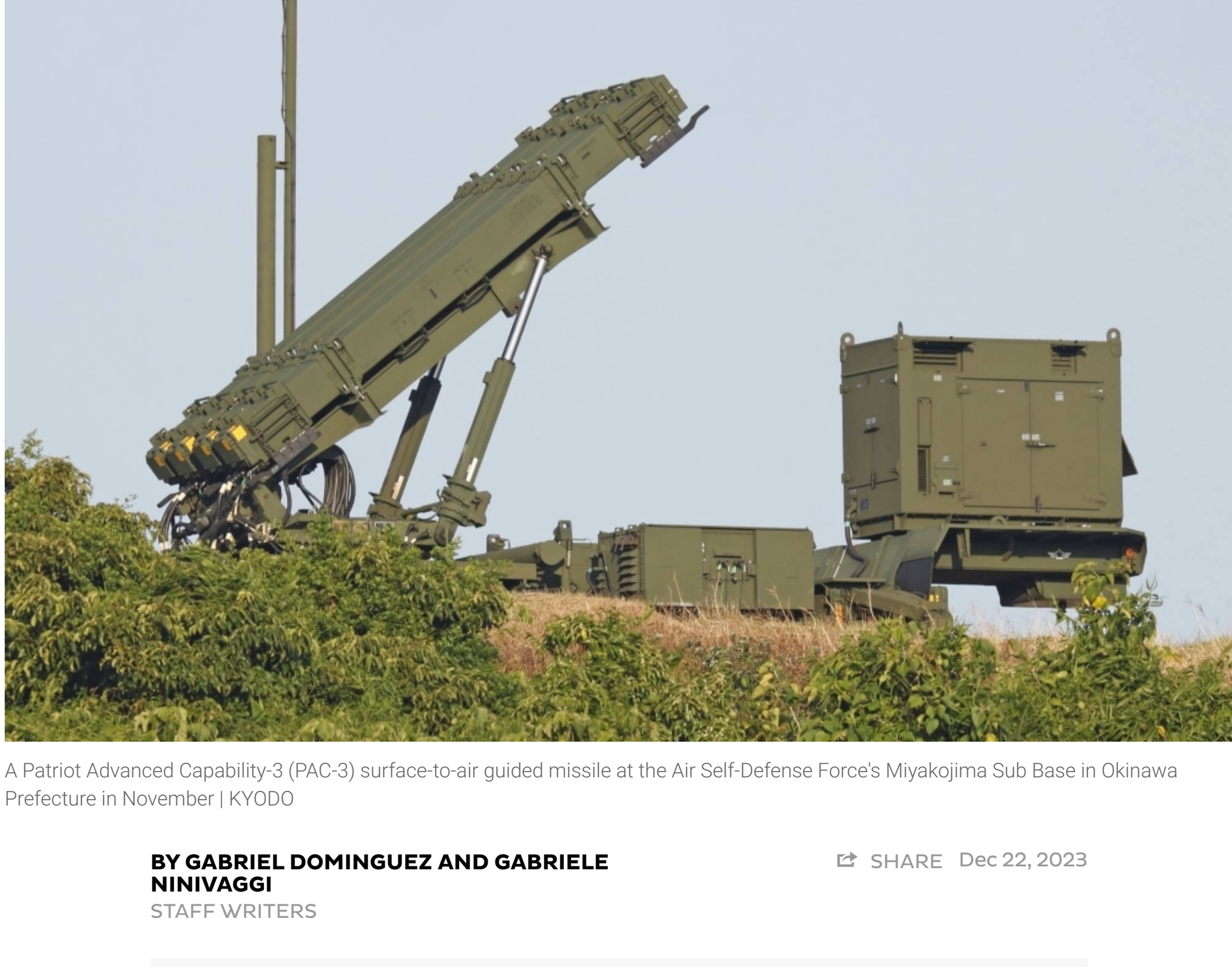


JAPAN

In major shift, Japan eases rules on exporting defense gear



A Patriot Advanced Capability-3 (PAC-3) surface-to-air guided missile at the Air Self-Defense Force's Miyakojima Sub Base in Okinawa Prefecture in November | KYODO

BY GABRIEL DOMINGUEZ AND GABRIELE NINIVAGGI STAFF WRITERS

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In a major policy shift that could see Japan make its first export of lethal military equipment as early as next year, the government on Friday loosened the country's strict defense export rules as Tokyo continues to shed some of its postwar constraints on defense.

The administration of Prime Minister Fumio Kishida justified the move by saying that defense equipment transfers have become important policy tools to both "deter unilateral changes to the status quo by force and create a desirable security environment for Japan."

"In taking such action, we would like to contribute to the protection of a free and open international order based on the rule of law and to the realization of peace and stability in the Indo-Pacific region," Kishida told reporters Friday.

The revision had been anticipated since last December, when Tokyo overhauled its national defense and security strategies and pledged to raise defense spending to 2% of gross domestic product by 2027, citing concerns about the deteriorating international security environment.

The changes, recommended last week by a group of lawmakers belonging to the ruling Liberal Democratic Party-Komeito coalition, come as **Japan moves to export license-built Patriot air-defense missiles** to the United States following a request by Washington to help replenish weapon stockpiles depleted by its military assistance to war-torn Ukraine.

To enable this, Tokyo has revised the country's defense equipment and technology transfer guidelines — originally established in 1976 — for the first time since 2014, allowing the export of finished defense products, including lethal ones, manufactured in Japan under foreign license to the countries that hold patents for the equipment.

The Self-Defense Forces operate dozens of weapon types and other military systems produced locally under license from U.S. or European defense companies.



Then-Philippines President Rodrigo Duterte (center) visits a newly inaugurated Japan-built patrol ship during a ceremony marking the anniversary of the Philippines Coast Guard in Manila in October 2016. | REUTERS

Previous guidelines only permitted the export of license-built components to the U.S., such as engine parts or missile guidance equipment, while also allowing the transfer of locally developed nonlethal assets and technologies, as seen with Japan's provision of patrol vessels and early-warning radars to the Philippines.

Decisions over what equipment will be transferred to which country or region will be made on a case-by-case basis, either by the National Security Council or a council of four ministers: the prime minister, the chief cabinet secretary, the foreign minister and defense minister. The parties in the ruling coalition will also be consulted, officials told reporters.

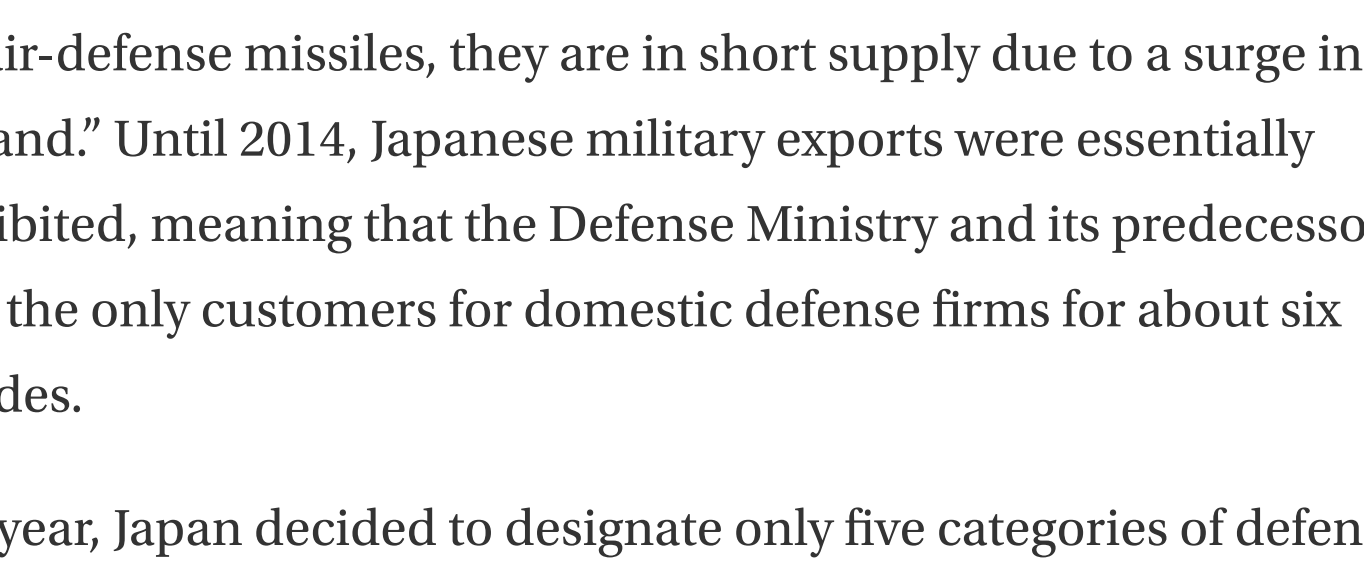
They also said that the destination of Japan's defense exports will be decided based on their impact on Japanese and international security, as well as the receiving country's level of involvement in a conflict. In principle, however, deliveries will still not be permitted to countries or regions actively engaged in armed conflicts.

Tokyo made it clear that the upcoming delivery of Patriot missiles is only meant to replenish U.S. stocks and not for further transfer to a third country. However, under the revised framework, license-built military gear could also be transferred to third countries as long as Tokyo gives its approval.

This means, for example, that Washington could potentially transfer Japanese-made Patriot missiles or other license-built gear to countries in Europe as long as recipients are not officially in a state of war.

While this prohibits transfers to Ukraine, which is approaching its third year of countering a Russian invasion, Tokyo's revisions will give Washington and Europe greater flexibility when it comes to strengthening Kyiv's air defenses.

"If Japan transfers its (Patriot) PAC-3 missiles to the U.S., and Washington exports the Patriots it already stocks to Ukraine, then this can indirectly support Kyiv without affecting U.S. air defense capacity," said Masashi Murano, a Japan chair fellow at the U.S.-based Hudson Institute, adding that after exporting to Washington, Japan's domestic missile production is likely to be quickly expanded to fill the gap.



A PAC-3 surface-to-air guided missile at the Air Self-Defense Force's Naha Air Base in December | KYODO

In addition to final products, Murano pointed to another area where Washington is looking for Tokyo's support: high-performance explosives and components.

"These contribute to extending the range of many projectiles, but just like air-defense missiles, they are in short supply due to a surge in demand." Until 2014, Japanese military exports were essentially prohibited, meaning that the Defense Ministry and its predecessor were the only customers for domestic defense firms for about six decades.

That year, Japan decided to designate only five categories of defense equipment that could be sold to its security partners: rescue, transport, warning, surveillance and minesweeping systems.

But even after Tokyo eased some restrictions under the so-called three principles on defense transfers, the few nonlethal items exported so far, mostly to Southeast Asia, have been the result of government-brokered deals, mainly as part of official assistance programs.

The new revisions also allow for transfers of components and technology resulting from joint development projects, although no decision was made on the export of jointly developed finished products — such as the next-generation fighter jet Tokyo plans to develop with Italy and the United Kingdom — because of disagreements between the coalition partners.

The government has asked the ruling parties to make final proposals on this as well as on potential changes to the five export categories by the end of February.



An air surveillance radar system exported from Japan to the Philippines | DEFENSE MINISTRY / VIA KYODO

That said, Japan formalized the provision of nonlethal military equipment to countries facing an illegal invasion under international law, a precedent set by Tokyo's delivery of body armor and other equipment to Ukrainian forces earlier this year.

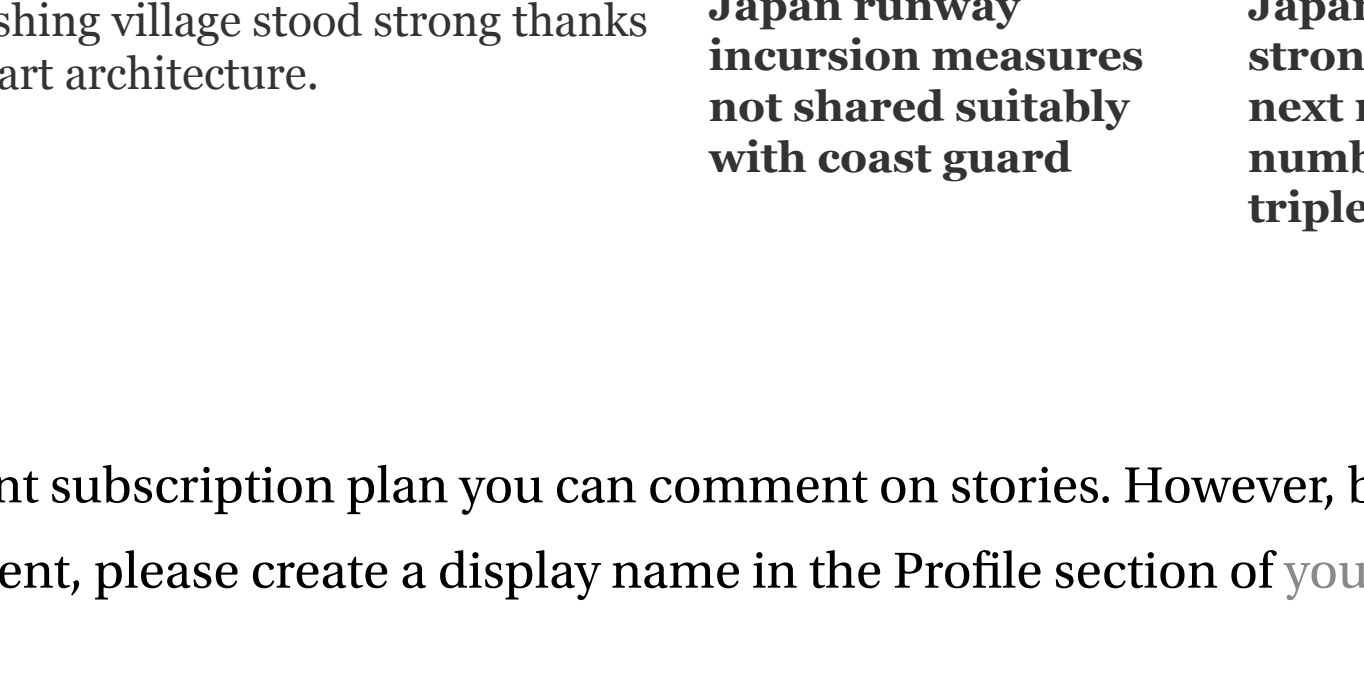
With these revisions, Tokyo aims to revitalize a domestic military industry that has seen several companies pull out of the sector in recent years amid profitability issues, with legal and constitutional constraints having limited the number of potential export customers and products.

"By selling more defense equipment abroad, there is a promise of finding new customers for Japan's defense industries and thus, new business incentives," said Jeffrey Hornung, a senior political scientist at the U.S.-based Rand Corp.

But that's not all. By strengthening international defense supply chains, Japan is also deepening security ties with like-minded countries.

"These types of defense-industrial linkages, whether through co-development or equipment transfers, help Japan forge diplomatic and security cooperation with partner countries in the Indo-Pacific and beyond," said Christopher Hughes, professor at Warwick University in England.

At the same time, Tokyo hopes that these revisions will bolster Japan's own security as they are aimed at maintaining an existing international order that it sees as increasingly under threat from countries such as China, Russia and North Korea.



An image of a next-generation fighter jet to be jointly developed by Japan, the United Kingdom and Italy | DEFENSE MINISTRY / VIA KYODO

Japan's defense export principles and guidelines are not laws, meaning that the government can revise them without having to go through parliament for approval. Considering the importance of the matter, civil society groups have severely criticized the government's decision and called for a broader debate involving parliament.

Even though the government intends to make decisions on a case-by-case basis, experts have pointed to some potentially politically sensitive areas, particularly as the revisions open the door to Japan becoming a direct lethal weapons supplier to the U.S., even if just in a limited way.

They also say some of the changes could see Tokyo become indirectly involved in arms exports to conflict zones, particularly if the U.S. or other license-holding countries restock with Japanese-made equipment after transferring their own equipment to, say, Ukraine.

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DEFENSE, TRADE, DEFENSE MINISTRY

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