



MANOHAR PARRIKAR INSTITUTE FOR
DEFENCE STUDIES AND ANALYSES

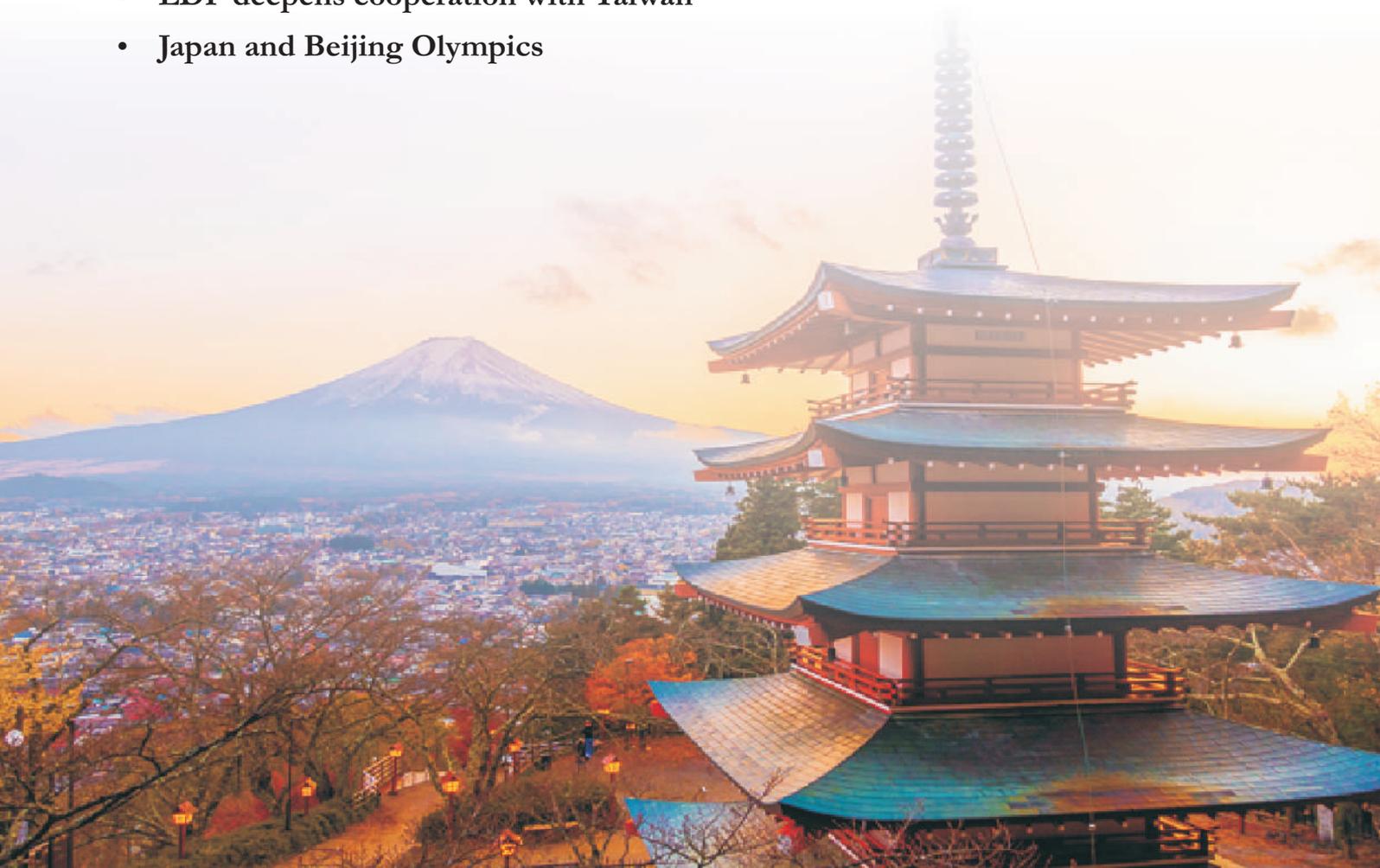
मनोहर पर्रिकर रक्षा अध्ययन एवं विश्लेषण संस्थान

JAPAN

Digest

December 2021

- Japan approves defence budget
- China-Japan defence ministerial talks
- US-Japan cost sharing agreement
- LDP deepens cooperation with Taiwan
- Japan and Beijing Olympics



Japan approves defence budget

On December 24, Japanese Cabinet approved a defence budget of [¥5.4 trillion](#) (US \$47.2 billion) for FY 2022, marking a continued northward movement for the last [8 years](#). This figure includes expenditures related to hosting American bases. It represents a nominal increase of 1.09 percent annual spending. The budget has to be passed by the Diet.

Given the severe security situation surrounding Japan, especially threats emanating from China and North Korea, this latest budget is focussed on bolstering defence capacity. There is considerable increase in R&D spending as ¥291.10 billion is allocated, up ¥79.60 billion or 37.6 percent from the previous year. The focus is on advanced technologies including investing in crewless planes using artificial intelligence. With regard to space, Japan [intends to spend](#) ¥117.70 billion to carry out research, for instance, using satellite constellations for detecting and following hypersonic glide weapons. With regard to electromagnetic waves, Japan aims to spend ¥ 6.50 billion for developing “future rail guns” for targeting hypersonic guided missiles, and ¥ 7.20 billion to invest in advanced technologies to shoot down drones with microwaves.

Moreover, Japan aims to spend ¥127.80 billion to get 12 more F-35 advanced stealth fighter jets, and ¥10.20 billion for transport ships to defend the south-western remote island, where the SDF have deployed missile units. Additionally, ¥ 52.00 billion is allotted in order to upgrade 70 F-15 fighter jets. It has also earmarked ¥10.2 billion to get a 1,700-ton logistic support vessel (LSV) and a new class of 350-ton landing craft utility (LCU) vessels aimed at

improving transportation to bases in any emergency in the south-western island. Japan allocated ¥6.1 billion to carry on modification in two Izumo-class carriers, including JS Izumo and JS Kaga, which will be capable of permitting F-35B fighter aircraft operations. Around ¥ 3.6 billion is likely to be used for equipping Izumo with a landing navigation system for F-35Bs. Another ¥20.2 billion is kept for acquiring SM-6 air-defence missiles to equip two Maya-class Aegis-equipped destroyers. Japan will also invest ¥ 39.30 billion for standoff missiles that has the ability to fly 900kms. Furthermore, it has allocated ¥5.80 billion to adapt radars for new ships equipped with Aegis missile interceptors. Japan has [reportedly](#) kept ¥100.1 billion to carry on developing next-generation F-X fighter aircraft, including ¥10.1 billion for the conceptual design of the unmanned aircraft. Japan and the UK have decided to jointly develop engine technology for both the UK-led Tempest and Japan’s F-X future combat aircraft programmes. Rolls-Royce and IHI Corporation are involved in the programme. In its threat assessment, the annual defence white paper has underscored China’s unilateral attempts to alter the status quo in the East and South China Seas, and North Korea’s nuclear and ballistic missile development programme posing imminent security challenges for Japan. Difficult policy decisions are staring at Prime Minister Kishida’s administration as the call for doubling Japan’s defence spending gains traction at a time when government debt stands at 266 percent of GDP.

China-Japan defence ministerial talks

On December 27, Japan’s Defence Minister Nobuo Kishi held teleconference with his Chinese counterpart, State Councilor and

Defense Minister of China, Wei Fenghe. During the meeting, Japan urged for “[self-restraint](#)” while flagging its concerns regarding unilateral attempts at altering the status quo in the “waters around the Senkaku Islands” and also the South China Sea. Another important talking point was Taiwan. In keeping with its position, Japan argued that stability across the Taiwan Strait is crucial for Japan’s security. Tokyo’s “serious concerns” regarding the China Coast Guard Law which came in February 2021 and ambiguities in Chinese defence budget also featured in the discussions. In this regard, both sides agreed to set up a hotline between defence authorities by the end of 2022 with the objective of advancing the efficacy of the Maritime and Aerial Communication Mechanism. After the meeting, Defence Minister Kishi [underscored](#) the importance of continuing frank conversation with Chinese leaders with the purpose of strengthening mutual confidence.

US-Japan cost sharing agreement

Tokyo decided to enhance support for American forces stationed in Japan under a fresh five-year US-Japan cost sharing agreement starting in FY 2022. Under the new agreement, Tokyo is expected to pay about [US\\$9.3 billion](#) for five years, starting in April. The agreement is likely to be [signed during the upcoming US-Japan 2+2 meeting in January](#). Japanese media reports indicate that there is a [5 percent](#) rise in funding in host nation support, amounting to ¥211 billion annually, and it will be used for maintenance of facilities utilised by both Japanese SDFs and US military, and also joint exercises. This is in reaction to Washington’s long-standing request towards equitable burden sharing within the alliance.

LDP deepens cooperation with Taiwan

In late December, members of the Japanese ruling Liberal Democratic Party (LDP) and Taiwanese Democratic Progressive Party (DPP) held [virtual discussion](#) which focussed on deepening economic security cooperation, with especial emphasis on supply chain resilience in semiconductors. LDP has supported Taiwan’s proposal earlier in September to join the CPTPP. Previously in August, LDP and DPP held security talks where they discussed similar issues. In a separate development, former Prime Minister Shinzo Abe urged for bolstering US-Japan-Taiwan trilateral [effective cooperation on technologies in new defence domains](#). He was speaking at the US-Japan-Taiwan Trilateral Indo-Pacific Security Dialogue, hosted by the Prospect Foundation, Centre for a New American Security, and Japan Institute of International Affairs.

Japan and Beijing Olympics

Japanese Foreign Minister Yoshimasa Hayashi has suggested that Tokyo will refrain from sending a government delegation to the Beijing Olympics. While Prime Minister Fumio Kishida said that Japan has directly conveyed to Beijing its concerns over basic universal values including freedom, respect for basic human rights and the rule of law, he has refused to interpret the decision as “boycott” of the Games. Japan will [dispatch three Olympic and Paralympic officials](#). Japanese [media reports suggested](#) that Tokyo 2020 President Hashimoto Seiko and presidents of Japan's Olympic and Paralympic Committees will join the event.