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Trump's *Arsenal of Democracy*: From Wales to The Hague

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Abstract

This policy proposal analyzes the shift in alliances under the second Trump administration (2025), which replaces Roosevelt's "arsenal of democracy" (Lend-Lease) with a "comprehensive burden-sharing" strategy that funnels allied financial resources to rebuild American defense industries. Key features include the proliferation of nuclear submarines in the Indo-Pacific and NATO's 5% GDP defense spending target.

Keywords: burden-sharing; defense spendings; defense industrial base.
JEL classification: F5; H5; H6.

Policy Proposal Summary

Recommendation 1 (Security): Based on MLF lessons, establish the IPSF (Indo-Pacific Submarine Force) and institutionalize a "decision-sharing" framework.

Objectives: Suppress the trigger problem for initiating attacks associated with nuclear submarine proliferation in the Indo-Pacific region. Manage the risk of an accidental conflict. Maximize joint deterrence.

Specific measures:

1) Establish a Submarine Operations Planning Group (SOPG) modeled after NATO's Nuclear Planning Group (NPG) centered on Japan, the U.S., the UK, Australia, and South Korea.
2) Based on the principle of no sharing of weapons, but sharing of decisions, create operational plans for nuclear submarines and a joint decision-making process equivalent to having a finger on the trigger.

These measures will establish a multilateral management system.

Recommendation 2 (Technology & Industry): Strategic redefinition of "comprehensive burden-sharing" leveraging Japan–U.S.–Korea shipbuilding cooperation.

Objectives: Break away from FMS dependency and the "full-cost outsourcing model." Use Japan's shipbuilding technology to supplement U.S. nuclear submarine production capacity, thereby strengthening negotiating power regarding stationing cost burdens and FMS purchase requests.

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Specific measures:

1) Propose concrete contributions to the U.S. goal of increasing annual submarine production capacity to 2.33 vessels by leveraging Japan's non-nuclear capabilities, such as conventional submarine construction and operation, parts supply, and personnel training.
2) In exchange for these contributions, secure access to advanced technology and participation rights in joint development projects.

These measures will establish Japan's status as a "strategic partner" rather than a mere "paying customer."

Proposal 3 (Fiscal): Optimize the "quality" of defense spending and strengthen strategic autonomy.

Objective: Prioritize investing in technology, logistics, and human resources over quantitative demands, such as the 5% GDP target, to correct the current structure, in which benefits flow back to the U.S. defense industry (FMS dependency), and enhance strategic autonomy.

Specific measures:

1) Strategically allocate defense spending beyond FMS off-the-shelf procurement to domestic industry development areas linked to Japan's national interests and strengths, such as long-range missiles, cyber defense, intelligence gathering, and space technology.
2) Strengthen and expand contributions to Ukraine in areas such as humanitarian aid, infrastructure restoration, and cyber defense that are not mediated through FMS purchases to use as bargaining chips against FMS pressure.

Introduction: A Rapidly Changing World Order and the Era of "Comprehensive Burden-Sharing"

By the mid-2010s, the international community had fully exited the "peace dividend" enjoyed during the post-Cold War era and entered a new age of geopolitical tensions. Russia's prolonged aggression in Eastern Europe and China's rapid military buildup and expansion of its sphere of influence in the Indo-Pacific region raise fundamental questions about the existing international order and security system among like-minded countries. Amid this turmoil, Donald Trump's second administration, which began in 2025, is fundamentally changing the nature of alliances and the principle of burden sharing through U.S. security policy. The "arsenal of democracy," declared by President Roosevelt during World War II, provided weapons to allies using American financial resources through the Lend-Lease Act. In contrast, Trump's new "arsenal of democracy" uses allies' financial resources to rebuild American industries, such as weapons production and shipbuilding. Two focal points of this shift are approving Indo-Pacific nations to possess nuclear submarines and requiring European nations to cover their own costs for military support to Ukraine. Given these changes, this policy proposal report focuses on the dramatic turning point in international relations, delving deeply into two core issues: the Trump administration's "comprehensive burden-sharing" strategy and the emerging risk of "nuclear submarine proliferation" in the Indo-Pacific region. These challenges require more than just increased military spending; they also demand a fundamental restructuring of national strategy and the international financial architecture for NATO nations and important like-minded partners in the Indo-Pacific, such as Japan, Australia, and India.

On October 21, 2025, Trump shifted from his pre-presidential opposition to AUKUS—the sale of nuclear submarines from the U.S. to Australia—to declaring "Full Steam Ahead."[1] During his visit to South Korea on October 30, Trump approved the construction of South Korean nuclear submarines at a shipyard in Philadelphia, Pennsylvania.[2] Proliferating nuclear submarines to Indo-Pacific nations could deter China and North Korea, but there is a risk that, without proper command and control, accidental conflicts could engulf the region. Throughout its first and second terms, the Trump administration rejected the U.S. role as the "world's policeman," instead seeking to treat the defense of each nation as a "fair deal" between the U.S. and its allies. This approach is symbolized by the "new military aid package" announced on July 14, 2025, known as the Prioritized Ukraine Requirements List (PURL) mechanism. The PURL mechanism stipulates that the U.S. will continue to supply Ukraine with weapons, but NATO allies will bear the costs.[3] Given such developments, this report analyzes the interrelated structural security concerns and identifies challenges regarding security, defense industrial bases, and

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[1] Michael Heath and Jennifer A. Dlouhy, “Trump Declares 'Full Steam Ahead' on Aukus in Win for Australia,” *Bloomberg*, October 21, 2025, https://www.bloomberg.com/news/articles/2025-10-20/trump-says-aukus-deal-is-proceeding-rapidly-in-boost-for-pact?embedded-checkout=true.

[2] Josh Smith, "Trump Approves South Korea's Nuclear Submarine Construction in Philadelphia," *Reuters*, October 30, 2025, https://jp.reuters.com/world/us/V6IIGHUWIVMF3AXZLYNIPZPSFA-2025-10-29/.

[3] "Transcript: President Trump Holds a Bilateral Meeting with Mark Rutte of NATO, 7.14.25," Senate Democrats, https://www.democrats.senate.gov/newsroom/trump-transcripts/transcript-president-trump-holds-a-bilateral-meeting-with-mark-rutte-of-nato-71425.

fiscal autonomy for NATO and Indo-Pacific nations. The report also proposes countermeasures.

The first challenge is the proliferation of nuclear submarines in the Indo-Pacific and the necessity of collective deterrence. As Australia, South Korea, and (potentially) Japan explore nuclear submarine capabilities, the region is entering a new phase of nuclear submarine proliferation as a strategic weapon. Alongside presenting an opportunity to strengthen deterrence against China and North Korea, this move also carries serious risks, including command and control (C2) issues related to the "trigger problem," whereby individual crisis responses could escalate into a regional war; the "cost problem" of enormous construction and maintenance expenses; and submarine manufacturing capacity issues. Drawing lessons from NATO's Multilateral Nuclear Force (MLF) concept during the Cold War, this report proposes the "Indo-Pacific Submarine Force (IPSF) concept." The IPSF concept advocates for shared decision-making without sharing nuclear weapons, presenting a concrete path to stabilizing the risks of this era of nuclear submarine proliferation through a multilateral management framework.

The second challenge is maintaining the defense industrial base and the fiscal autonomy of allies under the Trump administration's "comprehensive burden-sharing" policy. The Trump administration's demands for burden-sharing have evolved beyond merely increasing contributions to stationing costs. Now, the demands require allies to funnel profits back to the U.S. defense industry by making large-scale purchases of American weapons through the Foreign Military Sales (FMS) program. The administration also pushes for direct investment in manufacturing and job creation centered on rebuilding the shipbuilding industry, effectively transforming the “comprehensive burden-sharing” policy into one that incorporates economic and industrial benefits. The NATO defense spending target of 5% of GDP, agreed upon at the 2025 Hague Summit, epitomizes this strategy. In essence, the target represents a "full-fledged financial outsourcing model" that integrates allies into U.S. industrial revitalization plans. Allies, including Japan, must respond to U.S. demands by devising creative diplomatic and industrial strategies to safeguard allies’ own national interests and strategic autonomy, not merely by increasing financial contributions as "paying partners."

1. The Indo-Pacific Submarine Force (IPSF) Initiative: Building a Multilateral Governance Framework Based on MLF Lessons

With the end of the post-Cold War "peace dividend" and in the context of Russia's invasion of Crimea and China's expansion of its sphere of influence in the South and East China Seas, countries are quickly increasing their military spending. The Indo-Pacific region has particularly seen a new phase emerging in which the number of countries possessing nuclear-powered submarines (NPS) is growing, especially following the advent of the second Trump administration (2025). Australia plans to acquire up to five U.S.-made Virginia-class SSNs by the early 2030s under the AUKUS framework with the U.S. and the UK; Japan has also seen Prime Minister Takaichi indicate a stance of not ruling out SSN deployment. Furthermore, South Korea gained approval for nuclear submarine acquisition during President Trump's visit to the country. Consequently, by the 2030s, new nations will join the traditional possessors—the U.S., the UK, China, and India—in operating nuclear submarines.

While this expansion of nations with nuclear submarines presents an opportunity to strengthen deterrence against China and North Korea, failure to establish strong relationships among such nations could lead to confusion in the command structure and the outbreak of accidental wars. To manage this situation stably, three major challenges must be resolved. First, an individual nation's crisis response attack could potentially escalate into a war across the entire Indo-Pacific region.[4] Second, there is the cost issue. Building and maintaining nuclear submarines requires substantial expenditures that place a significant burden on national finances. Third is the issue of production capacity: To support Australia's and South Korea's plans to build nuclear submarines, the annual production capacity of U.S. Virginia-class submarines must increase from 1.2 to 2.33 vessels per year. This issue raises the question of whether the U.S. production base can meet the demand.

One proposal is to establish an Indo-Pacific Submarine Force (IPSF), drawing from the Multilateral Force (MLF) concept used by NATO nations during the 1960s Cold War to address submarine challenges. This option serves as a solution to the highlighted issues, particularly the trigger and cost problems.

Recommendation 1: Establish an IPSF based on MLF lessons and strengthen command and control (C2).

In the 1960s, the United States proposed the MLF (Multilateral Force) concept within NATO, which aimed to establish a surface fleet equipped with nuclear missiles and involve non-nuclear NATO member states in joint decision-making on nuclear weapon launches. This concept countered incentives for horizontal proliferation, such as in West Germany, and paved the way for the Nuclear Non-Proliferation Treaty (NPT). The greatest significance of the MLF debate lies in establishing the principle of "no sharing of weapons, but sharing of decisions." This slogan, used by Kennedy and Johnson administration diplomats from 1963 to 1964, summarizes the MLF draft's dual principles: continued U.S. control of nuclear weapons and participating nations' veto power. Applying this lesson to the IPSF should resolve the issue of triggering attacks and establish a multilateral management system. Specifically, the following two procedures should be clarified: First, as part of constructing a multilateral decision-making framework, a "Submarine Operations Planning Group (SOPG)" should be established under the IPSF concept. This group should involve nations that possess nuclear-powered submarines and those that are enhancing their operational capabilities, including Japan, the U.S., Australia, and South Korea. This group should model the Nuclear Planning Group (NPG), which was established as an outcome of MLF discussions. Second, to institutionalize a joint decision-making process, the SOPG should facilitate multilateral consultation and information sharing on the "launch decision finger" process, which is equivalent to the nuclear "launch finger" process for nuclear submarines. This step would create a C2 system resembling the "nuclear governance" that manages the risk of accidental or unilateral actions by a single country from escalating into a regional war while maintaining collective deterrence. In the Indo-Pacific, the proliferation of nuclear submarines is one of the most dramatic shifts in the post-Cold War security environment. Leveraging this change as an opportunity to strengthen deterrence while reducing the risk of accidental war requires addressing security concerns and developing a multilateral management framework. Drawing on lessons from the MLF, the IPSF concept is a key policy proposal to elevate the nuclear submarine plans of Japan, the U.S., Australia, and South Korea beyond mere individual force enhancement. This policy would transform such plans into a framework for joint deterrence and political management.

[4] "Pentagon Nominee Says Review Continuing on AUKUS Submarine Project," *Reuters*, October 10, 2025, https://www.reuters.com/world/china/pentagon-nominee-says-aukus-review-continuing-can-be-made-more-sustainable-2025-10-07/.

2. The Trump Administration's "Shipbuilding Rebuilding Strategy" and "Comprehensive Burden-Sharing" Strategy for Allies: Policy Recommendations Based on Analysis of AUKUS, South Korea, and Japan

In the second Trump administration, security policy transformed the concept of "burden sharing" with allies from merely sharing stationing costs into a "comprehensive burden-sharing" strategy. This shift expanded the concept to include the purchase of American-made weapons and direct investment in shipbuilding industries. At the core of this strategy lies the revitalization of the U.S. shipbuilding industrial base through exporting nuclear-powered submarines (NPS). As demonstrated by proposals to Australia and South Korea, this policy is an "America First" industrial policy aimed at generating economic and industrial benefits, not merely military cooperation.

As the first pillar of the shipbuilding revitalization strategy, the Trump administration seeks to achieve "joint investment" and increased production capacity through the U.S.–UK–Australia AUKUS alliance. The sale of up to five Virginia-class nuclear submarines to Australia is positioned as a key means to attract foreign direct investment (FDI) into the U.S. shipbuilding industry. For the AUKUS alliance, there are three primary objectives: revitalize the U.S.'s shrinking industrial base and skilled workforce in submarine construction, maintenance, and repair; counter China's dominance in commercial shipbuilding; and promote the concept of "fair burden-sharing" by having allies contribute to security expenses. However, U.S. shipbuilding capacity poses a significant challenge to the implementation of this plan. To secure Australia's procurement of nuclear submarines, the annual production rate of U.S. Virginia-class submarines must increase from 1.2 to 2.33 vessels per year. Australia has committed substantial budgetary funds, in addition to the submarine purchase costs, to strengthen the U.S. submarine industrial base. This pillar will be executed through the Foreign Military Sales (FMS) framework.

Reportedly, the Trump administration is offering South Korea a level of technical cooperation not even included in the AUKUS agreement with Australia. President Trump has publicly expressed intent to approve the construction of South Korean nuclear submarines at U.S. shipyards and share highly classified U.S. technology, such as nuclear propulsion technology, with South Korea. The proposal's economic purpose is clear: While strengthening defense capabilities against North Korea's nuclear and missile threats, the proposal also encourages South Korea to invest in the U.S. shipbuilding industry. That aim effectively leverages South Korea's technological capabilities and capital to rebuild the U.S. shipbuilding sector. As an unusual and far-reaching policy, the proposal clearly demonstrates the Trump administration's intent to leverage the technological capabilities and capital of allies to rebuild the U.S. shipbuilding industry.

Currently, the Trump administration has not confirmed any specific commitments or references to direct sales of nuclear submarines or the transfer of construction technology to Japan. This inaction stems from the longstanding debate over whether Japan's possession of nuclear-powered submarines, which use nuclear energy as their power source, aligns with its Three Non-Nuclear Principles ("not to possess, produce, or allow the introduction of nuclear weapons"), a fundamental national policy. Japan currently has world-class capabilities in building and operating conventionally powered submarines, so defense cooperation between Japan and the U.S. has focused on enhancing and coordinating the operational capabilities of these submarines. However, the Trump administration has strongly urged Japan to purchase more American weapons, such as High Mobility Artillery Rocket System (HIMARS) and Tomahawk missiles, and Japan is potentially necessary to achieve the "shipbuilding revitalization plan" targeting South Korea and Australia. Demands for Japan's "comprehensive burden-sharing" are thus expected to intensify.

Ultimately, the Trump administration’s policies prominently feature a structure that views security as a "fair deal," shifting the burden onto allies for everything from weapons purchases to industrial investments. To respond to this "ultimate burden-sharing" and maximize its national interests, Japan should adopt the following strategy: First, Japan should leverage "contributions to shipbuilding" in negotiations. Without mentioning nuclear submarine sales or technology transfer specifically, Japan should propose to help revitalize the U.S. shipbuilding industry by utilizing Japan’s own advanced technology in non-nuclear fields to compensate for U.S. production capacity shortages. Japan should demand the transfer of advanced U.S. technology and participation in more substantial joint development projects in exchange for such cooperation. Second, Japan should deepen conventional submarine cooperation. In this area, which aligns well with Japan's Three Non-Nuclear Principles, Japan should further strengthen information sharing and joint training with the U.S., South Korea, and Australia. Japan should play a core role in joint deterrence in the Indo-Pacific. Third, regarding the "enhancement of quality" in defense spending, Japan should aim for the 5% GDP target agreed upon at the Hague Summit (3.5% for core defense requirements and 1.5% for related expenditures). Such efforts should go beyond merely increasing defense spending quantitatively, especially for U.S.-made weapons under the Foreign Military Sales (FMS) program. Instead, efforts should also focus on strengthening Japan's technology, logistics, and human resources capabilities. Human resources are already a key Japanese strength. By enhancing the "substantive quality" of defense spending, Japan can break free from its dependence on the United States and achieve true "comprehensive burden-sharing."

Recommendation 2 (Technology and Industry): Strategically Redefining "Comprehensive Burden-Sharing": Leveraging Japan-U.S.-Korea Shipbuilding Cooperation

The MLF's burden-sharing principle addresses the cost issues of nuclear submarine construction and maintenance within the alliance. First, a joint financing and procurement mechanism should be established where IPSF participating nations (especially Australia, South Korea, and Japan) share the substantial costs of nuclear submarine construction, maintenance, and training via a shared financial system. By sharing these funds multilaterally, as Australia has done by investing heavily in the U.S. shipbuilding industrial base, the financial burden on any single nation can be reduced. Second, production capacity issues can be resolved by immediately implementing Japan–U.S.–South Korea shipbuilding industry cooperation. Increasing U.S. shipbuilding capacity to meet AUKUS obligations (a target of 2.33 vessels per year) is an urgent task. Cooperation between the Japanese and U.S. shipbuilding industries could somewhat mitigate this issue. Given the country’s world-leading capabilities in building and operating conventionally powered submarines, Japan should enhance its cooperation with the U.S. regarding technology transfer, personnel training, and component supply to mitigate the risk of U.S. production delays.

3. The Trump Administration's "Comprehensive Burden-Sharing" Strategy and the Dramatic Shift in NATO Defense Spending Targets Policy Implications of the 5% Goal Set at the Hague Summit

Under the Trump administration, the nature of the U.S. burden-sharing policy shifted dramatically. It evolved from merely demanding increased cost-sharing for troop stationing from traditional allies to encompassing economic and military "comprehensive burden-sharing." As part of the shift, allies are expected to make large-scale purchases of American-made weapons and direct investments in sectors such as shipbuilding. This shift culminated in the historic increase in NATO's defense spending targets, particularly the 5% GDP target agreed upon at the 2025 Hague Summit. Accordingly, this section outlines the evolution of NATO's defense spending targets, analyzes the structure of the Trump administration's "comprehensive burden-sharing" strategy, and proposes policy responses to the challenges it poses to allies, especially Japan.

In response to geopolitical threats and U.S. political pressure, NATO's defense spending targets have been progressively strengthened. The Wales Summit in 2014 established the 2% GDP target. In February 2014, Russia's annexation of Crimea was the primary direct catalyst as the annexation became the most serious security challenge for NATO since the end of the Cold War. The Obama administration had also criticized the perceived unfairness of excessive "burden sharing" in response to defense spending cuts by European nations following the 2008 global financial crisis. At the September 2014 Wales Summit, NATO formally declared the goal of "raising defense spending to 2% of GDP within 10 years" as the alliance's first explicit and binding target.[5] This goal represented a step forward from the non-binding "desirable guideline" mentioned at the 2002 Prague Summit. At the Wales Summit, a target was also set to allocate at least 20% of defense spending to equipment. However, progress was slow. The targets lacked legal force and depended on voluntary national efforts. Strong pressure from the first Trump administration (2017–2021)—which at one point declared, "Two percent is insufficient; raise it to four percent"—did lead to increased spending. By 2024, approximately 23 NATO countries had met or exceeded the 2% target.

At the 2025 Hague Summit, a dramatic increase to a 5% GDP target was agreed upon.[6] The prolonged Russian invasion of Ukraine and heightened geopolitical tensions drove this shift, increasing the urgency for European nations to boost defense spending. President Trump's strong demand to significantly raise the target from 2% was the driving force behind the shift. His primary objectives were to achieve "fair burden-sharing" and reduce the U.S. financial burden. At the June 2025 NATO summit in The Hague, the 31 member nations (excluding Spain) agreed to Trump's demand, setting a target to increase defense spending to 5% of GDP by 2035. The 5% target breaks down as follows: 3.5% for core defense requirements and 1.5% for defense and security-related expenditures, such as infrastructure and cybersecurity.

The Trump administration's burden-sharing policy has evolved from mere requests

[5] "Wales Summit Declaration," North Atlantic Treaty Organization, September 5, 2014, https://www.nato.int/cps/en/natohq/official_texts_112964.htm.

[6] "The Hague Summit Declaration issued by the NATO Heads of State and Government participating in the meeting of the North Atlantic Council in The Hague," North Atlantic Treaty Organization, June 25, 2025, https://www.nato.int/cps/en/natohq/official_texts_236705.htm.

for troop stationing cost contributions to a strategy that aims to generate "economic benefits through arms sales" and "create multiple debtors among allies." President Trump views alliances as "fair deals," challenging what he perceives as years of the U.S. shouldering an excessive defense burden. He demanded that NATO members meet the 2% defense spending target and threatened to increase costs for stationed U.S. troops for any NATO countries that fail to comply.

On July 14, 2025, the "new military aid package" was announced as the establishment of a new framework called the Prioritized Ukraine Requirements List (PURL) mechanism. This mechanism is the core of the "new model" for U.S. military aid, which was announced during a meeting between President Trump and NATO Secretary General Jens Stoltenberg (or his successor, Secretary General Mark Rutte) at the White House. Going forward, the U.S. will continue to provide weapons, but the costs will be borne by NATO allies. Funding will be provided through a model in which NATO allies purchase American weapons and supply them to Ukraine. Under this arrangement, the United States can utilize the production capacity of the U.S. defense industry to support Ukraine without bearing the direct financial burden. The weapons supplied include important defense capabilities, such as the Patriot air defense system. For Europe and Canada, this equipment is difficult to provide quickly on their own and was identified by Ukraine as a high operational priority. The PURL mechanism implemented the Trump administration's "Peace Through Strength" foreign policy agenda and introduced the new "cost-sharing by allies" approach to supporting Ukraine. Effectively, the second Trump administration introduced a structure that outsourced the financing of U.S. shipbuilding revitalization and support for Ukraine to allies through arms sales. The PURL mechanism reduced the U.S. fiscal burden while generating Foreign Military Sales (FMS) revenue for the military-industrial complex. Major FMS deals included Patriot air defense systems and support packages, including aid for Ukraine, worth billions to tens of billions of dollars for NATO nations. In the Indo-Pacific, equipment packages worth $7–10 billion were sold to Taiwan—including High Mobility Artillery Rocket System (HIMARS) and cruise missiles—and Japan was strongly encouraged to continue purchasing HIMARS and Tomahawks. These weapons purchases are all structured to be funded by the allies themselves. The Trump administration aims to leverage allied military spending to rebuild domestic industries, such as shipbuilding and aircraft manufacturing. Through this approach, allies are effectively turned into "multiple debtors" while compounding profits are channeled back into the U.S. fiscal system. The 5% GDP target is positioned as a "benchmark" to support this massive undertaking.

The new Ukraine aid policy under the Trump administration is the most prominent example of linking allied defense spending, especially that of European countries, directly to U.S. security interests and those of the U.S. defense industry. Previously, the U.S. provided Ukraine with weapons directly from military stockpiles via the Presidential Drawdown Authority (PDA). The U.S. then obtained congressional approval to replenish those stockpiles. However, this method directly incurred fiscal costs for the U.S. Under the Trump administration's new policy, the support model changed as follows: First, European allies purchase U.S.-made weapons using the allies own funds (FMS). The allies then provide the purchased weapons to Ukraine. With the revenue from selling weapons to allies, the U.S. replenishes its own stockpiles; the U.S. defense industry also benefits. This model's key feature is the shifting of the entire financial burden for Ukrainian aid from U.S. taxpayers to European allies. The shift achieves "America First" economic rationality for the U.S., which fulfills its international obligation to support Ukraine at zero fiscal cost while guaranteeing steady sales for the U.S. military-industrial complex. The policy is already reflected in concrete sales contracts for weapons systems. For example, sales of the Patriot air defense system and air defense support packages to NATO countries are being proposed as a large-scale deal worth approximately $10 billion, which would incorporate support for Ukraine. Norway has approved an FMS purchase of 16 HIMARS (High Mobility Artillery Rocket System) systems for approximately $580 million. In Europe, the sales enable weapons modernization. The overall shift also indirectly contributes to support for Ukraine by providing it with its own stockpiles and replenishing them with U.S.-made systems.

The "funding outsourcing model" is also applied to allies and partner nations in the Indo-Pacific region under the pretext of bolstering Taiwan's defense capabilities and boosting Japan's defense spending. Regarding the Taiwan Strait, where China is increasing military pressure, the Trump administration has promised to bolster Taiwan's defense capabilities by selling large quantities of weapons via the Foreign Military Sales (FMS) program. Taiwan has been offered weapons systems—including F-16V fighters, cruise missiles, and HIMARS—valued at $7–10 billion. The contract for the sale of 11 HIMARS units to Taiwan is valued at approximately $31.33 million. To fund this procurement, Taiwan will use its own resources, not the U.S. military's stockpile (PDA). This structure strengthens Taiwan's "deterrence against China" while keeping U.S. military spending in check and benefiting the U.S. defense industry.

The Trump administration's "comprehensive burden-sharing" strategy and the 5% GDP target present new challenges and opportunities for Japan's defense policy. For five consecutive years, Japan has increased its defense spending, maintaining it at around 1% of national GDP while expanding purchases of equipment from the United States. Although a dramatic increase like the 5% target is not the direct goal, the target creates pressure for further Foreign Military Sales (FMS) purchases under the guise of "fair burden-sharing" as an ally. However, this massive expenditure could lead to cuts in other areas, such as social security, that would significantly impact fiscal management. The Trump administration's approach to burden sharing ushered in an era of "comprehensive burden sharing," integrating allies' finances into U.S. economic and industrial policy. The 5% GDP target agreed upon at the Hague Summit symbolizes this era. Rather than viewing this wave merely as an "expansion of military procurement," Japan should also view the wave as an opportunity to leverage the country’s technological capabilities and contributions to the shipbuilding industry. This view would transform "comprehensive burden sharing" into "strengthening strategic autonomy."

The core of the security policy promoted by the second Trump administration is a foreign arms sales plan centered on FMS (Foreign Military Sales). Through this model, a strategic and economic "funding outsourcing model" is created that lightens the fiscal burden on the U.S. by obligating allies to purchase large quantities of American-made weapons while generating sales for the U.S. military-industrial complex. The new policy on Ukraine support and the arms purchase requests directed at Indo-Pacific nations, such as Taiwan and Japan, clearly demonstrate how this model is reshaping the global security architecture.

Although Japan has not received proposals for large-scale technology transfers, such as nuclear submarines, the nation is under significant pressure to continue purchasing U.S.-made weapons through the Foreign Military Sales (FMS) program, particularly equipment related to long-range strike capabilities. The requested weapons include the High Mobility Artillery Rocket System (HIMARS) and Tomahawk cruise missiles. Japan has already approved FMS purchases, including Tomahawks, and its acquisition of U.S.-made equipment is increasing in line with rising defense spending. These facts suggest a strong expectation that this expenditure will flow back into the U.S. defense industry as Japan works toward the Trump administration's goal of achieving 5% GDP defense spending.

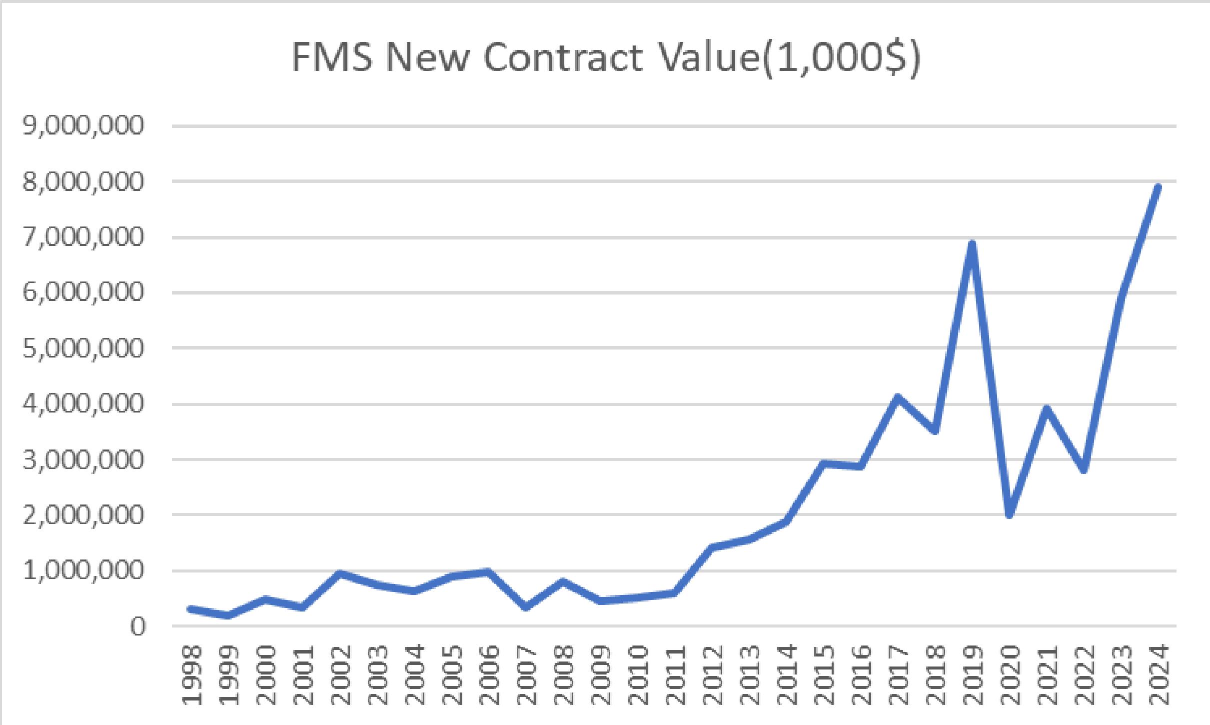
While the FMS-centric model contributes to short-term deterrence enhancement under the Trump administration, the model inherently poses structural challenges, such as increasing the financial burden on allies and diminishing their strategic autonomy. Japan should therefore pursue the following policies to address these challenges: First, Japan should strategically reduce its dependence on FMS. Second, Japan should clarify alternatives and limit FMS procurement to off-the-shelf items where it is most efficient (e.g., Tomahawk missiles). For other equipment, Japan should prioritize joint Japan–U.S. development or domestic Japanese production. This prioritization will recirculate procurement costs domestically and accumulate technological capabilities. Furthermore, Japan should contribute to "comprehensive burden-sharing" not merely by increasing weapon purchase costs, but also by leveraging its strengths in technology and shipbuilding to help rebuild U.S. production capacity. In return, Japan should negotiate to obtain technology transfers of cutting-edge technology from the U.S. and participation rights in development projects. Second, Japan should strengthen "non-FMS" contributions to Ukraine. Japan should expand its contributions to Ukraine in areas where support is possible without purchasing U.S. weapons through FMS, such as humanitarian aid, infrastructure restoration, mine clearance, and cyber defense. Such steps would increase Japan's leverage in negotiations with the U.S. regarding FMS while demonstrating Japan's multifaceted role in the international community. Third, Japan should aim to strategically utilize the 5% defense spending target. If asked to increase defense spending to 5% of the national GDP, Japan should allocate the portion of the "1.5% security-related spending"—as agreed upon at the NATO Summit in The Hague—toward areas that foster domestic industry and directly serve Japan's national interests. These areas include domestic cyber defense, intelligence gathering, supply chain resilience, and space-related technology development.

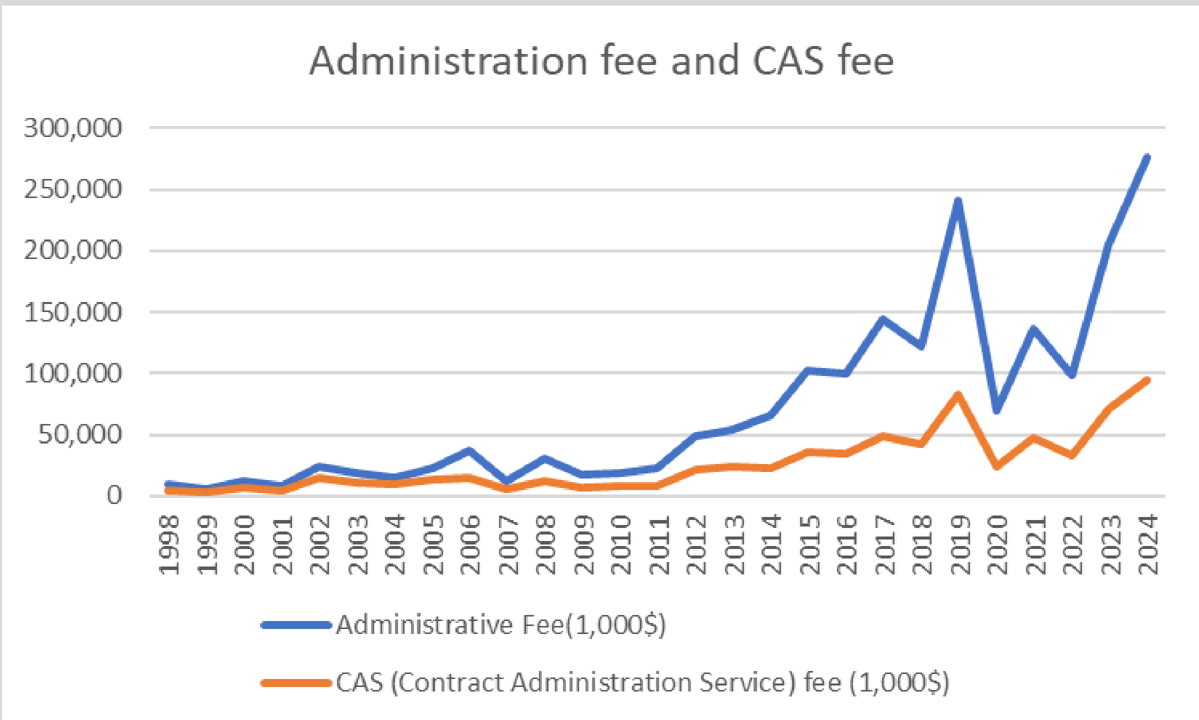
Overall, the Trump administration's "outsourcing model" starkly reveals the cold reality of treating security as a "business." Rather than being incorporated into this structure as merely a "weapons buyer," Japan should choose policies that maximize both its defense capabilities and its economic strength by becoming established as a "strategic partner" via leveraging technology and industrial power.

Recommendation 3: Optimizing the "Quality" of Defense Spending and Strengthening Strategic Autonomy and Bargaining Utilizing Shipbuilding and Technical Cooperation

Japan should transition from being merely a "payer" that purchases U.S.-made weapons to becoming a "comprehensive burden-sharing" partner that leverages its own strengths. First, shipbuilding industry collaboration should be utilized. Due to the severe shortage of U.S. nuclear submarine production capacity, which has even prompted proposals to share highly classified technology with South Korea, Japan's world-leading conventional submarine construction, operational capabilities, and technical expertise could be crucial for rebuilding U.S. shipbuilding capacity. Japan should leverage this technical cooperation as a diplomatic bargaining chip to demand negotiations on stationing costs, the provision of advanced non-nuclear technologies from the U.S., and participation in joint development projects. Second, Japan should optimize the "quality" of its defense spending. Rather than being constrained by GDP-based targets, Japan should prioritize expenditures that address its genuine security needs, such as long-range missiles, cyber defense, and intelligence-gathering capabilities. While referencing the Wales Summit goal of allocating "20% or more of defense spending to equipment," Japan should focus on procuring cost-effective defense equipment and nurturing the domestic defense industry. Third, Japan should strengthen its voice within multilateral frameworks. Japan should advance initiatives like the Indo-Pacific Submarine Force (IPSF) and enhance cooperation with the United States, South Korea, and Australia to concretize Japanese contributions to collective deterrence. In response to U.S. demands for "comprehensive burden-sharing," Japan should respond with not only "quantitative contributions" but also "strategic and qualitative contributions."

Appendix: Trend in Japan's FMS expenditure





Appendix Trend in Japan's FMS expenditure			
	FMS New Contract Value(1,000$)	Administrative Fee(1,000$)	CAS (Contract Administration Service) fee
1998	318,396	9,552	4,776
1999	202,346	5,059	3,035
2000	481,293	12,032	7,219
2001	333,378	8,334	5,001
2002	954,854	23,871	14,514
2003	747,686	18,692	11,365
2004	614,699	15,367	9,343
2005	886,821	22,171	13,480
2006	962,347	36,569	14,628
2007	330,844	12,572	5,029
2008	791,670	30,083	12,033
2009	465,236	17,679	7,072
2010	502,183	19,083	7,633
2011	584,147	22,198	8,879
2012	1,405,395	49,189	21,362
2013	1,561,705	54,660	23,738
2014	1,890,250	66,159	22,683
2015	2,938,399	102,844	35,261
2016	2,854,141	99,895	34,250
2017	4,117,135	144,100	49,406
2018	3,498,907	122,462	41,987
2019	6,880,409	240,814	82,565
2020	1,982,589	69,391	23,791
2021	3,903,517	136,623	46,842
2022	2,803,481	98,122	33,642
2023	5,883,608	205,926	70,603
2024	7,897,096	276,398	94,765
total	69,638,676	1,919,845	704,901

Source:

1. FY2024
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3. FY2022
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4. FY2021
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6. FY2015
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7. FY2013
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*Appendix was produced by Yuto Sumiyoshi.