

# Japan's Weapons Industry

The potential consequences of Japan's resumption of arms exports.

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*Reforms being backed by the Japanese government are likely to see further easing of, if not an outright end to, Japan's stringent restrictions on military arms exports. That this may well be a necessity due to current trends toward joint development of weapons systems between nations and corporations, should in no way be taken to mean it will not have major consequences for Japan. The Japanese arms industry currently exists to serve the Self Defense Forces but should its raison d'être change from national security to profit-making, Japan is likely to see a major increase in both governmental corruption and the 'revolving door' system of conflicts of interest, which have compromised the security of nations such as the UK and USA.*

*Since the end of WWII the Japanese people have seen their country portrayed, by virtue of its constitution's renunciation of war, as a uniquely peaceful and nonviolent nation. Yet, in the past decade the push to 'normalize' the country, and return to it the full variety of foreign policy options available to other major powers, has seen significant changes occur. Recently, the government has begun to relax a longstanding injunction against the export of weapons, something that will unleash some of the world's leading industrial manufacturers on the international weapons market. In doing so, Japan greatly increases the influence the arms industry will have upon its national politics. This industry now exists solely as a provider for the Self Defense Forces but, should profitability take over from national security as its raison d'être, the state will, based upon the examples of the US and the UK, have to contend with increased levels of corruption and the promotion of an aggressively militaristic foreign policy.*

## **The Export Ban.**

Despite its 62 year old constitution's proscriptions, Japan began conducting international arms sales in [1953](#). A ban on sales was first introduced under Prime Minister Sato Eisaku in 1967, though it only forbade trade with what were termed the '[3 P's](#)'; states sponsoring terrorism, involved in conflict or under UN arms embargos. In 1976 it was expanded to include all countries though in 1983 Prime Minister Nakasone Yasuhiro granted the US a case-by-case exemption, the first major use of which was the decision in 2004 to allow joint research into Ballistic Missile Defense ([BMD](#)). This was followed in 2006 by a decision to permit the [export](#) of related technology to the United States. This was hailed as "a significant step forward" by Nippon Keidanren, the Japan Business Federation, and it pushed shares of Mitsubishi Heavy Industries up more than [35%](#) in 2007. Concerns have been expressed by both the [Keidanren](#) and the [Defence Ministry](#), that similar future ventures might not be possible should export restrictions remain.

The ruling LDP party is seeking to [readjust](#) the ban to its '3P' format. While such calls have been heard for [years](#) they have received increased support recently. In October 2007, the Defense Minister, Ishiba Shigeru, issued a Ministerial [Directive](#) aimed at pushing the issue to the forefront of Defense policy. Some say that Prime Minister Aso might announce an [end](#) to the export ban in early summer with the expectation that Japan's prowess in miniaturized motors, electronics and robotics will quickly allow Japanese firms to carve out a distinct niche in the global industry.

### **Japan's Arms Manufacturers.**

Worldwide military expenditure amounted to \$1339 billion in 2007, a 45% increase since 1998, with [Japan](#) in 5th place, claiming 4% of the market and \$4.8 billion in sales. The leading Japanese manufacturer was Mitsubishi Heavy Industry, ranked 22nd globally, followed by Mitsubishi Electric (64th), NEC (79th) and Kawasaki Heavy Industries (85th). Unlike leading Western manufacturers, such as BAE Systems whose products are 95% defense related, arms represent only 2-10% of the larger [Japanese](#) firms output. The firms are in their entirety, however, as large as the top-ranking companies. NEC with 152,000 employees is just as large as [Boeing](#), the leading international arms producer. As such they have access to all the political and media influence of major corporations.

The majority of their output is split between 'kokusanka', i.e. internal development of such weapon systems as tanks, armored personnel carriers, and some missiles and licensed production of foreign systems, such as [Fuji Heavy Industries](#) production of a modified version of Boeing's AH-64D Apache Longbow. Other [smaller companies](#) include; Howa, (small arms), Asahi-Seiki (small-caliber ammunition), Nippon Koki, Daikin Kogyo and Komatsu's Defense Systems Division ( large-caliber ammunition), Sumitomo Heavy Industries (machine guns) and Japan Steel Works' Hiroshima plant (medium and large-caliber guns).

Japanese components have also found themselves sold as part of weapons packages through dual-use clauses permitting export of goods with non-military applications. As such, Japanese chips and cameras have become components in missile guidance systems and armored vehicles, while military troops around the world can be seen riding Toyota, Suzuki and Mitsubishi vehicles. Though such trade ensures that Japan has consistently remained a minor member of the arms trade, the government offers no annual accounting of the licenses granted to export such materials, leaving the general public unaware to what extent and in what areas Japan has dabbled in profiting from the sale of military goods. The annual [Small Arms Survey](#) this year ranked Japanese weapons firms considerably lower, in terms of transparency and accountability, than European or North American counterparts, leaving us to wonder whether things will simply degenerate further with the changes likely to take place in coming years.

### **The Future of the Industry.**

Japan's "National Defense Program [Guidelines](#) for 2005 and After" laid out the state's plan to transform its military. Among the requirements were the need for BMD, a next generation fighter aircraft, transport planes and maritime patrol craft, each of which will be major projects for the Arms industry in the near future and all involving some level of joint research with the USA. Such joint projects are run through the US-Japan Security

Consultative Committee (SCC) and initial hesitancy to share tech has been largely overcome through the signing of a General Security of Military Information Agreement ([GSOMIA](#)). Some of the larger ongoing projects are the development of [SM-3 Block IIA](#), the C-X transport craft, the XP-1 patrol aircraft, hull technology research and CBNR [defenses](#).

Perhaps the largest upcoming project is the search for a next generation fighter plane. Concerns over the \$200 million cost of the US' F-22 have seen Japanese officials consider BAE System's [Eurofighter](#) Typhoon, a joint development among European manufacturers with half the price of the F-22. While these negotiations might be a ploy to press the US on price, [Hosoya](#) Takatoshi, president of the Society of Japanese Aerospace Companies, has expressed his desire to see Japan develop closer ties to European companies. If the Typhoon is selected the diversification of Japanese research ties beyond their current American connections would be a significant development.

Projects not yet announced but likely to receive greater attention in the near [future](#) include development of new naval vessels to reflect the growing importance of littoral capabilities, a fast, sealift capability for US Marines in Guam and joint development of sensors, communication and ground support systems.

Despite this inevitable expansion of the Japanese industry's joint development projects, Northrop Grumman Chairman Ronald [Sugar](#) expressed the opinion that Japanese firms would be unlikely to emerge as significant competitors to US rivals. Sugar fails to take into account the fact that Japanese manufacturers are likely to develop areas of specialization in which they exceed American and European rivals. Japan leads the US in several technical fields such as [nanotechnology](#), where the government invests \$800 million annually. The US Defense Technology Office foresees joint US-Japan research as making the best use of each nation's strong suits. For the US, this is their underlying weapons systems, munitions and aerospace capability, while Japan excels in the areas of miniaturization, robotics and digital optics. These various strengths are almost certain to come together in the future joint development of Unmanned Air Vehicles (UAVs).

More than 50 nation's now use unmanned drones for reconnaissance, intelligence gathering and the elimination of targets. Japan began its own UAV development [program](#) in 2005, with the goal of producing two prototypes by 2012, while Fuji Industries already produces a helicopter-based drone used for surveillance purposes. Another area in which Japan is ideally suited is Micro Air Vehicles ([MAVs](#)). Britain's Special Forces are currently field testing a 28-inch long MAV, called the WASP, in Afghanistan. The remote-controlled drone is used for reconnaissance but can be fitted with explosives giving it lethal potential. The US Air Force Research Laboratory has set a 2015 deadline for a second generation of MAVs the size of birds and, by 2030, hope to produce a third generation the size of insects.

Robots have also become a major new military research field. Today US forces in Iraq make use of some 12,000 [robots](#) that can be equipped with missiles, rockets and machine-guns. One of the latest models, the remote-controlled [MAARS](#), comes with speakers to broadcast warnings and commands from its operator and, should they prove insufficient, is capable of deploying non-lethal stun rounds or a decidedly lethal medium machine gun. One Air Force Lieutenant General forecast that by 2030 tens of thousands of robots would be regularly employed in conflict zones, robots with two decades of evolution from today's clumsy models and with far different capabilities. The center for such development in Japan is the Technical Research and Development Institute ([TRDI](#)) which has stated its intention to focus

on UAVs, MAVs, Robotics and Unmanned Underwater vehicles (UUVs) as significant areas of future research and development with a projected deadline for preliminary models of 2012-17. That Japan will soon enter into new areas of military development is clear but what costs might be involved is harder to predict.

## **Costs and Consequences**

Development of high tech weapons systems was shown to have inherent dangers when North Korean defectors testified that smuggled Japanese [technology](#) has been an integral part of North Korea's ballistic missile program. Additionally, research in other areas, particularly nanotechnology, is currently moving faster than the ability of [regulatory](#) bodies to ascertain potential dangers. Beyond this is the moral issue of where such systems will be used. According to the Congressional research center, in 2005 the US provided more than \$11 billion in [sales](#) to 25 countries with human rights problems, 10 of which were classified as undemocratic.

Even where the use is sanctioned, human error or malfunction can lead to massive loss of civilian life. Boeing's Joint Direct Attack Munitions (JDAM) is the most widely used 'smart' bomb in the US arsenal, yet it has an officially recognized [failure](#) rate of at least 2% and has been responsible for [killing](#) civilians, allied troops and US Special Forces as well as its intended victims. Similar problems exist with UAVs with Pakistani officials estimating that recent strikes have killed 687 [civilians](#) along with the 14 al-Qaeda leaders targeted by the attacks. Should Japan embark on a similar road of providing weaponry to other states, even when not directly involved in the conflict themselves, Japan will still bear a moral burden for any failures, in the design or use of their weapons.

## **Political Implications.**

Efforts to legislate the international arms trade have met with repeated failure at both the UN, where efforts by a group of Nobel Peace Laureates to advance an '[Arms Trade Treaty](#)' have borne little fruit since 2003, and in the US where the arm's industry's political connections have repeatedly trumped efforts to impose moral [guidelines](#). The political pull of the Arms Industry is lubricated by what [Transparency International](#) estimates to be roughly half of the \$80 billion spent annually on political [bribes](#) and pay-offs.

In the UK Dick Evans, chairman of [BAE Systems](#), was known to be one of "the few businessmen who can see Blair on request". Robin Cook, Labour's Foreign Secretary said: "I came to learn that the chairman of BAE appeared to have the key to the garden door to No 10. Certainly I never knew No. 10 to come up with any decision that would be incommensurate to BAE." Corruption charges brought against Evans were dropped by the Attorney General due to what he referred to as pressure from Downing Street. The UK is also a choice example of the revolving-door system whereby government employees take up work with defense contractors and vice versa. Among many others, Michael Portillo, Defense Secretary from 1995-7, arranged deals worth up to \$500 million apiece for BAE and then became a non-executive director of the company. Roger Freeman, former Minister for Defense Procurement became chairman of Thales. And, Jonathan Aitken, another former Minister for Defense Procurement and a chairman of [Le Cercle](#), was jailed for perjury regarding his involvement in arms sales to Saudi Arabia.

In the US similar conflicts of interest could be seen in Dick Cheney's [various](#) entanglements with Halliburton, his wife's role as former board member of Lockheed Martin and Bush's [nomination](#) of the same company's ex-President, to serve, consecutively, as Secretary of the Navy, Deputy Secretary for Homeland Security and Deputy Secretary for Defense. Such ties are by no means limited to Republicans though. Richard [Blum](#), the husband of Senator Dianne Feinstein, acting Chair of the Senate Intelligence Committee, received millions of dollars in profits from the 75% share of stocks he holds in defense contractor Perini. Such ties remain under Obama, who bypassed his own ethics rules to appoint William [Lynn](#), a Senior Vice President at Raytheon, to the position of Deputy Defense Secretary.

### **Japan's Moral Fallibility.**

Japan has its own version of the revolving door, a system known as '[Amakudari](#)', or 'descent from heaven'. In 2005 alone 106 senior defense officials took up positions with private corporations. Criticism of the system has led to legislation aimed at [banning](#) government facilitation of the practice yet this will clearly have no impact upon independent collusion. In 2005 80% of the \$20 billion in defense spending was [discretionary](#), allowing wide leeway for bribery and bid-rigging. In 1998 a senior Defense Agency official was charged with cooking the accounts of a contractor in return for an amakudari position. In 2001 two high-ranking former Fuji executives received jail sentences for bribery and the Defense Agency's Parliamentary Vice-Minister took his own life following involvement in the [scandal](#). In 2003 Nippi Corporation admitted it had been overcharging the Defense agency for years, while 2006 saw staff at the Defense Facilities Administration Agency also arrested for bid-rigging.

The largest recent scandal began in 2001 with overbilling of the Defence Agency for \$1.5 million by [Yamada](#) Corporation. In supporting their claims Yamada forged documents purporting to be from [BAE](#) Systems, and, when government ministers sought a face to face meeting with a BAE representative, Yamada hired a [stand-in](#) to fill the role. The Vice Defense Minister at the time, Moriya Takemasa, expressed outrage but it was not long before it turned out that he had himself been accepting bribes worth over \$30,000 from former Yamada Director Miyazaki Motonobu. In return for Miyazaki's favours [Moriya](#) is alleged to have awarded his company lucrative deals with General Electric. The fallout saw [GE](#) end its dealings with Yamada, and Moriya receive a two and a half year prison sentence and \$125,300 fine. During his trial Moriya testified that other politicians, including an ex-Defence Agency chief, were also wined and dined by [Miyazaki](#).

These revelations come not long after a regional Defence Facilities Administration Bureau chief revealed that he kept a list of 14 [politicians](#), including 4 Defence Agency Director-Generals, whom he had witnessed helping particular firms win contracts. The problem in Japan is only likely to worsen as the ongoing economic decline means that potential amakudari style rewards are not as lucrative as they used to be. [Hirano](#) Hirofumi, chairman of Nikko Principal Investments, says "now we have an entire generation of bureaucrats who are disenchanted with their career prospects."

Studies into conflicts of interest by George [Lowenstein](#) at Carnegie Mellon have shown that disclosure of an existing conflict does nothing to raise the scepticism or caution of the public. It does however, lead to greater liberties being taken by the compromised person. The object lesson being that the public's goal must not simply be to uncover and reveal

such situations but to ensure that they are not allowed to occur in the first place.

### **The Pawning of National Security.**

A separate concern is the possibility that arms manufacturers may be taken over by international corporations, lacking any sense of loyalty to the state and guided purely by profit. The [Carlyle Group](#) has established a reputation for acquiring smaller firms and selling them on at a profit. Initially the majority of these firms were defense contractors, though the group has diversified considerably since then. One of Carlyle's most controversial purchases was [Qinetiq](#), the research arm of the UK's Ministry of Defense. Another was the \$2 billion acquisition of [Booz Allen](#), a contractor to all major US intelligence branches whose former Vice President, Michael McConnell, is now current US Director of National Intelligence.

In Japan efforts led by [Isayama](#) Takeshi, a 33-year senior official at the Ministry for International Trade and Industry, have allowed Carlyle to make tentative inroads. In October 2004 they took a controlling share in KDDI's [Willcom](#), by providing 60% of the \$2.1 billion purchasing price, stating that Japanese firms were showing increased tolerance to sell [subsidiaries](#) to private funds. While the Japanese government has been leery of buyouts, its 40% capital gains tax is likely to be dropped in efforts to entice further investment by such firms, with Trade Ministry sources specifically naming [Carlyle](#) as a target.

### **Pork-Barrel Threats.**

Eisenhower warned in his farewell address of the growing influence of the military-industrial complex while his contemporary, Senator Allen J. [Ellender](#) stated "For almost twenty years now, many of us in Congress have more or less blindly followed our military spokesmen. Some have become captives of the military." Among the myriad dangers of such captivity is the diversion of funds from social services to military boondoggles that do nothing to protect the nation. [Examples](#) appeared in Obama's latest budget, which called for an end to several over-budgeted or technically dubious projects such as the F-22 fighter and the C-17 transport plane. Each of the projects has, nonetheless, continued its production run following campaigning by the political representatives of the states in which they are manufactured.

Seymour [Melman](#) wrote about economic growth as either 'productive' or 'parasitic'. Productive growth being that which either improved people's standard of living, and parasitic, that which simply acted as a depletion of resources. Beyond the set limit of reasonable necessity, military spending is the classic example of parasitic growth. Even [Norman Angell](#) admitted that it would be hopelessly naïve for states to avoid preparing an adequate defense against threats. The caveat being that these must be real rather than imagined.

Following the invasion of Iraq it was found that a large proportion of the deceit which obfuscated the initial case for war with Iraq, originated in a 2002 meeting between Stephen J. [Hadley](#), Deputy National Security Advisor, and Bruce Jackson, Director of Strategic Planning for Lockheed Martin. Hadley informed Jackson that the US would be going to war but that they "were still struggling with a rationale to justify it." Jackson responded by organizing the Committee for the Liberation of Iraq the results of whose efforts were documented by USAF Colonel Sam [Gardiner](#). They included more than 50 outright lies that were widely accepted as truth, including; the search for WMDs, the rescue of Jessica Lynch

and executions of Coalition troops by insurgents. During the invasion of Iraq, despite the fact that at least a quarter of the population was [opposed](#) to the war, anti-war voices represented just 3% of sources used by the major television networks while US military personnel represented 47%. Of 840 appearances by U.S. officials, only four were identified as holding [anti-war](#) opinions.

That the Japanese media are no more independent than their US counterparts can be seen in the criticism of them following their failure to fully investigate the recent scandal surrounding Ozawa Ichiro. Kyoto University's [Nakanishi](#) Teramasu, feels "the mass media are failing to tell the people what is at stake", while Journalism Professor Tajima Yasuhiko stated that rather than playing the role of government watchdogs, the media "act more like authority's guard dogs." In Eisenhower's warning he urged that "only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together." In Japan, the presence of this alert and knowledgeable citizenry is open to question. A recent [survey](#) of 12 Asian countries found that while Japanese people did not trust government institutions the majority placed "a great deal" or "quite a lot" of trust in both newspapers and the military. Meanwhile, only 19% agreed with the statement "I think I have the ability to participate in politics", the lowest of all nations.

The Arms Industry has shown its ability to acquire extensive power over governments from both the right (the Bush Administration in the US) and the left (the Blair government in the UK). The question is not whether they will wield undue influence over future Japanese governments, but instead 'how much?' The answer, as Eisenhower forewarned, depends entirely upon the presence, or lack thereof, of an "alert and knowledgeable citizenry". There thus remains both time and hope that Japan can avoid falling into the militaristic patterns that have economically and morally compromised other nations.

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