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Will Japan's new arms export rules spark a high-end defence boom?

Updated regulations give Tokyo greater scope to sell lethal weapons overseas, prompting rebuke from China, but the industry still faces hurdles

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Japan has overhauled its overseas arms transfer regulations, a move analysts said paves the way for the country to export high-end weapons and defence platforms, including [sixth-generation fighter jets](#).

On April 21, Japanese Prime Minister Sanae Takaichi announced that her cabinet had amended the Three Principles on Transfer of Defence Equipment and Technology and the accompanying implementation

guidelines that had constituted Japan's framework for controlling military hardware and technology exports since 2014.

Takaichi said the amendment included [abolishing restrictions](#) limiting the overseas transfer of Japanese-made military equipment to non-lethal systems under five categories, allowing Tokyo to export all types of platforms, including lethal weapons.

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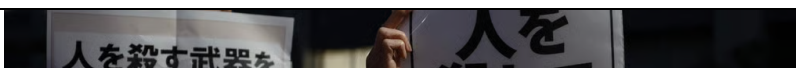
"In an increasingly severe security environment, no single country can now protect its own peace and security alone, and partner countries that support each other in terms of defence equipment are necessary," Takaichi said on social media the same day.

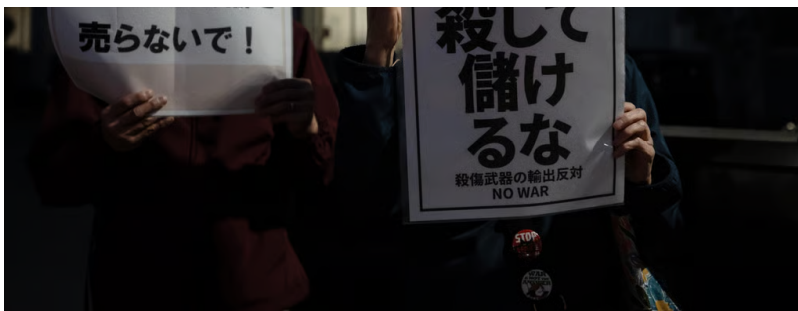
The decision marks a departure from Japan's decades-long commitment to prohibiting lethal weapons sales abroad under its [post-war pacifist constitution](#).

Despite its technological prowess, the country has accounted for a trivial share of global arms exports, while neighbours such as China and South Korea are among the top 10 global weapons exporters, according to the Stockholm International Peace Research Institute.

Beijing slammed the decision, warning against the revival of Japanese militarism.

The new regulation will allow the export of lethal weapons but only to 17 countries that have signed defence equipment and tech transfer deals with Tokyo. While arms exports to countries engaged in active armed conflicts will be prohibited, the policy also allows for "exceptional circumstances" depending on Japan's security needs.





Protesters take part in a rally in front of the Japanese prime minister's office in Tokyo on April 16 to oppose the government's plan to scrap restrictions on the export of lethal weapons. Photo: Xinhua

Jumpei Ishimaru, a research analyst for the Japan Chair Programme at the London-based think tank International Institute for Strategic Studies, said that while Japan's ties with its strategic partners, particularly in Southeast Asia, could serve as "leverage" for its arms export growth, it also had disadvantages in price competitiveness and a lack of experience in overseas defence sales.

"The loosening of export policy will contribute to the broader growth of Japan's defence industry by accelerating ongoing defence export negotiations with several countries. However, capacity constraints are increasingly becoming a bottleneck," Ishimaru said.

"Japan's defence industry is already exhibiting limitations in production capacity and human resources in meeting rising demand from the [Japan Self-Defence Forces] following the significant increase in Japan's defence spending. Additional demand from international exports could further aggravate these existing pressures."

Japan has been taking part in the [Global Combat Air Programme \(GCAP\)](#), along with Britain and Italy, to co-develop and co-produce a sixth-generation stealth fighter by 2035, replacing its domestically produced F-2 fighters.

Edgewing, a British-Italian-Japanese joint venture, won its first GCAP contract earlier this month for design and development of the fighter. The contract is valued at £686 million (US\$933 million). The company aims to complete a first demonstrator flight by next year and seeks to export the sixth-generation aircraft to reduce per-unit costs.

The GCAP initiative faces potential competition in the global arms market, as the US and China are also working to develop their own sixth-generation stealth fighters.

While Japan's arms export regulation was previously updated in March 2024 to permit the export of the GCAP warplane, analysts noted that this was just a one-off exemption, and the latest revision could further incentivise the export of the next-generation fighter and other advanced military aircraft.

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Bence Nemeth, a senior lecturer in defence studies at King's College London and executive director of the King's Centre for Defence Economics and Management, said the easing of Japan's arms-export regulations could make defence production "more economically sustainable" and enable Japanese companies to produce larger batches and operate longer production cycles.

He noted that the restrictions on the Japanese defence industry had raised unit costs and reduced incentives for firms to invest in capacity.

"The new regulations might create new incentives in this regard. This is especially important for expensive programmes such as GCAP, where export is almost essential to spreading development and production costs," Nemeth said.

Chris Hughes, a professor of international politics and Japanese studies at the University of Warwick, noted that the loosening of the arms export principles for the GCAP in early 2024 was framed as an "exception".

“But now the further revisions have in essence removed all restrictions on the export of lethal weaponry,” he said. “Hence, Japan now has much greater scope to jointly develop, produce and export weapons overseas.”

“Japan’s arms industry should grow quite substantially with the right expertise and experience in finding new markets. But Japanese producers will also find that competition is intense and that they are going to require long-term commitments and investments in this area.”

Japan’s advantages in technological sophistication and disadvantages due to higher price tags meant it would aim to become a “selective high-end exporter” offering more advanced weapons instead of competing directly with weapons from South Korea and China, Nemeth said.

“This means that the market segment Japan can potentially occupy is limited and Tokyo starts from a disadvantaged position,” he said.

“Thus, Tokyo may be more competitive among close security partners that value interoperability and strategic alignment, but less competitive in other markets, especially price-sensitive ones.”

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