

Expanding Defense Exports: Implications of the Japan-Australia Warship Deal

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Unexpected Acceleration in Japan–Australia Defense Cooperation

On August 5th, the Japanese and Australian governments announced that Japan’s proposal had been selected for the Royal Australian Navy’s new frigate procurement program. Japan proposed a joint development project based on an enhanced version of its Maritime Self-Defense Force’s latest Mogami-class frigate (the New FFM, built by Mitsubishi Heavy Industries (MHI)), winning the defense contract against Germany. Following price negotiations, the final contract is expected to be signed in January of next year. Should this be considered an “informal selection” that is virtually a final decision?

A Coordinated Public-Private Arms Sales Promotion

The planned order is for 11 vessels, valued up to 10 billion Australian dollars (approximately 950 billion yen). This is Japan’s largest-ever export of a complete defense system, second only to Mitsubishi Electric’s surveillance and control radar deal with the Philippines. It crucially marks Japan’s first-ever export of a major, lethal weapon system. The government and defense contractors are not hiding their excitement. Deliveries are targeted to begin in 2029. The first three vessels will be built in Japan, with the remaining eight scheduled to be constructed in Western Australia.

Having learned from the experience of being defeated by France in the 2016 submarine export bid to Australia, the Japanese government and defense contractors like Mitsubishi Heavy Industries are now promoting this project through a unified, joint public-private effort. They established a joint committee, conducted high-level visits, held explanatory meetings, and deployed a Mogami-class vessel to Australia for demonstration purposes. The United States has also been consulted, specifically regarding system compatibility.

These efforts stem not only from Japan and Australia strengthening military cooperation as “quasi-allies,” but also likely from the US-UK-Australia military alliance “AUKUS” which is expanding cooperation with Japan in the artificial intelligence (AI) and cyber domains. The very plan to introduce the new destroyers strongly reflects heightened awareness of China’s growing maritime presence in the Oceania region. Exporting warships to Australia is part of the strategy to encircle China and directly contradicts the former Three Principles on Arms Exports’ core principle of not contributing to international conflicts.

Mass of Lethality

The Mogami-class frigate operates with a crew of about 90, roughly half the size of conventional vessels. This feature is said to align with Australia’s requirements. In addition, it can carry various weapons, including anti-ship, anti-aircraft, and anti-submarine missiles; torpedoes capable of attacking warships and vessels; and mines designed to disrupt naval navigation. Its Vertical Launching System (VLS) can accommodate 32 missiles—double the previous capacity of 16—significantly enhancing its offensive capabilities. Eventually, it is anticipated to carry the “Improved Type 12 Surface-to-Ship Missile” with a range exceeding 1,000 km. The frigate represents a significant increase in offensive capability, allowing for extended presence and the exercise of military force in contested zones.

Export of inherently lethal weapons is normally restricted under the operational guidelines of the “Three Principles on Defense Equipment Transfer,” limited to cases falling under the “five categories”: rescue, transport, vigilance, surveillance, and minesweeping. However, exports are being facilitated through the operational guideline of “joint development and production.” This policy mechanism originated during the Noda Democratic Party administration from December 2011.

Joint Development as a Policy Mechanism

At that time, Deputy Defense Minister Akihisa Nagashima led secret meetings and issued a Chief Cabinet Secretary’s statement making international joint weapons development a comprehensive exception to the Three Principles on Arms Exports. This opened a massive loophole which directly led to the lifting of restrictions on exports to third countries for the next-generation fighter jet being jointly developed by Japan, the UK, and Italy, and to the current warship export to Australia. Incidentally, the Constitutional Democratic Party of Japan, which succeeded the Democratic Party, also supports international joint weapons development and has no logical basis to oppose this lethal weapons export.

Australian Defense Minister Richard Marles stated, “there will be no changes to the Mogami-class frigate design other than the translation of the combat management system and regulatory changes required under Australian law. Those later changes can only be approved by the Secretary of the Department and the Chief of the Defence Force, in consultation with myself and the Deputy Prime Minister. This is a lesson we’ve learnt from previous acquisitions and guarantees speed to capability.”

This suggests that the third ship built in Japan could retain the JMSDF (Japan Maritime Self-Defense Force) specifications. At least for the initial construction phase, minor specification changes are being managed under the “joint development” framework, which facilitates exports that would otherwise be restricted under current guidelines. This establishes a precedent for future major system exports. Furthermore, it cannot be ruled out that the Australian side might push for unreasonable specification changes during their domestic construction process, making it impossible to predict whether the joint development will proceed smoothly.

Use of Public Funds and Industrial Policy Considerations

At an August 8th briefing at the Ministry of Defense, it was disclosed that more than 100 billion yen from the “Defense Equipment Transfer Facilitation Fund” established under the Act on Enhancing Defense Production and Technology Bases, may be allocated to private companies like Mitsubishi Heavy Industries. Moreover, this funding is intended for the export of lethal weapons.

Meanwhile, the deficit for national university hospitals in fiscal year 2024 is projected to reach a record high of 28.5 billion yen. Concerns are mounting that regional healthcare will collapse if this trend continues. The allocation of over 100 billion yen from the Defense Equipment Transfer Facilitation Fund to defense exports raises concerns regarding the priority of where resources are allocated. Japan's entry into the defense export market is expanding, even without constitutional revision. Whether Article 9 can remain compatible with such developments is likely to be a point of ongoing debate.

Public debate on defense equipment transfers has not fully kept pace with policy developments. Organizations such as NAJAT (Network Against Japan Arms Trade) have conducted company briefings and related activities, but the rapid expansion of Japan's defense industrial sector has posed significant challenges for sustained engagement. Japan's emerging defense industry-government-academic linkages—often likened to an evolving “defense industrial base” have become a central issue for policy observers. Ensuring transparency and accountability in this area will require continued public discussion.

Advancing Japan-Australia Military Cooperation

On September 5th, the Japan-Australia Foreign and Defense Ministers' Meeting (2+2) was held in Tokyo. Over the past decade, Japan and Australia have successively concluded agreements concerning information sharing, mutual provision of ammunition and other supplies between the Self-Defense Forces and the Australian Defense Force, and troop exchanges. The Maritime Self-Defense Force has also conducted asset protection for Australian vessels. During the multinational joint exercise “Talisman Sabre” held in Australia from July to August, test firings of the Japanese-made “Type 12 Anti-Ship Guided Missile” were also conducted. The export of the “enhanced capability” version, a long-range missile, is likely to be on the agenda.

The 2+2 meeting confirmed that the selection of the new FFM represents “a significant milestone in defense industry cooperation on an unprecedented scale.” Beyond strengthening military cooperation against China in mind such as expanding joint exercises, it also confirmed cooperation expansion in the defense industry sector including maintenance of Australian vessels in Japanese ports and participation by the Japan Air Self-Defense Force in flight tests for the MQ-28A unmanned combat aerial vehicle scheduled for fiscal year 2026, and cooperation in evacuating nationals during conflicts in third countries.

Used Warship Exports and Expanded Demand

The export of lethal weapons is not limited to this case. On July 6th, the Yomiuri Shimbun reported on its front page the export of six used “Abukuma-class” escort vessels to the Philippines. These vessels, which are over 30 years old and slated for gradual decommissioning, are to be exported after minor, cosmetic specification changes to give the appearance of “joint development.” Subsequent reports indicate some may be diverted to Indonesia and other countries. This scheme also anticipates the export of new-type destroyers.

The Philippines is both the destination for Japan's first weapons export—an early warning radar system—and a key recipient of the Ministry of Foreign Affairs' Overseas Security Assistance (OSA), a program providing weapons grants. Exporting and providing weapons to the Philippine military, amounts to complicity in domestic conflict and contributes to heightened military tensions with China.

The expansion of defense cooperation and export policy is advancing at a rapid pace, posing a challenge for sustained public engagement and debate. The “Expert Panel on Fundamental Reinforcement of Defense Capabilities,” chaired by Sadayuki Sakakibara and established by the Ministry of Defense, submitted its report to Defense Minister Nakatani on September 19th.

Under the euphemism of “next-generation propulsion,” it urges consideration of acquiring nuclear-powered submarines and calls for the introduction of state-owned armament factories to strengthen the military-industrial complex. To expand arms exports, it proposed revising the “five categories” and allowing arms exports to countries that maintain friendly relationships with Japan facing threats. I once pointed out that “if the capability constraint of exclusively defensive defense is removed, theoretically, everything except nuclear weapons could potentially be acquired.” Putting the brakes on this unrestrained massive military expansion is an extremely difficult task.

Toward Remaking “Consciousness and Culture”

The rapid expansion of defense exports marks a fundamental shift in Japan’s industrial policy and international role. What is frightening is that defense contractors are increasingly disregarding “reputation risk.” Japanese defense firms, with their small defense sector share, have historically hesitated to fully commit to arms exports, fearing that being labeled “merchants of death” would impact sales in their civilian sectors. However, the unprecedented massive military expansion budget of “43 trillion yen over five years” encourages companies to accelerate their transformation into a “profitable industry.” A law dismantling the Science Council of Japan, which had sounded the alarm on military research, has also been enacted. What lies ahead is the formation of a Japanese version of the “military-industrial-academic complex.”

The aims of the military expansion advocates are clear. Hirohito Ogi (Institute for Geoeconomics, IOG) states, “Ultimately, what is most needed is a change in the mindset and culture surrounding defense production. This means shifting from policies and business practices premised on decline to expanding production in preparation for emergencies” (Chuo Koron, August issue). Once that happens, it cannot be easily reversed.

Corporate Responsibility and Political Accountability

Even so, precisely because we are on the brink, it is important to intensify pressure on corporations. Responding to the rising BDS (Boycott, Divestment, Sanctions) movement, Itochu Corporation terminated its memorandum of cooperation with Israel's largest defense contractor, Elbit Systems. MHI plays a leading role in shipbuilding, missile development, and next-generation fighter programs, making its corporate strategies influential in shaping Japan’s defense industrial landscape.

Politics also matters. Media reports indicate that opposition to defense equipment transfers is declining across political parties. The Mainichi Shimbun quoted a Defense Ministry official saying, “Even if the administration changes, security policy is unlikely to change significantly.” Expanding public engagement on these issues will therefore require renewed efforts to foster informed debate.

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