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Japan's Defense Industry Goes Global: Ambitions and Challenges

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Executive Summary

Long confined to the domestic market by a legal framework that strictly restricted arms exports, Japan's defense industry is undergoing an unprecedented transformation. The reforms initiated under Shinzo Abe in 2014, reinforced by Fumio Kishida and further accelerated by Sanae Takaichi in 2026, reflect a profound shift in policy: from a restrictive approach to arms transfers toward an explicit strategy centered on industrial cooperation, joint development, and defense exports.

This transformation is driven by industrial necessity. Weakened by a shrinking domestic market, rising weapons development costs, and continued dependence on United States technologies, Japan's defense industry faced the prospect of gradual decline. Internationalization has therefore become a prerequisite for its long-term viability and technological advancement.

Defense exports, however, serve objectives that extend well beyond commercial considerations. They are intended to preserve a sovereign defense industrial base, strengthen Japan's economic security, support its strategic autonomy, and reinforce a network of partners sharing common security interests.

This strategy is underpinned by an unprecedented level of state intervention. Financial support for industry, reforms of export procedures, restructuring of the defense industrial ecosystem, and the expansion of defense cooperation agreements all reflect an assertive industrial policy aimed at accelerating the sector's internationalization. Early export successes and major collaborative programs such as the fighter-jet Global Combat Air Programme (GCAP) illustrate this new momentum.

Despite this progress, Japan's defense industry continues to face significant structural challenges. Limited production capacity, shortages of skilled labor, limited experience in international defense markets, and persistent technological dependencies continue to constrain its development.

Against this backdrop, Europe is emerging as a natural partner. Converging security interests, complementary industrial capabilities, and the growing number of cooperation frameworks are creating new opportunities for collaboration.

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Introduction

On April 21, 2026, the government of Sanae Takaichi revised Japan's rules governing defense equipment exports by removing the restriction that had previously limited transfers to non-lethal defense equipment in five categories: rescue, transport, early warning, surveillance, and minesweeping. This decision paved the way for the export of lethal defense equipment, including fighter aircraft, missiles, and warships, to the 18 countries[1] with which Japan has concluded an Equipment and Technology Transfer Agreement (ETTA)—including France—as well as to the North Atlantic Treaty Organization (NATO).

Japan's defense industry had long been confined to the domestic market under the "Three Principles on Arms Exports", introduced by the Satō government in 1967. A series of exemptions adopted within the framework of the United States-Japan alliance gradually eroded the substance of these principles until the 2014 reform authorized defense exports, albeit within a strict and narrowly defined regulatory framework.

This marks a major turning point for Japan's defense industrial base (DIB), which is now undergoing a profound transformation, with the ambition of becoming a fully-fledged international defense industrial actor. The first major success of this strategy came in April 2026, when Japan signed a contract with Australia for the sale of the first 3 of a planned 11 *Mogami*-class frigates.[2]

Defense exports, however, are not an end in themselves. Rather, they are viewed as a strategic instrument for promoting economic growth, strengthening economic security, expanding Japan's diplomatic influence, and enhancing deterrence against potential adversaries.

As Japan's defense industry enters a phase of learning and international expansion, the government has introduced innovative policy instruments based largely on international partnerships. In this context, France and other European countries are regarded as natural partners, allowing Japan to diversify its strategic relationships beyond its longstanding alliance with the United States.

This report analyzes the factors that have led the Japanese government to change its regulatory framework. It identifies the means being used to achieve its objectives. Finally, it draws lessons from the first steps taken by Japan's DIB on the international market, including for France and Europe.

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1. Australia, Bangladesh, Canada, United Arab Emirates, United States, France, Germany, India, Indonesia, Italy, Malaysia, Mongolia, Philippines, United Kingdom, Singapore, Sweden, Thailand, and Vietnam.
2. "Australia Signs Contract with Japan for Three Upgraded Mogami", *Naval News*, April 18, 2026, available at: www.navalnews.com.

The drivers of Japan's internationalization

Long constrained by a restrictive legal framework and an industrial model oriented toward self-sufficiency, Japan's defense industrial base now faces a dual imperative of economic survival and strategic adaptation. It is this tension that explains the urgency of its international engagement.

A weakened DIB, under heavy strain

Following Japan's defeat in 1945, the United States occupied the country and dismantled the major industrial conglomerates that had supported Japan's wartime military expansion. Article 9 of the 1946 Constitution renounced war and prohibited Japan from maintaining "war potential." Yet, in the context of the Cold War, the Japan Self-Defense Forces (JSDF) were established in 1954 to provide for the country's minimum defense requirements. At the same time, the United States authorities encouraged the reconstitution of the industrial conglomerates to ensure the production of munitions needed to support the American war effort on the Korean Peninsula.

From the 1950s through the 1990s, successive Japanese governments adhered to the "Yoshida Doctrine", which prioritized post-war reconstruction and economic growth while entrusting the country's defense to its American ally. Against this backdrop, the "Three Principles on Arms Exports", a government policy articulated by Prime Minister Eisaku Satō in 1967, were primarily intended to prevent Japan from being drawn into the Vietnam War by its United States ally. These principles prohibited arms exports to three categories of countries: communist states, countries subject to United Nations (UN) sanctions, and countries involved in armed conflicts. Initially conceived as a political compromise within the Diet, these principles were subsequently interpreted more restrictively by the Miki government in 1976. It grounded their legitimacy in the Constitution and prohibited all arms exports.[3]

Despite a deliberately restricted domestic market, the absence of economies of scale, and technological dependence on the United States, Japanese authorities chose to preserve an indigenous defense industry. Maintaining a national production capability (*kokusanka*) has provided Japan with a degree of autonomy within its alliance with Washington. It has also enabled the development of equipment tailored to the specific requirements of the JSDF while fostering innovation in the country's industrial conglomerates,

3. H. Ogi, "The Origins of Japan's Arms Export Prohibition", *Asia Policy*, Vol. 20, No. 1, January 2025, pp. 135-155, available at: www.muse.jhu.edu.

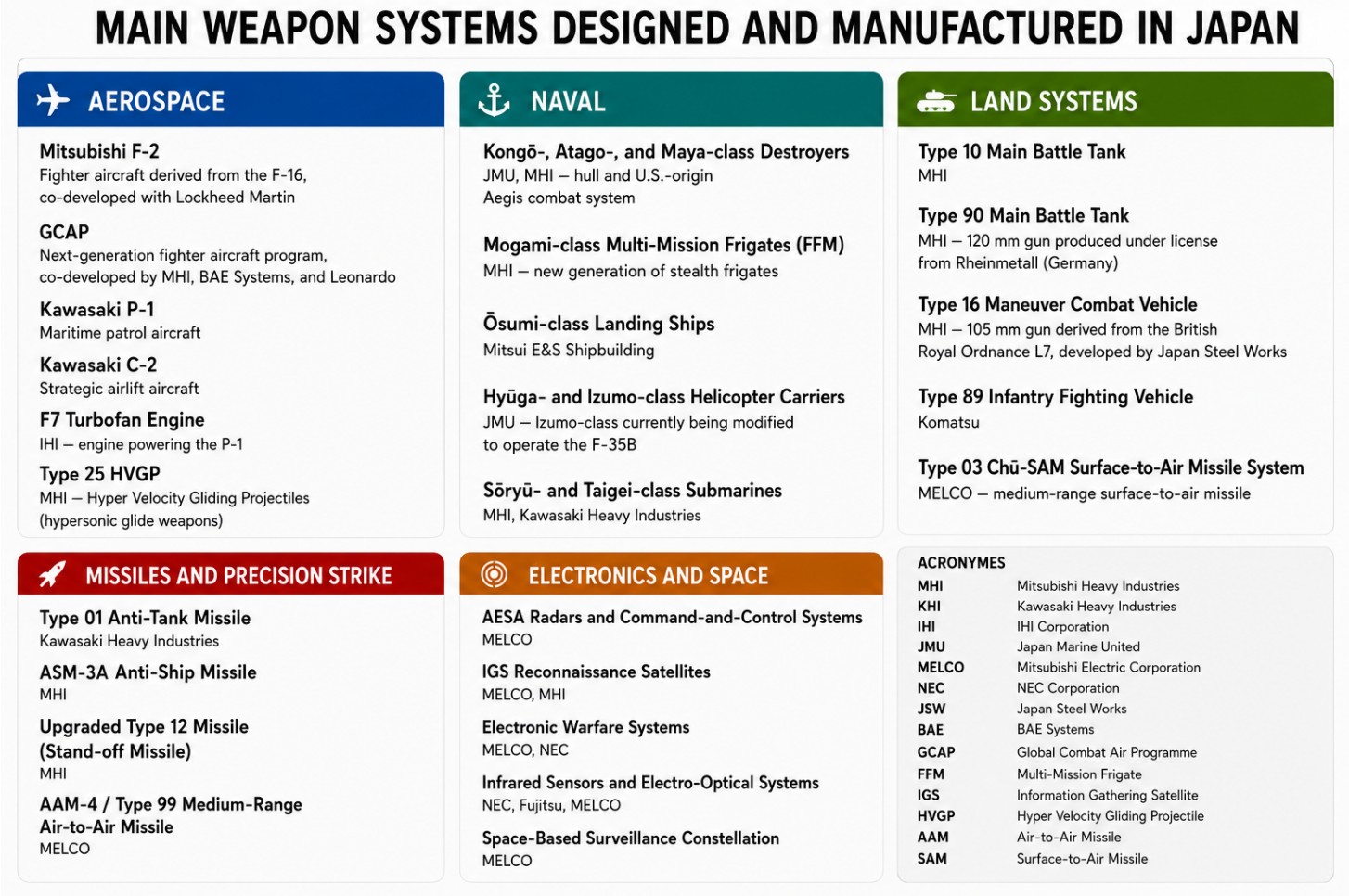
whose technological advances have, in turn, contributed to the development of dual-use technologies with substantial commercial potential.[4]

Japan's post-war DIB has been built around an oligopoly of large industrial conglomerates with dedicated defense divisions, although defense activities generally account for only a marginal share of their overall revenues, typically less than 10%. Mitsubishi Heavy Industries (MHI), Kawasaki Heavy Industries (KHI), Fuji Heavy Industries (FHI), Sumitomo Heavy Industries, Toshiba, IHI Corporation, Mitsubishi Electric Corporation (MELCO), NEC Corporation, Komatsu Ltd, and Hitachi Ltd collectively account for approximately 75% of defense contracts, with MHI alone representing about 25%. These major firms support an extensive network of subcontractors, consisting primarily of small and medium-sized enterprises (SMEs) specializing in defense equipment and therefore particularly vulnerable to downturns in production.

Technological upgrading has taken place within the framework of the United States-Japan alliance, initially through the licensed production of American military equipment and, from the 2000s onward, through joint development programs in the field of ballistic missile defense, most notably the SM-3 Block IIA interceptor. These cooperative programs required exemptions from the "Three Principles on Arms Exports" to permit the transfer of technologies associated with these bilateral projects. From the 1950s through the early 2010s, approximately 90% of the equipment procured by the JSDF was therefore manufactured domestically.[5]

As a result, Japan's DIB enjoys a significant—albeit partial—degree of production autonomy, particularly in the land and naval domains. Japanese shipyards are capable of meeting the full range of requirements of the Japan Maritime Self-Defense Force (JMSDF), although many key subsystems continue to be imported.[6] Nevertheless, Japan's defense industry remains dependent on United States technologies for its principal aerospace platforms, particularly fighter aircraft. The F-15J, produced under license, benefited from extensive technology transfer. By contrast, the more recent F-35—around 20% of which is assembled in Nagoya—has been developed under a far more United States-centric industrial model, with technology transfer kept to a minimum.[7] In addition, the JSDF remains dependent on American combat systems, such as Aegis.

4. C. W. Hughes, "Japan's Defense Industry: From Indigenization to Exploring Internationalization", in: K. Hartley and J. Belin (eds.), *The Economics of the Global Defence Industry*, London: Routledge, 2019, pp. 400-402.
5. C. W. Hughes, "Japan's Defence Industrial Strategy and Fighter Aircraft Production: Striving for Tier One Status", *Defence Studies*, March 2025, pp. 6-8, available at: www.tandfonline.com.
6. G. Arthur, "Japan's Defence Budget Grows but Dependence on Imports Remains", *Asian Military Review*, February 4, 2025, available at: www.asianmilitaryreview.com.
7. "Japan Air Self-Defense Force's 5th Generation Fighter", Lockheed Martin, F35 internet site, available at: www.f35.com.



Source: Compiled by the author. Visual produced with ChatGPT.

A rise in capabilities hampered by economic crisis

The budget allocated to defense procurement increased in line with the exceptional economic growth of Japan's post-war "economic miracle." However, the economic crisis of the 1990s fundamentally undermined this model. At the same time, the share of the defense budget devoted to equipment procurement declined sharply, falling from 28% in 1988 to 17% in 2018.[8]

Having long operated in a captive domestic market shielded from international competition, Japan's defense industry has not benefited from the economies of scale made possible by exports. This has led to much higher production costs. The Mitsubishi F-2 fighter aircraft provides the best-

8. C. W. Hughes, "Japan's Defense Industry: From Indigenization to Exploring Internationalization", *op. cit.*, p. 402.

known example: its unit cost—including development costs—has been estimated at nearly three times that of a comparable aircraft such as the F-16.[9]

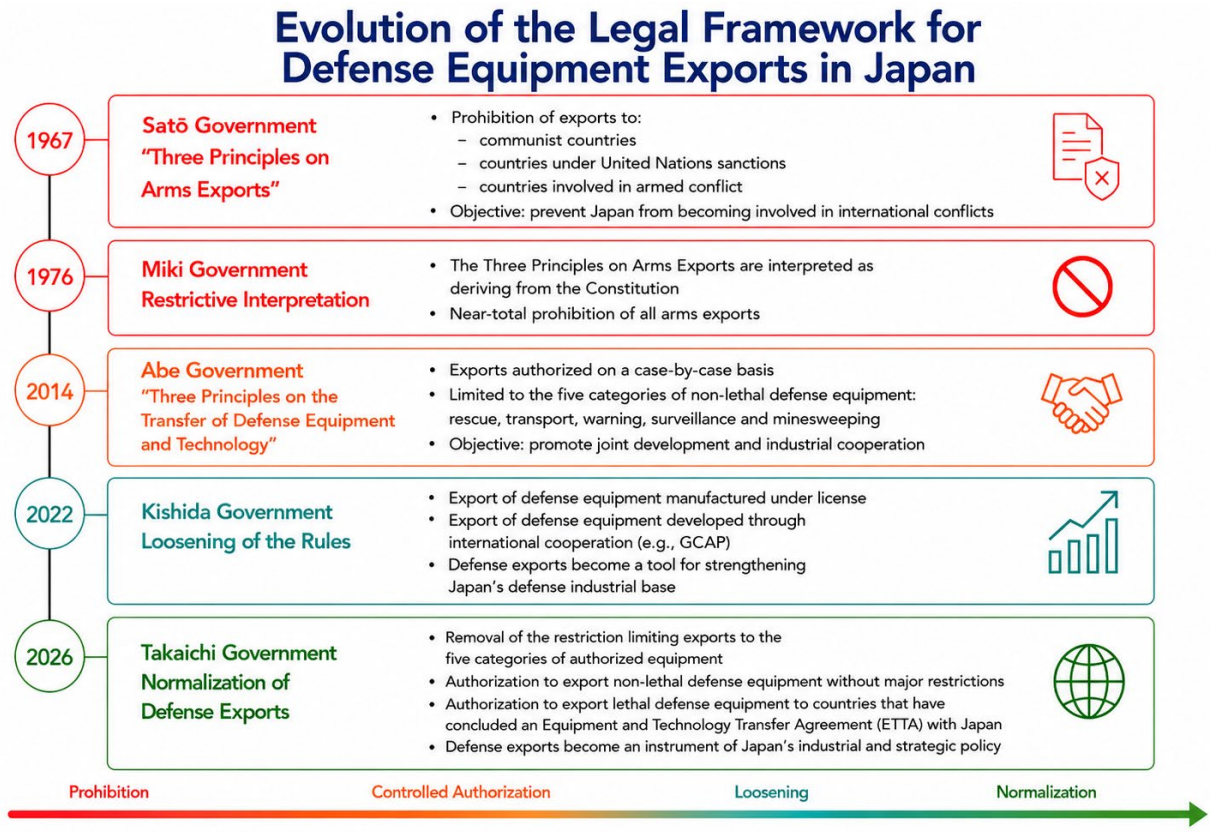
As weapons systems have become increasingly sophisticated, licensed production has become less attractive, with the United States tightening restrictions on the transfer of sensitive technologies. This shift is exemplified by the case of Lockheed Martin's F-22 Raptor, whose export and any associated technology transfer were strictly prohibited—including to Japan[10]—in order to preserve the United States' technological advantage in stealth capabilities. As opportunities for genuine joint development of cutting-edge systems have diminished, Tokyo has had little choice but to rely on the U.S. Foreign Military Sales (FMS) program, which provides access to advanced military equipment, albeit at a high cost, with very limited technology transfer and considerable uncertainty regarding delivery schedules.[11]

Faced with insufficient market opportunities and the limited profitability of defense activities, many Japanese firms—from large industrial groups such as Komatsu to specialized SMEs—have withdrawn from the defense sector. This trend has been reinforced by the reputational costs associated with being perceived as "merchants of death."[12]

As Japan's defense industrial base has become increasingly fragile and its dependence on the United States has come to be viewed as a strategic vulnerability, Japanese authorities have concluded that internationalization is essential to ensure the sector's long-term viability and to support the country's ongoing military build-up.

9. "Mitsubishi F-2", Global Security, accessed February 10, 2026, at: www.globalsecurity.org.
10. J. Miks, "F-22 Export Ban, Collective Security Test U.S.-Japan Defense Ties", *World Politics Review*, January 30, 2009, available at: www.worldpoliticsreview.com.
11. D. Mahadzir, "Delivery of F-35B Lightning II Fighters to Japan Delayed", *USNI News*, January 10, 2025, available at: www.news.usni.org.
12. Y. Takeuchi, "Japan Passes Defense Subsidy Bill to Stop Industry Bleeding", *Nikkei Asia*, June 8, 2023, available at: www.asia.nikkei.com.

A legal framework progressively adapted to strategic imperatives



Source: Compiled by the author. Visual produced with ChatGPT.

2014: from a logic of prohibition to a framework of controlled authorization

In 2014, the government of Shinzo Abe introduced a first major break with past policy by adopting the "Three Principles on the Transfer of Defense Equipment and Technology." These principles replaced the previous system of near-total prohibition on arms exports with a framework of controlled authorization. Under the new rules, transfers are prohibited when they threaten international peace, are authorized on a case-by-case basis when they serve Japan's security interests, and are subject to strict controls regarding their end use and any subsequent re-export.[13] The five authorized categories of defense equipment transfers—rescue, transport, early warning, surveillance & reconnaissance, and minesweeping—constituted a highly restrictive transitional framework designed to confine Japanese exports to defensive equipment.

13. "Three Principles on Transfer of Defense Equipment and Technology", Japan Ministry of Foreign Affairs, June 24, 2026, available at: www.mofa.go.jp.

As stated in the 2013 National Security Strategy, the objective was to enable Japan to participate in joint development and co-production programs for defense equipment and to allow the transfer of defense equipment in support of humanitarian assistance and disaster relief operations.[14]

This policy shift reflected Shinzo Abe's determination to normalize Japan's defense posture. However, it was imposed on a defense industry that was neither prepared to invest in an international market with which it had little familiarity, nor confident in its ability to compete successfully.

Established in 2015, the Acquisition, Technology & Logistics Agency (ATLA) was created to coordinate the efforts of Japan's DIB and to support its first export initiatives on the international market. However, the agency came into being too late to provide effective support to MHI, which suffered a major setback in 2016 when Australia selected the French company DCNS (later Naval Group) to build its fleet of 12 submarines under the so-called "contract of the century"—a contract that was cancelled in 2021 following the announcement of the AUKUS (Australia, United Kingdom and United States) partnership. Japanese industry, initially reluctant to commit to a project of such magnitude, had nevertheless been strongly encouraged to bid by the Japanese government, which believed it had secured political assurances from its Australian counterpart.

2022: internationalization as a driver of the defense industrial and technological base's expansion

At the end of 2022, Japan's second National Security Strategy identified the country's DIB as "a defense capability in itself,"[15] while the "Basic Policy on Enhancing Defense Production and Technology Bases" was adopted in October 2023.[16] The latter notably calls for more selective use of the FMS program in order to preserve Japan's domestic DIB. It also describes transfers of defense equipment and technology as "an effective means of ensuring the growth of the defense industry."

The government of Fumio Kishida further relaxed Abe's "Three Principles" by authorizing the export of defense equipment—including lethal systems—manufactured in Japan under license to the country holding the production license and, subsequently, to third countries. This provision enabled Japan to export Patriot Advanced Capability-3 (PAC-3) missiles to

14. "National Security Strategy of Japan", Japan Ministry of Defense, available at: www.mod.go.jp.
15. "National Defense Strategy 2022", Prime Minister's Office of Japan, December 16, 2022, p. 33, available at: www.japan.kantei.go.jp.
16. "Basic Policy on Enhancing Defense Production and Technology Bases", Japan Ministry of Defense, October 12, 2023, p. 31, available at: www.mod.go.jp.

the United States, which in turn transferred them to Ukraine as part of its military assistance.[17]

The transfer to third countries of defense equipment jointly developed with international partners was also authorized, enabling Japan to generate revenues that could be reinvested in research and development (R&D). In December 2022, Japan, the United Kingdom, and Italy announced the Global Combat Air Programme (GCAP), a joint initiative to develop a sixth-generation fighter aircraft expected to enter service around 2035. Subject to approval by the Japanese cabinet, the aircraft may be exported to third countries.[18]

2026: Japan's normalization as an arms exporter

The major turning point came in 2026, when the government of Sanae Takaichi abolished the five authorized categories of defense equipment. The new guidelines place greater emphasis on the nature of the equipment and the level of trust accorded to the recipient country. Non-lethal defense equipment may now be exported without major restrictions, while lethal defense equipment can be transferred only to countries that have concluded an ETTA with Japan—a total of 18 countries as of 2026. Parliamentary oversight remains limited, as the Diet is informed only after the National Security Council has approved the transfer.[19]

This policy shift was made possible by changes in Japan's domestic political landscape. Since October 2025, the ruling Liberal Democratic Party (LDP) has changed its coalition partner; the departure of Komeito, the centrist party that had moderated the LDP's ambitions to normalize Japan's defense policy, was followed by the Japan Innovation Party, which fully supports an ambitious security agenda explicitly enshrined in the coalition agreement. As a result, Japan's defense strategy is no longer the product of a centrist compromise but reflects a proactive political consensus.[20]

Public opinion has also become increasingly supportive of defense equipment transfers. In 2014, only 17% of respondents supported the "Three Principles" introduced by the Abe government.[21] By the end of 2025,

17. H. Sato, "Exportations d'armes létales et d'équipements militaires : qu'implique la stratégie sécuritaire japonaise ?", *Nippon*, May 7, 2024, available at: www.nippon.com.
18. "Japan-UK Global Combat Air Programme Joint Statement", Embassy of Japan in the United Kingdom, December 9, 2022, available at: www.uk.emb-japan.go.jp.
19. J. Ishimaru, "Japan Loosens the Reins on Defence Exports", The International Institute for Strategic Studies (IISS), April 27, 2026, available at: www.iiss.org.
20. K. Jimbo, "Takaichi's Strengths and the Need for 'Strategic Signaling'", Institute of Geoeconomics, January 23, 2026, available at: https://instituteofgeoeconomics.org.
21. A. Sakaki and S. Maslow, "Japan's New Arms Export Policies: Strategic Aspirations and Domestic Constraints", *Australian Journal of International Affairs*, Vol. 74, No. 6, 2020, pp. 649-669, available at: www.tandfonline.com.

government polling indicated that support had risen to more than 68%.[22] Although a majority of Japanese citizens remains opposed to the export of lethal defense equipment,[23] no large-scale public mobilization has emerged since Sanae Takaichi's decision. The sharp deterioration in Japan-China relations following the prime minister's accession to office, together with Beijing's coercive economic measures against Japan, has likely contributed to the broad public support enjoyed by Takaichi and her defense policy.

The authorization to export defense equipment of all types forms part of the ambitious security agenda promoted by Sanae Takaichi. She has pledged to update Japan's three principal defense strategy documents by the end of 2026 and to adopt, for the first time, a National Defense Industrial Strategy. She also intends to go beyond the policy shift initiated by the Kishida government in 2022 by increasing defense spending to 2% of gross domestic product (GDP) as early as 2026, with a long-term objective of 3.5%, while continuing to relax the political and legal constraints that have shaped Japan's defense policy since 1945.[24]

This opening is presented by the Japanese government as a strategic imperative, intended to safeguard the country's economic growth, diplomatic influence, and national security.

22. "Government Poll Shows Public Support for Defense Exports as Tokyo Considers Easing Key Restrictions", *Asia Military Review*, February 12, 2026, available at: www.asianmilitaryreview.com.
23. C. Wallace, "The Slow Erosion of Japan's Arms Export Restraints", East Asia Forum, April 26, 2026, available at: https://eastasiaforum.org.
24. C. Pajon, "Japon : le raz-de-marée Takaichi et le nouveau visage du pouvoir", *Asie.Visions*, No. 147, Ifri, February 2026, available at: www.ifri.org.

Multiple objectives: economic security, diplomacy, and national defense

Defense equipment transfers have thus become a versatile instrument of Japan's strategy, serving security, industrial, and diplomatic objectives simultaneously.

Defense equipment transfers as an instrument of sovereignty

Japan's National Security Strategy of December 2022 acknowledges that the country faces the most severe and complex security environment of the post-war era.[25] Indeed, Tokyo confronts a three-front nuclear and authoritarian challenge posed by China, Russia, and North Korea, whose strategic alignment has continued to deepen. More broadly, East Asia is undergoing rapid military rearmament in response to rising tensions in the East and South China Seas and across the Taiwan Strait, where Chinese military exercises have become increasingly frequent and extensive.[26]

Shifting balances of power, massive investments in military capabilities, and the rapid transformation of warfare through the emergence of new technologies—including artificial intelligence (AI), quantum technologies, unmanned systems, and space-based sensors—require the rapid adaptation of military equipment, R&D, and Japan's DIB.[27] At the same time, the first and second Trump administrations have increased pressure on United States allies to assume a greater share of their own defense burden. Finally, Russia's aggression against Ukraine has served as a strategic wake-up call; for the first time since 1945, the Japanese government has come to recognize that a robust defense industrial and technological base is indispensable for effective national defense.[28]

Against this backdrop, the transfer of defense equipment is now regarded as a strategic instrument for Japan's national security. It

25. "National Security Strategy of Japan", *op. cit.*
26. L. Béraud-Sudreau, "Asian Defence Spending in 2026: Growth under Fiscal Constraints", IISS, May 19, 2026, available at: www.iiss.org.
27. S. G. Jones and S. P. Daniels (eds.), "War and the Modern Battlefield: Insights from Ukraine and the Middle East", Center for Strategic and International Studies (CSIS), September 16, 2025, available at: www.csis.org.
28. N. Michishita, S. Oue, S. Sumomo and R. Ward, "Changes in Japan's Defense Industry", IISS online seminar, IISS, July 3, 2024, available at: www.iiss.org.

contributes to the development of a strong DIB, thereby enhancing Japan's strategic autonomy,[29] rebalancing its relationship with its American ally, and deepening defense cooperation with partner countries.

Developing a network of partners is also intended to provide access to shared stockpiles and critical capabilities while reducing the costs of developing, procuring, and maintaining certain defense systems.[30]

Ultimately, this policy is designed to help shape a favorable security environment for Japan by strengthening the defense capabilities of countries facing growing security challenges, such as the Philippines and Vietnam in Southeast Asia.

A lever for growth and economic security

Prime Minister Sanae Takaichi views Japan's DIB not only as an essential investment for addressing the country's security risks, but also as a genuine engine of economic growth.

The upgrading of Japan's DIB is closely aligned with the two core objectives of the country's Economic Security Strategy:

- "strategic autonomy", which seeks to reduce external dependencies and the vulnerability of supply chains;
- "strategic indispensability", which aims to make Japan's technological and industrial capabilities indispensable at the global level by capitalizing on its strengths in advanced manufacturing, aerospace composite materials, space technologies, and semiconductors.[31]

To achieve these objectives, Sanae Takaichi established the Committee on Japan's Growth Strategy in November 2025. It identified 17 strategic growth sectors, including semiconductors, AI, shipbuilding, aerospace, space, and defense, all of which are to benefit from exceptional public investment. [32]

Industrial cooperation in the defense sector contributes to strengthening Japan's DIB by facilitating access to cutting-edge technologies through joint development programs. It supports Japan's pursuit of greater

29. One of the objectives cited in the October 2023 Basic Policy is to "enable the acquisition of defense equipment that, for reasons of confidentiality, should not depend on foreign countries." See: "Basic Policy on Enhancing Defense Production and Technology Bases", *op. cit.*, p. 9.
30. "6th Meeting of the Council on Defense Capability Transformation", Japan Ministry of Defense, March 19, 2026, available at: www.mod.go.jp.
31. K. Suzuki, "Takaichi's Twin Challenges: Economic Growth and Security", *Japan Times,* January 12, 2026, available at: www.japantimes.co.jp; "Economic Security Management Guidelines" (1st edition), Japan Ministry of Economy, Trade and Industry (METI), January 23, 2026, available at: www.meti.go.jp.
32. M. Sato, "Japan Aiming for First Strategy to Enhance Defense Industry", *Asahi Shimbun*, January 24, 2026, available at: www.asahi.com.

technological autonomy while simultaneously reinforcing its strategic indispensability within the industrial and technological ecosystems of its partners.

The priority accorded to the development of uncrewed aerial vehicles (UAVs) is emblematic of this approach. Drones have become a major strategic priority, as both the war in Ukraine and the conflicts in the Middle East have demonstrated their decisive tactical value. Yet approximately 90% of the Japanese drone market is currently supplied by Chinese imports. At the end of 2025, Japan's Ministry of Economy, Trade and Industry (METI) announced a plan to increase domestic production to 80,000 Japanese-made drones per year by 2030, compared with only 1,000 annually in 2025. To strengthen the resilience of supply chains, particular emphasis is placed on cooperation with like-minded countries for the procurement of critical components.[33] Cooperation with Ukrainian companies—led in particular by the Japanese firm Terra Drone—also enables Japanese systems to be tested under real combat conditions.[34] According to several observers, Japan could ultimately aim to become a regional hub for the development and production of drones in the event of a major regional crisis, working in partnership with American, South Korean, and Taiwanese companies.[35]

OSA: a tool of diplomatic influence

Defense equipment exports are now regarded by Tokyo as an instrument of foreign policy designed to shape Japan's strategic environment, strengthen its influence and credibility as a security actor, and enhance the defense capabilities of its partners, particularly in Southeast Asia.[36]

The authorization to transfer defense equipment of all types to the armed forces of partner countries marks the culmination of a long-term policy evolution. The establishment of the Official Security Assistance (OSA) framework in 2023 represented a decisive milestone in this process.[37]

The OSA mechanism was created to fill a policy gap. Under its Official Development Assistance (ODA) program, Japan had already been able, since the mid-2000s, to provide security-related equipment, but only to civilian entities and exclusively for law enforcement or humanitarian assistance missions. As a result, the coastguards of Indonesia, the Philippines, and Vietnam were the principal beneficiaries of patrol vessels financed through

33. T. Chau, "Led by Industry, Japan and Taiwan Plant Seeds of Drone Cooperation", *Nikkei Asia*, May 10, 2026, available at: www.asia.nikkei.com.
34. Y. Adachi, "Japan's Terra Drone Buys 2 Ukrainian Drone Makers in Global Push", *Nikkei Asia*, June 16, 2026, available at: www.asia.nikkei.com.
35. Y. Yoshida, "Lessons for Japan from Russia's War in Ukraine", *Geoeconomic Briefing*, No. 286, Institute of Geoeconomics, March 16, 2026, available at: https://instituteofgeoeconomics.org.
36. J. Kamata, "Japan's Strategic Pivot: Arms Exports as a Tool of Diplomacy", *The Diplomat*, April 27, 2026, available at: www.thediplomat.com.
37. "Official Development Assistance", Japan Ministry of Foreign Affairs, March 30, 2026, available at: www.mofa.go.jp.

Japanese development assistance, against a backdrop of territorial disputes and anti-piracy operations in the South China Sea.[38] At the same time, the Capacity Building Assistance (CBA) program, implemented by the Ministry of Defense since 2012, remained limited to training activities.[39]

Administered by the Ministry of Foreign Affairs in coordination with the Ministry of Defense, the OSA enables the transfer of defense equipment to the armed forces of friendly countries.[40] Initially conceived to enhance maritime security, the program—although still modest in scale—has seen its budget increase exponentially in recent years, rising from approximately €10 million to nearly €98 million, and it now covers around ten countries, primarily in Southeast Asia. It provides equipment primarily intended for surveillance, maritime security, crisis management, and humanitarian response, including patrol vessels for Indonesia; coastal radar systems for the Philippines and Djibouti; and communications equipment together with search-and-rescue assets for Vietnam, Indonesia, Malaysia, Sri Lanka, and Thailand.

The OSA enables Japan to deepen its regional partnerships while simultaneously creating new opportunities for its defense industry in neighboring markets undergoing rapid military modernization.[41] Its implementation also serves as a testing ground for an interministerial export support framework bringing together the Ministry of Foreign Affairs, the Ministry of Defense, and the ATLA.

In the initial phase, priority has been given to the export of second-hand defense equipment. Less expensive than newly manufactured systems, surplus equipment from the JSDF retains sufficient operational capability to strengthen the defense capacities of Southeast Asian countries while fostering long-term defense relationships. These transfers also provide Japan with an outlet for equipment that is gradually being replaced by next-generation systems. Combined with the OSA framework, such sales allow Japan to develop and refine an integrated support package—including training, maintenance, in-country logistical support, and critical infrastructure—thereby paving the way for gradual expansion of exports of newly manufactured defense equipment.[42]

Defense industrial cooperation with the Philippines is particularly illustrative of this trend. Negotiations are underway on the transfer, by 2027,

38. K. Furuya, "Seeking Further Cooperation for Strengthening the Rule-Based Order at Sea in Asia", Sasakawa Peace Foundation USA, September 22, 2020, available at: www.spfusa.org.
39. "Capacity Building Assistance", Japan Ministry of Defense, accessed June 29, 2026, available at: www.mod.go.jp.
40. "Official Development Assistance", *op. cit.*
41. A. Chen, "Japan's Defence Outreach to Counter China's Military Rise Hits Hidden Roadblocks", *South China Morning Post*, June 23, 2026, available at: www.scmp.com.
42. G. Dominguez, "Japan Steps on the Gas in Unprecedented Regional Defense Export Push", *Japan Times*, June 17, 2026, available at: www.japantimes.co.jp; G. Dominguez, "How Tokyo Aims to Turn Retired Military Equipment into Lasting Strategic Returns", *Japan Times*, June 10, 2026, available at: www.japantimes.co.jp.

of five *Abukuma*-class destroyer escorts from Japan's surplus fleet. This would be Japan's first transfer of lethal defense equipment to a foreign partner.[43] The Philippines may also acquire five TC-90 trainer and maritime patrol aircraft, following an initial delivery exceptionally authorized in 2017. In 2023, under the OSA framework, Japan exported five FPS-3/TPS-P14 coastal air surveillance radar systems to the Philippines. This was the first transfer to a third country since 1945 of newly manufactured defense equipment produced by Japan's defense industry.[44]

Type 88 anti-ship missiles, designed and manufactured in Japan, could also be transferred to the Philippines as they are progressively replaced within the JSDF by the more advanced Type 12 missile system. This modernization process creates opportunities to reallocate existing inventories to partner countries. The Type 88 missile was tested during the Balikatan exercises—Japan's first substantial participation in these joint exercises alongside United States and Philippine forces.[45]

The Philippines has become one of Japan's foremost strategic partners. Owing to its geographic proximity to Taiwan, its alliance with the United States, and the growing pressure exerted by Beijing in the South China Sea, the country occupies a pivotal position within the regional security architecture. As the only country to have benefited from the OSA every year since the program's inception, the Philippines has become its principal recipient. While the immediate objective is to strengthen Philippine defense capabilities and infrastructure, Tokyo also views Manila as a key partner capable of integrating into a coordinated regional defense architecture designed to reinforce deterrence across the Indo-Pacific.

Building a network of allies and partners

Maintaining a robust DIB has become a central strategic objective for Japan, enabling it to establish itself as an indispensable ally of the United States, notably by positioning itself as a key technical and logistical hub for the maintenance, repair, and sustainment of United States military equipment, including the F-35.[46] Industrial cooperation is now regarded as essential both to deterring potential adversaries and to strengthening alliance cohesion. This momentum has been reinforced by the establishment of the Defense

43. K. Takahashi, "Japan-Philippines Launch Working Group on Transfer of Abukuma-Class Destroyer Escorts", *Naval News*, May 6, 2026, available at: www.navalnews.com.
44. C. Mangosing, "Japan Hands Over 5 Coastal Radar Systems to Philippines", *Naval News*, February 13, 2026, available at: www.navalnews.com.
45. G. Dominguez, "Japan Eyes First Export of Indigenous Missile System Amid Closer Ties with Philippines", *Japan Times*, June 1, 2026, available at: www.japantimes.co.jp.
46. M. Murano and C. Jones, "Resolved: Japan Should Focus on Increasing Indigenous Defense Production", CSIS, March 10, 2022, available at: www.csis.org.

Industrial Cooperation, Acquisition and Sustainment (DICAS) forum in 2024.[47]

Japan is also developing a networked security architecture that integrates its regional partners around its alliance with Washington,[48] with the dual objective of anchoring the United States' long-term strategic presence in Asia while preserving Japan's own strategic flexibility. This architecture is built on a dense network of bilateral agreements and minilateral frameworks, including security partnerships with South Korea, Australia, India, and the Philippines; the Quadrilateral Security Dialogue (Quad) with the United States, Australia, and India; and trilateral arrangements such as Japan–United States–South Korea, Japan–United States–Australia, and Japan–United States–Philippines.

According to several observers, these developments point to the emergence of a defense community,[49] based not on mutual defense commitments but rather on the integration of military and logistical capabilities to address the challenge posed by an increasingly powerful and coercive China. Defense industrial cooperation plays a central role in this process, as participating states seek to build what has been described as "concerted strategic autonomy."[50] The objective is to generate economies of scale, strengthen interoperability among partners, and enhance the resilience of geographically dispersed defense supply chains.[51] Drawing lessons from the war in Ukraine, Tokyo also anticipates future conflicts of attrition that will require large stockpiles of munitions and a resilient allied industrial base.

To accelerate this process, Japan has considerably expanded the legal frameworks governing defense cooperation. ETTAs, now concluded with 18 partner countries, provide the legal foundation for defense equipment transfers. They are complemented by Acquisition and Cross-Servicing Agreements (ACSAs), Reciprocal Access Agreements (RAAs), and Information Security Agreements (ISAs), designed to protect classified military information.

47. G. Rubinstein, "Cooperative Defense Acquisitions Strengthen U.S.-Japan Alliance", CSIS, January 30, 2025, available at: www.csis.org.
48. C. Pajon, "La diversification des partenariats de sécurité du Japon : des coopérations légitimes et efficaces ?", *Les Champs de Mars*, Vol. 32, No. 1, 2019, pp. 77-101, available at: www.shs.cairn.info.
49. D. Santoro and B. Glosserman, "Making Collective Deterrence and Defense Work in the Indo-Pacific", *Issues and Insights*, Vol. 24, Pacific Forum, April 23, 2024, available at: www.pacforum.org.
50. E. Laksmana *et al.*, "Concerted Autonomy: Defence-industrial Partnerships in the Asia-Pacific", *IISS Strategic Dossiers*, Vol. 3, No. 1, 2025, pp. 14-45, available at: www.tandfonline.com.
51. H. Ogi and R. Inoue, "From Decline to Surge: The Defense Industry in the Era of Excess Demand", *Geoeconomic Research Report*, No. 5, Institute of Geoeconomics, October 24, 2025, p. 65.

STATUS OF MAJOR SECURITY-RELATED AGREEMENTS

- In addition to the agreements below, Japan has also concluded ETTAs (Equipment and Technology Transfer Agreements) with the United States, Saudi Arabia, Malaysia, Vietnam, Thailand, the United Arab Emirates (UAE), Mongolia, and Bangladesh.

TYPE OF AGREEMENT	Australia	United Kingdom	Philippines	Indonesia	Singapore	India	France	Germany	Italy	Canada	Ukraine	Republic of Korea	New Zealand	NATO (North Atlantic Treaty Organization)
ISA (Information Sharing Agreement)	○	○				○	○	○	○	○	○	○	○	○
ETTA (Equipment and Technology Transfer Agreement)	○	○	○	○	○	○	○	○	○					
ACSA (Acquisition and Cross-Servicing Agreement)	○	○				○	○	○	○	○				
RAA (Reciprocal Access Agreement)	○	○	○											

Source: "Transformation of Defense Capabilities", Japan Ministry of Defense, June 8, 2026, available at: www.cas.go.jp. Adapted by the author. Visual produced with ChatGPT.

Australia is regarded by Japan as a quasi-ally. The deepening of their strategic partnership and the institutionalization of defense cooperation have enabled the Japanese defense industry to achieve its first major international success. In August 2025, the Australian government announced its intention to procure 11 *Mogami*-class frigates from Japan.[52] The first three vessels will be built in Japan, while the remaining eight will be constructed in Henderson, Australia. New Zealand has also expressed interest in acquiring the same platform.

This success reflects the growing international credibility of Japan's defense industry, supported by an increasingly structured, integrated, and proactive system of government support. Nevertheless, significant challenges remain if this momentum is to be sustained over the long term.

52. M. Tanaka, "Mogami: Advancing Australia-Japan Defense Cooperation", CSIS, November 21, 2025, available at: www.csis.org.

Learning by doing: challenges and opportunities

The growing international role of Japan's DIB highlights a dual process of domestic consolidation and increasing openness to international industrial cooperation. This opens up potential opportunities for European partners.

A state-led transformation of Japan's defense industrial base

Japan's expansion into the international defense market requires a profound transformation of its defense industrial ecosystem, which has long been characterized by the "Galapagos effect"—the development of highly advanced technologies that remain isolated from international standards, thereby limiting their diffusion abroad. In this transformation, the role of the state has become decisive. Although government intervention in industrial policy is nothing new in Japan, it has never before been applied to the defense sector on such a scale.

In October 2024, METI adopted its Industrial Policy for the DIB.[53] Inspired by the United States defense industrial strategy, it is structured around three priorities: strengthening the resilience of dual-use supply chains, promoting innovation in dual-use technologies and equipment, and expanding defense industrial cooperation with allies and partner countries.

METI has long played a central role in steering Japanese industry in line with the country's strategic priorities. It now works closely with the Ministry of Defense and the ATLA to foster an innovation-driven defense ecosystem and enhance the international visibility of Japanese defense firms.

Traditionally, defense innovation in Japan has been driven by the operational requirements of the JSDF, which have themselves been constrained by the political and legal limitations governing their missions and rules of engagement. Today, however, competing successfully in the international defense market requires innovation to extend well beyond domestic military requirements. The defense industry must become a source of technological and operational initiatives rather than merely responding to government demand.

Helping Japanese companies to become familiar with the requirements of prospective customers and the offerings of foreign competitors, along with

53. "METI Industry Policy for the Defense Industrial Base", METI, October 2025, available at: www.ndia.org.

the need to increase their international visibility in order to establish partnerships and secure contracts, has therefore become a strategic priority. In this context, international defense exhibitions have emerged as a key instrument. Japan now hosts two major defense exhibitions: MAST Asia, dedicated to the naval sector since 2015, and DSEI Japan, launched in 2019 as a multi-domain defense exhibition. The latter has grown remarkably; its 2025 edition attracted more than 470 companies from around thirty countries.[54]

The Japanese government is also reportedly considering legislation that would allow the nationalization of facilities producing critical defense equipment, while leaving their operation in the hands of private companies. The objective would be to guarantee production capacity in times of emergency while ensuring the long-term sustainability of the defense industrial effort.[55]

Government support measures have already begun to produce tangible results. The rapid increase in investment in Japan's DIB, together with the tripling of public procurement orders between 2021 and 2024, has been positively received by industry. Perceptions within major industrial groups have evolved accordingly; defense subsidiaries, now significantly more profitable than in the past, have increasingly attracted the attention of corporate executive committees.[56] Moreover, the sector is becoming increasingly attractive to foreign investors, including U.S. drone manufacturers such as Anduril.[57]

The challenges of a late opening to international markets

Japan's defense industry faces formidable challenges. Its production capacity is now approaching saturation, while severe labor shortages constrain its ability to increase output. Moreover, attracting long-term investment requires firm government commitments regarding the continuity of defense procurement. This need is all the more pressing given Japan's constrained fiscal environment. Public debt exceeds 250% of GDP, social spending is expected to continue rising as a result of demographic ageing, and the historically weak yen has substantially increased the cost of overseas defense acquisitions.

54. S. Foster, "Japan Flexes Military Muscle at Biggest-ever Defense Expo", *Asia Times*, May 29, 2025, available at: www.asiatimes.com.
55. "Japan to Consider Nationalizing Defense Equipment Plants", *Nippon*, June 26, 2026, available at: www.nippon.com.
56. H. Ogi and R. Inoue, "From Decline to Surge: The Defense Industry in the Era of Excess Demand", *op. cit.*, pp. 21-23.
57. G. Dominguez, "Anduril Looking to Boost Defense Manufacturing Capacity in Japan", *Japan Times*, March 6, 2026, available at: www.japantimes.co.jp.

Industry therefore expects the government to introduce more substantial subsidies, establish risk-sharing mechanisms for international defense transactions, and provide high-level political support to promote Japanese exports in an increasingly competitive global market. Japanese defense companies also lack many of the capabilities required to compete internationally, including the ability to adapt technical specifications to foreign customer requirements and to provide comprehensive after-sales services, particularly maintenance and training. They therefore continue to rely on strong government support.[58] Indeed, it was precisely the improved coordination between government agencies and private industry that enabled Japan to secure Australia's frigate procurement contract.[59]

With this objective in mind, an interministerial organization bringing together public authorities and industry is expected to be established in 2027 to support exports of defense equipment and technology, drawing inspiration from the United States FMS program.[60] Under this model, the Japanese government—rather than private companies—would lead negotiations and conclude export contracts, thereby enhancing Japan's credibility as a supplier and ensuring a more coherent national export strategy. This reform represents a significant shift in the role of the state, which is expected to become the principal coordinator of Japan's defense exports.[61] In addition, Tokyo is scheduled to publish its first National Defense Industrial Strategy by the end of 2026.

Recognizing that international cooperation depends on the secure exchange of sensitive information, the Japanese government is also pursuing reforms to strengthen cybersecurity and modernize its security clearance and information classification systems. Harmonizing security standards is regarded as a prerequisite for joint development programs and international industrial partnerships, while also facilitating safer and more efficient civil-military cooperation.

Finally, Japan remains acutely aware of its strategic vulnerabilities vis-à-vis both the United States and China. U.S. restrictions on the export of critical components could weaken—or even jeopardize—future joint development programs. At the same time, Japan's defense industry remains highly exposed to Chinese export controls on critical minerals, on which it continues to depend heavily.[62]

58. K. Takahashi, "Japan Eyes a Homegrown FMS System as Defense Exports Become a Strategic Tool", *The Diplomat*, June 16, 2026, available at: www.thediplomat.com.
59. G. Dominguez, "Japan Looks to Learn from the Past with Bid to Build Australian Warships", *Japan Times*, January 20, 2025, available at: www.japantimes.co.jp.
60. "Government Planning New Defense Export Support Body", *Japan News*, June 10, 2026, available at: www.japannews.yomiuri.co.jp.
61. J. Ishimaru, post on defense cooperation in Japan, LinkedIn, June 18, 2026, available at: www.linkedin.com.
62. G. Dominguez, "China's Mineral Squeeze Testing Japan's Military Buildup", *Japan Times*, June 24, 2026, available at: www.japantimes.co.jp.

Opportunities for cooperation with Europe

The convergence of the security threats facing European and Asian democracies is driving Europe–Indo-Pacific cooperation beyond the realm of operational collaboration. Over time—and provided that sustained political and industrial efforts are maintained—this cooperation could evolve into the development of a shared defense industrial ecosystem capable of sustaining a prolonged war effort.[63]

Industrial complementarities between Europe and Japan are substantial. Europe has substantial strengths in the production of ammunition, artillery systems, and missile systems, and in the rapid scaling-up of defense manufacturing,[64] while Japan excels in shipbuilding, naval missile systems, defense electronics, and dual-use technologies. However, Japan's defense industry remains fragmented, which limits its capacity for large-scale production. These complementary capabilities create opportunities for cooperation in areas such as uncrewed and counter-uncrewed systems, missile technologies, and integrated military communications systems, allowing partners to pool development costs, strengthen the resilience of defense supply chains, and achieve economies of scale.

Growing cooperation with NATO and the EU

Japan has significantly strengthened its ties with both NATO and the European Union (EU). During a visit to Tokyo in April 2025, NATO Secretary General Mark Rutte identified defense industrial cooperation with Japan as a shared priority, particularly in the fields of dual-use technologies, emerging technologies, and standardization, while opening the door to joint research and development projects involving Japanese start-ups.[65] Japan has also expressed its intention to join DIANA (Defence Innovation Accelerator for the North Atlantic), NATO's innovation accelerator dedicated to dual-use technologies. It would be the first non-NATO-member country to participate. Such cooperation would provide Japanese start-ups with access to the Alliance's innovation networks, testing facilities, and technology ecosystems, particularly in the fields of AI and cybersecurity.[66] Japan already participates in the Conference of National Armaments Directors (CNAD), the NATO

63. L. Simon, "Deterrence at Scale: Cross-Theater Defense Cooperation in the Age of Precise Mass", CSIS, March 10, 2026, available at: www.csis.org.
64. S. Clapp, "European Defence Industry", European Parliament, June 2, 2026, available at: https://epthinktank.eu.
65. G. Dominguez, "NATO Chief Makes Japan Debut with Focus on Defense Industry Tie-ups", *Japan Times*, April 8, 2025, available at: www.japantimes.co.jp.
66. S. Kodama, "NATO in Talks on Japan Joining Defense Startup Accelerator", *Nikkei Asia,* May 16, 2026, available at: www.asia.nikkei.com.

Industrial Advisory Group (NIAG), and several NATO armaments working groups.[67]

The signing of the EU–Japan Security and Defence Partnership at the end of 2024 also paved the way for closer defense industrial cooperation. The first EU–Japan Defence Industry Dialogue, held in April 2026, was industry-led and jointly organized by the Aerospace, Security and Defence Industries Association of Europe (ASD) and the Society of Japanese Aerospace Companies (SJAC).[68] Around twenty European companies—including Saab, Thales, and Leonardo—participated alongside approximately thirty Japanese firms, among them major industrial groups such as Subaru, Hitachi, and NEC.[69]

Tokyo has also requested participation in the European Security Action for Europe (SAFE) program in order to strengthen joint development initiatives with European partners. However, the program's eligibility requirements—including the obligation to establish a joint venture with a European company and the 35% ceiling on non-European components, together with administrative constraints—continue to limit its practical scope.[70]

Minilateral and bilateral cooperation

Bilateral and minilateral cooperation between Japan and European countries is therefore likely to remain the preferred approach in the near term. The first major joint development program undertaken outside the framework of the United States-Japan alliance is the Global Combat Air Programme (GCAP).[71] The program is based on an integrated industrial partnership between Japan, the United Kingdom, and Italy, involving the sharing of technologies, development costs, and production chains. Its objective is to develop a highly networked next-generation combat aircraft incorporating AI, advanced sensors, and collaborative combat capabilities. The three partners have secured Washington's approval for the program, as several of its critical technologies rely on United States-origin components.[72]

67. The Conference of National Armaments Directors (CNAD) coordinates cooperation among member and partner countries in the research, development, and production of armaments. "Conference of National Armaments Directors", NATO, January 19, 2023, available at: www.nato.int.
68. "EU-Japan Defence Industry Dialogue", European Commission, April 17, 2026, available at: www.defence-industry-space.ec.europa.eu.
69. "Japan and the EU Hold First Defence Industry Dialogue, Pledge Dual-Use Collaboration", *Asian Military Review*, May 22, 2026, available at: www.asianmilitaryreview.com.
70. E.-K. Pohlkamp, "Laying the Groundwork: Why EU-Japan Industrial Relations Should Begin at the Bilateral Level", European Council on Foreign Relations, April 20, 2026, available at: www.ecfr.eu.
71. "Joint Development of Next-Generation Fighter Aircraft", Japan Ministry of Defense, November 20, 2024, available at: www.mod.go.jp.
72. "U.S. Department of Defense and Japan Ministry of Defense Joint Statement on Cooperation for Japan's Next Fighter Aircraft", Japan Ministry of Foreign Affairs, December 8, 2022, available at: www.mofa.go.jp.

Other countries—including Canada, Saudi Arabia, and Germany—have expressed interest in joining the initiative.

The GCAP exemplifies the "learning by doing" approach that underpins the development of Japan's defense industry. Japan could also join the Eurodrone program, led by Germany, France, Italy, and Spain, in which it currently participates as an observer.[73] At the end of June 2026, KHI signed an agreement to develop an anti-submarine warfare (ASW) variant of the system.[74]

Priority is given to joint development projects and licensed production arrangements accompanied by substantial technology transfers. One example is the partnership between the Japanese shipbuilder Japan Marine United (JMU) and the British company BMT to develop a high-speed landing craft for the JSDF, with delivery expected by 2028.[75] JMU intends to export the platform to Southeast Asian countries. The same logic underpins the contract awarded in 2022 to the Finnish company Patria for the supply of 82 AMV XP 8×8 armored personnel carriers, which are being assembled in Japan by Japan Steel Works.[76] Likewise, in June 2026, the German defense company Rheinmetall announced that it was considering the creation of a joint venture with a Japanese partner to develop and manufacture defense equipment for both the Japanese market and export customers.[77]

Against this backdrop, France, which has traditionally adopted a cautious approach to the transfer of sensitive technologies, currently appears somewhat less engaged. Since 2021, Thales and MHI have been jointly developing an autonomous underwater mine countermeasures system. Their objective is to produce, by 2027, a demonstrator integrating a sonar system into an autonomous underwater vehicle capable of detecting, classifying, and locating different types of naval mines.[78] In addition, a trilateral R&D project involving Japan, France, and Germany was launched in 2024 to explore the joint development of electromagnetic railguns.[79] Finally, in the space domain, ArianeGroup and IHI Aerospace are strengthening their joint capabilities for tracking and analyzing objects in orbit, while the French subsidiary of the Japanese company Astroscale and the French firm Exotrail

73. M. Urano, "Germany's Envoy Discusses Japan's Participation in Eurodrone Project", *Japan Times*, June 14, 2026, available at: www.japantimes.co.jp.
74. J. Johnson, "KHI and Airbus Eye Cooperation on Japanese Variant of Eurodrone", *Japan Times*, June 27, 2026, available at: www.japantimes.co.jp.
75. G. Dominguez, "In Rare Move, Japan to Jointly Develop and Design SDF Landing Craft with UK", *Japan Times*, February 27, 2025, available at: www.japantimes.co.jp.
76. "Patria Strengthens Strategic Cooperation with Japan Through Local Production", *Japan Times*, September 3, 2025, available at: www.japantimes.co.jp.
77. S. Akagawa, "Germany's Rheinmetall to Start Talks on Japan Production Soon", *Nikkei Asia*, June 19, 2026, available at: www.asia.nikkei.com.
78. S. Akagawa, "Thales et Mitsubishi Heavy Industries développent une technologie sonar pour le déminage maritime", CCI France Japon, March 31, 2021, available at: www.ccifj.or.jp.
79. "Japan Joins European Efforts for Railgun Research Project", *Naval News*, October 16, 2024, available at: www.navalnews.com.

are co-developing low-Earth orbit debris removal technologies.[80] These projects, spanning several strategic sectors, illustrate the considerable potential for deeper industrial cooperation between Japan and Europe.

80. "Astroscale et Exotrail font progresser la coopération franco-japonaise en matière de durabilité spatiale", Astroscale, April 2, 2026, available at: www.astroscale.com.

Conclusion

By opening its defense industry to international markets, Japan is undertaking a transformation that is as much cultural as it is industrial. Although Japan's defense industrial base has substantial strengths, it must still demonstrate its competitiveness on the global market. In this context, the challenge for European partners—including France—is above all strategic: to engage with this evolving dynamic in order to deepen geopolitical convergence with Tokyo, at a time when both sides are seeking to expand their strategic room for maneuver in an increasingly deteriorating security environment. Defense cooperation should therefore be understood less as a commercial objective than as a means of strengthening the broader strategic relationship.

For Japan, cooperation with European partners is intended to promote joint development, facilitate technology transfers, foster convergence with NATO standards, and support its gradual integration into Western defense industrial value chains. European countries are pursuing their own objectives, notably high-end technological cooperation to strengthen their industrial base, while also seeking greater access to the Japanese defense market, which remains overwhelmingly dominated by American suppliers. Once its principal structural constraints have been overcome, Japan's DIB will have considerable potential for expansion and internationalization. Should this momentum continue, it could ultimately lead to Japan's integration into the defense industrial value chains of its partners and to a lasting reconfiguration of its role within the Indo-Pacific security architecture.

This evolution also raises the prospect of direct competition between European and Japanese defense industries, a rivalry that is likely to intensify as Japan's DIB becomes increasingly commercially mature. Such competition has already emerged twice in the Australian market: first in 2016, when France won the submarine contract against Germany and Japan, and again in 2025, when Japan secured the frigate contract ahead of Germany. Within the European market itself, however, the prevailing dynamic remains one of cooperation rather than competition, as Japan is currently seeking targeted industrial partnerships more than direct commercial opportunities.

The balance between cooperation and competition is likely to shape defense relations between Japan and Europe over the coming decade. The stakes extend well beyond the bilateral relationship. What is ultimately at issue is Europe's ability to establish a lasting presence in the Indo-Pacific defense market alongside a Japan that has now emerged as a fully-fledged industrial actor. Achieving this objective will depend on maintaining the right balance between partnership and competition.

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