on Transfer of Defence Equipment and Technology. The amendment was closely followed by reports of Japan transferring Patriot missiles to the US, in a move to replenish the US's air defence inventories for Ukraine³⁰. Despite these changes, the revised principles ostensibly maintain Japan's stance against transferring defence equipment to nations engaged in conflict. However, they now also permit recipient countries to exercise discretion in redirecting the arms, including to countries involved in active conflict.

In 2024, the Government of Japan took another significant step by allowing the export of jointly developed fighter aircraft to third countries. This decision was a result of the Global Combat Air Partnership (GCAP) agreement signed among Japan, the UK, and Italy in 2023. According to Prime Minister Kishida, this amendment was required to reduce production costs for GCAP, strengthen

²⁸ Tsuneo, Watanabe. 2023. "What's New in Japan's Three Strategic Documents." CSIS, February 14, 2023. <https://www.csis.org/analysis/whats-new-japans-three-strategic-documents>.

²⁹ Nakashima, Ellen, Michelle Ye Hee Lee, and Alex Horton. 2023. "Running Short on Ukraine Air Defenses, U.S. Looks to Japan." Washington Post, December 19, 2023. <https://www.washingtonpost.com/national-security/2023/12/19/us-japan-patriot-missiles-ukraine/>.

³⁰ U.S. Department of Defense. n.d. "U.S. Department of Defense Statement on Japan's Decision to Transfer P." <https://www.defense.gov/News/Releases/Release/Article/3625683/us-department-of-defense-statement-on-japans-decision-to-transfer-patriot-missi/>

Japan's national security, and build Japan's credibility for joint development programmes³¹. The sale of fighter aircraft would help defray development and manufacturing costs and raise Japan's image as a viable partner for international joint development and production of weapons systems³². The revision followed demands by the UK and Italy for Japan to "update" its policies, so that the GCAP project did not stall. During British Defence Minister Grant Shapps' visit to Tokyo in December 2023, he had pointed out that "for GCAP to be successful, it will be necessary to change the Three Principles of Defence Equipment Transfer"³³.

Japan's decision to collaborate with the UK and Italy for GCAP over the US stems from various factors. First, the developmental timeframes of Japan's F-X programme align with the Tempest programme. The spokesperson of Japan's Acquisition, Technology & Logistics Agency (ATLA) has stated that "for the US, the timing of the development of Japan's next fighter is off". The second reason is the alignment in technological goals "to build a fighter that exceeds the performance of the United States' F-35 and Europe's Eurofighter, particularly in terms of sensor and networking capabilities". Through joint development with the UK and Italy, Japan aims to reduce the unit cost and time of mass production. Third, the access to source codes to initiate independent and localised upgrades, an opportunity unavailable to Japan in its experience with the US licensed F-2s and F-15s. This was the reason behind Japan's rejection of US aircraft maker Lockheed Martin's offer to develop a next-generation combat aircraft. The ATLA spokesperson reasoned that "the option of 'developing derivatives of existing fighters' cannot be a candidate from the perspective of a Japan-led development, and the MoD has come to the conclusion that we will develop a new model"³⁴.

Export Overview

The Three Principles unveiled in 2014 created new strategic opportunities for Japan's defence industry. Despite being a new player, Japan has since made a

³¹ Kosuke, Takahashi. 2024. "After Months of Talks, Japan's Ruling Coalition Agrees to Allow the Sale of Its Next-Gen Fighter Jets." *The Diplomat*, March 16, 2024. <https://thediplomat.com/2024/03/after-months-of-talks-japans-ruling-coalition-agrees-to-allow-the-sale-of-its-next-gen-fighter-jets/>.

³² Pti. 2020. "Japan Approves Plan to Sell Fighter Jets to Other Nations in Latest Break From Pacifist Principles." *The Week*, December 15, 2020. <https://www.theweek.in/wire-updates/international/2024/03/26/fgn7-japan-fighter-jet-sale.html>.

³³ Kosuke, Takahashi. 2024. "After Months of Talks, Japan's Ruling Coalition Agrees to Allow the Sale of Its Next-Gen Fighter Jets." *Archive.Ph*, March 16, 2024. <https://archive.ph/FQ7Gr#selection-1351.6-1351.207>.

³⁴ Kosuke, Takahashi. 2022. "Why Japan Chose Britain and Italy for Its F-X Fighter Program." *The Diplomat*, December 12, 2022. <https://thediplomat.com/2022/12/why-japan-chose-britain-and-italy-for-its-f-x-fighter-program/>.

few transfers of defence equipment and technology³⁵. One of the highlights is that Japan has successfully transferred used systems, parts and maintenance equipment, mainly to Southeast Asia³⁶.

Table 3 lists Japan's defence transfers to various countries, which include arms transfers and donations.

Countries	Arms and Equipment Transfers	Status
Philippines	First unit of an air-surveillance radar system (FPS-3ME air surveillance radar systems)	Delivered in October 2023. Three more Japanese radar systems are expected to arrive in the Philippines as part of a \$98.7 million deal.
	TPS-P14ME Mobile Air Surveillance Radar System	Delivered in April 2024 [Second of four radar systems delivered as part of a USD103.5 million contract signed in August 2020]
	First batch of excess UH-1H helicopter parts and maintenance equipment	Donated by Japan Ministry of Defense in March 2019
	Multi-role response vessel BRP Tubbataha	Donated in August 2016. [Nine (9) more MRRVs will be built by the Japan Marine United Corporation (JMUC) Yokohama Shipyard for the Coast Guard as a part of an Official Development Assistance (ODA) project]
	13 interceptor boats to PCG	Japan donated two high-speed patrol boats in March 2019 under a maritime security cooperation agreement signed by the two countries.
	2 TC-90 patrol planes from Japan	Delivered in 2018, first batch of a total of five TC-90 King Air advanced trainer aircraft. [as part of Japan's Official Development Assistance (ODA)]
	Two 94-meter Multi-Role Response Vessels (MRRV)	Delivered in August 2021 [as part of Japan's Official Development Assistance (ODA)]
Vietnam	Six patrol vessels (Aso class 79 m long vessel)	Expected Delivery October 2025 [as part of Japan's Official Development Assistance (ODA)]
Malaysia	Offshore patrol Boat (OPV) provisionally named OPV1	Transferred in 2017 Japan's Official Development Assistance (ODA)]

Table 3: Japan's defence transfers to South East Asian countries³⁷

³⁵ Teo, Victor, "Japan's Weapons Transfers to Southeast Asia: Opportunities and Challenges"- ISEAS-Yusof Ishak Institute." ISEAS-Yusof Ishak Institute, May 27, 2021.
<https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2020-70-japans-weapons-transfers-to-southeast-asia-opportunities-and-challenges-by-victor-teo/>.

³⁶ Ibid

³⁷ Compiled by authors from available data

Traditionally, Japan's Official Development Assistance (ODA) was focused solely on economic and social development projects in recipient countries. In 2015, the transfer of military hardware and dual-use goods to partner nations was allowed under ODA. Southeast Asia, which has been a major recipient of Japan's ODA, has received transfers of decommissioned equipment, particularly naval assets, to enhance maritime surveillance capabilities. However, due to inherent contradictions with the original purpose of ODA, Japan launched Official Security Assistance (OSA)³⁸ in April 2023.

Japan's OSA was aimed at providing equipment, supplies and infrastructure development aid directly to armed forces³⁹ and improve security capacities and deterrence capabilities of "like-minded countries" against the maritime assertions of China. Since its launch, Japan has allocated around \$15 million (in fiscal year 2023) for OSA to provide patrol vessels, radar systems, and other security equipment to the Philippines, Malaysia, Bangladesh, and Fiji. Countries like Vietnam, Indonesia, Papua New Guinea, Mongolia, and Djibouti are potential OSA recipients from 2024 onward⁴⁰.

Japan's efforts to export arms to other countries have largely been unsuccessful for a variety of reasons: the pacifist outlook of the country, lack of reliability as a supplier, and loopholes in policy and legal frameworks⁴¹. Japan's defence industry has also encountered difficulties in selling military equipment abroad, as seen in failed bids to sell Soryu class submarines to Australia⁴² and ShinMaywa US-2 amphibian aircraft to India⁴³. Additionally, Japan has been unable to expand overseas exports due to lack of commercial experience combined with the high cost of weapons, which is generally attributed to the

³⁸ MOFA Japan, Official Security Assistance (OSA, May 20, 2024.

https://www.mofa.go.jp/fp/ipc/page4e_001366.html

³⁹ CHOONG, WILLIAM "Japan's Arms Transfers to Southeast Asia: Upping the Ante? | FULCRUM," February 15, 2024. <https://fulcrum.sg/japans-arms-transfers-to-southeast-asia-upping-the-ante/#:~:text=Japan%20transferred%2010%20patrol%20vessels,operations%2C%20for%2036.6%20billion%20yen.>

⁴⁰ Ibid

⁴¹ Roblin, Sebastien. "Japan Strikes First Arms Export Deal – Can Tokyo Find More Buyers For Its Pricey Weapons?" Forbes, September 11, 2020. [https://www.forbes.com/sites/sebastienroblin/2020/09/11/japan-strikes-first-arms-export-deal-can-tokyo-find-more-buyers-for-its-pricy-weapons/?sh=559cd1bb2a5e.](https://www.forbes.com/sites/sebastienroblin/2020/09/11/japan-strikes-first-arms-export-deal-can-tokyo-find-more-buyers-for-its-pricy-weapons/?sh=559cd1bb2a5e)

⁴² Gady, Franz-Stefan. "Why Japan Lost the Bid to Build Australia's New Subs." The Diplomat, April 30, 2016. [https://thediplomat.com/2016/04/why-japan-lost-the-bid-to-build-australias-new-subs/.](https://thediplomat.com/2016/04/why-japan-lost-the-bid-to-build-australias-new-subs/)

⁴³ Chuanren, Chen. "Breaking The Cost Dilemma For ShinMaywa's US-2 Seaplane Exports." Aviation Week Network, April 30, 2024. <https://aviationweek.com/defense-space/aircraft-propulsion/breaking-cost-dilemma-shinmaywas-us-2-seaplane-exports.>

country's labour-intensive production, and the lack of competition within its defence industry⁴⁴.

While Japan has updated its arms export policy, implementation remains cautious and focused primarily on maintaining its core security relationships, particularly with the United States and its allies⁴⁵, rather than pursuing a more ambitious or wide-ranging arms transfer program⁴⁶.

Japan clearly needs to expand its defence equipment and technology cooperation beyond the United States and the West. The potential for collaboration between India and Japan in the defence sector is substantial, but no significant results have been forthcoming despite ongoing efforts of both sides.

India and Japan: Prospects for Defence Cooperation

India and Japan established a "Special Strategic and Global Partnership" in 2014⁴⁷. The "Japan and India Vision 2025 Special Strategic and Global Partnership"⁴⁸ announced in December 2015 identified collaboration in defence as one of the key pillars of bilateral cooperation. In 2015, both countries concluded agreements concerning the "Transfer of Defence Equipment and Technology" and "Security Measures for the Protection of Classified Military Information"⁴⁹.

India and Japan have since taken several initiatives to deepen cooperation, namely the setting up of a Joint Working Group on Defence Equipment and Technology Cooperation (JWG-DETC) and a programme for Cooperative research on Augmentation Technology for Unguided Vehicles (UGV) / Robotics, which began in 2018⁵⁰. Defence exercises⁵¹ between the armed forces of India and Japan have also progressed.

⁴⁴ Ibid

⁴⁵ Heigo, Sato, "Japan's New Arms Export Policy: An Unfinished Breakthrough," March 27, 2024. <https://www.nippon.com/en/in-depth/d00984/>.

⁴⁶ Shimbun, Yomiuri, "Defense Equipment Transfer: Revision of 3 Principles Will Help Support Ukraine." The Japan News, December 24, 2023. <https://japannews.yomiuri.co.jp/editorial/yomiuri-editorial/20231224-157650/>.

⁴⁷ Mofa Japan: India-Japan data. <https://www.mofa.go.jp/region/asia-paci/india/data.html>

⁴⁸ MOFA Japan, "Japan and India Vision 2025 Special Strategic and Global Partnership", December 12, 2015. https://www.mofa.go.jp/s_sa/sw/in/page3e_000432.html

⁴⁹ G, C. "Japan-India Security Cooperation: Progress Without Drama." Stimson Center, March 7, 2023. <https://www.stimson.org/2023/japan-india-security-cooperation-progress-without-drama/>.

⁵⁰ MOD Japan, "Defense Equipment and Technology Cooperation with Other Countries". https://www.mod.go.jp/en/equipment/tec_cooperation/index.html

⁵¹ MOFA Japan, "Japan and India Vision 2025 Special Strategic and Global Partnership", December 12, 2015. https://www.mofa.go.jp/s_sa/sw/in/page3e_000432.html

Japan is now considering exporting warship communication antennas, specifically Nora-50 antennas also known as 'Unicorn', to India. If successful, this will mark a step forward in bilateral defence cooperation⁵². However, several challenges remain, from structural limitations and high costs to India's preference for self-reliance in defence manufacturing through initiatives like "Make in India."

India and Japan need to address these challenges by focusing on cost-effectiveness and efficient manufacturing processes, aligning with India's "Make in India" or "Aatmanirbharta" in India's defence production⁵³.

Conclusion

Japan has historically been cautious about engaging in defence exports due to limitations imposed by its Constitution and subsequent regulatory controls. Recent years have seen a gradual relaxation in Japan's defence export policy. However, Japan's indigenous defence production has severe structural limitations, from low unit production and high production costs to reliance on a small domestic market and a low defence expenditure of 1% of GDP. It was only in late 2022 that Japan announced its decision to increase the defence budget to 2% of GDP over the next five years⁵⁴.

The intensification of great power contestation in East Asia, as well as Russia's invasion of Ukraine in February 2022, has accelerated changes in decades-old trends that have marked Japan's approach towards defence and security issues. The "Three National Security Documents" released by Japan on December 16, 2022, mark a change in its defence posture, including a commitment to significantly enhance Japan's defence capability.

If Japan is to meaningfully enhance its own deterrent capability, it will need to strengthen its defence industry, improve its competitiveness, and ensure the sustainability of its indigenous defence production base in the face of evolving security threats and technological advancements.

⁵² Chaudhury, Dipanjan Roy. "Japan Explores Exporting Battleship Communication Antennas to India." *The Economic Times*, March 12, 2024.

<https://economictimes.indiatimes.com/news/defence/japan-explores-exporting-battleship-communication-antennas-to-india/articleshow/108417664.cms>.

⁵³ Siddiqui, Huma. "Fortifying India: Shift towards Self-Reliance as Country Remains Top Importer of Arms." *Financial Express*, March 12, 2024.

<https://www.financialexpress.com/business/defence-fortifying-india-shift-towards-self-reliance-as-country-remains-top-importer-of-arms-3423016/>.

⁵⁴ Liang, Xiao and Tian, Nan. SIPRI. "The Proposed Hike in Japan's Military Expenditure," February 2, 2023. <https://www.sipri.org/commentary/topical-background/2023/proposed-hike-japans-military-expenditure>.

The latest changes in Japan's three principles for defence exports have been driven by the need to make an exception for Ukraine, essentially going against the longstanding prohibition of transfers of defence equipment to countries involved in conflict⁵⁵. Japan is now provisioning both lethal and non-lethal defence supplies, directly and indirectly, to Ukraine. This reflects a policy decision by the Kishida administration to align Japan closely with the security interests of the US-led West, including in Europe. It would appear that when it comes to serving US alliance interests, Japan's vaunted pacifist principles can be expediently set aside.

It remains to be seen whether the relaxation of defence export principles for Ukraine will gradually be extended to Japan's defence and security partners in the Indo-Pacific. Meanwhile, the conditional relaxation allowing for exports to third countries of combat aircraft produced under the three-nation Global Combat Air Programme (GCAP) is unlikely to yield beneficial results for the Indo-Pacific in the near term.

As a strategically independent partner, not an ally, of both Japan and the US, India remains outside the privileged circle of Japan's growing strategic alignment with the West. This consideration will likely impose political constraints in Japan on defence equipment and technology cooperation with India. While Indian policymakers will no doubt welcome Japan's turn towards a more robust defence and security posture, for the time being, our expectations for bilateral defence industrial cooperation must remain modest.

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⁵⁵ The Asahi Shimbun. "Japanese Defense Equipment to Be Green Lit to All Invaded Nations | The Asahi Shimbun Asia & Japan Watch," n.d. <https://www.asahi.com/ajw/articles/15077496>.



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