

Defense Export Policy Update & Discussion Topics Proposal



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Basic Principles for Defense Equipment and Technology Cooperation ①

- The **National Security Strategy**, approved by the Cabinet in December 2013, hammered out the fundamental principle to proactively respond to security challenges as a “Proactive Contributor to Peace”, and the “**Three principles on Transfer of Defense Equipment and Technology** (hereinafter referred to as “the Three Principles”) was decided by the Cabinet in April 2014 as clear principles that fit the new security environment.
- Based on the Three Principles, the Ministry of Defense and Self-Defense Forces will further its **peace contribution and international cooperation**, as well as actively promote measures required for maintaining peace and stability in the region and defending Japan, through actively advancing cooperation with the United States, Japan’s ally, and other countries.
- The Three Principles also clarify that appropriate overseas transfer of defense equipment and technology contributes to the reinforcement of **Japan’s defense industrial bases**, and thereby **contributes to the enhancement of Japan’s defense capability**.

Descriptions in The Three Principles on Transfer of Defense Equipment and Technology

- An appropriate overseas transfer of defense equipment and technology contributes to **further active promotion of the maintenance of international peace and security through timely and effective implementation of contribution to peace and international cooperation** such as international peace cooperation, international disaster relief, humanitarian assistance, response to international terrorism and piracy, and capability building of developing countries.
- Such transfer also contributes to **strengthening security and defense cooperation** with Japan’s ally, the United States, as well as with other countries.
- Furthermore, it contributes **to maintaining and enhancing Japan’s defense production and technological bases, thereby contributing to Japan’s enhancement of defense capability**, given that international joint development and production projects have become the international mainstream in order to improve the performance of defense equipment and to deal with their rising costs.

The Three Principles on Transfer of Defense Equipment and Technology

The basic philosophy as a Peace-Loving Nation is maintained.

I : Clarification of cases where overseas transfer of defense equipment and technology is prohibited.

- ① the transfer violates obligations under treaties and other international agreements that Japan has concluded
(Chemical Weapons Convention, Convention on Cluster Munitions, Anti-Personnel Mine Ban Convention, Arms Trade Treaty etc.)
- ② the transfer violates obligations under United Nations Security Council resolutions (UNSCR)
(UNSCR 1718 (North Korea nuclear issue) and, UNSCR 1929 (Iranian nuclear issue) etc., and UNSCR on the “arms” exports embargo to certain countries, etc.)
- ③ 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).

II : Limitation to cases where transfers may be permitted as well as **strict examination and **information disclosure****

- ① cases where the transfer contributes to active promotion of peace contribution and international cooperation
 - ② cases where the transfer contributes to Japan’s security
 - implementing international joint development and production projects with countries cooperating with Japan in security area
 - enhancing security and defense cooperation with the ally and partners
 - supporting the activities of the Self-Defense Forces including the maintenance of its equipment and ensuring the safety of Japanese nationals
- (Note1) strict examination on the appropriateness of the destination and end user, and the extent the overseas transfer will raise concern for Japan’s security
- (Note2) ensuring the transparency in the deliberations, the procedures, and the criteria

III : Ensuring appropriate control regarding **extra-purpose use or **transfer to third parties****

The Government of Japan will in principle oblige the Government of the recipient country to gain **its prior consent** regarding extra-purpose use or transfer to third parties .

(Note) Appropriate control may be ensured with the confirmation of control system at the destination in such cases as where the transfer is judged to be appropriate for active promotion of peace contribution and international cooperation, when the transfer involves an participation in an international system for sharing parts etc.

Information Disclosure

- **An annual report** on the status of the approval of overseas transfers of defense equipment and technology will be prepared, submitted to the NSC, and published.
- As for the cases that deliberated at the NSC, the Government will **disclose the information** more transparently than before.

Basic Principles for Defense Equipment and Technology Cooperation ②

○ In December 2022, the new National Security Strategy of Japan, National Defense Strategy and Defense Buildup Program were approved by the cabinet. Defense equipment transfer is described in these documents as below.

National Security Strategy of Japan

“Japan’s defense production and technology base is an indispensable foundation for ensuring stable research and development, production, and procurement of defense equipment in Japan. Therefore, Japan will advance defense production and technology bases because they are characterized as defense capabilities themselves. (※)

Transfer of defense 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. From this perspective, the Three Principles on Transfer of Defense Equipment and Technology, its Implementation Guidelines, and other systems are to be considered for revisions in order to promote smooth transfer of defense equipment and technology of high security significance and international joint development in a broad array of fields. In doing so, the necessity, requirements, and transparency of the related procedures for transfer of defense equipment and technology will be under adequate consideration, while maintaining the three principles themselves.(※)

In addition, Japan will carry forward with the transfer of defense equipment and technology in the joint public and private efforts by implementing measures including providing various forms of assistance to smoothly promote such transfers.”

National Defense Strategy

(Same description as (※) of National Security Strategy of Japan is written) “In addition, Japan will carry forward with the transfer of defense equipment and technology in the joint public and private efforts by establishing a fund, and implementing measures including providing corporate assistance as necessary to smoothly promote such transfers.”

Defense Buildup Program

“Transfer of defense equipment and technology overseas is not only a strategic tool of foreign and defense policy to build effective partnerships with allied and like-minded countries and to deter unilateral changes to the status quo by force or invasion of Japan, but also effective in ensuring the growth of the defense industry through the expansion of defense equipment market. From this perspective, the government will take the lead in promoting appropriate overseas transfer of defense equipment and technology by further cooperation between the public and private sectors. The government will also establish a fund and provide corporate assistance as necessary.”

Implementation Guidelines for Three Principles on Transfer of Defense Equipment and Technology

- Implementation Guidelines for the Three principles shows cases where transfers may be permitted.
- Based on the National Security Strategy formulated at the end of 2022 and the recommendations to the government by the ruling parties' Working Team, Implementation Guidelines for the Three Principles on Transfer of Defense Equipment and Technology and its are amended.

Cases where transfers may be permitted (Excerpt)

International Joint Development and Production

- Joint D&P with partner countries cooperating with Japan in security area
- Direct provision of parts or services to third countries which partner countries have transferred finished products
- Transfers of finished products of to third countries other than partner countries*

*GCAP, only if Japan and the recipient country have concluded an international agreement obligating the use of defense equipment transferred from Japan in a manner

consistent with the purposes and principles of the Charter of the UN

Licensed products

- Provision of licensed products including finished products to countries cooperating with Japan in security area

MRO service

- Provision of repair and other services to countries cooperating with Japan in security area

Transfers of parts to countries cooperating with Japan in security area in general

Transfers of finished products

Transfers of finished products related to the cooperation related to the rescue, transport, warning, surveillance and minesweeping equipped with arms



Each case with strict examination by NSC(ministerial level) or NSC Board (D-G level)

Fallen within permissible cases described by the Guidelines

Appropriateness of destination and end-user

Extent of concern that the transfer may affect Japan's national security

Cases in which transfer of defense equipment and technology was realized

Overseas transfer that contributes to active promotion of peace contribution and international cooperation (ODA)

- Transfer of large patrol vessels to the Philippine coastguard



- Transfer of anti-terrorism equipment (bulletproof clothing and shields) to the Philippine National Police and other authorities



Bulletproof Vest, Plate and Shield

Overseas transfer that contributes to Japan's security

Specific projects that had been realized

● Overseas Transfer of international joint development and production

- Transfer to the U.S for Software and Parts of the Aegis System etc.
- Japan-U.K.-Italy Joint Development of Next-Generation Fighter Aircraft

● Provision of parts and services related to

licensed products from the United States

- Parts for Patriot PAC-2 (Licensed product)
- F100 engine parts



TC-90 training aircraft

● Transfer of finished licensed products from the United States

- Patriot missiles (Licensed products)

● Overseas Transfer of defense equipment and technology related to

cooperation pertaining rescue, transport, warning, surveillance, and minesweeping

- Transfer of MSDF's TC-90 training aircraft to the Philippine Navy [rescue · transport · warning · surveillance]
- Transfer of Air Surveillance Radar Systems to the Philippines Air Force [warning · surveillance]
- Transfer of Multipurpose Material Handling Vehicles to the Vietnam Force [rescue · transport]

● Defense Equipment and Technology included in the equipment, etc., to be transferred by the Minister of Defense to Ukraine, which is subject to an invasion in violation of international laws, based on the provisions of Article 116-3 of the Self-Defense Forces Act

- Transfer of bulletproof vests, protective clothing and masks, 1 / 2-ton trucks, highly maneuverable vehicles, and Multipurpose Material Handling Vehicles



F100 engine parts (F15 and F16 Engines)



Next generation fighter aircraft (Image)



Air Surveillance Radar Systems

Specific projects under coordination

● Transfer of Unified Complex Radio Antenna (UNICORN) to India

UNICORN



- Integrated multiple antennae into unified antenna
- The unified antenna enhances stealth capability of ships. Consolidation of devices improves maintainability
- It will be adopted by JMSDF's Mogami class (FFM)



Bulletproof Vest



Protective clothing and masks



Truck (1/2 ton), High Mobility Vehicles, Multipurpose Material Handling Vehicles

National Security Strategy, 2022

Positioning in Defense and Security Policy

Transfer of defense 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. From this perspective, the Three Principles on Transfer of Defense Equipment and Technology, its Implementation Guidelines, and other systems are to be considered for revisions

Defense industry = Defense Capabilities themselves

Japan's defense production base and technology base is an indispensable foundation for ensuring stable research and development, production, and procurement of defense equipment in Japan. Therefore, Japan will advance defense production and technology bases because they are characterized as defense capabilities themselves. Specifically, in order to build a strong and sustainable defense industry, Japan will promote various initiatives

Promoting defense equipment transfer



(Profitable case)

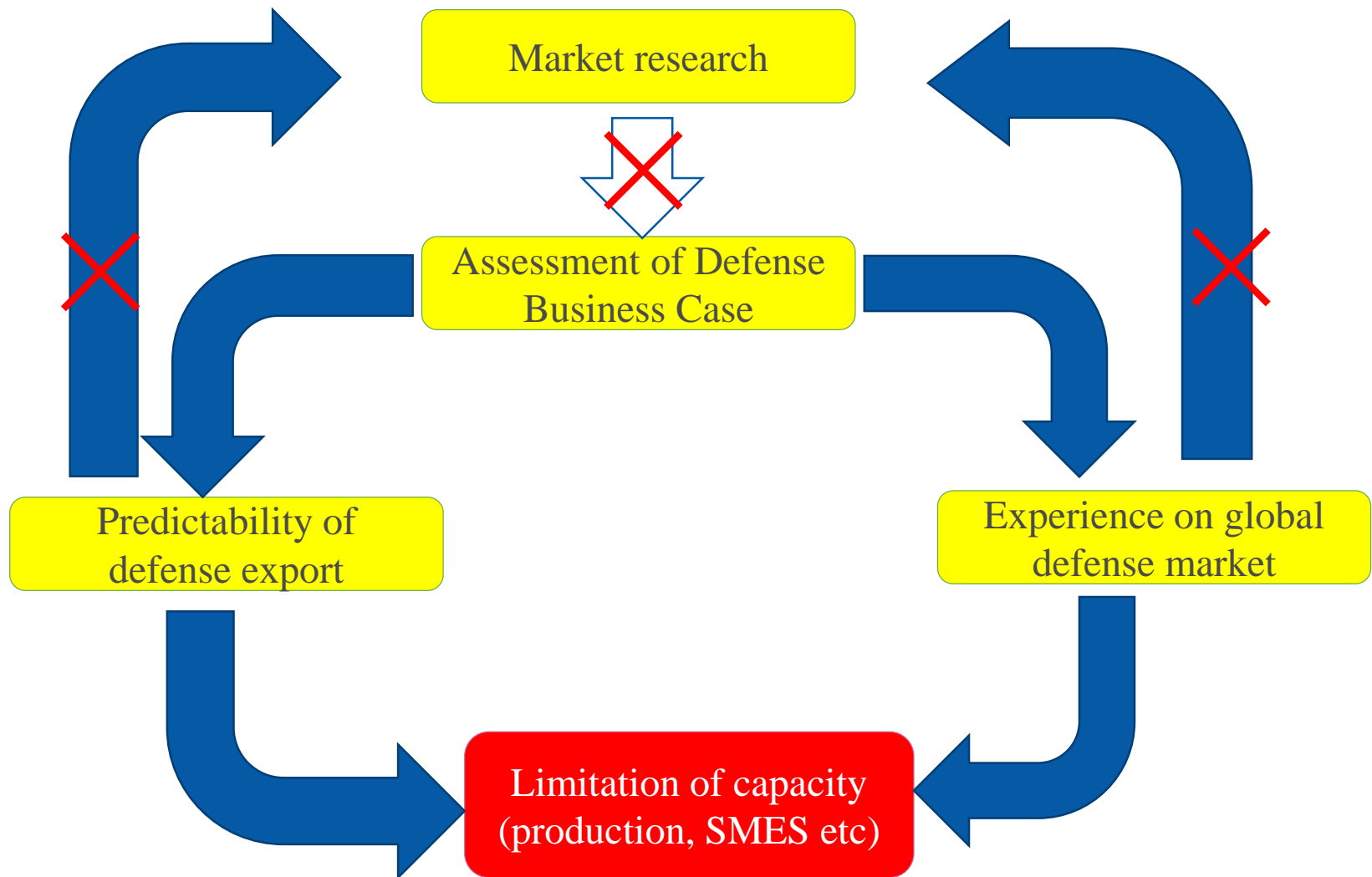


Strengthen defense industrial base



National Security Policy

Challenges of Defense Equipment Cooperation (Typical case)



To deepen mutual understanding btwn JMOD, ATLA and JPN defense industry

- Relevant security documents(National Security Strategy...)
- One-stop Portal site “DETRAP”
- Minister, Commissioner, Director, Working level discussion regularly

To introduce Japanese defense industrial capability for market research

- “Industry day”
- Organize ATLA pavilion at international defense Trade shows
- Preparing brochures (exportable items)

To supplement insufficient resource

- Feasibility Study on Asian defense market
- Export guidance for JPN defense industries(preparing)
- Consulting service to JPN defense companies

To provide financial support defense equipment transfer

- Funding for modification
- Enhancement of production efficiency, etc

Industry Day

- **On September 26 and 27, the Third “Industry Day” was held in Tokyo** to provide Japanese industry, US Forces Japan, and US industry with opportunity to match their needs.
- **The aim of this show is to involve Japanese industry into a production supply chain of US military equipment, and sustainment and maintenance of US Force assets in Indo-Pacific region.**
- **22 Japanese companies relevant to aircraft and ship maintenance, three US companies, and US agencies (US Navy and DCMA) opened their booths.**
- **Throughout two days, approx. 600 people attended the show (total attendance), including Former Defense Minister Kihara, CDA (Chargé d’Affaires) Monahan, US OSD, US Air Force, JMOD/ATLA/JASDF/JMSDF and US and JPN companies.**



FMS vs DCS

- Which prefer by US defense companies, and why?
- How to determine which items shall be exported by FMS ?
- Who provide “operational training” to customer in DCS case? How to coordinate with provider?

Assessment of business case and funding resource

- How to predict future market?(domestic, foreign, mix?)
- Inhouse funding vs government funding with strict condition

Predictability of defense export

- How helpful ITAR DSP-5 (permanent license) as “market license”?
Non classified information that is not in public domain
- How to get “predictability” of classified information/items?

Contact to global defense customer(armed forces)

- How to approach to defense customer globally?