

# Japan's Defence Industrial Policy Reform

Debates and Implications for International Cooperation

Titli Basu



MANOHAR PARRIKAR INSTITUTE FOR  
DEFENCE STUDIES AND ANALYSES

मनोहर पर्रिकर रक्षा अध्ययन एवं विश्लेषण संस्थान

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## PREFACE

In December 2022, Japan published three key strategic documents — the revised National Security Strategy (NSS), the National Defense Strategy (NDS) and the Defense Buildup Program — marking a historic turning point in its post-war security outlook. Trends in the domestic conversation among the defence planners, policy elites and political class demonstrates a renewed sense of urgency in the wake of Russian invasion of Ukraine on one hand and the Sino-US strategic contest over values, ideology and technological supremacy on the other. Furthermore, the COVID-19 pandemic has put the question of economic security and high-tech supply chains front and centre in Tokyo's policy priorities. The national debate on key verticals — be it raising the cost on China or acquiring counterstrike capabilities or doubling defence spending or nuclear sharing — has shaped up amid a carefully crafted narrative of 'Ukraine today may be East Asia tomorrow'.

Regional security remains fluid with Sino-US strategic rivalry manifesting in the Taiwan Straits, South and East China Seas. For Tokyo, its neighbourhood is becoming increasingly difficult with arrival of China as a confident power in the system upending the rules-based order and reclaiming its primacy following a 'century of humiliation' on one hand and Russian approach towards Northern Territories on the other. Moreover, the emerging trends of a China-Russia nexus adds to the anxiety of Japanese defence planners. This together with Pyongyang's brinkmanship and the increasing sophistication of its nuclear and missile programmes add another layer in the threat matrix.

In this backdrop, Tokyo is recalibrating its grand strategy. With relative dilution of Washington's primacy and the power disequilibrium in the US-China-Japan regional dynamics, Tokyo despises the potential emergence of a Sino-centric regional order. Thus Japan has engaged in an intense national debate revisiting the guiding principles of its post-war security orientation. It has adjusted policies with the objective of

augmenting its ability to deter and defend against adversaries. It has strengthened the US-Japan alliance and stressed on integration of military doctrines, capabilities and posture. Driven by national interests, Japan has enacted a series of new security legislations, restructured its institutions, invested in building new capabilities, and cultivated a network of strategic partnerships beyond the US, both in Asia and Europe.

One of the key focus in this regard is defence industry. Preserving a robust defence-related production and technological base is imperative, since it would be a deterrent and a guarantee for Japan's national security. Most of the recent literature has focussed primarily on the unfolding policy shifts with the 2015 Legislation for Peace and Security. Restructuring defence organisation and rationalising industry policy are under-studied and yet are key pillars of the unfolding reorientation in Japan's defence and security policy.

Standing at crossroads, Japan's defence industry policy is navigating monumental challenges. Arms export and joint production are the stimuli that Japan needs in order to incentivise and consolidate its indigenous industrial capacity, sustain R&D and enable cooperation with allies and partners. As Japan entered the competitive space of the international market, its lack of experience was in sharp display. Going ahead, Japan needs to build a seamless public-private cooperation while tapping into the competitive terrain of international market with ATLA as the anchor.

Sustained pressure from the industry lobby shaped the policy debate within the 'defence tribe' of the Liberal Democratic Party (LDP) that eventually led to the easing of the arms export ban in 2014. However, the initial international response did not match Japanese expectations; the defence industry has a scale and hiatus problem. Cost-competitiveness and technology transfer are major challenges confronting Japanese defence industry in the global market.

Defence technology cooperation is an important pillar of national security, and has an important role in firming up the industry base. Key stakeholders in defence policy including the defence administration, political parties and the defence tribe (*kokubo zoku*), and the industry lobby including the Defence Production Committee of Keidanren

have steadily enunciated the importance of maintaining a robust defence production base that caters for Japan's national security priorities. A revised arms export policy in itself is not sufficient to promote defence technology cooperation.

It will be a daunting task ahead as a sense of urgency is creeping in as Japanese companies are scaling back from the production of defence equipment owing to decrease in procurement and low profitability. National defence procurement is proving to be inadequate in supporting the industry base. Maintaining the supply chain is emerging as a serious concern as some subcontractors leave the business. The discussion in the Budget Committee of the House of Representatives on January 30, 2023 regarding introduction of a new profit margin calculation method so as to enable the businesses to secure a better operating profit ratio holds potential. Boosting R&D and reducing the current heavy reliance on the US through FMS should be weighed. Going forward, Tokyo has to create its space in the global trend of joint development and production, encourage optimisation as it cannot afford to remain insulated from the international value chain in defence production.

Japan's recently revised NSS has reinforced defence production and technology base as defence capabilities themselves. It further stressed that "in order to build a strong and sustainable defense industry, Japan will promote various initiatives, including making business projects more attractive and actively leveraging the outcomes of advanced technological research in the public and private sectors for research and development of defense equipment".

The revised NSS enunciates the vitality of deterring unilateral changes of status quo and providing 'assistance to countries that are subject to aggression in violation of international law, use of force, or threat of force'. Given this, Japan is considering transfer of defence equipment and technology as one of the important policy instruments ensuring stability in the Indo-Pacific. As such, the ongoing conversation on revisiting some of the existing guidelines with the intention of supporting smoother transfer of defence equipment and advancing international joint development is significant.



Philippine's decision to procure air surveillance radars from Mitsubishi Electric Corporation in 2020 marks the most high-profile defence export since Japan's policy easing in 2014. But it is the 2022 agreement with the UK and Italy to jointly develop next-generation fighter jet under the Global Combat Air Programme (GCAP) that will feature as a consequential technology accelerator.

This monograph is divided into two parts. Setting the context, the initial two chapters delve into history and analyse the broad canvas of post-war Japan's approach to security, especially looking at the anatomy of Article 9, defining the scope of engagement, terms for use of force; competing schools of thought in the security discourse, and assessing the evolving narratives and politics on right to collective self-defence within the US-Japan alliance framework. The subsequent chapters dig deeper into Japan's defence industrial policy, situating it within the framework of the Three Principles of Arms Export and evaluate the challenges and prospects of promoting joint development and co-production of equipment, with the twin objective of reinforcing Japan's defence technology and industrial base on the one hand and nurturing key strategic partnerships on the other. Some sections of this monograph have drawn from, and further built on the author's published work at MP-IDSA, including commentaries and Issue Briefs, and peer-reviewed research articles on the related subject, including 'Debating Security in Japan', (*Korean Journal of Defense Analysis*, 30[4], 2018) and 'Decoding Japan's Security Discourse: Diverse Perspectives', (*India Quarterly*, 72[1], 2016).

## DEMYSTIFYING THE SECURITY DEBATE: THE DOMESTIC DISCOURSE IN JAPAN

Statecraft in second half of 19<sup>th</sup> century marked a radical transformation from Tokugawa Japan's isolationist approach to Meiji Japan's urgency to consolidate national economic and military strength, in order to counter imperialist threats. Grand strategy of Japan navigated from 'Rich Nation, Strong Army' (*Fukoku Kyoei*) template during the Meiji period to 'New Order in Greater East Asia' (*Dai Toa shin chitsujō*) between the World Wars. Imperial Japan's ambitions of creating a 'New Order in East Asia' was aimed at undoing the then prevailing world order, as articulated in the official discourse in the late 1930s. This was complemented by the Kyoto school of thought<sup>1</sup> through the Pacific War. However, lessons from history has shaped Japan's approach to military security<sup>2</sup> and influenced post-Second World War Japan's exclusively defence-oriented policy (*senshu boei*). Subsequently, the pragmatic Yoshida Doctrine, anchored on security pacifism and mercantile realism, became the guiding principle during the Cold War. Japan's strategic culture has progressed from isolationism to militarism, to pacifism and anti-militarism.<sup>3</sup> Today Japan stands at crossroads as the regional threat matrix aggravated with Russian invasion of Ukraine and the defence planners' debates the implications for East Asian security.

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<sup>1</sup> For more, see Christopher S. Goto-Jones, *Political Philosophy in Japan: Nishida, the Kyoto School, and Co-Prosperity*, Routledge, London, 2005.

<sup>2</sup> Ruth Benedict, *The Chrysanthemum and the Sword*, Riverside Press, Cambridge, MA, 1946.

<sup>3</sup> Andrew L. Oros, 'Japan's Strategic Culture: Security Identity in a Fourth Modern Incarnation?', *Contemporary Security Policy*, 35 (2), 2014, pp. 227-248.

The post-war regional order was shaped by the hub-and-spokes San Francisco system of alliances. Amongst Washington's Northeast Asian alliances, the US-Japan alliance served as a key anchor of strategic stability. Tokyo envisaged its responsibility as a 'stabilizer for the US led system'.<sup>4</sup> It pursued the role of a 'promoter' of the liberal international order and a 'guardian' of global commons.<sup>5</sup> Pacifism was the predominant value that featured in the post-war Japanese discourse. This could be due to its experience of imperialism in the 19<sup>th</sup> and the first half of the 20<sup>th</sup> century. Imperial Japan did not comprehend the value of progressing global liberalism steered by the Americans that replaced European imperialism. The architects of post-war Japan's grand strategy embedded the primacy of liberal values and argued that Japan, in addition to power should seek justice grounded on universal values.<sup>6</sup> A few Japanese political scientists and policy practitioners in the Cold War decades identified the post-war grand strategy as 'Yoshida line'. Prominent political scientists contended that Tokyo embraced an economics centric outlook and advanced a 'mercantile state' (*tsusho kokka*)<sup>7</sup> and outsourced the responsibility of security to the samurai state. In the Cold War decades, Japanese pragmatists promoted the strategy of depending on the Americans while ensuring security and investing national resources towards supporting economic progress of the war-ravaged country. Meanwhile, the pacifists nurtured the discourse of peace nation (*heiwa kokka*).

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<sup>4</sup> Tomohiko Taniguchi, 'Japan: A Stabilizer for the U.S.-Led System in a New Era', *Asia Policy*, 14 (1), 2019, pp. 172-176.

<sup>5</sup> Shinzo Abe, 'Japan is Back', Ministry of Foreign Affairs Japan, February 22, 2013 at [https://www.mofa.go.jp/announce/pm/abe/us\\_20130222en.html](https://www.mofa.go.jp/announce/pm/abe/us_20130222en.html) (Accessed on January 2, 2018).

<sup>6</sup> Nobukatsu Kanehara, 'Japan's Grand Strategy —State, National Interests and Values', JIIA Japan's Diplomacy Series, Japan Digital Library, 2011 at [https://www2.jiia.or.jp/en/pdf/digital\\_library/japan\\_s\\_diplomacy/160325\\_Nobukatsu\\_Kanehara.pdf](https://www2.jiia.or.jp/en/pdf/digital_library/japan_s_diplomacy/160325_Nobukatsu_Kanehara.pdf) (Accessed on March 5, 2019).

<sup>7</sup> For details, see Masataka Kosaka, *Options for Japan's Foreign Policy: Introduction*, The Adelphi Papers, No. 13 (1973), p. 97.

## ANATOMY OF ARTICLE 9

Two key policy documents including (a) the Post-dam Declaration which underscored the need for ‘convincing proof that Japan’s war-making power is destroyed’,<sup>8</sup> and (b) the United States Initial Post-Surrender Policy for Japan (SWNCC150/4), stressed the need to ‘completely disarm and demilitarize’ Japan. But there is a debate however, on whether this disarmament and destruction of the war-making potential were to be permanent. The US clearly defined its objective vis-a-vis Japan that is to be absolutely certain that ‘Japan will not again become a menace to the United States or to the peace and security of the world’. To this end, SWNCC150/4 stated:

Disarmament and demilitarization are the primary tasks of the military occupation and shall be carried out promptly and with determination. Every effort shall be made to bring home to the Japanese people the part played by the military and naval leaders, and those who collaborated with them, in bringing about the existing and future distress of the people. Japan is not to have an army, navy, air force, secret police organization, or any civil aviation. Japan’s ground, air and naval forces shall be disarmed and disbanded and the Japanese Imperial General Headquarters, the General Staff and all secret police organizations shall be dissolved. Military and naval materiel, military and naval vessels and military and naval installations, and military, naval and civilian aircraft shall be surrendered and shall be disposed of as required by the Supreme Commander.<sup>9</sup>

Furthermore, it was argued that the economic foundation of the Japanese military was to be obliterated without any scope for revival.

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<sup>8</sup> Post-dam Declaration, Proclamation Defining Terms for Japanese Surrender Issued at Potsdam, National Diet Library, July 26, 1945.

<sup>9</sup> United States Initial Post-Surrender Policy for Japan (SWNCC150/4), Top Secret, The State-War-Navy Coordinating Committee, Washington, D.C., National Diet Library, September 6, 1945.

This has to be achieved by:

The immediate cessation and future prohibition of production of all goods designed for the equipment, maintenance, or use of any military force or establishment; the imposition of a ban upon any specialized facilities for the production or repair of implements of war, including naval vessels and all forms of aircraft; the institution of a system of inspection and control over selected elements in Japanese economic activity to prevent concealed or disguised military preparation; the elimination in Japan of those selected industries or branches of production whose chief value to Japan is in preparing for war; the prohibition of specialized research and instruction directed to the development of war-making power; and the limitation of the size and character of Japan's heavy industries to its future peaceful requirements, and restriction of Japanese merchant shipping to the extent required to accomplish the objectives of demilitarization.<sup>10</sup>

It is important to note however, that any permanent disarmament and demilitarisation was not mentioned in the document. This was done with the objective of keeping options open in the future, in the scenario of USSR's domination of the Pacific. So, a view emerged including from President Herbert Hoover suggesting to President Truman not to opt for permanent disarmament of Japan but dissolve its army and navy to sever the power of its military elites.

### **Is Article 9 a Japanese Idea?**

Japanese post-war security identity is defined by Article 9 of the Constitution. Tracing the origin of Article 9 beyond the popular notion of being imposed on Japan by the Supreme Commander of the Allied Powers General MacArthur, there are contested claims that the origin of the renunciation of the war idea was proposed by Prime Minister Shidehara.<sup>11</sup> However, subsequent academic literature also framed

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<sup>10</sup> Ibid.

<sup>11</sup> For details, see Koseki Shoichi, *The Birth of Japan's Post-war Constitution*, edited and translated by Ray A. Moore, Westview Press, Boulder, CO, 1997.

alternate arguments that contest this proposition. A view emerged suggesting why MacArthur projected to the Americans that Shidehara started the initiative was when MacArthur first made such a claim in 1951, during the US Senate Hearings on his dismissal, as he was blamed for policy discontent owing to the Korean War. Also, in keeping with Article 43 of the Hague Treaty of 1907, the Japanese should draft their constitution.<sup>12</sup>

Anyhow, the Chairman of Japan's Commission on the Constitution, Professor Takayanagi argued that the genesis of Article 9 is in Japan and it was proposed by Prime Minister Shidehara.<sup>13</sup> He argued that Constitution was not 'imposed' on Japan, and articulated his 'collaborative theory' proposition. His assessment suggested that:

American Government had no intention of imposing Article 9 on Japan. Its origin was in Tokyo, not in Washington. It originated in an interview between MacArthur and Shidehara on January 24, 1946...No one else was present at the interview which continued for some three hours. Shidehara astonished the General with a proposal for the insertion of a renunciation-of-war and disarmament clause into the new Constitution. Apparently the General hesitated at first because of the possible deleterious effects on United States foreign policy in Eastern Asia, if the proposal were approved. The Prime Minister, however, succeeded in persuading the General that in the atomic age the survival of mankind should precede all national strategies; that if an atomic

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<sup>12</sup> J. Tsuchiyama, 'War Renunciation, Article 9, and Security Policy', in Berger, T. U., Mochizuki, M. M. and Tsuchiyama, J. (Eds.), *Japan in International Politics: The Foreign Policy of an Adaptive State*, Lynne Rienner Publishers, 2007.

<sup>13</sup> For details see, O. Nishi, *The Constitution and the National Defense Law System in Japan* (1987); *Japan's Commission on the Constitution: Final Report*. Translated and edited by John M. Maki, University of Washington, Seattle, and London, 1980; Tatsuo Sato, 'The Origin and Development of the Draft Constitution of Japan', *Contemporary Japan* 24, 1956, pp. 175-87, 371-87; Yasuhiro Nakasone, *Japan: A State Strategy for the Twenty-First Century* translated by Lesley Connors and Christopher P. Hood, Routledge Curzon, New York, London, 2002.

war should break out, America herself might be destroyed; that other nations must follow the same principle of renouncing war if they themselves were to survive. MacArthur was deeply impressed by this part of Shidehara's argument. Before the SCAP draft and the Japanese Government Bill were drawn, the General and the Prime Minister agreed to insert such a clause in the new Constitution.<sup>14</sup>

After the 'Matsumoto Committee Proposal' appeared in *Mainichi Shimbun* which left much to be desired in terms of realising the democratisation of Japan, the MacArthur Notes were issued on February 3, 1946. MacArthur ordered the Government Section to formulate a draft constitution. In this regard, MacArthur Notes suggested:

War as a sovereign right of the nation is abolished. Japan renounces it as an instrumentality for settling its disputes and even for preserving its own security. It relies upon the higher ideals which are now stirring the world for its defense and its protection.

No Japanese Army, Navy, or Air Force will ever be authorized and no rights of belligerency will ever be conferred upon any Japanese force.<sup>15</sup>

MacArthur Notes laid the foundation for Article 9. Following his instructions, SCAP's Government Section designed a draft constitution and Brigadier General Whitney and the Government Section's steering committee proposed it to the Japanese side including Matsumoto and Yoshida in February, 1946. Originally, Article 8 of the SCAP draft constitution—which later culminated into Article 9—stressed:

War as a sovereign right of the nation is abolished. The threat or use of force is forever renounced as a means of settling disputes

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<sup>14</sup> Kenzo Takayanagi, 'Some Reminiscences of Japan's Commission on the Constitution', *Washington Law Review*, 43 (5), 1968.

<sup>15</sup> MacArthur Notes, Alfred Hussey Papers; Constitution File No. 1, Document No. 5, National Diet Library, February 4, 1946.

with other nations. No army, navy, air force or other war potential will ever be authorized and no rights of belligerency will ever be conferred upon the state.<sup>16</sup>

The expression in MacArthur Notes suggesting, 'even for preserving its own security' was deleted since Kades, Chairman of the Drafting Committee, since it implies unambiguously forbidding right to self-defence. He further added the phrase 'war potential' to avert Japan from re-arming for militaristic purposes. In the subsequent weeks, the war renunciation clause was discussed by the Matsumoto Committee and the Government Section, and the draft constitution was finalised in March 1946. Next month, it was forwarded to the Privy Council which approved the draft with one vote opposed (from the constitutional scholar, Tatsukichi) in June 1946, following eleven meetings of the Council's Examination Committee on the Subject of Referring the Draft Revision of the Imperial Constitution to the Imperial Diet. The draft was next debated in the House of Representatives where the key deliberation was on the objective of the renunciation of the war clause and the issue of self-defence.

### **Shaping Article 9**

A few contentious changes to Article 9 were made at the House of Representatives Special Committee on the Revision of the Imperial Constitution and the Subcommittee. Article 9 attained its final shape during these discussions. It states:

*Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.*

*In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be*

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<sup>16</sup> SCAP Draft Constitution.



maintained. The right of belligerency of the state will not be recognized.<sup>17</sup>

Ashida Amendments were pursued at two axes. The phrase ‘aspiring sincerely to an international peace based on justice and order’ was incorporated at the beginning of the first sentence and the expression ‘in order to accomplish the aim of the preceding paragraph’ was incorporated at the start of the next sentence. He stressed on the parallel between Article 9 and the Kellogg-Briand Pact. However, constitutional scholars like Shoichi, based on his detailed study of the meeting minutes, have argued that the prominent Ashida Amendments were in fact the thoughts of Tokujiro who followed Matsumoto as the Minister of State for the constitution. In November 1946, constitution was promulgated and introduced to the world as it remains to this day. On the same day, Ashida articulated that Article 9 in effect was intended to apply to wars of aggression. Thus, its provisions do not reject war and the threat or use of force for the goal of self-defence.<sup>18</sup> He had subsequently articulated that the changes to Article 9 was incorporated deliberately to allow the rearmament for self-defence. Later MacArthur in a letter exchanged with Takayanagi on December 5, 1958, stated that ‘nothing in Article 9 prevents any and all necessary steps for the preservation of the safety of the nation.....’The [A]rticle was aimed entirely at foreign aggression and was to give spiritual leadership to the world’.<sup>19</sup>

In the decades after the War, Article 9 has determined Tokyo’s security orientation. But its interpretation has been diluted since the 1950s in order to expand its narrow scope and permit incremental changes as Cold War politics started taking shape in the region. Government has

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<sup>17</sup> The Constitution of Japan, Prime Minister and His Cabinet, 1947 at [http://japan.kantei.go.jp/constitution\\_and\\_government\\_of\\_japan/constitution\\_e.html](http://japan.kantei.go.jp/constitution_and_government_of_japan/constitution_e.html) (Accessed on January 30, 2017).

<sup>18</sup> Ashida Hitoshi Papers, Document Section: 1 to 3, November 3, 1946, National Diet Library.

<sup>19</sup> Kenzo Takayanagi, ‘Some Reminiscences of Japan’s Commission on the Constitution’, *Washington Law Review*, 43, 1968, p. 961.

repeatedly stressed that although Article 9 gives the impression of barring use of force in international politics, according to Constitution's Preamble which underscores the 'right to live in peace' and Article 13, the pacifist clauses should not be interpreted as prohibiting Japan from engaging in self-defence, essential for maintaining security and survival. However, self-defence actions are permissible exclusively in instances where they are inescapable for managing an imminent situation where ones' right to life and liberty is significantly compromised, given an 'armed attack' from overseas and for defending people's rights. For that reason, Japan approves employing a minimum amount of force towards that goal.

Japan upholds this underlying principle of use of force that at times is endorsed under Article 9. This has been pointed out in the October 1972 'Relationship between the Right of Collective Self-defense and the Constitution'. Articulating its standpoint on exercise of right to collective self-defence in 1972, Japan underscored that as a sovereign country, it intrinsically has such rights under international law. But the exercise of the right of collective self-defence is outside the scope of self-defence allowed by Article 9, and consequently is unacceptable.

Moreover in 1981, in official statements to Diet member Inaba, the Japanese government drew the boundaries of Article 9. First, Japan has rejected war but has not relinquished the right to protect itself; secondly, as every sovereign country, Japan owns the right to individual and collective self-defence; thirdly, the Constitution however does not entirely allow every means of self-defence, and self-defence measures under Article 9 should be limited within what is believed to be minimally necessary; and lastly, exercising right to collective self-defence would surpass what is thought necessary and consequently would not be acceptable under the Constitution.<sup>20</sup> Japan witnessed several waves of the discussion on collective self-defence over the years.<sup>21</sup>

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<sup>20</sup> Satoru Mori, *Japan Debates the Right to Collective Self-Defense*, Policy Brief, Sigur Center for Asian Studies, Elliott School of International Affairs, The George Washington University, October 2013.

<sup>21</sup> For details, see Thomas U.Berger, Mike M.Mochizuki, Jitsuo Tsuchiyama, (Eds), *Japan in International Politics: The Foreign Policy of an Adaptive State*, Lynne Rienner Publishers, UK, 2007.

The interpretation of Article 9 has changed in keeping with changes in the national and global political landscape ever since 1950s. Over the years, Japan gradually pushed the envelope of its responsibilities and adjusted its character as a security actor with overseas deployment of SDFs by contributing towards reconstruction in post-war Iraq; refuelling activities in Indian Ocean to aid US-led forces in Afghanistan; engaging in counter-piracy in Horn of Africa; and relaxing arm's export principles, and sending SDFs to South Sudan and the Senai Peninsula.

## JAPAN'S SECURITY PUZZLE

In post-war period, paradigm-driven analyses in international relations reflect constructivist literature articulating the influence of anti-militarist norms influencing Japan's statecraft.<sup>22</sup> This, however, contests the realist school of thought on Japan's policy choices.<sup>23</sup> And yet there are studies that have adopted an eclectic approach employing both realist and normative factors in analysing Japanese security policy.<sup>24</sup> The dilution

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<sup>22</sup> For details, see P. J. Katzenstein, *Cultural Norms and National Security: Police and Military in Post-war Japan*, Cornell University Press, Ithaca, NY, 1996; T. U. Berger, *Cultures of Anti-militarism: National Security in Germany and Japan*, Johns Hopkins University Press, Baltimore MD, 1998; Glenn D. Hook, *Militarization and Demilitarization in Contemporary Japan* (London: Routledge, 1998); Andrew L. Oros, *Normalizing Japan: Politics, Identity, and the Evolution of Security Practice*, Stanford University Press, Stanford, Calif., 2008.

<sup>23</sup> For details, see: Tsuyoshi Kawasaki, 'Post-classical Realism and Japanese Security Policy', *Pacific Review*, 14 (2), June 2001, pp. 221-240; Richard J. Samuels, *Rich Nation, Strong Army: National Security and the Technological Transformation of Japan*, Cornell University Press, Ithaca, N.Y., 1994; Paul Midford, 'The Logic of Reassurance and Japan's Grand Strategy', *Security Studies*, 11 (3), Spring 2002, pp. 1-43; Christopher P. Twomey, 'Japan, a Circumscribed Balancer: Building on Defensive Realism to Make Predictions about East Asian Security', *Security Studies*, 9 (4), Summer 2000, pp. 167-205; Christopher W. Hughes, Japan's 'Resentful Realism' and Balancing China's Rise, *The Chinese Journal of International Politics*, 9 (2), Summer 2016, pp.109-150.

<sup>24</sup> Yasuhiro Izumikawa, 'Explaining Japanese Antimilitarism: Normative and Realist Constraints on Japan's Security Policy', *International Security*, 35 (2), Fall 2010, pp. 123-160; Yoshihide Soeya, (1998) 'Japan: Normative Constraints Versus Structural Imperatives', in Muthiah Alagappa (Ed.) *Asian Security Practice: Material and Ideational influences*, Stanford University Press, Stanford, California, 1998.

of the peace constitution is a process that started in the 1950s. Evaluating policy choices raises important questions: If anti-militarist values constituted the driving force in post-war Japan, then what constrained the leadership from espousing 'unarmed neutrality' during Cold War? How did Tokyo accommodate the counterstrike capability conversation within the ambit of Article 9 and broadly its exclusively defence-oriented policy? Situating Tokyo's 'nuclear allergy' within US extended deterrence, the key question is, will the pacifist constitution survive in the absence of the latter given Japan's technological prowess and substantial stockpile of plutonium? What were the nuanced pressures shaping the gradual expansion of the limited reading of Article 9 and incrementally developing Tokyo's responsibility following the end of Cold War? On the contrary, if strategic competition and the shifting balance of power have persuaded Japan to re-evaluate its strategic calculus, then what variable are at play in limiting Tokyo from adopting an independent security posture?

The debate on Tokyo's security identity<sup>25</sup> is evolving. Despite the narrative of being a an economic 'giant' and a political and military 'pygmy',<sup>26</sup> Japan has emerged as a credible power possessing sophisticated military capabilities. The Kishida administration's decision of scaling up defence budget in the next five years is a consequential one. Furthermore, debunking the rhetoric of being a free-rider, Tokyo has agreed to shoulder larger responsibilities in the traditional division of labour in alliance management, with the US as the 'spear' and Japan as the 'shield', and this is further maturing following the Ukraine conflict. Additionally, there are instances when Japan has discussed the nuclear option in the post-war period.

Interestingly, Japan's revised NSS has opted for possessing counterstrike capability. Scholars argue that developing strike capability is not aimed

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<sup>25</sup> Daisuke Akimoto, *Japan as a 'Global Pacifist State': Its Changing Pacifism and Security Identity*, *WeltenOstasiens / Worlds of East Asia / Mondes de l'Extrême-Orient*, Peter Lang AG, Internationaler Verlag der Wissenschaften; New Edition, November 18, 2013; Andrew L. Oros, no.24.

<sup>26</sup> Yoichi Funabashi, 'Japan and the new world order', *Foreign Affairs*, 70(5), 1991/92 pp, 58–74.

at deserting the exclusively defence-oriented policy but enabling a counter strike to eradicate a ballistic missile threat if required. Moreover, having strike capability does not imply aggressive intent. Japanese scholars have argued that ‘striking at an enemy to destroy its military capacity in order to protect one’s own country from attack is one kind of defensive military strategy known as offensive defence or active defence’.<sup>27</sup> The US-Japan Security Treaty does permit employing air strike capability by the US as outlined in the Defence Cooperation Guidelines.

Japan’s deliberation on the subject can be traced to 1956. At a House of Representative Cabinet Committee Meeting, Prime Minister Hatoyama argued

If Japan were in imminent danger of an illegal invasion, and the method of invasion were a missile attack against Japan’s national territory, I simply cannot believe that the spirit of the Constitution requires that we merely sit and wait to die. In such a case, I believe that we should take the absolute minimum measures that are unavoidably necessary to defend against such an attack, so that in defending against a missile attack, for example, if no other suitable means are available, striking the missile base should be legally acceptable and falls within the range of self-defence.<sup>28</sup>

This position has been reiterated by several leaders subsequently such as Defence Minister Ino in 1959 and Norota in 1999. In addition, Diet members at the House of Representative Security Committee Meetings and House of Councillors Foreign Affairs and Defence Committee Meetings also debated on the possession of strike capability. Debates among the political class and defence professionals regarding the adoption of counterstrike capabilities have been developing for decades, and intensified especially in 2005 after the revelation that the military

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<sup>27</sup> Sugio Takahasi, ‘Dealing with the Ballistic Missile Threat: Whether Japan should have a Strike Capability under its Exclusively Defence Oriented Policy’, *NIDS Security Report* No. 7, December 2006, pp.79-94.

<sup>28</sup> Ibid.

did a study in 1994 regarding strikes against enemy missile bases. Ruling Liberal Democratic Party's (LDP) research commission on security issues where former Defence Minister Onodera is a key member proposed that Japan must seriously reflect on developing the capability to strike enemy missile bases. Recent developments following the cancellation of the Aegis Ashore system have intensified the policy discourse on counter-strike capability.<sup>29</sup> Possessing counterstrike capability constituted one of the key planks in the dynamic security debate in the run up to the revision of NSS. LDP submitted their proposal to Prime Minister Kishida and Defence Minister Kishi in April 2022 urging for radically strengthening security capabilities 'without being constrained by precedents' in the wake of the Ukraine crisis. Ruling party urged for acquiring 'counterstrike capabilities' to attack enemy bases and command-and-control nodes. Furthermore, it supported doubling defence spending to two percent of GDP over five years in order to secure the necessary defence capabilities and drew attention to Germany's policy shift in the wake of the Ukraine war.

Within the same frame of an exclusively defence-oriented policy, post-war Japan has also evaluated the nuclear options. While former Prime Minister Sato was given the Noble Peace Prize, he also established the 'Study Group on Democracy' with the objective of conducting research based on the cost-benefit analyses of Japan's nuclearization, subsequent to Beijing's maiden nuclear test.<sup>30</sup> Moreover, declassified documents presents the details of a 'secret deal' with the US amidst the Cold War on re-introduction of nuclear weapons to Okinawa in events of emergency. It co-existed with Tokyo's three non-nuclear principles.<sup>31</sup>

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<sup>29</sup> Titli Basu, *Rewiring Japan's National Security Strategy in Post-COVID Indo-Pacific*, MP-IDSAs Issue Brief, August 20, 2020 at <https://idsa.in/issuebrief/japan-in-post-covid-19-tabu-200819> (Accessed on September 30, 2020).

<sup>30</sup> Y. Kase, 'The Costs and Benefits of Japan's Nuclearization: An Insight into the 1968/70 Internal Report', *The Nonproliferation Review*, Summer 2001.

<sup>31</sup> Fumihiko Yoshida, 'From the Reality of a Nuclear Umbrella to a World without Nuclear Weapons: An Interview with Katsuya Okada', *Journal for Peace and Nuclear Disarmament*, 1(2), pp. 474-485.

The details of the ‘Agreed Minute’ between American President Nixon and his Japanese counterpart Prime Minister Sato and the ‘Okinawa Package’ has emerged.<sup>32</sup> Ishiba from the LDP who was Defence Minister from 2007 to 2008, stressed on the issue of dependability on US extended deterrence in the backdrop of the North Korean nuclear and missile programme. More importantly, he argued that Tokyo’s position of disallowing the introduction of nuclear weapons in its territory, must be revisited, consequently questioning the third pillar of Japan’s three principles.<sup>33</sup> Some others have also supported revising the three principles, and permitting Japanese waters and ports be used for passage of US nuclear weapons.<sup>34</sup>

Earlier in February 2022, former Prime Minister Abe stoke up the conversation on nuclear sharing, suggesting that it should not be considered as a taboo subject. While Prime Minister Kishida precluded such possibilities at a meeting of the Upper House Budget Committee underscoring the significance of the Three Non-Nuclear Principles, some opinion polls, for instance, one by Sankei Shimbun–Fuji News Network indicated that 83.1 per cent supported a debate on nuclear sharing and the deployment of American nuclear weapons to Japanese territory.

Kenneth N. Waltz in his writings has argued that Japan will ultimately go nuclear.<sup>35</sup> The academic literature available on the subject has broadly pointed to three factors influencing Tokyo’s decision on nuclear weapons including its carefully crafted identity of a pacifist non-nuclear weapon state, promise of non-proliferation and more importantly practical

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<sup>32</sup> Yukinori Komine, ‘Okinawa Confidential, 1969: Exploring the Linkage between the Nuclear Issue and the Base Issue’, *Diplomatic History*, Vol. 37(4), 2013.

<sup>33</sup> Fumihiko Yoshida, no.31.

<sup>34</sup> Nishihara Masashi, ‘Expanding Japan’s Credible Defence Role’, *International Security*, 8 (3), 1983-84, pp. 180-205.

<sup>35</sup> Kenneth N. Waltz, ‘The Emerging Structure of International Politics’, *International Security*, 18(2), Fall 1993, pp. 44-79.

security designs.<sup>36</sup> There is also an argument that acquiring such capabilities may unfavourably affect relations with Washington, which in turn would rupture the favourable geopolitical balance needed for Japan's security and economic advancement.<sup>37</sup>

To understand Tokyo's nuanced choices on defence and security policy today, a deeper look at the evolution of security thinking since the 1950s may be useful.

## CONTESTING PERSPECTIVES IN THE POST-WAR SECURITY CHURNING

The security discourse in Japan has broadly developed on four axes since the 1950s, including interpreting the constitution's pacifist clause; the status of the SDFs; the character of the security alliance with Washington; and the approach towards historical narrative. An analysis of the literature broadly indicates four strands of thought including the 'far left', 'moderate conservatives', 'conservative right' and 'far right'. The far left espoused that Japan must abide by the constitution's pacifist spirit and exercise 'unarmed neutrality'. While the moderate conservatives focussed on utilising resources to establish Japan as an economic power, the conservative right envisioned Japan's future through the prism of realism. The far right have supported the case of a militarily strong Japan.

Seminal works on Japanese security have labelled these four broad strands through differing names. For instance, Richard Samuels has identified these four strands as 'pacifists', 'middle power internationalists', 'normal nationalists', and 'neo-autonomists'. Mike Mochizuki has referred to these clusters as 'unarmed neutralists', 'political realists', 'military realists' and 'Japanese Gaullists'. Kenneth Pyle categorised them as progressives, mercantilists, liberal realists, and new nationalists. Hirata

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<sup>36</sup> Mike M. Mochizuki, 'Japan Tests the Nuclear Taboo', *Nonproliferation Review*, 14 (2), 2007, pp. 303-328.

<sup>37</sup> Mataka Kamiya, 'Will Japan Go Nuclear? Myth and Reality', *Asia-Pacific Review*, 2 (2), pp. 5-19.



refers to these classifications as pacifists, mercantilists, normalists and nationalists. One might find it difficult to situate many prominent Japanese political elites and thinkers strictly into any one of these classifications given the fact that they frequently borrow liberally from these schools of thought, depending on their political needs.<sup>38</sup> In the Cold War era, moderate conservatives constituted the governing political force and the far left posed the philosophical challenge. In the post-Cold War period, the conservative right gained political currency and replaced the moderate conservatives as a compelling political force.<sup>39</sup>

The *far left* or the *pacifists* advocated ‘unarmed neutrality’. Following the disillusionment in the war, this school of thought ardently supported pacifist constitution and believed in a rigid interpretation of Article 9 that ‘renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes’. In accordance with Article 9, the far left articulated that Japan’s SDFs and the US bases hosted in Japan are unconstitutional. The proponents of the pacifist school suggested that the fundamental premise of Article 9 can be traced from the contribution of Yokoi Shonan, Ueki Emori, Kitamura Tokoku, Uchimura Kanzo, Kinoshita Naoe, and Tokutomi Roka from before the War.<sup>40</sup> They envisioned that Japan’s aim should be to demonstrate that a modern industrial nation could sustain itself without armaments.

The far left had reservations regarding the US-Japan Security Treaty given the alliance placed Tokyo in the American camp and consequently drew Soviet resentment. They underscored that bolstering Japanese defence in order to strengthen cooperation with the US would

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<sup>38</sup> Kenneth Pyle, ‘The Future of Japanese Nationality: An Essay in Contemporary History’, *The Journal of Japanese Studies*, 8 (2), 1982, pp.223-263.

<sup>39</sup> Keiko Hirata, ‘Who Shapes the National Security Debate? Divergent Interpretations of Japan’s Security Role’, *Asian Affairs*, 35 (3), 2008, pp. 123-151.

<sup>40</sup> Kenneth Pyle, no. 38; for details see, Nobuya Bamba and John F. Howes, *Pacifism in Japan: The Christian and Socialist Tradition*, University of British Columbia Press, Vancouver, 1978.

deteriorate Japan's security as it may incite a Soviet attack.<sup>41</sup> Furthermore, they pushed for 'unarmed neutrality' based on their analysis that they perceive no realistic military threat from the Soviets. In addition, they advocated ending the US-Japan Security Treaty and even supported concluding friendship treaties with neighbouring countries.<sup>42</sup> They challenged the US narrative of Japan being a 'free rider' in the alliance and further believed that the US pressured Japan to bolster defensive capabilities in the backdrop of the Cold War. With the disintegration of Soviet Union, the far left lost momentum as the posture of 'unarmed neutrality' in relation to Washington and Moscow was not applicable anymore. In subsequent years, the left have continued to express doubts regarding strengthening military relations with the US. For instance, they had reservations on the Anti-terrorism Special Measures Law in 2001 and the Iraq Special Measures Law in 2003.

Sieving the political spectrum, the pacifists' ideology was borne by both Japan Socialist Party (JSP/Social Democratic Party (SDP) and Japanese Communist Party (JCP) in the Cold War period. However, in the 1960s post-war pacifism lost momentum after the renewal of the Security Treaty with the US. Even though this school of thought mobilised some support during the Vietnam War, they subsequently gave way to the moderate conservatives to shape the Japanese policy conversation on security. Moreover, the pacifist values were compromised and political opportunism took primacy once JSP participated in a coalition with LDP, under Prime Minister Murayama. Coalition with the LDP compromised the far left's belief on disarming Japan, and approved the legitimacy of Japan's SDF and the Security Treaty with the Americans.

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<sup>41</sup> Hisao Maeda, 'A Perilous Plan for Japan's Security', *Japan Quarterly*, October-December 1984, pp. 395-399; Hajime Matsusaki, (1988) 'The Prospect of Increased Japanese Military Burdensharing', U.S. Army War College, 1988 at <http://www.dtic.mil/dtic/tr/fulltext/u2/a192793.pdf> (Accessed on June 13, 2018).

<sup>42</sup> Mike M. Mochizuki, 'Japan's Search for Strategy', *International Security*, 8 (3), 1983-1984, pp.152-179.

Compromised values adversely affected the JSP in electoral politics and their ability to influence policy making shrunk. They witnessed a substantial waning of political clout compared to 1960s. Reduced political space of the far left is primarily because of its willingness to compromise the pacifist values by Murayama, and growing awareness of Japan's electorate concerning the challenges to national security. 'Unarmed neutrality' was not a realistic option for Japanese national security.

The *moderate conservatives* largely defined the security choices Japan opted for during the Cold War period. Unlike the far left, the moderate conservatives recognised the constitutionality of Japan's SDFs and the Security Treaty with the Americans. It is important to note that even though the moderate conservatives situated the security alliance with the US at the core of Japan's grand strategy, they analysed the alliance as 'unidirectional, emphasizing the US obligation to protect Japan but not vice-versa'.<sup>43</sup> They became proponents of Yoshida Doctrine, crafted after the name of then Prime Minister Yoshida Shigeru. This strand of thinking prioritised rebuilding war-ravaged Japanese economy and for security matters relied on the US alliance.<sup>44</sup> Prime Minister Yoshida's policy speeches signified revitalisation of industries and minimising defence spending with dependence on America's extended deterrence. Post-War Japan's limited resources were diverted towards enabling economic development. The moderate conservatives constituted a determined political force since the 1960s through the Cold War years. The term 'Yoshida Doctrine' is arguably crafted by Nagai Yonosuke.<sup>45</sup> He indicated that if Tokyo had succumbed to Washington's weight in

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<sup>43</sup> Keiko Hirata, 'Who Shapes the National Security Debate? Divergent Interpretations of Japan's Security Role', *Asian Affairs: An American Review*, 35 (3), Japan's Relationship with the United States and Its Allies (Fall, 2008), pp. 123-151.

<sup>44</sup> Shingo Nakajima. *Formation of Japan-U.S. Security Arrangements*, International Forum on War History Proceedings, NIDS, 2016 at <http://www.nids.mod.go.jp/english/event/forum/pdf/2016/06.pdf> (Accessed on July 3, 2018).

<sup>45</sup> Conversely, Nishihara Masashi is also credited for the same, drawing from his writings in 1978.

the 1950s and pursued a policy of rearming itself, it would have been difficult to realise the post-war economic miracle.<sup>46</sup> The Yoshida Doctrine was central to post-war Japan's economic prowess.

In the post-war years, even though Japan decided to develop SDF to support US efforts, Prime Minister Yoshida refused to heed to John Foster Dulles' insistence for Japanese rearmament as it would compromise economic reconstruction and it was imminent to avoid the trade-off between economic development and military expenditure. Supporting the US-Japan alliance framework, the moderate conservatives indicated the US to assume responsibility for military aspects and Japan would contribute to the economic aspects, thus abiding by the constitutional constraints.<sup>47</sup> Eminent political scientists of the times like Masataka suggested that Prime Minister Yoshida prioritised economic development and being a mercantilist, employing 'Article 9 as a negotiating tool was so natural for him'.<sup>48</sup> However, the 'merchant nation thesis' had its critics; as some stressed that it is a narrow and self-seeking proposition.

The constitutional amendment is a key issue discussed among the moderate conservatives. The literature indicates that there are essentially two contrasting viewpoints. The first group, Kato-Koga support amendment so that the ambiguity concerning the concept of self-defence can be addressed and the status of the SDFs can be formally recognised. Meanwhile others like Kiichi suggested that the constitution need not be amended since extension of the SDF's role could be accommodated with a liberal interpretation of the constitution.<sup>49</sup> This was primarily to avoid the potential political expenses, given the public sensitivities towards the issue. Within the Japanese political spectrum, a few LDP factions – including some members of the Kochikai, Tsushima,

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<sup>46</sup> Kenneth Pyle, no.38.

<sup>47</sup> Mike M. Mochizuki, no.36.

<sup>48</sup> Richard J. Samuels, *Machiavelli's Children: Leaders and their Legacies in Italy and Japan*, Cornell University Press, Ithaca NY, 2003.

<sup>49</sup> Keiko Hirata, no.39.

and Yamasaki clusters— subscribed to this line of thought. But since the 2000s, anti-mainstream strands gained momentum, and powerful pragmatists including Kono, Kiuchi, and Kato were cornered and the Kochikai faction was fractured.<sup>50</sup> In the post-Cold War years, the moderate conservatives lost ground to the right-of-centre normalists.

The *far right* or *nationalists* argue for discarding the post-war political order forced on Japan by US occupation through the pacifist constitution. This school of thought calls for undoing these imposed limitations and restore autonomy since Japan's secondary status to the US adversely affect Japan's national stature.<sup>51</sup> This strand of thought have further questioned reliability of US's pledge to defend Japan under Article 5 of the Treaty. Prominent figures like Ikutaro suggested that Japan should not nurture unrealistic notions regarding its alliance with the US and cautioned that Japan should rely on its own potential and capabilities. Japan has to rearm in accordance with its economic stature. Some of the thinkers perceive Japan as an abnormal instance because despite the fact that as a resource-scarce nation, Tokyo depends on maritime highways for vital supplies, and yet it relies on foreign powers to secure and protect its transit ways.<sup>52</sup> This line of thought faced reservation from the far left as well as the conservative right. They believed such a proposition may cause Japan's diplomatic seclusion and spiral the trust-deficit with regional neighbours.

Others, like Ishihara Shintaro in 1970s, have critiqued the trust-worthiness of American nuclear umbrella in Parliament. There were recommendations made that Tokyo may possess its individual nuclear weapons.<sup>53</sup> Subsequently, his writings such as 'The Japan that Can Say No' and 'The Asia That Can Say No' presented the point of view on

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<sup>50</sup> Richard J. Samuels, *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*, Cornell University Press, 2007.

<sup>51</sup> Richard J. Samuels, no.48.

<sup>52</sup> Kenneth Pyle, no.38.

<sup>53</sup> *The Japan Times*, Nuclear Arms Card for Japan, April 29, 2013 at <https://www.japantimes.co.jp/opinion/2013/04/29/commentary/japan-commentary/nuclear-arms-card-for-japan/> (Accessed on October 26, 2018).

amending the constitution and following an autonomous defence. In addition, some others suggested there is a need for Japan to restore the national character by departing from pacifism and become more independent and well-established in its history and traditions.<sup>54</sup> And yet there are others like Nishibe who expressed reservation regarding pretence of Tokyo's security approach as it depends on America's extended nuclear deterrence and yet simultaneously abstains from having nuclear weapons on moral validation.<sup>55</sup>

Prominent figures such as Eto Jun subscribe to this line of thinking. Eto Jun advocates that unless there is constitutional amendment, Japan will remain morally occupied by America,<sup>56</sup> whose objective was to destroy the Empire and substitute it with a set up in which Japan will not be able to control its fortune, as it is ripped off its right of belligerence. Within the political spectrum, previous Nakagawa/Ishihara faction and some from Machimura faction, including former Defence Minister Inada, belong to the far right school.

The far right praise the military history of Japan since they believe that the war was defensive and thus a just war. The aim was to liberate Asia from European colonialism; restrict the spread of communism; manage the economic blockade by the US, British, Chinese, and Dutch; and reaction to Hull Note which asserted on pulling out from China and Indochina. Furthermore, this school is not in favour of Japan extending an apology to its neighbours since they analyse an apology as a political tool being exploited by neighbours to maximise their political gains by manoeuvring history.

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<sup>54</sup> Nakanishi, Terumasa (2003), 'Nuclear Weapons for Japan', *Japan Echo*, 30, pp. 48-54.

<sup>55</sup> Richard J. Samuels, no.48.

<sup>56</sup> Mike M. Mochizuki, no.36; See Eto Jun, *1946 nenkenpo: Sonokosoku (The Constitution of 1946: Its Constraint)*, Bungei Shunju, Tokyo, 1980; Eto Jun, *Tozasaretagenokukan: Senryogun no kennetsu to senganibon (The Sealed Linguistic Space: The Censorship of the Occupation Forces and Post-war Japan)*, Bungei Shunju, Tokyo, 1989.

The *conservative right* supports strengthening the US-Japan security alliance and advocates constitutional revision of Article 9. They envision Japan as a 'normal nation' (*futsu no kuni*). The concept of exceptionalism, premised on Japanese experience during Second World War and the consequent constitutional restriction imposed, influencing Tokyo's normal participation in global issues, is contested by this school of thought. They believe in progressively expanding Tokyo's role in the US-Japan alliance with the objective of supporting Washington in maintaining a favourable international order. However, it proved difficult for the conservative right to pursue their goal with the fall of Kishi government, as the political space was then dominated by the moderate conservatives.

This strand of thinking gained traction around the Gulf War as Japan did not succeed in sending SDFs to back the Washington-led United Nations-authorized coalition. Tokyo met with severe criticism despite contributing US\$13 billion and its chequebook diplomacy approach. The proponents of this line of thought argue that normalisation does not entail militarisation. It is more about empowering Japan, enabling it in effectively contributing towards international peacekeeping missions. Ozawa's influential book 'Blueprint for a New Japan: The Rethinking of a Nation' captures the essence of this school. In order to bring clarity about Japan's approach to UN peacekeeping, there has been a proposition to add a constitutional clause, perhaps a third component to Article 9, emphasising that 'the regulation in paragraph 2 does not prevent the maintenance of military power for the purpose of exercising Japan's right of self-defence against military attack by a third country'.<sup>57</sup> Moreover, there is a proposal to incorporate an 'International Peace' section, stressing 'in order to maintain and restore international peace and safety from threats to, the collapse of, or an aggressive action against peace, the Japanese people shall contribute positively to world peace through various means including taking the lead in participating in international peacekeeping activities and supplying troops'.<sup>58</sup>

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<sup>57</sup> Glenn D.Hook and Gavan McCormack, (2001) *Japan's Contested Constitution: Documents and Analysis*, Routledge, London and New York, 2001.

<sup>58</sup> Ibid.

Among the conservative right, there are two blocs pertaining to how Tokyo should contribute to global security. First category of US-inclined normalists advocates reinforcing security ties with the US and make global contribution. Meanwhile, the second category of globally-inclined normalists propagates engaging in collective security through the UN. Ozawa subscribed to the second category.

In interpreting history, some conservative rights are hardliners; for instance the nationalist-inclined normalists are less apologetic on the historical baggage of Imperial Japan. In the post-war years, several prime ministers including Nakasone, Koizumi, and Abe paid their respects in Yasukuni Shrine. Abe had also objected to the Kono Statement of 1993 for want of practical substantiation. However, not all of the conservative right hold a hard-line view. There are others among the conservative right who have a different approach to history and believe leaders should avoid Yasukuni Shrine visits. For instance, Ozawa did not support Koizumi's Yasukuni Shrine visits.<sup>59</sup>

## **RISE OF THE CONSERVATIVE RIGHT**

The security debate in post-war Japan is predominantly marked by four contesting lines of thought. During the Cold War years, moderate conservatives influenced the security policy choices considerably, with LDP's *Kochikai* and *Tanaka* factions assuming a predominant role. But after the Cold War, moderate conservative values were eclipsed by the rise of conservative right. This was primarily due to two reasons: the fast-altering East Asian order with the arrival of China as a major power in the international system and technological sophistication in Pyongyang's nuclear and missile programme, and developments in factional politics of the predominant national party in Japan. The far left, underpinned by pacifist values, lost much of their credibility in national politics following their coalition with the LDP in the mid-1990s, as it implied dilution of their decades' old posture on SDF's

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<sup>59</sup> Richard J. Samuels, no.48.



and the Security Treaty. Furthermore, with Soviet disintegration, the political conversation tilted right.<sup>60</sup>

Ruling LDP has been a dominant political force in Japan. Studying the national political setting indicates that the power and influence of the once-dominant LDP mercantilist faction including *Kochikai* and *Heiseiken* wore off through the 1990s-2000s. This is primarily because of internal ruptures in factions. There were competing power centres in Kochikai faction.<sup>61</sup> Subsequently, the unsuccessful Kato rebellion resulted in dividing the faction, creating *Kochikai Horiuchi* and *Kochikai Tanigaki* groups.<sup>62</sup> Afterwards Koizumi got rid of the *Kochikai Horiuchi* factional leader in the course of the Lower House election, as he opposed Koizumi's postal privatisation proposal. Meanwhile, the *Heiseiken* faction, a successor of the *Tanaka* faction, had also experienced impediments in the Koizumi era since it did not extend full support for his structural reforms. Thus Koizumi diluted the political clout of the *Heiseiken* faction by getting rid of two primary leaders for refusing to accept the postal privatisation plan. He refused to give key party positions to this faction. Consequently, *Heiseiken's* political potency eroded from 101 parliamentary members in 2001 to 73 in 2005, to 69 in 2007, and to 51 in 2014.<sup>63</sup>

One of the forceful factions in the LDP is the *Seiwakai*. The roots of the normalist school deepened with the scaling of LDP's *Seiwakai* faction. It surfaced as a potent faction in shaping national politics once the power of the *Kochikai* and *Heiseiken* factions diluted. Notable leaders such as Abe Shinzo, Koizumi Junichiro, Aso Taro, Ishiba Shigeru form the core leadership of the normalists. Between 2000 and 2014, four prime ministers are by-products of this faction. This faction provided a quarter of the total LDP parliamentary members in 2014. They

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<sup>60</sup> Keiko Hirata, 'Role Theory and Japanese Security Policy', in Cristian Cantir and Juliet Kaarbo, (eds.), *Domestic Role Contestation, Foreign Policy, and International Relations*, Routledge, New York, 2016.

<sup>61</sup> T. Inoguchi, 'Japan's Upper House Election of 29 July 2001', *Government and Opposition*, 37(1), pp. 38–54.

<sup>62</sup> Keiko Hirata, no.60.

<sup>63</sup> Ibid

employed and practised their values under the leadership of Koizumi and shaped Japan's policy decisions, such as deployment of SDF in the Indian Ocean in 2001 and in Iraq in 2003.

Prime Minister Abe's approach to policy choices are deeply influenced by his grandfather, Kishi Nobusuke, who was a key leader driving the post-war conversation on constitutional revision. The objective was to undo 'the weakening of the nation'.<sup>64</sup> Kishi attempted to revisit the pacifist constitution and stressed that Japan should design an 'original and independent' constitution.<sup>65</sup>

While the LDP political landscape often witnesses fractured factional politics, the fault lines within the party hardly ever come into view in the Diet voting. This is primarily owing to the strict party discipline in the LDP which requires the conflicting factions to support the official party line. The support of LDP's Executive Council is necessary before legislations come to the Diet.<sup>66</sup> Even though the disagreements are expressed prior to voting, party unanimity is demonstrated when vote is cast in the Diet.<sup>67</sup> There are a few instances supporting this, including party members (except two connected to the *Kochikai* and *Heiseikai* factions) voting in support of deploying SDFs to the Indian Ocean. In the same way, with reference to the bill dispatching SDF to Iraq, party

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<sup>64</sup> Peter Drysdale and Shiro Armstrong, (2017) 'Questions about Japan's constitution after 70 years', *East Asia Forum* at <http://www.eastasiaforum.org/2017/05/01/questions-about-japans-constitution-after-70-years/> (Accessed on December 12, 2018).

<sup>65</sup> Daisuke Akimoto, 'An Analysis of the Japanese Constitutional Revision Debate: From the Eclectic Perspectives of IR Theory', *Journal of Japanese Law*, 18 (35), 2013, pp. 223-239.

<sup>66</sup> G. Curtis, 'Japanese Political Parties: Ideals and Reality', RIETI Discussion Paper Series, 2013, Japan at [www.rieti.go.jp/jp/publications/dp/04e005.pdf](http://www.rieti.go.jp/jp/publications/dp/04e005.pdf) (Accessed on September 14, 2018).

<sup>67</sup> K. Nemoto, E. Kraus, and R. Pekkanen, 'Policy Dissension and Party Discipline: The July 2005 Vote on Postal Privatization in Japan', *British Journal of Political Science*, 38, 2008, pp. 499-525.

members extended support (except three members from the *Kochikai* and *Heiseikai* faction).<sup>68</sup>

With Kishida taking charge to lead Japan as the Prime Minister, one interesting subject in factional politics would be to analyse the return of *Kochikai* and how it yields power in key policy decisions.

## MOVING AHEAD

The East Asian order is witnessing an altering regional balance of power. With Beijing's ascent to the international stage as a powerful economy, with a robust military modernisation programme supporting the 'national rejuvenation' thesis, Japan is adjusting to the power disequilibrium and repositioning at a time when US primacy in the region is eroding. This necessitated Japan to revisit its security policy orientation. Navigating the domestic debate on reinterpreting the post-war pacifist constitution followed by a series of legislations, is without doubt a positive step towards imparting clarity on Tokyo's future security trajectory. How Japan accommodates its 'Proactive Contribution to Peace' conceptualisation within the 'limited' right to exercise collective self-defence, needs in-depth study. In this regard, the next chapter in the monograph makes an attempt to understand the security policy shift by way of exploring the different layers of the collective self-defence debate; investigating the drivers that are shaping Japan's policy choices; analysing the recent legislations and studying the new institutional designs; and exploring the competing lines of argument on security.

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<sup>68</sup> Y. Miyagi, 'Foreign Policy Making under Koizumi: Norms and Japan's Role in the 2003 Iraq War', *Foreign Policy Analysis*, 5(4), pp.349–366.

## ‘PROACTIVE CONTRIBUTION TO PEACE’: EVOLVING NARRATIVES, POLITICS AND POLICY ON COLLECTIVE SELF-DEFENCE

Academic literature has analysed shifts in Japanese security policy premised on a ‘reactive state’ narrative.<sup>69</sup> In order to counter this ‘reactive state’ argument, Abe envisioned Tokyo’s global standing as a ‘Proactive Contributor to Peace’. Supporting Tokyo’s ‘proactive role for peace and stability in the world, in a way commensurate with its national capabilities,’<sup>70</sup> Abe adjusted and transformed the security policy. To emerge as an effective player in global power politics demanded easing of some of the restrictions enforced on post-war Japan, particularly Article 9.<sup>71</sup>

Analysing the conceptualisation of ‘Proactive Contribution to Peace’, Japanese scholars have employed the notions of positive and negative pacifism.<sup>72</sup> Interestingly, the Japanese translation of this concept is *seikyokuteki heimashugi* that suggest positive pacifism. Positive pacifism can be traced to the 1970s. Takuya Kubo, the administrative vice-minister

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<sup>69</sup> For details, see Akitoshi Miyashita and Yoichiro Sato (Eds.), *Japanese Foreign Policy in Asia and the Pacific: Domestic Interests, American Pressure, and Regional Integration*, Palgrave Macmillan, New York, 2001.

<sup>70</sup> ‘National Security Strategy,’ National Security Council, 2013 at [http://japan.kantei.go.jp/96\\_abe/documents/2013/\\_\\_\\_icsFiles/afieldfile/2013/12/17/NSS.pdf](http://japan.kantei.go.jp/96_abe/documents/2013/___icsFiles/afieldfile/2013/12/17/NSS.pdf) (Accessed on May 12, 2017).

<sup>71</sup> Titli Basu, ‘Debating Security in Japan’, *The Korean Journal of Defense Analysis*, 30 (4), December 2018, pp. 533–557.

<sup>72</sup> Daisuke Akimoto, *The Abe Doctrine: Japan’s Proactive Pacifism and Security Strategy*, Palgrave Macmillan, Singapore, 2018.

of defence, advocated institution of National Security Council (NSC) and further maintained that 'Tokyo has a duty to perform a greater role in safeguarding global security by going beyond 'passive/negative pacifism' and embracing 'active/positive pacifism'.<sup>73</sup>

In academic literature, the issue of positive pacifism was analysed by Kenichi Ito, arguing that Japanese Constitution has both elements of positive and negative pacifism — negative as in 'ascetic self-constraint' as characterised in Article 9 and positive pacifism as in 'altruistic self-sacrifice' as envisaged in international cooperation as per the Preamble. Japan's security outlook moved from negative pacifism centred on Constitution's Article 9 to positive pacifism, in accordance with the Preamble.<sup>74</sup>

Meanwhile, Japan Forum on International Relations (JFIR) proposed that amidst deep geopolitical shifts after the Cold War, Tokyo should consider evolving from 'passive/negative pacifism' to 'active/positive pacifism'. Policy assessments suggested that the US-Japan alliance could be 'fatally flawed if Japan hesitates to intercept ballistic missiles launched from North Korea in the direction of the US, or if she fails to defend U.S. military vessels which are attacked by North Korea in the midst of Japan-US joint operations. In order to avoid such a situation the Japanese government, regardless of whatever political party may be in power, should approve the exercise of the right to collective self-defence either by re-interpretation or by revision of the Japanese Constitution'.<sup>75</sup>

Alliance with America and the pacifist clause in the current Constitution constitutes the mainstay of post-war security strategy. Nevertheless, expanding right to collective self-defence's latitude within these two

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<sup>73</sup> Ibid.

<sup>74</sup> Daisuke Akimoto, 2012. "'Positive Pacifism' and the Development of Japan's PKO Policy", *Peace Research*, 26, Soka University pp. 27-53.

<sup>75</sup> *Positive Pacifism and the Future of the Japan U.S. Alliance: The 32nd Policy Recommendations of The Japan Forum on International Relations*, The Policy Council, The Japan Forum on International Relations, October 2009.

verticals — that is, Article 9 constraining use of force, and Security Treaty with Washington pressing equitable burden-sharing in alliance management— posed monumental challenges for policy practitioners. In the post-war era, Tokyo has incrementally stretched the limited reading of Article 9 and redefined Japan's approach towards collective self-defence drawing from the complex interplay of the evolving international geopolitics and domestic political influences.

In an attempt to grasp the tectonic shifts unfolding in security outlook, it is vital to comprehend the evolving conversation on collective self-defence, and subsequently analyse the 2014 'Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect its People' which enabled 'limited' collective self-defence followed by the security legislations in 2015.

### **JAPAN'S POLICY DISCOURSE ON COLLECTIVE SELF-DEFENCE**

While adapting to the changing international system since the post-war era, defining Japan's approach towards right to individual and collective self-defence within Article 9 has remained a puzzle for policy makers. Navigating the geopolitics since the post-war era, Japan considerably tailored the Constitutional elucidation of Article 9, redefining the scope of engagement and its terms for use of force. For decades, the Government maintained that although as a sovereign nation it holds right to collective self-defence accorded by Article 51 of 1945 United Nations Charter besides being overtly outlined in the 1951 US-Japan Security Treaty, exercising such rights would exceed the scope of minimum self-defence allowed in Article 9, and thus considered unconstitutional.

Tracing the policy papers, statements of leaders in the budget committee, primary sources and Supreme Court judgements, reflect Japan's articulated standpoint on exercising self-defence and collective self-defence rights. Sieving through the policy discourse on collective self-defence underscored some key points: while post-war Japan has rejected war, it has not rejected its right to defend itself. But the pacifist Constitution does not unconditionally authorise all means of self-defence. Japan permits limited self-defence measures under Article 9 in accordance with what is deemed minimally necessary, and right to

collective self-defence is beyond what is considered minimally necessary and consequently is not permissible under the Constitution.<sup>76</sup>

Following the restoration of sovereignty in April 1952, the SDF, a successor of the National Police Reserve, was instituted in 1954. While far left axis of Japan's political spectrum weighed the SDF as unconstitutional, the changing geopolitics of the Cold War made Japanese policy elites debate the latitude of Article 9 and interpret Japan's right to self-defence. Then Defence Agency's Director General, Omura Seiichi in 1954 argued in the House of Representatives Budget Committee, that, 'Article 9 of the Constitution recognizes the right of self-defense of Japan as an independent nation. It is therefore not a violation of the Constitution for Japan to have self-defense forces with a mission of self-defense, nor to establish troops with the necessary and adequate levels of armed capability to carry out this objective'.<sup>77</sup> Japan's approach towards individual self-defence rights was further advanced by Supreme Court, as it stated that:

The Article (Article 9 of the Constitution) renounces the so-called war and prohibits the maintenance of the so-called war potential prescribed in the Article, but there is nothing in it which denies the inherent right of self-defense of Japan as a sovereign nation. Pacifism in our Constitution by no means stipulated defenselessness or non-resistance. As is clear from the Preamble of the Constitution, we, the Japanese people, desire to occupy an honored place in an international society striving for the preservation of peace and the banishment of tyranny and slavery, oppression and intolerance for all time from the earth, and recognize that we have the right, along with all peoples of the world, to live in peace, free from fear and want. Therefore, it is

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<sup>76</sup> Satoru Mori, 'Japan Debates the Right to Collective Self-Defense', Policy Brief, Sigur Center for Asian Studies, Elliott School of International Affairs, The George Washington University, October 2013.

<sup>77</sup> The Advisory Panel on Reconstruction of the Legal Basis for Security, 'Report of the Advisory Panel on Reconstruction of the Legal Basis for Security – Prime Minister and His Cabinet', May 15, 2014.

only natural for our country, in the exercise of powers inherent in a state, to take measures of self-defense necessary to maintain its peace and security, and to ensure its survival.<sup>78</sup>

—Judgement of Supreme Court on Sunagawa Case, 1954

Meanwhile, the conversation on collective self-defence rights intensified amid the 1960 revision of the Security Treaty with the US. Amidst intense strategic competition of the Cold War, there was increasing pressure on Japan from its alliance partner, the US to redefine its scope of collective self-defence. However, following Yoshida line, political elites in Japan purposefully dodged exercising collective self-defence rights drawing from their 'fear of entrapment' in US-led fights, which may be beyond Tokyo's national interests. In this regard, in 1960, former Prime Minister Kishi Nobusuke rejected Japan's right to collective self-defence, while arguing that:

In the case in which a country with which Japan shares especially close relations is subjected to an armed attack, under the Constitution, Japan does not possess the right of collective self-defense in the sense of Japanese forces going to the attacked country and protecting that country.<sup>79</sup>

Subsequently, Japan's position regarding the issue of collective self-defence has been categorically argued on October 14, 1972 in a document titled 'Relationship between the Right of Collective Self-Defense and the Constitution'. It was suggested that:

The Constitution, in Article 9, renounces the so-called war and prohibits the maintenance of the so-called war potential prescribed in the Article. However, the Constitution recognized in the Preamble that 'all peoples of the world have the right to live in

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<sup>78</sup> Hiroshi Yasuda, *Introduction to Defense Law*. Orient Shobo, 1979; Yamanaka, 'The Concept of Administrative Power in the Constitution of Japan and the Defense of the Nation,' pp. 30-31.

<sup>79</sup> Answer by Prime Minister Nobusuke Kishi, in the Budget Committee of the House of Councillors, March 31, 1960.



peace,' and set out in Article 13 that 'Their (all the people's) right to life, liberty, and the pursuit of happiness shall...be the supreme consideration...in...governmental affairs.' It is evident on this basis as well, that the Constitution has not gone so far as to renounce even Japan's right to ensure its survival and the people's right to live in peace and that the Constitution cannot possibly be interpreted to prohibit Japan from taking measures of self-defense necessary to maintain its peace and security and to ensure its survival.....Nevertheless, that does not mean that the Constitution, which makes pacifism its fundamental principle, can be interpreted as permitting such measures for self-defense unlimitedly. These measures are permitted only when they are inevitable for dealing with imminent unlawful situations where the people's right to life, liberty, and the pursuit of happiness is fundamentally overturned due to an armed attack by a foreign country, and for safeguarding these rights of the people. Hence, these measures should be limited to the minimum extent necessary for repelling these situations.....If so, the use of force under our Constitution is permitted only in cases dealing with imminent unlawful infringements against Japan. Accordingly, it follows that the exercise of the so-called right of collective self-defense, which entails repelling armed attacks against other countries, cannot be permitted under the Constitution.<sup>80</sup>

Additionally, the Director of the Cabinet Legislation Bureau, critical of Japan's defence policy, Ichiro Yoshikuni suggested in 1972 that even though Japan enjoyed collective self-defence right as an sovereign state, practicing it was a subject to be decided in accordance with Article 9. Furthermore, in May 1981, the Japanese Government in a written reply to House of Representatives member Inaba Seiichi's query reiterated that:

It is only natural for our country to hold the right of collective self-defense under international law as it is a sovereign nation. The Government nevertheless takes the view that the right of

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<sup>80</sup> The Advisory Panel on Reconstruction of the Legal Basis for Security, no.77.

self-defense permitted under Article 9 of the Constitution is limited to the minimum extent necessary for the defense of the country. The Government believes that the exercise of the right of collective self-defense exceeds that extent and is not permitted under the Constitution.<sup>81</sup>

Underlying principle remained that right to collective self-defence exceeded limits of Article 9. Japan is only allowed to develop and bring to bear minimum level of military capacity needed in case of self-defence. It is essentially to underscore the post-war pacifist spirit of the 1947 Constitution promulgated during US occupation on the one hand, and then prevailing popular resistance amongst the electorate concerning attempt to drive Tokyo towards a relatively 'normal' track, on the other.

### **POLITICS OF COLLECTIVE SELF-DEFENCE**

While studying the relation between Japanese Constitution and security, the rift between the pacifists, revisionists and the pragmatists is well-established. It has been argued that Article 9 survived through Cold War and thereafter, as a result of two differing drives, that is to say, pragmatism and pacifism.<sup>82</sup> While the former evaluated national interests in realistic standings, the later stressed the significance of non-violence. The pragmatists supported Tokyo's reliance on Washington's extended deterrence and guaranteeing national security and prioritising economic reconstruction of the war-ravaged nation. Split within Japanese conservative revisionists and pragmatists, instead of amongst the left and the right enabled continued existence of Article 9. Consequently, this Article received support from the conservative pragmatists and the pacifists.<sup>83</sup>

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<sup>81</sup> Written answer to the written question submitted by House of Representatives member Seiichi Inaba, May 29, 1981.

<sup>82</sup> J. Patrick Boyd, and Richard J. Samuels, *Nine Lives? The Politics of Constitutional Reform in Japan*, Policy Studies 19, East-West Center, Washington DC, 2005.

<sup>83</sup> Titli Basu, 'Decoding Japan's Security Discourse: Diverse Perspectives', *India Quarterly* 72(1), 2016, pp. 30–49.

Amid the Cold War, situating Tokyo's policy choices within the frame of the US-Japan alliance, especially with reference to collective self-defence rights, remained a primary challenge for policy elites, both in Washington as well as Tokyo. While pragmatists in Japan opted for a narrow reading of Article 9 and collective self-defence rights under Yoshida Doctrine which allowed Tokyo to escape participation in America's Cold War equations and at the same time protect Tokyo's interests through the alliance, America on its part gradually started evaluating Japan's role within the alliance framework with the 'free rider' narrative. Nevertheless, for a fair analysis, it is imperative to look into the US internal policy discourse in the late 1960s. Even though Washington needed Tokyo to assume larger responsibility for its individual defence and also within the alliance structure, it was perhaps not willing to give more autonomy to Japan.<sup>84</sup> Internal policy deliberations within Nixon government suggest divergences between the State Department, Pentagon and Treasury Department, which reflects the dichotomy with reference to what type of Japan America desired in Asia.<sup>85</sup> Washington's attitude regarding Japan at that time was fractured. While some urged Tokyo to shoulder greater responsibilities for national and regional security, others remained apprehensive that Japan had to be constrained from following an independent defence approach, and the Security Treaty should be used as an instrument of limiting Tokyo's regional ambitions.

Right to self-defence became a contested domain between the constitution and security school. Despite the fact that the constitution school, driven by the 'fear of entrapment' in America's conflicts, dominated the politics in years following the War, the security school

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<sup>84</sup> Yukinori Komine, 'Whither a 'Resurgent Japan': The Nixon Doctrine and Japan's Defense Build-up, 1969–1976,' *Journal of Cold War Studies* 16 (3), 2014pp. 88–128.

<sup>85</sup> 'National Security Decision Memorandum 13: Policy Toward Japan,' National Security Council, May 28, 1969 at [https://www.nixonlibrary.gov/virtuallibrary/documents/nsdm/nsdm\\_013.pdf](https://www.nixonlibrary.gov/virtuallibrary/documents/nsdm/nsdm_013.pdf) (Accessed on November 4, 2017).

gained tractions, shaped by the 'fear of abandonment' in 1970s.<sup>86</sup> Thus Japan has refrained from despatching SDFs overseas, avoided offensive weaponization, and designed three non-nuclear principles following the war and focused its resources on rebuilding its war-ravaged economy. However, Cold War politics created a shift and Tokyo dreaded abandonment following several turn of events in 1970s, for instance, the Nixon shocks, US-China rapprochement, Watergate, and oil embargo, etc. This created space for the security school in the policy debate and subsequently in 1976 the maiden National Defense Program Outline (NDPO) came and after two years in 1978 the US–Japan Defense Cooperation Guidelines followed. Moreover, the US call for greater Japanese contribution in the management of regional security further intensified after the Cold-War decades. Richard Armitage Report firmly articulated that 'Japan's prohibition against collective self-defence is a constraint on alliance cooperation. Lifting this prohibition would allow for closer and more efficient security cooperation'. Yet, Japan has continued to remain anxious of any radical shift in its approach towards collective self-defence, weighing the possibility of getting embroiled in overseas conflicts. Instead, it had adapted incrementally to the rapidly evolving security dynamics in East Asia.

Reviewing security policy rhetoric versus the reality presents certain ambiguities. Within the parameters of its Article 9 and an entirely defence-centric outlook, Tokyo showcases some of the most advanced and niche military capabilities. Since the early 1950s, the policy elites have adjusted the Constitutional interpretation of Article 9 in line with changes in the national and global political landscape. Adapting to the post-Cold War geopolitics, Japan progressively advanced its role with SDF deployment overseas, supporting post-war Iraq's reconstruction, permitting refuelling operation in Indian Ocean with the aim of helping America-led forces in Afghanistan, engaging in counter-piracy in Horn

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<sup>86</sup> Jitsuo Tsuchiyama, 'War Renunciation, Article 9 and Security Policy', in Thomas U.Berger, Mike M.Mochizuki, and Jitsuo Tsuchiyama, (Eds.), *Japan in International Politics: The Foreign Policy of an Adaptive State*, Lynne Rienner Publishers, UK, 2007.

of Africa, and sending SDFs to South Sudan; and also sending SDF personnel to the Sinai Peninsula on its first non-UN mission.

### **Japan's Approach to Collective Self-defence During the Cold War**

To grasp Tokyo's approach, it is vital to situate the thinking on collective self-defence within Cold War's geopolitical setting. Even though the US Occupation ceased in 1952 with San Francisco Peace Treaty coming into force, military presence in Japan was critical for the Americans with the Korean War and the possible threats from China and the USSR. Thus in 1951, during peace negotiations, Tokyo was pushed towards supporting a security agreement together with San Francisco Treaty. Successively in 1960, Kishi crafted a new US-Japan Security Treaty. Initial phase of discussions on collective self-defence rights emerged just after the war. In 1954, when Self-defense Law was enacted by House of Councillors, the Resolution on the Ban on Dispatching the SDF Abroad was also brought forth. This was aimed at managing fears that the US-Japan Mutual Defense Assistance Agreement would expect Japan to despatch SDFs for the collective defence of an ally. However, as discussed in the previous section, Japan has time and again officially articulated that drawing from the Constitutional confines of Article 9, it cannot exercise collective self-defence. The political elites resolutely resisted American pressure to imbibe any collective self-defence responsibility in order to escape entrapment in US-led military campaigns during the Cold War.

As the Americans sought consequential military backing from its security allies to manage its regional strategic primacy in the midst of an ideological contest against communism in 1960s and 1970s, defence administration in Tokyo experienced mounting pressure from its alliance partner for demonstrating collective self-defence. In 1960, endorsing the Mutual Cooperation and Security Treaty, Article 5 stated:

Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its Constitutional provisions and processes. Any such armed attack and all measures taken as a result thereof shall be immediately

reported to the Security Council of the United Nations in accordance with the provisions of Article 51 of the Charter. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.<sup>87</sup>

Meanwhile, Kishi administration categorically articulated statements in the Diet reinforcing Tokyo's position on collective self-defence rights within the scope of Japan's interpretation. Prime Minister Kishi in 1960 rejected Japan's right to collective self-defence arguing at Budget Committee of the House of Councillors and suggesting that since Japan does not have such rights, Japanese forces would not be permitted to go to any attacked country and protect that country.<sup>88</sup> In contrast to other US allies, Japan refused to dispatch SDFs to back Washington's efforts in Vietnam.

However, following two shocks during Nixon presidency, Tokyo had to deal with the possibility of 'entrapment' versus 'abandonment' within its alliance framework. The next phase of discussions on collective self-defence gained momentum with an increased Soviet threat in East Asia, especially to Japan. Japan recalibrated the strategic environment and intensified bilateral security cooperation with its security ally by way of the Host Nation Support Program in 1977 to maintain American forces in Japan. The 'Guidelines for Defense Cooperation' were outlined in 1978. The Guidelines did discuss the 'situations in the Far East outside of Japan which will have an important influence on the security of Japan.' It stated:

The scope and modalities of facilitative assistance to be extended by Japan to the U.S. Forces in the case of situations in the Far

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<sup>87</sup> 'Treaty Of Mutual Cooperation And Security Between The United States Of America And Japan And Status Of Forces Agreement With Related Documents', CIA, Declassified and Approved For Release 2012/10/24, at <https://www.cia.gov/library/readingroom/docs/CIA-RDP07-00469R000100950001-2.pdf> (Accessed on June 2, 2019).

<sup>88</sup> Answer by Prime Minister Nobusuke Kishi, in the Budget Committee of the House of Councillors, March 31, 1960.

East outside of Japan which will have an important influence' on the security of Japan will be governed by the Japan-U.S. Security Treaty, its related arrangements, other relevant agreements between Japan and the United States, and the relevant laws and regulations of Japan.

The Governments of Japan and the United States will conduct studies in advance on the scope and modalities of facilitative assistance to be extended to the U.S. Forces by Japan with in the above-mentioned legal framework. Such studies will include the scope and modalities of joint use of the Self-Defense Forces base by the U.S. Forces and of other facilitative assistance to be extended.<sup>89</sup>

Subsequently, in May 1981, within the framework of the Guidelines, Tokyo committed the Maritime Self-Defense Force (MSDF) taking charge for SLOC as far as a thousand nautical miles, consequently embracing a wider role beyond its own territory. This was officially promulgated in the 1983 Japanese Defense White Paper. However, while Japan strengthened JSDF capabilities in order to offer defensive support around its territory, Japanese government maintained its original position on collective self-defence rights. Also, Nakasone administration followed the official position arguing any MSDF support towards defence of US battleships was in fact for Tokyo's defence and therefore consistent with individual self-defence.<sup>90</sup>

### **Japan's Approach to Collective Self-defence in the post-Cold War Period**

Tokyo's preference to hedge on issue of exercising collective self-defence through Constitutional manoeuvres, at a time when its

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<sup>89</sup> *The Guidelines for Japan-U.S. Defense Cooperation*, Ministry of Defense, November 27, 1978 at [https://www.mod.go.jp/e/d\\_act/anpo/19781127.html](https://www.mod.go.jp/e/d_act/anpo/19781127.html) (Accessed on May 3, 2019).

<sup>90</sup> Christopher W. Hughes, 'Japan's Strategic Trajectory and Collective Self-Defense: Essential Continuity or Radical Shift?' *The Journal of Japanese Studies*, 43 (1), Winter 2017, pp. 93-126.

economy registered considerable growth and the ensuing trade imbalance, came under growing pressure after the Cold war. With fall of USSR, one of the key strategic questions for Tokyo was whether it would dilute the foundation of Japan's alliance with Washington. Japanese concern after the Cold war is not difficult to comprehend as Tokyo benefited immensely from a US-led world order. The US accelerated Japan's recovery after the war by incorporating it into global economic institutions as well as by guarding it with the Security Treaty. But the Gulf War presented Japan with a renewed challenge, involving the Constitutional boundaries.

Third wave of discussions on collective self-defence rights unfolded in the 1990s around regional contingencies including the Gulf crisis, Pyongyang's nuclear crisis and finally the Taiwan Strait crisis. In 1990, after Iraq's attack on Kuwait, George Bush Senior administration exerted considerable pressure on Japan to engage in minesweeping and deliver logistic support. Even though then Prime Minister Kaifu planned to dispatch a Peace Corps-type mission to the Gulf, he had to present a bill in the Parliament that would let Japanese SDF to contribute to the UN-backed operations. However, this bill failed to garner required support.<sup>91</sup> Given Japan's discomfort with exercising collective self-defence drawing from the Constitutional boundaries and popular sensitivities on the subject of dispatching SDF overseas, Tokyo opted for 'chequebook diplomacy' as a way for contributing towards international security. In order to appease the US, initially Japan agreed to pay a billion dollars in August and in September provided a further three billion dollars of economic support. In addition, Japan gave another nine billion dollars to the US-led forces in January. Nonetheless, Japan's contribution was critiqued by Washington as 'too little too late'. Subsequent dispatch of MSDF minesweepers in 1991 was permitted since it transpired in peacetime and thus avoided any clash with Constitutional limitations. Notwithstanding Tokyo's contribution of US\$ 13 billion in Gulf War, American criticism of Japanese

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<sup>91</sup> Yoshinobu Yamamoto, 'Japan's security policies in the post cold war era', *Australian Journal of International Affairs*, 47(2), 1993, pp. 286-299.



‘chequebook diplomacy’ led the policy elite’s weigh incremental expansion of its role vis-à-vis SDFs overseas deployment.

Afterwards, Japan stepped up with crafting of the 1992 International Peace Cooperation Law (IPCL) which enabled contributing in UN PKOs in Cambodia. This development manifested an important shift even though IPCL only authorised contribution in UN-backed PKOs through peacetime, focussing on logistical and reconstruction undertakings. SDFs were allowed using force exclusively towards self-defence but not permitted to defend foreign personnel participating in the PKO. It was also not permitted using force towards eliminating impediments posed to the mission, hence preventing collective security and collective self-defence.

Fourth phase of the conversation on collective self-defence appeared in the backdrop of the 1997 revision of the US-Japan Defense Guidelines that stretched SDF’s responsibilities in particular ‘situations in areas surrounding Japan’ even though they were not permitted to use force in those circumstances. While 1978 Guidelines operationally focussed its attention on the defence of Japan given the potential Soviet threat towards Hokkaido, it failed to adjust to the post-Cold War challenges revealing gap between the US and Japan. Developments in the Korean Peninsula, especially with Pyongyang’s departure from NPT exposed the limitations in the Guidelines and policymakers acknowledged that Tokyo’s lack of ability to successfully back the Americans in a Korea contingency could compromise the alliance. This eventually steered revision of the Guidelines in 1997. This extended emphasis from just defence of Japan to maintenance of regional peace, encompassing ‘situations in areas surrounding Japan’ and supported planning for a Korean contingency. In addition, Japan enacted the ‘Regional Contingencies Law’ in 1999, which talked about the non-combat logistical backing the JSDF may perhaps offer the US in Article 6-type circumstances under the Security Treaty.

The fifth wave of the debate on exercising collective self-defence unfolded after the 2001 terrorist strikes in the US which radically transformed the geopolitical setting and diverted Washington’s focus on the ‘war on terror’. It created further pressure on Japan to increase the latitude of the alliance and compelled Japan to revisit its conventional

interpretation of Article 9. Japanese policymakers thus passed the 'Anti-terrorism Special Measures Law', enabling SDFs to be in Indian Ocean, offering refuelling support to American forces involved in Afghanistan. This enabled a legal structure for despatching JSDF by utilising existing UN Resolutions and then connecting it to Constitution's Preamble and Tokyo's responsibilities to retain an 'honoured place in international society'. Therefore, Japan's dispatch materialised employing quasi-collective security.<sup>92</sup> Furthermore, between 2004 and 2008, Japan permitted SDF dispatch to Iraq to offer logistical backing and help in rebuilding, basing the Iraqi Reconstruction Law on UN Resolutions and connecting it to Constitution's Preamble.<sup>93</sup> These missions were essentially non-combat and did not encompass the use of force, thus circumventing the subject of collective self-defence. Therefore, Japan applied in effect collective security in both Afghanistan and Iraq, by way of extending the interpretations.

As the East Asian order was fast altering and impinging on Tokyo's security calculations on the one hand and Washington pursues greater Japanese contribution in this asymmetrical alliance arrangement on the other, policymakers in Tokyo revisited the prohibitions on collective self-defence. The policy decision to introduce ballistic missile defence systems, yet again directed attention on the question of collective self-defence. In 2003, even though while pronouncing the decision on ballistic missile defence, Japan emphasised it would not impact on collective self-defence, but American officials underscored the technological and strategic rationale of ballistic missile defence is to successfully advance the goals of US-Japan alliance, and for Tokyo to exercise such right. The Japanese policy position on BMD suggested that:

The Government of Japan decided 'On Introduction of Ballistic Missile Defense System and Other Measures' at the Security

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<sup>92</sup> Christopher W. Hughes, 'Japan's Strategic Trajectory and Collective Self-Defense: Essential Continuity or Radical Shift?' *The Journal of Japanese Studies*, 43 (1), Winter 2017, pp. 93-126.

<sup>93</sup> Christopher W. Hughes, *Japan's Re-emergence as a 'Normal' Military Power*, Oxford University Press, Oxford, 2004, pp. 129-30.

Council and the Cabinet Council today. . . . As for the issue of the right of collective self-defense, the BMD system that the Government of Japan is introducing aims at defending Japan. It will be operated based on Japan's independent judgment, and will not be used for the purpose of defending third countries. Therefore, it does not raise any problems with regard to the issue of the right of collective self-defense. The BMD system requires interception of missiles by Japan's own independent judgment based on the information on the target acquired by Japan's own sensors.<sup>94</sup>

Policy makers and policy practitioners during the Bush administration urged Tokyo to marshal BMD capabilities aimed at defence of American military around Japan and also the US homeland. Policy elites in Washington categorically argued their expectations that Tokyo needs to make use of BMD assets in support of intercepting of missiles aimed at the US.<sup>95</sup>

'Japan handlers' in Washington have worked for a bipartisan consensus, urging Tokyo should ease the interpretation on collective self-defence which works as excessive restraint on US-Japan alliance management, particularly concerning BMD and regional contingencies.<sup>96</sup> But amidst the rapidly altering regional security environment, alliance management

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<sup>94</sup> 'Statement By the Chief Cabinet Secretary—Prime Minister of Japan and His Cabinet', December 19, 2003 at [https://japan.kantei.go.jp/tyokan/2003/1219danwa\\_e.html](https://japan.kantei.go.jp/tyokan/2003/1219danwa_e.html) (Accessed on October 4, 2018).

<sup>95</sup> 'Schieffer's Call for Missile Defense Help Raises Constitution Issue'. *The Japan Times*, October 28, 2006; 'Collective Defense Ban Crazy: Lawless', *The Japan Times*, December 7, 2006; 'U.S. Calls on Japan to Shield it From Missiles'. *The Japan Times*, May 17, 2007.

<sup>96</sup> *The United States and Japan: Advancing Toward a Mature Partnership*, Institute for National Strategic Studies, National Defense University, October 11, 2000, p. 3; Richard L. Armitage and Joseph S. Nye, *The US-Japan Alliance: Anchoring Stability in Asia*, Center for Strategic and International Studies, Washington DC, 2012 at [http://csis.org/files/publication/120810\\_Armitage\\_USJapanAlliance\\_Web.pdf](http://csis.org/files/publication/120810_Armitage_USJapanAlliance_Web.pdf), pp. 14–15. (Accessed May 12, 2017).

and hedging against US abandonment, the political elites in Japan – including in the ruling LDP, for instance, late Prime Minister Abe Shinzo and Ishiba Shigeru promoted collective self-defence as political space for moderates and security pragmatists shrunk within the party (as discussed in Chapter 1).<sup>97</sup>

## **MANAGING COLLECTIVE SELF-DEFENCE WITHIN ABE'S PROACTIVE CONTRIBUTION TO PEACE**

East Asian security theatre remained fluid. Japan has made bold efforts to enhance deterrence amidst the 'most severe security environment in its post-war history'. East Asian military balance fast altered with Beijing's growing confidence and relentless efforts to alter regional balance on one hand and technical sophistication of Pyongyang's nuclear and missile programme. Responding to American critique probing Tokyo's ambition to endure as a first tier nation<sup>98</sup>, then Prime Minister Abe articulated that 'Japan is not, and will never be, a Tier-two country.'<sup>99</sup>

Former Prime Minister Abe was a decisive force in reorienting Japan's security compass. Navigating the national conversation with reference to reinterpretation of Article 9, he displayed extraordinary intelligence and tact while pursuing the desire of a 'normal' Japan and took a few pragmatic decisions imparting clarity regarding Tokyo's new security role.

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<sup>97</sup> For more, see: Richard J. Samuels, 'Securing Japan: The Current Discourse', *Journal of Japanese Studies*, 33 (1), 2007, pp. 144–46.

<sup>98</sup> Richard L. Armitage and Joseph Nye, 'The U.S.–Japan Alliance: Anchoring Stability in Asia,' A Report of the CSIS Japan Chair, August 2012 at [https://csis-prod.s3.amazonaws.com/s3fspublic/](https://csis-prod.s3.amazonaws.com/s3fspublic/legacy_files/files/publication/120810_Armitage_USJapanAlliance_Web.pdf) (Accessed on May 12, 2017); [legacy\\_files/files/publication/120810\\_Armitage\\_USJapanAlliance\\_Web.pdf](https://csis-prod.s3.amazonaws.com/s3fspublic/legacy_files/files/publication/120810_Armitage_USJapanAlliance_Web.pdf) (Accessed on May 15, 2017).

<sup>99</sup> 'Japan is Back by Shinzo Abe, Prime Minister of Japan at CSIS', Ministry of Foreign Affairs of Japan, February 22, 2013 at [http://www.mofa.go.jp/announce/pm/abe/us\\_20130222en.html](http://www.mofa.go.jp/announce/pm/abe/us_20130222en.html) (Accessed May 12, 2017).

On the political spectrum, he guided the drafting of the maiden National Security Strategy (NSS) and conceptualised 'Proactive Contribution to Peace' underpinned by value of global cooperation. The focus was on 'Reconstruction of the Legal Basis for Security' and enabling a seamless actions on 'gray zone' escalations as an operational concept.<sup>100</sup> The first NSS in 2013 argued:

Surrounded by an increasingly severe security environment and confronted by complex and grave national security challenges, it has become indispensable for Japan to make more proactive efforts in line with the principle of international cooperation. Japan cannot secure its own peace and security by itself, and the international community expects Japan to play a more proactive role for peace and stability in the world, in a way commensurate with its national capabilities.....

Against this backdrop, under the evolving security environment, Japan will continue to adhere to the course that it has taken to date as a peace-loving nation, and as a major player in world politics and economy, contribute even more proactively in securing peace, stability, and prosperity of the international community, while achieving its own security as well as peace and stability in the Asia-Pacific region, as a 'Proactive Contributor to Peace' based on the principle of international cooperation. This is the fundamental principle of national security that Japan should stand to hold.

Responding to fast altering geopolitics, the 2013 NSS argued the case for bolstering Tokyo's national capabilities, reinforcing the security alliance with Washington, and fortifying strategic alignment with like-minded powers based on shared universal values. To this end, Abe instituted the National Security Council, revised the NDPG, introduced

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<sup>100</sup> Yamaguchi Noboru, 'Evolution of Japan's National Security Policy under the Abe Administration', in Gilbert Rozman (Ed.), *Asia's Alliance Triangle: US-Japan-South Korea Relations at a Tumultuous Time*, The Asan Institute, 2015.

stricter state secrets law, revised defence export controls, reversed the waning defence expenditures, and most importantly, reinterpreted the Constitutional frameworks, and subsequently enacted the 2015 'Legislation for Peace and Security'.

After LDP returned to power in 2012, former Prime Minister Abe reinstated an 'Advisory Panel on Reconstruction of the Legal Basis for Security'. This was earlier discussed between 2006 and 2008. Then Prime Minister Abe raised four scenarios to the Advisory Panel which were conditional on constitutional boundaries. These scenarios included defence of American ships in high seas, of ballistic missile interception which is headed for the US, and use of weapons in international peace operations. Unless Japan acts in response to these scenarios, it would impinge on its security, dilute the US-Japan alliance, and weaken its progressive role towards regional peace. While Tokyo has hitherto measured the exercise of individual self-defence right as justifiable within the Constitution's scope, this Advisory Panel articulated that the new security environment demands Tokyo to practise 'limited' collective self-defence and collective security. Following this Panel's report submission in May 2014, then Abe administration initiated a policy debate on permitting security legislations intended to enable 'Proactive Contribution to Peace'. It then made the July 2014 Cabinet Decision on the subject of reinterpreting Article 9's narrow scope. In both instances, this Advisory Panel, given its political appointments, presented reports aligning with Abe's policy plans, arguing favourably about the exercise of collective self-defence. Panel report stated:

The interpretation of Article 9 of the Constitution has been established as a result of many years of discussion. There are opinions that any changes to it would not be permissible and that if changes are required, it will be necessary to amend the Constitution. However, the method of Constitutional interpretation of this Panel has been derived from a literal interpretation of the provisions of the Constitution. In other words, the provision of paragraph 1 of Article 9 should be interpreted as prohibiting the threat or the use of force as means of settling international disputes to which Japan is a party. The provisions should be interpreted as not prohibiting the use of

force for the purpose of self-defense, nor imposing any Constitutional restrictions on activities that are consistent with international law. The provision of the Paragraph 2 of Article 9 should be interpreted as stipulating that ‘in order to accomplish the aim of the preceding paragraph,’ war potential will never be maintained. The paragraph should therefore be interpreted as not prohibiting the maintenance of force for other purposes, namely self-defense or so-called international contributions to international efforts. Even from the view of the Government to date that ‘these measures (necessary for self-defense) should be limited to the minimum extent necessary,’ the interpretation which excluded the right of collective self-defense from ‘the minimum extent necessary,’ while including the right of individual self-defense is inappropriate as it attempts to formally draw a line on ‘the minimum extent necessary’ by an abstract legal principle, and it should be interpreted that the exercise of the right of collective self-defense is also included in ‘the minimum extent necessary’.<sup>101</sup>

Furthermore, the Panel suggested that Japanese Constitution does not have provisions pertaining to individual or collective self-defence rights. The case of practising individual self-defence rights is recognised not by amendment but by reinterpretation of the Constitution. A similar approach may be employed for practising the collective self-defence right, to a minimum level needed. Then Prime Minister Abe subsequently based the new security legislations on the Advisory Panel’s reports to rationalise the Constitutional reinterpretation, permitting ‘limited’ collective self-defence. He then demonstrated resolute pragmatism by commencing the political process for reinterpreting Article 9, increasing the latitude of the security alliance with Washington, and enacting legislations to facilitate these changes.

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<sup>101</sup> *Report of the Advisory Panel on Reconstruction of the Legal Basis for Security – Prime Minister of Japan and His Cabinet*, May 15, 2014 at [https://www.kantei.go.jp/jp/singi/anzenhousyou2/dai7/houkoku\\_en.pdf](https://www.kantei.go.jp/jp/singi/anzenhousyou2/dai7/houkoku_en.pdf)(Accessed on May 3, 2018).

In July, 2014, the 'Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect its People' was approved. Subsequently, Japan's National Security Secretariat along with the MoD and MOFA commenced working on the security legislations with the purpose of adjusting Japan's legal basis for security. Japan, through its new set of legislations, defined three new conditions under which use of force may be permitted for the exercise of the right of collective self-defence, including:

- (a) when an armed attack against Japan has occurred, or when an armed attack against a foreign country that is in a close relationship with Japan occurs and as a result threatens Japan's survival and poses a clear danger to fundamentally overturn people's right to life, liberty and pursuit of happiness
- (b) when there is no appropriate means available to repel the attack and ensure Japan's survival and protect its people
- (c) use of force limited to the minimum extent necessary.<sup>102</sup>

The new set of legislations enabled proactive participation in PKOs including protecting civilians, adopting rules of engagement for use of weapons in accordance with UN standards, and conditionally supports armed forces of foreign countries.<sup>103</sup>

Beyond policy reorientation, then Prime Minister Abe embarked on instituting the National Security Council (NSC), subsequently setting up the National Security Secretariat. The establishment of the NSC is seen as a defining moment in policy-making. Japan's enhanced focus on crisis management, advanced intelligence, centralised policy-making is crucial in case Tokyo wants to augment its role in alliance management

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<sup>102</sup> 'Development of Security Legislation', Ministry of Foreign Affairs Japan, 2014 at [https://www.mofa.go.jp/fp/nsp/page1we\\_000084.html](https://www.mofa.go.jp/fp/nsp/page1we_000084.html) (Accessed on May 6, 2018).

<sup>103</sup> Yuichi Hosoya 'Historical Memories and Security Legislation: Japan's Security Policy under the Abe Administration', *Asia-Pacific Review*, 22(2), 2015, pp. 44-52.



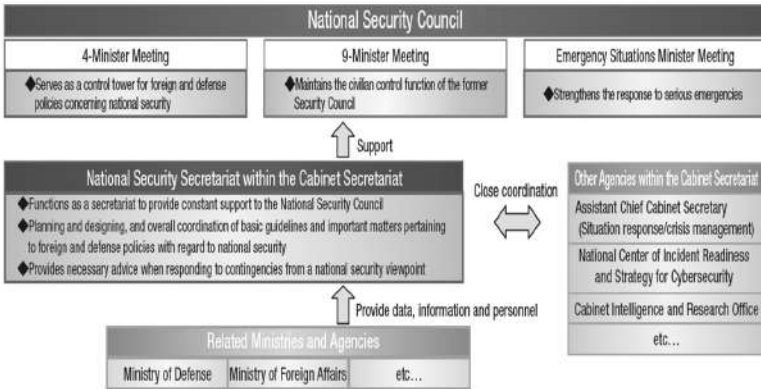
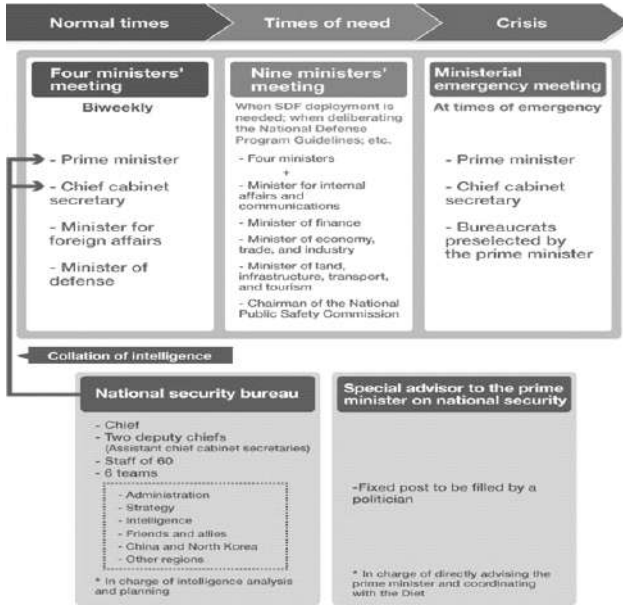
on the one hand and diminish reliance on the US on the other.<sup>104</sup> The objective has been to strengthen the Prime Minister's office with regard to national security decision-making, and reorganise national security institutions with a top-down decision-making structure and effective integration and inter-agency coordination for strategic planning. Since 2014, the NSC remains pivotal in influencing Tokyo's strategic choices and outlining how Japan plans to manage current and future challenges.

While the NSC was instituted under Abe's leadership, it remains a product of decades-long reforms when its precursor, the Security Council, was rendered ineffective in managing increasingly severe security challenges that demanded whole-of-government decision making, planning, intelligence-gathering and assessment. Meanwhile, the National Security Secretariat coordinates with Cabinet Secretariat. In the initial stages, the Secretariat's strength was sixty-seven personnel, primarily drawn from MOFA and MOD. The Secretariat manages secret intelligence, as well as intelligence shared with the US. To this end, Japan promulgated the 'Act on the Protection of the Specially Designated Secrets' with the intention of augmenting intelligence-sharing. The NSS had drafted the 2018 NDPG – the first since it was instituted in January 2014 – and the focus was on supporting integration and seamless coordination among the three services of the SDF; interoperability of SDFs and US military; and investing in cross-domain capabilities.

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<sup>104</sup> Mayumi Fukushima, and Richard J. Samuels, 'Japan's National Security Council: Filling the Whole of Government?' *International Affairs*, 94 (4), July 2018, pp. 773–790.

## National Security Council



Source: Ministry of Defense Japan website.

## ***Otagai no tame ni*<sup>105</sup>: Collective Self-Defence Within the US-Japan Defence Guidelines**

Within Washington's alliance framework with Tokyo, the Defence Guidelines outlined the respective roles of the SDFs and the US military, and delved into how both will cooperate in peacetime and in the course of contingences. The Guidelines, first shaped in 1978, underwent revision in 1997 with the purpose of adjusting to the realities after the Cold War, and in 2015 following the reinterpretation of Article 9 in July 2014. With the revised NSS released in December 2022, a further revision of these Guidelines is due.

In 1975, Tokyo and Washington decided to institute a Subcommittee on US-Japan Defence Cooperation under the Security Consultative Committee. This Subcommittee's discussions led to the outlining of the 1978 Guidelines which emphasised on three issues including 'Posture for Deterring Aggression'; 'Actions in Response to an Armed Attack against Japan'; and 'Japan-U.S. cooperation in the case of situations in the Far East outside of Japan which will have an important influence on the security of Japan'.<sup>106</sup> An analysis of 1978 Guidelines indicates ambiguity in connection with 'bilateral planning for regional contingencies' and that strategically they were of 'little consequence'.<sup>107</sup>

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<sup>105</sup> The reference of *Otagai no tame ni* which implies 'with and for each other' was made by President Barack Obama which capturing the essence of the alliance between the United States and Japan. 'Remarks by President Obama and Prime Minister Abe of Japan in Joint Press Conference', Office of the Press Secretary, The White House, April 28, 2015 at <https://obamawhitehouse.archives.gov/the-press-office/2015/04/28/remarks-president-obama-and-prime-minister-abe-japan-joint-press-confere> (Accessed on May 6, 2018).

<sup>106</sup> *The Guidelines For Japan-U.S. Defense Cooperation*, Ministry of Defense Japan, November 27, 1978) at [https://www.mod.go.jp/e/d\\_act/anpo/19781127.html](https://www.mod.go.jp/e/d_act/anpo/19781127.html) (Accessed on May 6, 2018).

<sup>107</sup> Michael J. Green and Koji Murata, 'The 1978 Guidelines for the U.S.- Japan Defense Cooperation: Process and the Historical Impact', Working Paper No. 17 at <https://nsarchive2.gwu.edu//japan/GreenMurataWP.htm> (Accessed on May 6, 2018).

With regard to developments in Far East outside of Japan which could bear considerable repercussions for Japanese security, the Guidelines outlined:

The scope and modalities of facilitative assistance to be extended by Japan to the U.S. Forces.....will be governed by the Japan-U.S. Security Treaty, its related arrangements, other relevant agreements between Japan and the United States, and the relevant laws and regulations of Japan.<sup>108</sup>

Operationally, the 1978 Guidelines emphasised on the defence of Japan. Pertaining to armed attacks against Japan, Tokyo assumed responsibility to 'repel limited, small-scale aggression. When it is difficult to repel aggression alone due to the scale, type and other factors of aggression, Japan will repel it with the cooperation of the United States'.<sup>109</sup>

With fast changing regional security matrix, and especially the 1993–1994 escalation of tensions owing to nuclear crisis, then Prime Minister Hosokawa instituted an Advisory Panel which presented the report in 1994 titled, 'The Modality of Security and Defense Capability of Japan: The Outlook for the 21st Century'. It is otherwise known as the Higuchi Report.<sup>110</sup> The Report argued that SDF's contribution in UN peacekeeping should be acknowledged as a 'major duty'. Underscoring the significance of the US-Japan alliance, the Report recommended increased cooperation in operations, intelligence/command, communications, logistics support, and equipment procurement.

Following the North Korean nuclear crisis and Pyongyang's departure from NPT, operational level cooperation was revisited. While the US deliberated on augmenting forces via Japan's ports and airfields, there were certain reservations in Japan even though it was acutely aware that if Tokyo fails to respond in a Korean contingency, it will certainly

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<sup>108</sup> *The Guidelines For Japan-U.S. Defense Cooperation*, no.106.

<sup>109</sup> *Ibid.*

<sup>110</sup> The Higuchi Report can be accessed at Appendix A in Patrick M. Cronin and Michael J. Green, 'Redefining the U.S.-Japan Alliance', McNair Paper No.31, NDU Press, Washington, DC, 1994.

dilute the underpinning of the security alliance in terms of maintaining strategic stability in East Asia. This led to the need to revise the 1978 Guidelines which could no longer cater to the shifting strategic environment. The 1996 ‘US-Japan Joint Declaration on Security–Alliance for the 21st Century’ initiated a review of the 1978 Guidelines and ‘agreed on the necessity to promote bilateral policy coordination, including studies on bilateral cooperation in dealing with situations that may emerge in the areas surrounding Japan and which will have an important influence on the peace and security of Japan’.<sup>111</sup>

The 1997 revised Guidelines extended the emphasis from Article V to Article VI of the Treaty. Emphasis was on three verticals: ‘defence cooperation under normal circumstances’; ‘actions in response to an armed attack against Japan’; and ‘cooperation in areas surrounding Japan that will have an important influence on Japan’s peace and security, (situations in areas surrounding Japan)’. Defining the geographic scope of ‘situations in areas surrounding Japan’ was fiercely debated in the Diet and led to articulation of the concept as ‘situational, not geographic’.

Subsequently, the ‘Act Concerning Measures for Peace and Safety in Areas Surrounding Japan’ was promulgated in 1999 and approved the requisite legal frameworks to put into action the revised Guidelines. But Japanese limitations with regard to collective self-defence under its Constitution, restricted the scope of cooperation for instance, Japan was powerless to bring down a missile directed at the US.

As Japan embarked on a path to reorient its post-war security posture under Abe with revisiting of the scope of Article 9 in July 2014, the US-Japan Defense Guidelines were upgraded in alignment with the new changes in the Japanese security policy, allowing ‘limited’ exercise of collective self-defence.

When Japan and the United States each decides to take actions involving the use of force in accordance with international law, including full

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<sup>111</sup> *Japan-U.S. Joint Declaration On Security-Alliance For The 21st Century*, Ministry of Foreign Affairs, April 17, 1996 at <https://www.mofa.go.jp/region/n-america/us/security/security.html> (Accessed on May 6, 2018).

respect for sovereignty, and with their respective Constitutions and laws to *respond to an armed attack against the United States or a third country, and Japan has not come under armed attack*, they will cooperate closely to respond to the armed attack and to deter further attacks. Bilateral responses will be coordinated through the whole-of-government Alliance Coordination Mechanism.<sup>112</sup>

The 2015 Guidelines outlined effective approaches in securing the remote islands and further expanded the scope of the security cooperation including defence of sea lanes and possibly, contributing to US operations beyond East Asia.<sup>113</sup> Particular instances may include cooperation pertaining to minesweeping to defend SLOCs, and also cooperation with regard to missile intercepting, where Japan would be permitted to shoot down ballistic missiles on the way to the US. The Alliance Coordination Mechanism (ACM) has been instituted with the objective of reinforcing ‘policy and operational coordination related to activities conducted by the Self-Defense Forces and the United States Armed Forces in all phases, from peacetime to contingencies. This mechanism also will contribute to timely information-sharing as well as the development and maintenance of common situational awareness’.<sup>114</sup> The ACM, the successor of the Bilateral Coordination Mechanism (BCM) instituted in 1997, involves three layers, focussing on policy, joint operations, and the tactics. Since its inception, the ACM has even been used to follow and react to North Korea’s nuclear test, the Kumamoto earthquake, and ‘swarming’ of Chinese vessels around the Senkaku Islands.

### **ABE DOCTRINE: EVOLUTIONARY OR REVOLUTIONARY?**

Two diverging perspectives emerged around the subject of endorsing Japan’s new security legislation to permit a broader understanding of

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<sup>112</sup> *The Guidelines for Japan-U.S. Defense Cooperation*, no. 109.

<sup>113</sup> Jeffrey W. Hornung, ‘Managing The U.S.-Japan Alliance: An Examination Of Structural Linkages in the Security Relationship’, 2017, <https://spfusa.org/wp-content/uploads/2017/04/Managing-the-U.S.-Japan-Alliance.pdf> (Accessed on May 6, 2018).

<sup>114</sup> *The Guidelines for Japan-U.S. Defense Cooperation*, no. 109.

collective self-defence. While the government argued no shift in the basic attitude advocated for 70 years, including Japan's character as a peace-loving country, yet there is considerable transformation to enable Japanese SDFs to play a constructive part in upholding peace. This raised an academic debate as to whether the policy realignments witnessed under late Prime Minister Abe are evolutionary and incremental or are they revolutionary and marked a radical departure in the post-war conversation on security.

Tracing the Japanese discourse on Abe's security initiatives leads to two sets of arguments. One line of thinking suggests that the unfolding shifts in Japanese security policy are minimalist and restricted,<sup>115</sup> necessary, moderate, constrained, and incremental.<sup>116</sup> While the focus remained on revisiting Article 9 and redefining the latitude of right to collective self-defence, this group of scholars argue that the 2015 security legislations do not drastically change Tokyo's decision to join collective

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<sup>115</sup> John Nilsson-Wright and Kūchi Fujiwara, 'Japan's Abe Administration: Steering a Course Between Pragmatism and Extremism,' Research Paper, Chatham House Asia Programme, September 2015 at [https://www.chathamhouse.org/sites/files/chathamhouse/files/eld/eld\\_document/20150914JapanAbeAdministrationNilssonWrightFujiwara.pdf](https://www.chathamhouse.org/sites/files/chathamhouse/files/eld/eld_document/20150914JapanAbeAdministrationNilssonWrightFujiwara.pdf), pp. 12–14 (Accessed on May 6, 2018).

<sup>116</sup> Kitaoka Shin'ichi, 'The Turnabout of Japan's Security Policy: Toward 'Proactive Pacifism,' April 2, 2014 at <http://www.nippon.com/en/currents/d00108/>; Hosoya Yuichi, 'Bringing 'Internationalism' Back,' June 23, 2014 at <http://www.nippon.com/en/currents/d00122/>; Michael Green and Jeffrey W. Hornung, 'Ten Myths about Japan's Collective Self-Defense Change: What the Critics Don't Understand about Japan's Constitutional Reinterpretation,' *The Diplomat*, July 10, 2014 at <http://thediplomat.com/2014/07/ten-myths-about-japans-collective-self-defense-change/>; Andrew L. Oros, 'Japan's Cabinet Seeks Changes to Its Peace Constitution—Issues New 'Interpretation' of Article Nine,' *Asia-Pacific Bulletin*, (270), July 1, 2014, at [http://www.eastwestcenter.org/sites/default/files/private/apb270\\_0.pdf](http://www.eastwestcenter.org/sites/default/files/private/apb270_0.pdf); Paul Midford, 'Japan's Approach to Maritime Security in the South China Sea,' *Asian Survey*, 55 (3), 2015, pp. 345–47; Jennifer Lind, 'Japan's Security Evolution,' *Policy Analysis*, (788), Cato Institute, February 25, 2016 at <http://object.cato.org/sites/cato.org/files/pubs/pdf/pa-788.pdf>, p. 7. (Accessed on May 6, 2018).

defence or to send SDF beyond borders to fight wars.<sup>117</sup> Analysing the strategic guidelines, Constitutional interpretations and legal arguments, it has been maintained that Prime Minister Abe's security and defence reforms are 'not unique to his ideology or political stance but follow the general trend Japan has pursued in the last two decades. What is unique about Abe is his drive and political tact to pursue these reforms'.<sup>118</sup> The expanded scope of Article 9 has only enabled a 'limited' exercise of collective self-defence, conditional on legal and political checks, or *badome*.

This set of academic literature evaluates the unfolding policy changes as a part of former Prime Minister Abe's larger idea of enabling Japan to become a 'proactive contributor to peace', thereby enabling it to shoulder greater responsibilities as a stabiliser in US-led liberal international order. Since the post-war era, asymmetry in the alliance framework has imposed significant strains on the alliance, risking a backlash in the US Congress. Contesting the argument that the policy initiatives are 'an abrupt transformation',<sup>119</sup> some have suggested that the initiatives espoused by Abe to a large extent reflect the continuing drift unfolded by previous governments. These important policy shifts are evolutionary rationalisation determined by the threat assessments from Pyongyang's brinkmanship on the one hand and the fast altering military balance with Beijing on the other.

On other end of the spectrum, academic literature and popular opinion argued that the policy developments under Abe on exercising collective self-defence represents a fundamental shift from Tokyo's post-war

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<sup>117</sup> Yuichi Hosoya, 'Historical Memories and Security Legislation: Japan's Security Policy under the Abe Administration', *Asia-Pacific Review*, 22(2), 2015, pp. 44-52.

<sup>118</sup> Hiroshi Nakanishi, 'Reorienting Japan? Security Transformation Under the Second Abe Cabinet Asian Perspective', *Asian Perspective*, 39 (3), July-September 2015, pp. 405-421.

<sup>119</sup> Adam P. Liff, 'Japan's Defense Policy: Abe the Evolutionary', *The Washington Quarterly*, 38 (2), 2015, pp. 85-87.



security posture.<sup>120</sup> Enabling the right to collective self-defence is analysed as a ‘slippery slope’<sup>121</sup> in terms of easing the limits on employing military power for national security and increasing the probability of getting entangled in US-led operations. Japan’s push towards the exercise of collective self-defence ‘opens pathways to radical shifts’ instead of representing constancy with previous security position.<sup>122</sup> This is especially owing to the outlook embraced by Japanese government to realise policy goals by simply increasing the space for interpretation of Article 9 by way of a Cabinet decision and evade the official Constitutional amendment process. Former Prime Minister Abe’s approach has disappointed a number of interest groups, for instance, ‘Save Constitutional Democracy Japan 2014’, who insisted on a nationwide public debate and subsequently argued that a proper revision of language used in the Constitution through the procedure outlined in Article 96 is crucial in effecting any change. The group analysed the

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<sup>120</sup> Yakushiji Katsuyuki, ‘Abe’s Hollow Victory? Public Uproar over Collective Self-Defense,’ The Tokyo Foundation for Policy Research, Politics in Perspective, October 8, 2015 at <http://www.tokyo-foundation.org/en/articles/2015/abes-hollow-victory> (Accessed May 12, 2017); Satoru Mori, ‘The New Security Legislation and Japanese Public Reaction,’ The Tokyo Foundation Politics in Perspective, December 2, 2015 at <http://www.tokyo-foundation.org/en/articles/2015/security-legislation-and-public-reaction> (Accessed May 12, 2017); Kamiya Mataka, ‘Japan Divided on Collective Self-Defense Push,’ *The Japan Journal*, July 2014 at [http://www.japanjournal.jp/img/WP/1407e/1407e\\_22-23\\_Politics.pdf](http://www.japanjournal.jp/img/WP/1407e/1407e_22-23_Politics.pdf), pp. 22–23 (Accessed May 12, 2017); Masato Kamikubo, ‘Japan’s New Security Legislation and Parliamentary Democracy,’ *PacNet*, (78), November 10, 2015 at [https://csis-prod.s3.amazonaws.com/s3fs-public/legacy\\_files/files/publication/Pac1578\\_0.pdf](https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/Pac1578_0.pdf) (Accessed on September 2019).

<sup>121</sup> ‘DPJ’s Okada says Abe on slippery slope with push to enact security legislation,’ *The Japan Times*, July 13, 2015 at <https://www.japantimes.co.jp/news/2015/07/13/national/politics-diplomacy/dpjs-okada-says-abe-slippery-slope-push-enact-security-legislation/#.XXUIBCgzbiU> (Accessed on September 2019).

<sup>122</sup> Christopher W. Hughes, ‘Japan’s Strategic Trajectory and Collective Self-Defense: Essential Continuity or Radical Shift?’ *The Journal of Japanese Studies*, 43 (1), Winter 2017, pp. 93-126.

developments as an effort to realise revision via one ad hoc Cabinet pronouncement, as a major attack on democracy.<sup>123</sup> Abe shunned the Constitutional amendment obligation completely and instead decided on a relatively less convoluted option of re-reading the essence of the pacifist article.

Constitutional amendment in Japan is a challenging process. Article 96 states:

amendments to this Constitution shall be initiated by the Diet, through a concurring vote of two-thirds or more of all the members of each House and shall thereupon be submitted to the people for ratification, which shall require the affirmative vote of a majority of all votes cast thereon, at a special referendum or at such election as the Diet shall specify.<sup>124</sup>

Japan never experienced any Constitutional amendment. In 1964, the debate on Article 96 deepened when the Constitution Commission offered its report to then Prime Minister Hayato. Meanwhile, LDP prefers loosening the needed support for amendment to a relatively simpler majority in each House. Former Prime Minister Abe in the beginning deliberated on undoing this obstacle by plummeting the conditions of Article 96, but before long sensed challenges in that process and decided in favour of reinterpreting the Constitution instead of dealing with Article 96.

Effecting change in Article 9 through an amendment was a daunting task for the Abe administration. In 2017, on the Constitution Day, he outlined the goal of fructifying then ongoing national conversation into first amendment and in that way carving out a bigger role for

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<sup>123</sup> Major security shift: Scholars blast constitutional reinterpretation as attack on democracy', *The Asahi Shimbun*, July 4, 2014 at [http://ajw.asahi.com/article/behind\\_news/politics/AJ201407040078](http://ajw.asahi.com/article/behind_news/politics/AJ201407040078) (Accessed on June 19, 2019).

<sup>124</sup> The Constitution of Japan, Prime Minister of Japan and His Cabinet, May 3, 1947 at [http://japan.kantei.go.jp/constitution\\_and\\_government\\_of\\_japan/constitution\\_e.html](http://japan.kantei.go.jp/constitution_and_government_of_japan/constitution_e.html) (Accessed on June 19, 2019).

Tokyo in the Northeast Asian theatre. Since Abe further strengthened his position in 2018 by obtaining a third term as the LDP President with considerable factional support, the party renewed its momentum on the national debate on amending Article 9. However, the biggest hurdle was the national referendum. One way of gauging public sentiments can be studying the opinion polls carried out by leading national dailies. But analysing these surveys indicates the discrepancy between their results. This may be on account of the ambiguity among respondent concerning what exercise of right to collective self-defence denotes.<sup>125</sup>

Often public surveys piloted by Japanese mass media offer differing trends which may be shaped by the comparatively limited sample size and also the political alignment of media corporations asserting the line of particular political parties. In politics, parties habitually use the mass media as a productive tool to influence the discourse on serious subjects. The nexus between political parties and mass media are often demonstrated in editorials, surveys and in the view espoused in day-to-day reportage of the developments. In addition, Japan's Kisha press club permits the fourth estate privileged access to Japanese political elites, which may nurture a conformist rapport with bureaucrats, large corporations and policymakers. The opponents however argue that access to political elites and authorities may make mass media opt for a less critical line of reporting towards the authorities.

Besides the Cabinet's reinterpretation, former Prime Minister Abe used the Cabinet Legislation Bureau (CLB) in pursuit of his goals. Even though the Bureau had previously made it clear that Article 9 excludes collective self-defence, Abe brought in a new Director General in 2013 who was an advocate of collective self-defence. He allowed the CLB to be utilised by Abe when he articulated that Cabinet must decide the subject of Constitutionality. As the CLB discarded its conventional

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<sup>125</sup> Kamiya Mataka, 'Japanese public opinions about the exercise of the right of collective self-defense', *Discuss Japan*, Japan Foreign Policy Forum, No. 23. September 25, 2014 at <http://www.japanpolicyforum.jp/en/archives/politics/pt20140925231907.html> (Accessed on May 7, 2019).

watchdog character, the impetus of making decisions on the understanding of the Constitution moved to the executive and it came within political control. Thus, Abe had his say in the Constitutional reinterpretation, through a combined approach, via the 'Advisory Panel on the Reconstruction for the Legal Basis of Security', managing the CLB, and Cabinet decision.

Looking at the political spectrum, while the junior coalition partner of the LDP, Komeito, associated with pacifist values –was expected to act as a check and balance to Abe's ambitions, it reached a compromise with the LDP following a few adjustments in the policy drafts. Abe shared the draft related to collective self-defence in June 2014, suggesting the process wherein Tokyo can manage grey-zone settings and put forward enhanced logistic assistance to allies and undo restrictions on the use of weapons during peacekeeping operations. The New Komeito articulated its hesitations on the policy shift on collective self-defence. But, subsequently Abe was successful in managing the uneasiness of Komeito after fine-tuning a few phrases in the draft statement.<sup>126</sup>

In pursuit of 'Proactive Contribution to Peace', Tokyo has initiated instrumental policy shifts beyond the 2015 'Legislation for Peace and Security'. One of the pertinent policy shifts involved revisiting Japan's 'Three Principles of Arms Export'. This, together with the 'Strategy on Defence Production and Technological Bases', is formulated to revive the Japanese defence industry to enable a robust defence production and technological base. This is considered crucial for safeguarding national security and strategic objectives. Here, it is important to note that Japan's 'Three Principles on Arms Exports' was an outcome of Cold-War politics and Japan's Socialist Party's political manoeuvrings. Arms exports, as such, were not banned under the Japanese Constitution.<sup>127</sup>

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<sup>126</sup> Ibid.

<sup>127</sup> Heigo Sato, 'Japan's Arms Export and Defense Production Policy', CSIS, 2014 at [file:///C:/Users/titli.IDSASRV/Downloads/150331\\_Sato\\_JapanArmsExport-1%20\(3\).pdf](file:///C:/Users/titli.IDSASRV/Downloads/150331_Sato_JapanArmsExport-1%20(3).pdf) (Accessed on December 28, 2018).

Arms exports are perceived to be imperative in permitting global defence cooperation and contributing in co-development and joint production, which for long was constrained by the policy of anti-militarism. Japan is attempting to promote defence equipment and technology cooperation as an important component of its foreign policy and strategic partnerships. The revised NSS of 2022 underscores that in order to help countries 'that are subject to aggression in violation of international law, use of force, or threat of force', Japan will consider transfer of defence equipment and technology as one of the important policy instruments ensuring stability in the Indo-Pacific. The next chapter evaluates the extending frontiers of the 'Three Principles of Arms Export' and explores the various aspects of Japan's defence industrial policy reforms.

# **JAPAN'S DEFENCE INDUSTRIAL POLICY: EXTENDING FRONTIERS WITHIN THE THREE PRINCIPLES**

In the wake of the Russian invasion of Ukraine, Prime Minister Kishida Fumio has systematically framed the narrative 'Ukraine could be East Asia Tomorrow'. At this inflection point in international history, Japan is demonstrating a renewed sense of urgency both in its national security discourse and in Tokyo's international conversations as the East Asian theatre becomes increasingly contested with Sino-US strategic rivalry, manifesting in the intensifying tensions in Taiwan Straits, South and East China Seas, and lately Beijing's inroads in to the Pacific Islands. For Tokyo, its neighbourhood is becoming increasingly difficult with arrival of China as a confident power in the system upending the rules-based order and reclaiming its rightful place following a 'century of humiliation' on one hand and Russian expansionism testing not just the Euro-Atlantic alliance but also rocking relations over Northern Territories and no Peace Treaty on the other. More importantly, the emerging trends of a China-Russia nexus adds to the anxiety of defence planners. This together with the Pyongyang's brinkmanship and the increasing sophistication of its nuclear and missile programmes adds another layer in the threat matrix. Besides, the Covid-19 pandemic accelerated the trends in Japan's economic security conversation which started with Sino-US trade war and contest for tech supremacy.

In this backdrop, Tokyo is recalibrating its grand strategy. With relative dilution of Washington's primacy and the power disequilibrium in the US-China-Japan regional dynamics, Tokyo despises the potential

emergence of a Sino-centric regional order.<sup>128</sup> As the power balance shifts in Asia, Tokyo's primary goal would be to reinforce the US-led regional order which has served its national interests favourably since the end of the War.<sup>129</sup> With a few nuclear power neighbours, contested territorial claims and an emotive historical legacy escalating anti-Japanese nationalism in the region, stakes are high for Japan.

Xi Jinping meanwhile has articulated Chinese ambitions in no uncertain terms, be it framing the 'Asia for Asians' narrative or the recent Global Security Initiative. At Communist Party Congress, Xi Jinping argued the case of China joining 'the ranks of the world's most innovative countries' by 2035. Beijing is fundamentally driven by the belief that the US-led order is distorted as Washington's liberalism is driven by the urge to export democracy and human rights on the political axis and containing rise of China through Cold War alliances on the security axis. After the Second World War, the Americans moulded the liberal international order by creating institutions and norms that organised global politics and shaped regional dynamics. However, Washington has now encountered the most difficult challenger in a 'revisionist' China. Japan's Defense White Papers have consistently articulated the narrative of Chinese 'unilateral, coercive attempts to alter the status quo, based on its own assertions that are incompatible with existing international order'. This has considerably shaped Tokyo's official discourse, enunciating the case of the most severe security environment in its post-war history. East Asian order remains fluid with the changing

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<sup>128</sup> Discussion in Tokyo with leading Sinologists including Ryosei Kokubun, President of the National Defense Academy of Japan on September 14, 2017; Shin Kawashima, Professor, The University of Tokyo on September 18, 2019; Akio Takahara, Professor, The University of Tokyo, on October 14, 2017.

<sup>129</sup> Ryo Sahashi, 'The depths of Tokyo's strategic dilemma', East Asia Forum, December 21, 2018 at <http://www.eastasiaforum.org/2018/12/21/the-depths-of-tokyos-strategic-dilemma/> (Accessed on December 27, 2018); Toshihiro Nakayama, 'Japan's Not Hedging... Yet', The Diplomat, December 21, 2018 at <https://thediplomat.com/2018/12/japans-not-hedging-yet/>, (Accessed on December 28, 2018).

military balance as Beijing, Pyongyang and Moscow are modernising their military capabilities.

Developments in the East Asian security landscape are of overriding significance to Japan whose national security is founded on its alliance with the US. Lately, Japan has responded to these challenges with scaling of defence budget to 2 percent of the GDP in next five years, embracing counterstrike capabilities, extensive security policy reorientation to augment its capacity to deter and defend against adversaries with new legislations, restructuring its security policy institutions, investing in building new capabilities and designing a network of strategic partnerships beyond the US. Japan's domestic institutional and legislative security frameworks have expanded their scope with the intention of firming their military capabilities and posture. With the intention of safeguarding Japan's national interests and pursue its goal of 'Proactive Contribution to Peace' anchored on the value of global cooperation, one of the key elements in laying the domestic foundations, is bolstering Japan's defence production and technological bases.

Most of the academic literature has focussed on the security policy developments under Abe from the prism of Japan's right to exercise collective self-defence within the US-Japan alliance framework. However, this chapter will focus on studying one of the core components identified in strengthening Japan's defence capabilities, namely the policy shifts reinforcing Japan's defence technology and industrial base that play a critical role in Japan's national security.

## **POLICY DISCOURSE ON DEFENCE INDUSTRIAL AND TECHNOLOGY BASE**

Preserving a robust defence-related production and technological base is imperative since it would guarantee national security and enable acquisition of state-of-the-art equipment in keeping with Japan's geography and cultural character, steady maintenance of equipment, and timely acquisition during contingencies. High technology not just augments deterrent capabilities, it maximises leverage in negotiations ensuring national sovereignty. Japan's recently revised NSS released in December 2022 has reinforced defence production and technology base as 'defence capabilities themselves'.



The policy papers from the Abe administration have consistently articulated the case of bolstering Japan's defence industrial base. The defence industry is of critical importance in laying the basis for the production, operation, and maintenance of defence equipment. The term 'defence industrial base' implies the 'human, physical, and technological bases that are vital for the production, operation, sustainment, and maintenance of defence equipment required for the MOD/SDF's activities'.<sup>130</sup>

The National Security Strategy, formulated first in 2013, argued that in order to strengthen the domestic foundation that supports national security, Japan will,

“develop, maintain and operate defence capability steadily with limited resources in the medium- to long-term, Japan will endeavour to engage in effective and efficient acquisition of defence equipment, and will maintain and enhance its defence production and technological bases, including through strengthening international competitiveness”.<sup>131</sup>

The National Defence Program Guidelines (NDPG) has underscored the importance of making

“defence industrial base more resilient by overcoming challenges such as high costs due to low volume, high-mix production and lack of international competitiveness, thereby enabling it to effectively adapt to changing security environment”.<sup>132</sup>

The defence ministry established a task force in 2013 to study ways to preserve the defence industrial and technological bases. It suggested

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<sup>130</sup> *Defense of Japan*, Ministry of Defense, 2020, pp.435.

<sup>131</sup> 'National Security Strategy', Ministry of Defense, 2013 at [http://japan.kantei.go.jp/96\\_abe/documents/2013/\\_\\_\\_icsFiles/afieldfile/2013/12/17/NSS.pdf](http://japan.kantei.go.jp/96_abe/documents/2013/___icsFiles/afieldfile/2013/12/17/NSS.pdf) (Accessed December 28, 2018).

<sup>132</sup> 'National Defense Program Guidelines for FY 2019 and Beyond' –Prime Minister of Japan and His Cabinet, December 18, 2018 at [http://www.cas.go.jp/jp/siryou/pdf/2019boueikeikaku\\_e.pdf](http://www.cas.go.jp/jp/siryou/pdf/2019boueikeikaku_e.pdf) (Accessed on December 28, 2018).

balancing between indigenous and licensed production alongside imports, depending on price and cost-competitiveness. To this end, defence ministry had formulated the June 2014 'Strategy on Defence Production and Technological Bases', replacing the *kokusanka-boshin* (Guideline for Indigenous Development/Production) of 1970. Bolstering defence production and technological bases will enable Japan to safeguard sovereignty, contribute to growing deterrence capabilities, augmenting bargaining power, and drive cutting-edge technology. The objective is to build a more resilient defence industrial base in order to effectively adapt to a changing security environment. Japan pursued reinforcing its defence production and technological bases by way of licensed and indigenous production, R&D of major defence equipment, and government-industry collaboration as charted in the 1970 Directive.

As the military balance in the region is fast changing, it is imperative to guarantee technological pre-eminence by successfully employing Japan's advanced technological prowess with the intention of protecting the lives and property of Japanese people. Seldom countries would be willing to simply share its state-of-the-art military technology, so Japan must strategically preserve its domestic technology base by way of R&D, supported by the defence ministry, as also public and private sector cooperation. It is crucial to attain primacy in cutting-edge technology including defence equipment and technology. To ensure Japan's technological superiority, defence ministry has formulated the 'Defense Technology Strategy' in 2016, with the objective of delivering advanced defence equipment via quality R&D.

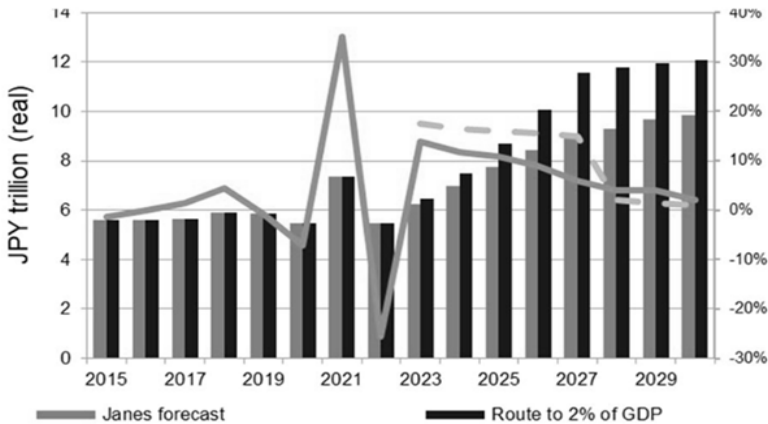
Accordingly, Japan has adopted three measures including formulation of a 'Medium-to Long-Term Defense Technology Outlook', promoting R&D through 'Research and Development Vision' which outlines the technological challenges and roadmaps for future capability, and 'Innovative Science & Technology Initiative for Security'. The R&D Vision is shared with industry. Objective was to boost predictability for businesses and investment. Thus far, the defence ministry has formulated the 'R&D Vision on the Future Fighter Aircraft' in 2010, the 'R&D Vision on Future Unmanned Equipment: Focusing on Unmanned Aerial Vehicle' in 2016, and the 'R&D Vision Toward[s] Realization of Multi-Domain Defense Force and Beyond' in 2019. In addition, Japan is leveraging dual-use advanced commercial technologies

by way of technology cooperation with important national and international entities, and improved cooperation with pertinent ministries/agencies. Based on the Integrated Innovation Strategy of 2018, the defence ministry has pushed for cooperation across sectors and coordination at the Council for Science, Technology and Innovation and other meetings such as the IT Strategy Headquarters and the Intellectual Property Strategy Headquarters.

Together with policy, institutional and legislative changes, Japan turned around the previous southward movement in defence expenditure. Moreover, Japan has eased the self-imposed traditional limit on national defence spending capped at one percent of Gross Domestic Product (GDP), established by former Prime Minister Takeo Miki in 1976. This one percent cap continued to be the LDP's official policy until Prime Minister Yasuhiro Nakasone disregarded it in 1987, when Japan passed a military budget amounting to 1.004 per cent of GDP. It came together with a statement reasserting Japan's exclusively defence-oriented posture and an understanding that the budget would not increase for the foreseeable future. In effect, the defence budget surpassed the one per cent cap in only two other occasions, including in 1988, amounting to 1.013 percent and 1989 amounting to 1.006 percent of the GDP.

However, the Kishida administration has set the goal of scaling up defence budget to 2 percent of GDP in the next 5 years. For long, there was debate over whether Japan could transform its defence posture without increasing its defence budget. In this regard, there were calls for increasing the spending to two percent of the GDP, in keeping with North Atlantic Treaty Organization (NATO) standards. Even Abe during his tenure as Prime Minister categorically conveyed to the Diet that given the fluidity in regional security, he would not limit spending to the traditional one per cent mark. While Japan's former defence minister Iwaya stressed that the country needs to spend more on defence, he denied that it would aim for a target of two percent. LDP proposal submitted in April 2022 also urged for doubling the budget to 2 percent of GDP. Under Kishida administration the conversation on doubling defence budget became mainstreamed.

### Defence Budget (Target 2 percent of GDP)



Source: Janes December 2022<sup>133</sup>

### JAPAN’S DEFENCE INDUSTRY: WITHIN THE PARAMETERS OF THREE PRINCIPLES

To understand the characteristics and structure of defence industry, it should be studied in the parameters of the ‘Three Principles of Arms Exports’ that Japan adopted during the Cold War. Even though the defence industry was systematically destroyed by strategic bombing during the War, the Korean War necessitated supply of maintenance material. During that time, there was no arms export ban; for instance, Japan’s initial arms exports were to Thailand, Burma, Taiwan, Brazil, South Vietnam, and Indonesia, besides the US. The focus was on small arms or ammunitions. On the other hand, when the ideological differences intensified with the Cold War, Japan’s left-leaning politicians articulated reservations that arms exports could compromise Japan’s reputation, and concerted pressure from the JSP compelled Prime Minister Sato Eisaku to outline the ‘Three Principles of Arms Exports’ in 1967 in the House of Representatives’ Audit Committee. It is important to note that the Principles outlined in 1967 refrained from

<sup>133</sup> Jon Grevatt, ‘Japan sets defence budget target of 2% of GDP’, Janes, December 2, 2022 at <https://www.janes.com/defence-news/news-detail/japan-sets-defence-budget-target-of-2-of-gdp> (Accessed on January 2, 2023).

completely banning the export of arms. The restriction was only with regard to communist countries, nations involved in armed conflict, and nations under arms embargo pursuant to a UN Resolution. Thus, the 1967 Principles allowed exports to the US and NATO.

But the Japanese left mobilised further pressure to expand the scope of the Principles to all nations and the political discourse intensified. For instance, in the Budget Sub-Committee of the House of the Representatives, Tanaka Kakuei in 1972 supported expanding the scope of the arms export ban. Subsequently, in 1976, Japan under Prime Minister Miki expanded the ban encompassing areas beyond these Three Principles, basically ending any and all defence exports from Japan. These Three Principles were articulated as a response to the development where the University of Tokyo exported pencil rockets to Indonesia and Yugoslavia, and the Hotta Hagane case where the Japanese company violated the 'Foreign Exchange and Foreign Trade Control Law' by shipping to Daikin Heavy Industries in South Korea, items, including gun barrels, for artillery and motors.<sup>134</sup>

Restructuring defence organisation and rationalising industry policy are understudied and yet key pillars of the unfolding reorientation in Tokyo's defence and security policy. A robust defence production and technological base is critical in safeguarding Japan's national security and strategic objectives. It is equally important in enabling international defence cooperation and participating in arms exports and joint production, constrained by the policy restrictions prior to 2014.

Japan is attempting to promote defence equipment and technology cooperation as an important component of its foreign policy and strategic partnerships. The 2022 NSS has reinforced defence production and technology base as defence capabilities themselves. Arms export and joint production are the stimulus that Japan needs in order to incentivise and consolidate its indigenous industrial capacity, sustain R&D

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<sup>134</sup> JPERS id: 9520 *Japan Report* – CIA, February 2, 1981 at <https://www.cia.gov/library/readingroom/docs/CIA-RDP82-00850R000300080003-7.pdf> (Accessed on December 28, 2018).

and enable cooperation with allies and partners. However, the country lacks experience in utilising arms exports as a foreign policy tool.

In spite of a very strong civilian manufacturing base and a powerhouse of dual-use technology, cost-effectiveness and operational performance are fundamental challenges confronting the Japanese defence industry in the global market. This is owing to the structural limits forced on the defence industry by restraint (*tsutsushimu*), making its character very different from the US and European counterparts.

SIPRI data reflects that while Japan features among the top ten nations with highest military spending, only five companies in 2014 made it in SIPRI's top 100 arms-producing and military services companies. Japanese defence industry, according to IHS Janes, is dominated by 12 companies that account for 95 per cent of the acquisition budget. The value of Japan's defence industry's output, counting development, manufacturing, and maintenance of defence-related equipment, alongside logistical support and repairs, amounts to less than ¥2 trillion annually, representing 0.8 percent of overall industrial production.<sup>135</sup> For Mitsubishi Heavy Industries (MHI), the leading defence contractor of Japan, only 10 percent of its total revenue in 2017 came from defence. Approximately 90 per cent of defence equipment is procured domestically by way of domestic or licensed production.

The twin objectives of Tokyo's procurement strategy include first, maintaining advantage over regional adversaries by way of technological and qualitative resources and second, maintaining the force structure through acquisition, enabling interoperability with US forces. However, allocation for procurement constitutes a comparatively small part of the defence budget.<sup>136</sup> But as the defence budget is witnessing a northward movement since Abe's time, there will be an increase in the procurement budget.

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<sup>135</sup> Shiraishi Takashi, 'The Three Principles on Arms Exports: Why Are They Up for Replacement?' Nippon.com, March 31, 2014 at <https://www.nippon.com/en/column/f00027/the-three-principles-on-arms-exports-why-are-they-up-for-replacement.html> (Accessed on December 28, 2018).

<sup>136</sup> *Navigating the Emerging Markets*, IHS Jane's, 2020, pp.16

### Five world defence manufacturers and Japanese defence manufacturers (SIPRI)

2017 Rank	2016 Rank	Company	Country	Arms sale 2017 (USD million)	Arms sales, 2016 (constant 2017 US\$ m)	Change in arms sales, 2016–17 (%)	Total sales, 2017 (US\$ m.)	Arms sales as a % of total sales, 2017
1	1	Lockheed Martin Corp.	US	44 920	41 486	8.3	51 048	88
2	2	Boeing	US	26 930	30 132	-11	93 392	29
3	3	Raytheon	US	23 870	23 393	2.0	25 348	94
4	4	BAE Systems	UK	22 940	22 208	3.3	23 490	98
5	5	Northrop Grumman Corp.	US	22 370	21 851	2.4	25 803	87
24	21	Mitsubishi Heavy Industries	Japan	3 570	3 573	-0.1	36 649	10
48	42	Kawasaki Heavy Industries	Japan	2 140	2 112	1.3	14 035	15
77	75	Fujitsu	Japan	1 110	1 119	-0.8	36 539	3
78	70	IHI Corp.	Japan	1 070	1 158	-7.6	14 175	8
99	97	NEC Corp.	Japan	850	789	7.8		

**Source:** Created by the author based on SIPRI data. See [https://www.sipri.org/sites/default/files/2018-12/fs\\_arms\\_industry\\_2017\\_0.pdf](https://www.sipri.org/sites/default/files/2018-12/fs_arms_industry_2017_0.pdf)

In contrast with its counterparts in the US and Europe, defence industry in Japan is defined by decades of seclusion from international defence trade, negligible contribution of defence revenue to the total sales (Table 1), and *kokusanka* (indigenous production). The first two features are by-products of the structural limitation imposed by Japan's self-imposed prohibition on arms export since the 1970s. Japan has increasingly relied on licensed production of US platforms and systems. Despite registering remarkable economic growth with high-end manufacturing in the post-war era and becoming a repository of sophisticated civilian technology, often leading to trade friction with its key ally the US, Japan's defence technology suffered owing to the prohibition of arms exports restricting admission to international export markets. Japan's

self-imposed arms export ban was adopted as a unique policy to complement its post-war obsession of becoming a peace-oriented nation. It is important to note that this arms export prohibition is not a creation of the pacifist constitution but a by-product of Cold War politics. Thus, economies of scale could not be achieved as the defence industry was reliant exclusively on the tiny domestic market, with a defence expenditure persisting at less than one percent of the GDP. This structural limitation considerably shaped the defence industry's distinctive characteristics.

Japan suffered isolation from globalisation of defence industry owing to the constraints on arms export which adversely affected participation in the global arms market on the one hand and military technology transfers on the other. In contrast to the global defence manufacturers, the insignificant contribution of defence revenue in Japanese defence firms demonstrates the unique structure of the Japan's defence industry. When one looks at the data (Table 1), unlike its US or European counterparts, civilian revenue is the backbone of Japanese defence manufacturers. In post-war decades, Japan's national security remained dependent on civilian firms for manufacturing of defence equipment, marking a departure from the pre-war years, when government-run war equipment factories was prevalent.

The defence industry has imbibed the spirit of *kokusanka* together with introduction of crucial technology from its alliance partner, the US. Japan's defence industrial base was worn out after the War and following the ban during the occupation period (1945-1951) on military research and development, the technological foundation suffered considerably which severely damaged and eroded the production facilities, dispersing the engineers and creating a technology gap. Subsequently, Japan nurtured its industry by way of licensed production of US systems as compared with off-the-shelf imports.

But one-way technology transfer to Japan was not acceptable to the US and demands for reciprocity of technological transfer were resonating. Here Japan's self-imposed arms export ban became a point of contention and industrial cooperation constituted a challenge in the in 1980s. For instance, the case of FS-X fighter aircraft. In case of Japan, when it imports system from the US, it favours licensed



production instead of off-the-shelf-purchase through Foreign Military Sales (FMS).<sup>137</sup>

After the Cold War, with a dip in weapons procurement, the defence industry in the US and Europe restructured and streamlined for efficiency, with mergers and acquisitions to control the market, and focussed on exports. In 1999, the US Defense Science Board came out with a 'Report of the Defense Science Board (DSB) Task Force on Globalization and Security', which articulated how globalisation has stirred cross-border M&A, international cooperation in equipment development and production, internationalisation of procurement, augmented usage of dual-use techs. The 1990s witnessed global defence industrial restructuring which led to reduction in the number of major defence companies in the US and Europe, and globalisation enabled global procurement by defence manufacturers, scattering the defence production base worldwide. The focus has been on joint development and production, encouraging optimisation. This trend however, escaped Japanese defence industries, being confined to domestic market by the arms export prohibition since the 1970s. Compared to developing new equipment involving high research and development costs, sourcing relatively cost-effective imports or adoption of licensed production with the prospect of transfer the technologies to the civilian industry, was desired, as it eased procurement costs. Japanese equipment is not cost-efficient as compared to other manufactures given the structural impediments the industry faces, which permitted only to produce for the domestic procurement.

Unlike the European and US enterprises, the prohibition imposed by the 'Three Principles on Weapons Exports' transfers the enormous R&D expenditure and production related investments to procurement price. Meanwhile the European and US manufacturers, operating within market principles which required them to be competitive, reduce the cost by way of the huge production volume for exports. Another

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<sup>137</sup> Sugio Takahashi, 'Transformation of Japan's Defence Industry? Assessing the Impact of the Revolution in Military Affairs', *Security Challenges*, 4 (4), Summer 2008, pp.101-115.

reason for the escalated price of equipment in Japan is also because the defence ministry's prerequisite for higher technologies, orders with specifications and propensity to pursue multiple functions.<sup>138</sup> For instance, Japan's F-2 fighter jets cost around US\$120 million each, which is more than two times that of the F-16. Mounting costs led Japan to reduce the total F-2 production from 141 planes to around 94, which further augmented its per unit cost.<sup>139</sup> Japan's arms export prohibition together with a limited domestic market has cultivated a 'boutique' defence industry with expensive unit costs of production for weapons.

The American and European nations have been encouraging mergers and acquisitions of the defence industry following the reduction of the defence budget and globalisation in order to uphold production and their technological base. Also, global co-development and co-production of equipment is supported in order to deal with development of technologies and the increasing cost. The defence ministry has articulated the case for supporting the indigenous defence industrial base by way of restructuring, with the intention of optimising the development and production of systems for the SDF. This is reflected in the 2014 'Strategy on Defense Production and Technological Bases' as discussed in the earlier section. But effective restructuring is influenced by substantial fiscal challenges, given the severe economic pressure. There are some instances of merging capabilities in order to sustain competencies. For example, Universal Shipbuilding Corporation and IHI Marine United merged in 2012.

The defence industry in Japan is navigating several colossal challenges. Sustaining the industrial base is problematic given low procurement and a few subcontractors have left the industry. Since 2003, around 20 companies have withdrawn from the defence aircraft businesses

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<sup>138</sup> Kimura Soji and Matsuoka Hisao, *Prospect and Dilemma of the Defense Industry in Japan in the Post Cold-War Era Accommodation to Globalization of Economy*, NIDS Security Report, No.2, March 2001, pp. 1-34.

<sup>139</sup> Richard A. Bitzinger, 'Japan's Defence Industry on the Brink', RSIS Commentary, May 31, 2010 at <https://www.rsis.edu.sg/rsis-publication/rsis/1346-japans-defence-industry-on/#.Yr66k3ZBzIU> (Accessed on December 28, 2018).

including Sumitomo Electric, the only domestic manufacturer of radomes. Furthermore, Sumitomo Electric was also the manufacturer of F-15 fuel tanks. The business has suffered because the defence-related industries have limited scope while demanding advanced technology.<sup>140</sup> Moreover, the defence ministry sometimes pose challenges for the industry. For instance, the Ministry in 2001 wanted to introduce 62 Apache Longbow and Fuji Heavy Industries (FHI) along with its subcontractors got the license from Boeing for domestic production. It invested around ¥50 billion, counting the license fee. They planned to recover the investment through the sales price of each unit but the procurement was called off by the ministry after ordering only 10 units in 2007, mentioning high price of ¥8 billion for the production of every AH-64D. Thus FHI initiated a civil case against the Japanese government in 2009, demanding that the preliminary production cost should be borne by the government. Unless there is stable procurement, defence suppliers will struggle to provide crucial technological sustenance. This will dilute domestic source of vital technologies. A 2009 defence ministry study suggested that while 13 businesses were bankrupt who were engaged in manufacturing of equipment or components for the SDFs, another 35 businesses chose to quit the defence business.<sup>141</sup>

Sustained pressure from the industry lobbyists shaped the policy debate within the ‘defence tribe’ of the LDP that eventually led to the easing of arms export ban in 2014. However, the initial international response did not match Japanese expectations. The defence industry has a scale and hiatus problem. Keidanren (Japan Business Federation) policy papers repeatedly asked for financial support from the Government for the contractors who are new to the international market. But risk-sharing and financial support is lacking.

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<sup>140</sup> Yukari Kubota, ‘Japan’s Defense Industrial Base in Danger of Collapse’, AJISS Commentary, May 10, 2010 at [http://www2.jiia.or.jp/en\\_commentary/201005/10-1.html](http://www2.jiia.or.jp/en_commentary/201005/10-1.html) (Accessed on December 28, 2018).

<sup>141</sup> Richard A. Bitzinger, ‘Japan’s Defence Industry on the Brink’, RSIS Commentaries, May 31, 2010.

Japan's defence industry has articulated its support for reviewing the arms export ban and loosening the constraints imposed on co-development with European or US counterparts. Joint development is a crucial policy choice today, as it enables access to state-of-the-art foreign technologies, reduction in costs, and ensures interoperability. Moreover, substantial transfer of technology from the US may not be sustainable since there are concerns in the US that such moves may develop the technological capabilities of the civilian business, thus gaining competitive advantage over the US companies.<sup>142</sup>

Powerful business lobbies including the Keidanren's Defence Production Committee have articulated in favour of easing the Three Principles and consistently pursued LDP leaders regarding the armament policy, and presented several policy papers over the decades arguing for easing the arms export ban and promoting transfer of defence equipment as a policy. Keidanren suggested that domestic defence industry will play a critical role as the international character of SDFs develops, which requires maintaining and reinforcing defence production and the technological base. Even though the southward movement of the defence budget was reversed in 2013, the procurement budget had not witnessed an immediate considerable increase which affected the maintenance and reinforcement of defence production capacity and the technological base. Ensuring business sustainability and international competitiveness is important.

The business lobby has consistently pushed to rationalise procedure for tech transfer, and has supported promotion of technology cooperation with their security ally the US, and strategic partners in Europe, Southeast Asia, Australia and India. To this end, Keidanren has underscored the significance of supporting R&D investments by businesses, development of production and management systems, and aligning with Government's mid-and-long term policy, technology strategy, strategy for defence production capability and technological base.<sup>143</sup> Keidanren policy papers have stressed that advancing defence

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<sup>142</sup> Kimura Soji and Matsuoka Hisao, no.138, pp. 1-34.

<sup>143</sup> 'Proposal for Execution of Defense Industry Policy', Keidanren, September 15, 2015 at <https://www.keidanren.or.jp/en/policy/2015/080.html> (Accessed on May 12, 2019).

technologies will present ‘ripple effects to civilian sectors’ and supported dual-use technologies that are pertinent to both the defence and civilian sector, for instance, technologies used in transport aircraft and amphibious planes.<sup>144</sup>

Japan has made intermittent departures from its self-imposed Three Principles. There are a few exceptions with regard to technology, especially dual-use technologies, permitting Japanese companies to get involved in arms exports not in a direct way. Toshiba Machine Corporation’s 1982-1984 trade of computer-controlled milling machines to USSR were utilised for building new submarine propellers. During the Cold War, this had created some stress in US-Japan security cooperation as this violated CoCom, which barred the export of highly developed technology to communist countries. In 1983, Prime Minister Nakasone signed an ‘Exchange of Technology Agreement’ with the US which adjusted these Principles.

In 2004, the relative easing of the Three Principles was permitted in order to allow Japanese corporations to join their US counterparts for the development of missile defence systems. Subsequently, to fight terrorism and piracy, Prime Minister Koizumi marked a departure in the Principles by permitting US-Japan joint production for BMD system. In 2011, the ‘Guidelines for Overseas Transfer of Defense Equipment’ were issued. The Chief Cabinet Secretary charted the exemptions from the Three Principles anchored on strict control, in connection with cases pertaining to peace and global cooperation, and joint development of defence equipment. Also, Japan adopted the position that F-35 components which are produced by Japanese industries are beyond the scope of these Principles. In the post-Cold War years, there are instances when Japan has articulated its position via Cabinet Secretary justifying arms-related transfers without considerably modifying regulations.

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<sup>144</sup> ‘Proposal for the National Defense Program Guidelines’, Keidanren, May 14, 2013 at <https://www.keidanren.or.jp/en/policy/2013/047.html> (Accessed on May 12, 2019).

Ambiguity with reference to policy implementation, lack of market discipline in the industry, systemic corruption in procurement bred by decades of a political-military-bureaucracy-industry nexus pose problems. Corruption has stained political elites in Japan; frequent scandals involving the defence ministry can be mainly accredited to the oligopolistic and monopolistic character of defence procurement and the practice of politico-bureaucratic-industrial triangle in Japan. Former Prime Minister Tanaka was involved in Lockheed bribery scandal of 1976.<sup>145</sup> Structural corruption in arms procurement, price-fixing and bill-padding by corporations is prevalent in Japan. For instance, Japan's defence contract padding scandal in 1998, where there was overcharging for defence contracts by Toyo Communications Equipment, a subsidiary of NEC, in exchange for hiring defence officials as 'advisors' in the *amakudari*<sup>146</sup> practice. In another occasion, former Parliamentary Vice-Minister of Defence accepted bribe from Fuji Heavy Industries for the contract to develop a prototype for a MSDF seaplane. In yet another instance, former Defence Ministry's Administrative Vice-Minister Takemasa Moriya was arrested and convicted in 2008 for receiving bribes from companies in order to secure them profitable defence equipment contracts.

Moreover, concentrated lobbying is done through political donations. During a Budget Committee meeting Hiroko Hatta, a member of the Upper House, suggested that Japan's leading defence contractors gave 1.5 billion to the LDP from 1997 to 2001. In 2006, the top defence contractors gave ¥187 million in total, with MHI and KHI each giving ¥5 million, MEC giving 18 million, IHI 11 million, and Toshiba 28.5 million.<sup>147</sup> In response, these businesses secured contracts worth ¥4,737

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<sup>145</sup> The Lockheed scandal is considered one of the biggest where the company, in trying to sell commercial aircraft to Japan, bribed the upper echelons of Japanese politics including the Prime Minister.

<sup>146</sup> Amakudari means 'descend from heaven.' It means re-employment of elite government officials in the private or quasi-private sector after retirement.

<sup>147</sup> 'Defense Contractors paid 1 billion yen to the LDP during past 5 fiscal years', *Shimbun Akabata*, June 17, 2003.

billion from the defence ministry. In 2008, LDP received ¥230 million in political donations from defence companies and these companies secured contracts worth ¥988.8 billion from the defence ministry.<sup>148</sup>

### EXTENDING FRONTIERS OF THE THREE PRINCIPLES

With the changing regional security situation around Japan, there was a need to consider whether it was practical to endure Japan's comparatively closed domestic defence market or depend on defence production through the US production licenses. Japan's domestic defence market is miniscule to sustain the production base essential to manufacturing high-quality equipment. The procurement budget has not witnessed any significant advancement and miniscule unit of equipment procurement was too expensive for key defence contractors to maintain their defence sections, which generated little profits. More importantly, allies and strategic partners are reluctant to offer production licenses. This has the potential to adversely affect Japanese defence manufacturers who are dependent on US licenses. Even though Japan embarked on the path of *Kokusanka* in 1970, this did not imply depending wholly on domestic technology. The 1970 Defence Industrial Policy outlined the key objectives as: maintaining industrial base for national security; obtaining equipment through national research and development and production initiatives; utilise civilian industries for national arms production. Even though 90 per cent of defence procurement in terms of price is manufactured domestically, the technological base is in the US.

In 2014, Japan redefined the landscape of its arms export policy by outlining new principles for the transfer of defence equipment and technologies. This marked a considerable shift from the arms export ban Japan adhered to since the Cold War era, which enforced constraints on the trade and transfer of ammunition, defence technologies, investment in foreign defence industries together with military-related

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<sup>148</sup> 'Top 15 military contractors give 230 million yen in donations to LDP', Japan Press Service, October 1, 2009 at [https://www.japan-press.co.jp/s/news/index\\_google.php?id=797](https://www.japan-press.co.jp/s/news/index_google.php?id=797) (Accessed on December 28, 2018).

construction.<sup>149</sup> Within the framework of Japan's 2013 NSS, on April 1, 2014, the 'Three Principles on Transfer of Defense Equipment and Technology' were adopted. These new Principles eased regulations and reshaped the prevailing arrangements to enable security cooperation with strategic partners.

The Three Principles of 2014 included: 'cases where transfers are prohibited'; 'limitation to cases where transfers may be permitted'; 'limitation to cases where appropriate control regarding extra-purpose use and transfer to third parties is ensured'.

The first Principle articulates that transfers are banned in case 'the transfer violates obligations under treaties and other international agreements that Japan has concluded... [or] violates obligations under UN Security Council resolutions... [or] the defense equipment and technology is destined for a country party to a conflict (a country against which the United Nations Security Council is taking measures to maintain or restore international peace and security in the event of an armed attack)'.<sup>150</sup> The new Principles do impart greater clarity with regard to arms export. While the earlier Principles barred trade with 'countries involved in or likely to be involved in international conflicts'<sup>151</sup>, the 2014 ones are specific as to a nation 'against which the UN Security Council is taking measures to maintain or restore international peace and security in the event of an armed attack'. At the peak of Cold War, nations 'party to a conflict' would include the US and thus the left political parties argued that Japan's security alliance partner disqualify for exemption. The 2014 Principles enable comprehensive cooperation with the US and other strategic partners.

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<sup>149</sup> Prime Minister Takeshi Fukuda's statement in the Diet in 1977 suggested that investment in foreign defence companies was considered as an export. The same rationale was employed regarding military construction, as revealed in 1981.

<sup>150</sup> 'Three Principles on Transfer of Defense Equipment and Technology', Ministry of Foreign Affairs Japan, April 6, 2014 at [https://www.mofa.go.jp/fp/nsp/page1we\\_000083.html](https://www.mofa.go.jp/fp/nsp/page1we_000083.html) (Accessed on December 28, 2018).

<sup>151</sup> 'Japan's Policies on the Control of Arms Exports', Ministry of Foreign Affairs Japan at <https://www.mofa.go.jp/policy/un/disarmament/policy/index.html> (Accessed on December 28, 2018).



The scope of the second Principles has been enhanced compared to the previous version, as they outline definite circumstances wherein overseas transfer of defence equipment and technology would be allowed. The 'Implementation Guidelines for the Three Principles on Transfer of Defense Equipment and Technology' stress on the suitability of the destination and end-user. Appropriateness of destination implies weighing 'what impact the country or region of destination is posing to the international peace and security as well as Japan's security'.<sup>152</sup> Regarding appropriateness of the end user, the focus is on considering 'such factors as the use of defense equipment and technology by the end user and the certainty of appropriate control'.<sup>153</sup> Guidelines also emphasise the 'extent the overseas transfer of the defense equipment and technology may raise concern for Japan's security'. Regarding the 'extent' of security concern, Japan would deliberate on the 'nature, technical sensitivity, use (purpose), quantity and form (whether finished products or parts, goods or technology, etc.) of the defense equipment and technology to be transferred, as well as the possibilities of extra-purpose use or transfer to third parties'.<sup>154</sup>

Even though the third Principle requires recipient nation to offer 'prior consent regarding extra-purpose use and transfer to third parties', appropriate control might be guaranteed at the destination when the transfer is considered suitable under the following circumstances: for advancement of peace and global cooperation, for instance, the receiver is the UN System or organisations acting on UN Resolution; involvement in an international system for sharing parts; delivery of parts to a licencer; transfer is essential for SDF activities.<sup>155</sup> The 2014 Principle focuses on endorsement of defence equipment transfers from METI, MOD and

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<sup>152</sup> 'Implementation Guidelines for the Three Principles on Transfer of Defense Equipment and Technology', National Security Council, April 1, 2014 at <https://www.mofa.go.jp/files/000034954.pdf> (Accessed on December 28, 2018).

<sup>153</sup> Ibid.

<sup>154</sup> Ibid.

<sup>155</sup> Ibid.

NSC, the responsibilities of licensing authorities and ministerial-level consultation mechanisms. Drawing from Japan's sensitivities to non-proliferation, it will need to realise equilibrium between transfer and restriction.<sup>156</sup>

From a commercial standpoint, requiring defence-related commercial partners to agree to stringent 'prior consent' could possibly reduce the appeal of cooperating with Japanese defence manufacturers. Furthermore, the ways in which the Japanese government can verify 'prior consent' may encounter some challenges, as Tokyo has substantial experience with regard to verification measures for strategic trade controls and safeguarding end-use and end-user control of dual-use technologies, but lacks knowhow on defence trade.

Undoing the popular perception that businesses engaging in defence research and equipment are 'merchants of death' is equally important. As the Japanese defence manufacturing businesses source a major portion of their profit from their civilian businesses rather than from the military division, there is hesitation that there may be an adverse impact on the civilian businesses if they are involved in defence production. To manage public sensitivity, the industry and Government will have to invest in building public understanding on national security issues and decode the importance of preserving the defence industrial base.

## THE WAY AHEAD

In 2014, two key policy directives were set out that rationalised defence technology transfer system and categorically outlined the importance of transfer of defence equipment and technologies within the context of Japan's security strategy. First, the 'Three Principles on Transfer of Defense Equipment and Technology' in April and secondly, the

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<sup>156</sup> Heigo Sato, 'Japan's Arms Export and Defense Production Policy', CSIS, 2014 at [file:///C:/Users/titli.IDSASRV/Downloads/150331\\_Sato\\_JapanArmsExport-1%20\(3\).pdf](file:///C:/Users/titli.IDSASRV/Downloads/150331_Sato_JapanArmsExport-1%20(3).pdf) (Accessed on December 28, 2018).

‘Strategy on Defense Production and Technological Bases’ in June. But it is important to note that these policies alone are not an end in themselves but just a means for effective implementation, and would need to ease inter-ministerial differences involving defence equipment and technologies, which are part of the ‘Foreign Exchange and Foreign Trade Act’ (FEFTA) and related rules and guidelines of METI (discussed in the following chapter), as the defence ministry is relatively inexperienced in export controls. Additionally, situating the foreign ministry in defence equipment and technology cooperation is important, as this is not just aimed at maintaining and developing Japan’s own defence industrial base, defence equipment and technology cooperation constitutes an important element of Japan’s foreign policy and for building strategic partnerships across the Indo-Pacific. Aimed at deterring unilateral changes of status quo, and providing “assistance to countries that are subject to aggression in violation of international law, use of force, or threat of force”, Japan’s NSS 2022 considers transfer of defence equipment and technology as one of the important policy instruments ensuring stability in the Indo-Pacific.

Going forward, Japan has both opportunities and impediments while it participates in the international arms export market. Navigating the challenge of a relatively small procurement budget and escalating weapon development costs, Japanese defence manufacturers have exerted pressure over the years to ease export constraints, which would create scope for profits through overseas arms sales. While these two documents added qualitative depth to Japan’s policy for the transfer of defence equipment and technologies, there is a long road ahead. It is deliberating on what would constitute the apposite level of transfer centred on security policy, and economic imperatives. This issue must be tackled with the twin objective of addressing public concerns related to arms exports on the one hand, and to ease pressure on Japan’s defence industry on the other. It has ratified the Arms Trade Treaty. Even though Tokyo has enacted policies and adjusted strategies for promoting defence cooperation, there are several challenges ahead and adjustments to be made to the shifting strategic and technological circumstances.

The December 2022 NSS emphasized the ongoing national conversation on revisiting the Three Principles and its Implementation Guidelines with the intention of supporting smoother transfer of

defence equipment and advancing international joint development. Previously, the LDP proposal submitted in April 2022 stressed that:

The transfer of defense equipment contributes to the maintenance of peace in the international community while strengthening the defense capabilities of like-minded countries and others. This improves the security environment in the region and is an investment in Japan's security. In addition, it leads to maintenance and enhancement of Japan's national defense industry base, which is in a severe situation. Therefore, as part of the country's security policy, the government needs to more proactively fulfill the role of the command tower to promote swift and significant transfers of defense equipment in light of recent examples relating to transfers to Ukraine. To this end, we need to revise systems including the Three Principles on Transfer of Defense Equipment and Technologies and its implementation guidelines and strengthen corporate assistance. In particular, when there is an aggression that is in violation of international law such as the recent Russian aggression against Ukraine, we need to consider the system approach that would allow transferring a wide variety of equipment to the country that is being invaded.

— Proposal for formulation of a new National Security Strategy and other strategic documents,

Liberal Democratic Party  
April 26, 2022.

When Tokyo gave bulletproof vests and helmets to Kyiv in March that was a special exception. Subsequently, there are some suggestions that the guidelines may be revised to incorporate nations that have suffered aggression in violation of international law. Also, there are debates over relaxing the prior consent condition for joint equipment development and export. How Tokyo pursues these crucial policy choices will determine enhanced cooperation with its strategic partners in the Indo-Pacific.

## DEFENCE TECHNOLOGY AND INTERNATIONAL COOPERATION: PUSHING NEW FRONTIERS

Managing the rise of China amidst the erosion of US primacy in East Asia has compelled Japan to reorient its national security structure by reorganising both institutions as well as policies. Tokyo has relied on internal and external balancing. Towards this end, one of the enabling elements is framing the legal setting advancing arms trade under the ‘Three Principles of Defence Equipment Transfers’ not just with the US but also other strategic partners. To facilitate the new policy objectives, Japan instituted the Acquisition, Technology and Logistics Agency (ATLA) within the MOD. Its aim is to manage acquisition-related strategies and stimulate collaboration with strategic partners for co-development and co-production of advance equipment. ATLA complements the ‘Strategy on Defence Production and Technological Bases’ adopted in June 2014. Furthermore, the ‘Act on the Protection of Specially Designated Secrets’ was promulgated to reinforce legal protection of national secrets and information-sharing, including high-technology.

The easing of Japan’s arms export ban in 2014 was guided by the objective of energising defence production base by improving international cooperation not only with the US but also other strategic partners like Europe, Australia, India and Southeast Asia. While maintaining a robust foundation of defence production is a crucial element in maintaining autonomy, relying solely on *kokusanke* may not be feasible. Despite the decades-old ban on arms exports, there are occasions when some exceptions were made by the Japanese government. There are instances of cooperation between Washington and Tokyo on defence technology. In 2004, the Prime Minister’s ‘Council on Security and Defense Capabilities’ (CSDC), while revising

the NDPG underscored that intensifying military technology cooperation with partners besides Washington shouldn't be interpreted as Tokyo becoming a 'merchant of death'. In 2004, Japan engaged in development of BMD with the US. Japan's Chief Cabinet Secretary articulated Japan's official position which suggested that BMD does not clash with the arms export regulations since it was aimed at aiding the alliance and consequently, Tokyo's defence. From 1991-2010, besides US-Japan technological cooperation agreements, there were a few instances of dilution of the arms export ban. In 2009, in the run-up to the planned revision of the NDPG which subsequently got delayed owing to change of government, the CSDC reiterated the case for reviewing the export ban considering each case individually, to permit Japan to participate in global co-development along with American and NATO partners.

On December 2011, Japan issued Guidelines which said:

the Government, while maintaining the basic philosophy as a peace-loving nation which underpins the Three Principles which seeks to avoid the aggravation of international conflicts, has taken separate measures (hereinafter referred to as "exemption measures") by issuing Chief Cabinet Secretary's statements, where arms exports are dealt with outside the Three Principles, in cases that contribute to peace and international cooperation (hereinafter referred to as "peace contribution and international cooperation"), such as international peace cooperation, international disaster relief, humanitarian assistance, responses to international terrorism and piracy, as well as in the joint development program between Japan and the United States on ballistic missile defense.<sup>157</sup>

Japan made transfers conditional on stern controls and the approval of Government to guarantee that it is not used outside the approved

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<sup>157</sup> 'Statement by the Chief Cabinet Secretary On Guidelines for Overseas Transfer of Defense Equipment etc. – The Prime Minister and His Cabinet', December 27, 2011 at [https://japan.kantei.go.jp/noda/topics/201112/20111227DANWA\\_e.pdf](https://japan.kantei.go.jp/noda/topics/201112/20111227DANWA_e.pdf) (Accessed May 9, 2019).

objective and further directed to third nations, and it would not adversely affect and aggravate international conflicts.<sup>158</sup> The 2013 NSS and 2018 NDPG recognised the easing of the export ban as an important measure to protect Japan's defence production base, paving the way for global partnerships which may help in accessing progressive technology as well as reaching scale. As Japan eased the arms export ban in 2014 with the 'Three Principles of Defence Equipment Transfers', it deepened defence technology cooperation not just with the US, but also with other strategic partners like the UK, France, Australia, India, and Southeast Asia. The 2022 NSS has reinforced defence production and technology base as defence capabilities themselves. To realise the policy objectives, Japan instituted the ATLA. ATLA has assumed the key responsibility of augmenting the defence industry capabilities of Japan.

## **ATLA**

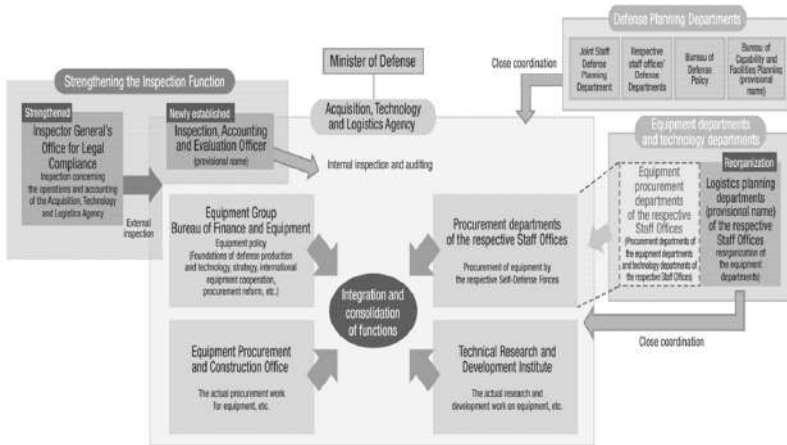
With the objective of rationalisation of policy and decision-making in the ministry of defence, Japan instituted the ATLA in 2015, with the primary objective of reducing procurement costs, increasing efficiency in acquisition of defence equipment and developing accountability, advancing cost-effective R&D and manoeuvring defence technology policy, and most importantly, promoting international collaboration and exports following the three principles put in place. The Abe administration, since its inception, had emphasised the importance of developing a rational defence industrial policy in order to augment defence industrial cooperation and advance Tokyo's strategic ambitions. As discussed in the earlier chapter, even though Japan's defence budget had witnessed a northward movement after Prime Minister Abe assumed office, R&D and acquisition failed to secure a substantial increase for some time. In case Tokyo wants to preserve a potent indigenous defence technological base to avert the increasing dependence on overseas defence technology, it is imperative to better integrate with the international defence equipment R&D and production networks.

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<sup>158</sup> Ibid.

During the recent reorganisation in the Defence Ministry, previous structures were fused into ATLA (check Chart) under a commissioner, comparable to the rank of Vice-Defence Minister. The founding of ATLA is a product of the latest shifts in Japan's security policies, chiefly the easing of arms exports policy. The establishment of ATLA represents a continuation of the ongoing defence reforms. Given the Cold War politics, Japan has imposed restrictions on transferring defence technology overseas. Japan has relied heavily on advanced technology from the US. So, moving forward, the defence ministry has had to chart the technologies that Japan is willing to export in cooperation with the METI since it serves as the regulatory agency for export controls, including defence exports.<sup>159</sup>

### The Acquisition, Technology and Logistics Agency



Source: Ministry of Defense, Japan.

<sup>159</sup> Yuki Tatsumi, 'Japan Wants to Streamline Its Defense Industry', *The Diplomat*, October 02, 2015 at <https://thediplomat.com/2015/10/japan-wants-to-streamline-its-defense-industry/> (Accessed on March 9, 2019).



ATLA is entrusted with a vital role in supporting the defence industry's engagement with the global market, thus enabling defence exports on the one hand and participation in global acquisition programmes on the other. ATLA's first Commissioner Hideaki Watanabe has prioritised bilateral and multilateral R&D partnerships and international procurement programmes.<sup>160</sup> Sensors, composite materials, and robotics technology are considered to be the strengths of Japan's defence technology and for that reason Tokyo intends to engage in international R&D collaboration in these areas. Moreover, one key focus for Japan's joint collaboration is Unmanned Aerial Vehicle (UAV) technology. It has been argued that international R&D cooperation will enable Japan to improve access to technologies needed in its domestic industry, for example, proprietary technology for military aircraft.<sup>161</sup> In addition, the business lobby has articulated the urgency of identifying,

“the fields and equipment on which investments will be focused and execute specific programs to reinforce the development of component technologies and system integration technologies in addition to expansion of the research and development budget. Acquisition, Technology, and Logistics Agency should swiftly start development projects of new equipment considering ripple effects to industries and promotion of overseas transfer of defense equipment based on the results of various related researches”.<sup>162</sup>

In its policy paper, the business lobby has underscored the importance of advancing aerospace, UAV and C4ISR technologies and also advance dual-use R&D.

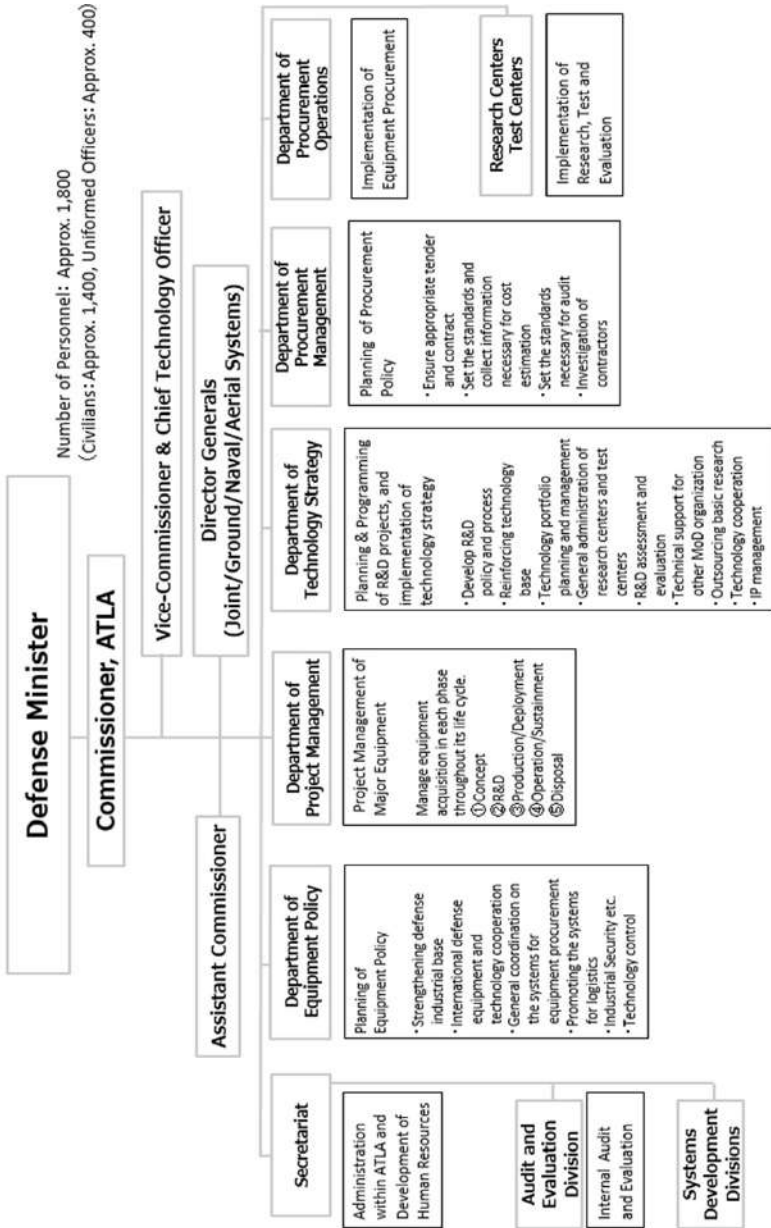
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<sup>160</sup> 'Japan eyes collaborative defense development at home and abroad', *Nikkei Asian Review*, October 9, 2015 at <https://asia.nikkei.com/Politics/Japan-eyes-collaborative-defense-development-at-home-and-abroad> (Accessed on March 9, 2019).

<sup>161</sup> Ibid.

<sup>162</sup> 'Proposals for Execution of Defense Industry Policy', *Keidanren*, September, 15, 2015 at [https://www.keidanren.or.jp/en/policy/2015/080\\_proposal.html](https://www.keidanren.or.jp/en/policy/2015/080_proposal.html) (Accessed on March 9, 2019).

### Structure of ATLA



Source: ATLA

Japan's goals regarding its defence industry have been clearly articulated by former Prime Minister Abe. The objective is to help Japan's insulated domestic defence industry participate in the highly competitive international market. As Japan navigates the colossal challenges within its defence industry (discussed in chapter three), one radical departure that these policy changes made is that they permitted Japan to participate in defence R&D collaboration beyond its bilateral arrangement with the US. ATLA aims to produce highly sophisticated defence equipment,

effectively and efficiently, while ensuring consistency with the priorities of defense capabilities and cost-consciousness throughout the life cycle of the equipment. In addition, the creation of superior defense equipment can accumulate technological capabilities, and contribute to ensuring technological superiority and could eventually be a source of bargaining power towards other countries.<sup>163</sup>

## **METI AND EXPORT CONTROL**

Export Control is METI's responsibility. As a party to key non-proliferation agreements as well as major export control regimes, Japan complies with international norms.<sup>164</sup> METI issues export licences under FEFTA, regulating sensitive good and technology export. FEFTA lays the template followed by Cabinet Orders and Notifications that identify list of control items.

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<sup>163</sup> 'Defense Technology Strategy: Towards Delivering Superior Defense Equipment and to Secure Technological Superiority', Ministry of Defense, August 2016 at [https://www.mod.go.jp/atla/en/policy/pdf/defense\\_technology\\_strategy.pdf](https://www.mod.go.jp/atla/en/policy/pdf/defense_technology_strategy.pdf) (Accessed on March 9,2019).

<sup>164</sup> Jun Kazeki, 'Japan's Export Control System Update and Three Principles on Transfer of Defense Equipment and Technology', Security Export Control Policy Division, Ministry of Economy, Trade and Industry, February 2015 at [https://supportoffice.jp/outreach/2014/asian\\_ec/pdf/day1/1345\\_Mr.JunKaeki.pdf](https://supportoffice.jp/outreach/2014/asian_ec/pdf/day1/1345_Mr.JunKaeki.pdf) (Accessed on March 9, 2019).

## METI's Security Export Control Structure

### METI Trade and Economic Cooperation Bureau



Source: Centre for Information on Security Trade Control, June 2015.<sup>165</sup>

The ‘Export Trade Control Order 1949’ outlines the controlled goods in accordance with Article 48-(1). The ‘Foreign Exchange Order 1980’ stipulates the controlled technology in keeping with Article 25-1-(1). Equipment which falls in category one of the FEFTA list, further requires to go through the National Security Council’s review process.

## Regulatory Framework

FEFTA	Cabinet Order	List Control	Catch-all control of WMD	Catch-all control of Conventional Weapons
Article 48	Export Control Order	category 1-15	category 16	
			List of Goods	
Article 25	Foreign Exchange Order	category 1-15	category 16	
			List of Technologies	
		<b>Regulated Items</b> •weapons •listed dual use items related to WMD and conventional weapons	<b>Regulated Items</b> All items or technologies that could contribute to WMD related or military end-use activities	
		<b>Regulated Destination</b> All countries	<b>Regulated Destination</b> All countries except for preferred trade partner list countries	

※As of August, 2019

**Preferred Trade Partner List Countries** : 26 countries<sup>※</sup> which are member countries of all export control regimes and have comprehensive export control systems

**UN arms embargo countries<sup>※</sup> in the context of catch-all control**: Afghanistan, Central Africa, Democratic Republic of Congo, Iraq, Lebanon, Libya, North Korea, Somalia, Sudan, South Sudan

Source: METI.

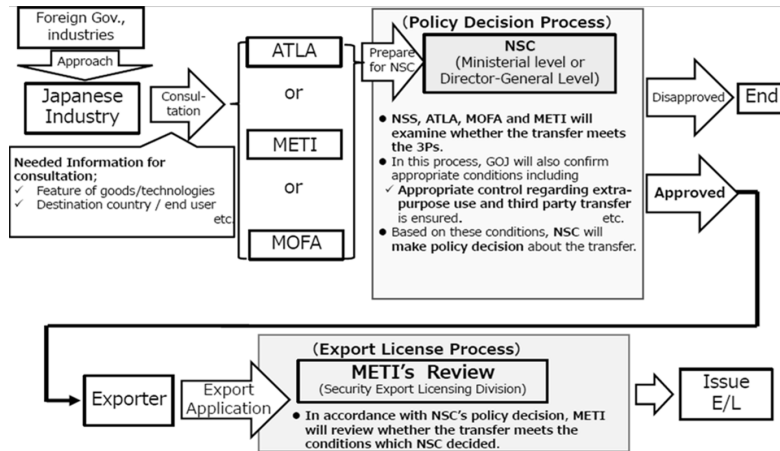
<sup>165</sup> *Overview of Japan's Export Controls* (Fourth Edition), Centre for Information on Security Trade Control, June 2015 at <https://www.cistec.or.jp/english/export/Overview4th.pdf> (Accessed on March 9, 2019).

### Export Control Regimes and ATT

	Nuclear Suppliers Group (NSG)	Australia Group (AG)	Missile Technology Control Regime (MTCR)	Wassenaar Arrangement (WA)	Arms Trade Treaty (ATT)
Year of establishment	1978	1985	1987	1996	2014
Number of participating countries	48	42+EU	35	42	94
Controlled items	(1) Nuclear related items - Fissionable material - Nuclear reactor and related equipment - Heavy water, nuclear grade graphite etc. (2) Nuclear related dual-use items	(1) Chemical weapons related items - Precursor Chemical - Chemical manufacturing facilities and equipment (2) Biological weapons related items - Pathogens and toxins - Biological equipment	(1) Complete rocket systems and UAV , production facilities, etc. (2) Complete rocket systems and, production facilities, etc.	(1) Munitions List (2) Dual-use list - Special Materials and Related equipment - Materials Processing - Electronics etc.	(1) Battle tank (2) Armoured combat vehicle (3) Large-calibre artillery system (4) Combat Aircraft (5) Attack helicopter (6) Warship (7) Missiles & missile launcher (8) Small Arms and Light Weapons

Source: METI.

### Review of Defence Equipment and Technology



Source: METI.<sup>166</sup>

<sup>166</sup> 'Japan's Security Export Control System', Ministry of Economy, Trade and Industry, 2018 at [https://www.thearmstradetreaty.org/hyper-images/file/180529\\_WGETI\\_Overview\\_of\\_Japans\\_Strategic\\_Trade\\_Control\\_29\\_May\\_2018Rev1/180529\\_WGETI\\_Overview\\_of\\_Japans\\_Strategic\\_Trade\\_Control\\_29\\_May\\_2018Rev1.pdf](https://www.thearmstradetreaty.org/hyper-images/file/180529_WGETI_Overview_of_Japans_Strategic_Trade_Control_29_May_2018Rev1/180529_WGETI_Overview_of_Japans_Strategic_Trade_Control_29_May_2018Rev1.pdf) (Accessed November 20, 2020).

Every listed item including dual-use technologies and goods, weapons and arms are scrutinised on a few verticals such as, the item will certainly be delivered to and utilised by end-user, it would not impede global peace and security, and finally, it would be controlled in a proper way by end-user.<sup>167</sup> With the aim of discouraging unlawful trade or transfer, FEFTA amendment is imposed and penalties are considerably enhanced with effect from October 1, 2017.

### FEFTA Violation and Consequences

Target	illegal conduct of export		
	WMD	Conventional Arms	others
Individual	30M yen(=\$0.3M) or 5 times of the export price	20M yen(=\$0.2M) or 5 times of the export price	10M yen(=\$0.1M) or 5 times of the export price
Company	1B yen(=\$9M) or 5 times of the export price	700M yen(=\$6M) or 5 times of the export price	500M yen(=\$5M) or 5 times of the export price

Source: Ministry of Economy, Trade and Industry.<sup>168</sup>

### EXPANDING DEFENCE TECHNOLOGY COOPERATION WITHIN THE ALLIANCE

Even though US-Japan defence industrial cooperation predates the 2014 Three Principles of Defence Equipment Transfers, then prevailing barriers enabled mostly a one-sided military-industrial association, where Tokyo procured defence equipment and technology from Washington, owing to its prohibition on the arms exports embraced in the 1970s. Japan occasionally permitted small transfers, typically of minor components utilised in US-developed products. However, with the changing balance of power in East Asia, Japan embraced comprehensive

<sup>167</sup> Ibid.

<sup>168</sup> Ibid.

security reforms to assume greater responsibility in the alliance arrangement.<sup>169</sup>

This is reflective in the domain of defence technology cooperation. In the latest US-Japan 2+2 conversation in January 2023, the focus was on sharpening the competitive edge of the alliance by bolstering technology cooperation and joint investments in emerging technologies. One of the centre pieces in the discussion was securing the supply chains of defence equipment. As such a Memorandum of Understanding for Research, Development, Test and Evaluation Projects (RDT&E) and a Security of Supply Arrangement (SOSA) has been signed between the Department of Defense and Japanese Ministry of Defense. Meanwhile the discussions regarding joint research projects on high-power microwaves and autonomous systems, joint research on important elements including advanced materials and hypersonic testbeds, and possibly joint development of a future interceptor has gained traction.

The threat perception from the North Korean missile programme lays the foundation for US-Japan missile defence cooperation. In 1999, the US along with Japan started a multi-year research plan to analyse the prospects in missile defence.<sup>170</sup> With the 1998 Taepodong incident, Japan seriously weighed the introduction of a missile defence system. In 2005, the Japanese Security Council and the Cabinet officially permitted moving ahead. They decided to move to jointly building the SM-3 missile interceptor, the Block IIA.

Washington and Tokyo have cooperatively developed the Standard Missile 3 (SM-3) Block IIA. Tokyo opted to introduce the BMD system in 2003 and in the following year, the NDPG was revised which stressed on deepening US-Japan security cooperation on ballistic missile defence

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<sup>169</sup> Interaction with Tomonori Yoshizaki, Director, Policy Simulation, National Institute for Defense Studies, at Tokyo on September 17, 2017.

<sup>170</sup> 'Agreement between the United States of America and Japan', Department of Defense, Washington DC, August 16, 1999 at <https://www.state.gov/documents/organization/124445.pdf> (Accessed on March 9, 2019).

capabilities. Subsequently, Japan signed a MOU on BMD cooperation with the US, shared half of the funding responsibility and participated in technology development. In 2011, it outlined the involvement of Japanese industries as one of the four principles for obtaining its next-generation fighter. After considering several options from the US, French and UK, Tokyo opted for US-produced F-35. In this regard, Tokyo stressed on the Japanese defence industry's participation in the production of the F-35's fuselage, in addition to assembly of these aircraft. The R&D related to the SM-3 Block IIA and the F-35 acquisition elevated the US-Japan military industrial cooperation.

Tokyo opted for procuring the F-35A with Final Assembly and Check Out (FACO) for airframe and engines. Tokyo wanted to get into the ALGS system and the international supply chain. Such participation necessitated the capacity to export to other nations under strict controls. Hence the Cabinet Secretary's Statement in 2013 indicating Tokyo's involvement in ALGS marks a departure from the arms export ban. Participation in the production of F-35 fighters, setting up a maintenance depot for airframes and engines within Japan, and supporting maintenance in the Asia-Pacific region is important for securing the operational support system for F-35A fighter aircraft in Japan, maintaining, cultivating, and enhancing the Japanese defence industrial base, and strengthening the alliance.

As identified in the defence white paper, Tokyo and Washington have executed around 25 cooperative research projects and one development project since 1992. Following the easing of the export ban, Japan is open to transfers of parts for Patriot PAC2, software, parts of the Aegis System and F100 engine parts installed in F-15s and F-16s.<sup>171</sup> Some of the ongoing joint research projects include comparison of operational Jet fuel and noise exposures, high-temperature case technologies, next generation amphibious technologies, and modular hybrid electric vehicle system. Going forward, there are enormous

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<sup>171</sup> *Defense of Japan 2019*, Ministry of Defense Japan, September 2019 at [https://www.mod.go.jp/e/publ/w\\_paper/pdf/2019/DOJ2019\\_4-2-5.pdf](https://www.mod.go.jp/e/publ/w_paper/pdf/2019/DOJ2019_4-2-5.pdf) (Accessed on March 9, 2019).



prospects for bilateral cooperation in a wide range of technologies including stealth, unmanned vehicles, C2 and ISR capabilities, AI, robotics, big data and 3D printing. Both the US and Japan may consider integrating their approach while advancing air and missile defence technologies, including rail guns and directed energy weapons. Moreover, sub-surface warfare capabilities, like the unmanned platforms such as submarines and minesweepers, UUVs and airborne anti-submarine warfare assets hold potential as new frontiers of cooperation in US-Japan cooperation. Furthermore, the alliance is now focused on building space and cyber capabilities. The revised US-Japan guidelines of 2015 prioritised space situational awareness, space-based assets and ISR.<sup>172</sup> In this regard, by 2022 Tokyo's optical telescope and radar facilities will enhance the alliance's space situational awareness.<sup>173</sup> The US and Japan should also explore the prospects of advancing anti-satellite (ASAT) capabilities.

Following the easing of the export ban in 2014, Japan announced the first official transfer with the transfer of components for PAC-2 missiles by MHI to the US. Since the Planned Maintenance Interval (PMI) of Ospreys deployed at Futenma station was slated to begin in 2017, the American Navy did a public tendering and narrowed down on Fuji Heavy Industries Ltd. The maintenance of the first Osprey was completed and delivered to the US in 2019. The defence ministry would like to set up a common maintenance base in order to allow the company to utilize the hangar at Camp Kisarazu. This will contribute towards underpinning the basis to repair and maintain common equipment as outlined in the revised Guidelines.<sup>174</sup>

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<sup>172</sup> 'Statement by the Chief Cabinet Secretary: Japan-US cooperative development of advanced SM-3 missile for ballistic missile defence – Prime Minister of Japan and His Cabinet', December 2005 at [http://www.mod.go.jp/e/publ/w\\_paper/pdf/2006/7-1-2.pdf](http://www.mod.go.jp/e/publ/w_paper/pdf/2006/7-1-2.pdf) (Accessed March 9, 2019).

<sup>173</sup> 'Japan to join space-debris monitoring effort', *Asian Nikkei Review*, February 20, 2016 at <https://asia.nikkei.com/Politics/Japan-to-join-space-debris-monitoring-effort> (Accessed March 9, 2019).

<sup>174</sup> *Defense of Japan 2019*, no.184.

As the 2022 NSS allows for counterstrike capabilities, one central point of discussion would be getting the Tomahawk cruise missiles. However, going forward, defence planners would also have to factor in that while these missiles can be deployed on Aegis-class destroyers, but there would be a need for US satellites and other sensors to help set targets.

## **EXTENDING FRONTIERS WITH EUROPEAN PARTNERS**

Japan has pursued collaborations beyond its traditional alliance framework with the US. It has negotiated a series of defence equipment cooperation agreements in order to create a legal framework facilitating joint research, development, and production of defence technologies, with a few European partners like the UK and France, and also in the Asia-Pacific, including with Southeast Asia, Australia and India.

EU-Japan Strategic Partnership Agreement (SPA)<sup>175</sup> enabled deeper defence and security cooperation. It is complimented by a few bilateral defence agreements with European nations which enables expanded cooperation on defence capability development. From December 2016-July 2017, Tokyo concluded a few defence cooperation agreements with the UK, France, Germany, Italy, and Sweden. Notably, Tokyo earlier expressed apprehensions with regard to the manner in which Europe employs export control vis-à-vis dual-use and related technologies with reference to China.<sup>176</sup> For instance, Tokyo expressed reservations in 2013 with respect to DCNS's deal with Beijing concerning helicopter landing grids. In response, DCNS has maintained that the equipment did not qualify as dual-use and is categorised as a civil item which is beyond regulation.<sup>177</sup>

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<sup>175</sup> 'Strategic Partnership Agreement Between The European Union And Its Member States, Of The One Part, And Japan, Of The Other Part', Ministry of Foreign Affairs, July 2018 at <https://www.mofa.go.jp/files/000381942.pdf> (Accessed March 9, 2019).

<sup>176</sup> Michito Tsuruoka, 'The UK, Europe and Japan', *The RUSI Journal*, 158(6), 2013, pp. 58-65.

<sup>177</sup> Nanae Kurashige, 'Japan Fears French Copter Device May Aid China's Senkakus Campaign', *The Asahi Shimbun*, March 18, 2013.

Japan and the UK signed an Agreement Concerning the Transfer of Defence Equipment and Technology (ACTDET) in 2013.<sup>178</sup> Following this, both sides have initiated research on chemical and biological protection technology. This is the maiden instance when Tokyo has been involved in such research collaboration beyond its alliance partner the US. Additionally, both sides initiated several cooperative projects including one on the viability of a new air-to-air missile in 2014, personnel vulnerability evaluation in 2016, certification process of jet engines in 2018, feasibility of the Universal Advanced RF System (JAGUAR) and demonstration of a joint new air-to-air missile.

However, what features as a showcase project is the launch of the Japan-UK-Italy Global Combat Air Programme (GCAP) in December 2022. It is aimed at developing the next generation fighter aircraft by 2035. As stated in the joint statement, it is expected to accelerate ‘advanced military capability and technological advantage.....deepen our defence co-operation, science and technology collaboration, integrated supply chains, and further strengthen our defence industrial base’. Furthermore, it is likely to attract investment in R&D, digital design and advanced manufacturing processes. The UK and Italy would fuse their present plans for the sixth-generation fighter Tempest with Tokyo’s agenda of developing a replacement to the F-2 fighter. This is a significant development as it marks the first time Tokyo opting to develop a major defence platform without the US. It has been reported that Mitsubishi Heavy Industries, BAE Systems and Leonardo will be working on the body of the aircraft while the engine may be developed by IHI Corporation, Rolls-Royce and Avio.<sup>179</sup>

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<sup>178</sup> ‘Agreement Between the Government of Japan and the Government of the United Kingdom of Great Britain and Northern Ireland Concerning the Transfer of Arms and Military Technologies Necessary to Implement Joint Research, Development and Production of Defence Equipment and Other Related Items’, Treaty Series No. 27, UK Parliament, 2013 at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/252506/TS.27.Cm8687.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/252506/TS.27.Cm8687.pdf) (Accessed March 9, 2019).

<sup>179</sup> Announcement of joint development of next-generation fighter aircraft by the leaders of Japan, Italy and the United Kingdom, Ministry of Foreign Affairs of Japan, December 9, 2022. [https://www.mofa.go.jp/fp/nsf/page6e\\_000318.html](https://www.mofa.go.jp/fp/nsf/page6e_000318.html) (Accessed on January 4, 2023).

Beyond UK, Tokyo has concluded an ACTDET with France in 2015.<sup>180</sup> Prior to this, both sides have instituted committees to study the prospect of defence equipment cooperation and export control in 2014. Japan and France are undertaking the feasibility study for mine countermeasure technological activities. Pushing Japan's defence trade prospects, Tokyo at the Paris Air Show exhibited the P-1 Maritime Patrol Aircraft and the ASDF C-2 transport aircraft. Additionally, with Germany and Italy, Japan concluded similar ACTDET.<sup>181</sup> Berlin Air Show witnessed the participation of P-1 maritime patrol aircraft.

## EXPANDING COOPERATION WITH AUSTRALIA, INDIA AND SOUTHEAST ASIA

### Australia

One of Tokyo's first attempts to transfer arms beyond the US-Japan alliance framework was during Australia's multi-billion dollar competitive tendering to replace Collins-class submarines. In 2014, Japan and Australia concluded the ACTDET.<sup>182</sup> Then Abe administration's

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<sup>180</sup> 'Entry into Force of the Agreement between the Government of Japan and the Government of the French Republic concerning the Transfer of Defence Equipment and Technology', *Ministry of Foreign Affairs Japan*, December 2, 2016 at [https://www.mofa.go.jp/press/release/press4e\\_001384.html](https://www.mofa.go.jp/press/release/press4e_001384.html) (Accessed March 9, 2019).

<sup>181</sup> 'Agreement Between The Government Of Japan And The Government Of The Federal Republic Of Germany Concerning The Transfer Of Defense Equipment And Technology', Ministry of Foreign Affairs Japan, 2017 at <https://www.mofa.go.jp/mofaj/files/000273509.pdf> (Accessed March 9, 2019); 'Agreement Between The Government Of Japan And The Government Of The Italian Republic Concerning The Transfer Of Defence Equipment And Technology', Ministry of Foreign Affairs Japan, 2017 at <https://www.mofa.go.jp/mofaj/files/000262376.pdf> (Accessed March 9, 2019).

<sup>182</sup> 'Agreement Between The Government Of Japan And The Government Of Australia Concerning The Transfer Of Defence Equipment And Technology', Ministry of Foreign Affairs Japan at <https://www.mofa.go.jp/files/000044447.pdf> (Accessed March 1, 2019).

experience in Australia reflects Japanese policymakers' and defence contractors' struggle in the highly competitive bidding process in global markets, developing an offset strategy, and the traditional hesitation for sharing technologies with strategic partners.<sup>183</sup>

Abbott-Abe bonhomie in 2014 gave Tokyo the impression that it will successfully win its first multi-billion dollar submarine deal from Canberra following the easing of the arms export ban. However, the French contractor DCNS with its robust military-industrial complex outbid Japanese Mitsubishi Heavy Industries (MHI) and Kawasaki Heavy Industries (KHI). Japan initially struggled to grasp the shifting domestic political scene in Australia as Prime Minister Abbott lost power on the one hand and underestimated the bidding process, hesitated on technology transfer and creating domestic shipbuilding jobs on the other. The French contractor moved professionally on the last three verticals by capitalising on the skilled military-industrial complex and employing influential submarine industry insiders from Australian Submarine Corporation (ASC) and former Australian Chief of Staff in the defence ministry, Sean Costello.<sup>184</sup> Despite Japan's comfortable positioning vis-à-vis the submarine deal in 2014, France started making inroads vis-a-vis the competition. The change in the political leadership in Australia put Japan at a disadvantage, as the deal got opened up for competitive tendering when French DCNS and German ThyssenKrupp Marine Systems joined the competition.

In the run-up to concluding the deal, Tokyo failed to be present at vital lobbying occasions such as the conference for the Future Submarines project where the German and French contractors made considerable

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<sup>183</sup> Christopher Hughes, 'Japanese security turns to the stars', *East Asia Forum*, May 7, 2019 at <https://www.eastasiaforum.org/2019/05/07/japanese-security-turns-to-the-stars/> (Accessed March 9, 2019).

<sup>184</sup> Tim Kelly, Cyril Altmeyer, Colin Packham, 'How France sank Japan's \$40 billion Australian submarine dream', Reuters, April 29, 2016 at <https://www.reuters.com/article/us-australia-submarines-japan-defence-in/how-france-sank-japans-40-billion-australian-submarine-dream-idUSKCN0XQ1FC> (Accessed on March 9, 2019).

progress. Japan also was non-committal on constructing the submarines in Australia. Costello's experience enabled the French to win over American defence contractors Lockheed Martin Corporation and Raytheon Company for developing the combat system. With Malcolm Turnbull administration, it was an open competition for Japan. Realising the tough competition, at the later stage Tokyo tried to gain ground with discussions on investment and development prospects beyond defence, together with the chance of setting up a lithium-ion battery plant. However, this could not save the deal for Japan.

Besides, the submarine deal, both Japan and Australia agreed in 2014 to pursue multi-layered cooperation, including possible collaboration in the F-35 programme; and defence technology exchanges focussing on marine hydrodynamics. Japan and Australia are currently engaged in Joint Research on Marine Hydrodynamics and Hydroacoustics and Multivehicle Autonomy Research. A Steering Committee is instituted. Moreover, a Defense Industry Forum is also established. Furthermore, Tokyo is promoting defence equipment and technology cooperation with Canberra by way of participation of C-2 transport aircraft during the Avalon Air Show.

## **India**

Delhi and Tokyo signed two key agreements in 2015, first, ACTDET and second one is related to 'Protection of Classified Military Information'. Delhi has sought Japanese participation in Defence industrial corridors.<sup>185</sup> Japan's easing of arms export interests with Modi's 'Make in India' drive. The two agreements, signed in 2015, redefined the latitude for defence cooperation. Advancing defence industrial

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<sup>185</sup> 'Joint Press Statement on the India-Japan Annual Defence Ministerial Dialogue', Ministry of Defence, Government of India, August 20, 2018 at <http://pib.nic.in/newsite/pmreleases.aspx?mincode=33> (Accessed on August 29, 2018).

<sup>186</sup> Ambassador Kenji Hiramatsu, 'India & Japan: Towards a Higher Stage', Ananta Aspen Centre, February 6, 2018 at <http://www.in.emb-japan.go.jp/files/000331898.pdf> (Accessed on August 27, 2018).

cooperation is identified as a top priority in the partnership.<sup>186</sup> India's aim is to gain from Tokyo's technological competence as it pursues defence modernisation and diversifies acquisition.<sup>187</sup> Indian space and defence-related entities do not feature in Tokyo's Foreign End-User List, which should enable deeper trade and collaboration in high technology.<sup>188</sup>

Even though strong maritime cooperation constitutes the central pillar of bilateral security cooperation, defence technology is a comparatively new space. A Joint Working Group is put in place to detect specific items and areas for co-development and co-production. Also, Defence Industry Forum was founded. This is to advance cooperation with regard to defence and dual-use techs between Governments and industries.<sup>189</sup> The business lobbies in Japan and India stresses the need for developing high-technology cooperation. There is also a Business Leaders Forum which supports cooperation in high-technology. Keidanren has highlighted India, in addition to the US, Europe and Southeast Asia, as it outlined target countries for cooperation.<sup>190</sup>

India and Japan has started working on 'Cooperative Research in the Area of Unmanned Ground Vehicle (UGV)/Robotics' in July 2018.<sup>191</sup>

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<sup>187</sup> Interaction with Hiroshi Hirabayashi, former Japanese Ambassador to India and President, Japan-India Association at Tokyo, October 12, 2017.

<sup>188</sup> 'Tokyo Declaration for India - Japan Special Strategic and Global Partnership', Ministry of External Affairs, September 1, 2014 at <https://mea.gov.in/bilateral-documents.htm?dtl/23965/> (Accessed on March 2, 2019).

<sup>189</sup> 'India-Japan Joint Statement during visit of Prime Minister of Japan to India', Ministry of External Affairs, Government of India, September 14, 2017 at [http://www.mea.gov.in/bilateraldocuments.htm?dtl/28946/IndiaJapan\\_Joint\\_Statement\\_during\\_visit\\_of\\_Prime\\_Minister\\_of\\_Japan\\_to\\_India\\_September\\_14\\_2017](http://www.mea.gov.in/bilateraldocuments.htm?dtl/28946/IndiaJapan_Joint_Statement_during_visit_of_Prime_Minister_of_Japan_to_India_September_14_2017) (Accessed on August 28, 2018).

<sup>190</sup> 'Proposal for Execution of Defense Industry Policy', Keidanren, September 15, 2015 at [http://www.keidanren.or.jp/en/policy/2015/080\\_proposal.html](http://www.keidanren.or.jp/en/policy/2015/080_proposal.html) (Accessed on August 28, 2018).

<sup>191</sup> 'Japan and India initiate a cooperative research on Unmanned Ground Vehicles/Robotics', Embassy of Japan in India, August 1, 2018 at [http://www.in.emb-japan.go.jp/itpr\\_en/00\\_000647.html](http://www.in.emb-japan.go.jp/itpr_en/00_000647.html) (Accessed on August 29, 2018).

Technical dialogue within ATLA and its Indian counterpart DRDO has gained traction.

Meanwhile, India has not succeeded in generating a response from the Japanese companies for participation in the Project 75(I) aimed at building diesel-electric submarines fitted with Fuel-Cell based Air Independent Propulsion (AIP). One of the reasons could be Tokyo's experience regarding the extended and tough discussions relating to the US-2 amphibian aircraft. Cost-efficiency, tech transfer, offsets and manufacturing under 'Make in India' proved challenging. Therefore, notwithstanding the April 2018 MoU between Mahindra Defence and Shinmaywa Industries, progress has suffered. Forging ahead, cost-effectiveness holds the key for Japan as it targets the Southeast Asian and Indian markets. The emphasis in the near term should be on smaller items, may be radars, communications, and electronic warfare technologies, as it engages in defence technology cooperation with Japan.

Future cooperation in UAVs, anti-drone systems, robotics, underwater communication, Li-ion battery technology, intelligence systems, silicon carbide, wafer fabrication process technology, AI, electromagnetic spectrum, nano technology, high-energy laser systems holds potential. There are instances where Bharat Electronics Ltd (BEL) is reportedly in talks with Toshiba Corporation for Li-Ion battery technology and Jupiter Corporation for the supply of an Anti-Drone Systems. The Joint Working Group has identified mutual interests in dual-use items and subsequently 23 Indian companies conveyed interest but the process of interaction is rather slow. B2B interaction needs to be accelerated so that the conversation can lead to building robust industry ecosystems.

### **Southeast Asia**

Promoting defence equipment cooperation with Southeast Asia is a vital strategic space in Japan's Indo-Pacific Vision. The focus is primarily on capacity building, HADR, and maritime security. Japan has designed the Vientiane Vision in 2016 which underscored that Tokyo's defence equipment and technological cooperation with Southeast Asian nations would be directed at augmenting maritime law enforcement capacity and equipment and technology transfer. Recently, Prime Minister Kishida articulated his 'Vision for Peace' at the 2022 Shangri-La Dialogue. As



he aims to unveil the 'FOIP Plan for Peace' in 2023, the priority will be to provide patrol vessels, technical cooperation, training, and fostering human resource networks. One key takeaway is Japan's commitment to extend assistance amounting to US\$2 billion over next three years which will be geared towards maritime security equipment patrol vessels and advancing maritime transportation infrastructure across Indo-Pacific.<sup>192</sup>

Southeast Asia remains the mainstay in Tokyo's FOIP. Japan has concluded agreements with a few Southeast Asian nations including Philippines, Vietnam, Malaysia and Indonesia. In what can qualify as the maiden successful case of transfer of equipment since the new Principles were put in place in 2014, Mitsubishi Electric Corporation would give four air surveillance radar systems to Philippines. The contract came through in 2020. Earlier, Tokyo supported transfer of five TC90 training aircraft and trained pilots at the Tokushima Air Base. In addition, Japan has helped in maintenance and repair. Moreover, Japan has given the parts and maintenance equipment for the UH-1H utility helicopters.

Japan has also developed robust defence cooperation with Vietnam. The Terms of Reference (TOR) defence equipment and technological cooperation was signed in 2016. In 2019, a memorandum on promotion of defence industry was signed. In 2021, Tokyo has signed ACTDET with Vietnam and Indonesia. It has earlier signed a similar agreement with Thailand and Malaysia<sup>193</sup>. The Japanese defense ministry will continue to promote defence equipment cooperation in South East Asia, focussing on HADR and maritime security.

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<sup>192</sup> 'Keynote Address by Prime Minister Kishida at the IISS Shangri-La Dialogue 2022', Ministry OF Foreign Affairs, June 10, 2022 at <https://www.mofa.go.jp/files/100356160.pdf> (Accessed on June 20, 2022).

<sup>193</sup> Signing of the Agreement between the Government of Japan and the Government of Malaysia concerning the Transfer of Defence Equipment and Technology, Ministry of Foreign Affairs Japan', April 18, 2018 at [https://www.mofa.go.jp/press/release/press4e\\_002002.html](https://www.mofa.go.jp/press/release/press4e_002002.html) (Accessed on March 9, 2019).

## THE ROAD AHEAD

Restructuring defence organisation with ATLA and rationalising industry policy are understudied and yet key pillars of the unfolding reorientation of the defence and security policy. While a robust defence production and technological base is critical in safeguarding Japan's national security and strategic objectives, it is equally important in enabling international defence cooperation and participating in arms exports. As it stands at crossroads, Japan's defence industry policy is navigating through monumental challenges. Japan is attempting to promote defence equipment and technology cooperation as an important component of its foreign policy and strategic partnerships. Arms export and joint production are the stimulus that Japan needs in order to incentivise and consolidate Japan's indigenous industrial capacity, sustain R&D and enable cooperation with allies and partners. However, Japan lacks experience in utilising arms export as a foreign policy tool.

Inexperience and cost-competitiveness are fundamental challenges confronting the Japanese defence industry in the initial international market. Sustained pressure from the industry lobbyists shaped the policy debate within the 'defence tribe' of the LDP that eventually led to the easing of arms export ban in 2014. However, the initial international response did not match Japanese expectations. Defence industry has a scale and hiatus problem. Ambiguity concerning policy implementation, lack of market discipline in the industry, systemic corruption in procurement bred by decades of political-military-bureaucracy-industry complex continues to pose problems.

## THE ROAD AHEAD FOR JAPAN'S DEFENCE INDUSTRY POLICY

For a while now, key stakeholders in defence policy including the defence administration, political parties and the defence tribe (*kokubo zoken*), and the industry lobby including the Defence Production Committee of Keidanren have categorically enunciated the importance of maintaining a robust defence production base that caters for Japan's national security priorities. But now a sense of urgency is creeping in as Japanese companies are stepping back from the production of defence equipment owing to decrease in procurement and low profitability. National defence procurement is proving to be inadequate in supporting the industry base. Maintaining the supply chain is emerging as a serious concern as many subcontractors plan to leave the business as reflected in an ATLA survey.<sup>194</sup> Japan is solely dependent on the private sector as there are no nationally operated weapons factories. Going forward, some advocate integration and restructuring of the small and medium businesses.<sup>195</sup>

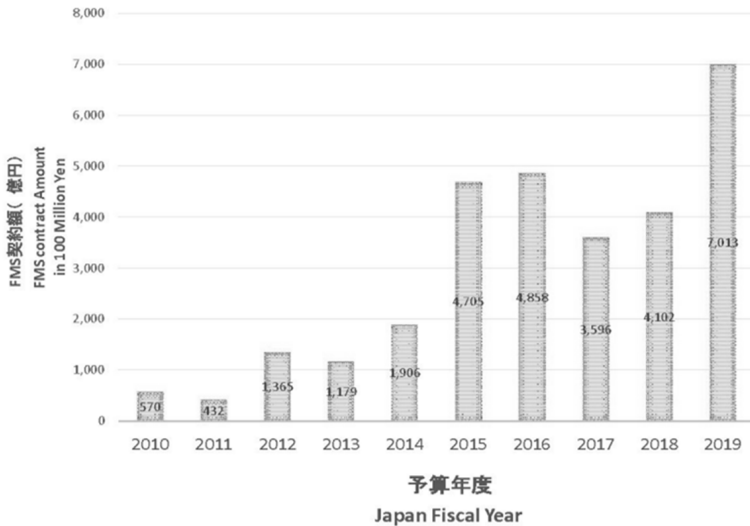
Another challenge is heavy reliance on the US through FMS. A case for prioritising proprietary defence technologies is argued. Policymakers are acutely aware that US may not be very keen in sharing their best technologies which they have developed through massive investment. Today, global trends are driven by joint development and production.

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<sup>194</sup> Junnosuke Kobara, 'Japan's defense equipment supply chain is in a predicament', Nikkei Asia, December 13, 2020 at <https://asia.nikkei.com/Business/Aerospace-Defense/Japan-s-defense-equipment-supply-chain-is-in-a-predicament> (Accessed June 15, 2022).

<sup>195</sup> 'RESOLVED: Japan Should Focus on Increasing Indigenous Defense Production', CSIS, March 10, 2022 at <https://www.csis.org/analysis/resolved-japan-should-focus-increasing-indigenous-defense-production> (Accessed June 15, 2022).

License-holders are relatively reluctant to give license of equipment comprising critical tech. In the past decade in Japan, FMS has augmented ten times, and accounts for approximately 20-30 per cent of procurement costs.



Source: Michihiro Akashi, January 2021.<sup>196</sup>

Boosting R&D will hold the key in charting the future trajectory. Defence constitutes just 3 per cent of the overall government R&D,<sup>197</sup> relatively low by international standards. In this regard, the recently revised strategic documents frame defence R&D front and centre.

<sup>196</sup> Michihiro Akashi, ‘Towards Sound Development of the FMS System and Japan’s Defence Technology and Industrial Base’, International Security Industry Council of Japan Webinar, January 2021 at <https://isic-japan.org/wp-content/uploads/2021/03/Michihiro-Akashi-FMS-English.pdf> (Accessed on January 2, 2022).

<sup>197</sup> Junnosuke Kobara, Konatsu Ochi and Natsumi Kawasaki, ‘Japan’s defense industry on the ropes amid growing threats’, Nikkei Asia, January 12, 2022 at <https://asia.nikkei.com/Spotlight/Datawatch/Japan-s-defense-industry-on-the-ropes-a-mid-growing-threats> (Accessed on January 22, 2022).

The revised NSS underscores the need to make business projects more attractive and actively leveraging the outcomes of advanced technological research in the public and private sectors for R&D of defence equipment. The National Defense Strategy argues that 'for projects which are particularly urgent and significant from a policy perspective, MOD/SDF will further accelerate R&D, and operationalize R&D results, by being willing to take risks under the assumption of expected outcomes'.

Meanwhile, ATLA is further beefing up its R&D personnel. Critical and emerging technologies including AI, quantum, robotics etc. not only provides an edge on industrial competitiveness but also contribute to bolstering nation's defense capabilities with military applications. There is a push to boost R&D advancing critical and emerging technologies and apply them to practical military use.<sup>198</sup>

Japan pursued *kokusanka* through subsidisation of the defence industry. It also harnessed defence and civilian technologies, primarily in civilian corporations in an attempt to gain technological spin-offs from the defence sector and spin-on advantage from the civilian sector. Moreover, the need to further the national industrial policy by way of advancing dual-use technologies has been an important consideration. Overall, the focus has been to strive for developing defence technologies that enhance Tokyo's negotiating influence in international politics and particularly within the US-Japan alliance.

As discussed earlier, Japan features a unique defence industrial structure, shaped by its decades-old arms export ban, compared to its US or European counterparts. Arms production accounts for a minor share in key industrial sectors. Japan's defence industry is dominated by few civilian businesses, with a minor share of their sales drawn from this sector. For instance, Japan's largest defence contractor Mitsubishi Heavy Industries which generally secures around 20 per cent of the

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<sup>198</sup> Ken Jimbo, 'How Japan should approach military tech competition', API Geoeconomic Briefing, December 28, 2021.

Government contracts, only gained 10 per cent of its total sales in 2017 from this sector.

Japan's defence industry suffered due to resource constraints given the decreasing defence budgets for much of the 1990s as Japan struggled with slow economic growth. Given this, resources available for arms production decreased within the defence budget since a sizeable portion of the budget went to personnel and provisions. Even though Abe augmented defence expenditure yet increasing per unit equipment cost as a result of advanced military technologies is a challenge. Tokyo is trying to manage the budget with effective competitive tendering for procurement nationally and globally, after a succession of corruption scandals in the 1990s and with the institution of ATLA in 2015 for efficiently integrating and managing procurement more professionally.<sup>199</sup>

Meanwhile, the defence businesses have been motivated to consolidate with the intention of realising economies of scale. However, this is problematic since the majority of Japanese defence corporations are also civilian manufacturers and the dual-use spin-on spin-off model cannot effortlessly isolate civilian from military production facilities, and consequently has no reason to rationalise their business to suit defence production prerogatives. Given the colossal challenges in the defence industry, as mentioned earlier, several defence contractors have not been able to sustain and opted to exit the sector and focussed solely on the competitive civilian sector.

There is a growing consensus among the policymakers and industry lobby in Japan that indigenous defence production is untenable in its present form owing to several challenges including structural limitations such as the scale and hiatus problem since the defence industry has to rely on the small domestic market with a defence expenditure persisting at around one per cent of GDP until very recently. It is only in late 2022 that Japan has decided to scale up the defence budget to 2 per cent of GDP over the next five years. Cost-competitiveness and technology

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<sup>199</sup> Discussion with official from ATLA, Tokyo on October 16, 2017.

transfer are fundamental challenges confronting Japanese defence industry in the global market. This is primarily stemming from the structural pressures forced on the industry making its character very different from the US and European counterparts.

Sustained pressure from the industry lobby shaped the policy debate within the 'defence tribe' of the LDP that eventually led to the easing of arms export ban in 2014. However, as discussed earlier, the initial international response did not match Japanese expectations.<sup>200</sup> Defence industry has a scale and hiatus problem, it struggles with cost-effectiveness, tech transfer, and lack of market discipline. Since the easing of the arms export ban, Japan's concrete success till date have been rather small in value and number. Japan's struggle in the Australian submarine deal was real and since then barring Philippines, progress in terms of any substantial defence equipment sale with strategic partners such as US-2 amphibian aircraft to India or P-1 to the UK, reflects the lack of experience for effectively pursuing global cooperation projects. The business lobby has repeatedly asked for financial support from the Government for the contractors who are new to the international market. But risk-sharing and financial support leaves much to be desired.<sup>201</sup>

Tokyo cannot afford to remain insulated from the international value chain in defence production. When other nations moved forward with merging of their defence businesses nationally and globally, and started new multilateral weapons platforms to share technologies and costs, and realise economies of scale, Japan suffered and became over-reliant on the Americans.<sup>202</sup>

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<sup>200</sup> Interaction with official from Policy Planning Division, Ministry of Foreign Affairs, Tokyo, on February 8, 2017.

<sup>201</sup> Discussion with official from International Cooperation Bureau, Keidanren Tokyo, on September 15, 2017.

<sup>202</sup> H. Sato, 'Japan's arms export and defense production policy', CSIS Strategic Japan Working Papers at <http://csis.org/files/publication/150331çSatoçJapanArmsExport.pdf> (Accessed on May 9, 2019).

Defence contractors are conscious of their lack of experience in the international bidding processes.<sup>203</sup> To boost global transfers for advancing strategic interests, Japan should arrange for a system of FMS, offsets and export subsidies<sup>204</sup>. The disappointment after the Australian submarine procurement effort has considerably discouraged a few major defence manufacturers from venturing into global markets. Furthermore, Japanese defence producers who are major players in the civilian sector are conscious of the reputational costs<sup>205</sup> in the domestic market given the post-war narrative of merchants-of-death, and favour lower risk civilian markets.

Meticulous coordination and planning are required so as to bring together a web of companies and advance techs required to develop and produce a system, and subsequently offer maintenance and upgradation. Therefore, exports often trigger demands which only a very few corporations can deliver without the assistance of their Government. Furthermore, there are demands for life-cycle support, training, performance, and product improvement and upgrades that merely a G2G sale can present. Thus, a robust FMS like programme is useful to increase defence trade prospects.

The Three Principles unveiled in 2014 have created new strategic opportunities for Japan. Even though Japan has the resolve to retain a robust indigenous defence production base, it will be realised essentially by way of international collaboration instead of predominantly autonomous production. The predominant trend so far in this regard indicate that Tokyo's energy is invested in employing international arms transfers as an instrument to reinforce integration of capabilities within

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<sup>203</sup> Discussion with official from International Affairs Office, Tokyo, on October 16, 2017.

<sup>204</sup> Keidanren, 'Proposal for execution of defense industry policy', September 2015 at [www.keidanren.or.jp/en/policy/2015/080cproposal.pdf](http://www.keidanren.or.jp/en/policy/2015/080cproposal.pdf) (Accessed on March 2018); B. Y. Jo, 'Japan Inc.'s remilitarization? A firm-centric analysis of Mitsubishi Heavy Industries and Japan's defense industry in the new TPAA regime', *International Relations of Asia-Pacific*, 16(1), 2016, pp. 137–166.

<sup>205</sup> Discussion with official from Intelligence Capability Development Office, Ministry of Defense, Tokyo, on September 10, 2017.



the alliance framework. Tokyo's arms transfer policy has mostly spun around US-Japan projects or projects with Washington's allies and strategic partners. However, lack of experience in global cooperation at both the Government and private sector levels imply that Japan's arms transfer policy is restricted in ambition, and particularly implementation. However, marking a departure, the recently launched Global Combat Air Programme (GCAP) in December 2022 for developing the next generation fighter aircraft instils much needed confidence as it is expected to be a tech accelerator.

Going forward, Japan has to target the appropriate markets for entry. While the defence administration and most of the policy papers have identified Australia, the UK, France, Southeast Asia and India for exports and co-development, currently the greatest prospects remain in the US. Following the experience in the Australian submarine deal, Japan realises the monumental challenge that lies in the road ahead. There are suggestions to bring together the defence divisions of various corporations and form a single public-private corporation that will operate in the market as the sole entity. However, this will compromise intellectual property rights and patents of the parent company. It is important to categorise important technologies for defence export and issue suitable licenses to companies. Also, instituting branch offices in target markets can be useful for future defence trade. Furthermore, Japanese contractors could explore prospects for direct foreign investment in the defence sector in target countries.

Following the web of policies put into place by former Abe administration and the founding of ATLA, the governmental and the institutional framework is set up to participate in global arms export and co-development. Since Japan's defence industry has a hiatus problem, moving ahead it will have to brainstorm how to stretch out to the international market. Even though Japanese contractors have favoured easing of the export ban, they have reserved a passive attitude since the changes in 2014. Technology leakage constitutes a primary concern for Japanese industry. Just as Japanese companies have employed safety provisions in case of dual-use technologies, they could think about measures such as anti-tampering with regard to export of militarily sensitive technologies. Controlling export of sensitive

technologies can be aided with the publication dual-use licensing data and also harmonising Japan's export control numbers with the EU.<sup>206</sup>

In the promotion of defence equipment and technology transfer, inter-agency coordination will be crucial. Even though, METI will continue to exercise authority with regard to issuing export licences, but defence and foreign ministry will be equally important. While the defence ministry may expand its influence in export licensing, both in arms and dual-use technologies, the foreign ministry has to perform an important role of influencing which will be the target markets for defence items and technologies. Inter-ministerial coordination will hold the key.

Regardless of the revision of the Three Principles and the set of legislations framed in the last decade, Japan has several institutional and cultural challenges to conquer before it emerges as a leader in the global market. In the near term, Japan could prioritise exporting dual-use items and be involved in the international co-development of arms instead of selling big-ticket items, which has not really worked in Tokyo's favour up until now.

As Japan entered the competitive space of the international market, its lack of experience was in sharp display. Going ahead, Japan needs to build a seamless public-private cooperation in not just mapping potential customers but also engaging in information sharing which in turn will help in grasping the competitive terrain of international market and accordingly prepare for it with ATLA as the anchor.<sup>207</sup> Information security and implementing a robust information protection mechanism is a priority. With respect to information security, Japan is embarking

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<sup>206</sup> Crystal Pryor, 'Japan: Revising arms export regulation', WorldECR, April 2016 [https://www.cistec.or.jp/english/service/report/1604Japan\\_Revising\\_arms\\_export\\_regulation\\_in\\_WorldECR\\_issue49.pdf](https://www.cistec.or.jp/english/service/report/1604Japan_Revising_arms_export_regulation_in_WorldECR_issue49.pdf) (Accessed on December 8, 2020).

<sup>207</sup> Daiki Kasugahara, 'The Challenges and Efforts for Defence Equipment and Technology Cooperation', ATLA, Ministry of Defence, August 25, 2021 at <https://isic-japan.org/event/pathway-to-global-markets/> (Accessed on December 2, 2021).

on several new initiatives to ensure best practices, for instance, ATLA has recently set up Industrial Cyber Security Office to promote various information security measures for Japan's defence industry. Japan is also weighing other options including applying information security standards comparable to that of the US's NIST SP800-171 to its defence industry under MOD's direction.

Defence technology cooperation is an important pillar of national security, and has an important role in firming up the industry base. Japan would do well to be proactive in identifying the needs of potential target countries based on their respective strategic goals and security priorities. Any real progress will be contingent on Japan's ability to survive the global cost-competitiveness, and transfer of defence equipment and technology overseas will be an effective way in easing the steep price tags.

In the wake of the Russian invasion of Ukraine, Japan has positioned itself as a leading flagbearer of the rules-based international order. The Ukraine conflict has accelerated some of trends in the decades old security debates in Japan, and translated it into concrete policy positions as articulated in the three strategic documents. While the global attention has primarily been on the conversation around counterstrike capabilities and scaling of defence budget to 2 percent of GDP, one important nugget which is in making is the current discussion on revisiting the Three Principles on Transfer of Defense Equipment and Technology, Implementation Guidelines, and other systems. The revised NSS flags this with the goal of advancing smoother transfer of defence equipment and technology and international joint development in a broad array of fields.

The 2022 NSS argues that 'transfer of defence equipment and technology overseas is a key policy instrument to ensure peace and stability, especially in the Indo-Pacific region, to deter unilateral changes to the status quo by force, to create a desirable security environment for Japan, and to provide assistance to countries that are subject to aggression in violation of international law, use of force, or threat of force'. While Japan has helped Ukraine with drones, bulletproof vests, helmets, winter battle dress uniform, tents, cameras, hygiene products, emergency rations, binoculars, lighting devices, medical supply, civilian

vehicles but it could not respond positively to Ukraine's request for anti-tank missiles given the parameters of the three principles on the transfer of defence equipment. Subsequently, as Tokyo takes a relook at these defining principles, several enabling ideas are on the high table but how the politics plays out will ultimately determine the future trajectory of the defence industry.

**T**he revised National Security Strategy makes a cogent case of Japan's evolving character as a decisive security actor. The conversation in Tokyo demonstrates a renewed sense of urgency in the wake of the Russian invasion of Ukraine, the Sino-US strategic contest, and post-pandemic mainstreaming of economic security. While the national debate is preoccupied with raising the cost on China, acquiring counterstrike capabilities and doubling defence spending, one area which remains relatively under-studied and yet constitutes an important pillar of national security is the defence industry. Preserving a robust defence-related technological base and supply chains is imperative for national security. Addressing the gap, this monograph situates Japanese defence industry within the framework of the Three Principles of Arms Export, and critically evaluates the challenges and opportunities with the twin objective of reinforcing defence technology and industrial base on the one hand and nurturing key strategic partnerships in the Indo-Pacific on the other.

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