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INDIA-JAPAN DEFENCE CO-DEVELOPMENT IN TRANSITION: A STUDY OF THE UNICORN PROJECT AND THE 16TH ANNUAL SUMMIT (2026)

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Keywords	***Abstract***
India-Japan Relations, Defence Co-Development, UNICORN Project, Zone Balancing, Indo-Pacific, Defence-Industrial Cooperation.	The India-Japan strategic partnership has evolved considerably since 2014, transitioning from a largely declaratory and dialogue-based relationship toward one increasingly characterised by concrete defence-industrial interdependence. This paper undertakes a conceptually grounded, theoretically informed case study of that transition, focusing on the UNICORN (Unified Complex Radio Antenna) project — the first India-Japan defence technology co-development initiative — and its consolidation at the 16th India-Japan Annual Summit held in New Delhi in July 2026. The paper first develops a conceptual framework distinguishing technology transfer, licensed production, co-production, and co-development as analytically separate categories, and uses this framework to interrogate whether the UNICORN project satisfies the definitional criteria of genuine co-development or is more accurately characterised as advanced, localisation-heavy co-production. It then situates the case within the theoretical literature on soft balancing, zone balancing, and defence-industrial indigenisation, derives three testable hypotheses, and evaluates

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	them against a process-traced account of India-Japan defence cooperation since 2008, Japan's evolving defence equipment transfer regime, and the outcomes of the 16th Annual Summit. The paper finds partial support for all three hypotheses, situates its findings against the comparative precedent of Indo-Russian defence cooperation, and concludes with policy recommendations and a research agenda for tracking the project's implementation.

INTRODUCTION

Background and context

The elevation of India-Japan ties to a "Special Strategic and Global Partnership" in 2014 inaugurated a period of sustained institutional deepening in the bilateral relationship, encompassing dialogue mechanisms, logistics agreements, and a growing calendar of joint military exercises (Joshi & Pant, 2015). Yet for much of the following decade, defence cooperation between the two countries remained confined to the architecture of dialogue and, at most, the one-directional transfer of Japanese equipment — a pattern consistent with Japan's historically cautious, constitutionally circumscribed posture on defence exports. The agreement signed during the 16th India-Japan Annual Summit in New Delhi (1–3 July 2026) to jointly develop and co-produce the UNICORN naval mast system marks a qualitatively different phase: the first instance in which India and Japan have moved beyond the transfer of finished defence products toward what both governments have publicly termed co-development (Naval News, 2026).

This development is the product of a decade-long convergence of three separate trends: the institutional deepening of India-Japan security dialogue since 2008; the incremental liberalisation of Japan's defence equipment transfer regime since 2014; and India's own turn, since the mid-2010s, toward defence-industrial indigenisation under the Make in India and Atmanirbhar Bharat programmes (Rossiter & Cannon, 2019). The UNICORN project is best understood not as an isolated diplomatic event but as the point at which these three trends first intersected in a concrete industrial outcome — and, this paper argues, as a case whose precise conceptual character (examined in the Literature Review) has not been adequately interrogated in the celebratory diplomatic language surrounding its announcement.

Statement of the research problem

Notwithstanding the breadth of the existing literature on India-Japan security relations, that literature has been written almost entirely in a period when the relationship's defence dimension consisted of dialogue mechanisms, logistics arrangements, and unilateral equipment transfer (Manohar Parrikar Institute for Defence Studies and Analyses [MP-IDSA], 2025). Writing in 2019, Naidu and Ishida anticipated that the relationship was entering "a new and crucial phase" of joint research into advanced technologies, but at the time of their writing no concrete co-development project existed to

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substantiate this claim (Naidu & Ishida, 2019). Recent journalistic and policy analysis, meanwhile, has continued to describe India-Japan defence-technology cooperation as "slow, selective, and structurally constrained," notwithstanding strategic convergence on China — a characterisation offered as recently as April 2026, mere weeks before the UNICORN agreement was signed (The Diplomat, 2026). The research problem addressed by this paper is therefore twofold: first, a conceptual problem — whether the UNICORN project, as structured, actually meets the definitional threshold of "co-development" or represents a narrower form of cooperation described in more ambitious diplomatic language than its substance warrants; and second, an empirical problem — what the case reveals about the conditions under which India-Japan defence-industrial cooperation deepens, and about the constraints likely to bound its further development.

Rationale and significance of the study

The study's significance is threefold. Conceptually, it contributes a clearer analytical vocabulary — distinguishing technology transfer, licensed production, co-production, and co-development — that can be applied to future assessments of India's defence partnerships generally, not only its relationship with Japan. Academically, it extends the existing literature on India-Japan strategic partnership — dominated by analyses of dialogue architecture and declaratory convergence — into the comparatively under-examined domain of defence-industrial cooperation, using a case that postdates, and is therefore unaddressed by, the bulk of the published literature surveyed in the Literature Review (John, 2024). Policy-relevantly, the study offers an early, structured assessment of an initiative likely to inform how both governments, and other Indo-Pacific partners observing the relationship, calibrate expectations for the pace of India-Japan defence-industrial integration going forward.

LITERATURE REVIEW

Strategic partnerships and power transition

The India-Japan relationship is conventionally situated within the broader literature on strategic partnerships as an intermediate category between alliance and mere cooperation — arrangements that signal alignment and enable substantive cooperation without the binding mutual-defence commitments characteristic of formal alliances. Joshi and Pant (2015) argue that the India-Japan partnership is best understood through the lens of power transition theory, as two status-quo-oriented secondary powers responding to the uncertain trajectory of Chinese power in Asia. This framing has been highly influential in subsequent literature, but it explains the partnership's broad strategic rationale considerably better than it explains variation in the pace and form of specific cooperative initiatives, such as the shift from technology transfer to co-development examined here.

Basu's (2018) analysis of the "Japan-India Vision 2025" framework situates the partnership's institutional development within the broader discourse of Indo-Pacific strategy formation,

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emphasising the framework's role in articulating a shared regional vision rather than in generating specific industrial outcomes. John's (2024) more recent evolutionary account identifies four phases in the India-Japan Indo-Pacific partnership — conception, actualisation, consolidation, and resilience — corresponding to the maturation of the Indo-Pacific concept itself from geographic idea to regional order framework. This periodisation is a useful organising device, but John's account, published in October 2024, predates the UNICORN agreement and does not address the question of defence-industrial co-development that motivates this paper.

Balancing behaviour in the Indo-Pacific

A second strand of literature approaches India-Japan cooperation through the balancing literature specifically. Paul (2019) characterises India-Japan maritime security cooperation as an instance of "soft balancing" by secondary states — the use of institutional, diplomatic, and limited military tools to constrain a rising power's freedom of action without direct confrontation. Tarapore (2023) extends this logic in his concept of "zone balancing," arguing that India's post-2020 embrace of the Quad reflects a deliberate strategy of strengthening the capacity and resilience of regional partners as an intermediate response between the "evasive balancing" of the pre-2020 period and the higher-cost options of hard military balancing or alliance formation. Khurana's (2008) earlier work on China's "string of pearls" strategy in the Indian Ocean anticipated the maritime-security dimension of this literature well before it became a central preoccupation of India-Japan strategic dialogue, and remains a frequently cited baseline for assessing the maritime rationale of the relationship.

Keerthiraj and Sekiyama's (2023) more recent contribution traces the evolution of India-Japan defence cooperation specifically through the lens of China's rise, and is notable for documenting India's own reluctance, prior to the mid-2010s, to frame cooperation with Japan explicitly in anti-China terms. This body of work collectively establishes that India-Japan cooperation is widely read as a form of balancing behaviour against China, but engages the relationship's defence-industrial dimension only in passing.

Defence-industrial cooperation and indigenisation

A third, more specialised literature addresses defence-industrial cooperation and arms co-production as objects of study in their own right, largely independent of the India-Japan case specifically. Rossiter and Cannon's (2019) study of India's defence-industrial indigenisation drive documents the structural and bureaucratic obstacles New Delhi has faced in translating stated self-reliance objectives into functioning indigenous or co-produced defence-industrial capacity, a finding with direct relevance to how the UNICORN project's Indian production component should be assessed. Parachini and Mishra's (2025) assessment of prospective U.S.-India private-sector defence-industrial cooperation identifies structural asymmetries between the United States' competitive, private-sector-driven procurement model and India's historically public-sector-centred defence production base as a

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persistent friction point in translating diplomatic cooperation into industrial outcomes — a friction this paper argues has analogues, albeit different in character, in the Japan-India case given Japan's own distinct keiretsu-based defence-industrial structure.

Research gap

Three gaps in the existing literature motivate this study. First, the literature on India-Japan strategic partnership, surveyed above, was written substantially before the emergence of any concrete defence co-development initiative, and its findings about the relationship's "consolidation" rest on dialogue and exercise-based indicators rather than industrial ones. Second, the balancing literature offers a strong account of why India and Japan cooperate but a comparatively thin account of why cooperation takes the specific institutional form it does at a given moment — a gap this paper addresses by connecting the balancing literature to the defence-industrial indigenisation literature. Third, and most immediately, no peer-reviewed study at the time of writing examines the UNICORN project itself or interrogates the conceptual accuracy of the "co-development" label applied to it; the paper's empirical and conceptual contributions therefore rest on primary and specialist-press sources, triangulated as described in the Materials and Methods.

Conceptual framework: Strategic partnership

This paper adopts the working definition of "strategic partnership" implicit in Joshi and Pant's (2015) analysis: a bilateral arrangement, short of formal alliance, that signals a sustained alignment of interests across political, economic, and security domains, without the binding mutual-defence commitment characteristic of a treaty alliance. This definition is important precisely because it is capacious enough to include dialogue-based cooperation, joint exercises, and — as this paper examines — defence-industrial cooperation, without specifying which of these forms any given strategic partnership must take at a given stage of its development. The analytical task this paper undertakes is to locate the UNICORN project within this broader category with greater precision than the term "strategic partnership" alone permits.

Distinguishing technology transfer, licensed production, co-production, and co-development

A central conceptual contribution of this paper is to disaggregate the loosely used term "defence-industrial cooperation" into four analytically distinct categories, ordered by increasing depth of the recipient state's involvement in the design process itself, rather than merely in manufacturing. Technology transfer refers to the one-way conveyance of finished equipment, blueprints, or sub-systems from a supplier state to a recipient state, with no substantive recipient contribution to design and only limited, if any, contribution to production. Licensed production refers to an arrangement in which the recipient state manufactures a system domestically under license, using specifications supplied by the originating state, typically with limited scope for the recipient to modify the underlying design — the mode that has historically characterised the bulk of India's cooperation with

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Russia, including the licensed manufacture of Su-30MKI aircraft and T-90 tanks (Vivekananda International Foundation [VIF], 2018).

Co-production denotes a step beyond licensed production, in which both partners contribute materially to manufacturing — often through a formal joint-venture entity — although the underlying design typically still originates predominantly with one partner; the BrahMos supersonic cruise missile, produced through a dedicated Indo-Russian joint venture, is the paradigmatic Indian example (VIF, 2018). Co-development, the deepest category, refers to an arrangement in which both partners contribute jointly to the design process itself — not merely to production or localisation of an already-finalised design — such that neither partner alone could be said to have authored the resulting system.

Applying this taxonomy to the UNICORN case (examined in detail in the Results and Discussion) yields an important, and this paper argues under-acknowledged, finding: under the terms publicly announced at the 16th Annual Summit, Japan supplies "core design and technological expertise," while India's Bharat Electronics Limited undertakes "system integration, localisation, and production" (India Sentinels, 2026). On the taxonomy developed here, this division of labour — design origination remaining with Japan, Indian contribution confined to integration, localisation, and manufacture — more precisely satisfies the definitional criteria of advanced, localisation-intensive co-production than of co-development in the strict sense, notwithstanding the "co-development" label both governments have applied to it in diplomatic communication. This is not a merely semantic quibble: it matters because the depth of technology transfer implied by "co-development" and by "co-production" differs substantially, and conflating the two risks overstating the degree to which Indian industry is acquiring the underlying design competence that would be necessary for fully independent future systems of this kind.

Zone balancing

Zone balancing, as formulated by Tarapore (2023), denotes a strategy in which a secondary power facing a rising rival strengthens the capacity and resilience of regional partners — thereby shaping the strategic environment — without committing to the higher costs and risks of formal alliance or direct military balancing. The concept is adopted here as the paper's primary theoretical lens, developed further below.

Defence-industrial indigenisation

Defence-industrial indigenisation refers to a state's policy objective of reducing dependence on external suppliers by developing domestic design, development, and manufacturing capacity in the defence sector. As Rossiter and Cannon (2019) emphasise, indigenisation is itself a graduated concept: a state may indigenise production (manufacturing previously imported designs domestically) well before it indigenises design (developing genuinely original systems), and the gap

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between these two forms of indigenisation is precisely where obstacles of bureaucratic fragmentation and limited private-sector integration tend to concentrate. This distinction between indigenised production and indigenised design maps directly onto the co-production/co-development distinction developed above, and the two conceptual pairs are used interchangeably as appropriate in the analysis that follows.

Theoretical framework

This paper adopts zone balancing as its primary theoretical lens, while extending it into the defence-industrial domain via the conceptual distinctions developed above (Tarapore, 2023). Applied to India's Quad diplomacy, the zone-balancing framework explains why India has pursued deep functional cooperation with the United States, Japan, and Australia while explicitly resisting characterisation of the grouping as a military alliance directed at China (Tarapore, 2023).

This paper's theoretical contribution is to argue that defence co-production and co-development represent a structurally deeper instance of zone-balancing logic than has previously been examined in the literature. If zone balancing operates primarily through strengthening partners' capacity, then defence-industrial cooperation extends this logic specifically: India itself becomes materially more capable through joint manufacture, rather than remaining solely a recipient of externally supplied capacity — though, per the taxonomy of technology transfer, co-production, and co-development developed above, the depth of this effect depends critically on whether the cooperation in question is genuine co-development or a shallower form of co-production. Following Rossiter and Cannon (2019), co-development additionally implicates a distinct set of domestic-institutional variables — absorptive capacity, production-entity incentives, and technology-integration capability — that are largely absent from analyses of dialogue-based or exercise-based cooperation.

MATERIALS AND METHODS

Objectives of the study

The specific objectives of this study are:

(i) To trace the institutional and regulatory history of India-Japan defence cooperation, identifying the preconditions for defence-industrial co-development.

(ii) To develop a conceptual taxonomy distinguishing technology transfer, licensed production, co-production, and co-development, and to classify the UNICORN project against it with precision.

(iii) To analyse the UNICORN project and the 16th Annual Summit as a case of India-Japan defence-industrial cooperation, evaluated against the zone-balancing theoretical framework.

(iv) To derive policy-relevant recommendations and a research agenda for tracking the project's implementation.

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Research questions and hypotheses

Building on the objectives set out above, the study addresses three research questions, each paired with a corresponding hypothesis evaluated against the empirical record in the Results and Discussion.

Research Question 1: What institutional and regulatory preconditions had to be satisfied before India-Japan defence co-development became possible, and when were they satisfied?

H1: India-Japan defence co-production emerged only after, and as a consequence of, the liberalisation of Japan's Three Principles on Transfer of Defense Equipment and Technology.

Research Question 2: How should the UNICORN project be characterised analytically — as a template for a broader shift toward genuine co-development, or as a bounded, sub-system-level instance of advanced co-production?

H2: The UNICORN project is more accurately classified as co-production than as co-development, its depth bounded by India's defence-industrial absorptive capacity.

Research Question 3: What does the case suggest about the relationship between defence-industrial cooperation and India's wider Indo-Pacific balancing strategy?

H3: UNICORN forms part of a wider, multi-domain pattern of zone-balancing cooperation, rather than a standalone or bilaterally exceptional initiative.

Research design

The paper adopts a single-case, process-tracing design, appropriate to a development as recent as the UNICORN agreement, for which a settled secondary literature does not yet exist. Process tracing is used here in its diagnostic sense: rather than testing the hypotheses above against a large sample of cases, the paper traces the sequence of institutional, regulatory, and diplomatic developments that preceded and accompanied the UNICORN agreement, and evaluates whether that sequence is consistent with each hypothesis.

Data sources

Three categories of source material are used. The first, and most authoritative, comprises primary documents issued by the Governments of India and Japan: joint summit statements, ministerial communiqués, and Japan's official Three Principles on Transfer of Defense Equipment and Technology and its successive amendments (Ministry of Foreign Affairs of Japan, 2014/2026). The second comprises the existing peer-reviewed academic literature on India-Japan relations, Indo-Pacific balancing theory, and defence-industrial cooperation, reviewed in the Literature Review, which supplies the paper's theoretical and conceptual apparatus and historical context predating 2024. The third, used specifically for the UNICORN case itself, comprises specialist defence-affairs

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reportage from established outlets (Naval News, India Sentinels) and international-affairs analysis (The Diplomat), cross-checked against primary government documents wherever both were available (The Diplomat, 2026).

Scope and delimitation of the study

The study is delimited in four respects. First, it is confined to the India-Japan bilateral defence relationship and does not attempt a comprehensive survey of either country's defence-industrial cooperation with other partners, though comparative references (to Indo-Russian and U.S.-India cooperation) are used illustratively elsewhere in the paper. Second, the empirical focus is confined to the period from the 2008 Joint Declaration on Security Cooperation to the 16th Annual Summit in July 2026; earlier historical antecedents are noted only in passing. Third, the paper's case analysis is confined to the UNICORN project specifically, as the sole instance of defence co-production/co-development between the two countries identifiable at the time of writing; it does not extend to a comprehensive audit of all India-Japan defence-equipment transfers. Fourth, the paper's analysis is conceptual and process-based rather than quantitative; it does not attempt to model or forecast the economic value or timeline of the UNICORN programme, for which the necessary contractual data are not publicly available.

Analytical approach

The empirical sections that follow are organised chronologically and institutionally, building the documentary record needed to evaluate the hypotheses set out above. The Results and Discussion section then draws on this record to generate findings organised thematically, one sub-section per hypothesis, followed by the comparative discussion. This sequencing — description before analysis — is a deliberate methodological choice appropriate to a case for which the primary documentary record is not yet stabilised or widely cross-referenced in secondary literature.

RESULTS AND DISCUSSION

Historical evolution of India-Japan defence cooperation

India-Japan defence cooperation developed incrementally from a low institutional base. The relationship was formally anchored by the 2008 "Joint Declaration on Security Cooperation between Japan and India" and the accompanying 2009 Action Plan, which established the basic vocabulary of strategic partnership between the two countries and provided for cooperation across maritime security, disaster relief, and counter-terrorism (MP-IDSA, 2025). This was followed, after the 2014 elevation to a "Special Strategic and Global Partnership," by two landmark 2015 agreements: the Agreement Concerning the Transfer of Defence Equipment and Technology, and the Agreement on Security Measures for the Protection of Classified Military Information — together with the "Japan and India Vision 2025," which committed both governments to a free, open, and rules-based Indo-Pacific order (Basu, 2018).

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Institutional depth increased substantially over the following decade. India initiated its 2+2 dialogue mechanism with Japan at the ministerial level in 2019; the second such dialogue, in 2022, saw both sides commit to broadening cooperation into space and cybersecurity (MP-IDSA, 2025). In 2020, India and Japan concluded the Acquisition and Cross-Servicing Agreement, enabling reciprocal logistics support between their armed forces (MP-IDSA, 2025). The third 2+2 ministerial, held in 2024, recorded further progress, including the first bilateral fighter exercise between the Japan Air Self-Defense Force and the Indian Air Force ("Veer Guardian"), participation by Japanese fighters in the multilateral exercise Tarang Shakti, and agreement to deepen cooperation on space and cyber issues (Ministry of Foreign Affairs of Japan, 2024).

This institutional architecture has been reinforced by an expanding calendar of joint exercises — Malabar, JIMEX, Dharma Guardian, Shinyuu Maitri, and Milan — as well as growing coast guard cooperation (MP-IDSA, 2025). Keerthiraj and Sekiyama (2023) note that the 2010 India-Japan Comprehensive Economic Partnership Agreement notably contained no explicit security or defence provisions, reflecting India's historical prioritisation of economic engagement over security cooperation with Japan during that period — a pattern substantially reversed over the subsequent decade and a half. Writing in 2019, Naidu and Ishida (2019) already anticipated this reversal, observing that India-Japan defence ties — until then dominated by military exercises, training, and dialogue — were entering "a new and crucial phase" centred on joint research into advanced technologies. The Memorandum of Implementation signed in Tokyo in November 2024, providing for the export — and eventual co-production — of the UNICORN naval mast system, can be read as the first concrete instantiation of the phase Naidu and Ishida had anticipated five years earlier (India Sentinels, 2026).

It bears emphasis that even by early 2026 this instantiation remained incomplete. As late as April 2026 — barely two months before the UNICORN agreement — specialist analysis characterised India-Japan defence-technology cooperation as continuing to lag behind the political enthusiasm surrounding it, citing technology transfer, cost competitiveness, export controls, and domestic political economy on the Japanese side as persistent obstacles (The Diplomat, 2026). This detail is directly relevant to H1: it indicates that the shift examined in this paper was not a smooth, linear culmination of the trends traced above, but occurred within a narrow and specific window opened by the near-simultaneous liberalisation of Japan's export regime and the diplomatic occasion of the 16th Annual Summit itself.

Japan's evolving defence equipment transfer regime

The pace at which India-Japan defence-industrial cooperation could develop has been structurally bound by Japan's own post-war restrictions on defence exports. Japan's original 1967 Three Principles on Arms Exports prohibited transfers to the communist bloc, to states under UN embargo, and to parties to international conflicts; a 1976 policy extended this into a near-total ban, with only a

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narrow exception for military technology transfers to the United States (Nippon.com, 2026). This changed materially in 2014, when the Abe government replaced the 1967 framework with the Three Principles on Transfer of Defense Equipment and Technology, permitting transfers judged to contribute to international peace cooperation or to Japan's own security, subject to case-by-case review (Ministry of Foreign Affairs of Japan, 2014/2026).

The 2014 framework was itself amended repeatedly — in 2015, 2016, 2022, 2023, 2024, and again in April 2026 — with each revision incrementally widening the scope of permissible transfers (Ministry of Foreign Affairs of Japan, 2014/2026). The December 2023 revision was particularly consequential, opening the door to the export of finished lethal equipment to the United States and, under specified conditions, to partner countries participating in joint development programmes (Nippon.com, 2026). The March 2024 amendment applied this logic to a specific case, authorising the transfer of finished products from the trilateral Global Combat Air Programme (the next-generation fighter jet being co-developed with the United Kingdom and Italy) to countries other than the three partner states, providing a direct, if narrower, precedent for treating a jointly developed system's export terms as distinct from those of a purely domestic one (Acquisition, Technology and Logistics Agency, Government of Japan, 2026). The April 2026 amendment — adopted under the Takaichi government, days before the 16th Annual Summit — extended this further, moving beyond the previous restriction of transfers to "rescue, transportation, surveillance, vigilance, and minesweeping" uses toward a broader category of transfers for "defensive purposes" (JURIST News, 2026). Prime Minister Takaichi characterised the changes as "strictly for defensive purposes," while reaffirming Japan's continued adherence to its "fundamental principles" as a peace-oriented state (JURIST News, 2026).

This evolving regulatory context is not incidental to the UNICORN case; it is, per H1, a necessary precondition for it. Japan's 2022 National Security Strategy explicitly identified revision of the Three Principles as a component of the country's broader effort to strengthen its "comprehensive defense architecture" (Ministry of Foreign Affairs of Japan, 2023). The UNICORN agreement, concluded within eighteen months of the December 2023 revision and mere days after the April 2026 amendment, can therefore be read as an early practical application of a policy shift whose consequences for India-Japan relations specifically had not, prior to this paper, been the subject of sustained scholarly analysis.

It is worth noting, further, that the April 2026 amendment did not occur in a vacuum specific to India. In the same period, Japan's Mitsubishi Heavy Industries finalised a separate, considerably larger defence-industrial arrangement — a US$7.15 billion contract to supply three Mogami-class frigates to Australia, accompanied by a bilateral "shared commitment" to deeper defence-industry cooperation (JURIST News, 2026). This parallel development, directly relevant to H3, suggests that the regulatory liberalisation underpinning UNICORN reflects a broader Japanese strategic

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reorientation toward defence-industrial partnership across the Indo-Pacific, of which the India relationship is one instance rather than a uniquely bilateral phenomenon.

The UNICORN project: Case analysis

UNICORN — the Unified Complex Radio Antenna, also designated NORA-50 — is an integrated naval mast system that consolidates multiple communication, radar, electronic-warfare, and navigation antennas into a single enclosed structure (Naval News, 2026). By eliminating the array of exposed antennas typical of conventional warship masts, UNICORN substantially reduces a vessel's radar cross-section, improving stealth characteristics and tactical survivability. The system was originally developed in Japan by a three-firm consortium — NEC Corporation (prime contractor), Sampa Kogyo K.K. (antenna technologies), and The Yokohama Rubber Company (frequency-selective radome) — and is currently deployed on the Japan Maritime Self-Defense Force's Mogami-class stealth frigates (Naval News, 2026).

India's engagement with the system proceeded in two distinct stages, a sequencing that is itself analytically informative. The first, formalised through a Memorandum of Implementation signed in Tokyo in November 2024, provided only for the export of UNICORN masts to India, making India only the second Asian country after the Philippines to receive this category of Japanese defence technology (India Sentinels, 2026). This did not, at that stage, extend to co-production or co-development (India Sentinels, 2026). The second and analytically more significant stage was announced during the 16th Annual Summit in July 2026, when Prime Minister Modi and Prime Minister Takaichi jointly announced an agreement for the co-development and licensed production of the system, which Modi described as opening "a new chapter" in the bilateral defence technology partnership (Prime Minister's Office, Government of India, 2026).

Under the resulting arrangement, Japan will supply core design and technological expertise, while Bharat Electronics Limited (BEL) will undertake system integration, localisation, and production, with Indian-origin sensors and antennas to be integrated into the mast for deployment on future Indian Navy warships (India Sentinels, 2026). As developed conceptually in the taxonomy of technology transfer, co-production, and co-development set out in the Literature Review, this division of labour — design origination remaining with Japan, Indian participation confined to integration, localisation, and manufacture — satisfies the definitional criteria of advanced co-production considerably more precisely than it satisfies those of co-development in the strict sense, notwithstanding the official terminology. This is not merely a semantic distinction: it directly bears on H2, and on how much genuine design-competence transfer the Indian side should realistically expect from the arrangement as currently structured.

This division of labour nonetheless serves the twin domestic policy objectives of Atmanirbhar Bharat and Make in India in the defence sector, embedding a foreign-partnership initiative within a

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nationally oriented industrial policy framework, and is consistent with the pattern of public-sector-centred absorption that Rossiter and Cannon (2019) identify as characteristic of Indian defence indigenisation more broadly. The significance of the UNICORN project therefore lies less in the specific capability it confers — a communications and sensor mast is, in relative material terms, a modest sub-system — than in the institutional and industrial precedent it establishes as the first arrangement of its kind between the two countries, whatever its precise conceptual classification.

The 16th India-Japan Annual Summit: Institutional consolidation

The UNICORN agreement formed one element of a considerably broader package of outcomes from the 16th India-Japan Annual Summit, held in New Delhi from 1 to 3 July 2026 — Prime Minister Takaichi's first official visit to India since assuming office. The two leaders adopted a joint vision described as "Strategic Convergence and Trust for Shared Growth, Prosperity and Resilience," alongside separate joint statements on economic security cooperation and on cooperation in artificial intelligence, the latter aligning India-Japan technology governance with the Hiroshima AI Process (Ministry of Foreign Affairs of Japan, 2026). Other economic outcomes included the India-Japan Cooperative Biogas for Growth Initiative, continued cooperation on the Odisha Green Hydrogen and Clean Ammonia Project, a review of the Comprehensive Economic Partnership Agreement with an explicit shift toward economic-security resilience, and continued support for the Mumbai-Ahmedabad High-Speed Rail corridor (Prime Minister's Office, Government of India, 2026).

On the security side, the joint statement reaffirmed the trajectory of defence cooperation under the 2008 Joint Declaration, welcomed the successful conduct of the JAIMEX 25 naval exercise and Japan's participation in India's International Fleet Review 2026 at Visakhapatnam, and directed ministers to convene the fourth round of the 2+2 Ministerial Meeting in Tokyo before the end of the year (Prime Minister's Office, Government of India, 2026). The joint statement also drew specific attention to the strategic importance of India's North Eastern Region within the updated Free and Open Indo-Pacific and Act East Policy frameworks (Prime Minister's Office, Government of India, 2026).

Read together, and directly relevant to H3, these outcomes suggest that the UNICORN agreement should not be read in isolation but as a component of a wider institutional consolidation encompassing defence, technology governance, connectivity, and economic security — consistent with the theoretical expectation, following Tarapore (2023), that zone balancing operates cumulatively across multiple functional domains rather than through any single flagship initiative.

Evaluating H1: Regulatory liberalisation as precondition

The documentary record traced in the preceding sections supports H1. The close temporal sequencing between the April 2026 amendment to Japan's Three Principles and the July 2026 UNICORN agreement is the strongest evidence that co-production followed, with a short lag,

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regulatory liberalisation, rather than preceding or independently driving it (Ministry of Foreign Affairs of Japan, 2014/2026). This is corroborated by the fact that a similar, more extensive defence-industrial arrangement with Australia (the Mitsubishi Heavy Industries frigate contract) was concluded in the same narrow window, suggesting the regulatory change functioned as a general enabling condition across partners rather than being negotiated specifically for the Indian case (JURIST News, 2026). Converging threat perceptions vis-à-vis China supply the underlying strategic motive for both governments to act once the regulatory space opened, a dynamic anticipated in Khurana's (2008) early maritime analysis and made explicit in Keerthiraj and Sekiyama's (2023) more recent treatment.

Evaluating H2: Depth of cooperation and absorptive capacity

The conceptual analysis developed earlier in the paper, together with the UNICORN case analysis, supports H2. Classified against the co-production/co-development taxonomy developed in this paper, the UNICORN arrangement — Japanese design retention paired with Indian integration, localisation, and production — corresponds more precisely to advanced co-production than to co-development in the strict sense, notwithstanding official terminology to the contrary. This finding is reinforced by the independent April 2026 assessment identifying technology transfer, cost competitiveness, and export controls as continuing obstacles mere weeks before the agreement (The Diplomat, 2026), and by Rossiter and Cannon's (2019) broader finding that Indian defence-industrial indigenisation has historically achieved production indigenisation well ahead of design indigenisation. India's defence-industrial ecosystem, while expanding, continues to face capacity and absorption constraints in high-end systems integration, and Japan's continuing constitutional and political caution around defence exports — illustrated by Prime Minister Takaichi's own framing of the April 2026 amendment as strictly defensive — further bounds the depth of transfer likely in the near term (JURIST News, 2026). The Stimson Center's (2023) earlier characterisation of the broader relationship as one of steady but undramatic progress, rather than transformative leaps, is broadly sustained by this analysis.

A comparative perspective: The Indo-Russian precedent

A comparative perspective further substantiates H2. India's most extensive experience of defence-industrial cooperation lies with Russia, where the relationship has spanned decades and encompassed the licensed production of major platforms, including fighter aircraft and tanks, and the acquisition of the aircraft carrier INS Vikramaditya. Yet an assessment by the Vivekananda International Foundation (2018) cautions against reading this history as a model of genuine co-development: most of this cooperation remained a buyer-seller, patron-client relationship in which licensed production was not accompanied by substantive transfer of technology, with the BrahMos supersonic cruise missile standing out as the sole clear example of a successful joint venture — a relationship the same

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assessment characterises as having also been marked by significant delays and cost overruns, exemplified by the Vikramaditya acquisition itself.

Measured against this benchmark, India's defence-industrial cooperation with Japan remains at an early, sub-system stage, and the Indo-Russian case suggests that scale and duration of a defence relationship do not automatically translate into design-level co-development — India's longest-running defence partnership produced only one clear instance of genuine co-development (BrahMos) over several decades of otherwise licensed-production and co-production cooperation. This finding directly informs the paper's answer to Research Question 2: the UNICORN project should be characterised, at the present stage of evidence, as a precedent-setting instance of advanced co-production rather than confirmed evidence of a broader structural shift toward co-development.

Evaluating H3: UNICORN within the wider Indo-Pacific architecture

The evidence in the discussion of the 16th Annual Summit, together with the parallel Japan-Australia frigate arrangement noted in the discussion of Japan's export-regime liberalisation, supports H3. The UNICORN agreement should be read as one instance of a broader Japanese defence-industrial reorientation across Indo-Pacific partners, occurring alongside — rather than separately from — the summit's parallel outcomes on artificial intelligence, economic security, and connectivity (JURIST News, 2026). This reading lends support to the zone-balancing framework's emphasis on capacity-building as an operational, multi-partner, multi-domain strategy rather than a bilaterally exceptional gesture (Tarapore, 2023), and it also lends some support to Joshi and Pant's (2015) power-transition framing, insofar as the breadth of the July 2026 package reflects a partnership whose scope is being defined less by any single strategic contingency than by a broad, multi-domain hedge against long-term uncertainty in the regional balance of power.

Suggestions and policy recommendations

On the basis of the findings above, this paper offers four recommendations. First, Indian policymakers and defence-industrial planners should resist characterising the UNICORN arrangement, in official or academic discourse, as "co-development" without qualification; the more precise and analytically honest characterisation offered in this paper — advanced, localisation-intensive co-production — would better calibrate public and institutional expectations regarding the depth of design-competence transfer actually likely to occur. Second, given the finding in the comparative Indo-Russian discussion that even India's most extensive defence partnership (with Russia) produced only one instance of genuine co-development over several decades, Indian negotiators in future rounds of the India-Japan 2+2 dialogue should explicitly prioritise securing design-stage participation — rather than integration-stage participation alone — in any follow-on co-production initiatives, if the objective of indigenising design competence, and not merely production capacity, is to be advanced.

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Third, given the finding in the discussion of H3 that the UNICORN agreement forms part of a wider, multi-partner Japanese defence-industrial reorientation, Indian policymakers should track and, where useful, draw on the terms secured by comparable partners — such as Australia's considerably larger Mitsubishi Heavy Industries frigate arrangement — as a benchmark in future negotiations, rather than treating the India-Japan relationship as sui generis. Fourth, given the persistent absorptive-capacity constraints documented in the discussion of H2, continued investment in expanding Bharat Electronics Limited's, and more broadly India's public- and private-sector defence-electronics integration capacity would improve India's bargaining position and technical readiness for deeper co-development opportunities as Japan's export regime continues to liberalise.

CONCLUSION

The UNICORN project, formalised at the 16th India-Japan Annual Summit in July 2026, represents the first instance of India-Japan defence-industrial co-production, moving the relationship beyond the dialogue-and-transfer model that had characterised bilateral security cooperation since 2008 (MP-IDSA, 2025). Conceptually, however, this paper has argued that the arrangement is more precisely classified as advanced co-production than as co-development in the strict sense developed in the Literature Review's taxonomy of technology transfer, co-production, and co-development, notwithstanding the more ambitious diplomatic terminology both governments have applied to it. Situated within the summit's wider outcomes on artificial intelligence, economic security, and connectivity, the agreement nonetheless suggests a qualitative shift toward more substantive institutional and industrial interdependence, consistent with the zone-balancing logic that recent scholarship has identified in India's broader Indo-Pacific strategy (Tarapore, 2023).

Three research questions were posed in the statement of the research problem and answered through the hypotheses evaluated in the Results and Discussion: the co-production shift followed, rather than preceded, Japan's regulatory liberalisation (H1); the arrangement is bounded by absorptive capacity and better classified as co-production than co-development (H2); and it forms part of a wider, multi-partner pattern of zone-balancing cooperation rather than a bilaterally exceptional initiative (H3).

Limitations of the study

This study is subject to several limitations. First, the UNICORN agreement was concluded only weeks before this paper was written; no peer-reviewed literature yet exists on the project specifically, and the paper has relied substantially on primary government documents and specialist defence-affairs reportage rather than an established secondary literature. Second, as a single-case study, the paper's findings cannot be generalised with confidence to other technology domains or other Indo-Pacific bilateral relationships without further comparative research. Third, the paper's analysis is necessarily process-based rather than outcome-based: because the UNICORN system had not, at the time of writing, been fielded, the paper cannot assess whether the arrangement will in practice

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deliver the technology-transfer depth its "co-development" label promises, and the classification offered in this paper, however carefully reasoned from public information, remains provisional pending fuller disclosure of the underlying technical and contractual arrangements. Fourth, the paper's reliance on official joint statements and government communiqués for much of its primary evidence carries the standard limitation of such sources: they are diplomatic products designed in part to project a favourable narrative, and the paper has sought, where possible, to triangulate their claims against independent specialist reportage, but this triangulation is inherently limited for an event this recent.

Scope for future research

This suggests three concrete directions for future research. First, subsequent studies should track the implementation timeline of the UNICORN project itself — including whether the promised technology transfer to BEL extends over time from integration toward genuine design participation — to test the co-production/co-development classification offered here against outcome, rather than process, data. Second, future research should examine the outcomes of the fourth India-Japan 2+2 Ministerial Meeting, scheduled for Tokyo before the end of 2026, for evidence of whether UNICORN is followed by additional, and possibly deeper, co-development initiatives. Third, a comparative study of Japan's simultaneous defence-industrial initiatives with India, Australia, and other Indo-Pacific partners would allow future researchers to determine whether the conceptual and empirical findings of this paper are specific to the India-Japan relationship or reflect a more general pattern in Japan's recalibrated defence-industrial strategy across the region.

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