

Macro Roundup Article

Headline: Japan Raises Military Spending To Counter China With More Missiles and Ships

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Tweet: Japan is increasing its defense spending 13% y/y as part of a military buildup that will double defense spending to 2% of GDP up from a self-imposed postwar cap of 1%.

Summary: The 2024-25 budget represents a 13% rise compared with this fiscal year's intended spending. It is part of a five-year, ¥43tn plan by Tokyo to strengthen its defence capabilities and bring military spending to roughly 2% of current gross domestic product, compared with the self-imposed cap of about 1% of GDP that Japan has maintained since the 1960s. Japan intends to build destroyers equipped with a US-built Aegis missile defence. The planned shopping list also includes the acquisition of counterstrike weapons, including Tomahawk cruise missiles. The largest portion of the requested spending will be designated to strengthening the "sustainability and resilience" of the Self-Defense Forces. The aim is to address shortages of basic items that officials fear will hamper the SDF's ability to cope with a prolonged conflict.

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