

Section
5

Defense Equipment and Technology Cooperation

Based on the Three Principles on Transfer of Defense Equipment and Technology, Japan promotes cooperation in defense equipment and technology with other countries in order to contribute to the maintenance and strengthening of defense production and technological bases, as well as contributing to the promotion of our national security, peace

and international cooperation. Japan will continue to realize effective defense equipment and technological cooperation through the strengthening of intelligence gathering such as the needs of its counterparts, cooperation including assistance for maintenance and repair of equipment, and strengthening of cooperative posture between the public and private sectors.

1 Three Principles on Transfer of Defense Equipment and Technology

1 Purpose of Establishment of the Three Principles on Transfer of Defense Equipment and Technology

Japan has dealt with arms exports in a careful manner, in accordance with the Three Principles of Arms Exports and their related policy guidelines. On the other hand, in individual cases, such as the participation of domestic companies in the joint development of Ballistic Missile Defense (BMD) by Japan and the United States, it has taken separate measures in which arms exports are dealt with outside the Three Principles.¹

Amidst this situation, in April 2014, based on the National Security Strategy, the Government formulated the Three Principles on Transfer of Defense Equipment and Technology as new principles replacing the Three Principles on Arms Exports etc.² and its implementation guidelines. The new principles clarified the concrete standards, procedures and limitation.

Q See Reference 62 (Three Principles on Transfer of Defense Equipment and Technology)

2 Main Contents of the New Three Principles

(1) Clarification of Cases Where Transfers Are Prohibited (the First Principle)

The cases where overseas transfers of defense equipment are prohibited are clarified as follows: (1) in the case of violating the obligations under treaties and other international agreements that Japan has concluded; (2) in the case of violating the obligations based on the Resolution of the United Nations Security Council; or (3) in the case of transferring to the countries in conflicts.

Q See Fig. IV-2-5-1 (The First Principle "The Cases Where Transfers Are Prohibited")

(2) Limitation to Cases Where Transfers May Be Permitted As Well As Strict Examination and Information Disclosure (the Second Principle)

The cases where transfers may be permitted are limited to (1) cases that contribute to the active promotion of peace contribution and international cooperation, (2) cases that contribute to the security of Japan, or other cases. The Government will conduct strict examination on the appropriateness of the destination and end user, and on the extent of the concerns that the overseas transfer of such equipment and technology will raise for Japan's security,

Fig. IV-2-5-1 The First Principle "The Cases Where Transfers Are Prohibited"

Situation	Situation Specific examples
(1) Violation of obligations under treaties concluded and other international arrangements	Chemical Weapons Convention, Convention on Cluster Munitions, Anti-Personnel Mine Ban Convention, Arms Trade Treaty, etc.
(2) Violation of obligations under United Nations Security Council Resolutions	Security Council Resolution 1718 (nuclear issue of North Korea), etc.
(3) Transfer to a nation which is party to a conflict	Countries which are the target of measures taken by the United Nations Security Council to maintain or restore international peace and security in the event of an armed attack

¹ In December 2011, the Statement by the Chief Cabinet Secretary on Guidelines for Overseas Transfer of Defense Equipment, etc. put in place exemptions from the Three Principles of Arms Exports based on the premise of strict control, with regard to (1) cases related to peace contribution and international cooperation, and (2) cases regarding international joint development and production of defense equipment, etc. that contributes to Japan's security.

² The term "defense equipment" is deemed appropriate for the title of "Three Principles for the Transfer of Defense Equipment and Technology," since possible articles of overseas transfers help with peace contribution and international cooperation as was seen in the example of the provision of bulldozers and other items belonging to the SDF to disaster-stricken countries. Similarly, due to the fact that there is provision of technology in addition to goods, the term "transfer" was adopted rather than "export."

Fig. IV-2-5-2 The Second Principle "Limitation to Cases Where Transfers May Be Permitted"

Situation	Specific examples
(1) Contribution to the proactive advancement of peace contribution and international cooperation	Overseas transfers that contribute to active promotion of peace contribution and international cooperation, only if the transfers have positive meaning from the viewpoint of peace contribution and international cooperation and when: <ul style="list-style-type: none"> the recipient is a foreign government, or the recipient is the United Nations (UN) System or organizations conducting the activities based on a UN resolution
(2) Contribution to the security of Japan	Overseas transfers that contribute to Japan's security, only if the transfers have positive meaning from the viewpoint of Japan's security, and that: <ul style="list-style-type: none"> are related to international joint development and production with countries cooperating with Japan in security area including the U.S., contribute to enhancing security and defense cooperation with countries cooperating with Japan in security area including the U.S., and of the following: <ul style="list-style-type: none"> overseas transfer of defense equipment and technology included in the provision of supplies and services implemented by the SDF in accordance with laws, provision of military technology as a part of mutual exchange of technology with the U.S., provision of parts or services related to a licensed product of the U.S. or provision of repair services etc. to the U.S. armed forces, or defense equipment and technology related to cooperation concerning rescue, transportation, vigilance, surveillance or minesweeping with countries cooperating with Japan in security area, or are necessary for supporting activities of the governmental agencies including the Self-Defense Forces (hereinafter referred to as "the SDF etc."), which include the activities of foreign governments or private entities etc. related to the activities of the SDF etc., or for ensuring the safety of Japanese nationals, and that are: <ul style="list-style-type: none"> temporary export of equipment, return of purchased equipment or provision of technical information related to the activities of the SDF etc. including replacements of items which need repairing with non-defective items, export of equipment for the protection or self-protection of public officials, or export of equipment for the self-protection of Japanese nationals operating in danger areas
(3) In cases where the influence is judged extremely limited from the perspective of the security of Japan	<ul style="list-style-type: none"> Returning of misdirected items Export of sample items on the premise that they will be returned Re-export of equipment brought in by police officers of overseas government agencies

whilst ensuring transparency. In addition, it has been decided that important cases would be deliberated at the National Security Council and along with this, information concerning the cases that were deliberated would be disclosed.

 Fig. IV-2-5-2 (The Second Principle "Limitation to Cases Where Transfers May Be Permitted")

(3) Ensuring Appropriate Control regarding Extra-Purpose Use or Transfer to Third Parties (the Third Principle)

Overseas transfer of defense equipment and technology

will be permitted only in cases where appropriate control is ensured, and the Government will in principle oblige the government of the recipient country to gain its prior consent regarding extra-purpose use and transfer to third parties. However, in cases where it is judged appropriate for the active promotion of peace contribution and international cooperation, cases involving participation in the international systems for sharing parts, and cases where parts are delivered to a licenser, appropriate control may be ensured with the confirmation of the control system at the destination.

2 Deepening Relationships with the United States regarding Defense Equipment and Technology Cooperation

1 Cooperative Research and Development, etc.

Since 1992, Japan has implemented 23 cooperative research projects and 1 cooperative development project with the United States. At present, five cooperative research projects ((1) High-Speed Multi-Hull Vessel Optimization, (2) Comparison of Operational Jet Fuel and Noise Exposures, (3) Chemical Agent Detector-kit Colorimetric Reader, (4) High-Temperature Case Technologies, and (5) Next Generation Amphibious Technologies) are in operation. In addition, with regard to the transfer of parts for Patriot PAC-2, software and parts, etc. related to the Aegis System and F100 engine parts that are installed in F-15s and F-16s from Japan to the United States, Japan has affirmed since July

2014 that these overseas transfers fall under cases that may be permitted, based on deliberations at the National Security Council.

 Part III, Chapter 1, Section 2-2-2 ((2) Missile Defense of the United States and Japan-U.S. BMD Technical Cooperation) Reference 28 (Japan-U.S. Joint Research and Development Projects)

2 Production, Sustainment and Maintenance of Common Equipment between Japan and the United States

(1) Participation of Japanese Industry in the Production of the F-35A and the Establishment of Regional Maintenance, Repair, Overhaul and Upgrade (MRO&U) Capability

In December 2011, Japan selected the F-35A fighter aircraft as the next-generation fighter aircraft to be the successor to

the F-4 fighter aircraft. At the same time, the Government decided to procure 42 aircraft from FY2012 onwards and to have Japanese industries participate in its production, aside from several completed aircraft, which will be imported. In light of this decision, the Japanese Government has been working to enable the involvement of Japanese industries in the manufacturing process in preparation for the acquisition of F-35A fighter aircraft from FY2013 onwards. So far the Japanese companies have participated in the Final Assembly and Check Out (FACO) for airframe and engines, and the manufacture of some engine parts (19 items), radar parts (7 items), and Electro-Optical Distributed Aperture System (EODAS)³ parts (3 items).

In order to efficiently strengthen Japan's defense capabilities under the severe fiscal circumstances, it is important to reduce prices of defense equipment. The MOD compared the unit price assuming participation of domestic companies in the production with the import price of completed aircraft. Since the latter was lower, the ministry decided to import completed F-35A fighters in FY2019 and after in order to promptly procure necessary number.⁴

The MOD believes that the past participation of domestic companies in the manufacturing of F-35A fighters was meaningful because it has started to bring about the ensuring of operational and maintenance bases as well as the sustainment, development and advancement of fighter-related technology bases through working with cutting-edge fighter technologies and knowhow.

As global operation of F-35 fighter aircraft is anticipated, the U.S. Government plans to establish maintenance depot (regional MRO&U Capability) mainly for airframes and engines in the North America, Europe, and the Asia-Pacific regions. In December 2014, with regard to regional MRO&U in the Asia-Pacific region for the F-35, the U.S. Government announced the following decisions: (1) Regional MRO&U Capability for airframes will be provided to Japan and Australia with both capabilities required not later than early 2018;⁵ (2) with regard to the regional MRO&U Capability for engines, initial capability will be provided by Australia by early 2018, with Japan providing additional capability at least 3-5 years later.⁶

Currently the MOD is preparing regional MRO&U capability for airframes maintenance depot to handle

maintenance needs that may exceed the capability of SDF maintenance units due to a malfunction of F-35A fighters of the ASDF. In February 2019, the U.S. government announced its decision to establish an MRO&U capability of some avionics components for F-35s in the Pacific Region in Japan after 2025 according to the need for maintenance.⁷

Establishing a maintenance depot for airframes, engines and others within Japan, and contributing to maintenance in the Asia-Pacific region are significant from the perspectives of securing the operational support system for F-35A fighter aircraft in Japan, maintaining the Japanese defense industrial base, strengthening the Japan-U.S. Alliance, and deepening equipment cooperation in the Asia-Pacific region.

(2) Initiatives towards the Establishment of a Common Maintenance Base of the Japan-U.S. Osprey

As the Planned Maintenance Interval (PMI) of the U.S. Marine Corps Ospreys deployed at Marine Corps Air Station Futenma was scheduled to commence roughly in 2017, the U.S. Navy carried out a public tender to select a maintenance company. Fuji Heavy Industries Ltd.⁸ was selected as the maintenance company for this purpose in October 2015. From February 2017, the PMI has been performed at GSDF Camp Kisarazu. In March 2019 maintenance of the first aircraft was completed and the aircraft was delivered to the U.S. Forces.

The MOD intends to establish a common maintenance base for both Japan's and the United States' Osprey by allowing the maintenance company to use the hangar at GSDF Camp Kisarazu for aircraft maintenance of the U.S. Marine Corps Osprey and also to implement the future aircraft maintenance of the GSDF Osprey at the same camp from the following perspectives: (1) smooth introduction of the GSDF Osprey (V-22);⁹ (2) smooth and effective operation of the Japan-U.S. security arrangements; and (3) enhanced efficiency in maintenance. The establishment of a common maintenance base at GSDF Camp Kisarazu would be extremely significant in that it will contribute mitigating the burden on Okinawa as well as the "Strengthening the basis to repair and maintain common equipment" stated in the new guideline.

³ EODAS, comprising six built-in cutting-edge infrared sensors per aircraft, realizes 360-degree spherical situational awareness, and enables missile detection and tracking.

⁴ Their procurement method will be reviewed appropriately when lower prices are available based on the manufacturing situation of F-35A fighters in the future.

⁵ The regional MRO&U for airframes in Japan is scheduled to be located at Mitsubishi Heavy Industries Ltd. (Komaki-minami factory in Aichi Prefecture).

⁶ The regional MRO&U for engines in Japan is scheduled to be located at IHI Corporation (Mizuho factory in Tokyo)

⁷ The avionics components maintenance center in Japan is planned to be developed by Mitsubishi Electric Corporation (Kamakura Works in Kanagawa Prefecture)

⁸ The company was renamed SUBARU Corporation on April 1, 2017.

⁹ GSDF will introduce 17 tilt-rotor aircraft (Osprey (V-22)) that can complement and strengthen the capabilities of transport helicopters (CH-47JA) in terms of cruising speed and range. As a temporary measure until completion of the maintenance facilities in Saga Airport, training for pilots and maintenance personnel will be conducted in the United States using five GSDF Ospreys from March 2019 to May 2020.

3 Building New Defense Equipment and Technology Cooperation

1 Defense Equipment and Technology Cooperation with Major European Countries, etc.

Defense equipment and technology cooperation with major European countries, which have competitive defense industries, will contribute to the strengthening of security and defense cooperation with these countries as well as the maintenance and strengthening of the defense industrial base in Japan. Therefore, Japan seeks to establish and deepen relationships with these countries.

(1) The United Kingdom

In July 2013, the Governments of Japan and the United Kingdom concluded a bilateral Agreement on the Transfer of Defense Equipment and Technology.¹⁰ In the same month, the two countries also started the Chemical and Biological Protection Technology cooperative research project, marking the first time that Japan had engaged in such research with a country other than the United States. The cooperative research resulted in success in July 2017.¹ The cooperative research resulted in success in July 2017.

Also, a Japan-U.K. co-operative research project on the feasibility of a new air-to-air missile was launched in November 2014 (terminated in March 2018) followed by the Cooperative Research on Personnel Vulnerability Evaluation in July 2016, the Cooperative Research on the Certification Process of Jet Engines in February 2018, the Cooperative Research on the Feasibility of a Japan and Great Britain Universal Advanced RF System (JAGUAR) in March 2018, and the Japan-U.K. Co-operative Research Project on the Demonstration of a Joint New Air-to-air Missile in December 2018.

Furthermore, the two countries are exchanging information regarding future fighters and the Future Combat Air System (FCAS)¹¹ that are under study by Japan and the United Kingdom respectively, such as the Joint Preliminary Study on Potential Collaborative Opportunities for FCAS/ Future Fighter, and exchanging views on the potential for future collaboration.

The first meeting of the UK-Japan High-Level Defence Equipment and Technology Cooperation Steering Panel was first held in July 2014, and it has been held regularly since then.

Q See Part III, Chapter 3, Section 1-2-5 (1) (The United Kingdom)

(2) France

Japan and France established committees on cooperation in the field of defense equipment and on export control respectively in January 2014, and signed the Agreement concerning the Transfer of Defense Equipment and Technology¹² in March 2015. Moreover, at the Fourth Japan-France Foreign and Defense Ministers' Meeting ("2+2") held in January 2018, the two countries confirmed their intention to quickly start the cooperative research on the Feasibility Study for Mine Countermeasure Technological Activities and started the cooperative research in the following June.

In addition, in June 2017, the MSDF P-1 Maritime Patrol Aircraft was displayed at the "Paris Air Show 2017," and the ATLA set up an exhibition booth for P-1 aircraft for the first time at an international defense equipment exhibition. The MSDF P-1 patrol aircraft and the ASDF C-2 transport aircraft participated in the "Paris Air Show 2019" held in June 2019.

Q See Part III, Chapter 3, Section 1-2-5 (2) (France)

(3) Germany

Japan and Germany signed the Agreement concerning the Transfer of Defense Equipment and Technology¹³ in July 2017.

Also, in April 2018, the MSDF P-1 patrol aircraft participated in the "Berlin Air Show 2018," and the ATLA set up an exhibition booth related to the P-1 aircraft.

Q See Part III, Chapter 3, Section 1-2-5 (6) (Other European Countries)

(4) Italy

In May 2017, Japan and Italy signed the Agreement concerning the Transfer of Defense Equipment and Technology.¹⁴ In January 2019, "Japan-Italy Defense Industry Forum" was held in Europe for the first time, and was followed by the establishment of a framework for director-level meetings on defense equipment/technology cooperation between the two countries.

Q See Part III, Chapter 3, Section 1-2-5 (6) (Other European Countries)

¹⁰ Official name: Agreement Between the Government of Japan and the Government of the United Kingdom of Great Britain and Northern Ireland Concerning the Transfer of Arms and Military Technologies Necessary to Implement Joint Research, Development and Production of Defence Equipment and Other Related Items
¹¹ Generic name of the whole future fighter aircraft system in the United Kingdom
¹² Official name: Agreement between the Government of Japan and the Government of France concerning the Transfer of Defense Equipment and Technology
¹³ Official name: Agreement between the Government of Japan and the Government of the Federal Republic of Germany concerning the Transfer of Defense Equipment and Technology
¹⁴ Official name: Agreement between the Government of Japan and the Government of the Italian Republic concerning the Transfer of Defense Equipment and Technology

2 Defense Equipment and Technology Cooperation, etc., with Partner Countries in the Asia-Pacific Region

As partner countries in the Asia-Pacific region have expressed their interest and expectation regarding defense equipment and technology cooperation with Japan, the MOD proactively seeks to build relationships with these countries.

(1) Australia

With Australia, the Agreement between the Government of Japan and the Government of Australia concerning the Transfer of Defence Equipment and Technology¹⁵ was signed in July 2014.

Meanwhile, at the Japan-Australia Defence Ministerial Meeting held in October 2014, it was agreed to seek multifaceted cooperation, including the following: (1) exploration of potential cooperation opportunities in the F-35 program; (2) acquisition reform dialogue with the Defence Material Organisation of Australia; (3) at the request of the Australian side, exploration of the possibility of Japanese cooperation in the Australian Future Submarine Program; (4) defense technology exchanges with the Defence Science and Technology Organization of Australia (in the field of marine hydrodynamics and exchanges among engineers and scientists); and (5) talks between defense industries in both countries. Subsequently, joint research on Marine Hydrodynamics started in December 2015. Moreover, even though Japan had submitted the proposal for the Future Submarine Program in November 2015, the Government of Australia announced in April 2016, that they selected a French company as their partner for the Program.

The first meeting of the Japan-Australia Steering Committee for Defence Equipment and Technology Cooperation was held in October 2017. At the meeting, opinions were exchanged on measures for further promotion of defence equipment and technology cooperation between the countries. The second meeting was held in June 2019, where two countries deepened discussion.

In March 2018, the ATLA and the Department of Defence of Australia jointly held the Japan-Australia Defence Industry Forum. Japan is promoting defense equipment and technology cooperation between the two countries through such initiatives as the participation of C-2 transport aircraft in Avalon International Airshow held in Australia in February 2019, to demonstrate the technical strength of Japan.

Q See Part III, Chapter 3, Section 1-2-1 (Australia)



ASDF C-2 transport aircraft giving a demonstration flight at Avalon International Airshow (February 2019)

(2) India

Defence equipment and technology cooperation with India is considered an important field of cooperation based on the special strategic global partnership between Japan and India. At the Japan-India Summit Meeting in December 2015, the Agreement between the Government of Japan and the Government of India concerning the Transfer of Defence Equipment and Technology¹⁶ was signed. The discussions on the US-2 amphibian aircraft are underway for cooperation between the two countries.

Other than the US-2, to form the case of defense equipment and technology cooperation, including dual use technologies, the Joint Working Group on Defence Equipment and Technology Cooperation have been held four times so far. At the Japan-India Defence Ministerial Meeting held in September 2017, the ministers agreed to commence the discussions for research collaboration. In July 2018, the two countries launched the cooperative research on the Visual SLAM based GNSS Augmentation Technology for UGV¹⁷/Robotics.

As a follow up to the Japan-India Defence Industry Business Forum that was held in September 2017, people in the Japanese defense industry visited the Indian national defense industry of India in August 2018. Progress has been made in discussions on defense equipment and technology cooperation between the two countries, including the second Japan-India Defence Industry Business Forum, which was held in February 2019.

Q See Part III, Chapter 3, Section 1-2-2 (India)

(3) ASEAN Countries

Between Japan and ASEAN member states, exchanges of views take place regarding defense equipment and

¹⁵ Official name: Agreement between the Government of Japan and the Government of Australia concerning the Transfer of Defense Equipment and Technology

¹⁶ Official name: Agreement between the Government of Japan and the Government of India concerning the Transfer of Defense Equipment and Technology

¹⁷ "UGV" stands for "Unmanned Ground Vehicle."

technology cooperation in non-traditional security sectors, such as humanitarian assistance, disaster relief, and maritime security through the Japan-ASEAN Defense Vice-Ministerial Meetings and other occasions. Participating countries have expressed their expectation for Japan's cooperation in effectively dealing with these issues. In the "Vientiane Vision" announced by Japan at the ASEAN-Japan Defence Ministers' Informal Meeting held in November 2016, it is stated that Japan's defense equipment and technological cooperation with ASEAN countries would be promoted with a focus on the following three points: (1) equipment and technology transfer, (2) human resources development, and (3) holding seminars on defense industries.

As a specific initiative with the Philippines, an official agreement was made on the transfer of MSDF's TC-90 training aircraft to the Philippine Navy at the Japan-Philippines Summit Meeting in September 2016, and TC-90 pilot training was conducted for pilots from the Philippine Navy at the MSDF Tokushima Air Base from November of the same year to March 2018. Since April 2017, maintenance and repair assistance by dispatched personnel from a Japanese maintenance company has been provided. Furthermore, two TC-90 aircraft were transferred to the Philippine Navy in March 2017, and the remaining three TC-90 aircraft were transferred in March 2018.

Based on a proposal from the Philippines, regarding the transfer, it was confirmed at the Japan-Philippines Defence Ministerial Meeting in June 2018 that parts and maintenance equipment of the UH-1H utility helicopters that became unnecessary for the SDF would also be donated. After the signing of an arrangement between the defense officials involved in the transfer in November 2018, some components were delivered to the Philippines in March 2019. These two transfers were cases of the application of the provision of the SDF Act enforced in June 2017 that enables the MOD to grant or transfer the SDF's equipment which is no longer used to the governments of developing states for a lower price than the current price (See Paragraph 3 below).

Further, in January 2019, a framework was established for regular consultation of the Joint Working Group on Defence Equipment and Technology Cooperation.

In November 2017, Japan and Thailand agreed to promote future defense equipment and technology cooperation, including early conclusion of the agreement concerning the Transfer of Defence Equipment and Technology.

Between Vietnam, the Terms of Reference (TOR) for regular consultations concerning defense equipment and technological cooperation was signed during the Japan-Vietnam Defense Vice-ministerial Level Meeting in November 2016.



ATLA Commissioner Miyama and Undersecretary of Philippine Department of National Defense Elefante signing an arrangement between the defense officials (November 2018)

Concerning the specific fields of cooperation, a memorandum on the orientation of promotion of defense industry cooperation was signed during the Japan-Vietnam defense ministers' meeting in May 2019. In addition, at the Japan-Vietnam Leaders' Working Lunch held in July 2019, the leaders agreed on commencing negotiations for an agreement concerning the transfer of defense equipment and technology.

Japan and Malaysia signed the Japan-Malaysia Agreement concerning the Transfer of Defence Equipment and Technology¹⁸ in April 2018. The MOD will continue to promote cooperation for humanitarian assistance and disaster relief as well as the maritime security area through these initiatives.

Q See Part III, Chapter 3, Section 1-2-3 (ASEAN Member Countries)

(4) Middle East

In November 2017, the ASDF C-2 transport aircraft, which was on an overseas flight training, participated in the "Dubai Air Show 2017," and the ATLA set up an exhibition booth relating to the C-2 transport aircraft for the first time.

Upon a request from His Majesty King Abdullah II Ibn Al Hussein, King of the Hashemite Kingdom of Jordan, in August 2019, Japan transferred a retired GSDF type-61-combat vehicle to Jordan for display at the Royal Tank Museum. Meanwhile, the King offered to donate an armored vehicle developed in Jordan to the Japanese GSDF, which the GSDF received in the same month.

3 Establishment of Regulations on Equipment Cooperation with Developing Countries

Surrounded by an increasingly severe security environment, it has become even more important for Japan that the nations which have a cooperative and friendly relationship with Japan in terms of security and defense have appropriate capabilities. It is also critical to develop a foundation that will serve as the

¹⁸ Official name: Agreement between the Government of Japan and the Government of Malaysia concerning the Transfer of Defence Equipment and Technology

basis for the international community to cooperate towards improving the security environment. Among these friendly nations, some have difficulties in acquiring an adequate level of defense equipment on their own because of their economic and financial situations. Some of these states are requesting to use SDF's equipment which is no longer used. However, Article 9, Paragraph 1 of the Public Finance Act stipulates that the Government must receive reasonable consideration when transferring or leasing any governmental properties including the SDF's equipment to other countries. Therefore, a grant or a transfer for lower price than the current price is not allowed unless otherwise provided.

Under these circumstances, to respond to the needs of such friendly nations, a special provision to Article 9, Paragraph 1 of the Public Finance Act¹⁹ was created in the SDF Act and

put in force in June 2017. This provision enables the MOD to grant or transfer the SDF's equipment which is no longer used to the governments of developing states for a lower price than the current price.

Even in the case of granting or transferring equipment for a lower price than the current price pursuant to this provision, whether or not to transfer such equipment, and to which government such equipment to be transferred, will be determined on a case-by-case basis in light of the Three Principles on Transfer of Defense Equipment and Technology and other regulations. In addition, an international agreement must be concluded between the Governments of Japan and the recipient countries to prevent extra-purpose use and third party transfer of the transferred equipment without the prior consent of Japan.²⁰

4 Adapting Defense Equipment for Civilian Use

With regard to aircraft involving many technological bases shared between the defense and the civilian sectors, the MOD has been considering the civilian use of aircraft developed by the MOD from the perspective that taking measures to contribute to the revitalization of the civilian sector will contribute to maintaining and activating the industrial bases of Japanese aircraft, and by extension, to maintaining and strengthening the defense industrial base in Japan. In August 2010, the MOD compiled a set of guidelines for the development of a concrete system for converting aircraft to civilian use, while in 2011, it also developed an application procedure for private companies interested in civilian use.

So far, technical data related to the civilian use of the US-2 amphibian rescue aircraft and the F7-10 engine that are mounted on P-1 maritime patrol aircraft have been disclosed in response to requests from the implementing companies. In December 2016, the ATLA and IHI Corporation, a company manufacturing the F7-10 engine, signed a contract for the civilian use of the F7-10 for sales to the Japan Aerospace Exploration Agency (JAXA) for the first time.

For civilian use of equipment other than aircraft, procedure rules were prepared in August 2018 towards project formulation in the future.

5 Participation in International Defense Equipment Exhibitions

From the viewpoint of promoting defense equipment and technology cooperation, the ATLA has participated in international defense equipment exhibitions to introduce Japan's defense equipment policies and advanced technology. These initiatives help foreign government officials better understand Japan's equipment policies and technology, and contribute to building bases for the promotion of defense equipment and technology cooperation.

The ATLA has participated in international defense equipment exhibitions, such as Eurosatory in France, AUSA in the United States, and INDO DEFENCE in Indonesia, as well as the Berlin Air Show 2018 that was held in Germany in 2018. At these events, the ATLA widely disseminated



ATLA's booth at INDO DEFENCE held in Indonesia (November 2018)

¹⁹ Article 9, Paragraph 1 of the Public Finance Act (Act 34 of 1947)

Governmental assets, unless otherwise provided, may not be exchanged and used as other means of payment, or transferred or leased without reasonable consideration.

²⁰ As of April 2019, Japan has signed the agreement concerning the transfer of defense equipment and technology with the following countries: the United States; the United Kingdom; Australia; India; the Philippines; France; Italy; Germany; and Malaysia. (See Reference 37 (Situations Concerning the Conclusion of Agreements))

information on the policy measures it takes, the outcomes of research and development through exhibitions of P-1 patrol aircraft, image-based mine detectors, research prototypes of unmanned equipment, and new personal protective clothes developed in Japan, and on advanced technology possessed by Japanese manufacturers.

In the domestic field, the ATLA participated in Japan International Aerospace Exhibition 2018 Tokyo held in Tokyo Big Sight in November of the same year and invited people involved in national defense from 13 countries, including Western and Southeast Asian countries, in order to promote defense equipment and technology cooperation.

In June 2019, the ATLA participated in the “Paris Air Show 2019” held in France. Through the exhibition of the P-1 patrol aircraft and the C-2 transport aircraft, both of which were developed in Japan, the ATLA widely disseminated information on our nation’s advanced technology possessed by Japanese manufacturers, which are symbolized by the domestically produced aircraft. In Japan, the ATLA participated in the “MAST Asia 2019” held in Makuhari Messe in June 2019, and exchanged opinions with people involved in national defense from European and Southeast Asian countries, promoting defense equipment and technology cooperation.


6 Public-Private Defense Industry Forum

The Public-Private Defense Industry Forum is held with the purpose of promoting defense equipment and technology cooperation with partner countries as a joint effort between the public and private sectors. This forum is held to deepen understanding of the relevant parties and facilitate concrete defense equipment and technology cooperation in the

future through explanation of various systems surrounding the defense industry in Japan and each country as well as presentations by each company on their products and technology. Most recently, the said forum was held with Italy in January 2019, and with India in February 2019.

7 Preventing Leakage of Advantageous Technologies for Defense Equipment

In promoting defense equipment and technology cooperation internationally, the MOD will work to strengthen (1) intellectual property management, (2) technology control, and (3) information security in order to prevent leakage of advantageous technologies for defense equipment.

 See Section 4-3-2 (4) (b. Preventing Leakage of Advantageous Technologies)