Is the Sun Still Rising In The East?

Japanese defence acquisition in the 21st century is still very much a work in progress as the country seeks to re-equip its armed forces and reform the acquisition process.

By Peter Antill

Despite being defeated at the end of World War II, and being the only country in the world to have had nuclear weapons used against it, Japan has emerged from devastation and occupation to become a major regional military power and a world economic power. It boasted the third largest economy in the world in 2014 with a gross domestic product of $4.6 trillion.[1]

However, the traumatic experience of World War II has consistently shaped Japan's foreign and defence policy, and thereby its view of how it structures, operates, equips and supports its armed forces. It is only in the last few years that such an outlook has started to change, primarily with the coming to power of Prime Minister Shinzo Abe's Liberal Democratic Party. This article looks at the current state of the Japanese Self-Defence Forces (JSDFs), its defence acquisition policies as well as the economic, strategic and geopolitical factors that have shaped them.

DECLINING DEFENCE BUDGETS

Like Germany, many of Japan's cities were destroyed by Allied strategic bombing. At the end of World War II, its economy was in ruins. While Japan did not receive the same direct aid as Germany did under the Marshall Plan, it benefitted from a number of developments that took place during the war itself (rapid industrial development) and during the Cold War that followed (such as the US policy towards Japan, the state of the international market, industry's drive to expand and take on risk and the willingness of the Japanese government to work with industry).

Japan, like Germany, had its own 'economic miracle' and between 1950 and 1973, Japanese gross national product grew by 10% a year with only a few minor downturns. Despite the oil shocks of the early 1970s, Japan still managed modest growth into the mid-1990s. The last two decades however, have seen sluggish economic growth, due to several factors including inflexibility in the Japanese economy, greater international competition, government protectionism and the still lingering after effects of the asset price bubble collapse, corporate restructuring and the banking crisis. Increased spending, in part due to an ageing population and frequent government stimulus packages, mainly financed through increased borrowing, has led Japan to have the highest gross government debt in the OECD—226% of GDP in 2014.[2]

Despite the growth in China's economic and military power, the domestic economic situation led Japan to adopt a de-facto policy of maintaining defence spending at 1% of GDP. Since 2005, defence spending has increased slowly ($42 billion in 2015 compared to $47.7 billion in 2014) and has actually decreased as a percentage of the government's overall spending. It is in line with the broader trend across the Asia-Pacific where many countries, while spending more on defence, are seeing defence budgets decrease as a percentage of GDP, with the priority shifting towards national infrastructure, public education and healthcare. The region has also seen the percentage of the labour force in military service decline, not because of any particular move to downsize their



military forces, but due to economic growth creating increased opportunities in civilian occupations. Even Japan has experienced this competition for labour, with applications for military jobs falling by 20% between 2014 and 2015.[3]

BORDER AND TERRITORIAL DISPUTES

Staying with the theme of economics for a moment, the economic growth and increase in trade (both regionally and with the rest of the world) has been viewed by some as feeding directly into the strategic factors affecting the region, in this case, an arms build-up, especially in terms of maritime military power. The argument is, that:[4]

- Economic growth has led to an expansion in maritime commerce;
- The expansion in maritime commerce has led firstly, to an increase in piracy, and secondly, a change in defence policy focus by China;
- These in turn, have caused policy responses from other powers in the region. As the economies in the region have expanded and trade increased, the importance of maritime trade routes (to the region's continued growth) has increased as well. For example, container shipment volumes increased by more than 180% between 2001 and 2013. Over half of the world's total container shipments (by volume) originates in the Asia-Pacific region, with China alone accounting for 27%. Much of this has to transit narrow sea lanes and is a risk for countries that



The Japan Maritime Self-Defence Force submarine *JS Hakuryu* arrives at the submarine piers of Joint Base Pearl Harbour-Hickam *(US Navy photo by Mass Communication Specialist 1st Class Steven Khor)*



An MV-22 Osprey tilt-rotor aircraft on the Japan Maritime Self-Defence Force helicopter destroyer, *JS Hyuga*
(US Navy photo by Mass Communication Specialist Seaman Molly A. Evans)

rely on the free movement of goods by sea. This has led to increased piracy, as criminal organisations have shifted operations away from the Gulf of Aden and the Red Sea as they have become relatively well protected.

China, as well as many other Asia-Pacific states, has a major interest in maintaining access to these important commercial routes, which has led to a change in focus for China's defence policy—it now emphasises naval capability.[5] Added to this, is the uncertainty as to where exactly the regional distribution of power will lie in coming years. This suspicion, allied to other security concerns, has led to increases in tension, resulting in policy shifts from other powers in the region and evidence of "action-reaction dynamics taking hold and influencing regional states' military programmes."[6]

As if this was not complex enough, four additional factors come into play. The first is the expanding power and ambition of China, an example of which was the declaration in late November 2013 of an air defence identification zone over the disputed Senkaku Islands in the East China Sea.[7] This was reflected in Japan's Defence *White Paper*, published on 5 August 2014, which accused China of adopting "high-handed actions with regard to issues of conflicts of interest in the maritime domain, as exemplified by its attempts to change the status quo by coercion."[8] The Defence *White Paper* of July 2015 echoed similar sentiments.[9] Such incidents still occur today, with China sending four vessels, one of which was an armed coastguard ship and former naval frigate, into Japanese territorial waters around the disputed islands in December 2015.[10] Such moves could be repeated over other disputed territories—the region is rife with border and territorial disputes.[11]

Second, is the threat from North Korea, which has a proven ballistic missile capability and a continuing nuclear programme. The range of these missiles is enough to threaten major population centres on all four of the main Japanese islands.[12]

Thirdly, and as Japan itself can testify with the earthquake and tsunami of 2011[13], there is the recurrent need to respond to humanitarian and disaster relief emergencies. For example, air and maritime forces are "uniquely equipped to provide international aid and rapid response to natural and man-made disasters."[14] Military transport aircraft (such as the C-130, C-17 and A400-M) and vessels, such as amphibious assault ships (that have additional transport assets such as helicopters), pre-positioned supply ships and hospital ships, can quickly get to the area in need of help.[15]

Fourthly, is the heightened interest of the world's one remaining superpower, the United States, which, starting in 2011, refocused its attention on the region, partly as a result of Chinese moves. While this can be considered a significant shift in US policy, it is not a matter of US disengagement in Asia followed by US re-engagement, but a shift in emphasis and focus, building on



Japanese Ground Self-Defence Forces *(Photo by Miki Yoshihito)*

the elaborate relations the US already has in the region. As such, the change in policy emphasis is a region-wide, multi-dimensional initiative, which consists of security, economic and diplomatic elements.[16]

A NEW ERA OF PROCUREMENT

In 2013, Japan published new National Defence Programme Guidelines (NDPG – their version of a defence White Paper) and for the first time, a National Security Strategy (NSS). The plans outlined a major restructuring of the JSDF combined with spending JPY 24.7 trillion ($240 billion) on new equipment up to 2018, in order to build a more responsive, flexible and deployable JSDF, a process which is still ongoing.[17] This is in conjunction with Prime Minister Abe and his cabinet approving changes to the interpretation of the post-war constitution to allow the JSDF to exercise the right to collective self-defence—a major change in Japan's post-war security policy, which had a strong constitutional commitment to pacifism.[18]

This is hardly surprising, given the events of 2010 when Japan arrested a Chinese trawler captain near the Senkaku Islands after his vessel had rammed Japanese coastguard ships. The Japanese eventually released him, but not before China had stopped the export of rare earth elements to Japan and allowed anti-Japanese protests.[19] This incident "sent a psychological message to Japanese policymakers that the Chinese really are serious"[20] and that "the emergence of a more robust Chinese maritime presence does present an important challenge to Japan".[21]

Japan does not have a centralised government procurement system. Government agencies "generally operate their own procurement rules that stem from legislation including the 1947 Accounts Act and the 1947 Local Autonomy Act."[22] Until recently, the defence acquisition process was led by a Japanese Ministry of Defence (MoD) agency known as the Equipment Procurement and Construction Office (EPCO), formerly known as the Central Procurement Office (CPO). The EPCO handled procurements valued at JPY1.5 million or more, as well as those that are considered 'central procurement items.' The MoD's Bureau of Finance and Equipment (BFE) handles 'local procurement items,' which are generally of a lower value. EPCO implemented and managed virtually all of Japan's defence acquisition programmes. The agency was staffed by around 520 civilian employees and 80 from the military. They had the responsibility of not only acquiring major pieces of equipment and services, but also overseeing construction work at JSDF bases and lifecycle project management. EPCO was assisted by the Regional Defence Bureaus, which are tasked with supervising, inspecting and auditing acquisition programmes at a local level. EPCO's budget amounted to about a quarter of the entire defence budget.[23]

EPCO's principles of procurement were based on reform measures introduced in 1999 and its own rules for tendering and contracting. These include the promotion of transparency, fairness and a commitment to competition. However, many defence acquisition contracts managed by EPCO have been awarded on a 'single source' or 'limited tendering' basis, which falls into a category that can best be described as having 'closed processes.' This suggests that the stated aims of



(Photo by Miki Yoshihito)



The Japan Maritime Self-Defence Force minesweeper tender, *JDS Bungo*
(Photo by LA Amanda McElrich NZ Defence Forces)

transparency and fairness have merely been a base position. The commitment to these principles could be further called into question given the continued concern over corruption in the defence acquisition process (see below).[24]

To combat these concerns and to drive enhancements and efficiencies across a range of defence-related activity (including procurement, production and exports), the MoD created a new agency, the Acquisition, Technology and Logistics Agency (ATLA) on 2 October 2015, with Hideaki Watanabe as its first commissioner. Watanabe was previously Director General of the Technical Research and Development Institute (TRDI), which was incorporated into ATLA, along with EPCO and elements of the MoD's BFE. The new agency will employ around 1,800 personnel, with about 400 from the JSDF, and consolidates the existing procurement divisions from the JSDF's ground, air and maritime components.

ATLA will have a wide range of responsibilities, including tighter adherence to acquisition rules (a response to recent allegations of misconduct in several acquisition programmes), enhancing JSDF interoperability, achieving better value for money in the defence procurement budget, strengthening the domestic defence industrial base and support technical cooperation with allied countries—Japan lifted the ban on military exports in April 2014, allowing its industrial base to engage with foreign programmes.[25] The Japanese MoD is also considering new contracting methods (implemented by ATLA), which aim to increase the incentive for companies to reduce costs and minimise risk (including that of cost overruns) by, amongst other things, more frequent information sharing.[26]

MOBILITY AND RAPID RESPONSE

The current restructuring finally moves the JSDF away from its Cold War posture of heavily mechanised forces stationed in northeast Japan to stop a Soviet invasion through Hokkaido and refocuses its defensive effort (with an emphasis on strategic mobility, amphibious lift, maritime power and air superiority) to the southwest, especially in the Nansei Island chains. These are the islands that also hold the majority of the 50,000 US troops stationed in Japan.[27]

Changes to the JSDF include:[28]

• Ground Forces – will reduce its holding of both main battle tanks (MBTs) and artillery pieces from around 830 and 780 respectively (in 2013) to around 300 each. It will reduce its regional units from eight divisions and six brigades, to five divisions and two brigades. In their place are units that are designated as 'rapid deployment' including three divisions, four brigades, an airborne brigade, a helicopter brigade and an amphibious brigade. The amphibious brigade will be based on an infantry regiment stationed in the Senkaku island chain, which was stood up for the first time in March 2016[29], and eventually comprise 3,000 personnel equipped with 17 MV-22 Osprey aircraft and 52 Amphibious



US Navy and Japan Maritime Self-Defence Force ships steam in formation during Keen Sword 2015
(US Navy photo by Mass Communication Specialists 3rd Class Bradley J. Gee)

Assault Vehicles (AAVs). Additional future acquisitions include 99 Manoeuvre Combat Vehicles (MCVs—a wheeled AFV with a 105 mm main gun), five Chinook CH-47JA helicopters and, potentially, AH-64 Apache helicopters. The MoD is also looking to replace the ageing Mitsubishi Heavy Industries (MHI) Type 82 reconnaissance vehicle, as well as the 155 mm FH-70 towed howitzer.

• Air Force – The Japanese Air Force will reorganise some of its airborne early warning and control (AEW&C) groups into squadrons, convert a reconnaissance squadron into a fighter squadron (for a total of 13), increase the total number of fighter aircraft (from 260 to 280 aircraft), continue upgrading the F-15J fleet and begin upgrading the F-2 fighter fleet (essentially an F-16 variant). The acquisition of (up to) 42 F-35 aircraft will allow the JSDF to finally retire its F-4J Kai Phantoms, while MHI and TRDI work on the ATD-X fighter prototype. It plans to double the number of aerial refuelling squadrons (to two), expand its intelligence, surveillance and reconnaissance capability and acquire three HALE (High-Altitude Long-Endurance) Unmanned Aerial Vehicle systems.

• Maritime Force – Japan will increase its combined destroyer and frigate fleet from 47 to 54 ships, add another two ships to its existing six Aegis-equipped destroyers for ballistic missile defence and upgrade the three Osumi-class amphibious assault ships. It also plans to acquire 10 Kawasaki P-1 maritime patrol aircraft (MPA), 26 Sikorsky-Mitsubishi SH-60K helicopters and an additional five AgustaWestland MCH101 helicopters. The submarine fleet will expand from 16 to 22 boats, through continued acquisition of the Soryu-class (the seventh of which was delivered in March 2016[30]), as well as upgrades and service-life extensions to older vessels. The MoD is also in the process of acquiring two 24,000 tonne helicopter carriers, named *Izumo* (DDH-183) and *Kaga* (DDH-184), which will replace the two Shirane-class destroyers.

Despite the Cold War having been more than 25 years ago, Japan has only recently begun a large-scale restructuring of its armed forces to take into account the new strategic environment—an environment affected by several factors including the expansion of economic activity in the region and the rise of Chinese power—along with changes in how the post-war constitution can be interpreted. How quickly this happens and how far it goes depends on the efforts of Prime Minister Abe's government to improve Japanese economic performance, reduce debt and reform the defence acquisition system. It is very much a work in progress. ■

ABOUT THE AUTHOR

Peter Antill rejoined Cranfield University in June 2009 to undertake research in order to create a defence acquisition body of knowledge as well as several projects aimed at producing a continuous stream of publications over the longer term. This has included various books, journal articles, case studies, conference papers, monographs and chapters in edited publications as well as updating teaching material used by the Centre for Defence Acquisition. Peter graduated from Staffordshire University in 1993 with a BA (Hons) International Relations and followed that with an MSc Strategic Studies from Aberystwyth in 1995 and a PGCE (Post-Compulsory Education) from Oxford Brookes in 2005.

FOOTNOTES

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