



ATLA

Acquisition, Technology &
Logistics Agency

Revitalization of the Defense Industry ~purpose and prospect of the new act~

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Purposes of the Act on Enhancing Defense Production and Technology bases

1. Clarify the policy for enhancing defense production and technology bases by the act.

- Defense industry = Defense Capability itself
- Basic policy based on law was established for the first time

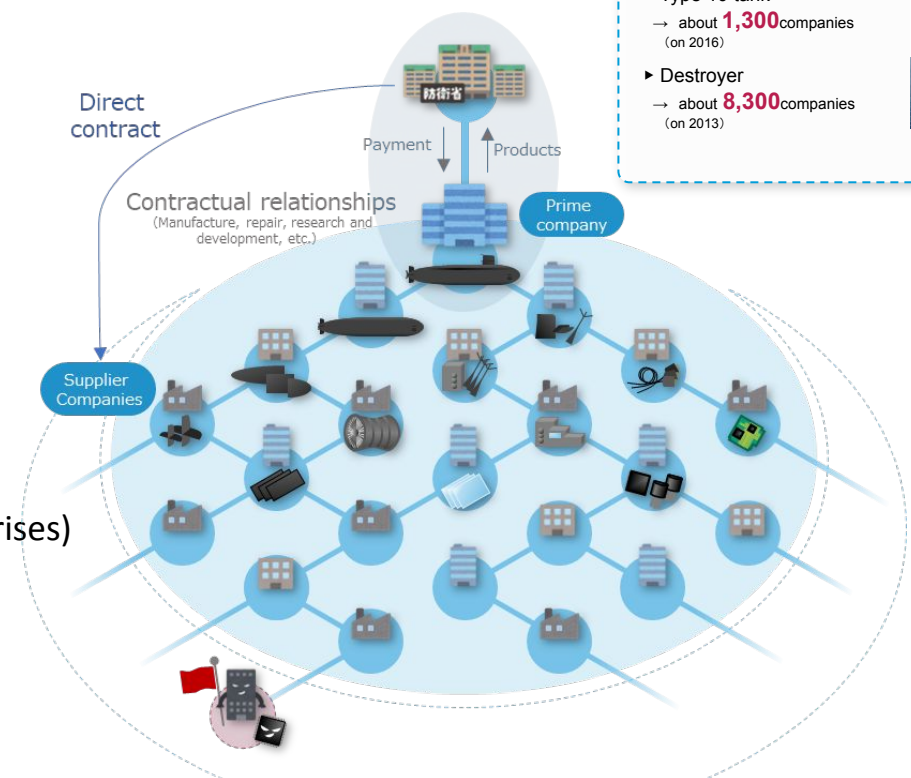

2. Addressing to urgent problems

- Measures against Supply chain risks
- Improving manufacturing process efficiency
- Implementation of Cybersecurity measures
- Withdrawing of defense business(especially small and medium-sized enterprises)

3. Facilitate Defense Equipment Transfer

※ Examples of the range of supply chain

- ▶ F-2 Fighter
→ about **1,100** companies (on 2017)
- ▶ Type 10 tank
→ about **1,300** companies (on 2016)
- ▶ Destroyer
→ about **8,300** companies (on 2013)



The first step of the enhancement

Main points of the draft of the Basic Policy

1. Clarify Importance of Domestic Industrial Base

- Considering situation of domestic industrial base and international economic security,
Pursue acquisition of domestic supply or licensed domestic products, jointly developed (manufactured) products at least

2. Target overall basement

- Clarifying targeting overall basement including not only prime contractor but also suppliers

3. Promote international cooperation

- Establishment of the complementary supply chain system
- Pursuing interoperability and interchangeability based on international standards

4. Thoughts on reorganization of the Defense Industry

- Corporate management must be respected
- MOD prefer companies with high dependency on defense business



防衛装備庁

What's next

Steady, efficient and effective execution of the defense budget (43 trillion yen)

Expand the Range of the Defense Production and Technology Bases

Establish Global Technological Superiority

Promote Defense Equipment Transfer

Act on Enhancing Defense Production and Technology bases

Reference



(Image of 3-3) Cybersecurity enhancement

1. Clarifying the recognition of the defense industry

- ▶ Clarify that it is significantly important to strengthen the industrial bases for the development and production of defense equipment
- ▶ The Minister of Defense establishes and announces the basic policy on strengthening the industrial bases

2. Supply Chain Survey

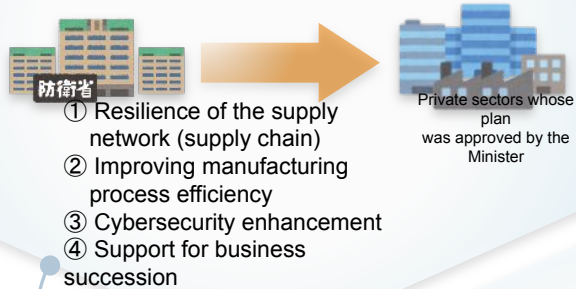
- ▶ The MOD Conducts surveys to identify supply chain risks
- ▶ Companies are obliged to make an effort to respond to the surveys
- The results of the surveys will also be used in the following measures to strengthen the industrial base



(Image of 4) Equipment transfer
Transferable air defense radar

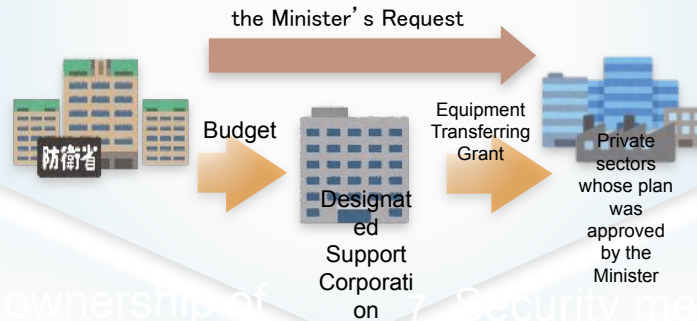
3. Measures to strengthen the industrial bases

- ▶ Direct reimbursement for company initiatives that contribute to the production of defense equipment, including suppliers.



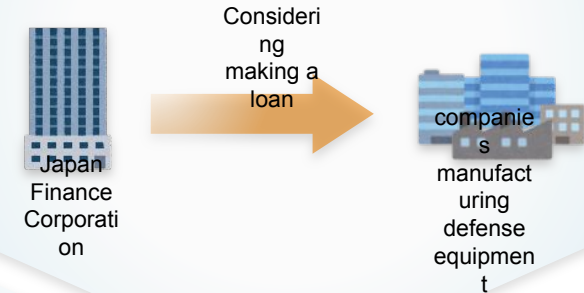
4. Facilitate equipment transfer

- ▶ Support for changing the specifications and performance of equipment



5. Loan of funds

- ▶ It will apply to companies manufacturing defense equipment



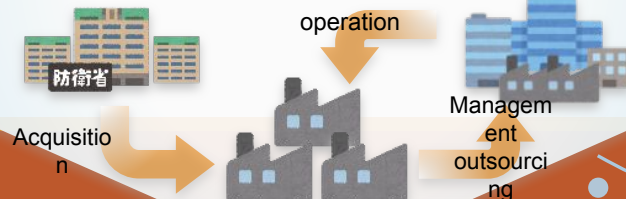
6. Government ownership of manufacturing facilities

- ▶ In cases where stable manufacturing of defense equipment is difficult even with the above measures, the MOD itself will own the manufacturing facilities and outsource the management and operation to companies.

⇒ Maintaining domestic industrial bases and reducing the fixed cost burden on companies

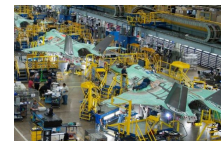
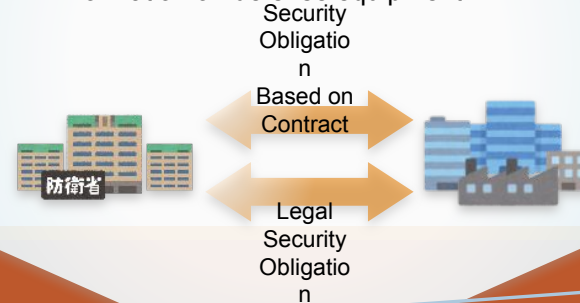


(Image of 3-2) Improving manufacturing process
above: usual hand made process
below: introducing 3D printer



7. Security measures in defense equipment contracts

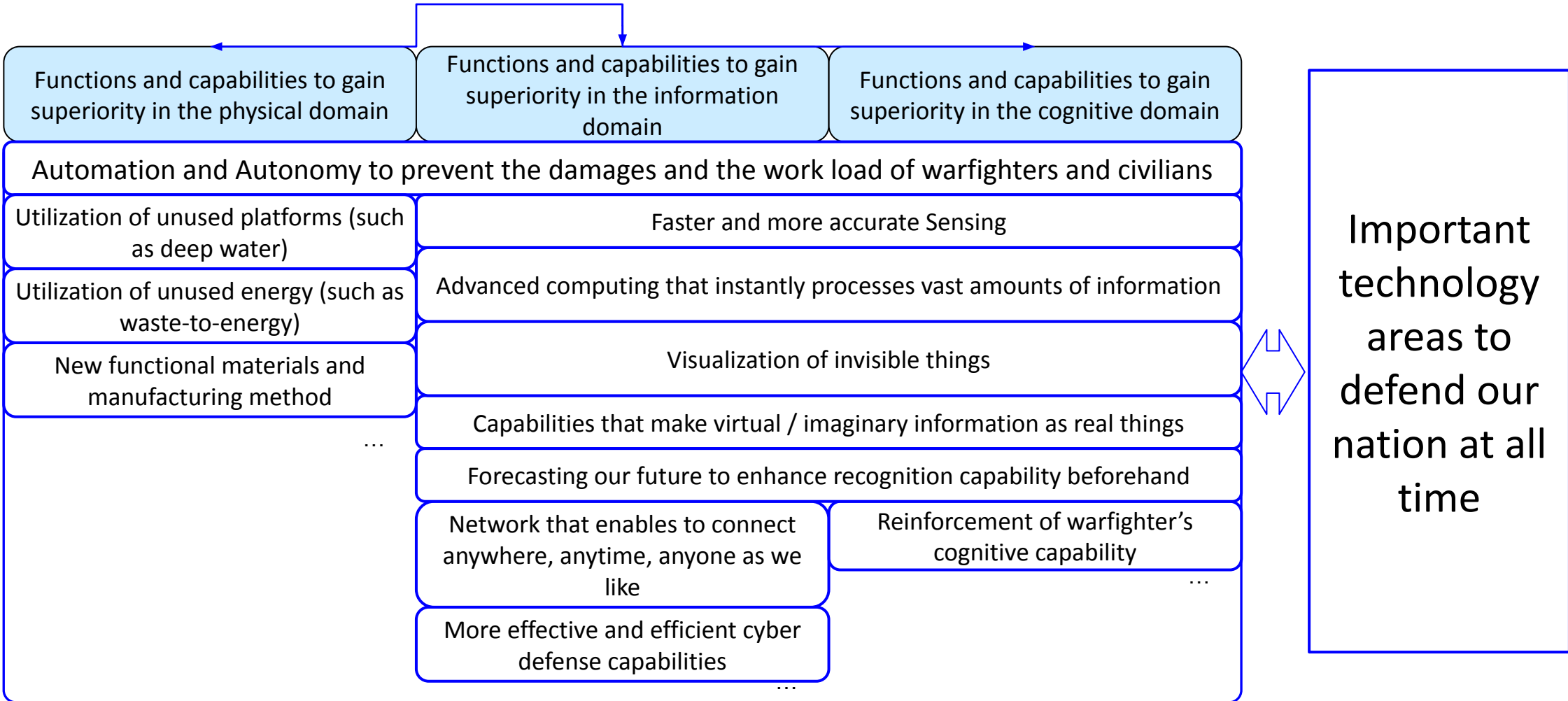
- ▶ Strengthening the security of sensitive information on defense equipment



(Image of 6) US Government ownership of manufacturing
above: United States Air Force Plant4
below: Joint Systems Manufacturing Center

Defense Technology Guideline 2023 (Attachment)

Functions and capabilities to defend our nation at all time in future warfare



Defense and Civilian Technologies

