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GUIDELINES FOR INCREASE OF U.S.-JAPANESE DEFENSE TECHNOLOGY COOPERATION

INTRODUCTION

Defense technology cooperation has become an important and controversial feature of United States-Japan security relations. Since 1980 U.S. and Japanese officials have been constructing a framework of agreements covering exchanges of military and defense-related technologies and closer industrial collaboration. Reports of Pentagon-sponsored survey teams have underscored the potential contribution of Japanese technologies to numerous defense applications. Development of cooperative projects, however, has lagged behind. This reflects not only bureaucratic problems in both countries, but continuing skepticism over the feasibility of defense technology cooperation--a situation exacerbated by trade problems and the recent sale of advanced machine tools by Toshiba Machine Company to the Soviet Union, enabling the Soviets to lower the noise level of their submarines.

U.S.-Japan friction, however, must not be allowed to obscure the gain for both countries that could come from the development and exchange of defense technologies. Much attention has focused on Japan's decision to participate in the Strategic Defense Initiative (SDI), but such defense programs as the Conventional Defense/Balanced Technology Initiatives (CDI) offer an even greater scope for U.S.-Japan cooperation. A number of actions could advance these efforts. Among them:

- ◆◆ A Defense Department policy statement that clearly supports technology and industrial cooperation with Japan.
- ◆◆ Stronger staffing at the Pentagon for non-NATO defense technology cooperation programs.
- ◆◆ Inviting Japan to participate in jointly funded defense research and development (R&D) efforts and Conventional Defense/Balanced Technology Initiative projects.

- ◆◆ Using the Toshiba incident to press Tokyo to take more effective steps to protect sensitive technologies.

DEVELOPMENT OF DEFENSE TECHNOLOGY COOPERATION

The Mutual Defense Assistance Agreement of 1954 has served as the basis for the exchange of defense-related materials and technologies between the U.S. and Japan.¹ Through the 1960s and 1970s these transfers were almost entirely one-way from the U.S. to Japan through military assistance programs, direct sales, and eventually coproduction of U.S. defense systems in Japan.

By the 1970s, Japan's growing technological capabilities had attracted the attention of the U.S. defense community. In 1980 the U.S. Department of Defense and the Japan Defense Agency (JDA) established the Systems and Technology Forum (S&TF) to promote cooperation on defense technology programs. S&TF activities, however, were undercut by Tokyo's view that Japanese policy prohibiting military exports covered not only equipment but "military technology" as well. Since this position made the concept of defense technology cooperation all but meaningless, Washington proposed in 1981 that Japan find some way to allow the export of military technologies to the U.S. At this point defense technology became a central element in the Reagan Administration's "burden-sharing" approach to security relations with Japan under which the Administration has encouraged Japan to improve its defense capabilities and cooperate more effectively with the U.S. in meeting common security concerns.²

Exempt from Ban. Tokyo reacted cautiously. The Japanese government did not want to face possible domestic and foreign criticism of any attempt to reinterpret Japan's arms export policy. Soon after Prime Minister Yasuhiro Nakasone assumed office in October 1982, his government signaled that it would permit defense technology transfers. The following January, the Japanese government announced that transfers of military technologies to the U.S. would be exempted from Japan's ban on military exports. Then in November, the two governments concluded an Exchange of Notes on "Transfers of Japanese Military Technology to the U.S."³

Essentially a confirmation of Tokyo's earlier policy statement, the Notes are particularly important for two reasons:

1) **They provide for a Joint Military Technology Commission (JMTC)** to review U.S. requests for Japanese military technologies. The JMTC includes representatives of the Japanese Ministry of Foreign Affairs, Ministry of International

1. Excerpted in Japan Defense Agency, *Defense of Japan 1986* (Tokyo: The Japan Times, Ltd., 1986), p. 325.

2. For a recent statement of U.S. defense policy toward Japan, see Richard L. Armitage, "The U.S.-Japan Alliance," in *Defense 86* (July/August) (Washington, D.C.: U.S. Government Printing Office, 1986), pp. 20-22.

3. Reprinted in Office of the Undersecretary of Defense for Research and Engineering, *Japanese Military Technology* (Washington, D.C.: U.S. Government Printing Office, 1986), Table B.

Trade and Industry (MITI), and the Japanese Defense Agency, as well as the Departments of State and Defense representatives in the U.S. Embassy in Tokyo. The JMTC itself does not make policy, but serves as a formal communications channel to forward U.S. technology requests and receive Japanese government responses.

2) **The Japanese government promises** not only to facilitate the flow of military technologies to the U.S., but also to encourage the transfer of defense-related (dual-purpose) technologies that do not require JMTC approval. This category includes most of the technologies (lasers, fiber-optics, avionics components) of prime interest to U.S. industry.

U.S. interest in Japanese defense technology was further encouraged by the June 1984 release of a report from the U.S. Defense Science Board (a Pentagon industrial advisory group) on industrial cooperation with Japan.⁴ The report emphasized the benefits to U.S. industry from increased collaboration from Japan, but warned that without reciprocity the U.S. should reconsider its policy of providing advanced equipment and technology to Japan. This conclusion reflects the predominant view in both U.S. government and industry circles toward defense technology ties with Japan.

In 1985, the first of a series of Pentagon-sponsored "Technology Assessment Teams" (TAT) published a survey of Japanese electro-optic/millimeter wave technologies for surveillance of guidance systems that noted numerous items potentially applicable to U.S. defense needs. A follow-up report was released this June.⁵ A second TAT study, this time on manufacturing technologies, is currently underway.

By the end of 1985, U.S. and Japanese officials concluded a set of "Detailed Arrangements" to cover procedures for Japanese technology transfers, and identified the first actual technology transfer request--the guidance and control sections of the "KEIKO" man-portable surface-to-air missile to counter low-flying aircraft.⁶ Approval for transfer through the JMTC was announced in September 1986.

Technical Assistance. While KEIKO arrangements were still under discussion, another technology transfer request surfaced for technical assistance from Japanese shipbuilder Ishikawajima Harima in the construction design of naval auxiliary oilers by Pennsylvania Shipyards. Despite doubts over whether this clearly commercial technology could be described as "military," Department of Defense officials placed a request through the JMTC. An agreement for similar assistance to the Philadelphia Naval Yard for the overhaul of an aircraft carrier was concluded in December 1986.⁷

4. Office of the Undersecretary of Defense for Research and Engineering, *Report of Defense Science Board Task Force on Industry-to-Industry International Armaments Cooperation--Phase II--Japan* (Washington, D.C.: U.S. Government Printing Office, June 1984).

5. Department of Defense, *Electro-Optics Millimeter/Microwave Technology in Japan* (Washington, D.C.: U.S. Government Printing Office, May 1985 and June 1987).

6. *Japanese Military Technology*, *op. cit.*, pp. 1-3.

7. *Defense News*, January 5, 1987, p. 3.

CURRENT ISSUES

Japanese Participation in SDI

The coincidence of the Japanese government's decision to allow military technology transfers to the U.S. and the Reagan Administration's launching of its Strategic Defense Initiative (SDI) policy in March 1983 seemed to indicate that U.S. interest in Japanese defense technologies had been related to its SDI activities. In fact there was no original linkage between the two issues. U.S. concern with technology transfer predates SDI and will continue with or without SDI programs. Nonetheless, recent developments in international collaboration on SDI will have a major impact on defense technology cooperation between the U.S. and Japan.

Japanese participation in SDI was first raised during discussions between Reagan and Nakasone in January 1985. Tokyo immediately grasped the potential importance of work on SDI not only for technology exchanges but as a symbol of Japan's commitment to its political and security ties with the U.S. Domestic political sensitivity to Japan's involvement in SDI programs, however, forced the Japanese government to take a low public profile and await the response of other U.S. allies to the SDI initiative. Following the agreement of West Germany and Britain to participate in SDI, Japan announced its decision to undertake SDI research in September 1986.⁸

The U.S. and Japan concluded a framework agreement for SDI participation last July. While the effects of Tokyo's decision to join SDI will not become apparent for some time, the prospect of Japanese participation in SDI research--even if limited to subcontracts for U.S. firms--has accelerated the pace of U.S. and Japanese government involvement in technology cooperation. It should further facilitate the flow of defense-related technologies between industries in the two countries.

Conventional Defense/Balanced Technology Initiatives (CDI/BTI)

Concern that preoccupation with SDI would divert attention and funding from other defense programs prompted Congress in 1986 to enact an amendment to the Defense Authorization bill to "expand research on innovative concepts and methods of enhancing conventional defense capabilities."⁹ The Pentagon has responded to this congressional directive (supported by an allocation of \$277 million in the FY 1987 Defense Authorization Act) with a detailed program of research and development projects that emphasizes five primary categories:

- 1) **Smart Weapons Technology** to provide better target acquisition capability for a broad range of conventional munitions.

8. *Defense News*, September 15, 1986, p. 7.

9. *Department of Defense Statement on Conventional Defense Initiative/Balanced Technology Initiative*, Testimony of Dr. Ronald L. Kerber and Mr. Donald A. Fredricksen to the Senate Armed Services Committee, April 8, 1987.

- 2) **Reconnaissance, Surveillance and Target Acquisition (RSTA); Battle Management, Communications, Command, and Control (BMC³) technologies.**
- 3) **Armor/Anti-armor Technology programs.**
- 4) **High Power Microwaves (HPM) programs to learn more about HPM effects on weapons systems.**
- 5) **Special Technology opportunities, for other priority programs such as superconducting materials, and tactical missile defense.**

The U.S. Defense Science Board and Technology Assessment Team studies indicate the potential for Japanese contributions to major CDI/BTI categories. Even so, since last year Tokyo's attention to defense technology cooperation has focused almost exclusively on SDI. The terms CDI and BTI are hardly known in Japan, let alone seriously considered.

Pentagon officials thus should seek to bring Japan into CDI/BTI programs. As with the Strategic Defense Initiative, CDI/BTI can serve as a focal point allowing the U.S. to tap Japanese resources for a variety of programs. Unlike SDI, CDI/BTI is concerned solely with conventional defense technologies. As such, Japanese participation would not encounter the degree of Japanese domestic controversy that will burden association with strategic--and by inevitable implication, nuclear--programs under SDI.

Tactical Missile Defense

Among CDI/BTI projects thus far identified by the Pentagon, defense against tactical conventional missiles appears to be an especially attractive area for U.S.-Japan collaboration. Faced by a growing threat to critical NATO targets from the latest generation of Soviet tactical ballistic and cruise missiles, the Pentagon already has launched an Anti-Tactical Missile (ATM) program.¹⁰ The U.S. is joining with the Federal Republic of Germany to study development of the PATRIOT surface-to-air missile for use as an ATM system.

Japan also has compelling interest in ATM development. Discussions of Japan's defense requirements have focused primarily on the threat of Soviet invasion and the protection of Japan's sea lanes. These are valid issues, but of equal or greater concern is Japan's continuing vulnerability to preemptive Soviet air strikes. Current programs to improve Japan's Basic Air Defense Ground Environment command, control, communications, and intelligence system as well as air defense measures around key bases will provide some degree of protection from Soviet bombers. These efforts will have little effect on Soviet conventional and chemical-armed tactical missiles that could strike critical targets, including U.S. installations, throughout the northern half of Japan.

10. *Aviation Week and Space Technology*, January 19, 1987, p. 2.

Japan will shortly begin coproduction of the PATRIOT missile system now under study by the U.S. for potential ATM use. Japanese defense officials have not raised ATM defense in public, possibly for fear of domestic reaction to any Japanese defense program that appears related in the public mind to nuclear weapons. However, ATM will almost certainly be on the Japan Defense Agency's (JDA) agenda in the near future. Japanese work on a clearly non-nuclear missile defense system would be an effective way of bringing Japan into the framework of CDI/BTI programs.

FSX--Cooperation or Confrontation?

Japan's planned procurement of a new "support fighter"--known as the FSX--seemed to offer a precedent-setting opportunity for defense technology and industrial cooperation between Japan and the U.S. What began as a promising dialogue on FSX among U.S. and Japanese defense officials became for a time a sterile and acrimonious exercise. Pentagon presentations emphasized considerations of cost-effectiveness, interoperability, and the trade balance in pressing for use of a U.S.-derived aircraft. But Japan Defense Agency officials, sympathetic to exaggerated claims that Japanese industry could develop the FSX with little or no foreign assistance, rejected U.S. proposals. For the Pentagon, Japanese adoption of an American-based FSX became emotionally tagged as a litmus test of defense relations. The FSX was raised repeatedly in high-level meetings between the two sides.

FSX is not a matter of "buy American" vs. "buy Japanese"; the real issue is technology cooperation.¹¹ Codevelopment of the FSX by U.S. and Japanese industries could produce an aircraft that not only meets Japanese requirements but also returns useful technology to the U.S. and sets the stage for further cooperative projects. It now appears that both sides have found a face-saving solution to the FSX impasse through adoption of a U.S. airframe with Japanese modifications. While not true codevelopment, this approach still leaves the door open for more ambitious projects in the future.

PROBLEMS AND PROSPECTS

Japanese Arms Exports

Will Japan become an arms exporter? Is U.S.-Japan cooperation on defense technology encouraging a Japanese advance on the world arms market?

When confronted with such questions, Japanese officials immediately respond that Japan has no intention of rescinding its "Three Principles" policy on arms exports. Adopted in 1967, this policy bans military-related exports to countries: 1) in the Soviet bloc; 2) under U.N. sanctions; 3) engaged or about to be engaged in hostilities. A stricter interpretation of the Three Principles in effect since 1976

11. See Gregg A. Rubinstein, "FSX: The Benefits of Coproduction," *Defense News*, January 19, 1987, p. 32.

virtually precludes all military exports.¹² The Japanese government has emphasized that recent military technology transfers to the U.S. are an exception to the Three Principles that reflect the "unique" U.S.-Japan security relationship.

There is no reason to doubt Japan's official commitment to its Three Principles on arms exports. For the foreseeable future, it is most unlikely that the Japanese government would risk the storm of political protest at home certain to be generated by any attempt to alter this widely supported policy. Nor would any Japanese industry group risk public censure by campaigning openly for such a change.

Coproduction. On the other hand, Japan could develop a significant overseas market for defense-related technologies without becoming an actual arms exporter. This can be done without directly challenging the Three Principles, but simply by being more flexible in their interpretation. There is already some ambiguity in the application of Japanese export regulations, as seen in the variety of commercial but militarily applicable equipment in use by numerous military and security forces. As an indication of future trends, efforts by West Germany's Messerschmitt-Bolkow-Blohm GmbH to market an armed version of the commercial BK-117 helicopter developed jointly with Kawasaki Heavy Industries have drawn no public challenge in Japan.¹³ The prevailing view in Tokyo appears to be that, while this military system is based in part on Japanese technology, potential overseas sales through West Germany would not necessarily impinge on Japanese arms export policy.

While Japan is unlikely to enter the international arms market as a maker of weapons and munitions, there is a large market for such nonlethal systems as sensors, communications, and transport, in which Japanese industry is able to participate. Even while Japanese defense contractors continue to focus primarily on commercial markets, they will have an increasing stake in defense-related production.¹⁴ Opportunities for cooperation and competition with U.S. firms will no doubt increase steadily over the next decade.

Protecting Secrets

Toshiba Machine's illegal sale of computer-controlled milling machines to the Soviet Union underscores the longstanding problem between the U.S. and Japan of protecting sensitive technology from unauthorized exploitation or transfer to an unfriendly interest. This problem has several dimensions:

◆◆ Japan's ability to protect classified information received from the Pentagon is limited to internal government regulations and treaty obligations to the U.S. Japan has no "espionage law"; this reflects political sensitivity to the abuse of similar laws prior to 1945. While Japan's record in protecting U.S. classified data so far has been excellent, U.S. officials have sought more explicit guarantees for

12. *Defense of Japan 1986*, *op. cit.*, p. 181.

13. *Aviation Week and Space Technology*, June 10, 1985, p. 74.

14. See Defense Science Board Task Force, *op. cit.*, pp. 47-51 for further discussion.

safeguarding such information. The Defense Department repeatedly has pressed Japan for conclusion of a General Security of Military Information Agreement (GSOMIA) that has been negotiated with many other countries. Tokyo claims, however, that GSOMIA provisions exceed enforcement authority under current Japanese laws. The U.S. and Japan thus have been obliged to work out separate security provisions for each coproduction and technology transfer agreement. A clumsy approach at best, such ad hoc arrangements are produced under severe strain as both governments seek firm assurances that their sensitive technologies will be fully protected.

◆◆ Patent secrecy is another aspect of technology security. Despite a 1956 agreement to facilitate the exchange of patent rights related to defense information, Japan's lack of a patent secrecy law has prevented U.S. patents under Pentagon classification from being properly protected in Japan. As U.S.-Japan defense programs deal increasingly with state-of-the-art technologies, the absence of adequate patent protection measures has become a serious obstacle to future technology transfer agreements.

◆◆ The Toshiba incident highlights the problems faced by Japan and other countries in administering the rules of the Coordinating Committee for Multilateral Export Controls (COCOM), an international arrangement for controlling the export of strategic goods to the Soviet bloc. In Tokyo, responsibility for COCOM controls has been left to a handful of Ministry of International Trade and Industry (MITI) officials, who have relied heavily on self-policing by Japanese industry. A separate MITI office for reviewing strategic exports was established only two years ago.

Despite the damage done by Toshiba's violation of COCOM rules, the incident may jolt Tokyo out of its lax posture toward oversight of strategic exports. New measures have been announced to strengthen the rigor and staffing of MITI's export control activities.¹⁵ After months of discussions between U.S. and Japanese officials, there are reports of progress on more effective patent secrecy measures as well. Washington is also in a position to renew its campaign for a security of military information agreement with Japan. It is quite possible that Japan could agree to a GSOMIA-like arrangement by taking a less strict view of current government regulations. This would avoid the issue of controversial espionage legislation. In the wake of the Toshiba incident and SDI framework negotiations, Tokyo clearly has an interest in exploring this path.

Government Attitudes

The slow pace of defense technology programs with Japan has disappointed some in Washington and raised doubt over the future value of Japanese contributions to defense technologies. There are those, on the other hand, who argue that the U.S. has gone too far in pressing Japan for military technology, thus encouraging the expansion of a Japanese military-industrial complex. Such concerns have some merit.

15. *The Wall Street Journal*, July 7, 1987, p. 16.

So far, however, what has occurred in defense technology activities does not support the view of either group. There has not been an immediate harvest of Japanese technologies or a major expansion of Japan's arms industry. Present defense technology agreements are only the first steps in a long-term process toward which both sides will continue to take a careful, incremental approach.

New Dimension. In working out defense technology agreements, the U.S. and Japan have defined a new dimension in their relationship. As recent Pentagon efforts to encourage arms collaboration with NATO allies have shown, the U.S. does not have the resources to provide for all of its defense technology requirements. Japan may have little to offer in weapons development, but in the broader area of advanced technologies Japan's resources may be greater than those of any other U.S. ally. For its part, Japan's defense industry has come too far to be "cut off" from U.S. assistance. It will develop eventually with or without U.S. cooperation. Even so, as a practical matter, Japan will continue to need the advanced U.S. defense equipment and technology that its money alone cannot buy. Issues concerning technology and industrial collaboration that could not have been raised five years ago are now addressed seriously by government and industry officials on both sides.

The emotional posturing over U.S.-Japan issues currently so popular in Washington and Tokyo may impede this process, but common interest in defense technology cooperation has become too strong to reverse. Both governments can take further measures to encourage progress in cooperation.

Washington Efforts

Increased Pentagon interest in arms cooperation activities, as demonstrated by the creation of the Defense Cooperation Working Group under Deputy Defense Secretary William Howard Taft, remains focused almost entirely toward NATO.¹⁶ The Defense Science Board's 1984 report recommended a Cabinet-level policy directive on defense industrial and technology cooperation with Japan. That this remains unaccomplished attests to a measure of ambivalence in Washington's handling of such programs. Technology and coproduction arrangements with Japan are still negotiated largely ad hoc with inevitable confusion and inconsistencies. Many Pentagon officials remain unenthusiastic about working with Japanese counterparts.

The Defense Department needs to set policy guidelines for working on defense technology issues with Japan. Existing internal Department papers that cover much of this ground should be developed into a public statement clarifying U.S. objectives. On an administrative level, programs concerning Japanese technology remain underdirected and understaffed. Current Pentagon plans to increase resources devoted to "armaments cooperation" with non-NATO allies will be a major step in the right direction, but only if thoroughly implemented.

16. See interview with Deputy Undersecretary Dennis Kloske in *Defense and Foreign Affairs*, April 1987, pp. 22-28.

The Nunn Amendment to the FY 1986 Defense Appropriations Act, which legislated funding for cooperative research and development programs with NATO allies, greatly strengthened Pentagon support for international technology programs.¹⁷ The FY 1987 Act has extended Nunn Amendment funding for cooperative research and development projects beyond NATO to several other countries including Japan. Opportunities presented here as well as appropriations for the CDI/BTI program offer significant incentives for conventional defense technology programs with Japan over the next several years.

Tokyo Efforts

For their part, Japanese government officials have tended to view defense technology as more of a political problem than a strategic opportunity. Japanese officials generally have had little experience with this issue. They are acutely conscious that any misstep in executing defense technology arrangements can expose them to heated political criticism for abandoning Japan's ban on arms exports. Their work on defense technology also has been hampered by fierce in-fighting among the Japan Defense Agency, the Ministry of Foreign Affairs, and the Ministry of International Trade and Industry for control of the process. Underneath these constraints is a widely shared Japanese attitude that technology is something to be imported or licensed, but not to be shared or given away. The same Japanese officials who lose no time in expressing concern over restrictions on provision of U.S. technology to Japan have been slow to perceive that reciprocity in technology transfers may be the only way to keep the U.S. pipeline open.

Nonetheless, there are now enough precedents supporting defense technology cooperation that Japanese officials can afford to be more forthcoming in dealing with U.S. counterparts and in encouraging Japanese industry to test the technology transfer waters. There has already been a notable improvement in official attitudes, but not yet enough to dispel perceptions of a gap between Tokyo's lip service to defense technology cooperation and the government's guidance given to Japanese companies.

Industry Ties

Even if both governments continue to push for defense technology cooperation, their role is basically to provide information, write the rules of the game, and referee when necessary. The substance must come from the private sector. Despite misgivings over dealing with potential competitors, U.S. defense contractors have explored quietly the acquisition of technologies with Japanese counterparts for a number of years. Japanese companies have shown similar interest in pursuing defense-related technology business. However, they have been deterred from action by a lack of clear precedents governing the application of Japanese arms export policies, as well as unfamiliarity with procurement procedures in the U.S. and concern over the protection of proprietary technologies.

In the absence of direct official encouragement, Japanese firms have been reluctant to venture into politically risky technology transfer activities, even when the technologies in question clearly have been applicable to civilian as well as military purposes. While recent progress in effecting defense technology transfers and the

17. *Ibid.*

completion of work on the SDI agreement have encouraged Japanese contractors, the furor over trade problems and the Toshiba incident will ensure that they remain cautious in approaching the U.S. defense market.

No amount of legislation and signed agreements can totally remove industry concerns over security, proprietary rights, and unauthorized exploitation of each other's technology. Only the companies involved can decide whether the opportunities justify the inevitable risks of any collaborative project. However, industries can be helped to see opportunities and make decisions by a more open flow of information and ideas. U.S. and Japanese companies must develop a direct dialogue on defense technology cooperation. It is also time for the U.S. and Japanese governments to allow some form of industry participation in such official cooperative activities as the Systems and Technology Forum established in 1980. There are already a number of organizations that can facilitate these contacts: defense and aerospace industry associations, the Japan Federation of Economic Associations (Keidanren), and quasi-official U.S. advisory groups like the Defense Policy Advisory Committee on Trade and the Defense Science Board.

CONCLUSION

Even as trade friction with Tokyo continues, U.S. political and security cooperation with Japan has become more important than ever. Defense technology projects inevitably affect both economic and defense interests: Success in conventional defense technology programs will strengthen security relations and offer tangible economic benefits to both countries. No other area of potential U.S.-Japan collaboration covers so much ground. Naturally the risks are great, but the eventual rewards can be far greater.

The Reagan Administration, with congressional support, can take a number of steps to improve the prospects for defense technology cooperation with Japan. These include:

◆◆ Issuing a policy statement by the Secretary or Deputy Secretary of Defense in support of defense technology and industrial cooperation with Japan. Such a document would signal official approval to government and industry officials in both countries--just as the absence of such a statement is a signal of official uncertainty...

◆◆ Supporting this policy statement with sufficient staff to fulfill the programs already launched under the U.S.-Japan Systems and Technology Forum, the 1983 Exchange of Notes on Japanese military technologies, and the Pentagon's Technology Assessment Team projects.

◆◆ Designating Japan-based projects for Nunn Amendment funding, and incorporating Japanese resources into Conventional Defense/Balanced Technology Initiative programs. This would demonstrate an American willingness to work with rather than confront Japan on technology and security issues. In particular, such measures would be a timely response to those in Japan who now cite the Toshiba case and the Pentagon's refusal to allow Japan's Fujitsu Limited to purchase

Fairchild Industries to justify their continued reluctance toward defense technology cooperation.

◆◆ Using the Toshiba incident to encourage Tokyo to tighten its COCOM procedures. Improved export control procedures initiated by MITI are a good start, but they must be accompanied by more active Japanese participation in COCOM and more explicit agreements between Japan and the U.S. to protect sensitive defense information.

Security ties with Japan remain the cornerstone of U.S. defense stability in the Western Pacific. Even though friction on trade issues has arisen in recent years, military cooperation between Washington and Tokyo has improved markedly. One of the most promising areas for future defense cooperation is the sharing of defense-related technology. It is in the interests of both countries to give this cooperation high priority.

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