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Tokyo scraps arms export limits for security and growth

Key takeaways

- The Takaichi government scrapped the last major restrictions on Japan's arms exports on Tuesday, 21 April.
- This policy change will support the government's efforts to strengthen Japan's defense industrial base, as the government looks to the defense sector as a pillar of Japan's autonomy and a source of growth.
- The decision is opposed by the public, which could impact implementation in some cases, but the government may in practice face few obstacles towards promoting arms exports.

The Takaichi cabinet approved a landmark revision to Japan's "Three Principles" governing transfers of defense equipment and technology on Tuesday, 21 April, clearing the way for expanded efforts to support Japan's defense industry in order both to strengthen Japan's resilience in the face of a crisis and nurture the industry as a source of economic growth. The change also shows the Japanese government's growing determination to use arms exports as a tool of Japan's foreign policy, using arms sales to support "like-minded countries" in their efforts to bolster deterrence against common adversaries. Finally, by enabling Japan's companies to produce for larger markets, they may eventually achieve greater economies of scale reducing Japan's marginal costs.

The revised principles now permit Japan, upon review by the National Security Council (NSC), to export arms – and not just non-lethal equipment – to countries directly engaged in combat. The NSC will be responsible for conducting stringent reviews to ensure that equipment winds up in the appropriate hands, but the government will have a relatively free hand in managing exports, with Diet notification required only after a decision has been made. The update scraps the previous rules restricting exports to five non-lethal categories (rescue, transport, warning, surveillance and minesweeping), with

the only limitation now being the recipient countries and how much scrutiny an arms sale will receive from the Japanese government. Japan will be able to sell arms to the seventeen countries with which it has an arms export agreement, currently the United States, Australia, and fifteen other countries in Europe and Asia. The total could soon grow to twenty once an agreement with Canada enters into force and Japan concludes talks with Spain and Finland. Tokyo may be looking to Southeast Asia, particularly the Philippines and Indonesia, as leading markets for Japan's arms exports. Both Takaichi and Defense Minister Koizumi Shinjirō will use the upcoming Golden Week holidays to pitch potential buyers, with the former traveling to Australia and Vietnam and the latter to Indonesia and the Philippines.

The effects of relaxing these rules could impact not only incumbent defense companies but also the small-and-medium-sized suppliers of specialized technologies used in defense equipment, large companies in non-defense sectors (automobiles, materials) that produce inputs for defense equipment, and Japan's burgeoning defense startup ecosystem that is looking to gain market share in drones and artificial intelligence for defense.

This cabinet decision is a tangible product of the Liberal Democratic Party's (LDP) break with Kōmeitō, which had acted as a "brake" on relaxing arms export restrictions, and its coalition with Ishin no Kai, which has described itself as an "accelerator" for strengthening Japan's defense posture. That said, while the Takaichi government was able to sidestep parliamentary opposition in advancing the rule change – the arms exports rules being a cabinet order and not legislation – the response to this initiative suggests that some traces of Japan's postwar anti-militarism remain. Not only has Japan seen a recent uptick in anti-war protests, but opinion polls show that public opposition to abandoning the arms export restrictions remains strong. For example, in an *Asahi Shimbun* poll, 67% said that they oppose exports of lethal equipment, with even majorities of supporters of the Takaichi government and the LDP opposing the change. While younger cohorts were marginally less opposed to the rule change than older cohorts, showing the gradual softening of public anti-militarism, the fact that no generation favors the change suggests that public sentiment could serve as an informal constraint on the exercise of this authority insofar as the government seeks to avoid arms sales that could attract opposition at home. Nevertheless, the Takaichi government's focus on the defense industry as part of its growth strategy indicates that the rule change will inevitably open the door to a more robust defense sector.

Tobias Harris

Founder and Principal

Japan Foresight LLC

tobias@japanforesight.com

+1.847.738.4048
