

## Policy Proposal for the Promotion of Defense Equipment Transfer (Summary)

The government should assume the responsibility to sustain and strengthen the defense industry not as part of industrial policy, but as a national security policy itself, and transfer of defense equipment useful for strengthening the defense industrial base shall be pursued as a national strategy, where the national government to take the lead at the front end, with public/private sector to work as a single team to promote this cause. To improve international competitiveness, we must prepare the right environment to do so. For this reason, we request that these recommendations be clearly stated in the National Security Strategy and the National Defense Program Outline, which are scheduled to be revised in the future.

(1) Sustaining and strengthening of the defense industry itself is a national security policy, and the government should proactively promote the transfer of defense equipment that contributes to strengthening the foundation of the defense industry as part of national security policies.

(2) Drastic reinforcement of the government structure to promote defense equipment transfer

- Establish a command post within the government to strongly promote defense equipment transfer
- Designing new public-private partnership system and sharing of risk (Japan version of FMS)
- Strengthen the structure of ATLA and the functions of on-site embassies (including the use of private sector personnel)

(3) Reassess the operational procedure related to Three Principles on Transfer of Defense Equipment and Technology

- Rationalize and streamline various procedures based on track records of past operations
- Rationalize requirements for proper managements concerning the parts with low sensitivity from technological perspective and are to be consumed by the recipient country

(4) Drastic increase in the Defense R&D Budget

- Drastically increase the R&D budget for defense equipment, which has remained at an extremely low level compared with international norm.
- Enable to support companies who can develop technologies deemed to be beneficial by JMOD

(5) Exclude specially designated defense industrial sectors from competitive bidding, and introduce new procurement system that will enable sustainment of the industry and long term investment (restoration of "Minister's Directive")

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