FEATURE ARTICLES

Japan and South Korea: Defense Industrial Partners or Competitors?—A Japanese Perspective



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RECENT DEVELOPMENTS OF SOUTH KOREA-JAPANESE SECURITY COOPERATION

President Lee Jae Myung's "pragmatic diplomacy" has taken effect in the diplomatic relationship between South Korea and Japan. Shuttle diplomacy at the leaders' level has resumed, including visits to their respective hometowns this year. Personal chemistry between Lee and Prime Minister Sanae Takaichi has been more cordial than previously feared.[1] In the bilateral summit meeting in Andong in May, the two leaders recognized the importance of Japan and South Korea taking the initiative in promoting peace and stability in the Indo-Pacific region, including maintaining and strengthening deterrence and response capabilities through the

[1] James Kim, "So Far So Good: first Year of the Lee Jae Myung Presidency," Korea On Point, June 20, 2026, https://koreaonpoint.org/articles/article_detail.php?idx=536.

Japan-U.S. alliance, the U.S.-ROK alliance, and their strategic coordination.[2]

In the background of this unusual move is intensified great-power rivalry. The security environment of both countries is becoming even worse today than it was four years ago, when Russia invaded Ukraine, and the situation is deteriorating rapidly. The three authoritarian revisionist countries, Russia, China, and North Korea, are strengthening their political, military, economic, and technological ties, though they are not a trilateral partnership comparable to the U.S., Japan, and South Korea. They continue to pose serious threats to South Korea and Japan. In the meantime, the United States, the only ally of both countries, is distracted from international partnerships. While deterring China from a position of strength will continue to be prioritized in the U.S. national security policy, there is no mention of North Korea in the Trump administration's National Security Strategy. Although the 2026 National Defense Strategy states that North Korea poses a direct military threat to South Korea as well as to Japan, [3] it is uncertain how serious the Trump administration's resolve is to address the North Korean threat.

Witnessing the recent development of Japan's national security policy in light of this acute environment, a European observer recently stated that Japan is developing a networked security architecture that integrates its regional partners around its alliance with the United States. [4] The bilateral security partnership with South Korea and the Japan-U.S.-South Korea trilateral partnership are integral parts of this networked architecture.

> *Like-minded countries, including South Korea and Japan, must strengthen their operational capabilities by enhancing interoperability.*

Both countries must work together to restore the rules-based international order built upon the principle of the rule of law.[5] The pursuit of a rules-based order does not spring from nostalgia. It is the rules-based order that promotes predictability and stability, which lead to prosperity. However, international norms are not effective without the power of sovereign states to rectify unlawful acts of other countries. The power must be accompanied by the capability and capacity to engage in actual combat operations. It is more than a deterrent. It must be operational enough to contribute to the stability of the international order. No single country can achieve this. Like-minded countries, including South Korea and Japan, must strengthen their operational capabilities by enhancing interoperability.

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2 Ministry of Foreign Affairs of Japan, "Japan-ROK Summit Meeting," May 19, 2026, https://www.mofa.go.jp/a_o/na/kr/pageite_000001_01649.html.

3 Department of War, *2026NDS National Defense Strategy: Restoring Peace through Strength for a New Golden Age of America*, January 23, 2026: 12, https://media.defense.gov/2026/Jan/23/2003864773/-1/-1/0/2026-national-defense-strategy.pdf.

4 Celine Pajon, *Japan's Defense Industry Goes Global: Ambitions and Challenges*, *IFRI Papers*, Asie. Visions No. 149 (2025): 20, https://www.ifri.org/en/papers/japans-defense-industry-goes-global-ambitions-and-challenges.

5 Hideshi Tokuchi, "President Lee Jae Myung's Pragmatic Diplomacy and Japan-Korea Relations," Korea On Point, June 23, 2026, https://koreaonpoint.org/articles/article_detail.php?idx=538.

As the government of Japan anticipates future conflicts of attrition that will require large stockpiles of munitions and a resilient allied industrial base,[6] defense industrial cooperation between the two countries, if realized, would have the potential to strengthen their interoperability. Industrial cooperation will not end just as a one-off event, but rather will likely be a long-term project, involving maintenance, repair, supply, and upgrades, and will contribute to elevating bilateral security ties to a higher level.

Although overall bilateral relations have improved markedly under the new leaders of both countries, expansion of the partnership cannot be taken for granted. In response to an interview with a Japanese media outlet in January, President Lee Jae Myung said, "It is not easy to cooperate in the military and security fields. But it is up to politics and the role of political leaders to resolve difficult issues. They should meet frequently to resolve such things amicably."[7] In June, however, he said in a news conference that he had told Prime Minister Takaichi that, although a bilateral acquisition and cross-servicing agreement (ACSA) is practically necessary, the current public sentiment in South Korea makes it difficult to conclude an agreement with Japan. He also said that he had told the Japanese leader that he would be criticized if he talked about the matter in South Korea and asked the Japanese side to understand the situation.[8] If a bilateral ACSA is difficult to conclude with Japan, an "agreement concerning the transfer of defense equipment and technology" might be equally or more difficult.[9]

THE GROWING DEFENSE INDUSTRIAL BASE OF JAPAN

Japan aims to strengthen its comprehensive national power in accordance with the National Security Strategy of 2022. While the government of Japan is revising it at the end of 2026 to address the increasingly acute security environment, its strategic trajectory to enhance Japan's comprehensive national power is likely to remain unchanged, as it must be well prepared for a wide variety of warfare, from full-scale, all-out invasion to gray-zone contingencies that fall under the threshold of armed attack.

As part of its military efforts, Japan is trying to reinforce its defense production and technology bases as "defense capabilities themselves," which are "an indispensable foundation for ensuring stable research and development, production, and procurement of defense equipment in Japan."[10] In the background of this recognition are serious conditions Japan's defense industry has been facing for years: cost increases due to technological advances; supply chain risks due to the complex and unstable international situation; and limited demand and unique specifications because Japan's Self-

6 Pajon, *Japan's Defense Industry*, 20.

7 "Japan-South Korea leaders agree on cooperation, 'shuttle diplomacy'," NHK World, January 13, 2026, https://www3.nhk.or.jp/nhkworld/en/news/backstories/4523/.

8 "South Korean president mentions need for acquisition pact with Japan," Japan Times, June 9, 2026, https://www.japantimes.co.jp/news/2026/06/09/japan/politics/south-korea-president-japan-acsa-deal-mention/.

9 Transfer of lethal weapons is limited to countries that have concluded international agreements mandating the use consistent with the U.N. Charter. There is no such agreement between South Korea and Japan. (Cabinet Secretariat, Ministry of Foreign Affairs, Ministry of Economy, Trade and Industry, and Ministry of Defense, "Revision of the Defense Equipment and Technology Transfer System," April 2026, 3, https://www.cas.go.jp/jp/gaiyou/jimu/pdf/r80430_bouei_kaitei.pdf.

10 Cabinet Decision, National Security Strategy of Japan (Provisional Translation), December 2022: 21, https://www.cas.go.jp/jp/siryou/221216anzenhoshou/nss-e.pdf

Defense Forces are the only customer. These challenges led to low profitability and a negative outlook for business continuity and growth. Under these circumstances, some companies in Japan's defense industry are withdrawing from or downsizing defense business operations. [11] Accordingly, the Japanese government is trying to make the defense industry robust and sustainable by improving manufacturing process efficiency, reinforcing supply chain resilience, supporting business continuity, and facilitating defense equipment exports.[12]

As national defense is a critical mission concerning the survival of the sovereign state and its nationals, domestic production of defense equipment would be ideal. However, it is difficult for any one country to maintain necessary defense production and technology bases without international cooperation due to fierce competition in research and development and rapid technological progress.[13] It is more important to bring expertise from like-minded countries together to deter attempts at altering the status quo by force and to maintain a stable international order.

Japan's new attempt to expand exports of defense equipment is part of its efforts to strengthen production and technology bases. It will help cement security partnerships with like-minded countries for the long term and work as an important policy tool to shape a desirable international security environment with those countries. It should not be considered as a means to pursue the economic interests of private industry. It is a public requirement.

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PROSPECTS FOR A SOUTH KOREAN-JAPANESE DEFENSE INDUSTRIAL PARTNERSHIP

The defense industries of both South Korea and Japan are expanding arms production, reflecting the acute security environment for the two countries. According to a report released by the Stockholm International Peace Research Institute (SIPRI) in December 2025, South Korea's top four arms-producing and military services companies increased their revenues by 31% in 2024 from the previous year, and Japan's top five companies increased their combined revenues by 40%.[14] The revenue of the four companies based in South Korea accounted for 2.1% of the SIPRI top 100's total, the tenth largest in the world, and that of the five companies based in Japan accounted for 2.0% of the top 100's total, the eleventh largest.[15]

Figures related to arms exports paint a different picture of these two countries. According to another

11 Ministry of Defense, *Defense of Japan 2025* (2025): 459, https://www.mod.go.jp/j/press/wp/wp2025/pdf/DOJ2025_EN_Full.pdf.

12 Ministry of Defense, *Defense of Japan*, 461-462.

13 Ministry of Defense, *Defense of Japan*, 461.

14 Lorenzo Scarazzato et al., "The SIPRI Top 100 Arms-Producing and military services companies, 2024," *SIPRI Fact Sheet*, December 2025: 7, https://www.sipri.org/sites/default/files/2025-11/fs_2512_top_100_2024.pdf.

15 Scarazzato et al., "The SIPRI Top 100," 3.

report released by SIPRI, South Korea is the ninth largest supplier of major arms in 2021-2025, while Japan is not even included in the top 25.[16] The volume of South Korea's exports of major arms in the same period increased by 24% from 2016 to 2020.[17] In 2025 alone, South Korea ranked fourth in arms export share, following the United States, France, and Israel. Behind this development is South Korea's "self-reliant national defense" concept, rooted in its history and geopolitical situation.[18] Weapons and military equipment produced in South Korea are in great demand thanks to their reliability, speedy delivery times, and relatively low prices. In addition, the South Korean defense industry is expanding its offerings to the world market, from warships, artillery systems, and aircraft in the past to include armored vehicles, missiles, and air defense systems today.[19]

The South Korean government has taken the initiative to maintain and strengthen Korea's defense industry and arms exports for three reasons: declining U.S. defense commitments; the balance of military power, particularly in ground forces, being tilted toward North Korea in the Cold War; and the geographic location of Seoul in the vicinity of the military demarcation line.[20] This is very different from the security environment of Japan, but there are many things for Japan to learn from the policies and experience of South Korea in order to strengthen its defense industrial base.

Both South Korea and Japan highlight the importance of international partnerships on defense and technology today. Although there are limits on its technological level and domestic production rate, the South Korean defense industry has leveraged its strengths effectively in its arms exports. Japan must learn from Korea in this respect as well. However, South Korea's main arms export partners are Europe, the Middle East, Southeast Asia, and Latin America,[21] whereas Japan's main partners are Southeast Asia and Australia, as shown in exports of Japanese frigates and destroyers. Japan has also been co-developing next-generation fighter aircraft with the U.K. and Italy (Global Combat Air Programme). Thus, there is some overlap in partners. Reportedly, South Korean defense industry officials are closely watching the possibility that Japan may emerge as a competitor, mainly in the field of warships.[22]

However, partnership and competition are not mutually exclusive. In fact, Japan's Defense Minister Shinjiro Koizumi said in his press conference after meeting with South Korea's Minister of National Defense Ahn Gyu-Back in Japan in January 2026, "From the viewpoint of developing Japan-ROK defense cooperative relations in a future-oriented and mutually beneficial manner, we confirmed that discussions between defense authorities will be held to explore cooperation in advanced science and technology fields, such as artificial intelligence,

16 Matthew George et al., "Trends in International Arms Transfers, 2025," *SIPRI Fact Sheet*, March 2026: 2, https://www.sipri.org/sites/default/files/2026-03/fs_2603_at_2025.pdf.

17 George et al., "Trends in International Arms Transfer," 3.

18 Daisuke Shimizu and Akihiko Kaise, "S. Korea rising in goal to become a top 4 global defense exporter," *Asahi Shimbun*, May 23, 2026, https://www.asahi.com/ajw/articles/16553731.

19 Julian Ryall, "As the world rearms, South Korea aims to cash in," DW, July 16, 2026, https://www.dw.com/en/as-the-world-rearms-south-korea-aims-to-cash-in/a-77950625.

20 Naoto Ogi, 韓国防衛需給のギャップ・フィラー(South Korea: Gap Filler of Defense Demand and Supply) in *各国防衛産業の比較研究―自律性、選択、そして持続可能性(Comparative Study of Defense Industries of Various Countries – Autonomy, Choice and Sustainability)*, ed. Sadamasa Oue et al. (Institute of Geoeconomics, 2023): 89-90, https://instituteofgeoeconomics.org/wp-content/uploads/2024/08/00_boueisangyo_page.pdf.

21 Ogi, 韓国, 93.

22 Shimizu and Kaise, "S. Korea rising."

unmanned systems, and outer space." [23] Both ministers committed to continuing such discussions in the joint press statement after their meeting in Seoul in June 2026.[24]

Cooperation between the two countries involving the transfer of Japan's lethal weapons would not be feasible without concluding an agreement concerning the transfer of defense equipment and technology, but cooperation involving the transfer of non-lethal weapons would be possible without such a formal agreement. [25] Cooperation in dual-use technologies could also be more feasible. The possibility of military applications of green technologies would be worth exploring to lessen the logistical burden of refueling and increase the sustainability of military forces, adapting to climate change.

Japan's defense industry has begun to grow in light of the country's increasingly acute security environment, but it is still in the early stage of development. As it is a latecomer in international business, it faces several challenges, including its limited capacity for large-scale production. [26] However, there are a variety of lessons to learn from South Korea. As long as both countries remain proactive in strengthening their respective defense industrial and technological bases, there will be a chance for closer partnership. It will contribute to the institutionalization of bilateral security ties.

Political leadership is indispensable for international collaboration in the defense industry and technology, as it is deeply bound to the core of national defense. If both countries share the vision of an international order, the perception of security threats, and the interest in sharing a defense industrial base, they will be able to generate great momentum to proceed, given the improved bilateral relationship at the leader level. This is not simply about economic benefits, but rather about how to shape the regional and international order together. Thus, the importance of strategic dialogue between the two countries could not be overstated.

As long as both countries remain proactive in strengthening their respective defense industrial and technological bases, there will be a chance for closer partnership

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23 Ministry of Defense, "Press Conference by Defense Minister Koizumi on Friday, January 30, 2026, at 03:58 PM," January 30, 2026, https://www.mod.go.jp/en/article/2026/01/18ae3e9d31d1517cff402ce994ab32cc223e8bca.html.

24 Ministry of Defense, 日韓防衛相共同ステートメント (Japan-South Korea Defense Ministerial Joint Press Statement), June 28, 2026, https://www.mod.go.jp/j/approach/exchange/area/2026/20260628_kor-j_a.html.

25 National Security Council, "(Provisional Translation) Implementation Guidelines for the Three Principles on Transfer of Defense Equipment and Technology:" 1-2, April 21, 2026, https://www.cas.go.jp/jp/gaiyou/jimu/pdf/r80421_bouei4.pdf.

26 Pajon, *Japan's Defense Industry*, 25.



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