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Issue Brief

Japan's Supplementary Defence Budget

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S*ummary*

The Japanese Ministry of Defence budget request for FY 2023–24 at 7.7 trillion yen is a significant increase from the FY 2022–23 figure of 6.8 trillion yen. Prime Minister Fumio Kishida's stated goal is to spend over 47 trillion yen by fiscal 2027 to achieve modernisation of Japan's defence capabilities.

Introduction

On 31 August 2023, the Japanese Ministry of Defence (MoD) released details of its budget request for the supplementary national budget, which is scheduled to be presented before the extraordinary session of the Diet that will commence on 20 October. The document titled ‘The Progress of Comprehensive Strengthening of Defence Capabilities and Budget’¹, provides insights into Japan’s evolving defence posture. The document is significant because of the budget of 7.7 trillion yen, which is a significant increase from the current year’s high of 6.8 trillion yen. If this budget passes as is, it will imply that Japan is well on its way to achieve Prime Minister Fumio Kishida’s stated goal of spending over 47 trillion yen by fiscal 2027 to achieve a total modernisation of Japan’s defence capabilities, making the Japan Self Defence Forces (JSDF) the fourth most well-funded military in the world.

Table 1. Domain-specific expenses proposed by the Ministry of Defence²

<i>Domain</i>		<i>Budget FY2022-23 (A)</i>	<i>Budget request for FY-2023-24 (B)</i>	<i>Comparative increase/decrease (B-A)</i>
Stand-off missile defence capabilities		14,130	7,339	(-)6,791
Integrated air and missile defence capabilities		9,829	12,420	(+)2,591
Unmanned Asset defence capabilities		1,791	1,161	(-)631
Cross-domain operational capabilities	Space	1,529	1,145	(-)384
	Cyber	2,363	2,185	(-)178
	Vehicles etc.	11,763	13,787	(+)2,023
Command-and-control and information-related functions		3,053	4,488	(+)1,435
Mobile deployment capability and civil protection		2,396	5,951	(+)3,554
Sustainability and durability	Arms and ammunition	2,124	4,068	(+)1,944
	Maintenance of equipment	17,930	19,041	(+)1,111

¹ “[防衛力抜本的強化の進捗と予算](#)” (“**The Progress of Comprehensive Strengthening of Defence Capabilities and Budget**”), 防衛省 (Ministry of Defence), 31 August 2023.

² Ibid., p. 8.

	Hardening of facilities	4,740	8,043	(+)3,302
Strengthening defence production base		972	886	(-)86
Research and development		2,320	2,321	(+)1
Base measures		5,149	5,182	(+)33
Training and fuel costs		9,437	9,567	(+)130
TOTAL		89,525	97,582	(+)8,057

Note: All amounts are in hundred million yen.

Main pillars of the budget

The 54-page document initially lays out in some detail the major priorities of the Japanese armed forces in the years to come. It declares that the MoD’s priorities would revolve around the following seven pillars: (1) stand-off missile defence capabilities; (2) integrated air and missile defence capabilities; (3) unmanned asset defence capabilities; (4) cross-domain operational capabilities; (5) command and control and information-related functions; (6) Mobile deployment capability and civil protection; and (7) sustainability and durability.³

Stand-off missile defence

The first three primarily relate to the procurement of military hardware. Aside from regular maintenance and upgradation of bases and weapons systems, stand-off missile defence mainly revolves around the research, development and procurement of indigenously manufactured Mitsubishi Type-12 missiles in all three variants (anti-ship, anti-aircraft and anti-base) as well as new anti-ship and high-speed gliding missiles for island defence, submarine-launched guided missiles and hypersonic guided missiles. The document proposes to set aside a total of 174.9 billion yen for the Type 12 missiles, with an additional 101.7 billion yen for guided missiles for island defence. Hypersonic missile development and procurement is estimated at 80.3 billion yen. The research and development of precision guided surface-to-sea and surface-to-surface guided missiles has been allotted 32 billion yen, while the procurement of off-the-shelf weapons systems such as the Joint Strike Missile (JSM, mounted on modified F-35s) and the Joint Air-to-Surface Stand-Off Missile (JASSM, mounted on modified F-15s) -- both jointly developed with the United States, are estimated to cost 42.3 billion yen. Modifications to existing air assets such as F-15s and F-35s are rated at 36.4 billion yen, while the Maritime Self-Defence Forces (MSDF) has requested an additional 200 million yen towards the retrofitting of Tomahawk cruise missile launch capabilities on its ships.⁴

³ Ibid., p. 2.

⁴ Ibid., pp. 12–13.

Integrated air and missile defence capabilities

Integrated air and missile defence capabilities has a proposed outlay of 1.2 trillion yen. It is divided into two parts: strengthening of interceptor assets and sensor networks. Under the former heading, the primary line items involve the construction of two new Aegis-class destroyers at an outlay of 379.7 billion yen, with the ships expected to go into service in 2027–28. The MSDF has also requested 75 billion yen for the joint development (with the US) of a new Glide Phase Interceptor missile, which can intercept hypersonic missiles in flight. Under the latter heading, a total of 569 billion yen has been allotted to upgrade and modernise Japan’s early warning and detection sensor network, including the acquisition of new platforms such as TPS-102A mobile early warning and control radars.⁵

Unmanned asset defence capabilities

The third key pillar, unmanned asset defence capabilities, have been assessed at 118.4 billion yen. The primary line items concern the production or procurement of a variety of Information Collection, Surveillance, Reconnaissance and Targeting (ISRT) platforms, with Unmanned Surface Vehicles (USV) and Unmanned Underwater Vehicles (UUV) for the MSDF added to existing requests from the Ground and Air Self-Defence Forces (GSDF and ASDF respectively) for short- and mid-range Unmanned Aerial Vehicles (UAVs)⁶.

Cross-domain operational capabilities

Cross-domain operational capabilities envisage integrated operations in space, cyber, electromagnetic and amphibious domains. Of these, space-related capabilities, especially information collection as well as hardened communication networks to promote redundancy, are expected to be strengthened with an outlay of 165.4 billion yen. Cyber-capabilities have been assessed at 230.3 billion yen, and the key foci here are the implementation of a Risk Management Framework (RMF), introduction of so-called ‘zero-trust’ systems and system network management tools. Strengthening Japan’s capabilities in the electro-magnetic domain have also been given prominence, with a wide spectrum of lethal hardware, including new F-35A and B variants of fighter planes, network electronic warfare systems (NEWS), RC-2 electronic information collection aircraft and unmanned platforms envisaged for purchase.⁷

Command and control and information-related functions

Command and control and information-related functions have an outlay of 686.2 billion yen, with the lion’s share of the funds to be diverted into setting up a new Joint Force Command which will report to the Chief of Joint Chiefs of Staff,

⁵ Ibid., pp. 14–15.

⁶ Ibid., pp. 16–17.

⁷ Ibid., pp. 18–25.

theoretically taking over command of all three services in the event of an emergency.⁸ The budget emphasises hardened networks providing real-time information to streamlined command structures, which are simultaneously capable of maintaining total awareness of troop movements as well as protected against information warfare strategies of hostile armies. It further gives importance to the setting-up of a centralised command structure (23.2 billion yen), procurement of information collection and analysis systems (267.4 billion yen) and OSINT (Open-Source Intelligence) capabilities (67 billion yen).⁹

Mobile deployment and civilian protection capabilities

Mobile deployment and civilian protection capabilities are focused on the need to create a system for rapid deployment of troops across the country, as well as the augmentation of the armed forces’ capabilities in transport and logistics, so as to enable the evacuation of civilians from a disaster or conflict zones. Under this heading, the MSDF has requested 17.3 billion yen to procure three mobile troop transport ships. Funds for transport helicopters such as the UH-47J Chinook and the UH-2 Blackhawk have also been requested.¹⁰

Sustainability and durability

The seventh key pillar, on sustainability and durability, has three sub-sectors for which budget requests have been made: the procurement of ammunition such as artillery shells and missiles (930.3 billion yen); the procurement of equipment (2.3 trillion yen); and the hardening of existing infrastructure against attack (804.3 billion yen).¹¹

Other key concerns

Under the section ‘Common bases’, the document outlines pre-existing priorities for the JSDF for which additional funds are requested¹². These include 12 provisions relating to (1) new rules for early equipment induction; (2) Strengthening the defence production base; (3) research and development; (4) supporting elements of defence capabilities; (5) measures related to strengthening the Japan–U.S. alliance and harmonizing with local communities, etc.; (6) strengthening security cooperation; (7) initiatives against climate change; (8) efforts at optimisation; (9) organisation of the Self-Defence Forces; (10) recruitment of new and maintenance of current Self-Defence Forces personnel; (11) increase in number of administrative officers, etc.; and (12) request for tax reform. Some of these concerns are discussed below.

⁸ Yomiuri Shimbun, “[Japan Accelerates Preparations for Unified Command of SDF; Defense Ministry Seeks Seamless Response to Contingencies](#)”, *The Japan News by Yomiuri Shimbun*, 6 September 2023.

⁹ Ibid., p. 26.

¹⁰ Ibid., p. 27.

¹¹ Ibid., pp. 28–30.

¹² Ibid., pp. 31–51.

New rules for early equipment induction

The first item on this list provides for new rules in order to enable early induction of useful technologies into the armed forces, with a special focus on drones. The document proposes that promising technologies would be inducted within one to five years of the initial assessment. It identifies transport drones, optical data relays for geosynchronous satellite orbits and OSINT technology capable of analysing social media data in real time as initial projects for which funds are to be allotted.¹³

Strengthening defence production

The document proposes to spend 97.8 billion yen on strengthening the supply base for lethal hardware and technology. Key focus areas include supply chain resilience, production efficiency, cybersecurity measures and continuation of businesses through succession policies, with the addition of supply chain survey database creation as a key priority. This also contains international presence building as a line item, requesting 300 million yen for that purpose.¹⁴

Research and development

The third key concern focuses on R&D, and carries the hefty price tag of 835.8 billion yen. A major share of these funds are expected to be diverted into a new defence R&D organisation on the lines of DARPA in the United States, which will aim to set ambitious goals, provide a hub for experts and human resources from the Japanese civilian domain as well as from abroad and provide speedy decision-making and production schedules for promising technologies. Additionally, the document mentions R&D efforts in stand-off weapons, hypersonic glide vehicles, unmanned assets, High-Power Microwave (HPM), next-generation fighter jets (in collaboration with the United Kingdom and Italy), rail guns, new-generation armoured vehicles and EMP devices as targets for investment.¹⁵

Factors affecting defensive capabilities

Concerning the factors affecting defensive capabilities, the document primarily targets the recruitment, retention and advancement of human resources within the JSDF (which has historically been an organisation with high-turnover and low recruitment numbers). Here the focus is on making the JSDF a more inclusive environment for female officers and other ranks, as well as creating an environment that is conducive to their advancement. It also includes expenses for medical, healthcare and other benefits to be extended to those in uniform, including a substantial rise in childcare expenditure (in line with the Japanese government’s implementation of paternal leave policies).¹⁶

¹³ Ibid., p. 31.

¹⁴ Ibid., pp. 32–33.

¹⁵ Ibid., pp. 34–36.

¹⁶ Ibid., pp. 37–41.

Recruitment, infrastructure and other concerns

The item on the US–Japan alliance mainly concerns the improvement of base facilities located in Okinawa Prefecture, including the (controversial) Henoko Base, the construction of which has been delayed by a legal tussle between the local and national governments.¹⁷ On defence and security cooperation, the document primarily lists out the JSDF’s participation in international exercises and defence talks; it is the only item in the document that does not attach monetary value to any of its activities.¹⁸ The section concerning countermeasures against the effects of climate change, on the other hand, proposes to set aside 5.3 billion yen to ‘climate-proof’ base facilities, and a further 10.5 billion yen to ‘disaster-proof’ them. The document also requests 27.4 billion yen towards ensuring the health and safety of members of the JSDF against climate-related issues.¹⁹

Initiatives towards efficiency are grouped into the eighth item of the budget document, and include new initiatives to eliminate waste and lack of planning when ordering equipment or parts.²⁰ Personnel retentions are covered by the next two sections, with recruitment and retention targets set up for each service. A total of 537 new service-members are to be inducted into the three services, the largest contingent of which 185 members are to be recruited in the services’ logistics, R&D and administrative arms in order to implement changes in the command structure of the JSDF. The second highest, 93 members, are expected to contribute to durability and resilience functions, while 81 persons are to be inducted in information-gathering and intelligence arms.²¹ Finally, the document presents a request for tax reform. Most prominently, it requests a continuation of the exception granted to the armed forces against the levy of consumption tax, as well as establishing a permanent exemption from taxes on imported fossil fuels.²²

Conclusion

The new supplementary budget issued by the Japanese Ministry of Defence clearly indicates the country’s sincerity in rebuilding its military capabilities. Its focus on the acquisition of new hardware (through industrial cooperation and R&D), investment in military infrastructure and human resources, and the formulation of a new command-and-control system is a welcome step in the right direction.

¹⁷ Ibid., pp. 42–43; Mainichi Japan, “[News Navigator: What is the US Base Relocation Plan in Okinawa and Why Is It Necessary?](#)”, *The Mainichi*, 27 August 2022.

¹⁸ “[防衛力抜本的強化の進捗と予算](#)” (“**The Progress of Comprehensive Strengthening of Defence Capabilities and Budget**”), no. 1, pp. 44–46.

¹⁹ Ibid., p. 47.

²⁰ Ibid., p. 48.

²¹ Ibid., pp. 49–50.

²² Ibid., p. 51.

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