

# Proposal for Execution of Defense Industry Policy (Overview)

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The coordination on defense equipment and technical cooperation with Europe, America, and Asian countries have been proceeding since "The Three Principles on Transfer of Defense Equipment and Technology" was set out by the Government of Japan in the last April.

We will make a proposal for the execution of the defense industry policy toward Acquisition, Technology, and Logistics Agency, which will be established in October.

## 1. Current state of the defense industry and environmental changes

### (1) Current state of the environment around Japan

The threat of ballistic missiles of North Korea and reinforcement of the Chinese military force make Japan's security environment severer.

### (2) Current state of defense production capability and technological base

The budget for procurement of the major domestic equipment has not increased and some companies have withdrawn from defense-related business, so it is very difficult to maintain the defense production capability and technological base.

### (3) Progress regarding "The Three Principles on Transfer of Defense Equipment and Technology"

The government should promote international cooperative development and production of equipment with Europe and America and provision of equipment to Asian countries. The government should will promote overseas transfer of defense equipment as a national strategy. Sharing of risks between public and private sectors. Simplification of export procedures, etc.

## 2. Reinforcement of defense production capability and technological base and promotion of international cooperative development, etc. of equipment

### (1) Significance of capability for technological development

Deterrent power by high level technology development, quick procurement and operation support, development and production of equipment suitable for territory and circumstances, industrial and economic ripple effect, and securing of bargaining powers in negotiations of international cooperative development and production, etc.

### (2) Maintenance and reinforcement of defense production capability and technological base

The government should clarify the foundation to be sustained domestically.

### (3) Promotion of international cooperative development and production of equipment and overseas transfer

The government should accelerate conclusion of defense equipment agreements, etc. in order to promote equipment and technology cooperation with foreign countries and international organizations.

### (4) Smooth execution of specific programs

It is necessary to construct a mechanism to contribute to overseas transfer and execute measures.

## 3. Expectations for Acquisition, Technology, and Logistics Agency

### (1) Basic roles

Acquisition, Technology, and Logistics Agency should effectively proceed with procurement of equipment, international cooperative development and production, and overseas transfer by securing of appropriate budget and public-private collaboration for equipment.

### (2) Specific activities

#### 1) Reinforcement of research and development

Formulation of the research and development vision, research and development of future fighters, information-related technologies including precise guidance technologies, unmanned aircraft systems, amphibians, and new-type escort ships etc., promotion of dual use, and reinforcement of cooperation with universities.

#### 2) Planning of strategies and promotion of specific programs for international cooperative development and production and equipment transfer

##### (i) National and regional strategies and technical strategies

Clarification of the technologies which should be kept domestically and which can be transferred to overseas for each country and region. Collection of information and analysis of foreign equipment policies.

##### (ii) Promotion of specific programs

Production and maintenance work of the F-35 fighter, private-public collaboration to realize cooperative development and production of the Australian future submarine, technology transfer regarding equipment and marine monitoring systems to ASEAN, etc..

#### 3) Reform of the contract and procurement rules and regulations

Establishment of the renewal contract rules and regulations based on fair sharing of risks between public and private sectors, securing of appropriate earnings, and innovating a way to project management.

## 4. Activities by the industry

Reinforcement of the international competitiveness of the defense industry, active contribution to international cooperative development and production, participation in international exhibition of defense equipment in mutual cooperation among companies under the national security policy and related rules, and promotion of public understanding.